



JAKS RESOURCES BERHAD

200201017985 (585648-T)

ANNUAL REPORT 2020

Towards Better **Performance**



CONTENTS



2	JAKS at a Glance
4	Corporate Information
5	Corporate Structure
6	5 Years Financial Highlights
7	Board of Directors
12	Chairman's Statement
14	Management Discussion & Analysis
20	Sustainability Statement
34	Corporate Governance Overview Statement
40	Board Committees Report
46	Statement on Risk Management and Internal Control
49	Financial Statements
153	Properties of the Group
163	Analysis of Shareholdings
166	Analysis of Warrant B Holdings
169	Analysis of Warrant C Holdings
172	Notice of Annual General Meeting
	Proxy Form

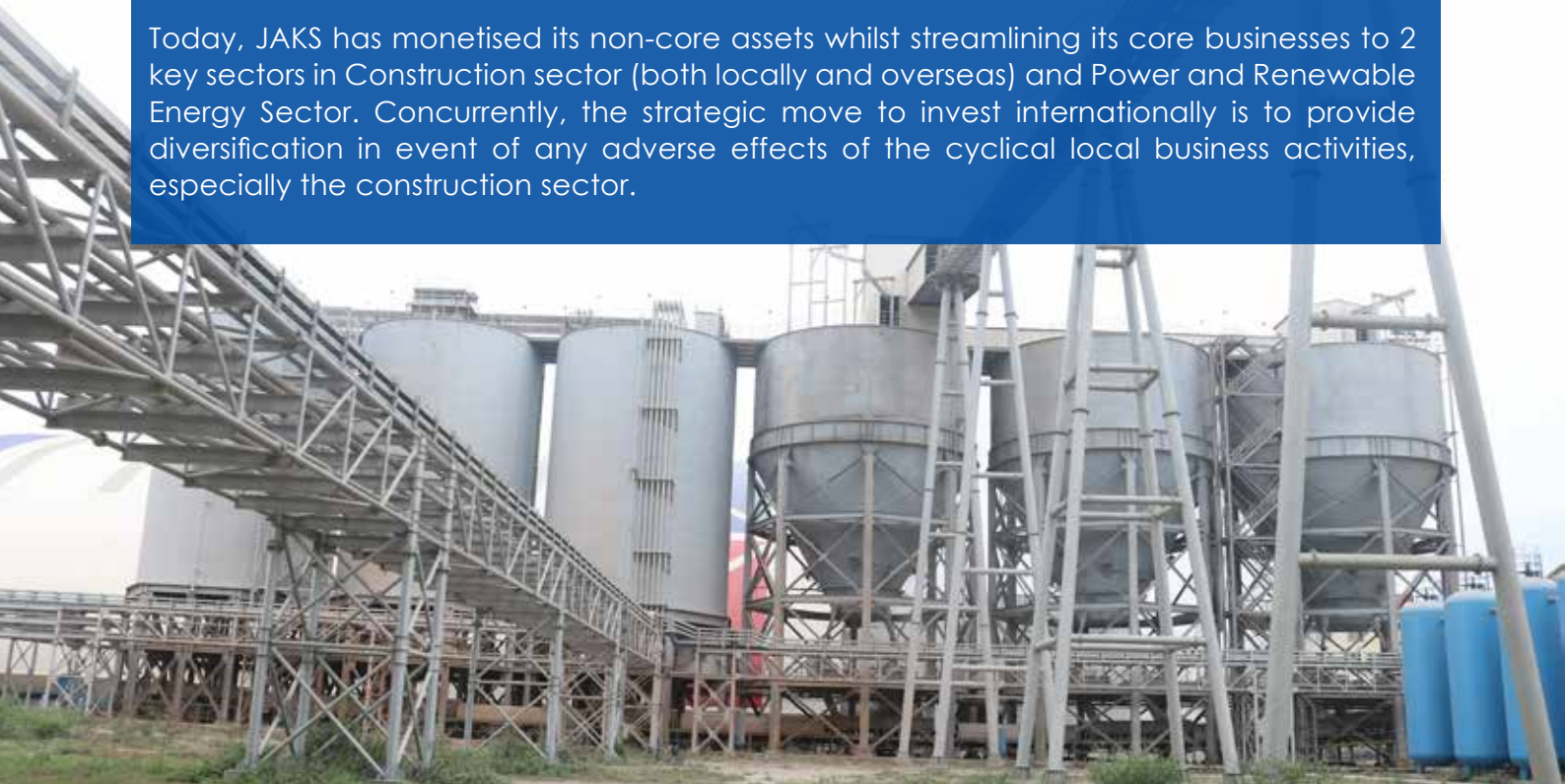
JAKS AT A GLANCE

The business of JAKS was started by our founder Datuk Ang Ken Seng in the 60's from the humble beginning as a plumber providing services to residential premises. Datuk Ang's vision to be a major player in the water reticulation works eventually led to the incorporation of JAKS Sdn Bhd in 1987, which eventually became the core business and subsidiary of JAKS Resources Berhad ("JAKS") for its listing on the Main Market of Bursa Malaysia Securities Berhad on 1 July 2004 under the Construction Sector (Name & Code: JAKS & 4723). JAKS was registered with Construction Industry Development Board with a Grade 7 certification and the National Water Services Commission with Permit In-Principal Approval for water supply and sewerage.

JAKS Group of Companies was initially involved in the water supply and infrastructure of construction projects, supply and trading of building materials and steel related products. The Group, thereafter, in 2011 entered into an independent power project in Vietnam to develop a 2 x 600-megawatt coal-fired build-operate-transfer ("BOT") thermal power plant in Hai Duong Province, Vietnam ("Hai Duong BOT thermal power plant") under a 25-year concession power purchase agreement with Vietnam Electricity. Subsequently JAKS formed a joint venture with China Power Engineering Consulting Group Co Ltd to jointly build and run the Hai Duong BOT thermal power plant valued at US\$1.87 billion. This was a significant milestone for JAKS as it is the Group's first foray into the power generation sector, as well as its maiden footprint internationally. Leveraging on the experience and capabilities gained in the construction business, the first unit of the Hai Duong BOT thermal power plant was successfully completed in November 2020, while the second unit was completed in January 2021. In tandem with this significant milestone, on the local front, JAKS was one of the companies that was successfully shortlisted in the bid for the fourth cycle of the Large Scale Solar ("LSS4") programme under Package 2 for 50-megawatt. This will be the stepping-stone for the Group to grow its business and invest in the renewable energy segment.

The Group also ventured into property development of mixed residential and commercial development projects at Ara Damansara and Section 13 in Petaling Jaya, Selangor in 2013.

Today, JAKS has monetised its non-core assets whilst streamlining its core businesses to 2 key sectors in Construction sector (both locally and overseas) and Power and Renewable Energy Sector. Concurrently, the strategic move to invest internationally is to provide diversification in event of any adverse effects of the cyclical local business activities, especially the construction sector.



OUR VISION

To be an innovative regional leader in the utilities, construction and infrastructure engineering industry.

OUR MISSION

We will strive for excellence in providing highly reliable and cost-efficient service to our customers, without compromising in quality and safety

We will deliver our promises in building value for our organisation in order to contribute sustainable financial achievement and achieve optimum growth

We will take the lead to adopt continuous innovation and best practices to gain market competitiveness

We will provide a nurturing environment for our employees by striking a balance between rewarding performance and allowing for personal enrichment



CORPORATE INFORMATION

BOARD OF DIRECTORS

TAN SRI DATUK HUSSIN BIN HAJI ISMAIL
(Chairman)
(Independent Non-Executive Director)

ANG LAM POAH
(Chief Executive Officer)

DATO' RAZALI MERICAN BIN NAINA MERICAN
(Executive Director)

ANG LAM AIK
(Executive Director)

DATO' AZMAN BIN MAHMOOD
(Independent Non-Executive Director)

LIEW JEE MIN @ CHONG JEE MIN
(Independent Non-Executive Director)

TAN SRI DATO' HJ. ABD. KARIM B. SHAIKH MUNISAR
(Independent Non-Executive Director)

KHOR HUN NEE
(Independent Non-Executive Director)

SECRETARY

Leong Oi Wah (MAICSA 7023802)
SSM Practicing Certificate No. 201908000717

REGISTERED OFFICE

802, 8th Floor
Block C, Kelana Square
17, Jalan SS7/26
47301 Petaling Jaya
Selangor Darul Ehsan

Tel No : 603-7803 1126
Fax No : 603-7806 1387
Email : info@jaks.com.my

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan

Tel No : 603-2783 9299
Fax No : 603-2783 9222
Email : is.enquiry@my.tricorglobal.com

AUDITORS

UHY
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

PRINCIPAL PLACE OF BUSINESS

Unit B-09-28, Tower B
Pacific Towers
Jalan 13/6, Section 13
46200 Petaling Jaya
Selangor Darul Ehsan

Tel No : 603-7660 3333
Fax No : 603-7660 8993
Website : www.jaks.com.my

PRINCIPAL BANKERS/FINANCIERS

United Overseas Bank (Malaysia) Berhad
Malayan Banking Berhad
Great Eastern Life Assurance (Malaysia) Berhad
Al Rajhi Banking & Investment Corporation (M) Bhd
AmBank (M) Berhad
Hong Leong Bank Berhad

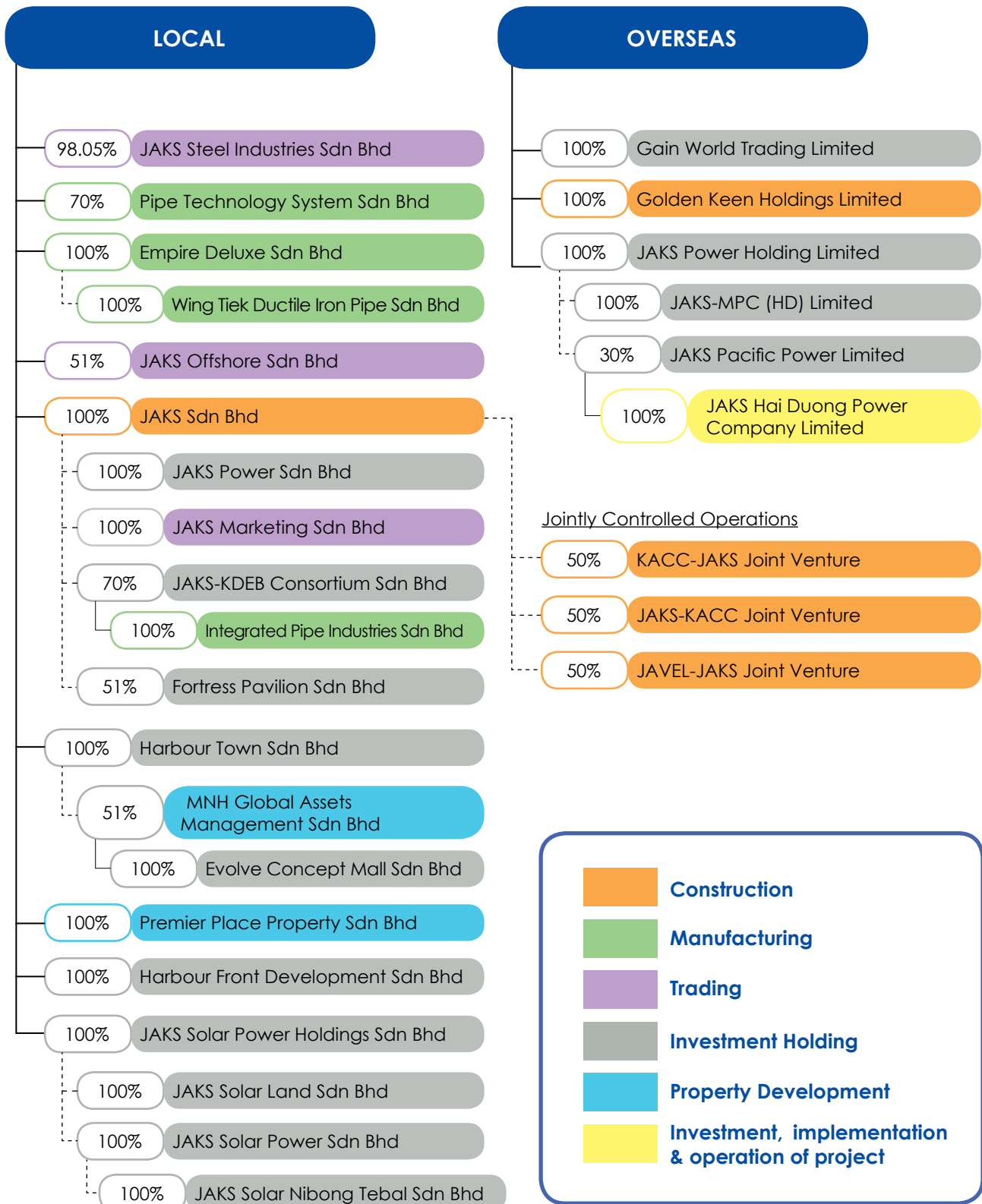
STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad (Main Market)
Stock Name : JAKS
Stock Code : 4723

CORPORATE STRUCTURE



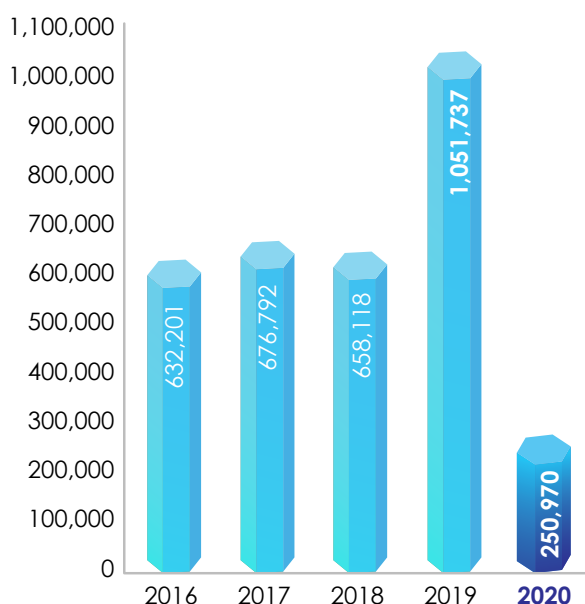
JAKS RESOURCES BERHAD
200201017985 (585648-T)



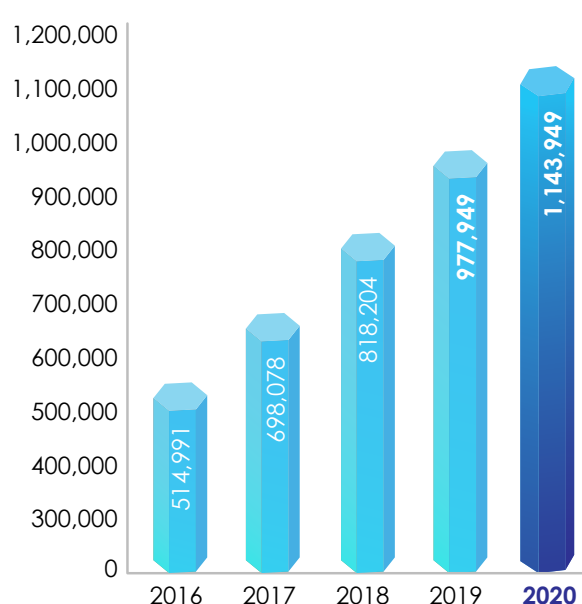
5 YEARS FINANCIAL HIGHLIGHTS

Group Five Years Summary	Financial Year Ended				
	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
Revenue	632,201	676,792	658,118	1,051,737	250,970
Profit / (Loss) before tax	(7,019)	112,211	(43,203)	52,630	(110,306)
Profit / (Loss) attributable to owners of the Company	698	126,640	15,351	108,050	(84,561)
Share Capital	438,361	524,387	598,975	659,642	924,998
Shareholders' funds	514,991	698,078	818,204	977,949	1,143,949
Number of Shares (Units)	438,361	492,747	545,943	643,118	1,755,167
Net assets per share (RM)	1.17	1.42	1.50	1.52	0.65

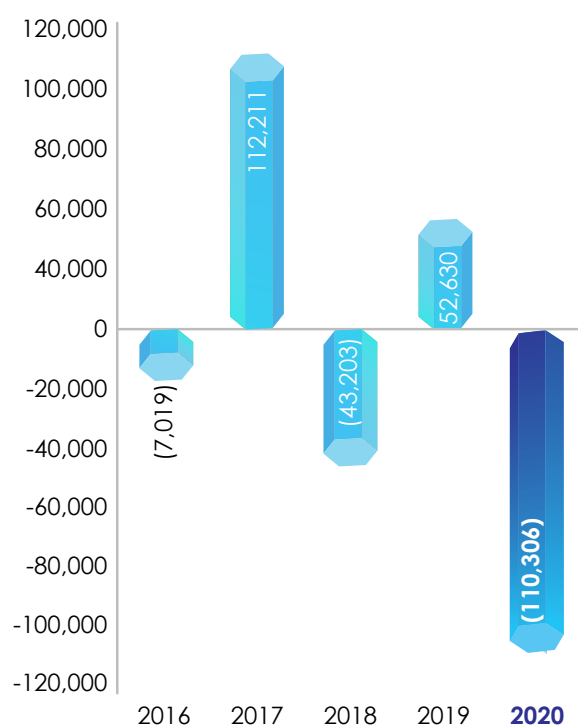
Revenue (RM'000)



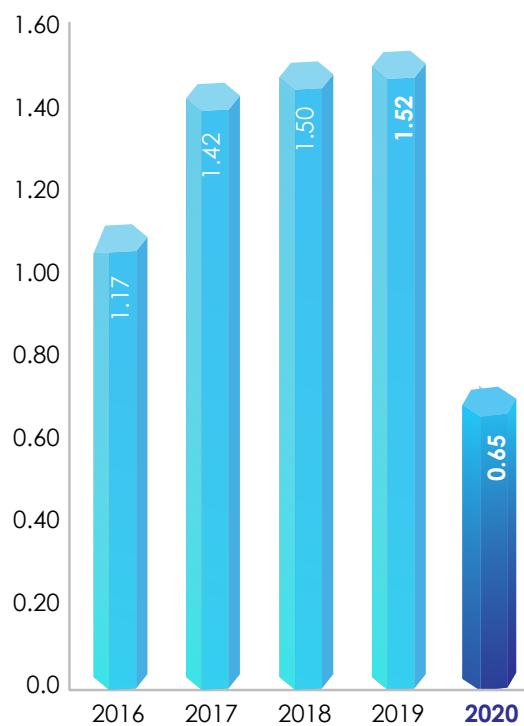
Shareholders' funds (RM'000)



Profit / (Loss) before tax (RM'000)



Net assets per share (RM)



BOARD OF DIRECTORS



Tan Sri Datuk Hussin Bin Haji Ismail

A Malaysian, aged 68, was appointed to the Board on 28 June 2011 as an Independent Non-Executive Director of the Company and on 28 September 2012, he was appointed as Chairman of the Company. He is a member of the Audit Committee, Remuneration Committee and Nomination Committee.

Tan Sri Hussin holds a Diploma in Police Science from Universiti Kebangsaan Malaysia and a Master's Degree of Occupational Safety and Health Risk Management from Open University Malaysia, and is a former Deputy Inspector General of Police in Royal Malaysian Police ("RMP"). His excellent achievements are attributed to 39 years of working

experience in various senior positions in RMP. The exposure of managing at various levels in RMP are added values to extensive policing knowledge and skills which have further enhanced personal capabilities and credibility in managing the Force in the higher position. Currently, Tan Sri Hussin is the Deputy Chairman of Yayasan Pengaman Malaysia.

Tan Sri Hussin also sits on the board of EP Manufacturing Berhad, a public company listed on the Main Market of Bursa Malaysia Securities Berhad and Ecomate Holdings Berhad.

Tan Sri Hussin does not have any family relationship with any other Director and/or major shareholder of the Company and has no other conflict of interest with the Company. He has no convictions for offence within the past five years.



Ang Lam Poah

A Malaysian, aged 53, was appointed to the Board on 23 December 2003. He is the Chief Executive Officer ("CEO") of the Company and a member of the Sustainability Committee.

He holds a Diploma in Business Administration from Toronto School of Business. Upon obtaining his diploma in 1990, he started his career with JAKS.

As the CEO of the Group, Mr Ang is instrumental in providing the leadership, business strategy and direction for the Group. He brings valuable entrepreneurship experience and business acumen to the Group.

He has been actively involved in the day-to-day operations and management of the Group's business activities that encompass the water and infrastructure construction projects and power plant and renewable energy projects. He also has experience in property development and the set of manufacturing plant for mild steel pipes and common clay bricks. He also holds directorships in several other private limited companies.

Ang Lam Poah is the brother to the Director, Ang Lam Aik. Save as disclosed, he does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offence within the past five years.

Board of Directors (cont'd)



Dato' Razali Merican Bin Naina Merican

A Malaysian, aged 50, was appointed to the Board on 23 December 2003. He is an Executive Director of the Company and a member of the Sustainability Committee.

He has been actively involved in various businesses after the completion of his University Degree in 1995. Since then, he has acquired extensive experience and expertise especially in water, property construction and steel manufacturing industries.

Dato' Razali does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offence within the past five years.



Ang Lam Aik

A Malaysian, aged 47, was appointed to the Board on 23 December 2003. He is an Executive Director of the Company.

He holds a Diploma in Computer Science from Canada and has been involved in project management and construction related fields since 1995.

Ang Lam Aik is the brother to the Director/Chief Executive Officer, Ang Lam Poah. Save as disclosed, he does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offence within the past five years.



Dato' Azman Bin Mahmood

A Malaysian, aged 70, was appointed to the Board as Director on 23 December 2003. He is an Independent Non-Executive Director of the Company and the Chairman of the Audit Committee. He is also a member of Remuneration Committee.

Dato' Azman is a member of the Institute of Chartered Accountants in England and Wales. He has vast experience working in a number of auditing firms in London, United Kingdom and Johor Bahru, Malaysia.

He joined Kumpulan Perangsang Selangor Berhad in 1983 and left in 1990 to become the Managing Director of Worldwide Holdings Berhad, a public listed company in Bursa Malaysia Securities Berhad until 1996.

Presently, Dato' Azman is the Executive Chairman of Fine Access Sdn Bhd, a company involved in property development and property investments. He is also Chairman of Crystalville Sdn Bhd, a company involved in property development in Kuala Lumpur and Klang Valley, and the Chairman of Cocoaland Holdings Berhad, a food confectionary manufacturer listed on the Main Market of Bursa Malaysia Securities Berhad.

Dato' Azman does not have any family relationship with any other Director and/or major shareholder and has no conflict of interest with the Company. He has no convictions for offence within the past five years.

Board of Directors (cont'd)

Liew Jee Min @ Chong Jee Min



A Malaysian, male, aged 62, was appointed to the Board on 23 December 2003. He is the Chairman of the Remuneration Committee, and a member of the Audit Committee, Nomination Committee and Risk Management Committee.

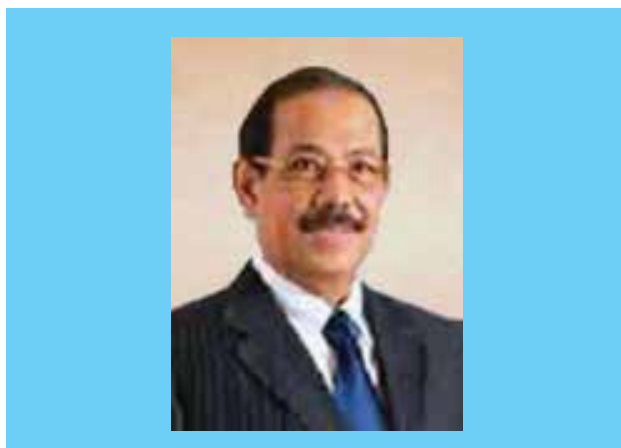
Mr Chong graduated from the University of Leeds, England in 1984 with an Honours degree in Law. He obtained his Certificate of Legal Practice, Malaya in 1985 and was admitted as an advocate and solicitor to the High Court of Malaya in 1986. He established the firm Messrs J.M. Chong, Vincent Chee & Co. Advocates & Solicitors in December 1986 and has been practising since, concentrating on banking, corporate, commercial and real estate matters. He is the managing partner of the firm.

Mr Chong is the Vice President of the Klang Chinese Chamber of Commerce and Industry ("KCCCI"); the Chairman of the Legal Affairs Committee of the KCCCI and The Associated Chinese Chamber of Commerce & Industry of Coastal Selangor; a council member of The Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor, and also the Chairman of its Legal Affairs Committee; and a member of the Legal Affairs Committee of The Associated Chinese Chambers of Commerce and Industry of Malaysia. He is a legal advisor of Malaysia Used Vehicle Autoparts Traders Association, The Kuala Lumpur & Selangor Furniture Association and Sekolah Menengah Chung Hua ("PSDN") Klang.

Mr Chong is also the Chairman of YKGI Holdings Berhad, and a Director of Parkson Holdings Berhad and Hextar Global Berhad (formerly known as Halex Holdings Berhad), all public listed companies.

Mr Chong does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offence within the past five years.

Board of Directors (cont'd)



Tan Sri Dato' Hj. Abd Karim Bin Shaikh Munisar

A Malaysian, aged 70, was appointed to the Board on 17 April 2019. He is also the Chairman of the Nomination Committee and Risk Management Committee, and a member of the Audit Committee and Remuneration Committee of the Company.

He holds a Master in Business Administration (Business Finance) from University of Edinburgh, Advanced Diploma in Economic Development (with Distinction) from University of Manchester, United Kingdom and Bachelor of Economics (Hons) from University of Malaya. He also attended an Advance Course in Urban Planning JICA in Tokyo, Japan.

In 1974, Tan Sri Dato' HJ. Abd Karim was the Assistant Director at the Ministry of Finance, Malaysia. Between 1975-1980, he held different position in various districts in the state of Perak as Assistant District Officer, Kinta; Chairman of Kinta District Council; Assistant District Officer 1, Kampar; Chairman of Kampar/Gopeng Municipal Council and also Assistant State Secretary of Perak ("upen").

He was the Chief Assistant District Officer 1 (Land) of Kuantan District Office and Chief Assistant State Secretary of Pahang (Housing Division) in 1980; Deputy Director of Klang Valley Planning Secretariat, Prime Minister Department in 1982; Chief Assistant State Secretary of Selangor (Local Authority Division) in 1987.

He also served as the President of Ampang Jaya Municipal Council from 1992 to 1996. He had an outstanding career in the government sector and was the President of Petaling Jaya Municipal Council in 2003 and 2004. Prior to that, he was the District Officer cum President of Sepang District Council from 1998-2003. In 2005, he opted to join the corporate sector and was appointed as President of Kumpulan Darul Ehsan Berhad. Tan Sri Dato' Hj. Abd Karim was previously the Executive Chairman of various companies listed in Bursa Malaysia such as Kumpulan Perangsang Selangor Berhad, Kumpulan Hartanah Selangor Berhad and Chairman of Taliworks Corporation Berhad from 2004 to 2011.

He was also Chairman of various other companies namely Konsortium Abass Sdn Bhd, Titisan Modal Sdn Bhd, Central Spectrum Sdn Bhd, Cekal Tulin Development Sdn Bhd, JAKS-KDEB Consortium Sdn Bhd, Hydrovest Sdn Bhd and Perangsang Hotel & Properties Sdn Bhd. In addition, Tan Sri Dato' Hj. Abd Karim was also a member of the Board of Directors for Syarikat Bekalan Air Selangor Sdn Bhd (Syabas), Syarikat Pengeluaran Air Selangor Holdings Berhad (Splash), Cyberview Sdn Bhd and Alam Flora Sdn Bhd.

He currently sits on the Board of MCT Berhad, Lion Forest Industries Berhad and Kingsley Edugroup Berhad.

He does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offence within the past five years.

Board of Directors (cont'd)



Khor Hun Nee

A Malaysian, aged 43, was appointed to the Board on 2 December 2019 as an Independent Non-Executive Director of the Company. She is the Chairman of the Sustainability Committee and a member of the Audit Committee and Risk Management Committee.

Ms Khor Hun Nee has her professional qualifications from the Malaysian Institute of Accountants and the Association of Chartered Certified Accountants. She also holds a Capital Markets Services Representative's License issued by the Securities Commission Malaysia.

Ms Khor Hun Nee started her career in 2000 in the audit field for about four years. She then moved to various senior finance positions in Intel Technology Sdn Bhd, Computer Systems Adviser and Airbus Helicopters Malaysia Sdn Bhd. She has more than 17 years of experience in finance management, financial reporting, corporate finance, auditing and taxation. She is currently self-employed as a licensed financial planner.

Ms Khor Hun Nee does not have any family relationship with any other Director and/or major shareholder of the Company and has no other conflict of interest with the Company. She has no convictions for offence within the past five years.

Notes:

- The Executive Directors form the Senior Management and their profile are not presented separately

CHAIRMAN'S STATEMENT

On behalf of the Board, it is my privilege to present to you JAKS Resources Berhad's ("JAKS") Annual Report and Audited Financial Statements of the Group and Company for the financial year ended 31 December 2020 ("FYE2020").

UNPRECEDENTED YEAR

FYE2020 was an unprecedented year for not only JAKS Group but for many other companies in Malaysia and globally. The scale and negative impact of the COVID-19 lockdowns was devastating for many on a global scale and JAKS Group was not spared. For FYE2020, the Group achieved revenue of RM251.0 million and a loss before tax of RM110.3 million as compared to the preceding year's revenue of RM1,051.7 million and a profit before tax of RM52.6 million. The current year's revenue was 76% lower than the previous year as the revenue of both the Construction division and Property Development & Investment division dropped by 74% and 72% respectively. The losses for FYE2020 were mainly attributed by the lower revenue and impairment provisions but offset to some extent by the recognition of RM89.1 million gain arising from the disposal of a subsidiary.

The Group's basic earnings per share in FYE2020 fell to (10.79) sen compared FYE2019 of 13.96 sen, net assets per share fell by more than 50% from RM1.52 as at 31 December 2019 to RM0.65 as at 31 December reported for FYE2020 due to the losses registered and the enlarged share capital base arising from the Rights Issue.

Full details and further analysis of our financial performance are available in the Management Discussion and Analysis segment of this Annual Report.

DIVIDEND

The Board is not recommending any dividends for FYE2020.

LOOKING AHEAD

The Group is very pleased to inform on the commercial operation of the first unit of the two 600 megawatt coal-fired thermal power plant in Hai Duong province, Vietnam that had commenced towards the end of fourth quarter of 2020 and the second unit had commenced commercial operation in January 2021, ahead of the scheduled completion. With the completion of the Power Plant, going forward, the Group will then be able to generate recurrent concession earnings from the power generation to cover the depletion from the EPC construction works there. The earnings from the power generation is expected to be the main contributor to the profits in the financial year 2021.

With increasing global importance placed on environmental, social and governance ("ESG") impacts and the Vietnam power plant being coal-fired, the Group has redirected focus on the cleaner generating renewable energy, in particular solar power. The inclusion of JAKS in the recent shortlist of companies to undertake the Package 2 (50MW) large scale solar photovoltaic plants ("LSS4") in Peninsular Malaysia shows the confidence of the authorities with the Group's project management and execution capabilities, as well as its financial stability. If successfully secured, the LSS4 project will improve the earnings of this division.

The construction sector is poised for an upcycle in 2021 with the potential revival of Mass Rapid Transit 3 ("MRT3") project and the Malaysian Government's largest ever development expenditure in its expansionary 2021 Budget. The Group has been actively bidding and/or negotiating for new construction projects by selectively targeting higher margin projects to replenish its order book for the local construction division and this should contribute positively to the Group.

The outlook for the Group's investment properties remains challenging with the recent imposition of MCO3.0 on the back of resurgence of COVID-19 cases. Nevertheless, the Group is consistently exploring various options and implementing measures to mitigate the effects whilst improving the business and financial performance of the Group.

Barring any unforeseen circumstances, the Group is cautiously optimistic of the future prospects.

Chairman's Statement (cont'd)

ACKNOWLEDGEMENT

On behalf of the Board, I wish to express my utmost gratitude to our shareholders for the steadfast trust and confidence in JAKS. To our employees, as well as the management team and the Boards of all the companies under our Group, I wish to convey my deep appreciation for their worthy sacrifices, hard work and loyalty. My sincere thanks to the many external partners that worked with or alongside us whose support and reliability has been critical to our success. Our heartfelt appreciation also to our valued customers and clients, business associates, bankers, government departments and agencies, vendors, suppliers and all others who have lent us their unwavering support and cooperation.

I would also like to take this opportunity to thank my fellow Board members for their guidance and counsel. I am grateful that JAKS has a formidable Board with the vision, expertise and experience to provide sound counsel and corporate strategies to propel our Group to greater heights.

Tan Sri Datuk Hussin Bin Haji Ismail
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

Forward-Looking Statement

This Management Discussion and Analysis ("MD&A") contains forward-looking statements with respect to expected financial performance, strategy and business conditions. The words "believe", "estimate", "plan", "expect", "intend", "will" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These statements reflect management's current beliefs with respect to future events and are based on information currently available to the management. Forward-looking statements involve significant known and unknown risks and uncertainties. Many factors could cause actual results, performances or achievements to be materially different from any future forward-looking statements. The Company and management assume no obligation to update or revise them to reflect new events or circumstances except as required by securities laws. The Company and management caution readers not to place undue reliance on any forward-looking statements, which speak only as of the date made.

Introduction

This MD&A is dated 21 May 2021, the date it was approved by the Board of Directors of JAKS Resources Berhad ("JAKS" or "Company") and reflects all material events for the financial year 2020. It should be read in conjunction with the Audited Financial Statements of the Group and the Company, including the notes thereof, for the financial year ended 31 December 2020 ("FYE2020").

Group Financial Review

For more than 15 years now, JAKS has been seizing opportunities to grow steadily. The resources and expertise built up over the years placed the Group in a good position for 2020 when, like many companies across the world, the Group was battered by headwinds brought about by the COVID-19 pandemic. As a result of this very challenging year, the economies in Malaysia and Vietnam (where the Group predominantly carries on business) suffered. The Malaysian economy contracted 5.6% in 2020 as compared to 4.3% growth in 2019. Vietnam's economic growth slowed in 2020 to its weakest in at least three decades, buffeted by the COVID-19 pandemic, natural disasters and a sluggish global economy. It expanded only 2.91% in 2020 after having posted gross domestic product growth above 7% for two consecutive years.

The disruption to the local and global economy and business operations as well as changes to working arrangements made necessary to adhere to new regulatory requirements brought about by the COVID-19 pandemic adversely impacted all the business units of the Group in varying degrees. For FYE2020, the Group achieved revenue of RM251.0 million, 76% lower than the previous year's revenue of RM1,051.7 million. The revenue of the Construction division and Property Development & Investment division dropped by 74% and 72% respectively.

The Group implemented cost containment measures to preserve cashflow and prioritised key projects. Non-essential capital expenditures were deferred. The Group recalibrated certain part of its business plans and divested its property development subsidiary for more accretive opportunities in the future. Given the headwinds in FYE2020 and the lower revenue, the Group recorded a loss before tax of RM110.3 million as compared to the preceding year's profit before tax of RM52.6 million after factoring in other income and expenses. The losses were mainly attributed by the decrease in revenue by RM800.8 million coupled with impairments of goodwill and receivables and liquidated ascertained damages. The recognition of RM89.1 million gain arising from the disposal of a subsidiary buffered some of the losses for the year.

In the markets where the Group operates with Malaysia imposing the Movement Control Order and Vietnam enforcing various lockdowns, the Group worked closely with the relevant authorities to comply with their virus containment measures and ensured that the health and safety of the employees were looked after. Safe management measures were implemented at both the offices and at project and construction sites.

Management Discussion And Analysis (cont'd)

Assets and Liabilities

The Group's total asset in the FYE 2020 decreased by 5.3% to RM2,128.5 million as compared to RM2,248.8 million in FYE 2019. The decrease in total assets was mainly due to :

- (i) the decrease in investment properties of RM66.8 million following the current year's depreciation charge of RM17.0 million, a reclassification of RM71.6 million to property, plant and equipment but offset by RM28.4 million reclassification from investment properties under construction account;
- (ii) the decrease in goodwill on consolidation as an impairment of RM52.0 million was necessitated;
- (iii) the decrease in inventories of RM76.1 million as a result of the derecognition of the property development cost upon the disposal of a subsidiary;
- (iv) the decrease in contract assets from the construction progress of the power plant in Vietnam of RM24.4 million;
- (v) the decrease in right-of-use assets is due to lease modification and reclassification to property, plant & equipment, and
- (vi) offset by increase in property, plant and equipment of RM101.9 million on recognition of the RM30 million freehold land cost purchased during the year and RM71.6 million reclassification from Investment properties as well as the increase in investment in joint ventures by RM124.1 million for the subscription of the USD30.0 million ordinary shares in the joint venture company.

For the FYE 2020, the total liabilities dropped by RM328.0 million, that is, from RM1,329.0 million in FYE 2019 to RM1,001.0 million in FYE 2020. The decrease was mainly due to lower trade and other payables and bank borrowings by RM306.6 million and RM34.4 million respectively.

Total equity for FYE2020 was higher by RM207.7 million despite the loss for the year as the Renounceable Rights Issue implemented during the year and the exercise of Warrants B increased the share capital by RM265.4 million.

The Group's net assets per share was at RM0.65 as at 31 December 2020, lower than 31 December 2019 due to the losses incurred and the increase in the number of shares following several allotment of shares during the year. The Group's gearing reduced to 0.34 times as at 31 December 2020 due to the higher shareholders' funds from the increase in share capital from the rights issue exercise and lower borrowings recorded, compared to 0.43 times as at 31 December 2019.

Sustainability

The COVID-19 pandemic has given rise to even more pressing needs for sustainable development. In particular, there is a call for action on protecting the environment and mitigating climate change. The Malaysian Government's commitment in catalysing the sustainability agenda under the Budget 2021 is laudable as environmental, social and governance (ESG) principles have gained traction among the industrial players, particularly when the COVID-19 pandemic emerges early this year. JAKS is supportive of the government's long-term aspirations. JAKS is doing its part by staying focused on minimising material environmental impact and adopting policies that advance the well-being of the people and the community. Specific sustainability targets have been embraced to measure progress as set out in the Sustainability report included in this Annual Report.

Corporate Exercise in FYE2020

The Company undertook a fund raising exercise during the year of a renounceable rights issue of new ordinary shares together with free detachable warrants. 8 Rights Shares together with 4 Warrants were offered for every 5 existing shares held, with the issue price of RM0.22 per Rights Share and the exercise price of the new Warrants was fixed at RM0.49 per warrant. With 1,080,101,412 Rights Shares subscribed, the Company raised proceeds of approximately RM237.6 million. 540,050,650 Warrants C and 81,059,808 additional Warrants B were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 26 November 2020. About RM128.4 million of the proceeds was earmarked and has been used for the subscription of ordinary shares in JAKS Pacific Power Limited ("JPP") amounting to USD30 million, being the Group's financing commitment to JPP to finance the power plant project in Vietnam.

Management Discussion And Analysis (cont'd)

Liquidity and Capital Resources

At the end of FYE2020, the Group's current ratio, a yardstick that measures the state of the Group's financial liquidity, stood at 1.24 times (FYE2019: 1.05 times). A current ratio of more than 1 indicates the Group's ability to meet its short-term obligations. The table below highlights the major cash flow components for FYE 2020 and FYE2019.

	FYE2020 RM'000	FYE2019 RM'000	Change RM'000
Cash flows from operating activities	20,943	211,653	(190,710)
Cash flows used in investing activities	(172,725)	(209,688)	36,963
Cash flows from / (used in) financing activities	187,297	(1,012)	188,309
Increase in cash and cash equivalents	35,515	953	34,562

The lower cash flows from operating activities in FYE2020 was due to lower revenue and a net loss recorded by the Group.

Additional capital contribution by way of shares subscription in the joint venture company for the Hai Duong power plant project in Vietnam, namely JPP led to higher cash used in investing activities in FYE2020.

The Group's higher net cashflow from financing activities mainly consists of proceeds from the issuance of new ordinary shares in JAKS pursuant to the Renounceable Rights Issue undertaken during FYE2020 and the proceeds raised was partially utilised for the subscription of ordinary shares in JPP amounting to USD30 million and to repay existing bank borrowings.

Borrowings

The Group's total borrowings stood at RM387.1 million as at 31 December 2020, RM34.4 million lower than as at 31 December 2019 of RM421.5 million. Consequently, the net gearing ratio improved from 0.43 times to 0.34 times. There were refinancing and restructuring of the Group's borrowings to take advantage of the lower cost of fund.

Review of Operating Activities - Power Division

The construction of the two 600-megawatt thermal power plant in Hai Duong province, Vietnam progressed as scheduled despite the disruption of the COVID-19 pandemic and the overall construction works completed within the financial year 2020. The first unit of the build-operate-transfer ("BOT") thermal power plant in Hai Duong province commenced operations on 24 November 2020. As for the second unit, although it was originally scheduled for completion in the second quarter of 2021, it has been completed and has commenced operations since January 2021.

The power plant project cost USD1.87 billion and JAKS holds 30% equity interest in the joint venture with China Power Engineering Consulting Group Co Ltd to build and operate the power plant. The estimated annual output of the Power Plant is 7.5 billion kilowatt-hours, with an installed capacity of 1,200 megawatts. Under the power purchase agreement, the joint-venture company, namely JAKS Hai Duong Power Company Limited, will be guaranteed with fixed capacity payments by the Vietnamese government and will be backed by energy payment to cover variable costs, including fuel and variable operating costs, and therefore contributing to a sustainable income contribution during the 25-years tenure.

As at FYE2020, a total revenue of RM1.7 billion was recognised from the Vietnam EPC Contract 2 since 2016, contributing RM389 million net profit to the Group. The works recognised in year 2020 contributed to RM159.1 million of revenue and RM30.3 million of net profit.

The Group has started exploring the expansion of its Power division's business into renewable energy projects in the Southeast Asia region. This included the bidding for the development of large-scale solar ("LSS") photovoltaic ("PV") power plant in Peninsular Malaysia, starting in early 2019 with the competitive bid for the third cycle of the LSS programme ("LSS3") in the Energy Commission's national procurement program for utility scale PV and in May 2020 for the fourth cycle of the LSS programme ("LSS4") under the Malaysia Electricity Industry to Attract Renewable Energy Investment. JAKS via its wholly owned subsidiary, JAKS Solar Power Sdn Bhd was shortlisted in March 2021 for the LSS4 50MW.

Management Discussion And Analysis (cont'd)

Power Division – Trend and Outlook

According to the International Monetary Fund ("IMF"), Vietnam's GDP growth is forecast to reach 6.5% in 2021, provided the COVID-19 pandemic is controlled and business activities recover. The Vietnam Government has stated that the country's demand for electricity is forecasted to annually rise 8.6% during the 2021-2025 period, and 7.2% in the 2026-2030 period to cater to the growing economic demand. This gives certainty that the Company's investment in Vietnam will continue to bring recurrent concession-type earnings from the generation and sale of power for the concession period of 25 years.

With increasing global importance placed on environmental, social and governance ("ESG") impacts and the Vietnam power plant being coal-fired, the Group has redirected focus on the cleaner generating renewable energy, in particular solar power. The International Renewable Energy Agency ("IRENA") 2020 Report stated that cumulative investment in renewable energy industry between 2013-2018 reached USD1.8 trillion or on average about USD300 billion annually. This figure could reach USD800 billion annually by 2050. The Renewable Energy sector is expected to witness significant growth in the power generation market in Malaysia due to the increasing government support to encourage the renewable share and the increasing number of renewable power plants owing to the increasing government measures to attract private and public sector financing in the renewable energy sector. For the LSS4 project, parties that win the bids are expected to achieve commercial operation by 2023, with a 21-year concession period. JAKS has been shortlisted for the LSS4 50MW tender and this will potentially further boost the Group's future financial performance from additional sales of solar energy.

JAKS is actively looking to expand its Power division's business into renewable energy projects in the Southeast Asia region, with particular focus in Vietnam and Malaysia. With the increase in demand for energy in this region, the Group is optimistic of its renewable energy prospects. For the LSS4 project, parties that win the bids are expected to achieve commercial operation by 2023, with a 21-year concession period. JAKS has been shortlisted for the LSS4 50MW tender and this will potentially boost the Group's future financial performance from additional sales of solar energy.

Review of Operating Activities - Construction Division

As the key contributor to the Group, the construction division registered revenue of RM263.2 million, a decrease of 74% as compared to FYE2019. JAKS's wholly-owned subsidiaries, JAKS Sdn Bhd, which predominantly carried out local construction projects contributed RM104.1 million in revenue whilst Golden Keen Holdings Limited, which predominantly managed the EPC Contract 2 in Vietnam, contributed substantially lower revenue of RM159.1 million in FYE2020. The Vietnam EPC construction works had contributed much higher revenue of RM817.6 million in the previous year.

The lower revenue was mainly due to reduced contributions from both the local projects and Vietnam EPC Contract 2 with substantially lower progress billings since the project is almost at the tail end. In general, revenue contribution from this business segment was adversely affected as the stoppage and subsequent slow resumption of work due to new safety compliance requirements caused delay to project schedules. Workers productivity had also hampered the project delivery as those tested positive for COVID-19 had to be quarantined for a required period of time.

The construction division performs construction management, as well as various civil construction projects with a large portion of the work in 2020 focused on infrastructure construction, construction of sewerage treatment plant as well as, power and water related facilities. The current on-going construction projects in Malaysia are:

- (i) Four (4) wastewater and water-related facilities projects with a total contract sum of RM684.5 million;
- (ii) One (1) building construction project with a contract sum of RM83.1 million; and
- (iii) One (1) property construction works project with a contract sum of RM440.8 million.

Whilst the construction division booked in RM39.5 million profit before tax from the Vietnam EPC Contract 2, the losses from local projects caused the division to achieve overall net profit before tax of RM1.4 million. The local construction projects, faced margins compression as well as escalating overheads and project costs. The bulk of the local construction activities were not deemed essential services, and were thus not allowed to continue during the MCO 1.0. When the work stoppage was lifted, safe management measures were implemented in order for works to resume at the construction sites. Significant amount of time and resources was taken to implement these measures and the construction projects were thus only able to gradually resume work around September 2020. Disruption in supply chains of building materials, equipment and the quarantine and movement restrictions of workers gave rise to manpower shortages. Domestic construction demand was generally low, particularly for the second and third quarters of FYE2020.

On a more positive note, extensions of time for the affected projects were obtained. Reliefs provided by the Malaysian Government in the form of rebates, waiver of foreign worker levies and wage support have helped to defray part of the operating costs.

Management Discussion And Analysis (cont'd)

Construction Division – Trend and Outlook

Bank Negara Malaysia ("BNM") reported that recovery in the domestic economy in 2021 is expected to be uneven and will be shaped by several factors, including the course of the COVID-19 pandemic and vaccine rollout, the extent of external spill overs, sector-specific developments, and the degree of improvement in labour market conditions. Growth in the construction sector is also expected to rebound, driven by resumption of activities across all subsectors. In the civil engineering subsector, growth is expected to recover in line with the ramp up of construction activities in large infrastructure projects. Growth in the special trade subsector is expected to strengthen further with support from solar power projects, Jalinan Digital Negara ("JENDELA"), small-scale projects under the 2021 Budget and PEMERKASA measures, as well as end-works from the completion of large projects.

The construction sector is poised for an upcycle in 2021 with the potential revival of Mass Rapid Transit 3 ("MRT3") project and the Malaysian Government's largest ever development expenditure in its expansionary 2021 Budget. With the Government prioritised development expenditure on high impact projects, research analyst expects a growth of 14.9% year-on-year for the construction sector's gross domestic product ("GDP") in 2021. The Group has been actively bidding and/or negotiating for new construction projects by selectively targeting higher margin projects to replenish its order book for the local construction division, and this should contribute positively to the Group in the future.

Review of Operating Activities - Property Development & Investment Division

The Property Development & Investment division contributed revenue of RM17.2 million (before the provision for RM29.5 million Liquidated Ascertained Damages ("LAD")) in FYE2020 as compared to RM60.8 million (before the provision for RM37.4 million LAD) in the previous year. With the LAD provisions and financing cost of RM20.6 million, this division incurred a lower loss before tax of RM83.3 million in FYE2020 compared to a loss of RM105.1 million in FYE2019.

The year 2020 saw the Malaysian economy contracting by 5.6% due to the COVID-19 pandemic and this brought about a worsening oversupply situation in the residential property sector. The Group made the decision to exit the property development sector to limit its exposure to further potential contingent liabilities of this industry. The disposal of the Group's 51% equity interest in JAKS Island Circle Sdn Bhd brought about the recognition of RM89.1 million gain on disposal.

The Pacific Towers Business Hub is a 4-storey retail and office lots building located in Section 13, Petaling Jaya, Selangor, with a total net lettable area ("NLA") of approximately 295,000 square feet. The certificate of completion and compliance for the Pacific Star Business Hub was received in October 2019. As at April 2021, approximately 31% of the NLA of approximately 295,000 square feet has been rented.

The Evolve Concept Mall, a 4-storey shopping mall has a total net lettable area of approximately 368,000 square feet. As at April 2021, approximately 65% of the NLA has been occupied.

Property Development & Investment Division – Trend and Outlook

The outlook for the Group's investment properties remains challenging with the recent imposition of MCO3.0 on the back of resurgence of COVID-19 cases. The uncertainties surrounding the roll-out of vaccine and prolonged restrictive movements are expected to further delay the recovery for Evolve Concept Mall in Ara Damansara, Selangor and the Pacific Towers Business Hub in Section 13, Petaling Jaya, Selangor. Nevertheless, the Group is consistently exploring various options and initiatives to revamp and rejuvenate the Mall and Business Hub to improve its occupancy rate and rental yield. Based at the strategic location of Section 13 of Petaling Jaya, better returns are expected from this investment property as compared to the other property investment at Ara Damansara, Selangor.

Review of Operating Activities – Investment Holding & Others Division

The revenue derived from the investment holding & others division relates mainly to management fees charged by JAKS to the subsidiary companies amounting to RM8.6 million and the dividend income from Golden Keen Holdings Limited of RM204.7 million in FYE2020. With higher revenue, this division achieved a profit before tax of RM108.7 million in FYE2020 and these amounts are eliminated on consolidation basis at the Group level.

Management Discussion And Analysis (cont'd)

Risk Management

With the current situation of COVID-19, the Group remains vigilant. Although there are uncertainties in the future on the COVID-19 impact, the Group is optimistic that this crisis will be mitigated over time as vaccines are rolling out as well as various financial aid stimulus offered by the Malaysian Government. In the continuous commitment to optimise shareholders' value, the Enterprise Risk Management ("ERM") Framework adopts a risk assessment process which is in line with ISO 31000:2009. The Company remains focused on the risk profiles of potential vendors and contractors, monitored via an internal vendor risk rating mechanism. This is to ensure smooth implementation of projects and avoid risks due to any third-party dependence. The Company understands the risk environment encompassing its business which are classified broadly below with the risk description together with information on key mitigation strategies and efforts.

Operational Risks

Risks arising out of inefficiencies, internal failures and/or collusion from regular operations, such as:

- (i) Project opportunity risk through erroneous omission and inadequate or inappropriate assessment of a project opportunity available for development;
- (ii) Bidding risk on account of inadequate or erroneous assumptions made while arriving at the financial bid variable;
- (iii) Financing risk on account of the high capital commitment on the power plant projects;
- (iv) Project implementation risk on account of not meeting the project schedule, quality or budget; and
- (v) Ownership & maintenance risk on account of several risks faced during the operations and maintenance phase of a project.

Operational Risks – Mitigation Strategies and Efforts

A careful selection and thorough evaluation of prospective projects will minimise the chances of getting into non-profitable projects. The Company undertakes review of project feasibility (technical review) and project financial viability (financial review). Further, the Company follows a risk specific bid/project risk assessment framework to identify key risks associated with various opportunities and projects, along with their mitigation planning and continuous monitoring. The Company has laid down standard operating procedures at the function and department levels to ensure business process productivity, responsibility and accountability at various levels. The standard operating procedures are being further strengthened and supported by adequate checks and balances, including risk-based internal audit, documentation management systems and the introduction of delegation of financial and nonfinancial powers. This will ensure that a culture of proactive risk management is embedded in all levels of the organisation with required support systems in place.

External Risks

Risks arising out of changes in the external environment, such as:

- (i) Interest rate risk on account of the capital markets' volatile interest rates on outstanding project debts;
- (ii) Competition risk on account of strategies adopted by existing and new entrants in the infrastructure development business; and
- (iii) Natural calamities (Act of God), civil disturbance etc.

External Risks – Mitigation Strategies and Efforts

The Company pro-actively identifies each significant 'external change' and prepares to deal with it with forward planning. The Company continues to build strategies not only to sustain but thrives owing to its meticulous processes. The Company understands its competition and keeps an update of its contemporaries to stay a notch above them. The Company has a focused strategy for clients, partners, vendors and contract management to mitigate and avoid (if possible) various possible external risks. Though the Company cannot prevent natural calamities, it is adequately geared up with appropriate insurance covers to minimise losses and restore normalcy within a short time.

SUSTAINABILITY STATEMENT

This Sustainability Statement ("the Statement") has been prepared in accordance with the Sustainability Reporting Guide issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia"). This Statement covers our sustainability performance of the operations of JAKS Resources Berhad ("JAKS" or "the Company") and its subsidiaries ("the Group", "we" or "our") in the financial year ("FY") ended 31 December 2020 ("FY2020").

Our Commitment to Business Sustainability

JAKS is committed to report its sustainability initiatives in a transparent and purposeful way, consistent with Bursa Malaysia's endeavour towards improving sustainability disclosures. This annual sustainability statement outlines our sustainability journey towards becoming a Group with an atmosphere of integrating environmental and social as well as economic considerations in our business operations. It also outlines management's approach to prioritising and disclosing information on sustainability programmes throughout the period.

This is our fourth year of reporting sustainability and this report covers FY2020 from 1 January 2020 to 31 December 2020.

Scope of the Statement

This statement covers the sustainability matters of our 3 business divisions:

- Construction Division
- Property Development & Investment Division
- Property Management Division

Sustainability Governance

A good sustainability governance structure strengthens the confidence and trust of our shareholders, business partners, employees and stakeholders on the management and supervision of sustainability matters within the Group. It stipulates clarity on management's responsibility on managing opportunities and risks focusing on a sustainable long-term value specifically to the Company, and generally to the stakeholders.

In FYE2019, we established a Sustainability Committee ("SC") which is built on a three-tier structure comprising the Board of Directors, the SC and Operation Management team. The roles and responsibilities for each of this structure are described in more detail in the Sustainability Governance Structure graph.

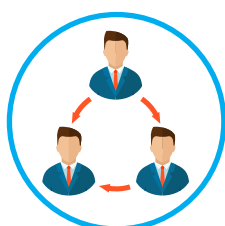
We amended to the Term of Reference ("TOR") for SC with the inclusion and appointment of a secretary in FY2020. The revised SC's TOR was approved by the Board of Directors on 27 November 2020.

Sustainability Governance Structure

Board of Directors



- Ensures that sustainability efforts are embedded in the strategic direction of the Group.
- Reviews and approves sustainability strategies and initiatives
- Validates proposed sustainability initiatives and material sustainability matters related to the Group



Sustainability Committee

- Consists of the Chairman, Managing Director and Director
- Responsible to oversee the formulation, implementation and effective management of all sustainability matters across the business in line with the Group's strategies
- Monitor the communication strategies and mechanism established by the Management to effectively promote the sustainability awareness among employees of JAKS and stakeholders.
- Monitor and make recommendations to Management in relation to the implementation of sustainability strategies, targets and action plans to achieve the Group's goals while complied with applicable laws and regulations.
- Reports sustainability plans and progress to the Board of Directors

Sustainability Statement (cont'd)

Sustainability Governance Structure (cont'd)



Operation Management

- Represented from various department heads
- Execute and implement strategies on the day-to-day basis and report all sustainable activities to the Sustainability Committee
- Collect and monitor data to assess the Group's sustainability progress

Sustainability Policy

A Sustainability Policy encompasses all aspects of ethical business practices, addressing economic, social and environmental sustainability principles is introduced as part of ensuring uniform application across the Group. This policy aims to achieve the following objectives:

1. To integrate the principles of sustainability into the Group's strategies, policies and procedures;
2. Develop and promote sustainable practices within the EES framework;
3. Ensure that the Board and operational management are involved in implementation of this policy and review the sustainability performance; and
4. Create a culture of sustainability within the Group, and the community, with an emphasis on integrating the environmental, social and governance considerations into decision making and the delivery of outcomes.

Economic

The Group will continue to provide highly reliable and cost-efficient services to our customers, without compromising in quality and safety. Through upholding highest business integrity and ethics, it would create long-term sustainable economic value for its stakeholders.

Environmental

The Group is committed to identify, manage and minimise the environmental impact of business operations.

Social

Social sustainability is focused on the development of programs and processes that promote social interaction and cultural enrichment. It emphasizes protecting the vulnerable, respecting social diversity and ensuring that the Group put priority on social capital.

JAKS has established rules and guidelines to supplement legislation governing how JAKS intends to act as a trusted business partner in social, ethical and environmental matters. They include:

- Code of Conduct
- Anti-Bribery and Anti-Corruption Policy
- Whistle Blowing Policy
- Health & Safety Manual
- Employees' Handbook

All these rules and guidelines established will be further discussed in the next section.

Sustainability Statement (cont'd)

Stakeholder Engagement

We define our stakeholders as entities, individuals and groups whom our business has a significant impact on and those with vested interest in our operations. We believe that in order to achieve economic, environmental and social sustainable business operations, we have to strike a right balance in the expectations and needs of our stakeholders.

At JAKS, we use various communication channels with our stakeholders, which include conventional and electronic documents, web-based media platforms and face-to-face communications to understand stakeholders' interests and concerns towards our business operations and sustainability performance.

The table below illustrates our methods of communication with each stakeholder groups and the frequency of communication:

Key Stakeholders	Description	Communication Channels	Frequency
Shareholders/ Investors/ Board of Directors	Shareholders and investors provide fund for the Group with the expectation for returns. Engagement with shareholders and investors is critical to enable them to understand the Group's business, its strategies, future growth and expectation	<ul style="list-style-type: none"> Annual general meetings Bursa Malaysia announcements Financial performance announcement Ongoing media release Investor relation email 	<ul style="list-style-type: none"> Annually On-going Quarterly On-going On-going
Customers: Infrastructure customers House buyers Commercial buyers Tenants	It is important for the Group to provide highly reliable and cost-efficient service and product to customer, without compromising in quality and safety.	<ul style="list-style-type: none"> Corporate events Correspondences Brochures Media announcement, social media and advertisement Monthly progress meeting and progress reports 	<ul style="list-style-type: none"> On-going On-going On-going On-going Monthly
Financiers / Banks / Analysts	The Group seeks various funding method to finance its operation.	<ul style="list-style-type: none"> Annual General Meetings Extraordinary general Meetings Media and Bursa Malaysia announcements Corporate interviews and meetings Banking facility review 	<ul style="list-style-type: none"> Annually On-going On-going On-going On-going
Local Authorities / Regulators / Government ministries	Authorities and government establish rules and regulation, which govern the Group's operation. The Group engages with them to ensure it complies with the legislations.	<ul style="list-style-type: none"> Compliance with rules and regulation Submission of reports required under regulations Seminar and trainings Periodic visits and inspections 	<ul style="list-style-type: none"> On-going Quarterly and Annually On-going Quarterly and annually
Sub-contractors / Suppliers	We rely on sub-contractors / suppliers in the execution and completion of construction projects and purchases of construction materials (i.e. plywood, steel, pile and etc.).	<ul style="list-style-type: none"> Suppliers' audit and review Tenders exercises and meetings Emails and phone calls communication Suppliers' briefing and meetings 	<ul style="list-style-type: none"> Annually On-going On-going On-going

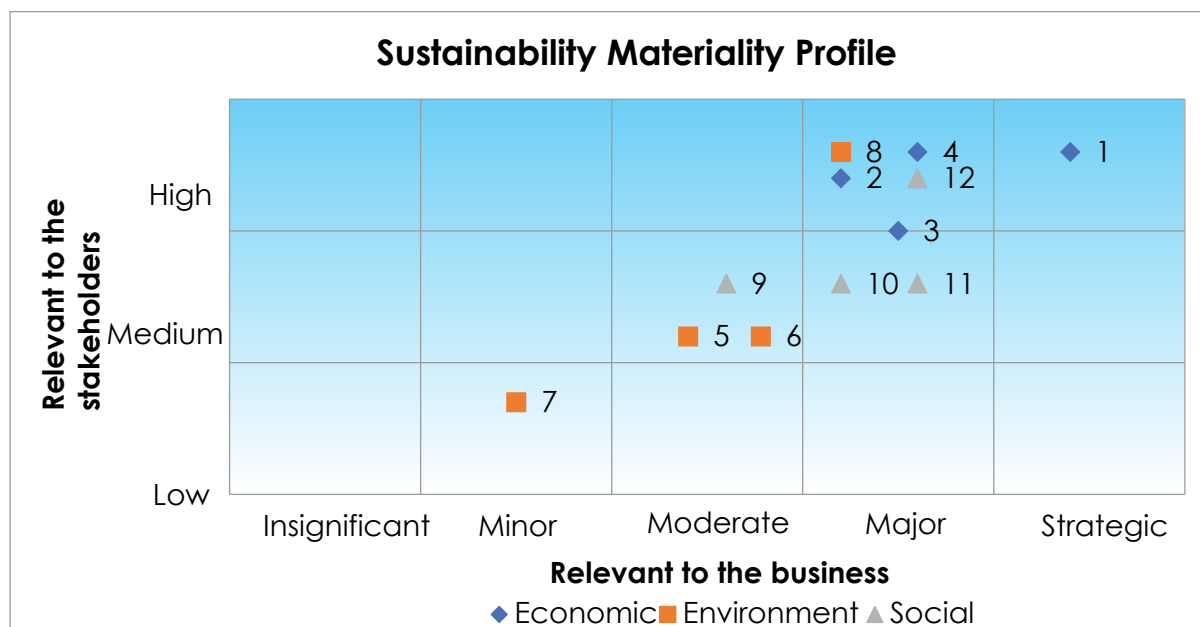
Sustainability Statement (cont'd)

Key Stakeholders	Description	Communication Channels	Frequency
Employees	Our people are key to our operation to achieve our business objectives. The Group's objectives are to serve them well and provide them with conducive working environment enabling them to grow and prosper with the Group	<ul style="list-style-type: none"> Townhall sessions Performance management Involvement in community activities Company annual dinner / festival functions and celebrations Informal periodic departmental meetings Trainings and development 	<ul style="list-style-type: none"> Monthly Annually On-going On-going On-going On-going
Media	New development for the public knowledge / promotion	<ul style="list-style-type: none"> Interviews Advertisements New project launches 	<ul style="list-style-type: none"> On-going On-going On-going

Our Priority Areas

The COVID-19 crisis in FY2020 has elevated sustainability importance and increased scrutiny on how JAKS manages and responds to the immediate impact of the crisis. Our FY2020 materiality assessment reflects the changes to our business and the external environment. These changes include internal review by our top key Senior Management on business environment, the Group's business operations and risk areas, as well as the degree of impact, each sustainability matter has on JAKS.

From the reviews, twelve (12) sustainability matters identified in previous years were maintained with Economic Presence and Sustainable Profitability categorised as High due to their strategic influence on the Group.









Legend:

- | | |
|---|--|
| 1 Economic Presence and Sustainable Profitability | 7 Waste Management |
| 2 Local Hiring | 8 Environmental Compliance |
| 3 Anti-Corruption | 9 Diversity and Equal Opportunity |
| 4 Indirect Economic Impact | 10 Employee Turnover, Retention and Hire |
| 5 3Rs of Sustainability | 11 Training and Development |
| 6 Energy Efficiency | 12 Occupational Health and Safety |

Sustainability Statement (cont'd)

Summary of Sustainability Achievement

Local construction project Order book amounting RM240 million 	Pacific Tower GBI certified 	5Rs of sustainability 
Gender Equality 47% female 53% Male 	628 training hours (FY2019: 1,024 training hours) 	Zero accidents and zero incident rate (FY2019: one accident case with 6.94 incident rate) 

A. Economic

Direct impact: Economic Presence and Sustainable Profitability

Our Property Management Division manages 2 properties; Evolve Concept Mall in Ara Damansara and the Pacific Tower Business Hub in Section 13 Petaling Jaya; both have not been spared from adverse impact of the COVID-19 pandemic. Rapid changes in shopping trends, effect of social distancing imposed as part of standard operating procedures to restart the economy as well as uncertain job conditions, are expected to have an impact on retail malls' performance over the short to medium terms.

Although few of our long-term tenant had ceased their operations and moved out from Evolve Concept Mall during this hard time, we still managed to secure some new tenants. To optimise the Mall utilisation, our initiatives include; renting out carpark bays, revising early bird parking rate, renting out empty lots to tenants for their office use, utilising the Atrium ground floor for furniture show for one of the existing tenant and invited food truck services in Pacific place compound.

As for the Construction Division, we expect the existing outstanding order book on local construction projects could be realised over the next 2 years. The Group is also actively bidding and / or negotiating for new construction projects by selectively targeting higher margin projects to replenish its order book to ensure revenue and business sustainability.

Despite the pandemic outbreak, we remain focus in our pursuit of economic growth. In the first quarter of FY 2021, the Group was shortlisted for the Large Scale Solar 4 @ MENTARI ("LSS4") with a solar power capacity of 50 megawatts (MW). The programme has a duration of 21 years with commercial operations scheduled to commission in late FY 2022 or early FY 2023. This is an encouraging sign that the Group is marking its steps forward in investing opportunities in the solar power projects in Malaysia to complement the government's target of reaching 20% renewable energy use in Malaysia by 2025.

The details of our financial results are discussed in the Management Discussion & Analysis of this Annual Report.

Sustainability Statement (cont'd)

Code of Conduct

Our Code of Ethical Conduct and Conflicts of Interest (the "Code") in JAKS's Employee Handbook articulates our ethical standards. The Code serves as a guidance which is expected to be complied, highlighting the Group's commitment to the stakeholders in preserving economic sustainability. It is a requirement for all employees to observe high ethical business standards and apply these values in all aspects of the Group's business.

In FY2020, we did not receive any complaints on suspected corrupt or unethical behaviour of our employees. We continue to uphold the highest standards of work ethics, honesty and morality.

Health and Safety

Health and Safety	Environment	Gift and Business Courtesies
		
Company Records and Internal Controls	Company Assets	Commitment
		
Integrity and Professionalism	Personal Appearance	Confidential information
		

Anti-Bribery and Anti-Corruption Policy

The corporate liability provision in section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009 took effect on 1 June 2020 and we adopted an Anti-Bribery and Anti-Corruption ("ABAC") Policy within the Group. We are committed to conduct our business operations with utmost integrity as we would like to build and maintain a workplace of high integrity with zero tolerance to all forms of fraud, bribery and corruption.

Whistle Blowing Policy

A Whistleblowing Policy was established to provide stakeholders an avenue to report on any suspected or known incidents of misconduct or unlawful behaviours within JAKS. Detailed procedures for our employees and all stakeholders to raise or report suspected and/or known misconduct, wrongdoings, corruption and instances of fraud, waste, and/or abuse involving the resources of the Company can be made verbally or in writing to the Chairman of the Audit Committee, or an email to whistleblowing@jaks.com.my.

Sustainability Statement (cont'd)

Indirect Economic Impact

Through our business operations, we developed a community through employment and other economic opportunities generating indirect economic benefits from our Property Development & Investment Division, and Property Management. We provide fair remuneration to our employees and an environment conducive to their professional growth and strength development.

Property Development and Investment Division

We are committed to establish strong relationship with the local community enabling improvements to their socio-economic status. We developed neighbourhoods at Ara Damansara and Section 13 of Petaling Jaya through the development of Pacific Place and Pacific Towers properties.

Pacific Towers Business Hub is a four-storey retail and commercial centre; while Pacific Place comprises of serviced apartments, signature offices, commercial shop-lots and a mall. These developments are close to many educational institutions, features, amenities and infrastructure such as University Malaya, Columbia Hospital, Light Rail Transit ("LRT") and public transportation.

COVID-19 Preventive Measures

With measures taken to prevent the spread of COVID-19, we believe these measures could restore the confidence of the patrons to the mall. All safety measures and SOPs as recommended by Ministry of Health and National Security Council were adopted and we ensure these SOPs are adhered by all tenants, employees and patrons.

Security guards located at entrances of Pacific Towers and Evolve Concept Mall enforced strict temperature screening and masks to be worn at all times prior to entering the premises. All entrances were provided with MySejahtera and SeLangkah QR codes for all visitors to register themselves and hand sanitisers were available for the convenience and hygiene of visitors. All public events and gatherings such as weddings, sales carnivals, etc. for Evolve Concept Mall were postponed in strict compliance with the ongoing Movement Control Order ("MCO") regulations.

B. Environment

5Rs of Sustainability

As we embrace the concept of "Refuse, Reduce, Reuse, Repurpose and Recycle" we will continuously explore new methods and initiatives to protect and preserve natural resources enabling our environment to regenerate and conserve for the future generation. We are committed in ensuring our current and future development projects are resource and energy efficient to reduce our environmental footprint.

Our focus is mainly on these three aspects:

- Minimising water and energy consumption
- Preserving the environment
- Compliance with environmental regulatory requirements

Water Consumption

JAKS acknowledges water resource management is essential to protect the sites surrounding eco-systems. In order not to adversely impact the environment, we reuse most of our natural water at construction sites, captured and stored in storage ponds and containers. Pipes were connected to the ponds and containers for washing and cleaning activities.

We will continue monitor our water consumption to minimise its usage. Our water consumption from the water suppliers has been consistent in the 2-years:

	FY2020 (M ³)	FY2019 (M ³)
Construction Division	35,125	19,341
Property Development & Investment Division	67,209	81,065
Total	102,334	101,989

We always explore sustainability practices and work towards water consumption efficiency.

Sustainability Statement (cont'd)

Efficient Use of Energy

Similar to water consumption, we are constantly exploring new technologies to reduce carbon footprint and to be more energy efficient into our operations.

Both our Construction and Property Development & Investment divisions produce greenhouse gas ("GHG") generated from use of diesel and electricity. We are aware that diesel consumption result in an array of environmental impacts. We monitor closely our diesel and electricity consumption through the implementation of monthly reporting, machinery use and regular preventive maintenance for our machinery and equipment. While we are constantly monitoring the external factors that leads to the increase of the energy consumption, we are also continuously exploring alternatives methods to conserve energy, reduce the carbon footprint and to be more energy efficient in our operations.

Our Pacific Towers Business Hub is constructed based on the features recommended by Green Building Index ("GBI") requirements such as water and energy efficiency and indoor environment quality components that included installation of solar panels and innovative air circulation system. The paint used for the building was eco-friendly and free from volatile organic compound ("VOC"). The windows were double glazed with anti-UV and anti-infrared to reduce sun rays and temperature from outside lessening air-conditioning. The building also features copper piping for a centralised water heater system. From these GBI features, Green Building Index Sdn Bhd through its Green Building Index Accreditation Panel awarded a Provisional GBI Design Assessment Certification for Pacific Tower (Commercial) in October 2019.

With the development of better LED lighting technology, our Pacific Towers offices and some of our construction sites use energy efficient LED lights that save the usage of energy and reduce carbon footprint. In addition, we introduced various initiatives from reducing the number of chiller usage to limiting the lighting in the office, mall air conditioners, escalators and lifts at certain period of time.

We encourage our people to adopt digitalisation including converting documents into electronic papers while all the photocopy machines, computers and laptops are installed with power saving features. We expect to cut down our electricity consumption within the next three (3) years, as indicated below:

	FY2020		FY2019	
	Electricity (KwH)	Diesel (Litre)	Electricity (KwH)	Diesel (Litre)
Construction Division	2,995,639	19,000	1,631,751	75,000
Property Development & Investment Division	5,673,280	Not Applicable	7,212,408	Not Applicable
Total	8,668,919	19,000	8,844,159	75,000
Carbon Emission (t CO ₂ e) ¹	2,021	51	2,062	202
Total Carbon Emission	2072		2,264	

Waste Management

Waste management has always been one of the most environmental challenge in Malaysia. In JAKS, we do our part by maximising use from our wastes from re-use, recover and regenerate all materials.

The Group manages all its domestic and industrial wastes, which includes construction debris such as concrete timber, wood and plastic, in accordance with the regulatory requirements. Waste collectors approved by local authorities are engaged to collect those wastes and disposed at approved disposal centres.

Sustainability Statement (cont'd)

Environmental Compliance

We are committed to controlling and preventing environmental pollution within our business divisions to preserve a healthy ecosystem. To achieve these commitments, we took proactive steps by appointing Site Safety Supervisor to monitor the effluent generated from our key projects such as the development of Langat 2 Water Treatment Plant and Water Reticulation system in Selangor / WP Kuala Lumpur ("Langat 2 WTP"), and monthly submission of environmental monitoring report to the Department of Environment ("DoE"). These efforts ensure our compliance with the regulatory requirements and to avoid any potential adverse environmental impacts from our construction activities.

Our project at Langat 2 WTP is regulated under the Environment Impact Assessment ("EIA") requirements published by the DoE. A copy of Environmental Management Plan ("EMP") was submitted to the DoE and approved on 9 July 2015 to ensure we strictly complied with the standards and guidelines of Malaysia's Environment Quality Act 1974.

Our continuous environmental monitoring is part of the DoE requirement and the works under this environmental monitoring for Langat 2 WTP include:

Environmental aspect	DoE Standards	Actual average achievement	
		FY2020	FY2019
Ambient Air Quality	Total Suspended Particulates ("TSP") 260µg/m ³ by Malaysia Ambient Air Quality Standard level	Complied with standard	Complied with standard
Noise Level	Noise limit: <ul style="list-style-type: none"> 65 dBA (day time) 60dBA (night time) Stipulated under the Guidelines for Environmental Noise Limits and Control.	Complied with standard	Exceeded limit due to public vehicle movement and highway construction projects near the project site.
Water Quality	Class II of National Water Quality for Malaysia (NWQS)	Exceeded limit for Dissolved oxygen, Biological Oxygen Demand (BOD) and Chemical oxygen demand COD) Remaining parameters were within the limit	Exceeded limit for Dissolved oxygen. Remaining parameters were within the limit

In FY2020, a minimal fine of RM 6,000 (FY2019: nil) was imposed by the DoE from a failure of aeration system, competent employee availability and absence of signboard for the effluent chamber of the sewerage treatment plant in Langat 2 WTP project. Immediate actions were taken to address the non-compliance which include upskilling our employee to be a competent person to monitor, manage and maintain the sewerage treatment plant.

We will regularly engage with the DoE to ensure any issues raised were addressed and steps taken mitigate any environmental issues immediately.

Sustainability Statement (cont'd)

C. Social

Diversity and Equal Opportunity

We believe that a diverse team in all dimensions – race, religion, gender, age, nationality and differently-abled will create an inclusive and progressive culture. In line with our practice on non-discrimination towards people who are differently-abled, we have also employed a person with part visual impairment. We believe in upholding equal opportunities for all and practice zero tolerance for any sort of workplace discrimination as this would enable our company to grow and expand rapidly.

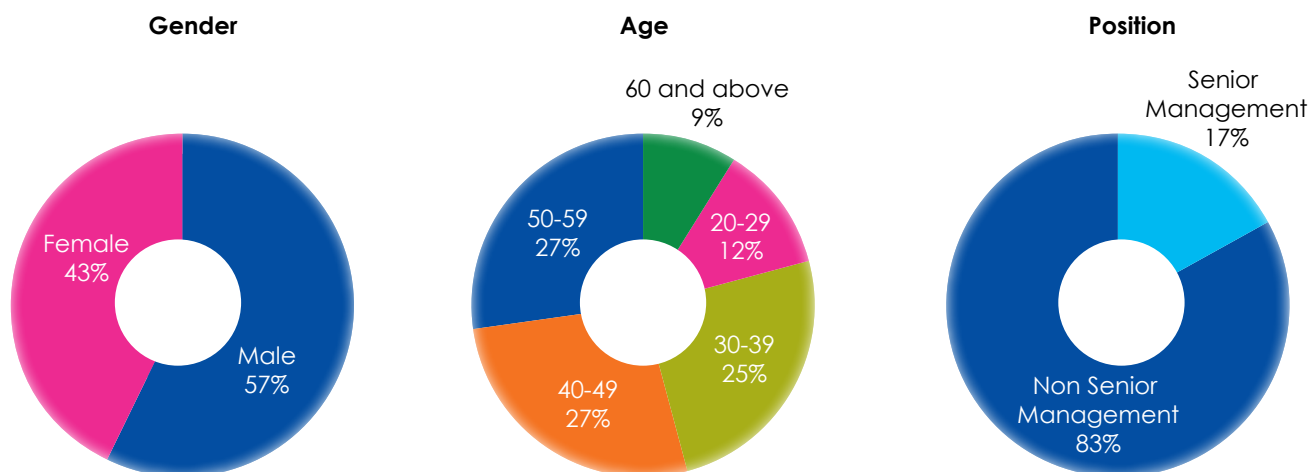
Our total workforce strength of 146 in FY2020 (FY2019:157), comprising of Male:57% and Female:43% respectively and comprises of diverse people with different background, experience and skillsets as well as gender, age groups, ethnicities, cultures and geographies who come together to generate transformative ideas, deliver sustained environmental, economic and social impact for ourselves and our communities at large.

Gender diversity is a challenge to JAKS as participation of female personnel in construction industry mainly focused in the administrative and management aspects although we hire candidates who are capable and best fitted for tasks designated for them.

At JAKS, we prefer hiring from our local pool of talent as we believe it enhances job opportunities for the talented locals and they are best fitted for the job since they understand the needs of the Malaysian market.

JAKS'S Workforce	FY2020				FY2019			
Gender Diversity	Senior Management		Non-Senior Management		Senior Management		Non-Senior Management	
	Male	Female	Male	Female	Male	Female	Male	Female
	22	3	61	60	14	2	72	69
Total	25		121		16		141	
Age Diversity								
20-29 years old	-		17		-		21	
30-39 years old	3		33		2		41	
40-49 years old	5		34		6		42	
50-59 years old	9		31		5		27	
60 years and above	8		6		3		10	
Total	25		121		16		141	
Ethnic Diversity								
Malay	5		65		1		81	
Chinese	19		42		14		43	
Indian	1		14		1		16	
Other	-		-		-		1	
Total	25		121		16		141	

Sustainability Statement (cont'd)



Talent Attraction and Retention

In FY2020, we hired a total of 42 employees (FY2019:29 new hires). Employee turnover rate increased to 32% (FY 2020: 46 resigned employees) as compared to 15% in FY 2019 (23 resigned employees). Increase in turnover rate in FY 2020 was from staff transfer due to business operation restructuring and completion of the workers' employment contracts.

Zero Tolerance for Harassment

JAKS is committed and strongly supports a policy that allows employees to work in an environment free from harassment either from employees or any external party. We view any harassment as a serious misconduct that undermines the integrity and respect of the working relationship of employees in the workplace and regarded as a serious violation of the company's rules and regulations. Any harassment will be dealt with in accordance with the Company's human resource procedures and applicable labour and appropriate regulation.

The Journey of Growth

As part of our effort in giving back to society, we established an internship programme that provides a great learning opportunity and on-the-job trainings. We welcome students from local universities and educational institutions to join our internship programme which could benefit younger workforce in term of increasing their chances to jump-start their careers. This programme has yet to reach its full potential as for the FY2020, the Group employed one (1) intern (FY2019: 2 interns) and allocated to one of the Company's project focusing on health and safety area.



Sustainability Statement (cont'd)

Training and Development

The success of our growth depends on the quality of our workforce. Having the right people with the right skills is essential for our continuous growth. It is crucial for our employees to undergo training programmes to upskill their knowledge and skills in order to perform better at work. We guide the developmental progress of our employees by providing relevant trainings, designed for all employment levels, from management to executive and non-executive.

In FY2020, we achieved a total of 628 training hours (FY2019: 1,024 training hours) for our employees comprising both functional and technical skills related to construction, property management and health and safety matters. The movement control order imposed by Malaysia Government to curb the outbreak of COVID-19 pandemic resulted in the reduction of training hours in FY2020.

The type of trainings conducted in FY2020 were:

- Introduction to Guidelines on Ergonomic Evaluation;
- Strata Development & Dispute & Resolutions;
- Briefing on COVID-19;
- "Pemahaman Borang Syarat-syarat Kontrak Reka dan Bina yang Efektif dalam Kontrak Kerajaan"; and
- "Pengurusan dan Pentadbiran Kelambatan dan Lanjutan Masa (EOT) Kontrak Pembinaan".

	FY2020 (hours)	FY2019 (hours)
Functional and technical skills	44	304
Health and safety	584	720
Total	628	1,024

Occupational Safety and Health

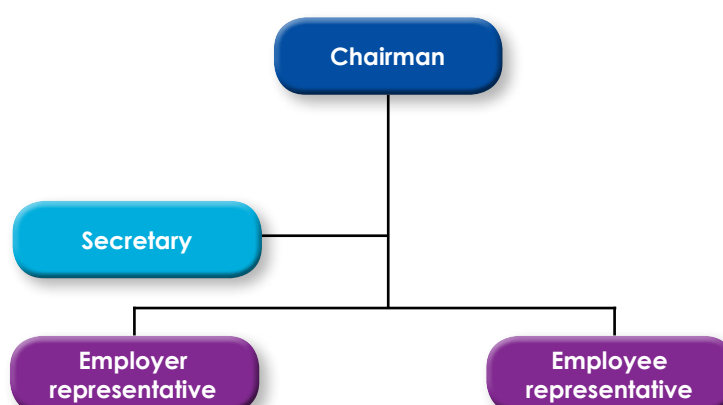
Safety and health are one of key priorities of the Group. We envisage to provide safe working environment for our employees and encourage responsibility towards safety and health at all levels of employees, especially workers at our construction sites, to prevent accidents and ill health in the workplace. To this end, we have implemented proactive measures and continuous assessment to minimise job related hazards and incidents. These efforts include appointment of Safety Officer, safety briefings and reminders, provision of personal protective equipment as well as reprimand any safety and health violation in accordance with our strict health and safety policy and guides.

Construction Division

Occupational Health & Safety Committee ("OHSC") was established to facilitate the management of occupational safety and health related matters. The graphics on the left outlined the governance structure of OHSC.

We enhance our safety and health aspects by revising our Occupational Safety and Health Policy Statement, conduct and analyse non-operational risks for the Group and upgraded our Safety Operating Procedures.

We successfully transitioned our Safety and Health Management System on 25 June 2019 to ISO 45001:2018; the world's first international standard for Occupational Health and Safety, to ensure that we are aligned with the latest industry standards. ISO45001:2018 adopts a risk-based approach to enable organisations to put in place an occupational health and safety management system in managing risks and improving the organisation performance. This reaffirms our commitment towards a safe and sustainable workplace for all employees.



Sustainability Statement (cont'd)

In the FY2020, we carried out the following activities with the following frequencies:

No.	Activities	Frequency
1.	Toolbox/ Safety Briefing	Weekly
2.	Safety Induction	For new workers
3.	Workplace Inspection Checklist	Monthly
4.	Fire Extinguisher Checklist	Monthly
5.	First Aid Checklist	Monthly
6.	Safety Committee Meeting	Quarterly
7.	Emergency fire drill	Twice yearly
8.	Emergency Evacuation	Twice yearly
9.	Trade training for workers	As necessary
10.	Machinery Inspection (Initial)	At point arrival at site
11.	Machinery Inspection	Quarterly
12.	COVID-19 Updates	Weekly

We maintain our vigilance and close monitoring on HSE standards and COVID-19 SOP throughout our operations. The rules under CMCO and COVID-19 SOP for construction industry were issued, with effect from 1 May 2020, for construction activities by the Works Ministry, in relation to social distancing requirement and maintaining good personal hygiene. As a result, no accident cases (FY2019: 1 accident) with zero incident rate (FY2019:6.94) were reported.

Engagement with Community

FY2020 was a challenging year for us with minimal community's engagement activities. A donation of RM180,000 was contributed to the COVID-19 fund under Ministry of Health. This fund was set up with the purpose of funding the purchase of medical facilities such as ventilators, medications, reagents and all other types of disposable medical equipment.

Employee Satisfaction

We engage our employees based on their performance and discussed regularly with them to identify any dissatisfaction and improvement areas. Townhall sessions with staff were held by respective project managers and head of departments on monthly basis. We also offer attractive benefits to our full-time permanent employees. Our key benefits include:

Types of benefits	Descriptions
Leaves	Annual Leave up to 26 days, Substitute Leave, Medical & Hospitalization Leave, Maternity Leave, Compassionate Leave, Contingency Leave, Congratulatory Leave, Examination Leave
Allowances	Business Travel Allowance, Accommodation Reimbursement, Outstation Allowance, Outdoor Sales Allowance, Hand phone Reimbursement, Professional Membership Reimbursement
Medical	Annual Medical Check-up & Health Screening
Insurance	Hospital & Surgical Insurance, Group Personal Accident Insurance and term Life Insurance
LTIP	Long Term Incentive Plan
Others	Long Service Award, Training

Sustainability Statement (cont'd)

Engagement with Employees

We recognise the importance of work-life balance and believe that healthy and happy employees are vital to the Company's productivity. To attain this, we initiated a Sports Club in 2005 named "Kelab Sukan dan Rekreasi JAKS" aimed to build a healthy culture and lifestyle for our employees. Activities organised set a platform for greater communication and strengthen relationship amongst all employees.

We have been organising weekly badminton sessions, rewarding club members via funds collected for the club and distribution of food vouchers. In FY2020, instead of distributing food vouchers, we organised a buffet dinner for sport club members prior to the implementation of MCO in the month of March 2020. A planned company trip was cancelled as safety measures to avoid the spread of COVID-19 were intensified by the Government. Moving forward, Sports Club Committee will continue to plan and organise more fun and exciting activities for our employees when the COVID-19 pandemic is under control.



Sports Club Dinner gathering

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of JAKS Resources Berhad (the "Company" or "JAKS") supports high standards of corporate governance and assumes responsibility in ensuring that principles and practices of the Malaysian Code on Corporate Governance ("the Code") are followed where possible or provide alternatives in meeting them. The Group believes that good governance will help to realise long-term shareholders value, whilst taking into account the interest of other stakeholders.

Set out herewith are the corporate governance principles and recommendations that were applied during the financial year ended 31 December 2020. The Board considers that it has fundamentally applied the principles and practices of the Code and is pleased to report the actions taken by the Company to conform to the Code in the Corporate Governance Report that is available in the Company's website www.jaks.com.my.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

i. Board Responsibilities

The Board of Directors takes full responsibility for the performance of the Group. The Board provides stewardship to the Group's strategic direction and operations which will ultimately maximise shareholders' value. To fulfill this role, the Board provides advice to the Management in monitoring and achieving the Group's goals.

The Board's most important functions are as follows:

- ensuring that the Group's goals are clearly established, and strategies are in place to achieve them;
- establishing policies for strengthening the performance of the Company including ensuring that Management is proactively seeking to build business through innovation, initiative, technology and the development of its business capital;
- monitoring the performance of Management;
- appointing the Chief Executive Officer ("CEO") and setting the terms of his employment contract;
- deciding on steps which are deemed necessary to protect the Company's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;
- ensuring that the Company's financial statements are true and fair and conform with law;
- ensuring that the Company adheres to high standards of ethics and corporate behavior; and
- ensuring that the Company has appropriate risk management or regulatory compliances policies in place.

In discharging its fiduciary duties during the financial year 2020, the Board has delegated specific tasks to six Board Committees namely Audit Committee, Nomination Committee, Remuneration Committee, LTIP Committee, Sustainability Committee and Risk Management Committee. All the Board Committees have its own terms of reference and the authority to act on behalf of the Board within the authorities as lay out in the terms of reference and report to the Board with the necessary recommendation.

The Company has a Board Charter which sets out the Board Governance process and Board-Management relationship. The Board Charter is available on the Company's website at www.jaks.com.my. A review of the Board Charter was conducted on 27 November 2020.

The Board Charter also has a formal schedule of matters reserved for the Board covering the limits of authority for:

- Acquisition & Disposal of Assets
- Investments in Capital Projects
- Treasury Policies
- Risk Management policies

Corporate Governance Overview Statement (cont'd)

ii. Board Composition

The Board of JAKS presently has eight members comprising of the CEO, two Executive Directors and five Independent Non-Executive Directors. The Independent Non-Executive Directors make up more than 50% of the Board to allow for objective independent judgement to be made by the Board.

The Board meetings are presided by the Chairman, who is an Independent Non-Executive Director and whose role is clearly separated from role of the CEO to ensure a balance of power and authority.

The Executive Directors are responsible for implementing the policies and decisions of the Board, overseeing the operations as well as managing the development and implementation of business and corporate strategies. The Independent Non-Executive Directors are independent of Management and free from any business relationship which could materially interfere with their independent judgement. Their presence ensures that issues of strategies, performance and resources proposed by the Management are objectively evaluated and thus provide a capable check and balance for the Executive Directors.

On the tenure of the independent directors who have exceeded the term of nine (9) years, the Company's shareholders had at the Annual General Meeting (AGM) in 2020 passed the resolutions to allow Tan Sri Datuk Hussin Bin Haji Ismail, Mr. Liew Jee Min @ Chong Jee Min and Dato' Azman Bin Mahmood who have both served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years, to continue to act as Independent Non-Executive Directors of the Company until the 2021 AGM. The Company will table the resolutions for the retention of the Tan Sri Datuk Hussin Bin Haji Ismail, Mr. Liew Jee Min @ Chong Jee Min and Dato' Azman Bin Mahmood as Independent Non-Executive Directors of the Company for another term at the forthcoming Annual General Meeting.

The Board has taken note of Practice 4.5 of the Code to have a gender diversity policy and has adopted the Board Gender Diversity Policy setting out that there is to be at least a woman Director on the Board at all times and in the event there is a vacancy of such position, it shall be filled within three months of the vacancy. This policy will be reviewed on a regular basis.

The Board acknowledges the importance of having women representation on the Board. This is evidenced by the appointment of Ms Khor Hun Nee as Independent Non-Executive Director of the Company in 2019.

Board Meetings

During the financial year ended 31 December 2020, ten (10) Board Meetings were held. Besides the routine meeting to discuss on the quarterly financial reports, the Board held special meetings to discuss on the project planning undertaken during the year. The respective Directors' attendance record is as shown in the table below:

Director	No. of meetings attended
Tan Sri Datuk Hussin Bin Haji Ismail	10/10
Ang Lam Poah	10/10
Ang Lam Aik	10/10
Dato' Razali Merican Bin Naina Merican	9/10
Dato' Azman Bin Mahmood	10/10
Liew Jee Min @ Chong Jee Min	9/10
Tan Sri Dato' Hj. Abd. Karim B. Shaikh Munisar	10/10
Khor Hun Nee	10/10

The Board meets at least five times a year and as and when it is necessary. Due notice of matters to be discussed are provided to the Board. The proceedings, deliberations and conclusions made by the Board were properly recorded in the minutes of meetings kept by the Company Secretary and was confirmed by the Board and signed by the Chairman of the meeting.

Corporate Governance Overview Statement (cont'd)

Supply of Information

The Board is provided with the agenda and board papers prior to Board Meetings with sufficient time to enable the Board to solicit further explanations and/or information, where necessary, to enable them to discharge their duties.

The board papers provided include inter alia, financial results, business plan and budget, status of major projects, minutes of meetings of Board/ Board Committees, circulars from Bursa Malaysia Securities Berhad ("Bursa Securities"), announcements made to Bursa Securities, Directors' resolution in writing that had been passed and other major operational and financial issues for the Board's information and/or approval.

All Directors have access to the advices and services of the Company Secretary and all information in relation to the Group whether as a full Board or in their individual capacity to assist them in discharging their duties. The Board or the individual Director may seek independent advice from independent professional advisers at the Group's expense, if necessary in accordance to the prescribed policy.

Directors' Training

The Group acknowledges that continuous education is vital for the Board members to gain insight into the state of economy, technological advances, regulatory updates and management strategies. The Directors are encouraged to attend continuous education programmes to further enhance their skills and knowledge, where relevant. New directors appointed are required to attend the Mandatory Accreditation Programme pursuant to the Listing Requirements of Bursa Securities and will be briefed by Management on the operations and policies of the Company to familiarise themselves with the Company's business.

During the financial year ended 31 December 2020, the Directors have individually or collectively attended the following courses / seminar set out below:-

Director	Mode of Training	Title of Training	Duration of Training
Tan Sri Datuk Hussin Bin Haji Ismail	Seminar	How to Drive, Survive and Thrive through the Economic Crisis	0.5 day
Ang Lam Poah	Seminar	Corporate Governance Monitor 2020	0.5 day
Dato' Razali Merican Bin Naina Merican	Seminar	Corporate Governance Monitor 2020	0.5 day
Ang Lam Aik	Seminar	Corporate Governance Monitor 2020	0.5 day
Dato' Azman Bin Mahmood	Seminar	Corporate Governance Monitor 2020	0.5 day
Mr. Liew Jee Min @ Chong Jee Min	Seminar	Corporate Liability Provision Under The MACC Act 2009 (Anti-bribery and Corruption Policy)	0.5 day
	Seminar	ACI Virtual Roundtable 2020 - ESG Perspective: Managing Recovery and Resilience	45 mins
	Seminar	Latest Updates on Listing Requirements & Corporate Governance Monitor Report 2020	0.5 day
	Seminar	Fraud Risk Management Workshop	0.5 day
Tan Sri Dato' Hj. Abd. Karim B. Shaikh Munisar	Seminar	Raising Defences: Section 17A of the Malaysian Anti-Corruption Commission Act 2009	0.5 day
	Seminar	Fraud Risk Management	0.5 day
	Seminar	KPMG round table talk on ESG Perspective	1 day
Khor Hun Nee	Seminar	Mandatory Accreditation Programme	2 days

Corporate Governance Overview Statement (cont'd)

Appointments and Re-election of Directors

In accordance with the Company's Constitution, all Directors who are appointed by the Board shall hold office only until the next annual general meeting after their appointment and shall then be eligible for re-election. The Articles also provide that at least one-third of the remaining Directors be subject to retirement by rotation at each annual general meeting provided always that all Directors including the CEO shall retire from office at least once every three years but shall be eligible for re-election.

The Board has empowered the Nomination Committee to consider and make their recommendation to the Board for the continuation in service of those Directors who are due for retirement and recommendation of new Directors, if required to enhance the composition of the Board. The Nomination Committee will recommend candidates for all directorships to be filled to the Board. The Nomination Committee also review the composition of the Board to ensure that the Board has the required mix of skills, expertise, attributes and core competencies to discharge their duties efficiently and effectively.

iii. DIRECTORS' REMUNERATION

Level and Make-up

The Company has adopted the objective as recommended by the Code to determine the remuneration of the Directors so as to ensure that the Company attracts and retains the Directors needed to run the Group successfully. The component parts are designed to link rewards to corporate and individual performance in the case of Executive Directors. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the individual Non-Executive Director concerned.

Procedure

The Remuneration Committee recommends for the Board's approval on all elements of remuneration and terms of employment for Executive Directors with the Director concerned abstaining from deliberations and voting on decisions in respect of his remuneration package. The Remuneration Committee met one during the financial year 2020 to review the proposed Directors' fees, increments of the meeting allowance and also on the allocation of the LTIP options.

The Directors' fees and meeting allowances are determined by the Board as a whole subject to the approval of shareholders.

Details of Remuneration

Details of the remuneration received by the Directors from the Group and Company for the financial year ended 31 December 2020 are set out below.

The aggregate remuneration paid/payable to all Directors of the Company are further categorized into the following components.

Directors	Fees (RM)	Salaries & Bonus (RM)	EPF & SOCSSO (RM)	Group/Company Benefit- in-kind/ Allowances (RM)	LTIP (RM)	Total (RM)
Tan Sri Datuk Hussin						
Bin Haji Ismail	81,600	-	-	33,000	-	114,600
Ang Lam Poah	-	1,635,000	193,524	15,000	12,825,000	14,668,524
Dato' Razali Merican						
Bin Naina Merican	-	790,400	93,371	13,500	709,650	1,606,921
Ang Lam Aik	-	287,500	33,023	13,500	-	334,023
Dato' Azman Bin Mahmood	81,600	-	-	30,000	-	111,600
Liew Jee Min @						
Chong Jee Min	81,600	-	-	25,000	-	106,600
Tan Sri Dato' Hj. Abd. Karim						
B. Shaikh Munisar	81,600	-	-	31,000	-	112,600
Khor Hun Nee	81,600	-	-	24,500	-	106,100

Remuneration paid to the top five (5) Senior Management of JAKS Group for the financial year ended 31 December 2020 was RM4,611,469. The remuneration of the top five (5) Senior Management of the JAKS Group is disclosed on an aggregate basis. At this particular juncture, the Board is of the opinion that the disclosure of the Senior Management personnel' names and the remuneration in bands of RM50,000 would not be in the best interest of the Group due to confidentiality and security concerns.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

i. Financial Reporting

In presenting the annual financial statements and quarterly announcements of its results, the Board of Directors has ensured that the financial statements represent a true and fair assessment of the Company and Group's financial position.

ii. Internal Control and Risk Management

The Board acknowledges its responsibility for establishing a sound system of internal control to safeguard shareholders' investment and Group's assets and to provide assurance on the reliability of the financial statements.

While the internal control system is devised to cater for particular needs of the Group, such controls by their nature can only provide reasonable assurance but not absolute assurance against material misstatement or loss. A Statement on Risk Management and Internal Control is set out on pages 46 to 48.

iii. Relationship with Auditors

The Company maintains a transparent relationship with the auditors in seeking their professional advice and towards ensuring compliance with the accounting standards.

iv. DIRECTORS' RESPONSIBILITY STATEMENT

The Board is responsible to ensure that the financial statements are properly drawn up in accordance with the provisions of the Companies Act 2016 and approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group as at the end of the financial year and of the results and cash flows of the Group for the financial year then ended.

The Directors are satisfied that in preparing the financial statements of the Group for the year ended 31 December 2020, the Group has adopted suitable accounting policies and applied them consistently, prudently and reasonably. The Directors also consider that all applicable approved accounting standards have been followed in the preparation of financial statements. The financial statements have been prepared on the going concern basis.

The Directors are responsible for ensuring that the Group keeps sufficient accounting records to disclose the financial position of the Group with reasonable accuracy and ensure that the financial statements are comply with the Companies Act 2016.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

The Board believes that it is important to maintain open and constructive relationship with all of our stakeholders – large and small, institutional and private. The Chairman, supported by the Management, has overall responsibility for ensuring that the Group listens to and effectively communicates with our stakeholders.

The Investor Relations function headed by the CEO, facilitates communication between the Group and the investment community, with the Management's support. Pertinent matters that may concern stakeholders include strategic developments, financial results and material business matters affecting the Group.

The Investor Relations function holds regular meetings, conference calls and site visits with investors, intended to keep the investment community abreast of the Group's operations, strategic developments and financial performance.

Every quarter, the Investor Relations function provides the investment community with an up-to-date view of the Group's financial performance and operations via analyst briefing sessions which coincides with the release of the Group's quarterly financial results on Bursa Malaysia Securities Berhad.

The Group maintains a comprehensive website which includes an up-to-date investor centre to communicate with stakeholders. Regular news, announcements, share price updates, investor presentations, events and other relevant information are posted on the website. Shareholders are also welcomed to raise queries by contacting the Group at any time throughout the year. The contact information is available at the Contact Us section of the Group's website at <http://www.jaks.com.my/>.

Corporate Governance Overview Statement (cont'd)

The Annual General Meeting ("AGM") provides a platform for the Chairman and CEO to share how the Group has performed during the year.

It provides all shareholders with the opportunity to put forward questions to the Chairman of the Board, the chairman of the Audit, Nomination, Remuneration, Risk Management and Sustainability Committee.

At these meetings, e-polling is conducted on each resolution. Shareholders also have the opportunity to cast their votes by proxy in advance of the meeting. Following the AGM, results of the polls are published on the Group's website and released to Bursa Securities.

v. ADDITIONAL COMPLIANCE INFORMATION

a. Audit and Non-Audit Fees

The amount of audit and non-audit fees payable to Messrs UHY for services rendered for the financial year 2020 is as follows:

	Audit fees (RM)	Non-Audit fees (RM)
Company level	82,000	67,000
Group level	363,102	67,000

b. Material Contract

There was no material contract entered into by the Company and/or its subsidiary companies which involves Directors' and Major Shareholders' interest during the financial year ended 31 December 2020.

c. Utilisation of Proceeds

The Company undertook a renounceable rights issue of new ordinary shares together with free detachable warrants ("Rights Issue with Warrants") issue in 2020. The Rights Issue with Warrants raised proceeds of RM237.62 million.

The status of utilisation of proceeds as at 23 April 2021 is as follows:

Proposed utilisation of proceeds	Proceed raised	Utilised as at 23.04.2021	Timeframe for utilisation
	RM'000	RM'000	
Subscription of additional 30.00 million ordinary shares of USD1.00 each in JPP	128,400	128,400	Within 6 months
Future business project or investments	48,366	48,366	Within 36 months
Partial repayment of borrowings	31,581	31,581	Within 24 months
Preliminary expenses in relation to venture into new construction projects in Vietnam	10,000	-	Within 36 months
Working capital requirements	13,675	13,675	Within 36 months
Estimated expenses for the Proposed Rights Issue with Warrants	5,600	5,600	Immediate
	237,622	227,622	

BOARD COMMITTEES REPORT

A. AUDIT COMMITTEE REPORT

a. Members

The Audit Committee consists exclusively of Independent Non-Executive Director of the following members:

Chairman	Dato' Azman Bin Mahmood
Members	Tan Sri Datuk Hussin Bin Haji Ismail
	Liew Jee Min @ Chong Jee Min
	Tan Sri Dato' Hj. Abd. Karim B. Shaikh Munisar
	Khor Hun Nee

b. Functions and Responsibilities

The key functions and responsibilities of the Audit Committee are:

- To consider the appointment of the External Auditor, the audit fee and any questions of resignation or dismissal;
- To discuss with the External Auditor before the audit commences, the nature and scope of the audit, and ensure coordination where more than one audit firm is involved;
- To review the quarterly and year-end financial statements of the Company, focusing particularly on:
 - Any changes in accounting policies and practices;
 - Significant adjustments arising from the audit;
 - The going concern assumption;
 - Compliance with accounting standards and other legal requirements.
- To discuss problems and reservations arising from the interim and final audits, and any matter the External Auditor may wish to discuss (in the absence of management where necessary);
- To review the External Auditors' management letter and management's response;
- To consider any related party transactions that may arise within the Company or the Group;
- To consider the major findings of internal investigations and Management's response;
- To do the following in relation to the internal audit function:
 - Identify the head of internal audit;
 - Review the adequacy of the scope, functions, competency and resources of the internal audit function and the necessary authority to carry out its work;
 - Review the internal audit programme and results of the internal audit programme and the results of the internal audit process and where necessary ensure that appropriate actions taken on the recommendations of the internal audit function;
 - Review any appraisal or assessment of the performance of members of the outsourced Internal Audit services provider;
 - Approve any appointment or termination of senior staff members of the outsourced Internal Audit services provider; and
 - To consider other topics as defined by the Board.

Board Committees Report (cont'd)

c. Summary of Activities of Audit Committee for the financial year ended 31 December 2020

The Audit Committee held six meetings during the financial year ended 31 December 2020.

The attendance record for the financial year ended 31 December 2020 of each member of the Audit Committee is shown in the table below:

Audit Committee Members	Meeting Attendance	
	No of meetings attended	Percentage of attendance %
Dato' Azman Bin Mahmood	6/6	100
Liew Jee Min @ Chong Jee Min	5/6	83.33
Tan Sri Datuk Hussin Bin Haji Ismail	6/6	100
Tan Sri Dato' Hj. Abd. Karim B. Shaikh Munisar	6/6	100
Khor Hun Nee	6/6	100

The minutes of each Audit Committee Meeting were distributed to the Board members at the subsequent Board Meeting. The Audit Committee Chairman will inform the Directors at Board Meetings, matters and recommendations which the Audit Committee's view ought to be highlighted to the Board.

For the financial year ended 31 December 2020, the Audit Committee:

- i. Reviewed the quarterly results and Audited Financial Statements;
- ii. Reviewed the internal audit report tabled by outsourced Internal Auditors;
- iii. Reviewed the Audit Review Memorandum and discussed with External Auditors on their findings;
- iv. Reviewed the Statement on Risk Management & Internal Control and Audit Committee Report prior to the Board's approval for inclusion in the Annual Report;
- v. Reviewed the Audit Planning Memorandum for the financial year ended 31 December 2020;
- vi. Reviewed the performance of outsourced Internal Auditors;
- vii. Reviewed the performance of External Auditors;
- viii. Recommended the External Auditors' fees and re-appointment of External Auditors;
- ix. Reviewed the Corruption Risk Assessment Report;
- x. Reviewed the Anti-Bribery and Anti-Corruption Policy & Guidelines and Whistleblowing Policy; and
- xi. Recommended the proposed appointment of Risk Management Committee;

d. Internal Audit Function.

The Group's internal audit function, which reports directly to the Audit Committee, is outsourced to an independent professional firm namely Tricor Axcelasia Sdn Bhd ("Outsourced Internal Auditor").

The Outsourced Internal Auditor serves to assist the Audit Committee by independently evaluating and improving the effectiveness of the system of internal control. The internal audit was conducted using a risk-based approach and was guided by the International Professional Practices Framework ("IPPF") which was issued by the Global Institute of the International Auditors.

Besides assessing the internal control systems, organisational governances and risk management capability were also assessed and embedded into the respective audit focus areas. The internal audit assessment has included relevant root-cause analysis results, where applicable has been incorporated in the respective internal audit findings.

The Engagement Executive Director of the Outsourced Internal Auditor, Ms Melissa Koay has diverse professional experience in internal audit, risk management and corporate governance advisory. She is a Chartered Member of the Institute of Internal Auditors Malaysia, a member of the Malaysian Institute of Accountants and a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom. Ms Melissa Koay is also a Certified Internal Auditor.

Board Committees Report (cont'd)

The number of staff deployed for the internal audit reviews is 5 staff per visit including the engagement Executive Director. The staff involved in the internal audit reviews possess professional qualifications and/or a university degree and some are members of the Institute of Internal Auditors Malaysia. The internal audit staffs on the engagement are free from any relationships or conflict of interest, which could impair their objectivity and independence.

During the financial year under review, the activities carried out by the internal audit function are as follows:

- (a) Carried out internal audits in accordance with the approved risk based internal audit plan by the Audit Committee.
- (b) Presented the Internal Audit Reports to the Audit Committee highlighting audit findings, recommendations to improve and management responses.
- (c) Performed follow up review on these findings and updated the status to the Audit Committee;
- (d) Presented the Corruption Risk Assessment Report;
- (e) Presented the Internal Audit Strategy for year ending 31 December 2020 and 2021.

During the financial year, the entities and business processes reviewed were as follows:

Entity	Business Processes
Evolve Concept Mall Sdn Bhd	Procurement Security Management
JAKS Resources Berhad	Strategy Management Health & Safety Management

Findings from the internal audit reviews conducted were discussed with Senior Management and subsequently presented, together with Management's responses and proposed action plans, to the Audit Committee for their review and notation. The outsourced internal audit function also carries out follow up reviews and reports to the Audit Committee on the status of implementation of action plans by Management pursuant to the recommendations highlighted in the internal audit reports.

Notwithstanding the above, although a number of internal control deficiencies were identified during the internal audit reviews, none of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require a separate disclosure in this annual report.

The total cost incurred for the outsourcing of the internal audit function for the financial year 31 December 2020 was RM51,782.

Board Committees Report (cont'd)

B. NOMINATION COMMITTEE REPORT

a. Members

The Nomination Committee comprises exclusively of Independent Non-Executive Directors. The Chief Executive Officer (CEO) attends the meeting on the invitation of the Committee.

Chairman Tan Sri Dato' Hj. Abd. Karim B. Shaikh Munisar

Members Liew Jee Min @ Chong Jee Min

Tan Sri Datuk Hussin Bin Haji Ismail

b. Functions and Responsibilities

The key functions and responsibilities of the Nomination Committee are:

- To review regularly the Board structure, size and composition diversity in gender and make recommendations to the Board with regard to any adjustments that are deemed necessary.
- To review and recommend new nominees for appointment to the Board of Directors.
- To assess Directors on an on-going basis, the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director.
- To recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board. In making its recommendations, the Committee should consider the candidates'
 - skills, knowledge, expertise and experience;
 - professionalism;
 - integrity; and
 - in the case of candidates for the position of independent non-executive directors, the Committee should also evaluate the candidates' ability to discharge such responsibilities/ functions as expected from independent non-executive directors.
- To consider, in making its recommendations, candidates for directorships proposed by the CEO and, within the bounds of practicability, by any other senior executive or any director or shareholder.
- To recommend to the Board, Directors to fill the seats on Board Committees.
- To review annually the Board's mix of skills and experience and other qualities including core competencies which non-executive Directors should bring to the Board. This should be disclosed in the Annual Report.
- To recommend to the Board for continuation (or not) in service of executive Director(s) and Directors who are due for retirement by rotation.
- On invitation of Chairman or the Board, recommend to the Board for continuation (or not) in service of executive Directors(s) and Directors who are due for retirement by rotation.
- To orient and educate new Directors as the nature of the business, current issues within the Company and the corporate strategy, the expectations of the Company concerning input from the Directors and the general responsibilities of Directors.

Board Committees Report (cont'd)

c. Summary of Activities of Nomination Committee for the financial year ended 31 December 2020.

The Nomination Committee met once during the financial year ended 31 December 2020. For the financial year ended 31 December 2020, the following activities were carried out by the Nomination Committee:

- i. Reviewed the size and composition of the Board and Board Committees;
- ii. Reviewed the mix of skill and experience and other qualities of the Board;
- iii. Assessed the effectiveness of the Board as a whole, the Board Committees and the Directors;
- iv. Discussed and recommended the re-election of retiring Directors;
- v. Reviewed the term of office and performance of the Board Committee and each of its members and concluded that the Board Committee members have carried out their duties in accordance with their terms of reference;
- vi. Assessed and confirmed the independence of the Independent Directors;
- vii. Discussed and recommended to the Board the continuation of Independent Directors for a cumulative term of nine (9) years; and
- viii. Discussed and recommended the appointment of members to the Sustainability Committee.

The Nomination Committee upon its annual assessment carried out for financial year 2020, was satisfied that:

- The size and composition of the Company Board is optimum with appropriate mix of knowledge skills, attribute and core competencies;
- The Board has been able to discharge its duties professionally and effectively;
- All the Directors continues to uphold the highest governance standards in discharging their duties and responsibilities;
- All the members of the Board are well qualified to hold their positions as Directors of the Company in view of their respective working experience, academic and professional qualifications, depth of knowledge, skills and experience and their personal qualities;
- The Independent Directors, namely Tan Sri Datuk Hussin Bin Haji Ismail, Dato' Azman Bin Mahmood, Mr Liew Jee Min @ Chong Jee Min, Tan Sri Dato' Hj. Abd. Karim B. Shaikh Munisar and Ms Khor Hun Nee are demonstrably independent;
- The Directors are able to devote sufficient time commitment to their roles and responsibilities as evidenced by their attendance records;
- The Directors have received training during the financial year ended 31 December 2020 that is relevant and would serve to enhance their effectiveness in the Board; and
- On the assessment of long-serving Independent Directors who are subject to retention by shareholders, the Nomination Committee submits its recommendation for the proposed retention of Tan Sri Datuk Hussin Bin Haji Ismail, Mr Liew Jee Min @ Chong Jee Min and Dato' Azman Bin Mahmood as Independent Directors for another term based on the following:-
 - Compliance with prescriptive requirements by regulators;
 - Assessment of continued independence to ensure their ability to remain independent in their character and judgement, and without any conflicts of interest;
 - Participation in Board and Board Committee meetings;
 - Contribution to interaction;
 - Performance and quality of input;
 - Understanding of roles and responsibilities; and
 - Providing value to the Board through unique, in-depth knowledge, experience and expertise.

Board Committees Report (cont'd)

C. REMUNERATION COMMITTEE REPORT

a. Member

The Remuneration Committee comprises exclusively of Independent Non-Executive Directors. The Chief Executive Officer ("CEO") attends the meeting on the invitation of the Committee.

Chairman Liew Jee Min @ Chong Jee Min

Members Tan Sri Datuk Hussin Bin Haji Ismail

Dato' Azman Bin Mahmood

Tan Sri Dato' Hj. Abd. Karim B. Shaikh Munisar

b. Function and Responsibilities

The Remuneration Committee shall ensure that the levels of remuneration are sufficient to attract and retain Directors of the quality required to manage the business of the Group. The Remuneration Committee is entrusted under its terms of reference to assist the Board, amongst others, to recommend to the Board the remuneration of the Executive Directors, by linking their rewards to corporate and individual performance with the Director concerned abstaining from deliberations and voting on decisions in respect of his remuneration package. In the case of Non-Executive Directors, the level of remuneration shall reflect the experience and level of responsibilities undertaken by the Non-Executive Directors concerned and is determined by the Board as a whole.

c. Summary of Activities of Remuneration Committee for the financial year ended 31 December 2020

The Remuneration Committee held one meeting during the financial year ended 31 December 2020.

The attendance record for the financial year ended 31 December 2020 of each member of the Remuneration Committee is shown in the table below:

Remuneration Committee Members	Meeting Attendance	
	No of meetings attended	Percentage of attendance
Liew Jee Min @ Chong Jee Min	1/1	100
Tan Sri Datuk Hussin Bin Haji Ismail	1/1	100
Dato' Azman Bin Mahmood	1/1	100
Tan Sri Dato' Hj. Abd. Karim B. Shaikh Munisar	1/1	100

The Remuneration Committee carried out the following activities for the financial year ended 31 December 2020:

- Reviewed directors' fees for financial year ended 31 December 2020;
- Reviewed meeting allowance per meeting for attendance of each director; and
- Reviewed the share award under the Long Term Incentive Plan to be awarded to Directors and key management staff.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The Board of Directors of JAKS Resources Berhad ("JAKS") is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 31 December 2020 which has been prepared pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines"). This statement outlines the nature and state of the risk management and internal control of the Group during the financial year.

Board Responsibility

The Board acknowledges its responsibility for maintaining a sound and effective systems of risk management and internal controls and for reviewing the adequacy and integrity of the said systems to ensure shareholders' interests and the Group's assets are safeguarded. These responsibilities have been delegated to the Audit Committee, which is empowered by its terms of reference to seek the assurance on the adequacy and effectiveness of the Group's internal controls system through independent reviews conducted by the internal audit function and the annual statutory audits conducted by the external auditors. The Audit Committee reports significant controls matters to the Board at their scheduled meetings.

However, as there are inherent limitations in any system of risk management and internal control, such system can only manage rather than eliminate all possible risks that may impede the achievement of the Group's business objectives or goals. Therefore, the system can only provide reasonable and not absolute assurance against material misstatements or losses.

Risk Management Framework

In pursue of the Group's continuous commitment in optimising shareholders' value, risk management activities carried out across the Group are guided by the enhanced Enterprise Risk Management ("ERM") Framework. The design of the ERM Framework is guided by ISO 31000, which outlines the risk governance and structure, risk management policies, risk management process and integration of risk management into significant activities and functions.

The risk assessment process provides an integrated and structured approach in identifying, evaluating and managing significant risks that may affect the achievement of the Group's business objectives. It promotes risk ownership and continuous monitoring of significant risks identified by way of assigning accountabilities to the respective Heads of Department and key management staffs. Significant risks identified are maintained in a formal database of risks and controls information i.e., risk registers, which captures the possible root causes, existing key controls and impact. The risks are then assessed on the likelihood of occurrence and criticality of impact with the rating of either low, medium, high or extreme.

A Risk Management Committee ("RMC") which consists of Senior Management and selected Heads of Department have the responsibilities to monitor the risk policy implementation, provide risk education to all staff, ensure accountability of risks identified are assigned and facilitate the risk reporting to the Board.

In financial year ended 31 December 2020, a risk profiles update exercise was carried out to update risk information of JAKS Resources Berhad and its active subsidiaries in Malaysia, covering the Corporate Functions, Construction, Property Development, Power and Mall Management, and to provide guidance to the risk owners / risk co-owners in preparing the risk action plans for the top 5 risks of the Group. The results of the risk profiles update were presented to the Board at its meeting held on 26 August 2020.

The above-mentioned risk management practices of the Group serve as the on-going process used to identify, evaluate and managed significant risks of the Group for the year under review and up to the date of approval of this Statement. The Board shall continue to evaluate the Group's risk management process to ensure it remains relevant to the Group's requirements.

Statement On Risk Management And Internal Control (cont'd)

Internal Audit Function

The Group's Internal Audit Function assists the Board and Audit Committee by providing an independent assessment of the adequacy and effectiveness of the Group's internal control system. Further details of the Internal Audit Function are set out in the Audit Committee Report on pages 40 to 42 of this Annual Report.

Others Key Elements of Internal Control

The other key elements of the Group's internal control systems are described below:

- An organisational structure with clearly defined lines responsibility, accountability, and proper segregation of duties.
- Written operational policies and procedures that are established and regularly reviewed and updated to ensure that it maintains its effectiveness and continues to support the Group's business activities as the Group's grows.
- Human resource policies encompassing areas of recruitment, training and development, health and safety, staff performance, appraisal and succession planning with the objective to enhance staff integrity and the development of professionalism and competency of employees in the Group.
- Quality management in the form of policies and objectives as outlined in the Quality Manual issued by the Chief Executive Officer. The Management Review Team periodically reviews this quality management process that is implemented throughout the financial year.
- Monitoring of results by the senior management team on a monthly basis where appropriate management action will be undertaken to address deviations. The Chief Executive Officer also reviews the management accounts covering financial performance, key business indicators on a quarterly basis and the cash flow position on a regular basis.
- Executive Directors are actively involved in the running of the business and operations of the Group and they report to the Board on significant changes in the business and external environment, which affect the operations of the Group.
- The Group's risk management process, internal audit process and internal control system do not apply to jointly controlled operations and joint ventures where the Group does not have full management control. The Group's interest in these jointly controlled operations are closely monitored through periodic receipt of the operations management accounts and representation in the jointly controlled operations' Board.

Review of the Statement by External Auditors

As required by Paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities, the External Auditors have reviewed this Statement on Risk Management and Internal Control to the scope set out in the Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants for inclusion in the Annual Report for the Group for the year ended 31 December 2020, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the Annual Report of the Group, in all material respects:

- (a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers; or
- (b) is factually inaccurate.

AAPG 3 does not require the External Auditors to consider whether the Directors Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and Management thereon. The Auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

Statement On Risk Management And Internal Control (cont'd)

Conclusion

At a meeting held on 21 May 2021, the Board obtained assurance from the Chief Executive Officer and Chief Financial Officer that the Group's risk management and internal controls systems are operating adequately and effectively in all material respects.

The Board is of the view that the risk management and internal control system is satisfactory and have not resulted in any material losses or contingencies that would require disclosure in the Group's annual report. The Board shall continue to take the pertinent measures to improve the Group's risk management and internal control in meeting the Group's corporate objectives.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board of Directors dated 21 May 2021.

FINANCIAL STATEMENTS



- 50 Directors' Report
- 56 Statement By Directors
- 56 Statutory Declaration
- 57 Independent Auditors' Report
- 62 Statements Of Financial Position
- 63 Statements Of Profit Or Loss And Other Comprehensive Income
- 64 Statements Of Changes In Equity
- 67 Statements Of Cash Flows
- 69 Notes To The Financial Statements

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

Principal Activities

The principal activities of the Company are that of investment holding and general contractor. The principal activities of the subsidiary companies are disclosed in Note 7 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

Financial Results

	Group RM	Company RM
(Loss)/Profit for the financial year	(128,502,059)	94,272,741
Attributable to:		
Owners of the parent	(84,560,565)	
Non-controlling interests	(43,941,494)	
	(128,502,059)	

Reserves and Provisions

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

Dividend

There was no dividend proposed, declared or paid by the Company since the end of the previous financial year. The Board of Directors does not recommend any dividend in respect of the current financial year.

Issue of Shares and Debentures

During the financial year, the Company issued:

- (i) 1,080,101,412 new ordinary shares ("Rights Shares") pursuant to the renounceable rights issue on the basis of eight (8) rights shares for every five (5) existing ordinary shares held in the Company ("Rights Issue") at an issue price of RM0.22 per Rights Share for cash.
- (ii) 19,945,000 new ordinary shares pursuant to Company's Share Grant Plan ("SGP") under Long Term Incentive Plan.
- (iii) 12,000,000 new ordinary shares at an exercise price of RM0.64 pursuant to the exercise of Warrant B 2018/2023.
- (iv) 1,750 new ordinary shares at an exercise price of RM0.49 pursuant to the exercise of Warrant C 2020/2025.

The new ordinary shares issued during the financial year shall rank pari passu in all respects with the existing ordinary shares of the Company.

There was no issuance of debentures during the financial year.

Directors' Report (cont'd)

Options Granted Over Unissued Shares

Long Term Incentive Plan ("LTIP")

On 28 June 2016, the shareholders of JAKS Resources Berhad ("JRB") have at Extraordinary General Meeting approved the establishment of a LTIP of up to fifteen percent (15%) of the total number of issued shares of the Company (excluding treasury shares) at any one time for the Directors and employees of JRB and its subsidiary companies. The Group's LTIP comprises of the Share Option Plan ("SOP") and Share Grant Plan ("SGP") for its employees.

The salient features and other terms of the LTIP are disclosed in the Note 32 to the financial statements.

During the financial year, the Company granted and vested 19,945,000 plan shares to the eligible employees of the Company and/or its eligible subsidiary companies under the SGP as disclosed in Note 32 to the financial statements.

Warrant B 2018/2023

On 13 December 2018, the Company allotted and issued 102,428,430 new Warrant B 2018/2023 ("Warrants") at an issued price of RM0.25 per Warrant on the basis of 1 Warrant for every 2 existing ordinary shares held in the Company ("Right Issue of Warrants").

The Warrants are valid for exercise for a period of 5 years from its issue date and will expire on 13 December 2023. During this period, each Warrant entitles the registered holder to subscribe for 1 new ordinary share in the Company at any time on or after 13 December 2018 to 13 December 2023, at an exercise price of RM0.64 per Warrant in accordance with the Deed Poll dated 5 November 2018. Any Warrants not exercised by its expiry date will lapse thereafter and cease to be valid for all purposes.

During the financial year, the exercise price and the number of Warrant B 2018/2023 have been adjusted in accordance with the provisions of the Deed Poll as a result of the Rights Issue. The exercise price was adjusted from RM0.64 to RM0.34.

The movements in the Company's Warrant B 2018/2023 are as follows:

	Number of Warrant B 2018/2023 (Unit)
At 1 January 2020	102,428,430
Adjusted for Rights Issue	81,059,808
Exercised	(12,000,000)
At 31 December 2020	171,488,238

Warrant C 2020/2025

On 19 November 2020, the Company issued 540,050,650 free warrants pursuant to the Rights Issue on the basis of one (1) free warrant for every two (2) Rights Share subscribed for by the entitled shareholders of the Company.

The Warrants are valid for exercise for a period of 5 years from its issue date and will expire on 18 November 2025. During this period, each Warrant entitles the registered holder to subscribe for 1 new ordinary share in the Company at any time on or after 19 November 2020 to 18 November 2025, at an exercise price of RM0.49 per warrant in accordance with the Deed Poll dated 13 October 2020. Any warrants not exercised by its expiry date will lapse thereafter and cease to be valid for all purposes.

During the financial year, 1,750 warrants were exercised at the exercise price of RM0.49 each. As at 31 December 2020, 540,048,900 warrants remained unexercised.

Directors' Report (cont'd)

Directors

The Directors in office during the financial year until the date of this report are:

Ang Lam Aik
 Ang Lam Poah*
 Dato' Azman Bin Mahmood
 Dato' Razali Merican Bin Naina Merican*
 Liew Jee Min @ Chong Jee Min
 Tan Sri Datuk Hussin Bin Ismail
 Tan Sri Dato' Hj. Abd. Karim B. Shaikh Munisar
 Khor Hun Nee

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) during the financial year up to the date of this report:

Datuk Ang Ken Seng
 Chen Cheong Fat
 Goh Theow Hiang
 Rasli Bin Musamah
 Noor Azhan Rizaluddin Bin Jamian
 Kevin Lee Shih Min
 Ungku Shaharud Zaman Shah Bin Ungku Nazaruddin
 Zaid Bin Kadershah
 Haris Fadzilah Bin Abdullah

* *Director of the Company and its subsidiary companies*

The information required to be disclosed pursuant to Section 253 of the Companies Act 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and made a part thereof.

Directors' Interests In Shares

The interests and deemed interests in the shares, options over ordinary shares and Warrants of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end (including their spouse or children) according to the Register of Directors' Shareholdings are as follows:

	At 1.1.2020	Number of ordinary shares			At 31.12.2020
		Acquired	Rights Issue	Disposed	
JAKS Resources Berhad					
Direct Interests					
Ang Lam Poah	84,590,062	17,000,000 ⁽ⁱ⁾	163,475,294	-	265,065,356
Dato' Razali Merican Bin Naina Merican	4,010,800	830,000 ⁽ⁱⁱ⁾	2,480,000	(3,290,800)	4,030,000
Indirect Interests					
Dato' Razali Merican Bin Naina Merican (#)	11,000,000	12,000,000	-	(23,000,000)	-

(i) Inclusive vesting of 15,000,000 ordinary shares under the Share Grant Plan ("SGP") pursuant to the LTIP.

(ii) Inclusive vesting of 830,000 ordinary shares under the Share Grant Plan ("SGP") pursuant to the LTIP.

Directors' Report (cont'd)

Directors' Interests In Shares (cont'd)

Vesting of the ordinary shares to the Directors pursuant to the Company's LTIP during the financial year are as follows:

	At 1.1.2020	Number of ordinary shares		At 31.12.2020
		Granted	Vested	
JAKS Resources Berhad				
Direct Interests				
Ang Lam Poah	-	15,000,000	(15,000,000)	-
Dato' Razali Merican	-	830,000	(830,000)	-
Bin Naina Merican	-			-
	At 1.1.2020	Number of options over ordinary shares		At 31.12.2020
		Adjusted for Rights Issue	Exercised	Lapsed
JAKS Resources Berhad				
Direct Interests				
Ang Lam Aik	750,000	664,587	-	-
				1,414,587
	At 1.1.2020	Number of Warrant B 2018/2023		At 31.12.2020
		Acquired	Adjusted for Rights Issue	Disposed/ Exercised
JAKS Resources Berhad				
Direct Interests				
Ang Lam Poah	24,827,051	-	22,254,967	-
Dato' Razali Merican				
Bin Naina Merican	775,000	-	694,710	-
				1,469,710
Indirect Interests				
Dato' Razali Merican Bin				
Naina Merican (#)	14,785,500	-	2,465,100	(12,035,500)
				5,215,100
	At 1.1.2020	Number of Warrant C 2020/2025		At 31.12.2020
		Rights Issue	Exercised	
Interest in the Company				
Direct Interests				
Ang Lam Poah	-	81,737,647	-	81,737,647
Dato' Razali Merican Bin	-	1,240,000	-	1,240,000
Naina Merican	-			

(#) Deemed interest by virtue of his shareholdings in Original Invention Sdn. Bhd..

None of the other Directors in office at the end of the financial year had any interests in shares in the Company and its related corporations during the financial year.

Directors' Report (cont'd)

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Notes 29 and 33 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for those disclosed in Note 35(b) to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than shares granted to certain Directors pursuant to the Company's LTIP as disclosed under Directors' Interests.

Indemnity and Insurance Costs

During the financial year, Directors and Officers of JAKS Resources Berhad, together with its subsidiary companies, are covered under the Directors' and Officers' Liability Insurance in respect of liabilities arising from acts committed in their respective capacity as, inter alia, Directors and Officers of the Group subject to the terms of the policy. The total amount of Directors' and Officers' Liability Insurance effected for the Directors and Officers of the Group was RM5,000,000. The total amount of premium paid for the Directors' and Officers' Liability Insurance by the Group and the Company was RM30,000. There were no indemnity and insurance costs effected for auditors of the Company during the financial year.

Other Statutory Information

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that adequate allowance had been made for doubtful debts and there were no bad debts to be written off; and
 - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
 - (i) which would render it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
 - (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

Directors' Report (cont'd)

Other Statutory Information (cont'd)

(c) At the date of this report, there does not exist:

- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year except as disclosed in the financial statements.

(d) In the opinion of the Directors:

- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due;
- (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except as disclosed in the notes to financial statements; and
- (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Subsidiary Companies

The details of the subsidiary companies are disclosed in Note 7 to the financial statements.

Significant Event During the Financial Year And Subsequent Event

The details of the significant event during the financial year and subsequent event are disclosed in Note 42 to the financial statements.

Auditors

The Auditors, Messrs. UHY, have expressed their willingness to continue in office.

The details of the auditors' remuneration are set out in Note 29 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 21 May 2021.

.....
ANG LAM POAH
Director

.....
DATO' RAZALI MERICAN BIN NAINA MERICAN
Director

KUALA LUMPUR

STATEMENT BY DIRECTORS**PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016**

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 62 to 152 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 21 May 2021.

.....
ANG LAM POAH
Director

.....
DATO' RAZALI MERICAN BIN NAINA MERICAN
Director

KUALA LUMPUR

STATUTORY DECLARATION**PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016**

I, Lim Tiong Jin (MIA Membership No: 16286), being the Officer primarily responsible for the financial management of JAKS Resources Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 62 to 152 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in the)
Federal Territory on 21 May 2021.)

.....
LIM TIONG JIN

Before me,

No. W790
ZAINUL ABIDIN BIN AHMAD

.....
COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JAKS RESOURCES BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of JAKS Resources Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 62 to 152.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditors' Report

To The Members Of JAKS Resources Berhad (cont'd)

Key Audit Matters (cont'd)

Key audit matter	How our audit addressed the key audit matter
<p>Revenue and cost recognition on construction contracts and property development activities</p> <p>Property development revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation.</p> <p>The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation. In making the estimate, management relies on opinion/service of experts, past experience and the continuous monitoring mechanism.</p> <p>Refer to "Significant Accounting Policies" in Note 3(k), (l), (m) & (r), "Significant Accounting Judgements, Estimates and Assumptions" in Note 2(c), "Inventories" in Note 12, "Contract Assets" in Note 14 and "Revenue" in Note 27.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> • Tested the Group's and the Company's controls by checking for evidence of reviews and approvals over construction contract and property development costs, setting budgets and authorising and recording of actual costs incurred. • Challenged the assumptions in deriving at the estimates of construction contract and property development costs. This includes comparing the actual margins achieved of previous similar completed projects to estimates and compared the estimated costs to supporting documentation such as approved budgets, quotations, contracts and variation orders with sub-contractors. • Agreed a sample of costs incurred to date to relevant documents such as sub-contractor claim certificates, verified by the Group's and Company's internal quantity surveyor or the employers. • Reviewed management's workings on the computation of percentage-of-completion. • Assessed the adequacy and reasonableness of the disclosures in the financial statements.

Independent Auditors' Report

To The Members Of JAKS Resources Berhad (cont'd)

Key Audit Matters (cont'd)

Key audit matter	How our audit addressed the key audit matter
<p>Impairment assessment of goodwill</p> <p>The Group's goodwill balance as at 31 December 2020 stood at RM76.1 million.</p> <p>Goodwill is subject to annual impairment testing. We focused on this area as the determination of recoverable amounts of cash-generating-unit ("CGU") based on value-in-use and fair value less costs of disposal approach by management involved a significant degree of judgement and assumptions.</p> <p>Refer to "Significant Accounting Policies" in Note 3(o)(i), "Significant Accounting Judgements, Estimates and Assumptions" in Note 2(c) and "Goodwill on consolidation" in Note 10.</p>	<p>Our audit procedures for recoverable amount of CGU that is valued at value-in-use include the following:</p> <ul style="list-style-type: none"> Assessed the reliability of management's forecast through the review of past trends of actual financial performances against previous forecasted results. Assessed the key assumptions on which the cash flow projections are based, by amongst others, comparing them against business plans, historical results and market data. Evaluated the appropriateness of the discount rate used to determine the present value of the cash flows and whether the rate used reflects the current market assessments of the time value of money and the risks specific to the asset. Performed sensitivity analysis on key assumptions to evaluate impact on the impairment assessment. Assessed the adequacy and reasonableness of the disclosures in the financial statements. <p>Our audit procedures for recoverable amount of CGU that are valued at fair value less costs of disposal approach include the following:</p> <ul style="list-style-type: none"> Evaluated the objectivity, independence and expertise of the firm of independent valuers. Obtained an understanding of the methodology adopted by the independent valuers in estimating the fair value of the properties and assessed whether such methodology is consistent with those used in the industry; Had discussions with the independent valuer to obtain an understanding of the related market data used as input to the valuation models. Evaluated the assumptions applied in estimating cost to sell taking into consideration actual cost incurred in sale of properties and marketing strategies

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditors' Report

To The Members Of JAKS Resources Berhad (cont'd)

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

Independent Auditors' Report

To The Members Of JAKS Resources Berhad (cont'd)

Auditors' Responsibility for the Audit of the Financial Statements (Cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (Cont'd)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary companies of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

UHY

Firm Number: AF 1411
Chartered Accountants

CHONG YEW HONG

Approved Number: 03532/10/2022 J
Chartered Accountant

KUALA LUMPUR

21 May 2021

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

			Group		Company
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Non-Current Assets					
Property, plant and equipment	4	102,807,349	946,305	122,384	154,598
Investment properties	5	623,177,344	690,010,953	-	-
Right-of-use assets	6	264,331	2,163,171	222,933	1,407,712
Investment in subsidiary companies	7	-	-	630,619,253	577,219,472
Investment in joint ventures	8	481,561,297	357,408,194	-	-
Goodwill on consolidation	10	76,135,992	128,135,992	-	-
Golf club memberships	11	310,525	318,420	-	-
		1,284,256,838	1,178,983,035	630,964,570	578,781,782
Current Assets					
Inventories	12	483,400	76,572,448	-	-
Trade receivables	13	251,402,184	295,779,409	2,100,000	-
Contract assets	14	276,709,479	301,157,703	-	-
Other receivables	15	130,420,384	233,359,766	2,609,680	894,108
Amount due from subsidiary companies	16	-	-	501,713,798	423,569,552
Amount due from joint ventures	17	10,588,402	9,203,213	-	-
Tax recoverable		74,003	2,265,665	-	21,832
Deposits placed with licensed banks	18	46,079,058	49,233,523	-	-
Cash and bank balances	19	128,503,161	102,253,349	93,403,765	1,945,348
		844,260,071	1,069,825,076	599,827,243	426,430,840
Total Assets		2,128,516,909	2,248,808,111	1,230,791,813	1,005,212,622
Equity					
Share capital	20	924,998,424	659,642,281	924,998,424	659,642,281
Reserves	21	218,950,833	318,306,789	39,900,640	(44,534,050)
Equity attributable to owners of the parent		1,143,949,257	977,949,070	964,899,064	615,108,231
Non-controlling interests		(16,416,438)	(58,094,184)	-	-
Total Equity		1,127,532,819	919,854,886	964,899,064	615,108,231
Non-Current Liabilities					
Bank borrowings	22	318,812,493	306,000,000	-	-
Lease liabilities	23	129,722	232,101	129,722	207,183
Deferred tax liabilities	24	100,721	-	-	-
		319,042,936	306,232,101	129,722	207,183
Current Liabilities					
Trade payables	25	358,290,724	446,535,756	-	-
Other payables	26	240,645,820	458,969,621	50,555,184	48,115,586
Amount due to subsidiary companies	16	-	-	204,949,447	340,671,675
Bank borrowings	22	68,279,683	115,454,451	-	-
Lease liabilities	23	142,393	1,279,716	77,461	1,109,947
Tax payable		14,582,534	481,580	10,180,935	-
		681,941,154	1,022,721,124	265,763,027	389,897,208
Total Liabilities		1,000,984,090	1,328,953,225	265,892,749	390,104,391
Total Equity and Liabilities		2,128,516,909	2,248,808,111	1,230,791,813	1,005,212,622

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	2020 RM	Group 2019 RM	2020 RM	Company 2019 RM
Revenue	27	250,970,270	1,051,737,440	213,287,500	11,400,000
Cost of sales		(233,953,444)	(856,190,634)	-	-
Gross profit		17,016,826	195,546,806	213,287,500	11,400,000
Other income		97,085,543	5,852,022	48,600	542,187
Selling and distribution expenses		(264,894)	(5,108)	-	-
Administrative expenses		(133,141,605)	(115,288,269)	(96,129,293)	(38,715,751)
Net loss on impairment of financial instruments		(69,352,474)	(12,489,849)	(12,685,247)	(79,975,710)
(Loss)/Profit from operation		(88,656,604)	73,615,602	104,521,560	(106,749,274)
Finance costs	28	(25,412,625)	(20,948,157)	(46,052)	(114,505)
Share of results of joint ventures		3,763,103	(37,239)	-	-
(Loss)/Profit before tax	29	(110,306,126)	52,630,206	104,475,508	(106,863,779)
Taxation	30	(18,195,933)	(6,748,575)	(10,202,767)	52,068
(Loss)/Profit for the financial year		(128,502,059)	45,881,631	94,272,741	(106,811,711)
Other comprehensive loss, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation		(4,957,340)	(7,754,742)	-	-
Total comprehensive (loss)/income for the financial year		(133,459,399)	38,126,889	94,272,741	(106,811,711)
(Loss)/Profit for the financial year attributable to:					
Owners of the parent		(84,560,565)	108,049,569	94,272,741	(106,811,711)
Non-controlling interests		(43,941,494)	(62,167,938)	-	-
		(128,502,059)	45,881,631	94,272,741	(106,811,711)
Total comprehensive (loss)/income attributable to:					
Owners of the parent		(89,517,905)	100,294,827	94,272,741	(106,811,711)
Non-controlling interests		(43,941,494)	(62,167,938)	-	-
		(133,459,399)	38,126,889	94,272,741	(106,811,711)
(Loss)/Earnings per share					
Basic (loss)/earnings per share (sen)	31(a)	(10.79)	13.96		
Diluted (loss)/earnings per share (sen)	31(b)	(9.88)	13.57		

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Group	Attributable to Owners of the Parent					Non-Controlling Interests		Total Equity RM
	Share Capital RM	LTIP Reserves RM	Non-Distributable Translation Reserves RM	Warrants Reserves RM	Other Reserves RM	Distributable Retained Earnings RM	Total RM	
At 1 January 2020	659,642,281	2,576,100	(11,550,719)	25,607,108	-	301,674,300	977,949,070	(58,094,184) 919,854,886
Loss for the financial year	-	-	-	-	-	(84,560,565)	(84,560,565)	(43,941,494) (128,502,059)
Foreign currency translation	-	-	(4,957,340)	-	-	-	(4,957,340)	- (4,957,340)
Total comprehensive loss for the financial year	-	-	(4,957,340)	-	-	(84,560,565)	(89,517,905)	(43,941,494) (133,459,399)
Transactions with owners:								
Rights Issue	237,622,311	-	-	-	-	(6,838,051)	230,784,260	- 230,784,260
Issuance of warrants	-	-	-	221,420,767	(221,420,767)	-	-	- -
Issuance of shares under share grant plan	17,052,975	-	-	-	-	-	17,052,975	- 17,052,975
Exercise of warrants	10,680,857	-	-	(3,000,717)	717	-	7,680,857	- 7,680,857
Disposal of a subsidiary company	-	-	-	-	-	-	-	85,619,240 85,619,240
Total transactions with owners	265,356,143	-	-	218,420,050	(221,420,050)	(6,838,051)	255,518,092	85,619,240 341,137,332
At 31 December 2020	924,998,424	2,576,100	(16,508,059)	244,027,158	(221,420,050)	210,275,684	1,143,949,257	(16,416,438) 1,127,532,819

Statements Of Changes In Equity

For The Financial Year Ended 31 December 2020 (cont'd)

	Attributable to Owners of the Parent				Distributable			
	Non-Distributable		Warrants		Retained	Non-	Total	Total
	Share	LTIP	Translation	Reserves	Earnings	Controlling	RM	Equity
	Capital	Reserves	Reserves	RM	RM	Interests	RM	RM
	RM	RM	RM	RM	RM	RM	RM	RM
Group								
At 1 January 2019, as previously reported	598,974,584	3,219,350	(3,795,977)	25,607,108	194,199,079	4,073,754	818,204,144	822,277,898
Effect of adopting MFRS 16	-	-	-	-	67,765	-	67,765	67,765
At 1 January 2019, as restated	598,974,584	3,219,350	(3,795,977)	25,607,108	194,266,844	4,073,754	818,271,909	822,345,663
Profit/(Loss) for the financial year	-	-	-	-	108,049,569	(62,167,938)	108,049,569	45,881,631
Foreign currency translation	-	-	(7,754,742)	-	-	-	(7,754,742)	(7,754,742)
Total comprehensive income/(loss) for the financial year	-	-	(7,754,742)	-	108,049,569	(62,167,938)	100,294,827	38,126,889
Transactions with owners:								
Private share placement	40,925,719	-	-	-	(1,285,363)	-	39,640,356	39,640,356
Shares options lapsed	-	(643,250)	-	-	643,250	-	-	-
Issuance of shares under share grant plan	19,741,978	-	-	-	-	-	19,741,978	19,741,978
Total transactions with owners	60,667,697	(643,250)	-	-	(642,113)	-	59,382,334	59,382,334
At 31 December 2019	659,642,281	2,576,100	(11,550,719)	25,607,108	301,674,300	(58,094,184)	977,949,070	919,854,886

Statements Of Changes In Equity

For The Financial Year Ended 31 December 2020 (cont'd)

	Non-Distributable			Distributable		Total Equity RM
	Share Capital RM	LTIP Reserves RM	Warrants Reserves RM	Other Reserves RM	(Accumulated loss)/ Retained earnings RM	
Company						
At 1 January 2020	659,642,281	2,576,100	25,607,108	-	(72,717,258)	615,108,231
Profit for the financial year, representing total comprehensive income for the financial year	-	-	-	-	94,272,741	94,272,741
Transactions with owners:						
Rights Issue	237,622,311	-	-	-	(6,838,051)	230,784,260
Issuance of warrants	-	-	221,420,767	(221,420,767)	-	-
Issuance of shares under share grant plan	17,052,975	-	-	-	-	17,052,975
Exercise of warrants	10,680,857	-	(3,000,717)	717	-	7,680,857
Total transactions with owners	265,356,143	-	218,420,050	(221,420,050)	(6,838,051)	255,518,092
At 31 December 2020	924,998,424	2,576,100	244,027,158	(221,420,050)	14,717,432	964,899,064
	Non-Distributable			Distributable		Total Equity RM
	Share Capital RM	LTIP Reserves RM	Warrants Reserves RM	Other Reserves RM	(Accumulated loss)/ Retained earnings RM	
Company						
At 1 January 2019, as previously reported	598,974,584	3,219,350	25,607,108	-	34,670,042	662,471,084
Effect of adoption of MFRS 16	-	-	-	-	66,524	66,524
At 1 January 2019, as restated	598,974,584	3,219,350	25,607,108	-	34,736,566	662,537,608
Loss for the financial year, representing total comprehensive loss for the financial year	-	-	-	-	(106,811,711)	(106,811,711)
Transactions with owners:						
Private share placement	40,925,719	-	-	-	(1,285,363)	39,640,356
Shares options lapsed	-	(643,250)	-	-	643,250	-
Issuance of shares under share grant plan	19,741,978	-	-	-	-	19,741,978
Total transactions with owners	60,667,697	(643,250)	-	-	(642,113)	59,382,334
At 31 December 2019	659,642,281	2,576,100	25,607,108	-	(72,717,258)	615,108,231

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash Flows From Operating Activities				
(Loss)/Profit before tax	(110,306,126)	52,630,206	104,475,508	(106,863,779)
Adjustments for:				
Amortisation of golf club memberships	7,895	7,896	-	-
Depreciation of:				
- Property, plant and equipment	1,929,575	803,550	45,239	291,811
- Investment properties	16,965,760	12,767,878	-	-
- Right-of-use asset	533,764	1,913,489	358,895	1,184,779
Dividend income	-	-	(204,687,500)	-
(Gain)/Loss on disposal of:				
- Property, plant and equipment	(52,795)	(36,504)	-	-
- Right-of-use assets	-	348,654	-	-
- A subsidiary company	(89,114,428)	-	-	(500,000)
Impairment loss on:				
- Goodwill on consolidation	52,000,000	20,364,913	-	-
- Investment in subsidiary companies	-	-	60,000,000	4,785,102
- Investment properties	570,700	10,398,698	-	-
- Amount due from subsidiary company	-	-	12,685,247	80,012,554
- Trade receivables	25,862,099	5,318,354	-	163,156
- Other receivables	45,331,965	7,188,995	-	-
Interest expense	25,412,625	27,059,122	46,052	114,505
Interest income	(1,001,369)	(2,462,801)	-	(42,187)
Loss on modification of lease contract	24,749	-	24,749	-
Provision for liquidated ascertained damages	29,512,924	37,428,030	-	-
Reversal of impairment loss on:				
- Amount due from subsidiary company	-	-	-	(200,000)
- Trade receivables	(1,841,590)	(17,500)	-	-
Share grant plan expense	17,052,975	19,741,978	17,052,975	19,741,978
Share of result of joint venture	(3,763,103)	37,239	-	-
Unrealised (gain)/loss on foreign exchange	(2,500,603)	(1,857,638)	4,500,686	352,674
Operating (loss)/profit before working capital changes	6,625,017	191,634,559	(5,498,149)	(959,407)
Change in working capital				
Inventories	544,020	(29,383,999)	-	-
Contract asset	19,505,117	199,908,017	-	-
Receivables	18,687,201	(47,249,498)	(3,815,572)	(14,815)
Payables	(16,434,598)	(94,791,681)	2,439,598	592,489
	22,301,740	28,482,839	(1,375,974)	577,674
Cash generated from/(used in) operations	28,926,757	220,117,398	(6,874,123)	(381,733)
Interest paid	(4,701,606)	(5,649,117)	-	-
Tax paid	(3,316,314)	(4,012,011)	-	(21,832)
Tax refunded	34,058	1,196,901	-	417,064
	(7,983,862)	(8,464,227)	-	395,232
Net cash from/(used in) operating activities	20,942,895	211,653,171	(6,874,123)	13,499

Statements Of Cash Flows

For The Financial Year Ended 31 December 2020 (cont'd)

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash Flows From Investing Activities				
Net advance to subsidiary companies	-	-	458,226	(247,804,311)
Subscription of share investment in subsidiary companies	-	-	-	(500,200)
Proceeds from disposal of:				
- property, plant and equipment	52,800	44,390	-	-
- right-of-use assets	-	577,000	-	-
- investment in subsidiary companies	-	-	-	1,000,100
Proceeds from disposal of a subsidiary company, net of cash outflows disposed	(1,057,963)	-	-	-
Advance to joint venture	(1,385,189)	(2,323,773)	-	-
Additional shares investment in joint venture	(120,390,000)	(163,700,000)	-	-
Interest received	1,001,369	2,462,801	-	42,187
Purchase of property, plant and equipment	(31,994,663)	(84,369)	(13,025)	-
Decrease in deposit pledged and debt service reserve account	3,082,976	24,373,891	-	-
Purchase of investment properties	(22,034,351)	(71,037,619)	-	-
Net cash used in investing activities	(172,725,021)	(209,687,679)	445,201	(247,262,224)
Cash Flows From Financing Activities				
Net advance from subsidiary companies	-	-	(135,722,228)	200,941,597
Proceeds from issuance of share capital	245,303,168	40,925,719	245,303,168	40,925,719
Interest paid	(20,711,019)	(21,410,005)	(46,052)	(114,505)
Net movement of bill payables	(17,323,269)	(8,279,532)	-	-
Net movement of trade commodity financing	(3,030,097)	(914,387)	-	-
Net movement of factoring payable	3,057,819	-	-	-
Repayments of lease liabilities	(474,034)	(1,548,767)	(308,812)	(1,170,359)
Share issuance expenses	(6,838,051)	(1,285,363)	(6,838,051)	(1,285,363)
Net movement of revolving credit	(11,500,000)	-	-	-
Net movement of term loans	(1,187,507)	(8,500,000)	-	-
Net cash from/(used in) financing activities	187,297,010	(1,012,335)	102,388,025	239,297,089
Net increase/(decrease) in cash and cash equivalents	35,514,884	953,157	95,959,103	(7,951,636)
Exchange translation differences on cash and cash equivalents	(4,957,340)	2,799,760	(4,500,686)	(352,674)
Cash and cash equivalents at the beginning of the financial year	85,976,211	82,223,294	1,945,348	10,249,658
Cash and cash equivalents at the end of the financial year	116,533,755	85,976,211	93,403,765	1,945,348
Cash and cash equivalents comprise:				
Deposits placed with licensed banks	46,079,058	49,233,523	-	-
Cash and bank balances	128,503,161	102,253,349	93,403,765	1,945,348
Bank overdrafts	(8,193,362)	(12,572,583)	-	-
	166,388,857	138,914,289	93,403,765	1,945,348
Less: Deposits pledged				
Deposits held as security values	(46,079,058)	(49,233,523)	-	-
Debt service reserve account	(3,776,044)	(3,704,555)	-	-
	116,533,755	85,976,211	93,403,765	1,945,348

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal place of business of the Company is located at Unit B-09-28, Tower B, Pacific Towers, Jalan 13/6, Section 13, 46200 Petaling Jaya, Selangor Darul Ehsan.

The registered office of the Company is located at 802, 8th Floor, Block C, Kelana Square, 17, Jalan SS 7/26, 47301 Petaling Jaya, Selangor Darul Ehsan.

The principal activities of the Company are that of investment holding and general contractor. The principal activities of the subsidiary companies are disclosed in Note 7. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

2. Basis of Preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

Amendments to References to the Conceptual Framework in MFRS Standards

Amendments to MFRS 3 Definition of a Business

Amendments to MFRS 9, Interest Rate Benchmark Reform

MFRS 139 and MFRS 7

Amendments to MFRS 101 and Definition of Material

MFRS 108

Amendments to MFRS 4 Extension of the Temporary Exemption from Applying MFRS 9

The adoption of the new MFRSs, new interpretation and amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company.

Notes To The Financial Statements (cont'd)

2. Basis of Preparation (cont'd)

(a) Statement of compliance (cont'd)

Standards issued but not yet effective

The Group and the Company have not applied the following new MFRSs and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and the Company:

		Effective dates for financial periods beginning on or after
Amendments to MFRS 16	Covid-19 – Related Rent Concessions	1 June 2020
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 16	Covid-19 – Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 3	References to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contract – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020		1 January 2022
• Amendments to MFRS 1		
• Amendments to MFRS 9		
• Amendments to MFRS 16		
• Amendments to MFRS 141		
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above MFRSs when they become effective.

The initial application of the abovementioned MFRSs are not expected to have any significant impacts on the financial statements of the Group and of the Company.

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM") which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Notes To The Financial Statements (cont'd)

2. Basis of Preparation (cont'd)

(c) Significant accounting judgements, estimates and assumptions (cont'd)

Judgements

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Joint ventures

The Group has interest in an investment which it regards as a joint venture although the Group owns less than half of the ownership interest in this entity as disclosed in Note 8. This entity has not been regarded as associate of the Group as management have assessed that the contractual arrangement with the respective joint venture party has given rise to joint control over this entity in accordance with MFRS 11 Joint Arrangements.

Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on MFRS 140 *Investment Property* in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes.

If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are significant that a property does not qualify as investment property.

Satisfaction of performance obligations in relation to contracts with customers

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulations:

The Group recognises revenue over time in the following circumstances:

- (a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- (b) the Group does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to date; and
- (c) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point of time, the Group assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

Notes To The Financial Statements (cont'd)

2. Basis of Preparation (cont'd)

(c) Significant accounting judgements, estimates and assumptions (cont'd)

Judgements (cont'd)

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

Useful lives of property, plant and equipment, investment properties and right-of-use ("ROU") assets

The Group regularly reviews the estimated useful lives of property, plant and equipment, investment properties and ROU assets based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment, investment properties and ROU assets would increase the recorded depreciation and decrease the value of property, plant and equipment, investment properties and ROU assets. The carrying amount of the property, plant and equipment, investment properties and ROU assets are disclosed in Notes 4, 5 and 6 respectively.

Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use and fair value less costs of disposal of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. When fair value less costs of disposal calculation is used, management estimate the expected selling price of the assets or cash generating unit less its estimated cost to sell. The key assumptions used to determine the value-in-use is disclosed in Note 10.

Impairment of investment in subsidiary companies

The Company reviews its investment in subsidiary companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount at the reporting date for investment in subsidiary companies is disclosed in Note 7.

Notes To The Financial Statements (cont'd)

2. Basis of Preparation (cont'd)

(c) Significant accounting judgements, estimates and assumptions (cont'd)

Key sources of estimation uncertainty (cont'd)

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made. As at 31 December 2020, the Group and the Company have tax recoverable of RM74,003 and Nil (2019: RM2,265,665 and RM21,832) and tax payable of RM14,582,534 and RM10,180,935 (2019: RM481,580 and Nil) respectively.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 12.

Employee share options and Share Grant Plan ("SGP")

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also require determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. Details of assumptions made in respect of the share-based payment scheme are disclosed in Note 32.

Revenue from construction contracts

Construction revenue and costs are recognised over the period of the contract in the profit or loss by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of performance obligation is measured based on the physical proportion of contract work-to-date certified by professional consultants. Significant judgement is required in determining the progress based on the certified work-to-date corroborated by the level of completion of the construction based on actual costs incurred to-date over the estimated total construction costs. The total estimated construction costs are based on approved budgets, which require assessments and judgments to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, the Group evaluates based on past experience, the work of specialists and a continuous monitoring mechanism.

The details of construction contracts are disclosed in Note 14.

Notes To The Financial Statements (cont'd)

2. Basis of Preparation (cont'd)

- (c) Significant accounting judgements, estimates and assumptions (cont'd)

Key sources of estimation uncertainty (cont'd)

Revenue from property development contracts

Revenue is recognised when the control of the asset is transferred to the customers and, depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time.

If control of the asset transfers over time, the Group recognises property development revenue and costs over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation at the reporting date. This is measure based on the proportion of property development costs incurred for work performed up to end of the reporting period as a percentage of the estimated total property development costs of the contract.

Significant judgement are used to estimate these total property development costs to complete the contracts. In making these estimates, management relies on past experience, the work of specialists and a continuous monitoring mechanism.

The carrying amount of assets and liabilities of the Group arising from property development activities are disclosed in Notes 12 and 14 respectively.

Provision for expected credit loss of financial assets at amortised cost

The Group review the recoverability of its receivables, include trade and other receivables, and amounts due from subsidiary companies and joint ventures at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions at the end of each reporting period.

The carrying amounts at the reporting date for receivables are disclosed in Notes 13, 15, 16 and 17 respectively.

Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

Contingent liabilities

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and internal and external experts to the Group for matters in the ordinary course of business. Details of contingent liabilities and material litigation are disclosed in Notes 34 and 41 respectively.

Notes To The Financial Statements (cont'd)

3. Significant Accounting Policies

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instruments and within the scope of MFRS 9 Financial Instruments is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. The policy of recognition and measurement of impairment losses is in accordance with Note 3(o)(i).

Notes To The Financial Statements (cont'd)

3. Significant Accounting Policies (cont'd)

(a) Basis of consolidation (cont'd)

(ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

(iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying amount may be impaired. The policy of recognition and measurement of impairment losses is in accordance with Note 3(o)(i).

(b) Investments in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

On acquisition of an investment in a joint venture, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of joint venture's profit or loss for the period in which the investment is acquired.

A joint venture is equity accounted for from the date on which the investee becomes a joint venture. Under the equity method, on initial recognition the investment in a joint venture is recognised at cost, and the carrying amounts is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the joint venture after the date of acquisition. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Notes To The Financial Statements (cont'd)

3. Significant Accounting Policies (cont'd)

(b) Investments in joint ventures (cont'd)

Profits or losses resulting from upstream and downstream transactions between the Group and its joint venture are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

The financial statements of the joint ventures are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The requirement of MFRS 136 Impairment of Assets are applied determines whether it is necessary to recognise any impairment loss with respect to its investment in the joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the carrying amount of the investment in the joint venture is tested for impairment in accordance with MFRS 136 as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investments in joint ventures are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. The policy of recognition and measurement of impairment losses is in accordance with Note 3(o)(i).

(c) Foreign currency translation

(i) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

Notes To The Financial Statements (cont'd)

3. Significant Accounting Policies (cont'd)

(c) Foreign currency translation (cont'd)

(ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at the rate of exchange prevailing at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly owned subsidiary company, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary company that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(o)(i).

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

Notes To The Financial Statements (cont'd)

3. Significant Accounting Policies (cont'd)

(d) Property, plant and equipment (cont'd)

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on straight line basis to write off the cost of each asset to its residual value over its estimated useful life. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for its intended use.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

	Rate
Freehold buildings	2%
Plant and machineries	2% - 10%
Motor vehicles	10% - 20%
Furniture, fittings, office equipment and renovation	10% - 33.3%

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

(e) Leases

As lessee

The Group and the Company recognise a ROU asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(o)(i) to the financial statements.

The ROU asset under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

	Rate
Buildings	2%, or over the lease term, if shorter
Motor vehicles	10% - 20%
Plant and machinery	10%

The ROU assets are subject to impairment.

Notes To The Financial Statements (cont'd)

3. Significant Accounting Policies (cont'd)

(e) Leases (cont'd)

As lessee (cont'd)

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the respective Group entities' incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group or the Company changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than RM20,000 each when purchased new.

As lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Group or the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

If the lease arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15 Revenue from Contracts with Customers to allocate the consideration in the contract based on the stand-alone selling price.

The Group and the Company recognise assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group and the Company use the interest rate implicit in the lease to measure the net investment in the lease.

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(f) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost, including transaction costs, less any accumulated depreciation and impairment losses.

The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Notes To The Financial Statements (cont'd)

3. Significant Accounting Policies (cont'd)

(f) Investment properties (cont'd)

Buildings under construction are not depreciated. Other investment properties are depreciated on a straight-line basis to write down the cost of each asset to their residual values over their estimated useful lives. The principal annual depreciation rates are:

	Rate
Building	2%
Leasehold land	Over the remaining lease period

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(o)(i) to the financial statements on impairment of non-financial assets.

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. Upon disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss.

Transfers are made to (or from) investment property only when there is a change in use. Transfer between investment property, property plant and equipment and inventories do not change the carrying amount and the cost of the property transferred.

(g) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at Fair Value Through Profit & Loss ("FVTPL"), directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include trade and other receivables, amount due from subsidiary companies and joint ventures and deposits, cash and bank balances.

Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principle and interest on the principle amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group and the Company have not designated any financial assets as Fair Value Through Other Comprehensive Income ("FVOCI") and FVTPL.

Notes To The Financial Statements (cont'd)

3. Significant Accounting Policies (cont'd)

(g) Financial assets (cont'd)

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received for financial instrument is recognised in profit or loss.

(h) Financial liabilities

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(i) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of:

- the best estimate of the expenditure required to settle the present obligation at the reporting date; and
- the amount initially recognised less cumulative amortisation.

Liabilities arising from financial guarantees are presented together with other provisions.

(j) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Notes To The Financial Statements (cont'd)

3. Significant Accounting Policies (cont'd)

(k) Inventories

Inventories are stated at the lower of cost and net realisable value.

(i) Land held for property development

Land held for property development consists of purchase price of and, professional fees, stamp duties, commission fees, other relevant levies and direct development cost incurred in preparing the land for development.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated cost necessary to make the sale. If net realisable value can not be determined reliably, these inventories will be stated at the lower of cost or fair value costs to see. Fair value is the amount the inventory can be sold in an arm's length transaction.

Land held for property development for which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle, is classified as non-current asset.

Land held for property development is transferred to property development costs under current assets when development activities have commenced and are expected to be completed within the normal operating cycle.

(ii) Property development costs

Cost is determined based on specific identification basis. Property development costs comprise costs of land, professional fees, direct materials, direct labour, other direct costs, attributable overhead, payments to subcontractors and borrowing costs capitalised for qualifying assets that incurred during the development period. The asset is subsequently recognised as an expenses in profit or loss when and as the control of the asset is transferred to the customer.

Property development costs attributable to unsold properties, upon completion, are transferred to completed properties held for sale.

(iii) Completed properties held for sale

The cost of completed properties held for sale includes costs of land and related development cost or its purchase costs and incidental cost of acquisition. Cost is determined on a specific identification basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and applicable selling expenses.

(l) Construction contracts

Construction contracts are contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use.

Cost incurred to fulfil the contracts, comprising cost of direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors are recognised as an asset and amortised over to profit or loss systematically to reflect the transfer of the contracted service to the customer.

Notes To The Financial Statements (cont'd)

3. Significant Accounting Policies (cont'd)

(l) Construction contracts (cont'd)

The Group uses the efforts or inputs to the satisfaction of the performance obligations to determine the appropriate amount to recognise in a given period. This is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the financial year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature. When the carrying amount of the asset exceeds the remaining amount of consideration that the Group expects to receive in exchange of the contracted asset, an impairment loss is recognised in profit or loss.

The Group presents as an asset the gross amount due from customers for contract work in progress for which costs incurred plus recognised profits (less recognised losses) exceed contract liabilities. Contract liabilities not yet paid by customers and retention monies are included within receivables and contract assets. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which contract liabilities exceed costs incurred plus recognised profits (less recognised losses).

(m) Contract assets and Contract liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. The Group's contract asset is the excess of revenue recognised over the billings to-date and deposits or advances received from customers.

Where there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract asset is reclassified to trade receivables at the point at which invoices have been billed to customers.

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers. The Group's contract liability is the excess of the billings to-date over the revenue recognised. Contract liabilities are recognised as revenue when the Group performs its obligation under the contracts.

(n) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances, demand deposits, bank overdrafts and highly liquid investments that are readily converted to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(o) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

Notes To The Financial Statements (cont'd)

3. Significant Accounting Policies (cont'd)

(o) Impairment of assets (cont'd)

(i) Non-financial assets (cont'd)

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(ii) Financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

For trade receivables, other receivables, contract assets and inter-company balances, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Notes To The Financial Statements (cont'd)

3. Significant Accounting Policies (cont'd)

(p) Share capital

(i) Issue expenses

Costs directly attributable to issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary Shares

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

(iii) Dividend distribution

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period. Distributions to holders of an equity instrument is recognised directly in equity.

(q) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

(r) Revenue recognition

(i) Revenue from contracts with customers

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

The Group recognises revenue from the following major sources:

(a) Revenue from property development

The Group recognises revenue from property development over time when control over the property has been transferred to the customers. The properties have no alternative use to the Group due to contractual restriction and the Group has an enforceable right to payment for performance completed to date. Revenue from property development is measured at the fixed transaction price agreed under the sales and purchase agreement.

Notes To The Financial Statements (cont'd)

3. Significant Accounting Policies (cont'd)

(r) Revenue recognition (cont'd)

(i) Revenue from contracts with customers (cont'd)

(a) Revenue from property development (cont'd)

Revenue is recognised over the period of the contract using input method (or cost-to-cost method) to measure the progress towards complete satisfaction of the performance obligations under the sale and purchase agreement, i.e. based on the proportion of property development costs incurred for work performed up to the end of the reporting period as a percentage of the estimated total costs of development of the contract.

The Group becomes entitled to invoice customers for construction of promised properties based on achieving a series of performance-related milestones (i.e. progress billing). The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the progress billing exceeds the revenue recognised to date, the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in contracts with customers as the period between the recognition of revenue and the progress billing is always less than one year.

Revenue from sales of completed properties is recognised at a point in time, being when the control of the properties has been passed to the purchasers. And, it is probable that the Group will collect the considerations to which it will be entitled to in exchange for the properties sold.

(b) Revenue from construction contracts

The Group recognises revenue from construction contracts over time when control over the asset has been transferred to the customers. The assets have no alternative use to the Group due to contractual restriction and the Group has an enforceable right to payment for performance completed to date. Revenue from construction contracts is measured at the transaction price agreed under the construction contracts.

Revenue is recognised over the period of the contract using the input method to measure the progress towards complete satisfaction of the performance obligations under the construction contract, i.e. based on the level of completion of the physical proportion of contract costs incurred for work performed up to the end of the reporting period as a percentage of the estimated total costs of development of the contract.

The Group becomes entitled to invoice customers for construction of promised asset based on achieving a series of performance-related milestones (i.e. progress billing). The Group previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the progress billing exceeds the revenue recognised to date, the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in contracts with customers as the period between the recognition of revenue and the progress billing is always less than one year.

(c) Sale of goods

Revenue from sale of goods is recognised when control of the products has transferred, being the products are delivered to the customer.

Following delivery of the goods to the customer's specific location, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

Notes To The Financial Statements (cont'd)

3. Significant Accounting Policies (cont'd)

(r) Revenue recognition (cont'd)

(i) Revenue from contracts with customers (cont'd)

(c) Sale of goods (cont'd)

Revenue is recognised based on the price specified in the contract, net of the rebates, discounts and taxes. Under the Group's standard contract terms, customers have a right of return within 7 days. At the point of sale, a refund liability and a corresponding adjustment to revenue are recognised for those product expected to be returned. At the same time, the Group has a right to recover the product when customers exercise their right of return, so consequently recognises a right to returned goods asset and a corresponding adjustment to the cost of inventories recognised in profit or loss. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns over previous years.

A receivable is recognised by the Group when the goods are delivered as this represents the point in time at which the right to consideration is unconditional, because only the passage of time is required before payment is due. No element of financing is deemed present as the revenue recognised with a credit term of 14 to 90 days, which is consistent with market practice.

(ii) Interest income

Interest income is recognised on accruals basis using the effective interest method.

(iii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(iv) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(s) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Notes To The Financial Statements (cont'd)

3. Significant Accounting Policies (cont'd)

(t) Income tax

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for temporary differences in the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(u) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensation absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group have no further payment obligations.

Notes To The Financial Statements (cont'd)

3. Significant Accounting Policies (cont'd)

(u) Employee benefits (cont'd)

(iii) Equity-settled share-based payment transaction

The Group operates an equity-settled, share-based long-term incentive plan which comprises the Share Option Plan ("SOP") and Share Grant Plan ("SGP") for its employees.

Share Option Plan ("SOP")

Employee services received in exchange for the grant of the share options is recognised as an expense in the profit or loss over the vesting periods of the grant with a corresponding increase in equity.

For options granted to the employees of the subsidiary companies, the fair value of the options granted is recognised as cost of investment in the subsidiary companies over the vesting period with a corresponding adjustment to equity in the Company's financial statements.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to be vested. At the end of each reporting date, the Group revises its estimates of the number of share options that are expected to be vested. It recognises the impact of the revision of original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. When options are not exercised and lapsed, the share option reserve is transferred to retained earnings.

Share Grant Plan ("SGP")

The share grant are settled by way of issuance and transfer of new shares upon vesting. The total fair value of shares granted is recognised as an employee cost with a corresponding increase in the share grant reserve within equity over the vesting period after taking into account the probability that the share grant will vest.

At each reporting date, the Group revises its estimates of the number of share grant that are expected to vest on vesting date. It recognises the impact of the revision of original estimates, if any, in profit or loss and a corresponding adjustment to equity over the remaining vesting period.

(v) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Notes To The Financial Statements (cont'd)

3. Significant Accounting Policies (cont'd)

(w) Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Contingent assets

Where it is not possible that there is an inflow of economic benefits, or the amount cannot be estimated reliably, the asset is not recognised in the statements of financial position and is disclosed as contingent asset, unless the probability of inflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets unless the probability of inflow of economic benefits is remote.

(x) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

(y) Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the MFRSs applicable to the particular assets, liabilities, revenues and expenses.

Profits and losses resulting from transactions between the Group and its joint operation are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the joint operation.

Notes To The Financial Statements (cont'd)

4. Property, Plant and Equipment

	Freehold buildings RM	Freehold land RM	Plant and machineries RM	Motor vehicles RM	Furniture, fittings, office equipment and renovation RM	Total RM
Group 2020						
Cost						
At 1 January	286,562	-	394,521	3,041,711	7,770,610	11,493,404
Additions	-	29,949,776	-	-	2,044,887	31,994,663
Disposals	-	-	-	(261,043)	-	(261,043)
Disposal of a subsidiary company	-	-	-	-	(998,078)	(998,078)
Reclassified from investment property [Note 5(a)]	71,600,000	-	-	-	-	71,600,000
Reclassified from right-of-use asset (Note 6)	-	-	1,250,000	3,754,285	-	5,004,285
At 31 December	71,886,562	29,949,776	1,644,521	6,534,953	8,817,419	118,833,231
Accumulated depreciation						
At 1 January	60,568	-	359,234	3,041,688	7,085,609	10,547,099
Charge for the financial year	1,435,394	-	126,050	1,707	366,424	1,929,575
Disposals	-	-	-	(261,038)	-	(261,038)
Disposal of a subsidiary company	-	-	-	-	(887,880)	(887,880)
Reclassified from investment property [Note 5(a)]	268,500	-	-	-	-	268,500
Reclassified from right-of-use asset (Note 6)	-	-	677,084	3,752,542	-	4,429,626
At 31 December	1,764,462	-	1,162,368	6,534,899	6,564,153	16,025,882
Carrying amount						
At 31 December	70,122,100	29,949,776	482,153	54	2,253,266	102,807,349

Notes To The Financial Statements (cont'd)

4. Property, Plant and Equipment (cont'd)

	Freehold buildings RM	Plant and machineries RM	Motor vehicles RM	Furniture, fittings, office equipment and renovation RM	Total RM
Group 2019					
Cost					
At 1 January as previously reported	286,562	3,731,521	7,650,687	7,695,341	19,364,111
Effect of adoption of MFRS 16	-	(3,337,000)	(4,421,194)	-	(7,758,194)
At 1 January, restated	286,562	394,521	3,229,493	7,695,341	11,605,917
Additions	-	-	9,100	75,269	84,369
Disposals	-	-	(196,882)	-	(196,882)
At 31 December	286,562	394,521	3,041,711	7,770,610	11,493,404
Accumulated depreciation					
At 1 January as previously reported	25,760	2,027,049	6,668,023	6,579,922	15,300,754
Effect of adoption of MFRS 16	-	(1,668,865)	(3,699,344)	-	(5,368,209)
At 1 January, restated	25,760	358,184	2,968,679	6,579,922	9,932,545
Charge for the financial year	34,808	1,050	262,005	505,687	803,550
Disposals	-	-	(188,996)	-	(188,996)
At 31 December	60,568	359,234	3,041,688	7,085,609	10,547,099
Carrying amount					
At 31 December	225,994	35,287	23	685,001	946,305

Notes To The Financial Statements (cont'd)

4. Property, Plant and Equipment (cont'd)

	Office equipment and renovation RM	Motor vehicles RM	Total RM
Company			
2020			
Cost			
At 1 January	558,366	2,279,598	2,837,964
Additions	13,025	-	13,025
At 31 December	571,391	2,279,598	2,850,989
Accumulated depreciation			
At 1 January	403,768	2,279,598	2,683,366
Charge for the financial year	45,239	-	45,239
At 31 December	449,007	2,279,598	2,728,605
Carrying amount			
At 31 December	122,384	-	122,384
2019			
Cost			
At 1 January, as previously reported	558,366	2,697,598	3,255,964
Effect of adoption of MFRS 16	-	(418,000)	(418,000)
At 1 January, restated/At 31 December	558,366	2,279,598	2,837,964
Accumulated depreciation			
At 1 January, as previously reported	355,087	2,064,335	2,419,422
Effect of adoption of MFRS 16	-	(27,867)	(27,867)
At 1 January, restated	355,087	2,036,468	2,391,555
Charge for the financial year	48,681	243,130	291,811
At 31 December	403,768	2,279,598	2,683,366
Carrying amount			
At 31 December	154,598	-	154,598

The net carrying amount of property, plant and equipment of the Group that in the progress of issuance of strata title is as follows:

	2020 RM	Group 2019 RM
Freehold buildings	69,899,500	-

Notes To The Financial Statements (cont'd)

5. Investment Properties

	2020 RM	Group 2019 RM
Carrying amount		
Investment properties		
- freehold land and buildings	250,407	256,388
- leasehold podium retail, office lots and apartment	261,100,422	282,105,220
- leasehold shopping mall and car park podium	361,826,515	401,278,312
	623,177,344	683,639,920
Investment properties under construction		
- leasehold office lot	-	6,371,033
	623,177,344	690,010,953

(a) Investment properties

	2020 RM	Group 2019 RM
Cost		
At 1 January	744,518,789	407,757,065
Additions	-	42,058,572
Reclassified to property, plant and equipment (Note 4)	(71,600,000)	-
Reclassified from investment properties under construction [Note 5(b)]	28,405,384	294,703,152
At 31 December	701,324,173	744,518,789
Accumulated depreciation		
At 1 January	50,480,171	37,712,293
Depreciation for the financial year	16,965,760	12,767,878
Reclassified to property, plant and equipment (Note 4)	(268,500)	-
At 31 December	67,177,431	50,480,171
Accumulated impairment losses		
At 1 January	10,398,698	-
Impairment loss during the financial year	570,700	10,398,698
At 31 December	10,969,398	10,398,698
Carrying amount	623,177,344	683,639,920
Fair value	633,977,000	714,422,040

Notes To The Financial Statements (cont'd)

5. Investment Properties (cont'd)

(a) Investment properties (cont'd)

(i) Fair value of investment properties

(a) Freehold land and buildings

The fair values of the investment properties of freehold land and buildings of the Group were estimated at RM690,000 (2019: RM581,040) respectively at Directors' valuation which were made based on current prices in an active market for the said properties. The most significant input into this valuation approach is price per square foot of comparable properties. The fair value are within level 3 of the fair value hierarchy.

(b) Leasehold podium retail, office lots and apartment

The fair values of the investment properties of leasehold podium retail, office lots and apartment of the Group were estimated at RM266,287,000 (2019: RM300,141,000) by an independent professional valuer, registered with Board of Valuers, Appraisers and Estate Agents, based on the comparison method. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as location, property type and size. The most significant input into this valuation approach is price per square foot of comparable properties. The fair values are within Level 2 of the fair value hierarchy.

(c) Leasehold shopping mall and car park podium

The fair values of the investment properties of leasehold shopping mall and car park podium, of the Group were estimated at RM367,000,000 (2019: RM413,700,000) by an independent professional valuer, registered with Board of Valuers, Appraisers and Estate Agents, based on the comparison method. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as location, property type and size. The most significant input into this valuation approach is price per square foot of comparable properties. The fair values are within Level 2 of the fair value hierarchy.

(ii) Investment properties under leases

The Group has entered into commercial property leases on its shopping mall and car parks. Most of the leases contains a non-cancellable period from 2 year to 3 years. Subsequent renewals are negotiated with the lessees on an average renewal period of 2 years to 3 years. No contingent rents are charged.

(b) Investment properties under construction

	2020 RM	Group 2019 RM
Cost		
At 1 January	6,371,033	272,095,138
Additions	22,034,351	28,979,047
Reclassified to investment properties [Note 5(a)]	(28,405,384)	(294,703,152)
At 31 December	-	6,371,033

(c) Investment properties pledged as securities to licensed banks

The investment properties and investment properties under construction of the Group of RM623,177,344 and Nil (2019: RM683,639,920 and RM6,371,033) respectively have been pledged to secure the bank borrowings granted to the Group as disclosed in Note 22.

Notes To The Financial Statements (cont'd)

5. Investment Properties (cont'd)

(d) Income and expenses recognised in profit or loss

The following are recognised in profit or loss in respect of investment properties and investment properties under construction:

	2020 RM	Group 2019 RM
Lease income	4,863,517	5,303,137
Direct operating expenses		
- Income generating investment properties	14,471,363	16,894,855
- Non-income generating investment properties	1,330,581	1,631,752

(e) During the financial year, the borrowing costs capitalised as cost of investment properties amounted to Nil (2019: RM6,110,965) [Note 28].

(f) An impairment loss amounting to RM570,700 (2019: RM10,398,698) was recognised during the financial year. The impairment is provided using the fair value calculation by comparing the carrying amount of the investment property with its fair value which estimated by an independent professional valuer.

The impairment loss was recognised in administrative expenses in the statements of profit or loss and other comprehensive income.

6. Right-of-Use Assets

	Land and buildings RM	Plant and machinery RM	Motor vehicles RM	Total RM
Group 2020 Cost				
At 1 January	4,597,204	1,250,000	4,273,413	10,120,617
Additions	35,467	-	-	35,467
Lease modification	(3,303,537)	-	-	(3,303,537)
Reclassified to property, plant and equipment (Note 4)	-	(1,250,000)	(3,754,285)	(5,004,285)
At 31 December	1,329,134	-	519,128	1,848,262
Accumulated depreciation				
At 1 January	3,337,865	677,084	3,942,497	7,957,446
Charge for the financial year	429,941	-	103,823	533,764
Lease modification	(2,477,653)	-	-	(2,477,653)
Reclassified to property, plant and equipment (Note 4)	-	(677,084)	(3,752,542)	(4,429,626)
At 31 December	1,290,153	-	293,778	1,583,931
Carrying amount	38,981	-	225,350	264,331

Notes To The Financial Statements (cont'd)

6. Right-of-Use Assets (cont'd)

	Land and buildings RM	Plant and machinery RM	Motor vehicles RM	Total RM
2019				
Cost				
At 1 January, as previously reported	-	-	-	-
Effect of adoption of MFRS 16	4,492,896	3,337,000	4,421,194	12,251,090
At 1 January, as restated	4,492,896	3,337,000	4,421,194	12,251,090
Additions	104,308	-	-	104,308
Disposals	-	(2,087,000)	(147,781)	(2,234,781)
At 31 December	4,597,204	1,250,000	4,273,413	10,120,617
Accumulated depreciation				
At 1 January, as previously reported	-	-	-	-
Effect of adoption of MFRS 16	1,984,875	1,668,865	3,699,344	7,353,084
At January, as restated	1,984,875	1,668,865	3,699,344	7,353,084
Charge for the financial year	1,352,990	169,567	390,932	1,913,489
Disposals	-	(1,161,348)	(147,779)	(1,309,127)
At 31 December	3,337,865	677,084	3,942,497	7,957,446
Carrying amount	1,259,339	572,916	330,916	2,163,171
		Land and Buildings RM	Motor vehicles RM	Total RM
Company				
2020				
Cost				
At 1 January		3,303,537	418,000	3,721,537
Lease modification		(3,303,537)	-	(3,303,537)
At 31 December		-	418,000	418,000
Accumulated depreciation				
At 1 January		2,202,358	111,467	2,313,825
Charge for the financial year		275,295	83,600	358,895
Lease modification		(2,477,653)	-	(2,477,653)
At 31 December		-	195,067	195,067
Carrying amount		-	222,933	222,933

Notes To The Financial Statements (cont'd)

6. Right-of-Use Assets (cont'd)

	Land and Buildings RM	Motor vehicles RM	Total RM
2019			
Cost			
At 1 January, as previously reported	-	-	-
Effect of adoption of MFRS 16	3,303,537	418,000	3,721,537
At 1 January, as restated/At 31 December	3,303,537	418,000	3,721,537
Accumulated depreciation			
At 1 January, as previously reported	-	-	-
Effect of adoption of MFRS 16	1,101,179	27,867	1,129,046
At January, as restated	1,101,179	27,867	1,129,046
Charge for the financial year	1,101,179	83,600	1,184,779
At 31 December	2,202,358	111,467	2,313,825
Carrying amount	1,101,179	306,533	1,407,712

(a) Purchase of right-of-use assets

The aggregate additional cost for the right-of-use assets of the Group during the financial year acquired under lease liability and cash payment are as follows:

	2020 RM	Group 2019 RM
Aggregate costs	-	104,308
Less: Lease liability recognised	-	(104,308)
Cash payments	-	-

(b) Reclassified to property, plant and equipment

The transferred to property, plant and equipment represents assets that had been previously used under lease arrangement and were purchased by the Group at the end of the lease term, now used as own property, plant and equipment.

Notes To The Financial Statements (cont'd)

7. Investment in Subsidiary Companies

	Company	
	2020 RM	2019 RM
In Malaysia:		
Unquoted shares, at cost	237,776,705	237,776,705
Less: Accumulated impairment losses	(81,203,566)	(21,203,566)
	156,573,139	216,573,139
Outside Malaysia:		
Unquoted shares, at cost	10	10
	156,573,149	216,573,149
Capital contribution to a subsidiary company	474,046,104	360,646,323
	630,619,253	577,219,472

Capital contribution to a subsidiary company refer to amount of which the Company does not expect repayment in the foreseeable future and is considered as part of the Company's investment in a subsidiary company.

Movements in the allowance for impairment losses are as follows:

	Company	
	2020 RM	2019 RM
At 1 January	21,203,566	16,918,464
Impairment during the financial year	60,000,000	4,785,102
Amount written off	-	(500,000)
At 31 December	81,203,566	21,203,566

During the financial year, the recoverable amount of the Company's investment in a subsidiary company estimated based on value-in-use method was RM156,000,000. An impairment loss amounting to RM60,000,000 (2019: Nil) was recognised during the financial year and as a result, the Company's investment in a subsidiary company is impaired as at 31 December 2020. In determining value-in-use for the subsidiary company, the cash flows were discounted at a rate of 10.10% on a pre-tax basis.

Notes To The Financial Statements (cont'd)

7. Investment in Subsidiary Companies (cont'd)

In the previous financial year, the Company conducted a review of the recoverable amount of its investment in subsidiary companies. The recoverable amount of investment was estimated based on fair value less cost of disposal approach. An impairment loss amounting to RM4,785,102 was recognised in the previous financial year. The recoverable amounts are determined using the fair value less cost of disposal approach, and its is derived using adjusted net assets of the subsidiary company as at the end of the reporting period. The fair value are within level 3 of the fair value hierarchy.

(a) Details of the subsidiary companies are as follows:

Name of Company	Place of Business/ Country of Incorporation	Effective Interest		Principal Activities
		2020 %	2019 %	
Direct holding:				
JAKS Sdn. Bhd. *	Malaysia	100	100	General contractor and supplier of building materials
Pipe Technology System Sdn. Bhd. *	Malaysia	70	70	Pipe manufacturer. However, temporarily ceased operation
JAKS Steel Industries Sdn. Bhd. *	Malaysia	98.05	98.05	General trading of building materials and other steel related products
Empire Deluxe Sdn. Bhd. *	Malaysia	100	100	Manufacturing of ductile steel pipes and investment holding. However, temporarily ceased operation
Gain World Trading Limited *	British Virgin Islands	100	100	Investment holding
Golden Keen Holdings Limited	British Virgin Islands	100	100	General contractor
JAKS Power Holding Limited	British Virgin Islands	100	100	Investment holding
JAKS Offshore Sdn. Bhd. *	Malaysia	51	51	Offshore drilling, oil, gas and general trading. However, not commenced operation
Harbour Town Sdn. Bhd.	Malaysia	100	100	Investment holding
Premier Place Property Sdn. Bhd.	Malaysia	100	100	Dormant
Harbour Front Development Sdn. Bhd.	Malaysia	100	100	Dormant
JAKS Solar Power Holdings Sdn. Bhd.	Malaysia	100	100	Investment holding

Notes To The Financial Statements (cont'd)

7. Investment in Subsidiary Companies (cont'd)

(a) Details of the subsidiary companies are as follows: (cont'd)

Name of Company	Place of Business/ Country of Incorporation	Effective Interest 2020 %	2019 %	Principal Activities
Indirect holding:				
<i>Subsidiary companies of JAKS Sdn. Bhd.</i>				
JAKS-KDEB Consortium Sdn. Bhd.	Malaysia	70	70	Investment holding
JAKS Marketing Sdn. Bhd. *	Malaysia	100	100	General trading of steel and construction related products
JAKS Power Sdn. Bhd.	Malaysia	100	100	Investment holding
JAKS Island Circle Sdn. Bhd.	Malaysia	-	51	Property development
Fortress Pavilion Sdn. Bhd.	Malaysia	51	51	Investment holding and property asset management
<i>Subsidiary company of JAKS-KDEB Consortium Sdn. Bhd.</i>				
Integrated Pipe Industries Sdn. Bhd.	Malaysia	70	70	Pipe manufacturer. However, temporarily ceased manufacturing operation
<i>Subsidiary company of Empire Deluxe Sdn. Bhd.</i>				
Wing Tiek Ductile Iron Pipe Sdn. Bhd. *	Malaysia	100	100	General trading of steel and other related products. However, temporarily ceased operation
<i>Subsidiary company of JAKS Power Holding Limited</i>				
JAKS-MPC (HD) Limited *	British Virgin Islands	100	100	Investment holding
<i>Subsidiary company of Harbour Town Sdn. Bhd.</i>				
MNH Global Assets Management Sdn. Bhd. Δ	Malaysia	51	51	Investment holding, property development and management of mall and other properties

Notes To The Financial Statements (cont'd)

7. Investment in Subsidiary Companies (cont'd)

(a) Details of the subsidiary companies are as follows: (cont'd)

Name of Company	Place of Business/ Country of Incorporation	Effective Interest		Principal Activities
		2020 %	2019 %	
Indirect holding: (Cont'd)				
<i>Subsidiary company of MNH Global Assets Management Sdn. Bhd.</i>				
Evolve Concept Mall. Sdn. Bhd	Malaysia	51	51	Dormant
<i>Subsidiary companies of JAKS Solar Power Holdings Sdn. Bhd.</i>				
JAKS Solar Power Sdn. Bhd.	Malaysia	100	100	Renewable energy However, temporarily inactive
JAKS Solar Land Sdn. Bhd.	Malaysia	100	100	General trading and construction. However, temporarily inactive

* Not audited by UHY.

Δ The shares held in this subsidiary company are pledged to bank for bank borrowings granted to the Group as disclosed in Note 22.

(b) Acquisition of subsidiary companies

In the previous financial year

- (i) The Group re-organises its internal group structure:
On 24 May 2019, the Company subscribed additional 500,000 shares in JAKS Solar Land Sdn. Bhd. ("JSLSB") (formerly known as WBC JAKS JV Sdn. Bhd. and Surge System Sdn. Bhd.) for cash subscription of RM500,000. On 21 August 2019, the Company transferred its entire shareholdings in JSLSB to JAKS Solar Power Holdings Sdn. Bhd. at total consideration of RM1,000,000.
- (ii) On 28 June 2019, the Company incorporated a subsidiary company, JAKS Solar Power Holdings Sdn. Bhd. with 100 share capital for cash subscription of RM100.
- (iii) On 12 June 2019, the Company incorporated a subsidiary company, JAKS Solar Power Sdn. Bhd. ("JSP") with 100 share capital for cash subscription of RM100. On 5 July 2019, the Company transferred its entire shareholdings in JSP to JAKS Solar Power Holdings Sdn. Bhd. at total cash consideration of RM100.

Notes To The Financial Statements (cont'd)

7. Investment in Subsidiary Companies (cont'd)

(c) Disposal of a subsidiary company

On 29 September 2020, JAKS Sdn Bhd ("JSB"), a wholly-owned subsidiary company of the Company entered into a shares sale and purchase agreement with Island Circle Development (M) Sdn Bhd ("ICD") for disposal of 51% equity interest in JAKS Island Circle Sdn Bhd ("JIC") to ICD for a total cash consideration of RM1. The disposal was completed on 30 September 2020.

The effect of the disposal of JIC on the financial position of the Group as at the date of disposal was as follows:

	2020 RM
Property, plant and equipments	110,198
Inventories	64,610,116
Trade receivables	737,450
Contract assets	15,878,018
Other receivables	58,539,482
Tax recoverable	1,479,659
Cash and bank balances	1,057,964
Trade payables	(9,842,491)
Other payables	(233,225,013)
Amount due to ultimate holding company	(34,414,521)
Amount due to immediate holding company	(26,874,939)
Amount due to a related company	(12,789,590)
Net liabilities	(174,733,667)
Less: Non-controlling interests	85,619,240
Total net liabilities disposed	(89,114,427)
Gain on disposal	89,114,428
Proceeds from disposal	1
Less: Cash and bank balances disposal	(1,057,964)
Net cash outflows from disposal	(1,057,963)

(d) Material partly-owned subsidiary companies

Financial information of subsidiary companies that have material non-controlling interest are provided below:

Proportion of equity interest held by non-controlling interest in:

Name of Company	Place of business/ Country of Incorporation	Proportion of Ownership Interest	
		2020 %	2019 %
JAKS Island Circle Sdn. Bhd. ("JIC")	Malaysia	-	49
MNH Global Assets Management Sdn. Bhd. ("MNH")	Malaysia	49	49
Fortress Pavilion Sdn. Bhd. ("FP")	Malaysia	49	49

Notes To The Financial Statements (cont'd)

7. Investment in Subsidiary Companies (cont'd)

(d) Material partly-owned subsidiary companies (cont'd)

	2020 RM	Group 2019 RM
Accumulated balances of material non-controlling interest:		
JIC	-	(69,067,180)
MNH	(7,159,893)	12,700,905
FP	(11,018,763)	(3,496,929)
Other individually immaterial non-controlling interest	1,762,218	1,769,020
	(16,416,438)	(58,094,184)
Total comprehensive loss allocated to material non-controlling interest:		
JIC	(16,552,060)	(25,267,575)
MNH	(19,860,798)	(26,834,863)
FP	(7,521,834)	(7,408,676)
Other individually immaterial non-controlling interest	(6,802)	(2,656,824)
	(43,941,494)	(62,167,938)

Summarised financial information for these subsidiary companies that have material non-controlling interest (amounts before intra-group eliminations) is as follows:

Summarised statements of profit or loss and other comprehensive income for the year ended 31 December 2020:

	FP RM	MNH RM	JIC RM	Total RM
Revenue	436,450	5,309,664	(18,046,304)	(12,300,190)
Expenses including taxation	(15,787,131)	(45,841,906)	(15,733,410)	(77,362,447)
Net loss for the financial year, representing total comprehensive loss for the financial year	(15,350,681)	(40,532,242)	(33,779,714)	(89,662,637)
Attributable to:				
Non-controlling interest	(7,521,834)	(19,860,798)	(16,552,060)	(43,934,692)
Other individually immaterial non-controlling interest				(6,802)
Total non-controlling interest				(43,941,494)

Notes To The Financial Statements (cont'd)

7. Investment in Subsidiary Companies (cont'd)

(d) Material partly-owned subsidiary companies (cont'd)

Summarised statements of profit or loss and other comprehensive income for the year ended 31 December 2019:

	FP RM	MNH RM	JIC RM	Total RM
Revenue	-	6,478,557	92,888,077	99,366,634
Expenses including taxation	(15,119,746)	(61,243,583)	(144,454,557)	(220,817,886)
Net loss for the financial year, representing total comprehensive loss for the financial year	(15,119,746)	(54,765,026)	(51,566,480)	(121,451,252)
Attributable to:				
Non-controlling interest	(7,408,676)	(26,834,863)	(25,267,575)	(59,511,114)
Other individually immaterial non-controlling interest				(2,656,824)
Total non-controlling interest				(62,167,938)

Summarised statements of financial position as at 31 December 2020:

	FP RM	MNH RM	JIC RM	Total RM
Non-current assets	239,900,592	347,256,382	-	587,156,974
Current assets	4,120,728	33,809,542	-	37,930,270
Total assets	244,021,320	381,065,924	-	625,087,244
Current liabilities	189,614,590	161,259,460	-	350,874,050
Non-current liabilities	76,894,000	234,418,493	-	311,312,493
Total liabilities	266,508,590	395,677,953	-	662,186,543
Total equity	(22,487,270)	(14,612,029)	-	(37,099,299)
Attributable to:				
Non-controlling interest	(11,018,763)	(7,159,893)	-	(18,178,656)
Other individually immaterial non-controlling interest				1,762,218
Total non-controlling interest				(16,416,438)

Notes To The Financial Statements (cont'd)

7. Investment in Subsidiary Companies (cont'd)

(d) Material partly-owned subsidiary companies (cont'd)

Summarised statements of financial position as at 31 December 2019:

	FP RM	MNH RM	JIC RM	Total RM
Non-current assets	245,000,000	358,506,037	144,366	603,650,403
Current assets	17,534,398	23,597,176	127,165,593	168,297,167
Total assets	262,534,398	382,103,213	127,309,959	771,947,570
Current liabilities	183,670,987	136,158,081	268,263,388	588,092,456
Non-current liabilities	86,000,000	220,024,918	-	306,024,918
Total liabilities	269,670,987	356,182,999	268,263,388	894,117,374
Total equity	(7,136,589)	25,920,214	(140,953,429)	(122,169,804)
Attributable to:				
Non-controlling interest	(3,496,929)	12,700,905	(69,067,180)	(59,863,204)
Other individually immaterial non-controlling interest				1,769,020
Total non-controlling interest				(58,094,184)

Summarised statements of cash flows for the year ended 31 December 2020:

	FP RM	MNH RM	JIC RM
Operating activities	3,718,282	(5,891,643)	-
Investing activities	(28,500)	(13,462,518)	-
Financing activities	(3,476,579)	19,376,276	-
Net increase in cash and cash equivalents during the financial year	213,203	22,115	-

Summarised statements of cash flows for the year ended 31 December 2019:

	FP RM	MNH RM	JIC RM
Operating activities	(8,857,168)	(7,371,426)	(32,008,345)
Investing activities	(6,000,000)	71,803,925	(1,887,252)
Financing activities	15,080,473	(64,037,546)	(14,740,819)
Net increase/(decrease) in cash and cash equivalents during the financial year	223,305	394,953	(48,636,416)

Notes To The Financial Statements (cont'd)

8. Investment in Joint Ventures ("JV")

	2020 RM	Group 2019 RM
Unquoted shares, at cost		
- Outside Malaysia	485,511,398	365,121,398
Share of post-acquisition reserve	3,428,153	(334,950)
Exchange differences	(7,378,254)	(7,378,254)
	481,561,297	357,408,194

Details of the joint ventures are as follows:

Name of JV	Place of Business/ Country of Incorporation	Effective Economic Interest		Principal Activities
		2020 %	2019 %	
JV held through JAKS Power Holding Limited (“JPH”)				
JAKS Pacific Power Limited* (“JPP”)	Hong Kong	30	30	Investment holding
Indirect JV held through JAKS Pacific Power Limited				
JAKS Hai Duong Power Company Limited* # coal-fired thermal (“JHDP”)	Vietnam	30	30	Develop and operate coal-fired thermal power plant

* Not audited by UHY

The auditors' report of this JV disclosed with emphasis of matter that the JV has temporarily increased the value of the Firsts Unit and related items in accordance with the construction cost estimates of the 2x600MW Coal-fired Thermal Power Plant and has not yet been approved by the competent authority. The value of the First Unit and these related items may be changed upon approval to the official finalisation.

Notes To The Financial Statements (cont'd)

8. Investment in Joint Ventures ("JV") (cont'd)

Summarised financial information of the Group's material joint venture i.e. JAKS Pacific Power Limited and its subsidiary company ("JPP Group") is set out below:

(a) Summarised statements of financial position

	JPP Group	
	2020 RM	2019 RM
Cash and cash equivalent	434,151,867	144,594,016
Other current assets	428,863,339	555,583,943
Non-current assets	6,664,587,571	5,244,749,301
Current financial liabilities (excluding trade and other payables and provisions)	(213,664,588)	(51,662,165)
Other current liabilities	(1,154,468,657)	(467,634,694)
Non-current financial liabilities (excluding trade and other payables and provisions)	(4,509,175,118)	(4,082,268,750)
Net assets	1,650,294,414	1,343,361,652
Interest in joint venture	30%	30%
Group's share of net assets	495,088,324	403,008,496
Share of other net asset changes	(17,353,089)	(49,426,379)
Goodwill	3,826,062	3,826,062
Carrying value of Group's interest in joint ventures	481,561,297	357,408,179

(b) Summarised statements of profit or loss and other comprehensive income

	JPP Group	
	2020 RM	2019 RM
Profit/(Loss) for the financial year, representing total comprehensive income/(loss) for the financial year	12,543,676	(124,128)
Included in total comprehensive income are:		
Revenue	1,778,620,476	-
Amortisation/Depreciation	(673,752)	-
Interest income	4,003,064	13,351
Interest expense	(19,292,676)	-

The details of capital commitment relating to the Group's interest in joint ventures are disclosed in Note 36.

Notes To The Financial Statements (cont'd)

9. Interest in Joint Operations

The details of the joint operations are as follows:

Name of joint operations	Place of Business/ Country of Incorporation	Effective Economic Interest		Principal Activities
		2020 %	2019 %	
KACC-JAKS Joint Venture	Malaysia	50	50	Construction
JAKS-KACC Joint Venture	Malaysia	50	50	Construction
JAVEL-JAKS Joint Venture	Malaysia	50	50	Construction

10. Goodwill on Consolidation

	2020 RM	Group 2019 RM
Cost		
At 1 January/31 December	211,092,762	211,092,762
Accumulated impairment loss		
At 1 January	82,956,770	62,591,857
Impairment for the financial year	52,000,000	20,364,913
At 31 December	134,956,770	82,956,770
Carrying amount		
At 31 December	76,135,992	128,135,992

Impairment testing for goodwill is done annually. The carrying values were allocated to 2 (2019: 2) of the Group's cash generating units ("CGUs"), for impairment testing as follows:

	2020 RM	Group 2019 RM
Construction	71,134,087	105,134,087
Property development and management of shopping mall	5,001,905	23,001,905
	76,135,992	128,135,992

Notes To The Financial Statements (cont'd)

10. Goodwill on Consolidation (cont'd)

Key assumptions used in value-in-use and fair value less costs of disposal calculations

Value in use was determined by discounting the future cash flows generated from the continuing use of the unit and was based on the following key assumptions:

(i) Construction

Cash flow projections used in these calculations were based on financial budgets approved by the management covering a five (5) year.

	2020 RM	Group 2019 RM
Gross profit margin	8% - 9%	9% - 10%
Terminal growth rate	0.5%	0.5%
Pre-tax discount rate	11%	12%

A reasonable possible change in the key assumptions would not result in any impairment.

(ii) Property development and management of shopping mall

Considering the CGU's underlying assets comprise the shopping mall, the management estimated the recoverable amount of its goodwill, using fair value less costs of disposal of the shopping mall. Hence, the management engaged a firm of independent valuers to assess the fair value less costs of disposal of the shopping mall. The fair value is within Level 2 of the fair value hierarchy. The most significant input into this valuation approach is price per square foot of comparable properties.

A reasonable possible change in the key assumptions would not result in any impairment.

(iii) Impairment loss

Based on management's impairment review:

- (a) the carrying amount of the construction CGU amounting to RM105,134,087 (2019: RM125,499,000) was determined to be higher than its recoverable amount of RM71,134,087 (2019: RM105,134,087) and an impairment loss of RM34,000,000 (2019: RM20,364,913) was recognised.
- (b) the carrying amount of the property development and management of shopping mall CGU amounting to RM23,001,905 (2019: RM23,001,905) was determined to be higher than its recoverable amount of RM5,001,905 (2019: RM23,001,905) and an impairment loss of RM18,000,000 (2019: Nil) was recognised.

The impairment loss was recognised in administrative expenses in the statements of profit or loss and other comprehensive income.

Notes To The Financial Statements (cont'd)

11. Golf Club Memberships

	2020 RM	Group 2019 RM
Non-current		
At cost		
At 1 January/At 31 December	600,000	600,000
Less: Accumulated amortisation		
At 1 January	110,526	102,630
Amortisation for the financial year	7,895	7,896
At 31 December	118,421	110,526
Less: Accumulated impairment loss		
At 1 January/At 31 December	171,054	171,054
Carrying amount		
At 31 December	310,525	318,420

The golf club membership is amortised over the period of 79 years which expires on 31 December 2082.

12. Inventories

	2020 RM	Group 2019 RM
Current		
Property development costs (Note a)	-	75,545,028
Completed properties held for sales (Note b)	483,400	1,027,420
	483,400	76,572,448

(a) Property development costs

	2020 RM	Group 2019 RM
Leasehold land, at cost		
At 1 January	107,482,006	107,482,006
Less: Disposal of subsidiary company	(107,482,006)	-
At 31 December	-	107,482,006
Property development costs		
At 1 January	549,114,587	443,619,427
Additions	608,914	105,495,160
Less: Disposal of a subsidiary company	(549,723,501)	-
At 31 December	-	549,114,587

Notes To The Financial Statements (cont'd)

12. Inventories (cont'd)

(a) Property development costs (cont'd)

	2020 RM	Group 2019 RM
Cost recognised in the statement of profit or loss and other comprehensive income		
At 1 January	581,051,565	505,845,803
Recognised during the financial year	11,543,826	75,205,762
Less: Disposal of a subsidiary company	(592,595,391)	-
At 31 December	-	581,051,565
Total property development costs	-	75,545,028

The property development costs of the Group represent expenditures incurred in relation to the mixed residential and commercial development.

Land held for property development and property development costs with carrying amount of Nil (2019: RM75,545,028) are pledged as security for bank borrowings as disclosed in Note 22.

(b) Completed properties held for sale

	2020 RM	Group 2019 RM
At beginning of financial year	1,027,420	1,571,440
Disposal during the financial year	(544,020)	(544,020)
At end of financial year	483,400	1,027,420

Inventories of completed properties held for sale was recognised as cost of sales during the financial year amounted to RM544,020 (2019: RM544,020)

13. Trade Receivables

	2020 RM	Group 2019 RM	Company 2020 RM	2019 RM
Trade receivables	293,107,641	313,468,264	10,872,286	8,772,286
Less: Accumulated impairment losses	(41,705,457)	(17,688,855)	(8,772,286)	(8,772,286)
	251,402,184	295,779,409	2,100,000	-

Trade receivables are non-interest bearing and are generally on 14 to 90 days (2019: 14 to 90 days) term. They are recognised at their original invoice amounts which represent their fair value on initial recognition.

The Group and the Company have other credit term and assessed and approved on a case to case basis, no concentration of credit risk except for the amounts owing by five (2019: five) and one (2019: Nil) which constituted approximately 30% (2019: 24%) and 19% (2019: 0%) of its trade receivables respectively as at the end of the reporting period.

Notes To The Financial Statements (cont'd)

13. Trade Receivables (cont'd)

Included in trade receivables of the Group is an amount of RM35,539,792 (2019: Nil) due from a former subsidiary company. The amount is unsecured and interest free.

Included in trade receivables of the Group is an amount of RM5,329,038 (2019: RM5,348,543) due from one (2019: one) receivable jointly controlled by Directors of a subsidiary company. The amount is unsecured and interest free.

Included in trade receivable of the Group is an amount of RM12,730,481 (2019: RM13,052,835) due from one (2019: one) receivable which is a non-controlling interest of certain subsidiary companies. The amount is unsecured and interest free.

Movements in the allowance for impairment losses are as follows:

	Credit Impaired RM	Lifetime Allowance RM	Net amount RM
Group			
2020			
At 1 January	12,702,095	4,986,760	17,688,855
Impairment losses recognised	11,355,157	14,506,942	25,862,099
Impairment losses reversed	-	(1,841,590)	(1,841,590)
Amount written off	-	(3,907)	(3,907)
At 31 December	24,057,252	17,648,205	41,705,457
2019			
At 1 January	11,175,308	1,212,693	12,388,001
Impairment losses recognised	1,544,287	3,774,067	5,318,354
Impairment losses reversed	(17,500)	-	(17,500)
At 31 December	12,702,095	4,986,760	17,688,855
Company			
2020			
At 1 January/At 31 December	8,772,286	-	8,772,286
2019			
At 1 January	8,609,130	-	8,609,130
Impairment losses recognised	163,156	-	163,156
At 31 December	8,772,286	-	8,772,286

The loss allowance account in respect of trade receivables is used to record loss allowance. Unless the Group and the Company are satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Notes To The Financial Statements (cont'd)

13. Trade Receivables (cont'd)

The aged analysis of trade receivables as at the end of the reporting period:

	Gross amount RM	Loss allowance RM	Net amount RM
Group			
2020			
Neither past due nor impaired	77,964,548	-	77,964,548
Past due not impaired:			
Less than 30 days	305,302	(3,869)	301,433
31 to 60 days	4,438,372	(941)	4,437,431
61 to 90 days	27,635,704	(2,711)	27,632,993
More than 90 days	158,706,463	(17,640,684)	141,065,779
	269,050,389	(17,648,205)	251,402,184
Credit impaired:			
Individual impaired	24,057,252	(24,057,252)	-
	293,107,641	(41,705,457)	251,402,184
2019			
Neither past due nor impaired	111,671,250	-	111,671,250
Past due not impaired:			
Less than 30 days	496,845	(29,993)	466,852
31 to 60 days	2,214,892	(8,386)	2,206,506
61 to 90 days	64,644,686	(3,560)	64,641,126
More than 90 days	121,738,496	(4,944,821)	116,793,675
	300,766,169	(4,986,760)	295,779,409
Credit impaired:			
Individual impaired	12,702,095	(12,702,095)	-
	313,468,264	(17,688,855)	295,779,409
Company			
2020			
Past due not impaired:			
More than 90 days	2,100,000	-	2,100,000
Credit impaired:			
Individual impaired	8,772,286	(8,772,286)	-
	10,872,286	(8,772,286)	2,100,000
2019			
Credit impaired:			
Individual impaired	8,772,286	(8,772,286)	-

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group and the Company.

Notes To The Financial Statements (cont'd)

13. Trade Receivables (cont'd)

As at 31 December 2020, trade receivables of the Group and of the Company RM173,437,636 and RM2,100,000 (2019: RM184,108,159 and Nil) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The trade receivables of the Group and of the Company that are individually assessed to be impaired amounting to RM24,057,252 and RM8,772,286 (2019: RM12,702,095 and RM8,772,286) respectively, related to customers that are in financial difficulties and have defaulted on payments.

14. Contract Assets

	2020 RM	Group 2019 RM
Current		
Contract asset		
Construction contract (a)	276,709,479	294,671,928
Property development activities (b)	-	6,485,775
	276,709,479	301,157,703
Decrease in contract assets		
- Change in measure of progress	(24,448,224)	(210,220,555)

(a) Construction contracts

	2020 RM	Group 2019 RM
Contract costs incurred to date	3,187,827,043	4,505,287,704
Attributable profits	679,239,826	999,818,166
	3,867,066,869	5,505,105,870
Less: Progress billings	(3,587,865,154)	(5,206,686,176)
Exchange differences	(2,492,236)	(3,747,766)
	276,709,479	294,671,928
Presented as:		
Contract assets	276,709,479	294,671,928
Advances received from customer (included in other payables)	48,397,594	78,744,972
Retention sums on contracts (included in trade receivables)	37,574,557	30,626,728

Notes To The Financial Statements (cont'd)

14. Contract Assets (cont'd)

(b) Property development activities

Contract assets in relation to property development activities is the excess of revenue recognised in profit or loss over billings to purchasers as at the reporting date. This unbilled amount for work completed will be transferred to trade receivables when the right to bill becomes unconditional.

(c) Contract value yet to be recognised as revenue

As of the reporting date, revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) is RM446,549,350 (2019: RM770,421,125). The Group expects to recognise this revenue as the property development and construction contracts are completed, which is expected to occur over the next 12 - 36 months.

15. Other Receivables

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Other receivables	165,414,396	224,043,221	2,182,667	205,625
Deposits	17,369,004	13,973,730	358,453	614,596
Prepayments	256,997	2,630,863	68,560	73,887
	183,040,397	240,647,814	2,609,680	894,108
Less: Accumulated impairment losses				
- Other receivables	(52,620,013)	(7,288,048)	-	-
	130,420,384	233,359,766	2,609,680	894,108

Included in other receivables of the Group are the following:

- (i) an amount of RM36,615 (2019: RM36,615) due from one receivable which is controlled by a Director of a subsidiary company. The amount is unsecured, interest free and repayable on demand.
- (ii) an amount of RM39,669,110 (2019: Nil) due from a former related company. The amount is unsecured, interest free and repayable on demand.

Movements in the allowance for impairment losses are as follows:

	Group	
	2020 RM	2019 RM
At 1 January	7,288,048	99,053
Impairment losses recognised	45,331,965	7,188,995
At 31 December	52,620,013	7,288,048

Other receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments.

Notes To The Financial Statements (cont'd)

16. Amount Due from/(to) Subsidiary Companies

	Company	
	2020 RM	2019 RM
Amount due from subsidiary companies:		
<u>Non-interest bearing</u>		
Non-trade	569,244,388	508,907,133
Less: Accumulated impairment losses	(67,530,590)	(85,337,581)
	501,713,798	423,569,552
Amount due to subsidiary companies:		
<u>Non-interest bearing</u>		
Non-trade	(204,949,447)	(340,671,675)

Amount due from/(to) subsidiary companies are unsecured and repayable on demand.

Movements in the allowance for impairment losses are as follows:

	Company	
	2020 RM	2019 RM
As at 1 January	85,337,581	5,525,027
Impairment losses recognised	12,685,247	80,012,554
Impairment losses reversed	-	(200,000)
Amount written off	(30,492,238)	-
At 31 December	67,530,590	85,337,581

The loss allowance account in respect of amount due from subsidiary companies is used to record loss allowance. Unless the Group and the Company are satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

17. Amount Due from Joint Ventures

	Group	
	2020 RM	2019 RM
<u>Non-interest bearing</u>		
Non-trade	10,588,402	9,203,213

Amount due from joint ventures are unsecured and repayable on demand.

18. Deposits Placed with Licensed Banks

Deposits placed with licensed banks are pledged to the banks to secure bank borrowings granted to the Group as disclosed in Note 22.

The effective interest rates for the Group's deposits range from 2.50% to 3.25% (2019: 2.50% to 3.21%) per annum respectively.

Notes To The Financial Statements (cont'd)

19. Cash and Bank Balances

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Housing development accounts	221,052	3,263,782	-	-
Project development accounts	8,801	161,229	-	-
Debt service reserve accounts	3,776,044	3,704,555	-	-
Cash and bank balances	124,497,264	95,123,783	93,403,765	1,945,348
	128,503,161	102,253,349	93,403,765	1,945,348
Less: Deposits pledged with licensed banks	(3,776,044)	(3,704,555)	-	-
	124,727,117	98,548,794	93,403,765	1,945,348

- (a) Housing Development Accounts are maintained pursuant to the Housing Development (Control and Licensing) Act, 1966 in connection with the Group's property development projects. The utilisation of these balances are restricted before completion of the housing development projects and fulfilling all relevant obligations to the purchasers and therefore restricted from use in other operations.
- (b) Project Development Account and Debt Service Reserve Account are pledge as security for bank borrowings as disclosed in Note 22.
- (c) Included in cash and bank balances of the Group is RM37,210 (2019: RM38,705) relating Escrow Account and Operating Account pledged for bank borrowings as disclosed in Note 22.

20. Share Capital

	Group and Company			
	Number of shares		Amount	
	2020 Unit	2019 Unit	2020 RM	2019 RM
Ordinary share with no par value				
Issued and fully paid:				
At 1 January	643,118,445	545,943,372	659,642,281	598,974,584
Private share placement	-	58,465,313	-	40,925,719
Rights issue	1,080,101,412	-	237,622,311	-
Exercise of warrants	12,001,750	-	10,680,857	-
Issuance of shares under share grant plan	19,945,000	38,709,760	17,052,975	19,741,978
At 31 December	1,755,166,607	643,118,445	924,998,424	659,642,281

During the financial year, the Company issued:

- (a) 1,080,101,412 new ordinary shares ("Rights shares") pursuant at the renounceable right issue on the basis of eight (8) rights issue for every five (5) existing ordinary shares held in the Company ("Rights Issue") at an issue price of RM0.22 per Rights Share for cash.
- (b) 19,945,000 new ordinary shares pursuant to Company's Share Grant Plan ("SGP") under Long Term Incentive Plan.
- (c) 12,000,000 new ordinary shares at an exercise price of RM0.64 pursuant to the exercise of Warrant B 2018/2023;
- (d) 1,750 new ordinary shares at an exercise price of RM0.49 pursuant to the exercise of Warrant C 2020/2025

Notes To The Financial Statements (cont'd)

20. Share Capital (cont'd)

In the previous financial year, the Company issued:

- (a) 38,709,760 new ordinary shares pursuant to the Company's Share Grant Plan ("SGP") under Long Term Incentive Plan.
- (b) 58,465,313 new ordinary shares through private placement at issue price of RM0.70 for a total cash consideration of RM40,925,719 for working capital purposes.

The new shares issued shall rank pari passu in all respects with the existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meeting of the Company.

21. Reserves

	Note	2020 RM	Group 2019 RM	Company 2020 RM	2019 RM
Non-distributable					
Translation reserves	(a)	(16,508,059)	(11,550,719)	-	-
LTIP reserves	(b)	2,576,100	2,576,100	2,576,100	2,576,100
Warrants reserves	(c)	244,027,158	25,607,108	244,027,158	25,607,108
Other reserves		(221,420,050)	-	(221,420,050)	-
		8,675,149	16,632,489	25,183,208	28,183,208
Distributable					
Retained earnings/ (Accumulated losses)		210,275,684	301,674,300	14,717,432	(72,717,258)
		218,950,833	318,306,789	39,900,640	(44,534,050)

- (a) Foreign currency translation reserves

Foreign currency translation reserve represents the exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different from that of the Group's presentation currency.

- (b) Long Term Incentive Plan ("LTIP") reserves

The LTIP reserve comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the reserve is transferred to share capital. When the share options expire, the amount from the reserve is transferred to retained earnings. Share option is disclosed in Note 32.

- (c) Warrants reserves

- (i) Warrant B 2018/2023

On 13 December 2018, the Company allotted and issued 102,428,430 new Warrant B 2018/2023 ("Warrants") at an issued price of RM0.25 per Warrant on the basis of 1 Warrant for every 2 existing ordinary shares held in the Company ("Right Issue of Warrants").

The Warrants are valid for exercise for a period of 5 years from its issue date and will expire on 13 December 2023. During this period, each Warrant entitles the registered holder to subscribe for 1 new ordinary share in the Company at any time on or after 13 December 2018 to 13 December 2023, at an exercise price of RM0.64 per Warrant in accordance with the Deed Poll dated 5 November 2018. Any Warrants not exercised by its expiry date will lapse thereafter and cease to be valid for all purposes.

Notes To The Financial Statements (cont'd)

21. Reserves (cont'd)

(c) Warrants reserves (cont'd)

(i) Warrant B 2018/2023 (cont'd)

During the financial year, the exercise price and the number of Warrant B 2018/2023 have been adjusted in accordance with the provisions of the Deed Poll as a result of the Rights Issue. The exercise price was adjusted from RM0.64 to RM0.34.

The movements in the Company's Warrant B 2018/2023 are as follows:

	Number of Warrant B 2018/2023 (Unit)
At 1 January 2020	102,428,430
Adjusted for Rights Issue	81,059,808
Exercised	(12,000,000)
At 31 December 2020	171,488,238

(ii) Warrant C 2020/2025

On 19 November 2020, the Company issued 540,050,650 free warrants pursuant to the Rights Issue on the basis of one (1) free warrant for every two (2) Rights Share subscribed for by the entitled shareholders of the Company.

The Warrants are valid for exercise for a period of 5 years from its issue date and will expire on 18 November 2025. During this period, each Warrant entitles the registered holder to subscribe for 1 new ordinary share in the Company at any time on or after 19 November 2020 to 18 November 2025, at an exercise price of RM0.49 per warrant in accordance with the Deed Poll dated 13 October 2020. Any warrants not exercised by its expiry date will lapse thereafter and cease to be valid for all purposes.

During the financial year, 1,750 warrants were exercised at the exercise price of RM0.49 each. As at 31 December 2020, 540,048,900 warrants remained unexercised.

22. Bank Borrowings

	2020 RM	Group 2019 RM
Secured		
Non-current liabilities		
Term loans	318,812,493	306,000,000
Current liabilities		
Term loans	-	14,000,000
Trade commodity financing	30,852,986	33,883,083
Bill payables	26,175,516	43,498,785
Revolving credits	-	11,500,000
Bank overdrafts	8,193,362	12,572,583
Factoring payables	3,057,819	-
	68,279,683	115,454,451

Notes To The Financial Statements (cont'd)

22. Bank Borrowings (cont'd)

	2020 RM	Group 2019 RM
Total borrowings		
Term loans	318,812,493	320,000,000
Trade commodity financing	30,852,986	33,883,083
Bill payables	26,175,516	43,498,785
Revolving credits	-	11,500,000
Bank overdrafts	8,193,362	12,572,583
Factoring payables	3,057,819	-
	387,092,176	421,454,451

The maturity of bank borrowings is as follows:-

	2020 RM	Group 2019 RM
Within one year	68,279,683	115,454,451
Later than one year and not later than two years	14,394,000	16,500,000
Later than two year and not later than five years	85,000,000	247,500,000
Later than five years	219,418,493	42,000,000
	387,092,176	421,454,451

The range of interest rates per annum at the reporting date for borrowings were as follows:

	2020 %	Group 2019 %
Term loans	6.00 - 7.65	6.00 - 7.65
Trade commodity financing	5.57 - 6.11	5.86 - 6.19
Bill payables	3.49 - 8.07	4.08 - 8.07
Revolving credits	4.50	4.70
Bank overdrafts	6.37 - 8.77	7.65 - 8.64
Factoring payable	12.00	-

The term loans, bill payables, trade commodity financing, revolving credits, factoring payable and bank overdrafts of the Group and of the Company are secured by the following:

- (i) fixed charges over certain investment properties as disclosed in Note 5;
- (ii) legal assignment of all cashflows, sale or tenancy agreements, insurance policies, construction contracts, construction guarantees and performance bonds in relation to a project developed by certain subsidiary companies;
- (iii) fixed and floating charge over the present and future assets of certain subsidiary companies;
- (iv) first legal charge over the equity acquired in a subsidiary company;
- (v) facilities agreements together with interest, commission and all other charges thereon;
- (vi) assignment over proceeds under certain invoices, contracts, Letter of Notification and Letter of Instruction;

Notes To The Financial Statements (cont'd)

22. Bank Borrowings (cont'd)

The term loans, bill payables, trade commodity financing, revolving credits and bank overdrafts of the Group and of the Company are secured by the following: (Cont'd)

- (vii) assignment of all dividends and/or distribution from a subsidiary company's shares;
- (viii) negative pledge over certain subsidiary companies' assets both present and future;
- (ix) corporate guarantees provided by the Company, a subsidiary company, and a non-controlling interest;
- (x) personal guarantee by certain Directors of subsidiary company;
- (xi) deposits, debt service reserve, housing development account, project development account, escrow and operating account as indicated in Notes 18 and 19;
- (xii) specific debenture by way of fixed and floating charge over investment properties as disclosed in Note 5;
- (xiii) lodgement of private caveat over strata titles of the investment properties as disclosed in Note 5;
- (xiv) legal assignment of the present and future proceeds from the car parks' and investment properties' rental income of certain subsidiary companies; and
- (xv) first legal charge over all its unencumbered share of a non-controlling interest of a subsidiary company.

23. Lease Liabilities

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
At 1 January, as previously reported	1,511,817	-	1,317,130	-
Effect of adoption of MFRS 16	-	2,956,276	-	2,487,489
At 1 January, restated	1,511,817	2,956,276	1,317,130	2,487,489
Additions	35,467	104,308	-	-
Lease modification	(801,135)	-	(801,135)	-
Payments	(474,034)	(1,548,767)	(308,812)	(1,170,359)
At 31 December	272,115	1,511,817	207,183	1,317,130
Presented as:				
Non-current	129,722	232,101	129,722	207,183
Current	142,393	1,279,716	77,461	1,109,947
	272,115	1,511,817	207,183	1,317,130

Notes To The Financial Statements (cont'd)

23. Lease Liabilities (cont'd)

The maturity analysis of lease liabilities of the Group and Company at the end of the reporting period:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Within one year	153,183	1,464,572	84,864	1,284,864
Later than one year and not later than two years	84,864	112,464	84,864	84,864
Later than two years and not later than five years	49,454	134,317	49,454	134,318
	287,501	1,711,353	219,182	1,504,046
Less: Future finance charges	(15,386)	(199,536)	(11,999)	(186,916)
Present value of lease liabilities	272,115	1,511,817	207,183	1,317,130

The Group leases land and building and motor vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

24. Deferred Tax Liabilities

	Group	
	2020 RM	2019 RM
At 1 January	-	(2,230,900)
Recognised in profit or loss	100,721	2,230,900
At 31 December	100,721	-

The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follow:

	Group	
	2020 RM	2019 RM
Deferred tax liabilities	128,474	19,195
Deferred tax assets	(27,753)	(19,195)
	100,721	-

Notes To The Financial Statements (cont'd)

24. Deferred Tax Liabilities (cont'd)

The movements and components of the deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

	Group 2020 RM	2019 RM
Deferred tax liabilities		
Accelerated capital allowances		
At 1 January	19,195	93,658
Recognised in profit or loss	109,279	(74,463)
At 31 December	128,474	19,195
Deferred tax assets		
Unabsorbed capital allowances		
At 1 January	-	-
Recognised in profit or loss	(27,753)	-
At 31 December	(27,753)	-
Unutilised tax losses		
At 1 January	(19,195)	(2,324,558)
Recognised in profit or loss	19,195	2,305,363
At 31 December	-	(19,195)
	(27,753)	(19,195)

The deferred tax assets have not been recognised in respect of the following items:

	Group 2020 RM	2019 RM	Company 2020 RM	2019 RM
Unabsorbed capital allowances	7,577,654	7,202,399	-	-
Unutilised tax losses	243,369,136	212,155,901	129,519	979,428
Other deductible temporary differences	51,425,213	26,567,752	-	-
	302,372,003	245,926,052	129,519	979,428

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

With effect from year of assessment 2019, unutilised tax losses are allowed to be carried forward up to a maximum of seven consecutive years of assessment under the current tax legislation. The other temporary differences do not expire under current tax legislation. Unutilised tax losses of RM100,300,994, RM111,854,907 and RM31,213,235 will expire on year of assessment 2025, 2026 and 2027 respectively.

Notes To The Financial Statements (cont'd)

25. Trade Payables

	2020 RM	Group 2019 RM
Trade payables (Note a)	358,290,724	446,524,265
Deferred contract revenue (Note b)	-	11,491
	358,290,724	446,535,756

(a) The normal trade credit terms granted to the Group range from 1 to 90 (2019: 1 to 90) days from date of invoice.

(b) Deferred contract revenue

	2020 RM	Group 2019 RM
Deferred contract revenue	135,000,000	135,000,000
Contract revenue recognised	(135,000,000)	(134,988,509)
	-	11,491

On 19 August 2011, a subsidiary of the Company, JAKS Island Circle Sdn. Bhd. ("JIC") and Star Media Group Berhad entered into a Sale and Purchase Agreement to purchase a 99 years leasehold land which is located at PN97384, Lot 141 (previously known as HS(D) 259880, Lot PT 16), Seksyen 13, Bandar Petaling Jaya, to develop into a mixed residential and commercial development, for a purchase consideration of RM135,000,000.

The purchase consideration is to be satisfied within 3 years by the completion, delivery and transfer of legal title with vacant possession and Certified of Completion and Compliance, free from all encumbrances of Tower A of the mixed residential and commercial development of JIC.

During the financial year, RM11,491 (2019: RM2,787,869) has been recognised based on the stage of completion of the said development.

Notes To The Financial Statements (cont'd)

26. Other Payables

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Other payables	58,380,149	83,685,954	788,849	315,324
Advance payment on construction contract	48,397,594	78,744,971	-	-
Deposits received	31,840,478	32,178,313	28,091,000	28,647,500
Liquidated ascertained damages and disputed performance liability	1,815,648	145,135,782	-	-
Accruals	100,211,951	119,224,601	21,675,335	19,152,762
	240,645,820	458,969,621	50,555,184	48,115,586

Included in other payables of the Group is an amount of RM3,014,011 (2019: RM3,245,146) due to one (2019: one) payables which are jointly controlled by Directors of a subsidiary company. The amount is unsecured, interest free and repayable on demand.

The movements in provision for liquidated ascertained damages and disputed performance liability are as follows:

	Group	
	2020 RM	2019 RM
As at 1 January	145,135,782	107,707,752
Current year provision	29,512,924	37,428,030
Disposal of a subsidiary company	(172,833,058)	-
As at 31 December	1,815,648	145,135,782

Provision for liquidated ascertained damages refer to liquidated ascertained damages expected to be claimed by the customers based on the terms of the applicable sale and purchase agreements.

Notes To The Financial Statements (cont'd)

27. Revenue

	2020 RM	Group 2019 RM	Company 2020 RM	2019 RM
Revenue from contract with customer:				
Property development activities	12,859,548	55,490,395	-	-
Less: Provision for liquidated ascertained damages	(29,512,924)	(37,428,030)	-	-
	(16,653,376)	18,062,365	-	-
Construction contract works	263,172,417	1,027,636,913	-	-
Sales of goods	98,043	741,025	-	-
Management fees	-	-	8,600,000	11,400,000
	246,617,084	1,046,440,303	8,600,000	11,400,000
Revenue from other sources:				
Dividend income	-	-	204,687,500	-
Property investment	4,353,186	5,297,137	-	-
	4,353,186	5,297,137	204,687,500	-
	250,970,270	1,051,737,440	213,287,500	11,400,000
Timing of revenue recognition:				
At a point in time	98,043	741,025	-	-
Over time	246,519,041	1,045,699,278	8,600,000	11,400,000
Total revenue from contracts with customers	246,617,084	1,046,440,303	8,600,000	11,400,000

Breakdown of the Group's revenue from contract with customers:

	Construction RM	Trading and services RM	Property development RM	Total RM
2020				
Major goods and services:				
Property development activities	-	-	(16,653,376)	(16,653,376)
Sales of goods	-	98,043	-	98,043
Construction contract revenue	263,172,417	-	-	263,172,417
Total revenue from contract with customers	263,172,417	98,043	(16,653,376)	246,617,084
2019				
Major goods and services:				
Property development activities	-	-	18,062,365	18,062,365
Sales of goods	-	741,025	-	741,025
Construction contract revenue	1,027,636,913	-	-	1,027,636,913
Total revenue from contract with customers	1,027,636,913	741,025	18,062,365	1,046,440,303

Notes To The Financial Statements (cont'd)

28. Finance Costs

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Interest expenses on:				
Bank overdrafts	702,103	845,420	-	-
Bill payables	1,713,407	2,443,640	-	-
Lease liabilities	58,067	153,560	46,052	114,505
Term loans	20,652,952	21,256,445	-	-
Bank guarantee	29,954	168,534	-	-
Revolving credit	258,025	543,531	-	-
Trade commodity financing	1,921,672	1,647,992	-	-
Factoring payable	76,445	-	-	-
	25,412,625	27,059,122	46,052	114,505
Less: Interest expense capitalised in investment property [Note 5(e)]	-	(6,110,965)	-	-
	25,412,625	20,948,157	46,052	114,505

29. (Loss)/Profit Before Tax

(Loss)/Profit before tax is determined after charging/(crediting) amongst other, the following items:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Auditors' remuneration (Note 29a)	430,102	341,317	149,000	87,000
Amortisation of golf club memberships	7,895	7,896	-	-
Non-Executive Directors' remuneration:				
- Fees	408,000	363,475	408,000	363,475
- Other emoluments	143,500	93,500	143,500	93,500
Depreciation of:				
- Property, plant and equipment	1,929,575	803,550	45,239	291,811
- Investment properties	16,965,760	12,767,878	-	-
- Right-of-use assets	533,764	1,913,489	358,895	1,184,779
Dividend income	-	-	(204,687,500)	-
(Gain)/Loss on disposal of:				
- Property, plant and equipment	(52,795)	(36,504)	-	-
- Right-of-use assets	-	348,654	-	-
- Subsidiary companies	(89,114,428)	-	-	(500,000)
Net loss on impairment of financial instruments:				
- Impairment loss on:				
- Amounts due from subsidiary companies	-	-	12,685,247	80,012,554
- Trade receivables	25,862,099	5,318,354	-	163,156
- Other receivables	45,331,965	7,188,995	-	-
- Reversal of impairment loss on:				
- Amounts due from subsidiary companies	-	-	-	(200,000)
- Trade receivables	(1,841,590)	(17,500)	-	-
	69,352,474	12,489,849	12,685,247	79,975,710

Notes To The Financial Statements (cont'd)

29. (Loss)/Profit Before Tax (cont'd)

(Loss)/Profit before tax is determined after charging/(crediting) amongst other, the following items (cont'd):

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Impairment loss on non-financial assets:				
- Goodwill on consolidation	52,000,000	20,364,913	-	-
- Investment properties	570,700	10,398,698	-	-
- Investment in subsidiary companies	-	-	60,000,000	4,785,102
Interest income	(1,001,369)	(2,462,801)	-	(42,187)
Lease expenses relating to				
short-term leases	48,140	38,080	-	-
Loss on modification of lease contract	24,749	-	24,749	-
Management fees	-	-	(8,600,000)	(11,400,000)
Provision for liquidated ascertained damages	29,512,924	37,428,030	-	-
Rental income	-	(6,000)	-	-
Share grant plan expense	17,052,975	19,741,978	17,052,975	19,741,978
Share of result of joint venture	(3,763,103)	37,239	-	-
Unrealised (gain)/loss on foreign exchange	(2,500,603)	(1,857,638)	4,500,686	352,674
Other income	-	(1,000)	-	-

(a) Auditors' remuneration

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Auditors' remuneration				
- Audit fee				
- Current year	363,102	338,804	82,000	82,000
- Over provision in prior years	-	(2,487)	-	-
- Non-audit fee				
- Current year	67,000	5,000	67,000	5,000
	430,102	341,317	149,000	87,000

30. Taxation

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Tax expenses recognised in profit or loss				
Current income tax:				
Current tax provision				
- in Malaysia	7,725	41,111	-	-
- outside Malaysia	561,119	4,195,323	-	-
Under/(Over) provision in prior years	17,526,368	281,241	10,202,767	(52,068)
	18,095,212	4,517,675	10,202,767	(52,068)

Notes To The Financial Statements (cont'd)

30. Taxation (cont'd)

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Deferred tax (Note 24):				
Relating to origination and reversal of temporary differences	45,232	(197,872)	-	-
Under provision in prior years	55,489	2,428,772	-	-
	100,721	2,230,900	-	-
Tax expenses/(credit) for the financial year	18,195,933	6,748,575	10,202,767	(52,068)

Malaysian income tax is calculated at the statutory tax rate of 24% (2019: 24%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expenses applicable to (loss)/profit before tax at the statutory tax rate to income tax expenses at the effective tax rate of the Group and of the Company are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
(Loss)/Profit before tax	(110,306,126)	52,630,206	104,475,508	(106,863,779)
At Malaysian statutory rate of 24% (2019:24%)	(26,473,470)	12,631,249	25,074,122	(25,647,307)
Income not subject to tax	(17,171,550)	(32,841)	(49,125,000)	(10,125)
Expenses not deductible for tax purposes	42,218,410	23,485,170	24,254,856	26,017,974
Deferred tax assets not recognised	13,751,007	11,919,098	-	39,367
Utilisation of previously unrecognised deferred tax assets	(203,978)	(1,836,746)	(203,978)	(399,909)
Share of result of joint venture	(903,145)	8,937	-	-
Under/(Over) provision of taxation in prior years	17,526,368	281,241	10,202,767	(52,068)
Under provision of deferred tax in prior years	55,489	2,428,772	-	-
Effect of different tax rate for other jurisdiction	(10,603,198)	(42,136,305)	-	-
Tax expenses/(credit) for the financial year	18,195,933	6,748,575	10,202,767	(52,068)

Notes To The Financial Statements (cont'd)

30. Taxation (cont'd)

The Group and the Company have the following estimated unutilised tax losses and unabsorbed capital allowances available to carry forward to offset against future taxable profit. The said amounts are subject to approval by the tax authorities.

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Unabsorbed capital allowances	7,693,292	7,202,399	-	-
Unutilised tax losses	243,369,136	212,235,880	129,519	979,428
	251,062,428	219,438,279	129,519	979,428

31. (Loss)/Earnings per Share

(a) Basic (loss)/earnings per share

The basic (loss)/earnings per share are calculated based on the consolidated profit for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2020 RM	2019 RM (Restated)
Net (loss)/profit for the financial year, attributable to owners of the parent	(84,560,565)	108,049,569
Weighted average number of ordinary shares in issue*	783,937,306	773,783,847
Basic (loss)/earnings per share (in sen)	(10.79)	13.96

Notes To The Financial Statements (cont'd)

31. (Loss)/Earnings per Share (cont'd)

(b) Diluted (loss)/earnings per share

The diluted (loss)/earnings per share has been calculated based on the adjusted consolidated profit for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares as follows:

	2020 RM	Group 2019 RM (Restated)
Net (loss)/profit attributable to owners of the parent	(84,560,565)	108,049,569
Weighted average number of ordinary shares used in the calculation of basic earnings per share*	783,937,306	773,783,847
Adjustment for incremental shares from assumed exercise of: - Warrants	71,606,438	22,484,290
Weighted average number of ordinary shares at 31 December (diluted)	855,543,744	796,268,137
Diluted (loss)/earnings per share (in sen)	(9.88)	13.57

* Comparative figures for the weighted average number of ordinary shares for both the basic and diluted earnings per share computations have been restated to reflect the adjustments arising from the Rights Issue.

There have been no other transaction involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

32. Long Term Incentive Plan ("LTIP")

On 28 June 2016, the shareholders of JRB have at Extraordinary General Meeting approved the establishment of a LTIP of up to fifteen percent (15%) of the total number of issued shares of the Company (excluding treasury shares) at any one time for the Directors and employees of JRB and its subsidiary companies. The Group's LTIP comprises of the Share Option Plan ("SOP") and Share Grant Plan ("SGP") for its employees.

The salient terms of the LTIP are as follows:

- (a) The maximum number of Shares to be allotted and issued pursuant to the LTIP shall not at any point in time in aggregate exceed fifteen percent (15%) of the total number of issued shares of the Company (excluding treasury shares) at any one time.
- (b) The basis of allocation of the number of shares which may be offered to an Eligible Person pursuant to LTIP shall be determined entirely at the discretion of the LTIP Committee. The LTIP Committee will ensure that there should be equitable allocation to the Eligible Persons, after taking into consideration, amongst others, the appraised performance, seniority and/or length of service, contributions to the success and development as well as such other criteria as the LTIP Committee may deem fit and relevant. The LTIP Committee has the discretion in determining whether the allocation available shall be staggered over the duration of the LTIP period.

Notes To The Financial Statements (cont'd)

32. Long Term Incentive Plan ("LTIP") (cont'd)

- (c) A person who fulfils the following criteria as at the date of an LTIP Grant shall be eligible to be considered by the LTIP Committee as an Eligible Person:
- (i) has attained the age of eighteen (18) years;
 - (ii) has not been adjudicated a bankrupt;
 - (iii) has entered into a full-time or fixed-term contract of service/employment with any company within the Group;
 - (iv) whose service/employment has been confirmed in writing;
 - (v) a Director or Senior Management of JRB Group; and
 - (vi) has fulfilled any other eligibility criteria to be determined by the LTIP Committee from time to time at its discretion, as the case may be.
- (d) The LTIP shall be in force for a duration of five (5) years from the effective date of the implementation. The LTIP may be extended or renewed for a further period of five (5) years, at the sole discretion of the Board upon recommendation of the LTIP Committee.
- (e) The new shares to be issued pursuant to the LTIP shall upon allotment and issue, rank pari passu in respects with the existing shares except that the new shares shall not be entitled to any dividends, rights, allotment and/or other distributions which entitlements date precedes the date of allotment of the said shares.
- (f) In the case of the share grant, the shares will be vested with the grantee at no consideration on the vesting date. While in the case of share option, the option price shall be based on the 5 day weighted average market price of the underlying shares at the time the option is offered, with a discount of not more than 10%.

Share Option Plan ("SOP")

Movements in the number of share options and the exercise price are as follows:

	Group and Company Number of share option	
	2020 Unit	2019 Unit
At 1 January	8,310,000	10,385,000
Adjusted for Rights Issue	7,363,619	-
Share option lapsed	-	(2,075,000)
At 31 December	15,673,619	8,310,000
Exercise price (RM)	RM0.75	RM1.40
Options exercisable at 31 December	15,673,619	8,310,000

Notes To The Financial Statements (cont'd)

32. Long Term Incentive Plan ("LTIP") (cont'd)

Share Option Plan ("SOP")

During the current and previous financial year, no share options were exercised.

The fair value of share options granted to eligible employees and Directors, was determined using Black-Scholes Option Pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at the grant date and the input assumed by the Company in arising the fair value are as follows:

	Group and Company 2020	2019
Fair value (RM)	0.31	0.31
Share price (RM)	1.39	1.39
Exercise price (RM)	0.75	1.41
Expected volatility (%)	34.38%	34.38%
Expected life (years)	1 year	1 year
Risk-free interest rate (%)	3.53%	3.53%

Share Grant Plan ("SGP")

Movements in the number of shares granted and vested are as follows:

	Group and Company Number of shares 2020 Unit	2019 Unit
At 1 January	-	-
Granted	19,945,000	38,709,760
Vested	(19,945,000)	(38,709,760)
At 31 December	-	-

The closing share price at the date of granting was RM0.86 (2019: RM0.51) per ordinary share.

33. Staff Costs

	2020 RM	Group 2019 RM	Company 2020 RM	2019 RM
Fees	408,000	363,475	408,000	363,475
Salaries, wages and other emoluments	14,760,897	17,636,642	5,783,138	7,334,973
Defined contributions plan	1,334,622	1,524,249	694,698	791,985
Shares granted under LTIP	17,052,975	19,741,978	17,052,975	19,741,978
	33,556,494	39,266,344	23,938,811	28,232,411

Notes To The Financial Statements (cont'd)

33. Staff Costs (cont'd)

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Company during the financial year as below:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Executive Directors				
Salaries, wages and other emoluments	2,754,900	3,061,000	2,754,900	3,061,000
Defined contributions plan	319,918	358,449	319,918	358,449
Shares granted under LTIP	13,534,650	14,089,138	13,534,650	14,089,138
	16,609,468	17,508,587	16,609,468	17,508,587

The estimated monetary value of Directors' benefit-in-kind is RM55,300 (2019:RM80,300).

34. Contingent Liability

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Unsecured				
Bank guarantees issued for execution of contracts of the subsidiary companies	41,202,615	61,891,411	-	-
Corporate guarantees given to licensed banks to secure credit facilities granted to the subsidiary companies	-	-	387,092,176	421,293,430
Liquidated and ascertained damages	-	37,428,030	-	-
	41,202,615	99,319,441	387,092,176	421,293,430

35. Related Party Disclosures

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors and certain members of senior management of the Group.

Notes To The Financial Statements (cont'd)

35. Related Party Disclosures (cont'd)

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	2020 RM	2019 RM
Group		
Rental expense paid to a non-controlling interest of a subsidiary company	55,200	53,880
Acquisition of investment properties from a company in which certain Directors of a subsidiary company have substantial interest	-	18,076,000
Progress billing received/receivable from joint venture	192,792,598	971,564,808
Disposal of JIC to a company in which a Director of a subsidiary company has substantial interest	1	-
Company		
Management fees received/receivable from subsidiary companies	8,600,000	11,400,000
Dividend income received/receivable from subsidiary company	204,687,500	-

(c) Compensation of key management personnel

Compensation of key management personnel is as follow:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Short term employees benefits	5,250,376	6,224,021	4,547,100	5,484,461
Defined contribution plans	547,955	676,363	472,510	599,068
Shares granted under LTIP	17,052,975	19,741,978	13,534,650	14,089,138
	22,851,306	26,642,362	18,554,260	20,172,667

Included in compensation of key management personnel is remuneration of Directors as disclosed in Notes 29 and 33.

Notes To The Financial Statements (cont'd)

36. Commitment

(a) Capital commitment

	2020 RM	Group 2019 RM
Capital contribution contracted but not provided for in respect of shares subscription in JAKS Pacific Power Limited, a joint venture of the Group, amounted to USD22.1million (2019:USD52.1million) #	88,837,788	213,372,666

If JAKS Power Holding Limited ("JPH"), a subsidiary company of the Company, fails or refuses to contribute Shareholder's Funding in the manner contemplated in the Subscription Agreement, China Power Engineering Consulting Group Co. Ltd ("CPECC") is obliged to do the following:-

- (i) CPECC shall provide Shareholder Funding to JAKS Pacific Power Limited ("JPP") in lieu of such Shareholder Funding that was contemplated to be paid by JPH, and CPECC may subscribe for a corresponding number of additional Redeemable Convertible Preference Shares ("RCPS"), which subscription shall result in the dilution of the Effective Economic Interest of JPH in JPP; and/or
- (ii) CPECC shall provide Shareholder Funding to JPP by way of interest-bearing shareholder's loan to JPP to cover such Shareholder Funding that is outstanding from JPH to cover such Shareholder Funding that is outstanding from JPH. JPH shall rectify its default and restore CPECC as soon as possible but in any event no later than three (3) months from the date of default, failing which CPECC, have the rights, at any time to convert the said shareholder's loans to additional RCPS of equivalent amount of the outstanding Shareholder Funding at the conversion ratio of 1 RCPS for each USD 1.00 of the outstanding shareholder's loan.

(b) Operating lease commitments – as lessor

The Group leases out its investment properties (Note 5(a)). The future minimum lease receivables under non-cancellable leases are as follows:

	2020 RM	Group 2019 RM
Less than 1 year	2,105,475	3,382,218
Between 1 and 5 years	944,831	1,969,968
	3,050,306	5,352,186

Notes To The Financial Statements (cont'd)

37. Segment Information

For management purposes, the Group is organised into business units based on their products and services, and has four (4) reportable segments as follows:

- Manufacturing : Comprise mainly manufacturing of pipes.
- Trading : Comprise mainly trading in sheet piles, steel bars, mild steel and special pipes, other steel related products, building materials and supply of products for water supply industry.
- Construction : Comprise mainly provision of sub-contracting activities, general contractor, supplier of building materials and also construction.
- Property Development/
Property Investment : Development of residential and commercial properties and management of shopping mall
- Others : Investment holding.

There are varying levels of integration between the segments such as the transfer of raw materials and shared distribution and administrative services. Inter-segment pricing is determined on negotiated basis.

Segment performance is evaluated based on segment profit/(loss) before tax and is measured consistently with profit or loss in the consolidated financial statements.

Segment assets and liabilities information are not regularly provided to the chief operating decision-maker. Hence, no disclosure is made on segment assets and liabilities.

Notes To The Financial Statements (cont'd)

37. Segment Information (cont'd)

Group	Trading RM	Construction RM	Property Development/ Investment RM	Others RM	Manufacturing RM	Elimination RM	Total RM
2020							
Revenue							
External revenue	98,043	263,172,417	(12,300,190)	-	-	-	250,970,270
Inter-company	-	10,473,021	-	213,287,500	-	(223,760,521)	-
	98,043	273,645,438	(12,300,190)	213,287,500	-	(223,760,521)	250,970,270
Results							
Segment results	(471,720)	4,805,356	(63,021,571)	101,716,762	(114,611)	(228,656,363)	(185,742,147)
Other income	315,319	888,537	414,220	7,062,066	39,181	88,366,220	97,085,543
Finance costs - (net)	(373,013)	(4,337,539)	(20,656,021)	(46,052)	-	-	(25,412,625)
Share of results of joint ventures	-	-	-	-	-	3,763,103	3,763,103
(Loss)/Profit before tax	(529,414)	1,356,354	(83,263,372)	108,732,776	(75,430)	(136,527,040)	(110,306,126)
2019							
Revenue							
External revenue	741,025	1,027,636,913	23,359,502	-	-	-	1,051,737,440
Inter-company	2,089,386	47,568,187	76,007,132	11,400,000	-	(137,064,705)	-
	2,830,411	1,075,205,100	99,366,634	11,400,000	-	(137,064,705)	1,051,737,440
Results							
Segment results	(36,200,102)	163,818,348	(91,598,606)	(134,940,746)	(7,212,000)	173,896,686	67,763,580
Other income	76,015	3,068,986	413,412	2,952,499	58,610	(717,500)	5,852,022
Finance costs - (net)	(752,578)	(4,912,157)	(13,917,382)	(1,366,040)	-	-	(20,948,157)
Share of results of joint ventures	-	-	-	-	-	(37,239)	(37,239)
(Loss)/Profit before tax	(36,876,665)	161,975,177	(105,102,576)	(133,354,287)	(7,153,390)	173,141,947	52,630,206

Notes To The Financial Statements (cont'd)

37. Segment Information (cont'd)

Geographical Segments

Segment information is presented in respect of the Group's geographical segments. The geographical segments are based on the Group's management and internal reporting structure.

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment non-current assets are based on the geographical location of assets. The Group's principal geographical areas for its operations are located in Malaysia and Vietnam.

	Malaysia RM	Vietnam RM	Total RM
2020			
Revenue from external customer by location of customer	91,901,668	159,068,602	250,970,270
Segment non-current assets	1,284,256,838	-	1,284,256,838
2019			
Revenue from external customer by location of customer	234,145,947	817,591,493	1,051,737,440
Segment non-current assets	1,178,983,035	-	1,178,983,035

Major customers

The following are major customers with revenue equal or more than 10% of the Group total revenue:

	2020 RM	Revenue 2019 RM	Segment
Customer A	159,068,602	817,591,493	Construction

38. Financial Instruments

(a) Classification of financial instruments

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	At amortised cost	
	2020 RM	2019 RM
Group		
Financial Assets		
Trade receivables	251,402,184	295,779,409
Other receivables	130,163,387	230,728,903
Amount due from joint ventures	10,588,402	9,203,213
Fixed deposits with licensed banks	46,079,058	49,233,523
Cash and bank balances	128,503,161	102,253,349
	566,736,192	687,198,397

Notes To The Financial Statements (cont'd)

38. Financial Instruments (cont'd)

(a) Classification of financial instruments (cont'd)

	At amortised cost	
	2020	2019
	RM	RM
Financial Liabilities		
Trade payables	358,290,724	446,524,265
Other payables	140,433,869	339,745,020
Bank borrowings	387,092,176	421,454,451
Lease liabilities	272,115	1,511,817
	886,088,884	1,209,235,553
Company		
Financial Assets		
Trade receivables	2,100,000	-
Other receivables	2,541,120	820,221
Amount due from subsidiary companies	501,713,798	423,569,552
Cash and bank balances	93,403,765	1,945,348
	599,758,683	426,335,121
Financial Liabilities		
Other payables	28,879,849	28,962,824
Amount due to subsidiary companies	204,949,447	340,671,675
Lease liabilities	207,183	1,317,130
	234,036,479	370,951,629

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity, foreign currency and interest rate risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's and the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks and financial institutions. The Company's exposure to credit risk arises principally from loans and advances to subsidiary companies and financial guarantees given to banks and financial institutions for credit facilities granted to certain subsidiary companies. There are no significant changes as compared to prior periods.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

Notes To The Financial Statements (cont'd)

38. Financial Instruments (cont'd)

(b) Financial risk management objectives and policies (cont'd)

(i) Credit risk (cont'd)

The Company provides unsecured advances to subsidiary companies. It also provides unsecured financial guarantees to banks and financial institutions for banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

At each reporting date, the Group and the Company assess whether any of the receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represents the Group's and the Company's maximum exposure to credit risk except for bank guarantee issued for execution of contracts of the subsidiary companies and financial guarantees provided to banks and financial institutions for banking facilities granted to certain subsidiary companies. The Group's maximum exposure in this respect is RM41.20 million (2019: RM99.32 million) while the Company's maximum exposure in this respect is RM387.09 million (2019: RM421.29 million), representing the bank guarantee issued and outstanding banking facilities of the subsidiary companies at the end of the reporting period. There was no indication that any subsidiary company would default on repayment as at the end of the reporting period.

The Group's has no significant concentration to credit risk except as disclosed in Notes 13 and 37. The Company has no significant concentration of credit risks except for advances to its subsidiary companies where risks of default have been assessed to be low.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

Notes To The Financial Statements (cont'd)

38. Financial Instruments (cont'd)

(c) Financial risk management objectives and policies (cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group					
2020					
Non-derivative financial liabilities					
Trade payables	358,290,724	-	-	358,290,724	358,290,724
Other payables	140,433,869	-	-	140,433,869	140,433,869
Bank borrowings	89,195,497	179,213,026	266,703,253	535,111,776	387,092,176
Lease liabilities	153,183	134,318	-	287,501	272,115
Financial guarantee*	41,202,615	-	-	41,202,615	-
	629,275,888	179,347,344	266,703,253	1,075,326,485	886,088,884
2019					
Non-derivative financial liabilities					
Trade payables	446,524,265	-	-	446,524,265	446,524,265
Other payables	339,745,020	-	-	339,745,020	339,745,020
Bank borrowings	136,690,084	323,079,683	113,487,474	573,257,241	421,454,451
Lease liabilities	1,464,571	112,464	134,318	1,711,353	1,511,817
Financial guarantee*	61,891,411	-	-	61,891,411	-
	986,315,351	323,192,147	113,621,792	1,423,129,290	1,209,235,553
Company					
2020					
Non-derivative financial liabilities					
Other payables	28,879,849	-	-	28,879,849	28,879,849
Amount due to subsidiary company	204,949,447	-	-	204,949,447	204,949,447
Lease liabilities	84,864	134,318	-	219,182	207,183
Financial guarantee*	387,092,176	-	-	387,092,176	-
	621,006,336	134,318	-	621,140,654	234,036,479

Notes To The Financial Statements (cont'd)

38. Financial Instruments (cont'd)

(c) Financial risk management objectives and policies (cont'd)

(ii) Liquidity risk (cont'd)

	On demand or within 1 year RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Company					
2019					
Non-derivative financial liabilities					
Other payables	28,962,824	-	-	28,962,824	28,962,824
Amount due to subsidiary company	340,671,675	-	-	340,671,675	340,671,675
Lease liabilities	1,284,864	84,864	134,318	1,504,046	1,317,130
Financial guarantee*	421,293,430	-	-	421,293,430	-
	792,212,793	84,864	134,318	792,431,975	370,951,629

* Being bank guarantees issued for execution of contracts of the subsidiary companies and corporate guarantee granted for banking facilities of certain subsidiary companies which will only be encashed in the event of default by these companies.

(iii) Market risk

(a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar ("USD").

The Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	2020 RM	2019 RM
Group		
Denominated in United States Dollar		
Cash and bank balances	42,710,422	83,494,056
Other payables and accruals	(93,983,172)	(45,791,490)
	(51,272,750)	37,702,566
Company		
Denominated in United States Dollar		
Cash and bank balances	20,182,841	264,785
Capital contribution to a subsidiary company	474,046,100	360,646,323
Other payables and accruals	(44,901,955)	(45,791,490)
	449,326,986	315,119,618

Notes To The Financial Statements (cont'd)

38. Financial Instruments (cont'd)

(c) Financial risk management objectives and policies (cont'd)

(iii) Market risk (cont'd)

(a) Foreign currency risk (cont'd)

Foreign currency sensitivity analysis

Foreign currency risk arises from Group entities which have a RM functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

The following table demonstrates the sensitivity of the Group's and of the Company's profit/(loss) before tax to a reasonably possible change in USD exchange rate against RM, with all other variables held constant.

	Change in currency rate RM	2020 Effect on profit before tax RM	2019 Effect on profit before tax RM
Group			
USD	Strengthened 10%	(5,127,275)	3,770,257
	Weakened 10%	5,127,275	(3,770,257)
Company			
USD	Strengthened 10%	44,932,699	31,511,962
	Weakened 10%	(44,932,699)	(31,511,962)

(b) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in market interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in market interest rates.

The Group manages the interest rate risk of its deposits with licensed banks by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

Notes To The Financial Statements (cont'd)

38. Financial Instruments (cont'd)

(c) Financial risk management objectives and policies (cont'd)

(iii) Market risk (cont'd)

(b) Interest rate risk (cont'd)

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Fixed rate instruments				
<i>Financial assets</i>				
Deposits placed with licensed banks	46,079,058	49,233,523	-	-
<i>Financial liabilities</i>				
Factoring payable	(3,057,819)	-	-	-
Lease liabilities	(272,115)	(1,511,817)	(207,183)	(1,317,130)
Term loans	(318,812,493)	(227,500,000)	-	-
	(276,063,369)	(179,778,294)	(207,183)	(1,317,130)
Floating rate instruments				
<i>Financial liabilities</i>				
Bank overdrafts				
- secured	(8,193,362)	(12,572,583)	-	-
Bills payables	(26,175,516)	(43,498,785)	-	-
Revolving credits	-	(11,500,000)	-	-
Term loans	-	(92,500,000)	-	-
Trade commodity financing	(30,852,986)	(33,883,083)	-	-
	(65,221,864)	(193,954,451)	-	-

Notes To The Financial Statements (cont'd)

38. Financial Instruments (cont'd)

(c) Financial risk management objectives and policies (cont'd)

(iii) Market risk (cont'd)

(b) Interest rate risk (cont'd)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in market interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

An increase in 0.5% (2019: 0.5%) interest rate at the end of the reporting period would have decreased the Group's profit before tax by RM326,109 (2019: RM969,772). A decrease in 0.5% (2019: 0.5%) interest rate at the end of the reporting period would have had equal but opposite effect to the aforesaid amounts. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Fair values of financial instruments

The carrying amounts of short term receivables and payables, cash and cash equivalents and short term borrowings approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

Notes To The Financial Statements (cont'd)

39. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

	At 1 January 2020 RM	Financing cash flow (i) RM	Non-cash changes		At 31 December 2020 RM
			New lease RM	Lease modification RM	
Group					
Lease liabilities	1,511,817	(474,034)	35,467	(801,135)	272,115
Term loans	320,000,000	(1,187,507)	-	-	318,812,493
Trade commodity financing	33,883,083	(3,030,097)	-	-	30,852,986
Bill payables	43,498,785	(17,323,269)	-	-	26,175,516
Revolving credits	11,500,000	(11,500,000)	-	-	-
Factoring payable	-	3,057,819	-	-	3,057,819
	410,393,685	(30,457,088)	35,467	(801,135)	379,170,929
Company					
Lease liabilities	1,317,130	(308,812)	-	(801,135)	207,183
Amount due to subsidiary companies	340,671,675	(135,722,228)	-	-	204,949,447
	341,988,805	(136,031,040)	-	(801,135)	205,156,630

- (i) The cash flows make up the net amount of proceeds from or repayments of borrowings in the statements of cash flows.

	At 1 January 2019 RM	Effects of adopting MFRS 16 RM	Non-cash changes		At 31 December 2019 RM
			Financing cash flow (i) RM	New lease RM	
Group					
Finance lease liabilities	516,020	(516,020)	-	-	-
Lease liabilities	-	2,956,276	(1,548,767)	104,308	1,511,817
Term loans	328,500,000	-	(8,500,000)	-	320,000,000
Trade Commodity Financing	34,797,470	-	(914,387)	-	33,883,083
Bill payables	51,778,317	-	(8,279,532)	-	43,498,785
Revolving credits	11,500,000	-	-	-	11,500,000
	427,091,807	2,440,256	(19,242,686)	104,308	410,393,685
Company					
Finance lease liabilities	351,655	(351,655)	-	-	-
Lease liabilities	-	2,487,489	(1,170,359)	-	1,317,130
Amount due to subsidiary companies	139,730,078	-	200,941,597	-	340,671,675
	140,081,733	2,135,834	199,771,238	-	341,988,805

- (i) The cash flows make up the net amount of proceeds from or repayments of borrowings in the statements of cash flows.

Notes To The Financial Statements (cont'd)

40. Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a debt-to-equity ratio. The Group's policy is to maintain a prudent level of debt-to-equity ratio that complies with debt covenants and regulatory requirements. The debt-to-equity ratio at end of the reporting period are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Total loans and borrowings	387,364,291	422,966,268	207,183	1,317,130
Less: Fixed deposits, cash and bank balances	(174,582,219)	(151,486,872)	(93,403,765)	(1,945,348)
Net debts	212,782,072	271,479,396	(93,196,582)	(628,218)
Total equity	1,143,949,257	977,949,070	964,899,064	615,108,231
Debt-to-equity ratio	0.19	0.28	N/A	N/A

There were no changes in the Group's approach to capital management during the financial year.

41. Material Litigation

(a) Star Media Group Berhad ("STAR") Claim

The Star Media Group Berhad ("STAR") had on 30 April 2019 served a Writ of Summons and Statement of Claims against the Company claiming that the Company as corporate guarantor to JAKS Island Circle Sdn Bhd ("JIC") is liable for JIC's purported default of obligations under the Sale and Purchase Agreement ("SPA") dated 19 August 2011 executed by STAR with JIC. The claim is for specific relief and damages for the total amount of RM177.7 million.

On 27 May 2019, the Company also filed its Defence and Counterclaim.

On 1 August 2019, STAR had filed an application pursuant to Order 14A, Order 18 and Order 81 of the Rules of Court 2012 ("ROC") to have their claim decided based on question of law and/or construction of orders and grounds of judgement which they have previously obtained.

On 7 August 2020, the Company announced that the High Court has allowed STAR's application in part and ruled that the Company is to pay damages to STAR, being late payment interest at the rate of 8% per annum on the Balance Purchase Price of RM134,500,000 from 25 October 2015 to 6 July 2020.

Notes To The Financial Statements (cont'd)

41. Material Litigation (cont'd)

(a) Star Media Group Berhad ("STAR") Claim (cont'd)

The Company was further advised by its solicitors that in delivering the High Court's decision: -

- (i) the High Court did not allow STAR's claim for payment of RM134,500,000 being the Balance Purchase Price;
- (ii) the High Court was of the view that delivery of the STAR's entitlement as defined in the Sale and Purchase Agreement dated 19 August 2011, had occurred on 6 July 2020;
- (iii) the High Court did not allow any late payment interest on the Balance Purchase Price thereafter from 6 July 2020;
- (iv) STAR's claim and the Company's counterclaim had been disposed by the High Court.

Accordingly, the Company's counterclaim was struck out.

The Company filed for an appeal to the Court of Appeal against the decision of the High Court on 7 August 2020. Similarly, STAR also appealed to the Court of Appeal against the decision of the High Court on 7 August 2020. Upon counsel's advice, the parties have agreed for both appeals to be heard on 27 July 2021.

(b) Claim against STAR at Kuala Lumpur High Court

On 30 May 2019, the Company and JIC filed a claim against STAR at the Kuala Lumpur High Court for breach of the Sale and Purchase Agreement dated 19 August 2011 on the following reliefs:

- a declaration that the Completion Period for JIC to deliver STAR's entitlement under the SPA is on 20 June 2020;
- a declaration that STAR has breached SPA;
- a declaration that STAR is unjustly enriched;
- the sum of RM248,242,987.62 to be paid to JIC as liquidated ascertained damages;
- the sum of RM297,035,481 to be paid to JRB as loss of proceeds from corporate fund raising exercises;
- the sum of RM50,000,000 together with all interests and all related costs incurred thereto pursuant to the Bank Guarantee that is to be refunded and/or returned to JIC within 7 days from the date of the Court Order, and damages.

Similarly, STAR had filed an application pursuant to Order 14A and Order 18 Rule 19 of the ROC to have Company's claim decided based on question of law and/or construction of orders and grounds of judgement which they have previously obtained.

On 28 September 2020, the High Court dismissed the application filed by STAR. STAR had appealed against the decision dated 28 September 2020.

By consensus of the parties, the appeal will be heard together with the two appeal(s) lodged by the Company and Star against the decision of the High Court dated 7 August 2020 on 27 July 2021.

On 16 April 2021, the Company has filed a Notice of Motion at the Court of Appeal for a Stay of Execution of the Order granted by the High Court on 7 August 2020 following the dismissal of the Company's application for a stay of execution of the similar order at the High Court on 24 March 2021. The Notice of Motion filed at the Court of Appeal for a Stay of Execution of the Order granted by the High Court on 7 August 2020 has been fixed for Case Management on 4 May 2021 and fixed for Hearing on 19 July 2021.

Based on the above and after taking appropriate legal advice, no provision has been made in the financial statements of the Group as at the date of this report. The Directors are of the opinion that the outcome of the legal suits against the Group will not have a material impact on the financial position of the Group.

Notes To The Financial Statements (cont'd)

41. Material Litigation (cont'd)

Insofar as STAR's application to have both suits disposed of summarily on points of law, the solicitors of the Company are sanguine of their chances in defending the applications as the as the underlying disputes involved many issues to be tried which can only be determined through viva voce evidence.

With both the appeals directed to be heard together, the Company is confident that the appeal against the STAR claim will be allowed and the matter be reverted back to the High Court for trial. There is reasonable prospect for the Company to defend STAR's claim, succeed in its counterclaim against STAR and succeed in its claim against STAR.

42. Significant Event During the Financial Year And Subsequent Event

(a) Impact of COVID-19 Pandemic

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as a pandemic in recognition of its rapid spread across the globe. The COVID-19 outbreak has resulted in travel restrictions, quarantines, lockdowns and other precautionary measures imposed by various countries. The emergence of the COVID-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Company and its major subsidiary companies operate.

On 16 March 2020, the Malaysian Government imposed the Movement Control Order ("MCO") from 18 March 2020 and subsequently entered into various phases of the MCO until now to curb the spread of the COVID-19 pandemic in Malaysia.

The implementation of the MCO has affected businesses and economic activities in Malaysia. The Group's local construction works has also been adversely affected by the COVID-19 pandemic and various MCO measures resulting in work interruptions, delays, additional MCO related costs, supply chain disruption as well as shortage of labour and materials. The Group implemented cost containment measures to preserve cashflow and prioritised key projects. Non-essential capital expenditures were deferred.

At the reporting date, the Group and the Company have performed an assessment of the overall impact of the situation on the Group's and the Company's operations, including the recoverability of the carrying amount of assets and measurements of assets and liabilities and concluded that there is no material adverse effect on the financial statements for the financial year ended 31 December 2020, other than as disclosed in the financial statements.

At the reporting date, the Group is in net current assets position of RM162,318,917 (2019:RM47,103,952) with an amount of RM116,533,755 (2019: RM85,976,211) cash and cash equivalents. The Group has sufficient working capital to sustain its business operations and to continue its business as a going concern.

As the situation is still evolving and the uncertainty of the outcome of the current events, the Group will continuously monitor the impact of COVID-19 on its operations and its financial performance. The Group will also be taking appropriate and timely measures in minimising the impact of the pandemic on the Group's operations and financial performance.

(b) Increase in paid up share capital

On 2 March 2021 and 27 April 2021, the Company increased its issued share capital from RM924,998,424 to RM932,095,584 by way of issuance of 14,484,000 ordinary shares through the exercise of the Warrant C 2020/2025 at an exercise price of RM0.49 each for cash consideration.

43. Date of Authorisation for Issue

The financial statements of were authorised for issue by the Board of Directors in accordance with a resolution of the Directors of 21 May 2021.

PROPERTIES OF THE GROUP

As at 31 December 2020

Location /Address	Tenure	Area	Age of Building Approximate Years	Existing Use	Net Book Value RM'000	Date Of Company Acquisition / Revaluation
PT No. 35295 H.S. (D) 283505 Mukim Damansara, Petaling Selangor	Leasehold Property (Duration - 99 years) (Expiry Date: 4/9/2097)	Land area: 182,952 sq. feet	6 years	Investment Properties with Shopping Mall and Car Parks	299,523	23/8/2013
PN 97384, Lot 141, Seksyen 13, Bandar Petaling Jaya, Daerah Petaling, Selangor	Leasehold Land (Duration -99 years) (Expire Date : 21/5/2112)	Land area: 24,569 sq. metres	2 years	Investment Properties Business Hub	239,875	9/8/2017
B-9-28, Level 9, Tower B, Pacific Towers, Jalan 13/6, Section 13, Petaling Jaya, Selangor Darul Ehsan	Leasehold Land (Duration - 99 years) (Expiry Date: 21/5/2112)	Build-up area Land area: 32,545 sq. feet	2 years	Investment Properties Level 9 Tower B	17,542	18/12/2019
P-B1-3, Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land (Duration - 99 years) (Expiry Date: 21/5/2112)	Build-up area 151,141 sq. feet	2 years	Investment Properties Car Park	52,358	14/10/2019
B-16-13A Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Signature office	374 sq. feet	2 years	Vacant	295	18/12/2019
B-16-16 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Signature office	341 sq. feet	2 years	Vacant	276	18/12/2019
B-12-21 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Signature office	521 sq. feet	2 years	Vacant	400	18/12/2019

Properties of The Group

As at 31 December 2020 (cont'd)

Location /Address	Tenure	Area	Age of Building Approximate Years	Existing Use	Net Book Value RM'000	Date Of Company Acquisition / Revaluation
B-03A-01 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Signature office	600 sq. feet	2 years	Vacant	456	18/12/2019
B-06-01 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Signature office	600 sq. feet	2 years	Vacant	456	18/12/2019
B-07-01 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Signature office	600 sq. feet	2 years	Vacant	456	18/12/2019
B-08-01 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Signature office	600 sq. feet	2 years	Vacant	456	18/12/2019
B-08-22 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Signature office	565 sq. feet	2 years	Vacant	428	18/12/2019
B-10-22 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Signature office	600 sq. feet	2 years	Vacant	456	18/12/2019
B-13A-22 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Signature office	600 sq. feet	2 years	Vacant	456	18/12/2019
B-15-21 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Signature office	521 sq. feet	2 years	Vacant	400	18/12/2019

Properties of The Group

As at 31 December 2020 (cont'd)

Location /Address	Tenure	Area	Age of Building Approximate Years	Existing Use	Net Book Value RM'000	Date Of Company Acquisition / Revaluation
B-16-02 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Signature office	521 sq. feet	2 years	Vacant	400	18/12/2019
B-16-22 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Signature office	600 sq. feet	2 years	Vacant	456	18/12/2019
L5-01 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Podium office	1,654 sq. feet	2 years	Vacant	1,035	18/12/2019
L5-02 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Podium office	1,959 sq. feet	2 years	Vacant	1,225	18/12/2019
L5-05 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Podium office	1,605 sq. feet	2 years	Vacant	1,007	18/12/2019
L5-03 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Podium office	3,140 sq. feet	2 years	Vacant	1,786	18/12/2019
L5-03A Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Podium office	1,718 sq. feet	2 years	Vacant	1,078	18/12/2019
C-10-01 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Apartment	1,242 sq. feet	2 years	Vacant	921	18/12/2019

Properties of The Group

As at 31 December 2020 (cont'd)

Location /Address	Tenure	Area	Age of Building Approximate Years	Existing Use	Net Book Value RM'000	Date Of Company Acquisition / Revaluation
C-16-02 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Apartment	988 sq. feet	2 years	Vacant	732	18/12/2019
C-23-03A Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Apartment	988 sq. feet	2 years	Vacant	732	18/12/2019
C-23-06 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Apartment	988 sq. feet	2 years	Vacant	732	18/12/2019
C-28-03A Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Apartment	988 sq. feet	2 years	Vacant	732	18/12/2019
C-32-02 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Apartment	988 sq. feet	2 years	Vacant	732	18/12/2019
D-15-10 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Apartment	622 sq. feet	2 years	Vacant	475	18/12/2019
E-17-01 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Apartment	622 sq. feet	2 years	Vacant	475	18/12/2019
E-17-05 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Apartment	802 sq. feet	2 years	Vacant	608	18/12/2019

Properties of The Group

As at 31 December 2020 (cont'd)

Location /Address	Tenure	Area	Age of Building Approximate Years	Existing Use	Net Book Value RM'000	Date Of Company Acquisition / Revaluation
E-17-06 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Apartment	723 sq. feet	2 years	Vacant	550	18/12/2019
09-02 Pacific 63@PJ Centre Jalan 13/6, Seksyen 13 Daerah Petaling, Selangor	Leasehold Land Signature Suite	1,181 sq. feet	2 years	Vacant	774	31/12/2019
18-06 Pacific 63@PJ Centre Jalan 13/6, Seksyen 13 Daerah Petaling, Selangor	Leasehold Land Signature Suite	1,227 sq. feet	2 years	Vacant	800	31/12/2019
18-25 Pacific 63@PJ Centre Jalan 13/6, Seksyen 13 Daerah Petaling, Selangor	Leasehold Land Signature Suite	1,012 sq. feet	2 years	Vacant	666	31/12/2019
09-01 Pacific 63@PJ Centre Jalan 13/6, Seksyen 13 Daerah Petaling, Selangor	Leasehold Land Signature Suite	1,181 sq. feet	2 years	Vacant	774	31/12/2019
PN115285 Pacific 63@PJ Centre Jalan 13/6, Seksyen 13 Daerah Petaling, Selangor	Leasehold Property (Duration - 99 years) (Expiry Date: 15/4/2113)	18,524 sq. feet	2 years	Investment Properties Car Park	14,700	31/12/2019
No. 924/1F, Storey No.1st Floor, Building No. Block: Front Unit Type 3, Taman Desa Cheras, Kuala Lumpur	Freehold Property 1st Floor of 3 Storey Shophouse	Building area : 64.82 sq. metres (697.72 sq. feet)	18 Years	Vacant	43	23/12/2003

Properties of The Group

As at 31 December 2020 (cont'd)

Location /Address	Tenure	Area	Age of Building Approximate Years	Existing Use	Net Book Value RM'000	Date Of Company Acquisition / Revaluation
PN 30824, Lot. No. 18503, Mukim of Rawang, District of Gombak, State of Selangor	Leasehold Land (Duration - 99 Years) (Expiry date 11/7/2060)	Land area: 1,496 sq. Feet Built up area : 1,280 sq. Feet	9 years	Shoplot for investment	182	27/3/2012
H S (D) 224763, Lot No. PTD 42125, Mukim Senai, Kulai, Daerah Johor Bahru, Johor Darul Takzim	Freehold Single-storey Terrace House	Land area: 133.96 sq. metres (1,442 sq. feet)	18 Years	Vacant	88	5/11/2003
H S (D) 224752, Lot No. PTD 42114, Mukim Senai, Kulai, Daerah Johor Bahru, Johor Darul Takzim	Freehold Single-storey Terrace House	Land area: 133.96 sq. metres (1,442 sq. feet)	18 Years	Vacant	92	5/11/2003
B-17-09 Villa Kejora Type A Rilau Penang	Freehold Apartment	700 sq. feet	22 Years	Apartment for investment	68	12/3/1999
GRN 33068 Lot no. 562, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 36.2520 acres	1 Year	Vacant	3,145	13/8/2019
GRN 33069 Lot no. 565, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 58.2029 acres	1 Year	Vacant	5,058	13/8/2019
GM 1916 Lot no. 6381, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 0.4895 acres	1 Year	Vacant	40	13/8/2019
GM 1917 Lot no. 6382, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 2.4127 acres	1 Year	Vacant	201	13/8/2019

Properties of The Group

As at 31 December 2020 (cont'd)

Location /Address	Tenure	Area	Age of Building Approximate Years	Existing Use	Net Book Value RM'000	Date Of Company Acquisition / Revaluation
GRN 51894 Lot no. 735, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 21.5642 acres	1 Year	Vacant	1,866	13/8/2019
GRN 51895 Lot no. 736, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 6.8469 acres	1 Year	Vacant	582	13/8/2019
GRN 49254 Lot no. 737, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 42.3869 acres	1 Year	Vacant	3,684	13/8/2019
GRN 49255 Lot no. 738, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 27.9091 acres	1 Year	Vacant	2,420	13/8/2019
GRN 49256 Lot no. 739, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 6.9545 acres	1 Year	Vacant	575	13/8/2019
GRN 49257 Lot no. 740, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 5.0606 acres	1 Year	Vacant	422	13/8/2019
GRN 51898 Lot no. 1202, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 1.5630 acres	1 Year	Vacant	130	13/8/2019

Properties of The Group

As at 31 December 2020 (cont'd)

Location /Address	Tenure	Area	Age of Building Approximate Years	Existing Use	Net Book Value RM'000	Date Of Company Acquisition / Revaluation
GM 610 Lot no. 1212, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 0.5600 acres	1 Year	Vacant	46	13/8/2019
GM 302 Lot no. 1213, Sungai Kechil, Nibong Tebal, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 0.5844 acres	1 Year	Vacant	48	13/8/2019
GM 611 Lot no. 1214, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 0.9869 acres	1 Year	Vacant	82	13/8/2019
GM 612 Lot no. 1215, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 6.0875 acres	1 Year	Vacant	515	13/8/2019
GM 613 Lot no. 1216, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 2.7125 acres	1 Year	Vacant	226	13/8/2019
GM 614 Lot no. 1217, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 2.1750 acres	1 Year	Vacant	181	13/8/2019
GM 615 Lot no. 1220, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 5.8062 acres	1 Year	Vacant	491	13/8/2019

Properties of The Group

As at 31 December 2020 (cont'd)

Location /Address	Tenure	Area	Age of Building Approximate Years	Existing Use	Net Book Value RM'000	Date Of Company Acquisition / Revaluation
GM 616 Lot no. 1221, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 1.1781 acres	1 Year	Vacant	98	13/8/2019
GM 1736 Lot no. 6386, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 0.6415 acres	1 Year	Vacant	53	13/8/2019
GM 1737 Lot no. 6387, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 0.1698 acres	1 Year	Vacant	14	13/8/2019
GRN 32742 Lot no. 1264, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 15.8620 acres	1 Year	Vacant	1,369	13/8/2019
GM 656 Lot no. 1287, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 5.0187 acres	1 Year	Vacant	409	13/8/2019
GRN 32748 Lot no. 1289, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 18.5440 acres	1 Year	Vacant	1,595	13/8/2019
GRN 14033 Lot no. 1298, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 15.0750 acres	1 Year	Vacant	1,300	13/8/2019

Properties of The Group

As at 31 December 2020 (cont'd)

Location /Address	Tenure	Area	Age of Building Approximate Years	Existing Use	Net Book Value RM'000	Date Of Company Acquisition / Revaluation
GM 872 Lot no. 1300, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 3.2810 acres	1 Year	Vacant	274	13/8/2019
GM 662 Lot no. 1301, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 6.4250 acres	1 Year	Vacant	545	13/8/2019
GM 665 Lot no. 1304, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 1.5194 acres	1 Year	Vacant	126	13/8/2019
GRN 51899 Lot no. 1305, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 20.4370 acres	1 Year	Vacant	1,768	13/8/2019
GRN 32749 Lot no. 1306, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 30.9999 acres	1 Year	Vacant	2,690	13/8/2019

ANALYSIS OF SHAREHOLDINGS

AS AT 23 APRIL 2021

Total number of issued shares
and class of shares : 1,755,170,607 Ordinary Shares
Voting Right : One vote per Ordinary Share held

ANALYSIS OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	(%)	No. of Shares	(%)
1 – 99	1,028	4.06	35,939	0.00
100 – 1,000	6,295	24.84	2,201,760	0.13
1,001 – 10,000	8,929	35.24	51,617,843	2.94
10,001 – 100,000	7,305	28.83	256,376,142	14.61
100,001 – 87,758,529 (*)	1,780	7.03	1,292,747,663	73.65
87,758,530 and above (**)	1	0.00	152,191,260	8.67
	25,338	100.00	1,755,170,607	100.00

NOTES: * Less than 5% of the issued shares
** 5% and above of the issued shares

30 LARGEST SHAREHOLDERS AS AT 23 APRIL 2021

Names	No. of Shares	(%)
1. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lam Poah	152,191,260	8.67
2. RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lam Poah	49,828,896	2.84
3. DB (Malaysia) Nominee (Asing) Sdn Bhd SSBT Fund VVNM for Vaneck Vectors Vietnam ETF	48,524,400	2.76
4. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lam Poah	24,050,000	1.37
5. Liew Moi Fah	22,800,000	1.30
6. AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ooi Chin Hock	20,817,900	1.19
7. Maybank Investment Bank Berhad IVT (10)	20,056,800	1.14
8. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Saw Chai Soon	17,800,000	1.01
9. Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Swee Sek	16,500,000	0.94
10. Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lam Poah	15,990,000	0.91
11. Tan Eng Piow	15,141,900	0.86

Analysis Of Shareholdings

As at 23 April 2021 (cont'd)

30 LARGEST SHAREHOLDERS AS AT 23 APRIL 2021 (cont'd)

	Names	No. of Shares	(%)
12.	Dennis Koh Seng Huat	12,620,000	0.72
13.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohamad Zaidee Bin Abang Hipni	12,550,000	0.72
14.	Chor Chee Heung	12,540,000	0.71
15.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lam Poah	10,920,000	0.62
16.	Malacca Equity Nominees (Tempatan) Sdn Bhd Exempt an for Phillip Capital Management Sdn Bhd	10,915,917	0.62
17.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mat Nasir Bin Mohamed	10,600,000	0.60
18.	Ang Ken Seng	10,551,000	0.60
19.	Maybank Nomiees (Tempatan) Sdn Bhd Mtrustee Berhad for Tenaga Nasional Berhad Retirement Benefit Trust Fund	10,400,000	0.59
20.	Maybank Nominees (Tempatan) Sdn Bhd National Trust Fund	10,353,700	0.59
21.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Affin Hwang Aiiman Growth Fund	10,015,880	0.57
22.	Citigroup Nominees (Tempatan) Sdn Bhd Urusharta Jamaah Sdn Bhd	9,806,180	0.56
23.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Loo Kee Seng	9,574,600	0.55
24.	Malacca Equity Nominees (Tempatan) Sdn Bhd Exempt an for Phillip Capital Management Sdn Bhd	9,041,900	0.52
25.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Khor Kim Hock	8,355,200	0.48
26.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teh Poo Seng	8,000,000	0.46
27.	Cartaban Nominees (Tempatan) Sdn Bhd PAMB for Prulink Equity Fund	7,999,940	0.46
28.	Chow Chzee Wee	7,800,000	0.44
29.	Teh Poh Guan	7,800,000	0.44
30.	Tang Khai Hing	7,400,000	0.42

Analysis Of Shareholdings

As at 23 April 2021 (cont'd)

DIRECTORS' SHAREHOLDING AS AT 23 APRIL 2021

Names of Directors	No. of Shares	Ordinary Shares	
		Direct Interest (%)	Indirect Interest (%)
Ang Lam Poah	265,065,356	15.10	-
Dato' Razali Merican Bin Naina Merican	4,030,000	0.23	-
Ang Lam Aik	-	-	-
Dato' Azman Bin Mahmood	-	-	-
Liew Jee Min @ Chong Jee Min	-	-	-
Tan Sri Datuk Hussin Bin Haji Ismail	-	-	-
Tan Sri Dato' Haji Abd Karim Bin Shaikh Munisar	-	-	-
Khor Hun Nee	-	-	-

Name of Director	Long Term Incentive Plan ("LTIP Option")	
	No. of LTIP Option	(%)
Ang Lam Aik	1,414,587	9.03

Shares in related corporation

By virtue of Mr Ang Lam Poah and Dato' Razali Merican Bin Naina Merican's interest in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, they are deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in shares of the Company and its related corporations during the financial year.

SUBSTANTIAL SHAREHOLDERS AS AT 23 APRIL 2021

Substantial Shareholders	No. of Shares	Direct Interest		No. of Shares	Indirect Interest (%)
		(%)	(%)		
1. Ang Lam Poah	265,065,356	15.10	-	-	-

ANALYSIS OF WARRANT B HOLDINGS AS AT 23 APRIL 2021

Total number of issued securities : 171,488,238 Warrants B
Voting Right : No voting rights
Exercise Price : RM0.34
Maturity Date : 13 December 2023

Analysis of Warrant B Holdings

Size of Holdings	No. of Warrant B Holders	(%)	No. of Warrant B	(%)
1 – 99	144	10.98	8,283	0.00
100 – 1,000	79	6.03	41,632	0.02
1,001 – 10,000	398	30.36	2,367,393	1.38
10,001 – 100,000	525	40.05	20,481,210	11.94
100,001 – 8,574,410 (*)	161	12.28	85,469,629	49.84
8,574,411 and above (**)	4	0.31	63,120,091	36.81
	1,311	100.00	171,488,238	100.00

NOTES: * Less than 5% of the issued warrants
** 5% and above of the issued warrants

30 LARGEST WARRANT B HOLDERS AS AT 23 APRIL 2021

Names	No. of Warrant B	(%)
1. Chong Kok Foo	23,152,133	13.50
2. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lam Poah	20,826,359	12.14
3. HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Loo Kee Seng	10,370,749	6.05
4. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lam Poah	8,770,850	5.11
5. AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lam Poah	7,775,240	4.53
6. Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lam Poah	5,641,790	3.29
7. Original Invention Sdn Bhd	5,215,100	3.04
8. Koh Seng Poh	3,054,011	1.78
9. Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lam Poah	2,351,536	1.37
10. Wilfred Koh Seng Han	2,295,522	1.34
11. CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohammed Amin Bin Mahmud	1,729,500	1.01

Analysis Of Warrant B Holdings

As at 23 April 2021 (cont'd)

30 LARGEST WARRANT B HOLDERS AS AT 23 APRIL 2021 (cont'd)

	Names	No. of Warrant B	(%)
12.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account-AMBank (M) Bhd for Ang Lam Poah	1,706,760	1.00
13.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Chong Yeow	1,650,000	0.96
14.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account-AMBank (M) Bhd for Razali Merican Bin Naina Merican	1,469,710	0.86
15.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lian Woon Seng	1,420,787	0.83
16.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sia Ngo Hin	1,356,305	0.79
17.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Keng Aik	1,230,000	0.72
18.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Winston Paul A/L Moses Richardson	1,200,030	0.70
19.	Quah Siew Lan	1,170,458	0.68
20.	Loo Kee Seng	1,139,564	0.66
21.	Ang Hui Chan	1,100,000	0.64
22.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ooi Chin Hock	1,075,680	0.63
23.	Maybank Nominees (Tempatan) Sdn Bhd Tan Huat Eng	1,000,000	0.58
24.	Ooi Chin Hock	959,516	0.56
25.	Choong Yoke Lee	925,000	0.54
26.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Tze Peng	900,000	0.52
27.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Foo Yuk Wai	896,700	0.52
28.	Public Invest Nominees (Asing) Sdn Bhd Exempt An For Phillip Securities Pte Ltd	895,798	0.52
29.	Yap Pow On	892,394	0.52
30.	Tan Yann-Yun	879,929	0.51

Analysis Of Warrant B Holdings

As at 23 April 2021 (cont'd)

DIRECTORS' WARRANT B HOLDING AS AT 23 APRIL 2021

Names of Directors	Warrant B		Warrant B	
	Direct Interest		Indirect Interest	
	No. of	(%)	No. of	(%)
	Warrant B		Warrant B	
Ang Lam Poah	47,082,018	27.45	-	-
Dato' Razali Merican Bin Naina Merican	1,469,710	0.86	*5,215,100	3.04
Ang Lam Aik	-	-	-	-
Dato' Azman Bin Mahmood	-	-	-	-
Liew Jee Min @ Chong Jee Min	-	-	-	-
Tan Sri Datuk Hussin Bin Haji Ismail	-	-	-	-
Tan Sri Dato' Haji Abd Karim Bin Shaikh Munisar	-	-	-	-
Khor Hun Nee	-	-	-	-

NOTES:

* Deemed interest by virtue of his interest in Original Invention Sdn Bhd

SUBSTANTIAL WARRANT B HOLDERS AS AT 23 APRIL 2021

Substantial Warrant Holders	Warrant B		Warrant B	
	Direct Interest		Indirect Interest	
	No. of	(%)	No. of	(%)
	Warrant B		Warrant B	
1. Ang Lam Poah	47,082,018	27.45	-	-
2. Chong Kok Foo	23,152,133	13.50	-	-
3. Loo Kee Seng	11,510,313	6.71	-	-

ANALYSIS OF WARRANT C HOLDINGS AS AT 23 APRIL 2021

Total number of issued securities : 540,050,650 Warrants C
Voting Right : No voting rights
Exercise Price : RM0.49
Maturity Date : 18 November 2025

Analysis of Warrant C Holdings

Size of Holdings	No. of Warrant C Holders	(%)	No. of Warrant C	(%)
1 – 99	213	4.32	10,839	0.00
100 – 1,000	421	8.53	190,538	0.04
1,001 – 10,000	1,643	33.29	9,115,262	1.69
10,001 – 100,000	1,989	40.30	76,328,716	14.13
100,001 – 27,002,244 (*)	668	13.54	407,571,465	75.47
27,002,245 and above (**)	1	0.02	46,828,080	8.67
	4,935	100.00	540,044,900	100.00

NOTES: * Less than 5% of the issued warrants
** 5% and above of the issued warrants

30 LARGEST WARRANT C HOLDERS AS AT 23 APRIL 2021

Names	No. of Warrant C	(%)
1. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lam Poah	46,828,080	8.67
2. RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lam Poah	15,331,968	2.84
3. Maybank Investment Bank Berhad (IVT)	14,480,000	2.68
4. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Saw Chai Soon	9,755,400	1.81
5. Tan Eng Piow	9,431,650	1.75
6. Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ooi Chin Hock	9,334,100	1.73
7. Liew Moi Fah	8,400,050	1.56
8. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lam Poah	7,400,000	1.37
9. Ang Ken Seng	5,408,000	1.00
10. Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lam Poah	4,920,000	0.91
11. Maybank Nominees (Tempatan) Sdn Bhd Etika Life Insurance Berhad (Growth)	4,588,250	0.85

Analysis Of Warrant C Holdings

As at 23 April 2021 (cont'd)

30 LARGEST WARRANT C HOLDERS AS AT 23 APRIL 2021 (cont'd)

	Names	No. of Warrant C	(%)
12.	Chor Chee Heung	4,320,000	0.80
13.	CIMB Group Nominees (Tempatan) Sdn Bhd Exempt an for Petroliam Nasional Berhad	4,143,100	0.77
14.	Teh Poo Seng	3,887,700	0.72
15.	Dennis Koh Seng Huat	3,860,000	0.71
16.	Lee Bon Hwa	3,765,200	0.70
17.	Leng Thean Paul	3,700,700	0.69
18.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teh Poo Seng	3,630,000	0.67
19.	Chong Kim Foo	3,600,000	0.67
20.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lai Cheng Kuan	3,500,000	0.65
21.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lam Poah	3,360,000	0.62
22.	Citigroup Nominees (Tempatan) Sdn Bhd Urusharta Jamaah Sdn Bhd	3,145,640	0.58
23.	Maybank Nominees (Tempatan) Sdn Bhd Etika Life Insurance Berhad (Dana EKT PRIMA)	3,104,350	0.57
24.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Swee Sek	3,000,000	0.56
25.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Hon Chee Hooi	2,908,500	0.54
26.	Maybank Nominees (Tempatan) Sdn Bhd Etika Life Insurance Berhad (Balance)	2,819,600	0.52
27.	Wong Guang Seng	2,656,000	0.49
28.	Chong Kok Foo	2,608,800	0.48
29.	Cartaban Nominees (Tempatan) Sdn Bhd PAMB for Prulink Equitiy Fund	2,605,520	0.48
30.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Kae Shyong	2,541,000	0.47

Analysis Of Warrant C Holdings

As at 23 April 2021 (cont'd)

DIRECTORS' WARRANT C HOLDING AS AT 23 APRIL 2021

Names of Directors	Warrant C		Warrant C	
	Direct Interest		Indirect Interest	
	No. of	(%)	No. of	(%)
	Warrant C		Warrant C	
Ang Lam Poah	81,737,647	15.14	-	-
Dato' Razali Merican Bin Naina Merican	1,240,000	0.23	-	-
Ang Lam Aik	-	-	-	-
Dato' Azman Bin Mahmood	-	-	-	-
Liew Jee Min @ Chong Jee Min	-	-	-	-
Tan Sri Datuk Hussin Bin Haji Ismail	-	-	-	-
Tan Sri Dato' Haji Abd Karim Bin Shaikh Munisar	-	-	-	-
Khor Hun Nee	-	-	-	-

SUBSTANTIAL WARRANT C HOLDERS AS AT 23 APRIL 2021

Substantial Warrants Holder	Warrant C		Warrant C	
	Direct Interest		Indirect Interest	
	No. of	(%)	No. of	(%)
	Warrant C		Warrant C	
1. Ang Lam Poah	81,737,647	15.14	-	-

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Nineteenth Annual General Meeting ("19th AGM") of the Company will be held on a fully virtual basis at the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Tuesday, 29 June 2021 at 2.30 p.m. for the purpose of considering the following businesses:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon.
2. To re-elect the following directors, who are retiring pursuant to Article 100(3) of the Company's Constitution and who being eligible offer themselves for re-election:

(i) Mr Ang Lam Poah	Resolution 1
(ii) Mr Ang Lam Aik	Resolution 2
(iii) Tan Sri Datuk Hussin Bin Haji Ismail	Resolution 3
3. To approve the payment of Directors' Fees of RM8,000 per month for each of the Non-Executive Directors with effect from 1 January 2021 until June 2022. **Resolution 4**
4. To approve the payment of Meeting Attendance Allowances of RM2,000 per meeting for each Director and an additional RM500 per meeting for the Chairman of the meeting with effect from July 2021 until June 2022. **Resolution 5**
5. To re-appoint Messrs. UHY as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Resolution 6**

SPECIAL BUSINESS

6. To consider and if thought fit, pass the following resolutions:

ORDINARY RESOLUTION:

Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016

Resolution 7

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016 and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 20% of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

ORDINARY RESOLUTION:

Continuation in office as Independent Non-Executive Director

Resolution 8

"THAT approval be and is hereby given to Tan Sri Datuk Hussin Bin Haji Ismail who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company."

ORDINARY RESOLUTION:

Continuation in office as Independent Non-Executive Director

Resolution 9

"THAT approval be and is hereby given to Mr Liew Jee Min @ Chong Jee Min who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company."

Notice Of Nineteenth Annual General Meeting

(cont'd)

ORDINARY RESOLUTION:**Resolution 10****Continuation in office as Independent Non-Executive Director**

"THAT approval be and is hereby given to Dato' Azman Bin Mahmood who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company."

ORDINARY RESOLUTION:**Proposed Grant to Non-Executive Directors Pursuant to the Long Term Incentive Plan 2016 (LTIP)**

"THAT pursuant to the establishment of the LTIP for the eligible employees and Directors of the Company and its subsidiaries who fulfil the conditions of eligibility for participation in the LTIP as approved by the shareholders at the Extraordinary General Meeting held on 28 June 2016, the Directors of the Company be and are hereby authorised at any time, and from time to time, to award the following Non-Executive Directors and to allot and issue and/or deliver such number of Share Options and the new Shares arising therefrom, pursuant to the Share Option Plan, provided always that not more than ten percent (10%) (or such percentage as permitted by the relevant authorities) of the Shares available under the Company's LTIP shall be allocated to any Eligible Person who, either singly or collectively through persons connected with the Eligible Person, holds twenty percent (20%) or more of the issued and paid-up share capital (excluding treasury shares) of the Company, subject always to such terms and conditions and/or adjustments which may be made in accordance with the By-Laws governing and constituting the LTIP:

- (i) Tan Sri Dato' Hj. Abd. Karim Bin Shaikh Munisar
- (ii) Ms Khor Hun Nee"

Resolution 11**Resolution 12****By Order of the Board,****LEONG OI WAH (MAICSA 7023802)****SSM PRACTICING CERTIFICATE 201908000717****Company Secretary**

Petaling Jaya
31 May 2021

IMPORTANT NOTICE ON REMOTE PARTICIPATION AND VOTING:

1. In view of the social distancing requirements under the Movement Control Order ("MCO") that was issued following the COVID-19 outbreak, the 19th AGM will be conducted through live streaming and online voting using Remote Participation and Voting ("RPV") facilities which are available on Tricor's TIIH Online website at <https://tiih.online>. Please refer to Administrative Details for the 19th AGM in order to register, participate and vote remotely via the RPV facilities.
2. The venue of the 19th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. No Members/Proxy(ies) will be allowed to be physically present at the Broadcast Venue as the Company has to comply with the MCO social distancing requirements.
3. Shareholders/Proxy(ies) who wish to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") may do so remotely via the RPV facilities. Please follow the procedures provided in the Administrative Details for the 19th AGM in order to register, participate and vote remotely.

Notice Of Nineteenth Annual General Meeting

(cont'd)

PROXY NOTES

1. A Member of the Company who is entitled to participate at this meeting via RPV is entitled to appoint a proxy or in the case of a corporation, to appoint a duly authorised representative to participate and to vote in his stead.
2. When a Member appoints two or more proxies, the proxies shall not be valid unless the Member specifies the proportion of his shareholdings to be represented by each proxy.
3. The instrument appointing proxy shall be in writing under the hands of the appointed or of his attorney duly authorised in writing or, if such be executed appointed is a corporation under its common seal, or the hand of its attorney.
4. A Member who has appointed a proxy or attorney or authorized representative to attend, participate, speak and vote at this 19th AGM via RPV facilities must request his/her proxy to register himself/herself at TIH Online website at <https://tjih.online>. Please follow the Procedures for RPV in the Administrative Details for Shareholders on 19th AGM.

The instrument appointing a proxy together with the power of attorney (as the case may be) must be deposited at the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur at least 48 hours before the time appointed for holding the meeting or adjourned meeting.

5. Depositors who appear in the Record of Depositors as at 22 June 2021 shall be regarded as Member of the Company entitled to attend the 19th AGM or appoint a proxy to attend and vote on his behalf.

NOTES ON SPECIAL BUSINESS:

Resolution 7:

The proposed Ordinary Resolution will give powers to the Directors to issue up to a maximum twenty per centum (20%) of the total number of issued shares of the Company for the time being for such purposes as the Directors would consider in the best interest of the Company ("20% General Mandate"). This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting of the Company.

The 20% General Mandate sought for issue of securities is a renewal mandate taking into account the flexibility given by Bursa Malaysia Securities Berhad vide their letter dated 16 April 2020 for listed issuers to seek a higher general mandate of not more than 20% of the total number of the Company's issued shares (including treasury shares) for the issue of new securities.

The Board of Directors of JRB is of the view that it is in the best interest of the Company and its shareholders as the Company to have a higher general mandate to enable the Company to undertake a fund-raising exercise expediently and for larger amount of proceeds to be raised to meet any potential shortfalls in financing needs.

The 20% General Mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions or the issuance of shares as consideration for the acquisition of assets.

The Board has proposed the utilisation of the mandate obtained at the 18th AGM in 2020 for authority to allot shares of the Company up to 20% of the total number of issued shares of the Company.

The Board of Directors takes cognizance that the 20% General Mandate may be utilised until 31 December 2021. Should the Company decide to utilise this mandate after 31 December 2021, the Board will only issue up to 10% of the total number of issued shares.

Notice Of Nineteenth Annual General Meeting

(cont'd)

Resolutions 8, 9 & 10:

Tan Sri Datuk Hussin Bin Haji Ismail, Mr Liew Jee Min @ Chong Jee Min and Dato' Azman Bin Mahmood have served as Independent Non-Executive Directors for more than 9 years.

The Nomination Committee and the Board have assessed the independence of Tan Sri Datuk Hussin Bin Haji Ismail, Mr Liew Jee Min @ Chong Jee Min and Dato' Azman Bin Mahmood at its meetings held on 26 March 2021 and have recommended that they continue to act as Independent Non-Executive Directors of the Company based on the following justifications:

- a) They have declared and affirmed their independence as per the definition of the Listing Requirements
- b) They have actively participated in board discussion and provided an independent voice on the Board.
- c) They provide a check and balance and bring an element of objectivity to the Board of Directors.
- d) They continue to be scrupulously independent in their thinking and in their effectiveness as constructive challengers of the Chief Executive Officer and Executive Directors.

Resolutions 11 & 12:

The Company had obtained approval from the shareholders of the Company on 28 June 2016 to establish a Long-Term Incentive Plan ("LTIP") for the eligible employees and Directors of the Company and its subsidiaries who fulfil the conditions of eligibility for participation in the LTIP.

Tan Sri Dato' Hj. Abd. Karim Bin Shaikh Munisar and Ms. Khor Hun Nee were appointed as Independent Directors of the Company subsequent to the LTIP approval, i.e on 17 April 2019 and 2 December 2019 respectively. The Board has considered their contribution and recommend for their valued services to be rewarded.

The proposed Ordinary Resolutions 11 and 12, if passed, will enable the Company to award the Non-Executive Directors and to allot and issue and/or deliver such number of Share Options and the new Shares arising therefrom.

This page is intentionally left blank

**JAKS RESOURCES BERHAD**

Registration No. 200201017985 (585648-T)

PROXY FORM

CDS Account No.:	
Number of Shares Held:	

*I/We _____ (Full Name in Block Letters) _____

(NRIC (New)/Registration No.): of _____

(Address) being *a member / members of JAKS Resources Berhad, hereby appoint

Full Name and Address (in Block Letters)	NRIC/Passport No.	Contact No.	No. of share and % of shareholding
and			
Full Name and Address (in Block Letters)	NRIC/Passport No.	Contact No.	No. of share and % of shareholding

or failing *him/*her/*them, the Chairman of the Meeting as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf, and if necessary, to demand a poll, at the Nineteenth Annual General Meeting of the Company to be held on a fully virtual basis at the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Tuesday, 29 June 2021 at 2.30 p.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any item arising not summarised below, *my/our *proxy/proxies may vote or abstain from voting at his/her discretion.

No.	Resolutions	For#	Against#
1.	Re-election of Mr Ang Lam Poah as Director		
2.	Re-election of Mr Ang Lam Aik as Director		
3.	Re-election of Tan Sri Datuk Hussin Bin Haji Ismail as Director		
4.	Payment of Directors' Fees		
5.	Payment of Meeting Allowance		
6.	Re-appointment of Messrs UHY as Auditors		
7.	Approval to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016		
8.	Approval for the continuation in office of Tan Sri Datuk Hussin Bin Haji Ismail as Independent Non-Executive Director		
9.	Approval for the continuation in office of Mr Liew Jee Min @ Chong Jee Min as Independent Non-Executive Director		
10.	Approval for the continuation in office of Dato' Azman Bin Mahmood as Independent Non-Executive Director		
11.	Proposed Grant to Tan Sri Dato' Hj. Abd. Karim Bin Shaikh Munisar		
12.	Proposed Grant to Ms Khor Hun Nee		

Please indicate your vote "For" or "Against" with an "X" within the box provided.

* Delete if not applicable

Signed this _____ day of _____ 2021

Signature/Common Seal of Shareholder(s)

NOTES:

- A Member of the Company who is entitled to participate at this meeting via RPV is entitled to appoint a proxy or in the case of a corporation, to appoint a duly authorised representative to participate and to vote in his stead.
- When a Member appoints two or more proxies, the proxies shall not be valid unless the Member specifies the proportion of his shareholdings to be represented by each proxy.
- The instrument appointing proxy shall be in writing under the hands of the appointed or of his attorney duly authorised in writing or, if such be executed appointed is a corporation under its common seal, or the hand of its attorney.
- A Member who has appointed a proxy or attorney or authorized representative to attend, participate, speak and vote at this 19th AGM via RPV facilities must request his/her proxy to register himself/herself at TIH Online website at <https://tiih.online>. Please follow the Procedures for RPV in the Administrative Details for Shareholders on 19th AGM.
The instrument appointing a proxy together with the power of attorney (as the case may be) must be deposited at the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur at least 48 hours before the time appointed for holding the meeting or adjourned meeting.
- Depositors who appear in the Record of Depositors as at 22 June 2021 shall be regarded as Member of the Company entitled to attend the Nineteenth Annual General Meeting or appoint a proxy to attend and vote on his behalf.

Fold here



JAKS RESOURCES BERHAD (200201017985 [585648-T])
c/o TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur

Fold here



JAKS RESOURCES BERHAD

200201017985 (585648-T)

Unit B-09-28, Tower B, Pacific Towers ,
Jalan 13/6, Section 13, 46200 Petaling Jaya, Selangor Darul Ehsan
Tel : +603-7660 3333 Fax : +603-7660 8993

www.jaks.com.my