GAGASAN NADI CERGAS
BERHAD 201701024800(1238966-U)

BUILDING ON OUR CORE STRENGTH

Annual Report 2020

BUILDING ON OUR CORE STRENGTH

Despite the strong headwinds caused by the unprecedented COVID-19 pandemic, Gagasan Nadi Cergas Berhad remained resilient and dug deep within our core competencies to weather the storm.

Our four-pronged business model enabled us to deliver an encouraging performance for the year, supplemented by several affordable housing contracts which were secured even during the tumultuous period. This is a strong testament to our 20-year reputation of stellar building expertise and capabilities.

In our property development segment, we made great headway with the on-track progress of our Antara high-rise building and the launch of our new affordable township development in Selindung Ulu Yam Project.

Hence, Gagasan Nadi Cergas Berhad will continue building on our core strength to generate increasing value to our shareholders.

4TH ANNUAL GENERAL MEETING 2021

Date & Time : **Monday**
13 September 2021
10.00 a.m.

Venue : Ballroom III
Tropicana Golf & Country Resort
Jalan Kelab Tropicana
47410 Petaling Jaya
Selangor Darul Ehsan

Contents

Corporate Information

BOARD OF DIRECTORS

Ir. Dr. Muhamad Fuad Bin Abdullah
Independent Non-Executive Chairman

Haji Wan Azman Bin Wan Kamal
Group Managing Director

Dato' Sri Subahan Bin Kamal
Executive Director

Professor Emerita Siti Naaishah Hambali
Independent Non-Executive Director

Chng Boon Huat
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Chng Boon Huat - *Chairman*
Ir. Dr. Muhamad Fuad Bin Abdullah
Professor Emerita Siti Naaishah Hambali

REMUNERATION COMMITTEE

Professor Emerita Siti Naaishah Hambali - *Chairman*
Ir. Dr. Muhamad Fuad Bin Abdullah
Chng Boon Huat

NOMINATION COMMITTEE

Ir. Dr. Muhamad Fuad Bin Abdullah - *Chairman*
Professor Emerita Siti Naaishah Hambali
Chng Boon Huat

COMPANY SECRETARIES

Wong Wai Foong (SSM PC No. 202008001472)
(MAICSA 7001358)
Lim Hooi Mooi (SSM PC No. 201908000134)
(MAICSA 0799764)
Ong Wai Leng (SSM PC No. 202008003219)
(MAICSA 7065544)

HEAD OFFICE

F-1 @ 8 Suria
33, Jalan PJU 1/42
47301 Petaling Jaya
Selangor Darul Ehsan
T +603-7887 3388
F +603-7887 3355
E hq@nadicergas.com
W nadicergas.com

REGISTERED OFFICE

Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
T +603-2783 9191
F +603-2783 9111

SPONSOR

TA Securities Holdings Berhad
29th Floor, Menara TA One
22, Jalan P. Ramlee
50250 Kuala Lumpur
T +603-2072 1277
F +603-2161 2693

AUDITORS

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF1018
Level 16, Tower C, Megan Avenue II
No. 12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
T +603-2788 9999
F +603-2788 9998

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, Malaysia
T +603-2783 9299
F +603-2783 9222

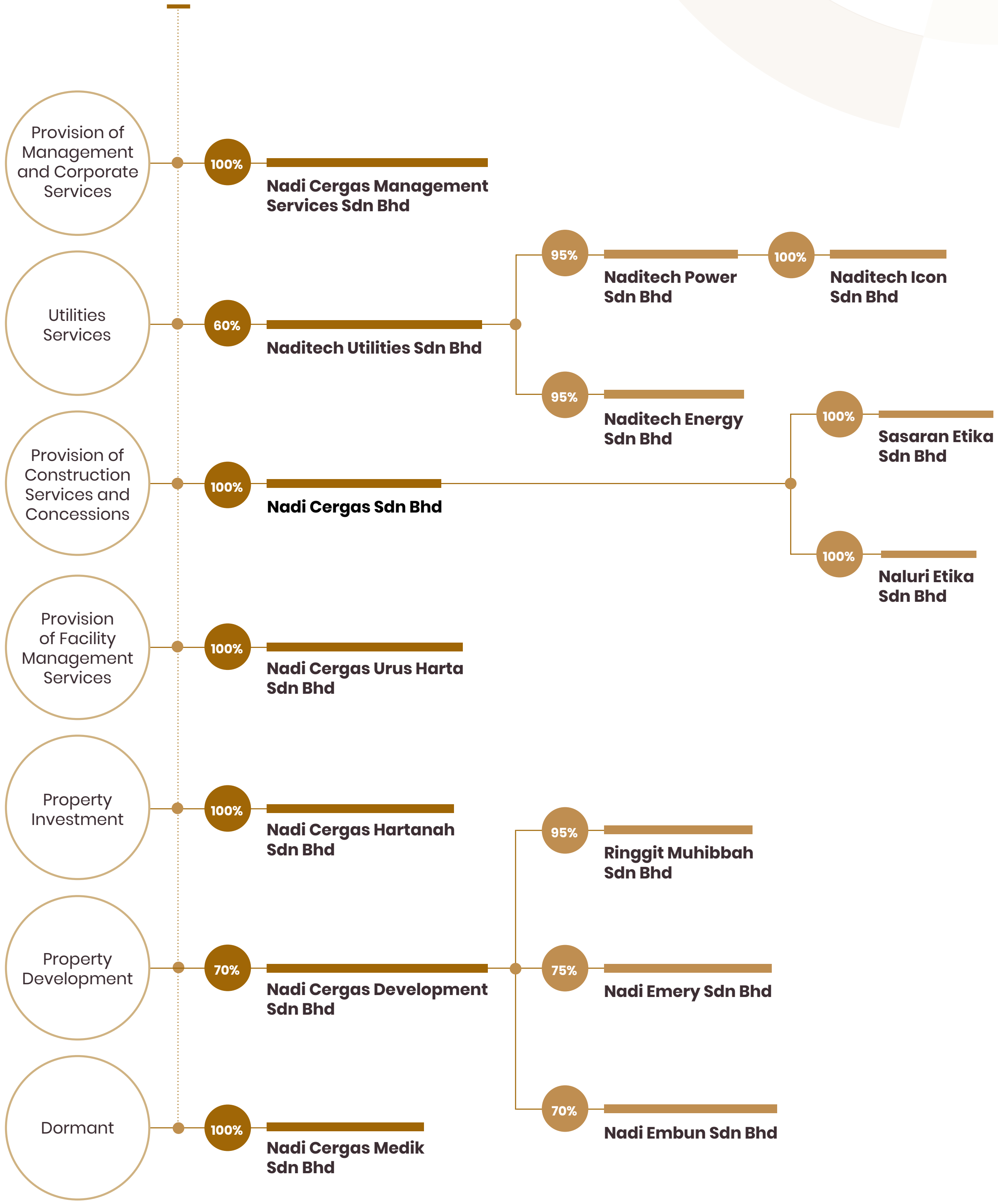
STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia Securities Berhad

Bursa Malaysia	:	NADIBHD/0206
Bloomberg Code	:	GNCB MK
Reuters Code	:	GAGA.KL

Corporate Structure

GAGASAN NADI CERGAS
BERHAD (1238966-U)



Corporate Profile

Listed on the ACE Market of Bursa Malaysia Securities Berhad, Gagasan Nadi Cergas Berhad ("Gagasan Nadi Cergas" or the Group") offers an integrated four-pronged spectrum of businesses to propel the Group's momentum.

CONCESSION AND FACILITY MANAGEMENT

True to our ethos of being an end-to-end service provider, Gagasan Nadi Cergas not only undertakes project development from start to finish, but also provides post-completion facility management services.

Through Sasaran Etika Sdn Bhd and Naluri Etika Sdn Bhd, we manage the entire spectrum of construction services and concessions development under the Private Finance Initiative ("PFI") model as part of the Public-Private Partnership ("PPP") programme. This encompasses financing, designing, constructing, and project delivery.

Our role as concessionaire also includes the provision of facility management services via Nadi Cergas Urus Harta Sdn Bhd, which executes general maintenance works, electrical works, landscaping and housekeeping services.

Recognising the need to ensure the operational viability of developments we have constructed, we aim to find ways to build a sustainable revenue base for each project.

CONSTRUCTION

Incorporated in 1999 by an experienced team of industry veterans, Nadi Cergas Sdn Bhd ("Nadi Cergas") commenced business as a contractor of building construction works. In over two decades, Gagasan Nadi Cergas has carved a distinct reputation for building and delivering quality developments.

Our ability to undertake integrated design-and-build projects allows us to manage projects from initial concept to completion, thus ensuring quality at every step of the way.

In line with our constant pursuit of excellence, we spare neither effort nor cost in embracing trailblazing technologies, deploying advanced machinery and acquiring industry benchmark technical expertise. This is seen through our use in latest technologies such as Industrialized Building System ("IBS") and Building Information Modeling ("BIM"). Leveraging on our team of qualified engineers and BIM and IBS expertise, we seek to propel ourselves to be a leading construction group providing competitive services that enhance stakeholders' values.

Nadi Cergas holds a Grade G7 license approved by the Construction Industry Development Board ("CIDB") Malaysia and Pusat Khidmat Kontraktor ("PKK") which permits the Group to bid, secure and undertake construction projects for an unlimited amount including bumiputera-allocated projects. Moreover, Nadi Cergas has the Code B29 certification under CIDB, which allows the Group to undertake construction of public hospitals and healthcare facilities.

In April 2021, Nadi Cergas received the 5-Star SCORE award by CIDB, a testament to the Group's exemplary reputation and performance in the construction industry.

Within a span of two decades, we have secured more than RM3 billion worth of projects and built a vast array of iconic and sizable developments, including various academic institutions, public institutional buildings and public housing projects across Malaysia.

Our stellar track record has enabled us to establish enduring business relationships built on trust and allowed us to venture into synergistic segments.

Corporate Profile (Cont'd)

UTILITY SERVICES

Our innovation in spearheading sustainability and eco-conscious construction extends to optimising efficiency in utilities management.

Our utility arm under Naditech Utilities Sdn Bhd is a proven designer, builder and operator of District Cooling Systems ("DCS") and Electricity Distribution System ("EDS").

Through the utilisation of Thermal Energy Storage ("TES"), our DCS distributes cooling energy in the form of chilled water from a central source to multiple buildings through a network of underground pipes for use in space and process cooling. This innovative solution aids building owners to improve space utilisation and optimise overall electricity usage.

In 2018, Gagasan Nadi Cergas secured a license from the Energy Commission to distribute electricity independently, thus, bestowing the Group as one of the elite utility service providers in the nation. With a steadfast commitment for a sustainable future, our team aims to play our part to achieve this goal by delivering and operating a 21st century EDS by adopting the state-of-the-art smart metering system.

PROPERTY DEVELOPMENT

Backed by our track record and prowess in construction, it was a natural progression for Nadi Cergas to extend our wings into the property development sector.

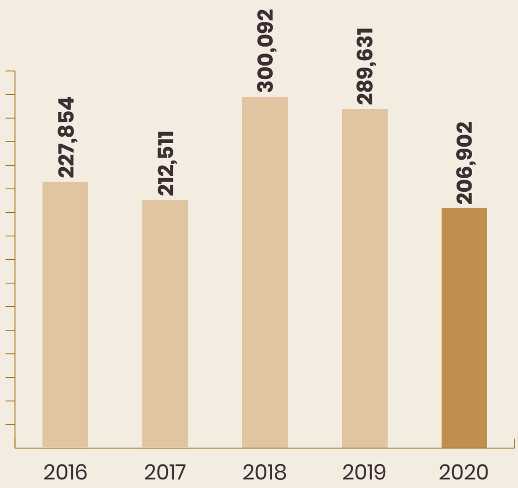
Equipped with our core specialisation of design-and-build expertise, we ventured into property development through Nadi Cergas Development Sdn Bhd.

Our property development activities are supported not only by our principal competency of building construction, but also with a full scope of in-house expertise, such as development planning, architectural and engineering design, quantity surveying, procurement and project management.

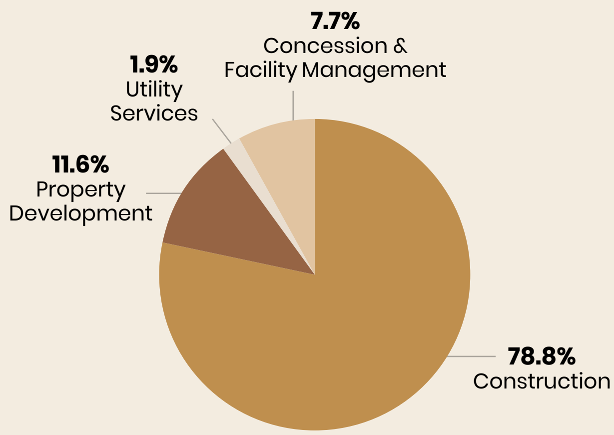
This has led us to undertake various notable projects nationwide, including helping to complement and support the national agenda by providing affordable housing for the 'rakyat'.

Financial Highlights

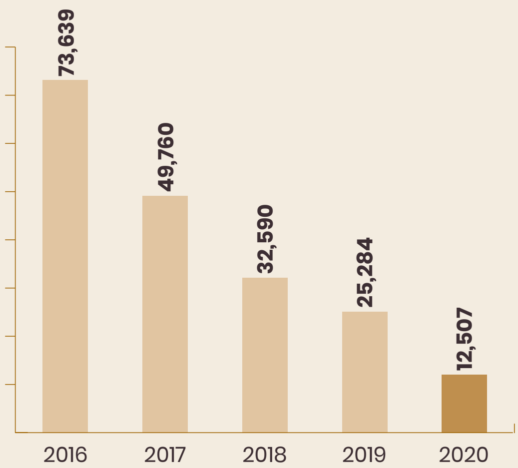
Revenue (RM'000)



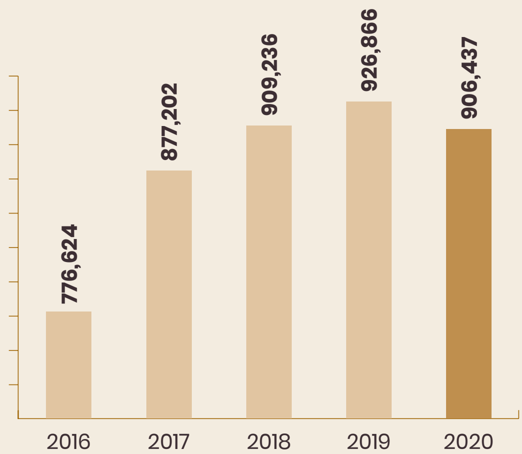
FY2020 Revenue Breakdown



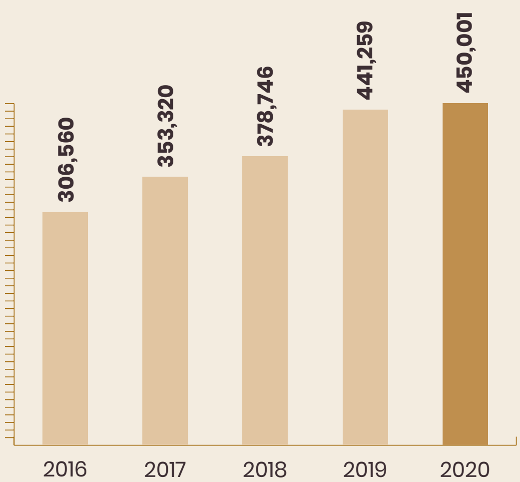
Net Profit (RM'000)



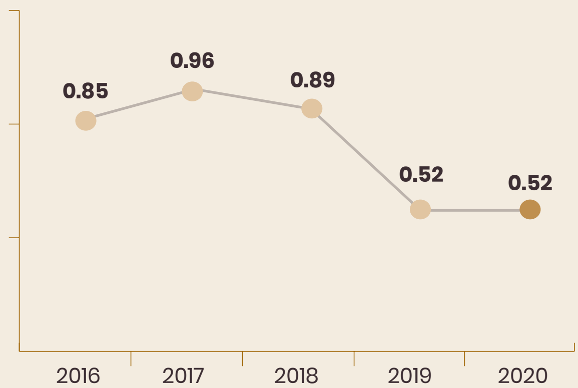
Total Assets (RM'000)



Shareholders' Equity (RM'000)



Net Debt-to-Equity (x)



Financial Highlights (Cont'd)

5-YEAR GROUP FINANCIAL HIGHLIGHTS

Financial Summary	**2016**	**2017**	**2018**	**2019**	**2020**
For the Financial Year Ended 31 December (RM'000)					
Revenue	227,854	212,511	300,092	289,631	**206,902**
Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA")	112,044	84,457	64,844	52,714	**32,771**
Operating Profit	110,441	82,480	62,622	50,365	**30,307**
Profit before Tax ("PBT")	100,833	66,957	45,635	34,880	**16,203**
Net Profit Attributable to Shareholders	73,639	49,760	32,590	25,284	**12,507**
As At 31 December (RM'000)					
Shareholders' Equity	306,560	353,320	378,746	441,259	**450,001**
Share Capital	15,000	95,444	95,444	136,444	**136,444**
Reserves (Net of Treasury Shares at Cost)	291,560	257,876	283,302	304,815	**313,557**
Total Assets	776,624	877,202	909,236	926,866	**906,437**
Total Current Assets	339,775	164,363	213,110	267,678	**288,119**
Total Borrowings	326,522	386,853	363,216	322,051	**298,580**
Cash and Bank Balances and Fixed Deposits with Licensed Banks	70,489	74,066	73,706	123,573	**109,470**
Per Share*					
Basic Earnings per Share (sen)	9.8	6.6	4.3	3.4	**1.7**
Net Tangible Assets per Share (sen)	40.7	46.9	50.3	58.6	**59.8**
Returns (%)					
Return on Average Shareholders' Equity (%)	27.1	15.1	8.9	6.2	**2.8**
Return on Average Total Assets (%)	10.9	6	3.6	2.8	**1.4**
Financial Analysis					
Operating Margin (%)	48.5%	38.8%	20.9%	17.4%	**14.6%**
PBT Margin (%)	44.3%	31.5%	15.2%	12.0%	**7.8%**
Net Margin (%)	32.3%	23.4%	10.9%	8.7%	**6.0%**
Net Debt to equity (Times)	0.85	0.96	0.89	0.52	**0.52**

*Based on share base of 753 million shares

Chairman's Statement

Dear esteemed shareholders,

"On behalf of the Board of Directors of Gagasan Nadi Cergas ("Board"), I am pleased to present to you the Annual Report and Audited Financial Statements for the financial year ended 31 December 2020 ("FY2020")."

ECONOMIC REVIEW

The world was hit by an unprecedented health crisis of COVID-19 pandemic in 2020, forcing countries worldwide to close their borders and implement physical restriction measures to mitigate the spread of the virus. With international business, trade and travel unable to resume during the period, the International Monetary Funds ("IMF") reported that global gross domestic product ("GDP") declined 3.5% in 2020, reversing the growth of 2.8% achieved in 2019.

Malaysia was not spared, as the Government implemented various iterations of the Movement Control Order ("MCO") in response to the pandemic since 18 March 2020. The initial MCO permitted only essential businesses to operate, while other forms of businesses including construction activities were ordered to halt operations, causing major disruptions to the overall Malaysia economy.

Even though the less restrictive Conditional MCO ("CMCO") and Recovery MCO ("RMCO") were subsequently implemented, they fell short in mitigating the negative economic impact caused. This was evident from Malaysia's GDP contraction of 5.6% in 2020, the biggest decline experienced since the 1998 Asian Financial Crisis.

Meanwhile, the Ministry of Finance ("MOF") estimated a 18.7% diminution for the construction sector in 2020, which was one of Malaysia's worst hit sectors in the pandemic-stricken year. This was largely attributed to hindered progress from construction site closures during MCO due to the sector's nature of amassing large worker crowds. Similar to other construction players, the Group had to cease construction activities for almost two months.

After the subpar MCO period, the Group was able to regain momentum and catch up on affected progress as Malaysia moved into CMCO and RMCO that allowed operations to resume with strict adherence to COVID-19 standard operating procedures ("SOP"). Moreover, the Group remained competitive in tendering for new projects albeit the softer construction market, and clinched multiple affordable housing contracts worth more than RM800 million in Serendah and Shah Alam, Selangor within the year in review.

Ir. Dr. Muhamad Fuad Bin Abdullah
Independent Non-Executive Chairman of Gagasan Nadi Cergas

Chairman's Statement (Cont'd)

On the property development front, the low interest rate environment and government initiatives such as the Home Ownership Campaign and "Skim Perumahan Belia" had spurred strong take-up for the Group's affordable township development in Selindung Ulu Yam, with more than 80% units booked or sold. Antara Residence, the Group's high-rise development, saw more than 60% of its units sold, with good construction progress made during the year. Coupled with the Group's consistent contributions from its recurring income segments namely Utility services, Concessions & Facility Management, Gagasan Nadi Cergas was able to deliver a commendable performance for the year, and remained resiliently in the black throughout all four quarters of the very challenging FY2020.

FORWARD PROSPECTS

The global economy is slated to recover in 2021 after a COVID-19-afflicted year, with World Bank forecasting a 4.0% GDP growth for 2021 in light of recovering global business sentiments, consumption, and trade. The acceleration of vaccine rollouts globally also brightens up prospects of businesses returning to pre-COVID-19 normality at a much faster pace.

Back home, Bank Negara Malaysia ("BNM") estimated that Malaysia's 2021 GDP would expand within the range of 6.0% to 7.5%, supported by gradual upliftment in consumer sentiment and consumption amidst commencement of National COVID-19 Immunisation Programme. The buoyant forecast was made despite the reimplementation of MCO ("MCO 2.0") from 13 January 2021 to 4 March 2021, since more sectors including construction were permitted to operate, leading to less detrimental economic impact unlike the first MCO.

Malaysia's construction sector faces the same growth sentiment, as BNM indicated that the industry was expected to improve by 13.4% in 2021. The unveiling of Budget 2021 last November also saw allocations of close to RM 69 billion in development expenditure, consisting of infrastructure and essential building projects which were expected to spur expansion in the sector.

Against that backdrop, we are well positioned to benefit from the upcoming recovery of construction sector, leveraging on our proven track-record and expertise in delivering design-and-build essential projects across the nation. Our MRSM Dungun Campus contract win in March 2021 is not only a testament to our competitive edge in this arena, but also signals the start of recovery phase for the sector; a welcome prospect for the Group.

Moreover, with the affordable home agenda still in the forefront of the Government's priority list, we are committed to play to our strengths and pursue more affordable housing contracts to provide cost-efficient, quality homes for fellow Malaysians. This is complemented by the stable recurring cashflow from our Concession & Facility Management and Utilities segments.

Notwithstanding the positive indications, we at Gagasan Nadi Cergas remain vigilant on the latest COVID-19 developments as we transition into the new financial year of 2021. With vaccine rollout picking up pace and most economic sectors in Malaysia resuming business, we are cautiously hopeful that the worst has passed for the Group, and are equally cautiously optimistic of our prospects going forward barring any unforeseen circumstances.

APPRECIATION

I wish to extend my utmost appreciation to the Board of Directors, key management team, and all employees of Gagasan Nadi Cergas for their support and contribution as we powered through an unprecedentedly challenging year.

I would also like to express my gratitude towards our business partners, associates, suppliers, customers, and particularly our valued Shareholders for remaining with us even as we plodded and trudged a very difficult year in pursuit of greater heights and achievements.

Sincerely,

Ir. Dr. Muhamad Fuad Bin Abdullah
Independent Non-Executive Chairman

Management Discussion and Analysis

GROUP MANAGING DIRECTOR'S MESSAGE

Dear valued shareholders,

"Amidst the weaker construction scene and other challenges faced during the unprecedented COVID-19 impacted year, I am pleased to report to you that Gagasan Nadi Cergas remained resilient and successfully came out on top at the end of the year.

Gagasan Nadi Cergas's integrated business model worked to our advantage in navigating the Group during this pandemic year, as the stable recurring income stream plus the commencement of the Selindung Ulu Yam development project mitigated the subpar construction segment.

With that landscape, I hereby present to you the financial and operational performance FY2020, as well as the growth strategies and potential risks as we head into FY2021."

BUSINESS OVERVIEW

Gagasan Nadi Cergas is primarily involved in four business segments, namely Construction, Concession and Facilities Management, Utility Services and Property Development.

- **Construction**

  Gagasan Nadi Cergas is registered with Pusat Khidmat Kontraktor and the CIDB as a Grade G7 contractor, which allows the Group to tender for projects with unlimited value as well as Bumiputera-allocated projects. Moreover, The Group has the Code B29 certification under CIDB, permitting it to undertake construction of public hospitals and healthcare facilities.

  The Group has also been awarded the 5-Star SCORE Award from CIDB for exemplary performance in the construction industry.

  Over the years, Gagasan Nadi Cergas relies on its experienced management team to take on a nimble approach in adopting modern technology, as well as best practices in value engineering, cost optimisation and construction efficiency. These technologies and practices include:

- **Design-and-build**, a project delivery system meant to minimise project duration and risks by contracting a single entity to perform both design and construction aspects, so that the end-to-end process can be achieved efficiently.

- **Industrialised Building System**, a building methodology that utilises prefabricated components and on-site installments to shorten project completion periods.

- **Building Information Modelling**, an intelligent 3D model-based process which provides a "virtual reality" view throughout the entire lifecycle of a particular construction project. This helps improve efficiency and reduce wastage of building materials and construction time, and is also useful in detecting potential structural clashes during design phases.

By leveraging on these competencies, Gagasan Nadi Cergas was able to take on numerous construction projects nationwide over the past 20 years, which include a wide range of residential buildings, public institutional buildings of tertiary campuses, hospitals, and others.

Management Discussion and Analysis (Cont'd)

BUSINESS OVERVIEW (CONT'D)

- **Construction (Cont'd)**

  In particular, Gagasan Nadi Cergas has extensive experience in constructing public institutional buildings, such as the German-Malaysian Institute ("GMI"), the Malaysia Institute of Aviation Technology, and 4th Battalion Camp for the General Operations Force. The Group has also completed seven student hostels in polytechnic campuses across six peninsular states of Selangor, Johor, Penang, Negeri Sembilan, Perak and Kelantan.

  Meanwhile, Gagasan Nadi Cergas has undertaken multiple high-rise and landed residential projects under various housing initiatives. These include the Federal Land Development Authority ("FELDA") housing, Rumah Selangorku affordable homes, 1Malaysia People's Housing ("PR1MA") and Housing for Civil Servants ("PPAM").

- **Concession and Facility Management**

  The Group has two 20-year facility management concessions, namely for student hostels at International Islamic University Malaysia ("IIUM") in Kuantan, Pahang and Universiti Teknikal Malaysia Melaka ("UTeM") in Durian Tunggal, Melaka. Under the concession agreement, the Group will provide facility maintenance and management services to both student hostels for the whole concession tenure.

  Gagasan Nadi Cergas implemented the 'build, finance, maintain and transfer' concession model in the construction of both the IIUM and UTeM student hostels, with concession rights lasting up till 2034 and 2037 respectively.

- **Utility Services**

  Gagasan Nadi Cergas currently operates and maintains a DCS, including a TES tank, to supply chilled water to the GMI for air conditioning. This 20-year agreement will last until 2028.

  Additionally, the Group has a 30-year contract to distribute electricity to the Datum Jelatek development in Bandar Ulu Kelang, Selangor through its EDS until 2051. The Group has also secured an agreement in 2017 to operate and manage DCS for the supply of chilled water for the development's shopping mall air conditioning; the 30-year concession will start upon commencement of the shopping mall.

- **Property Development**

  Gagasan Nadi Cergas made its first foray into the property development sector in 2017, relying on its strength in design-and-build expertise to move up the value chain and develop quality developments.

  Through Nadi Cergas Development Sdn Bhd, the Group's maiden property development project was a joint venture with ASEAN Football Federation ("AFF") to build the AFF mixed development in Putrajaya. The project includes the AFF headquarters, as well as the Antara Residence serviced apartments, totaling up to an estimated RM194 million Gross Development Value ("GDV").

Management Discussion and Analysis (Cont'd)

BUSINESS OVERVIEW (CONT'D)

- **Property Development (Cont'd)**

The Group also launched the first phase of its 116-acre Selindung Ulu Yam township in 2019, comprising 447 units of affordable landed homes with an estimated GDV of RM135 million. The Group subsequently launched the 70-unit second phase in March 2020, bringing the total development GDV launched in Selindung Ulu Yam to RM143.6 million.

FINANCIAL OVERVIEW

Consolidated Income Statement

Gagasan Nadi Cergas saw 28.6% lower revenue of RM206.9 million in FY2020 from RM289.6 million a year ago ("FY2019"), affected by reduced construction progress billings due to the various phases of MCO in the year of review.

In line with lower contributions for the year, the Group recorded a 53.6% fall in PBT to RM16.2 million in FY2020 versus RM34.9 million in FY2019.

The Group however remained resiliently in the black in FY2020, as it still managed to report RM12.5 million net profit for the year compared to RM25.3 million in FY2019 due to strong contributions from its property development segment and recurring income streams comprising concessions, facility management and utilities segments.

This translates to a full year earnings per share of 1.66 sen in FY2020 from 3.36 sen in FY2019.

Segmental Financial Performance

i Construction

The MCO implemented in March 2020 caused progress disruptions as our construction sites were ordered to cease operations for nearly 2 months. As a result, the segment revenue decreased 35.2% to RM163.1 million in FY2020 versus RM251.5 million in FY2019.

This led to a segmental loss before tax ("LBT") of RM5.2 million in FY2020 compared to PBT of RM16.2 million in FY2019.

ii Facility Management and Utilities

While the construction segment was worse off in the year, our recurring income segments were able to help sustain the Group's FY2020 performance. Revenue from the recurring income segments was maintained at RM19.8 million revenue for FY2020 compared to RM20.3 million previously. After adding other income of RM28.3 million from the concession's net accretion of fair value, segmental PBT also followed the revenue trend, with RM20.4 million recorded for FY2020 million from RM21.9 million in FY2019.

The Group's recurring income streams come from both Concession and Facility Management segment and Utility Services segment. The former includes both the UTeM and IIUM student hostel concessions and facility management services, while the latter entails the operation of DCS for the supply of chilled water to GMI. Both segments remained operational throughout the multiple MCO iterations in FY2020 as it was deemed essential services and was allowed to operate.

iii Property Development

Similar to the recurring income segment, the Group's property segment registered encouraging performance in FY2020, as it ended the year with RM24.0 million revenue for FY2020, 34.8% higher than RM17.8 million a year ago. This was attributable to stable progress billings from its ongoing Antara Residence development and the commencement of the Group's affordably priced township development in Selindung, Ulu Yam.

The segment was profitable with RM2.3 million PBT in FY2020, a stark turnaround from a small pre-tax loss of RM150,000 in FY2019.

Statement of Financial Position

- Group Assets

As at 31 December 2020, the Group's total assets reduced marginally to RM906.4 million versus RM926.9 million a year ago, mainly due to reduced cash and cash equivalents and lower trade receivables from its concession business, which offset the rise in inventories consisting mainly of property development costs for its development projects.

- Liquidity and Capital Resources

With the weaker construction segment hampering the Group's operating profit and cash inflow, cash and bank balances plus fixed deposits with licensed banks fell 11.4% to RM109.5 million as at 31 December 2020 from RM123.6 million previously.

Despite that, the Group's debt position continued to improve as it pared down total borrowings to RM298.6 million, 7.3% lower than RM322.1 million end-FY2019. Out of the total borrowed funds, concession and facility management segment made up the lion's share of 84.4% or RM252.1 million in end-FY2020, while the remaining RM46.5 million was split between Corporate, Property Development and Construction segments.

Management Discussion and Analysis (Cont'd)

FINANCIAL OVERVIEW (CONT'D)

Statement of Financial Position (Cont'd)

- Liquidity and Capital Resources (Cont'd)

  In line with lower total borrowings for the year, the Group's net gearing level reduced to 0.42x as at 31 December 2020 from 0.45x a year ago, the lowest gearing level attained since FY2017. The improved gearing ratio would provide the Group with additional flexibility to take on leveraged expansion plans if necessary.

  The Group's total equity attributable to shareholders also grew marginally to RM450.0 million in FY2020 from RM441.3 million in FY2019 on the back of earnings retained for the year.

- Capital Expenditure

  In FY2020, the Group incurred capital expenditure ("CAPEX") of RM271,000 for the purchase of property, plant, and equipment, 83.1% lower than RM1.6 million spent a year ago.

  The CAPEX incurred was utilised to set up the district cooling system for the supply of chilled water to a shopping mall under the Datum Jelatek development.

DIVIDEND

On 30 April 2021, Gagasan Nadi Cergas paid a single-tier interim dividend of 0.5 sen per ordinary share to shareholders in respect of FY2020.

This translates to a total dividend payout of RM3.8 million representing 30% of FY2020 net profit, which is in line with Gagasan Nadi Cergas's dividend policy of paying a minimum of 30% out of the Group's net profit.

Despite the lower profit recorded for the year, we remain committed in upholding the Group's dividend policy to reward our shareholders for their faith and loyalty to us, and we hope to continue doing so in the coming years.

SEGMENTAL REVIEW

- **Construction Segment**

  The first MCO implementation by the Malaysian Government in March 2020 included a blanket restriction for all construction activities nationwide for nearly two months. The operation halt greatly impacted the Group's construction progress during the period. Subsequent iterations of the MCO that had looser restrictions were not sufficient to turnaround the impact caused by the first MCO, as the segment still recorded lower revenue billings for the year.

  Due to the progress delay, several projects including the Rumah Selangorku projects in Bukit Raja and Putra Heights that were initially slated to be completed by the end of 2020 spilled over slightly in 2021. The ongoing Cardiology Centre for Serdang Hospital Project in Selangor, however, is still on track, and the Group is working hard to accelerate the pace of work to catch up on any delayed revenue recognition in FY2021.

  Despite weaker sentiment in the construction sector, the Group still won a RM97.4 million design-and-build turnkey construction contract to build a full-facility campus for MRSM in Dungun, Terengganu, which is expected to be completed in two and a half years. The contract entails the construction of an academic block, a student complex, a hostel, a multi-purpose hall, a residential block, an administrative complex, track and field facilities, an ancillary building, and other relevant infrastructure.

  Adding on to the Group's portfolio of affordable housing projects, Gagasan Nadi Cergas also bagged multiple affordable housing projects in FY2020 even amidst the softer construction sector, a testament to the Group's status as one of the leading builders of affordable housing in the country. The projects include the RM777 million Rumah Idaman project in Shah Alam, Selangor and the RM40 million Rumah Selangorku project in Serendah, Selangor.

- **Property Development Segment**

  The Group made good building progress on its Antara Residence, and remained on track for its targeted completion in 2022. As at 31 December 2020, the development had more than 60% of its total 458 units taken up, a commendable performance considering it was the Group's first high-rise project.

Management Discussion and Analysis (Cont'd)

SEGMENTAL REVIEW (CONT'D)

- **Property Development Segment (Cont'd)**

  On our affordable housing front, the Group has seen strong uptake for its affordably priced township development in Selindung Ulu Yam. The first phase of the development, which entails 447 affordable landed units under the PPAM housing programme, had received over 80% bookings and take up as at 31 December 2020.

  The second phase of the development, comprising 70 units of open market units, was even fully taken up; a great example of our core strength in delivering high quality developments at competitive price point.

- **Recurring Income Segment**

  Gagasan Nadi Cergas continued to provide facility management services to both IIUM and UTeM student hostels via its subsidiary Urus Harta Sdn Bhd, which was unaffected throughout the imposition of various MCO phases due to its essential service nature.

  Similarly, the DCS in GMI campus remained operational throughout FY2020 to supply chilled water within the campus, as part of its 20-year build-operate-transfer contract.

The EDS concession for the Datum Jelatek development started in January 2021, while the Group awaits the commencement of DCS alongside the launch of the development's shopping mall complex later in the year.

Meanwhile, the Group discontinued further actions on its proposal to acquire the polytenic hostel asset concessionaire Konsortium PAE Sepakat Sdn Bhd, as the conditional period for the share sales agreement with the vendors had lapsed.

RISKS FACED BY THE GROUP

The Group faces various risks that may potentially impact its operations, financial condition, performance, and liquidity as Gagasan Nadi Cergas carries out its growth plans, especially in the new norm. The risks that the Group may encounter include:

- **Economic Risks from COVID-19**

  New waves or spikes in COVID-19 cases in Malaysia could force another restrictive MCO, which may halt all non-essential activities including the construction sector.

  We continue to play our part and operate with strict adherence to the COVID-19 SOP within our premises and construction sites to prevent any outbreaks among our staff. With nationwide vaccination rollouts as well as the Government's commitment to only implement targeted enhanced restrictions on affected areas instead of a one-size-fits-all MCO, we believe the risk of facing major halts like those in the previous year is minimal. Still, we will continue to remain vigilant on any further developments regarding the pandemic.

- **Competition and Business Risks**

  In the current COVID-19 climate, the lack of jobs tendered within the construction market could trigger downward pressures on margins as construction players aggressively engage in price wars to win projects.

  Despite that, we are confident in Gagasan Nadi Cergas's track record of delivering quality and sizable projects across Malaysia for the past two decades, which will work to our advantage when bidding for contracts.

  The Group also stands out in its core strength of design-and-build and the adoption of leading industry technologies such as BIM and IBS, which will provide significant value propositions in terms of cost-optimisation as well as quality improvement.

Management Discussion and Analysis (Cont'd)

RISKS FACED BY THE GROUP (CONT'D)

- **Rising Building Material Costs**

  The Group's margins are sensitive towards costs of building materials such as steel, cement and metal rods.

  To reduce the Group's risk exposure, we have established proper mechanisms to manage cost increases, and constantly keep abreast of raw material price trends through our wide network of trusted suppliers and sub-contractors to ensure competitive rates.

  The Group has also put in place stringent project and resource management processes to ensure timely and efficient use of raw materials.

- **Political, Economic and Regulatory Risks**

  The volatile political scene in Malaysia poses uncertainties in Gagasan Nadi Cergas's tenders for public sector-driven jobs.

  In response to the ambiguity, we are constantly engaging with relevant agencies and parties to create awareness of the Group's experience and competency, as well as to consult them on the appropriate technical requirements needed to enhance our tendering chances.

  We also strive to improve our odds by gearing job tenders towards high-priority, essential projects such as affordable housing and public hospitals to better cater to the government and the nation's aspirations.

GROWTH STRATEGIES

As we head into 2021, BNM forecasted that the Malaysian economy would grow within a range of 6.0% to 7.5% on the back of expected rollout of vaccines and improved consumption within the country.

With the nation's growth visibility, we opine that the Government will likely undertake more essential fiscal projects to spur the domestic economy. Hence, the Group aims to capitalise on this trend, and remains committed in sourcing for more public sector jobs, especially in the areas of essential buildings and affordable housing.

We are also looking for more opportunities to bolster our recurring income segments to ensure revenue and profit sustainability for the Group moving forward.

Mindful of these opportunities, the Group intends to fulfil its growth aspirations by implementing the following strategies:

› **Targeting Opportunities in the Construction Segment**

Gagasan Nadi Cergas will leverage on its extensive experience in the construction of essential buildings to pursue more opportunities in this arena, such as public hospitals, tertiary campuses, and government buildings.

The Group will also continue to focus on delivering existing jobs in hand. As at 31 December 2020, Gagasan Nadi Cergas's construction order book stood at a healthy level of RM1.3 billion, which will last us until 2026. The orderbook includes the MRSM campus contract in Dungun, Terengganu; affordable housing projects in Shah Alam and Serendah, Selangor; the Cardiology Center for Serdang Hospital Project; and the Putrajaya Homes public residential development in Putrajaya.

Management Discussion and Analysis (Cont'd)

GROWTH STRATEGIES (CONT'D)

› Securing New Contracts in the Affordable Housing Segment

With affordable housing agenda high up in the Government's priority list, we view that the Group is favorably positioned to secure more jobs within this segment on the back of Gagasan Nadi Cergas's extensive experience in building large-scale affordable housing projects. In FY2020 alone, we have managed to secure more than RM800 million worth of affordable housing projects to build over 5,000 homes over the next six years, a testament to our competitiveness in this field.

Hence, with our proven expertise and track record, we will continue to tender for contracts in the affordable housing segment by offering our value proposition centered on timely completion, quality and safety.

› Growing Recurring Income Through Provisions of Facility Management And Utility Services

The Group's electricity distribution system in the Datum Jelatek development has commenced in January 2021, and we are currently awaiting the start of DCS operations upon the launch of the shopping mall, which will provide additional long-term recurring income streams to the Group.

Meanwhile, Gagasan Nadi Cergas will bank on our portfolio of concessions and seek opportunities within Malaysia to acquire more facility management or utility concessions.

› Enhancing Our Footprint in Property Development

The Group is constantly exploring ways to increase its current 255.9-acre landbank with new strategically-located lands, especially during an economic downturn when prices may be more attractive.

The Group is also actively evaluating the viability of launching new developments on its existing landbank. Riding on the success of both Phase 1 and 2 of Selindung Ulu Yam development, we will look to unveil subsequent phases of the development at the appropriate time.

APPRECIATION

I would like to express my sincere appreciation to the management team and employees of Gagasan Nadi Cergas for their dedication and commitment in traversing the treacherous waters of 2020. Your collective efforts will be crucial in helping the Group rebound to its growth trajectory.

I would also like to extend my heartfelt gratitude to our business partners, associates, suppliers, customers, and esteemed shareholders for their faith and confidence in us.

Going forward, we at Gagasan Nadi Cergas remain committed to steer the Group towards greater heights and achievements. Thank you.

Sincerely,

Haji Wan Azman bin Wan Kamal
Group Managing Director

Profile of Directors

Ir. Dr. Muhamad Fuad Bin Abdullah
Independent Non-Executive Chairman
Male, Malaysian, Aged 67

Ir. Dr. Muhamad Fuad Bin Abdullah was appointed to the Board on 15 September 2017. He also serves as Chairman of the Group's Nomination Committee and a member of the Audit and Risk Management, and Remuneration Committees.

He graduated in 1977 from the University of Southampton, United Kingdom with a Bachelor of Science Honours Degree in Electrical Engineering and in 1982, obtained his Master of Philosophy in Electrical Engineering from the same university. In 1994, he obtained his Bachelor of Arts in Shariah from the University of Jordan in Amman, Jordan and his PhD in Muslim Civilisation from the University of Aberdeen in United Kingdom in 1996.

He also holds several professional qualifications being a registered Professional Engineer with the Board of Engineers Malaysia since 1984, an APEC Engineer and an International Professional Engineer with the International Engineering Alliance in 2004, an ASEAN Engineer with ASEAN Federation of Engineering Organisations in 2000 and an ASEAN Chartered Professional Engineer in 2009.

He is a Fellow of the Institution of Engineers, Malaysia since 2004. He has been a member of the Institute of Corporate Directors Malaysia since September 2018. He has been a registered Shariah Adviser with the Securities Commission Malaysia since 2010.

His career started in 1977 as an Electrical Engineer with the Public Works Department at its headquarters in Kuala Lumpur. He left in 1983 to join Uniphone Sdn Bhd, a telecommunications company as an Engineering Logistics Manager up to 1991. From 1991 to 1996, he was a Tutor in Muslim Civilisation at Universiti Kebangsaan Malaysia. He was a Director of Five-H Associates Sdn Bhd, an engineering consultancy company, from 1996 to 2006, and during his tenure held the position of Managing Director from 2003 to 2006. He served as the Chief Executive Officer of Kausar Corporation Sdn Bhd, a construction company from 2002 to 2003.

He does not hold any directorship in any public company and other listed corporation.

Haji Wan Azman Bin Wan Kamal

Group Managing Director

Male, Malaysian, Aged 60

Haji Wan Azman Bin Wan Kamal was appointed to the Board on 15 September 2017. He graduated from Universiti Teknologi Malaysia in 1982 with a Diploma in Quantity Surveying. He also holds an Advanced Diploma in Quantity Surveying from MARA Institute of Technology, Shah Alam, obtained in 1986. He has been a Registered Quantity Surveyor of the Board of Quantity Surveyors Malaysia since 1990 and a Member of the Institute of Surveyors Malaysia since 1995.

He has extensive experience in the property development and construction industry with a career that spans approximately 35 years. His career started in 1982 as a Technical Assistant at Jabatan Kerja Raya Pahang. He left in 1984 to pursue his Advanced Diploma in Quantity Surveying from 1984 to 1986. Subsequently from 1986 to 1989, he joined QS Associates, a quantity surveying firm, as a Quantity Surveyor. In 1990, he joined Sime UEP Development Sdn Bhd, a property development company, as a Quantity Surveyor and was promoted to the position of Cost Controller in 1992, before he left in 1998. In 1998, he took up the position of Director of Business Development at Juwana Construction Sdn Bhd, a construction company, before leaving in 1999 to become the major shareholder and Managing Director of Nadi Cergas Sdn Bhd.

As Group Managing Director, he has been instrumental in the growth and development of the Group. He is responsible for the strategic direction of our Group including the implementation of future plans and strategies, including the property development segment of our business. He is also involved in managing the day-to-day operations of our Group.

He does not hold any directorship in any other public company and other listed corporation.

Profile of Directors (Cont'd)

Dato' Sri Subahan Bin Kamal

Executive Director

Male, Malaysian, Aged 55

Dato' Sri Subahan Bin Kamal was appointed to the Board on 15 September 2017. He graduated in 1989 from the Southern Illinois University at Carbondale, USA with a Bachelor of Science Honors Degree in Finance. He also holds a Certificate of Marine Cargo Technical Claims and a Certificate of Liability Insurance from the Malaysian Insurance Institute, both of which were obtained in 1989.

He started his career in 1989 as a Claims Executive at Malaysia Nippon Insurance Berhad. Subsequently in 1990, he joined Bank Rakyat Kerjasama Malaysia Berhad ("Bank Rakyat") as a Corporate Planning Executive before he was appointed as Personal Assistant to the Chairman at Bank Rakyat in 1991. In 1992, he was seconded to the Ministry of Finance Malaysia as the Private Secretary to the Parliament Secretary of the Ministry of Finance. Subsequently, in 1995 he was promoted to Senior Private Secretary to the Deputy Minister of Finance and he was under the Ministry of Finance until 1998. In the same year, he was appointed as Senior Private Secretary to the Deputy Minister of Human Resources. In 2000, his secondment as Senior Private Secretary to the Deputy Minister of Human Resources ended when he left Bank Rakyat to join Nadi Cergas Sdn. Bhd. as an Executive Director.

Dato' Sri Subahan served as an assemblyman in Taman Templer, Selangor from 2008 to 2013. He was also appointed as Selangor Tourism Action Council Chairman from 2009 to 2011. He presently does not hold any political appointments.

He also actively contributes to society in various capacities in the sports and education fields. He was appointed as the Deputy President of the Football Association of Malaysia in 2017 and the President of the Malaysia Hockey Confederation in 2015, positions which he continues to hold till today. He has also been appointed as a member of the Advisory Board of Quest International University since 2014, and a member of the Curriculum Advisory Board of University Institute Technology, MARA since 2013.

Dato' Sri Subahan sits on the board of Can-One Berhad and has been appointed since May 2014. He was also appointed to the board of Alcom Group and sat on the board from January to August 2018, before subsequently being appointed to the board of Aluminium Group Berhad from August 2018 till to date, pursuant to an internal reorganization exercise carried out by Aluminium Company of Malaysia Berhad.

Professor Emerita Siti Naaishah Hambali

Independent Non-Executive Director

Female, Malaysian, Aged 66

Professor Emerita Siti Naaishah Hambali was appointed to the Board on 15 September 2017. She also serves as the Chairman of the Group's Remuneration Committee and a member of the Group's Audit and Risk Management, and Nomination Committees.

She obtained a Master of Comparative Laws Degree from the International Islamic University, Malaysia in 1997 and a Bachelor of Law Degree from the University of Malaya in 1979.

She began her career in 1979 as a Magistrate at the Magistrate Court Judicial Department, Malaysia until 1982. Subsequently in 1982, she was appointed as Federal Counsel and Legal Advisor at the Ministry of Defence, Malaysia before she was appointed as Senior Assistant Registrar of High Court of Malaya in the Judicial Department of Malaysia in 1984 and was promoted to Deputy Registrar of High Court of Malaya in 1987, a position she held until 1988.

In 1988, she took up the position of Deputy Treasury Solicitor at the Ministry of Finance before she was appointed as Senior Sessions Court Judge of the Judicial Department of Malaysia in 1992, and later in 1993 she was appointed as Head of Prosecution for the Federal Territory at the Attorney General's Chambers of Malaysia. In 1994, she was appointed as Senior Sessions Court Judge at the Judicial Department of Malaysia and held the position until 1997. In 1997, she took up the position as Associate Professor, Faculty of Law, Universiti Kebangsaan Malaysia, and was also appointed as Legal Advisor of Universiti Kebangsaan Malaysia till 2007.

From 2005 till 2016, she also held the position as Distinguished Fellow at the Faculty of Law, Universiti Kebangsaan Malaysia. She was the Founding Director of UKM-UNIKEB Legal Aid and Mediation Centre in 2010 up till 2016. In 2010, she was appointed as the President of Tribunal for Consumer Claims Malaysia, Ministry of Domestic Trade, Co-operatives and Consumerism Malaysia which she holds till today. She is also the Founding Project Director of Putrajaya Community Mediation Centre at the Department of National Unity and Integration, a position she has held since 2014.

She was appointed as Chief Executive and Vice Chancellor of Islamic University Malaysia in March 2020. She was subsequently appointed as the member of the Steering Committee for the Governance of Private Higher Education under the Ministry of Higher Education Malaysia in October 2020.

She does not hold any directorship in any other public company and other listed corporation.

Profile of Directors (Cont'd)

Chng Boon Huat

Independent Non-Executive Director

Male, Malaysian, Aged 61

Chng Boon Huat was appointed to the Board on 15 September 2017. He also serves as Chairman of the Audit and Risk Management Committee, and a Member of the Remuneration and Nomination Committees.

He is a Fellow Member of The Association of Chartered Certified Accountants, United Kingdom and a Chartered Accountant of the Malaysian Institute of Accountants (MIA).

He started his auditing and accounting career in 1983 with Messrs Hew & Co (now known as Mazars PLT) before joining Perlis Plantation Berhad (now known as PPB Group Berhad) as an Assistant Accountant.

In 1988, he joined The Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Berhad) ("Bursa") and had held several positions during his 25-year tenure at Bursa, culminating to become the Head of Corporate Surveillance in 2009. He has gained vast experience during his 25 years at Bursa including equity market supervision, research and development studies, compliance, investigation and enforcement of Listing Requirements, as well as advocating good corporate governance practices such as risks management and internal control systems to companies listed on Bursa Malaysia Securities Berhad. While in Bursa, he represented Bursa to serve as member of various working groups of Malaysia Accounting Standards Board, MIA and Companies Commission of Malaysia. He also represented Bursa to serve as a member of the Adjudication Committee of the National Annual Corporate Report Awards (NACRA) from 2006 to 2013. He left Bursa in 2013 to join Tricor Corporate Services Sdn Bhd as Director of Corporate Advisory, a position he holds to date.

He was appointed by Bursa in 2015 as its consultant on a project basis to review certain areas of the corporate disclosure requirements, and is currently an adviser to the Adjudication Committee of NACRA, a position he held since 2014.

He is currently an Independent Non-Executive Director of Atrium REIT Managers Sdn Bhd (the manager of Atrium REIT, an entity listed on Bursa Malaysia Securities Berhad) and Mattan Berhad (a public company).

Notes:
None of the Directors has any family relationship with other Directors and/or major shareholders of Gagasan Nadi Cergas Berhad, and has no conflict of interest. None of the Directors have public sanction or penalty imposed by any relevant regulatory bodies during the financial period for the past five (5) years.

Key Senior Management Profiles

Wan Badrul Hisham Bin Wan Kamal

Head of Construction
Male, Malaysian, Aged 56

Wan Badrul Hisham Bin Wan Kamal obtained a Certificate in Engineering from Politeknik Kota Bahru, Kelantan in 1987, a Diploma in Civil Engineering in 1990 and a Bachelor's Degree in Civil Engineering in 1994, both of which were obtained from Universiti Teknologi Malaysia.

His career started in 1994 as a Design Engineer at Engineering & Environmental Sdn Bhd, an engineering consulting company, and he became the Resident Engineer of the company in 2002. In 2003, he left and joined BW Perunding Sdn Bhd, an engineering consulting company as Assistant Resident Engineer and left in 2004. He was Resident Engineer in Perunding Reka Cekap Sdn Bhd, an engineering consulting company, from 2005 to 2008. Subsequently in 2008, he was appointed to his current position as Head of Construction at Nadi Cergas.

He has more than 27 years of experience in various aspects within the building and construction industry and he is currently responsible for monitoring and managing the construction activities of the Group. He is the brother of Haji Wan Azman, the Group Managing Director.

Oh Ewe Peng

Chief Financial Officer
Male, Malaysian, Aged 49

Oh Ewe Peng graduated in 1994 with a Bachelor of Commerce Degree from the University of Melbourne, Australia. He is a Chartered Accountant of the Malaysian Institute of Accountants and was admitted as a Certified Practicing Accountant of CPA Australia in 1998.

His career started in 1995 as Staff Assistant at Arthur Andersen & Co in Kuala Lumpur, an audit firm, before he was promoted to the position of Semi Senior in the firm. In 1996, he left Arthur Andersen & Co to join Hai-O Enterprise Berhad as Business and Corporate Development Services Executive. In 1997, he joined Corporateview Sdn Bhd, an investment holding and financial services company, as a Senior Executive.

After his departure from Corporateview Sdn Bhd in 1999, he joined Dialog Services Sdn Bhd as Corporate Finance Executive. He was promoted to Assistant Manager, Corporate Services in 2000. Subsequently, he was transferred to Dialog Corporate Sdn Bhd as Corporate Finance Manager in 2001 until 2003. In 2003, he left Dialog Corporate Sdn Bhd and joined Emas Kiara Sdn Bhd, a company involved in manufacturing of geosynthetic and geotechnical engineering, as Finance Manager. He was promoted to General Manager, Finance in 2006. During the same year, he was transferred to Southcorp Holdings Sdn Bhd, a wholly-owned subsidiary of Emas Kiara Industries Berhad (also known as MB World Group Berhad) where he held the same position until 2010. Upon his return to Emas Kiara Sdn Bhd in 2010, he assumed the role of Senior General Manger, Finance until 2013. In 2013, he left Emas Kiara Sdn Bhd to join Nadi Cergas Management Services Sdn Bhd as Chief Financial Officer.

He has no family relationship with any directors and/or major shareholder of the Company.

Key Senior Management Profiles (Cont'd)

Aminudin Bin Taib

Head of Concession and Facilities Management

Male, Malaysian, Aged 60

Aminudin Bin Taib obtained a Diploma in Quantity Surveying from Institute Teknologi MARA in 1983. Subsequently in 1986, he obtained an Advanced Diploma in Quantity Surveying from the same institute. He is also a member of the Institution of Surveyors Malaysia, a Consultant Quantity Surveyor of the Board of Quantity Surveyors Malaysia and a Member of the Royal Institution of Surveyors Malaysia.

His career started in 1983 as an Assistant Quantity Surveyor at Nik Farid and Loh Sdn Bhd, a quantity surveying company and left in 1986. He took up the position of Quantity Surveyor when he joined Jabatan Bekalan Air Terengganu in 1986. Subsequently, he left Jabatan Bekalan Air Terengganu in 1988 and joined Jurutera Konsultant (Sea) Sdn Bhd, a quantity surveying company, as Quantity Surveyor. Later in 1990, he left Jurutera Konsultant (Sea) Sdn Bhd to join PLUS Malaysia Berhad, a toll operator, until 1991.

Subsequently, he left PLUS Malaysia Berhad and joined Percon Corporation Sdn Bhd, an engineering company, as Quantity Surveyor in 1991. He became Contract Manger in 2005. During the same year, he left Percon Corporation Sdn Bhd to join Nadi Cergas. After his departure from Nadi Cergas in 2008, he joined Zambina Wawasan Sdn Bhd, a construction company, as Contract Manager. In the same year, he left Zambina Wawasan Sdn Bhd and re-joined Nadi Cergas.

As the Head of Concession and Facilities Management, he is mainly responsible for overseeing matters in relation to concession administration and facilities management.

He has no family relationship with any directors and/or major shareholder of the Company.

Notes:
None of the Key Senior Management holds any directorships in any other public company and other listed corporation, and has no conflict of interest with Gagasan Nadi Cergas Berhad. None of the Key Senior Management have public sanction or penalty imposed by any relevant regulatory bodies during the financial period for the past five (5) years.

Sustainability Report

This is the Group's third Sustainability Report which discloses our responsibilities to the stakeholders and ongoing commitment and performance in our Economic, Environmental, and Social ("EES") initiatives for the reporting period from 1 January 2020 to 31 December 2020.

This Report is prepared based on Bursa Malaysia Securities Berhad's ACE Market Listing Requirements, with reference to the 2nd edition on Bursa's Sustainability Reporting Guide. We are also in the process of aligning our EES initiatives to the United Nations Sustainable Development Goals ("UNSDG").

We are committed to ensure sustainability material matters identified are addressed in this Report, either from a baseline perspective or following measurable terms. In the future, we aim to gather more data to formulate this Report on a more quantitative basis.

SUSTAINABILITY FRAMEWORK

Commitment Towards Sustainability

Our approach to sustainability is emphasised by core values and is supported by policies and procedures at the Group as a whole.

We are committed to conduct our business in a transparent and responsible manner. Our sustainability framework outlines our approach to sustainability issues specific to each business segments. We have undertaken numerous sustainability initiatives in the form of social responsibility activities as well as holding employee and economic sustainability programmes.

Vision

We aspire to become a dynamic and progressive industry leader that is astutely managed in order to provide state-of-the-art technology that benefits society, environment and businesses.

Mission

We harness our resources to achieve optimum returns for our stakeholders in the business segments of concession, construction, property development and utility.

Sustainability 4D Core Values

Our actions are governed by our commitments to demonstrate a sustainability culture to our EES sustainability initiatives with strong support from our business partners, clients, employees and other stakeholders.

Our core values are as follows:

DURABLE	Durable commitment to promoting quality excellence in EES matters.
DO IT RIGHT	Do it right the first time and every time.
DILIGENCE	Diligence by complying with the needs and expectations of interested parties.
DYNAMIC	Dynamic business interactions in managing and uphold enterprise risk through professionalism, harmonization, ethics, and integrity.

Sustainability Strategy

We want to ensure that all our Group business leaves a lasting positive legacy and continues to be relevant for decades to come. It aligns with the global definition of sustainability that is the ability to fulfil the needs of the present without compromising the ability of future generations to meet their own needs.

Our Group Sustainability Strategy below explains how sustainability is embedded into the Group's business strategy.

Sustainability Report (Cont'd)

SUSTAINABILITY FRAMEWORK (CONT'D)

Sustainability Governance Structure

A strong and effective governance framework is essential to further strengthen the trust and confidence of our stakeholders. Our Board plays a leading role as the driver of the Group's sustainability efforts and has mandated the Group Managing Director ("GMD") to set the strategic direction of the Group.

We established a Sustainability Management Committee to support the incorporation of sustainability matters into long-term strategic plan and key business processes. They work in unison with the Audit and Risk Management Committee to oversee the quality of sustainability-related initiatives and data, and management of sustainability risks and opportunities.

BOARD OF DIRECTORS

- Responsible for sustainability direction of the Group.
- Ensures business strategy considers sustainability matters.

Audit & Risk Management Committee

- Oversees the management of principal business risks and material sustainability risks.

Group Managing Director

- Provides leadership to ensure the implementation of the Group's sustainability agenda.
- Reviews and approves policies, planned Sustainability initiatives/activities and budget.

Sustainability Management Committee

- Refer to the following Sustainability Management Committee Roles & Responsibilities.

Roles & Responsibility of Sustainability Management Committee

For effective implementation, we set clear roles and responsibilities for the Sustainability Management Committee as follows:

- Drives stakeholders engagement and materiality assessment, and recommend it to the GMD for his approval;
- Drives the development and implementation of sustainability strategy, framework, and reporting;
- Recommends to the GMD sustainability-related policies for adoption, and monitors the implementation of the policies;
- Oversees, coordinates, and supports business functions within the Group in executing planned sustainability initiatives/activities;
- Ensures sustainability disclosures are accurately disclosed to the relevant regulatory authorities after obtaining GMD's approval; and
- Coordinates with the Audit & Risk Management Committee to align Group's risk profile with the sustainability risk and opportunities.

SCOPE OF SUSTAINABILITY REPORT

This Sustainability Report covers the sustainability performance of all business segments of Gagasan Nadi Cergas and all of its subsidiary companies, all of which are operating in Malaysia, for the 12-month period ending 31 December 2020.

Sustainability Report (Cont'd)

SUSTAINABILITY MATERIAL MATTERS

Stakeholder Engagement

Stakeholder engagement is essential to ensure business sustainability. We consider our stakeholders to be any groups that have a strong interest in the development and influence of our business operations. We prioritise fostering a strong relationship with our key stakeholder groups to understand their interests and expectations. As such, we engage with them through a variety of engagement methods that effectively shares on-going and new developments, business strategies, and performance. The table below outlines our stakeholder engagement methods with the six key stakeholders that significantly influence our business operations and their expectations, which were held during FY2020.

Stakeholder Group	Engagement Methods	Area of Interest
Shareholders & Investors	• Annual General Meeting. • Corporate website. • Annual & quarterly report. • Regular updates & communications.	• Operational & financial performance. • Shareholder returns. • Good governance practice. • Accurate financial information reporting.
Regulators & Authorities	• Formal meetings. • Regular engagements for knowledge sharing. • Site visits. • Events.	• Governance & regulatory compliance. • Environmental impact. • Safety & health compliance.
Customers	• Customer satisfaction survey. • Marketing campaigns & events. • Corporate website. • Social media & newsletter.	• Product quality & information. • Customer service & experience. • Timely product delivery.
Employees	• Human capital development programs. • Employee's engagement platforms. • Internal communications. • In-house seminars & awareness training. • Performance reviews. • Employee handbook. • WhatsApp group.	• Training opportunities & career development. • Employee rights & well-being. • Fair remuneration practices. • Workplace safety & health. • Operational & financial performance.
External Providers	• External providers meetings. • Email., • Periodic performance review/evaluation. • Awareness training for Anti-Bribery & Corruption compliance.	• Transparency in procurement practices. • Exercise fair judgment & approval on the quotation. • Fair tendering process and selection.
Local Communities	• Corporate Social Responsibilities events & programs. • Company website. • Local community engagement by project site personnel.	• Community growth investments. • Continuous engagement regarding project development. • Environmental impact. • Safety & health compliance.

Sustainability Report (Cont'd)

SUSTAINABILITY MATERIAL MATTERS (CONT'D)

Material Matters

We define material matters that are important to our company and stakeholders in terms of EES and UNSDG.

Our materiality assessment was based on the information and data gathered from various stakeholder engagements and upon approval by the Board. In 2020, we enhanced our material matters to better reflect the management of these matters. The 16 material matters identified in 2019 were changed to more appropriate terms and closely related matters are grouped instead of identifying them separately. These changes are reflected in the table below.

		Status	
No.	Material Matters FY2019	Change of Term to: -	Grouped Into: -
1	Employment	No changes	-
2	Training & Education	Human Capital Quality	-
3	Employees Welfare & Wellbeing	Employees and Workers' Wellbeing	-
4	Economic Sustainability	Economic Performance Indirect Economic Impact	-
5	Code of Ethics & Conduct	Ethics & Integrity	-
6	High Quality of Product & Services	Product Quality	-
7	Fair & Transparent Procurement Activities	Procurement Practices	-
8	Environment, Safety & Health ("ESH") Controls	Separate terms to: • Environmental Compliance • Environmental Stewardship • Occupational Safety & Health	-
9	Corporate Social Responsibility	Stakeholder & Community Relations	-
10	Authority & Regulator Relationship	-	Occupational Safety & Health
11	Privacy & Data Protection	-	Innovation
12	Energy Efficiency	-	Environmental Stewardship
13	Product Innovation (Green Building)	Innovation	-
14	Security	-	Occupational Safety & Health
15	Ecosystem	-	Environmental Compliance
16	Carbon Footprint	-	Environmental Stewardship

Sustainability Report (Cont'd)

SUSTAINABILITY MATERIAL MATTERS (CONT'D)

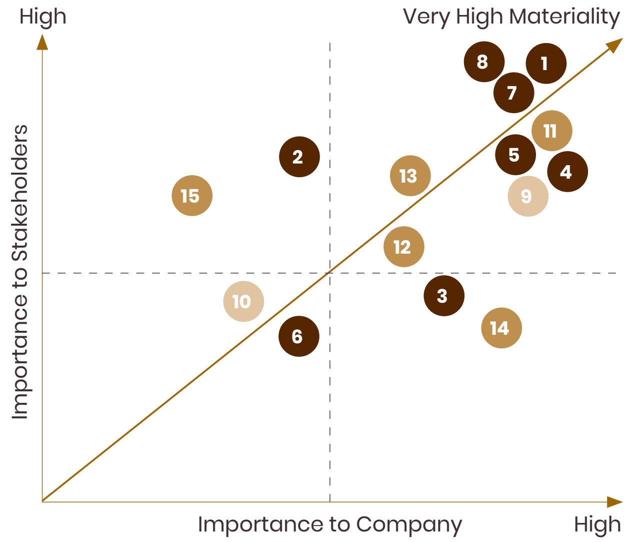
Material Matters (Cont'd)

In 2020, we have also added three new material matters – indirect economic impact, governance, and customer satisfaction. Thus, in 2020 we have identified 15 material matters that led to the formation of our sustainability framework, initiatives, and activities.

Corporate Sustainability Pillars	Material Matters
Economic	• Economic Performance • Indirect Economic Impact • Procurement Practices • Governance • Ethics & Integrity • Innovation • Product Quality • Customer Satisfaction
Environment	• Environmental Compliance • Environmental Stewardship
Social	• Occupational Safety & Health • Employment • Human Capital Quality • Employees and Workers' Wellbeing • Stakeholder and Community Relations

Materiality Matrix

Our revised materiality matrix for 2020 is illustrated as below:



1 Economic Performance
2 Indirect Economic Impact
3 Procurement Practices
4 Governance
5 Ethics & Integrity
6 Innovation
7 Product Quality
8 Customer Satisfaction
9 Environmental Compliance
10 Environmental Stewardship
11 Occupational Safety & Health
12 Human Capital Quality
13 Employment
14 Employees & Workers' Wellbeing
15 Stakeholder & Community Relations

Economic Environmental Social

Supporting the United Nations Sustainable Development Goals

In 2020, we aligned our sustainability initiatives with our material matters and the UNSDGs. We identified goals that are most relevant to Gagasan Nadi Cergas and areas where we can commit, invest and measure our progress. Our initiatives and activities in contributing towards the UNSDGs are reflected throughout this report.

Sustainability Report (Cont'd)

SUSTAINABILITY INITIATIVES & ACTIVITIES

ECONOMIC GROWTH

Value Creation from Projects

Gagasan Nadi Cergas was appointed for the design and construction of a cardiology center as a building extension to Serdang Hospital, Selangor ("Hospital Serdang"). The construction of the new cardiology center aims to provide enhancement of cardiology and heart treatment service to the nation at an affordable price rate. The center aims to further improve the quality of cardiovascular services, cardiothoracic surgery, cardiothoracic anesthesiology, and pediatric heart specialisation in Malaysia, which overall improves the quality of the nation's healthcare.

The value created from the project is not limited to the above, as the project also contributes to generating job opportunities for local and foreign workers before, during, and after completion of the project.

Hospital Serdang, Selangor

We are also currently participating in various affordable housing programs via the construction of Rumah Selangorku projects in Putra Heights and Bukit Raja, Selangor, and PR1MA Homes in Pasir Mas, Kelantan. Additionally, we are currently developing and building 447 units of affordably priced landed homes under the Selangorku and PPAM housing program in our Selindung Ulu Yam township.

The positive impact of this new housing construction in Ulu Yam is far-reaching, bringing benefits to local businesses and services, local tax revenue and job creations for the existing community immediately, as well as for years to come.

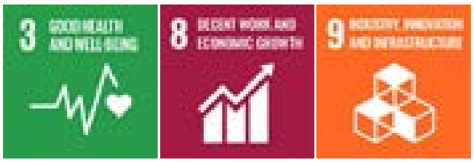
Selindung, Ulu Yam

We will continue to play an integral role to support the Government clarion call to make affordable homeownership, especially for the B40 group.

Related Material Matters:

- Economic Performance
- Indirect Economic Impact

Related UNSDGs:



Sustainable Procurement Practice

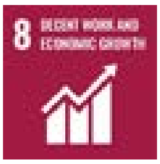
Our external providers (such as subcontractors, suppliers and consultants) for our projects and operations are selected via tender processes. We have in place a formalised standard operating procedure for the selection and approval of external providers in managing our resources and materials. A Selection Committee was set up to govern the evaluation and selection of external providers, incorporating a combination of their technical and financial capabilities, track records and quality of work, to ensure the sustainability of their work deliveries.

The procedures ensure that external providers who undertake the works, are aligned to their specialisation. External providers who have successfully undergone the procedures are also included into our "Masterlist". To further enhance our procurement practices to be more sustainable, we are committed to select external providers from the regions where our operations and project sites are located.

Related Material Matters:

- Procurement Practices

Related UNSDGs:



Sustainability Report (Cont'd)

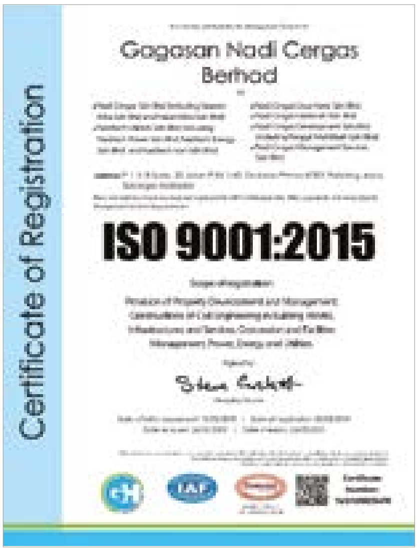
SUSTAINABILITY INITIATIVES & ACTIVITIES (CONT'D)

ECONOMIC GROWTH (CONT'D)

Achieving Quality Excellence

Certified ISO9001:2015

We acknowledge the need for consistent and exemplary quality control of our products and services to meet the expectations of our customers. In showing our efforts to enhance quality of standards across our projects and operations, we have successfully achieved ISO9001:2015 certification in 2019 for our Quality Management System ("QMS") with a validity period of 3 years. We will be renewing the certificate to consistently maintain the highest quality of standards and processes. Our Quality Assurance/Quality Control and Compliance ("QAC") Department is working and coordinating with various departments within the Group to ensure effectiveness of the QMS to meet customer's expectations and ensure compliance with the ISO9001 requirements.



Project Quality Plan

With our commitment to achieve customer satisfaction and meeting their expectations, the quality of our products and services must be top-shelf. Thus, quality is at the heart of our projects and operations.

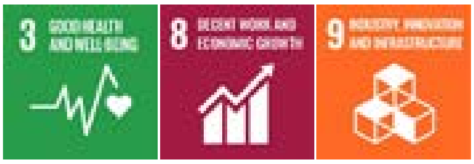
Quality control is an end-to-end process involving the identification of quality standards required, evaluation of project performance, and monitoring the quality compliance at each stage of the project. In doing so, we are guided by ISO9001:2015 standard.

We utilise a Project Quality Plan ("PQP") formulated by our competent QAC officer working together with the Construction Department personnel. A PQP is a project-specific quality plan that describes the activities, standards, tools and processes necessary to achieve quality in the delivery of a project. Standards of materials and quality of work are routinely inspected and tested to meet specifications. It also periodically review the project progress to ascertain its viability and effectiveness in ensuring not only good quality project delivery but also in a timely manner.

Related Material Matters:

- Governance
- Product Quality
- Customer Satisfaction

Related UNSDGs:



Delivering Value Through Innovation

Gagasan Nadi Cergas has embarked on a journey towards sustainable construction by adopting the IBS for our in-house project, Selindung Ulu Yam. IBS is a technique of construction where building components are manufactured off-site, in a controlled pre-cast yard nearby the project site prior to installation on-site.

This practice is aligned with CIDB Code of Practice which promotes the usage of IBS to increase productivity and quality of workmanship at construction sites. This, in turn, reduces the construction period of this project.

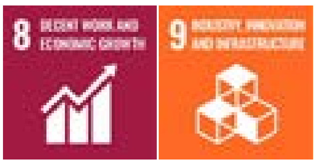
The utilisation of IBS construction method increases work efficiency and makes project sites safer. It has also reduced the overall labour costs and minimised the usage of timber materials on-site.

As this is our first but certainly not our last step towards sustainable construction, we will continuously strive to adopt more efficient and practicable construction practices that are more sustainable.

Related Material Matters:

- Innovation
- Customer Satisfaction

Related UNSDGs:



Sustainability Report (Cont'd)

SUSTAINABILITY INITIATIVES & ACTIVITIES (CONT'D)

Good Corporate Governance

Advocating Anti-Bribery & Corruption Culture

We take zero-tolerance against any form of bribery and corruption in line with the enforcement of Section 17A of the MACC (Amendment) Act 2018 which becomes effective on 1 June 2020. We also practice a "No Gift" Policy as a general rule where our employees shall not accept or give gifts from/to interested parties, which aligns with the Group Anti-Bribery and Corruption Management System Handbook.

Our Anti-Bribery and Corruption initiatives in 2020 requires:

- All employees and external provider representatives to attend the Anti-Bribery and Corruption awareness briefing conducted by our Head of QAC. It was held via Zoom due to the MCO imposed by the Government due to the COVID-19 pandemic.
- All employees and external provider representatives to sign the Anti-Bribery and Corruption Pledge Form.

We will continue to further enhance our Anti-Bribery and Corruption framework and initiatives to comply with related laws and regulations in Malaysia.

Whistleblowing Policy

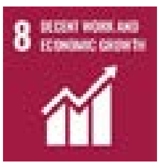
We ensure that the Group's zero-tolerance stance towards any form of misconduct and corruption is strictly adhered to. Our Whistleblowing Policy encourages our employees and stakeholders to raise concerns of any malpractices or misconduct anonymously without the fear of any form of reprisals, according to the Whistleblower Protection Act 2010.

All malpractice or misconduct shall be raised to the immediate superior or the GMD. If for any reason, it is believed that it is not possible or appropriate to report directly to the personnel mentioned earlier, then it shall be reported to the Chairman of the Audit Risk and Management Committee. An investigation will be carried out and appropriate disciplinary action will be taken against the responsible individual(s) if the claim of malpractice is substantiated.

Related Material Matters:

- Governance
- Ethics & Integrity

Related UNSDGs:



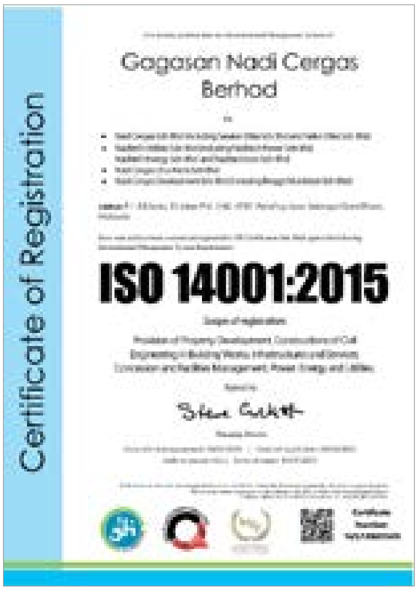
ENVIRONMENTAL MANAGEMENT

Adhering to Environmental Compliance

Certified ISO 14001:2015

We are pleased to announce that we have obtained ISO 14001:2015 certification in September 2020. ISO 14001:2015 sets out the requirements for an environmental management system and it outlines a framework that an organisation or company can utilise to set up a compelling environmental management system through efficient use of resources and reduction of waste. This in return would give us a competitive edge in the market, thus gaining the trust of our stakeholders. This certification, in correlation with the Group's Environmental policy, provides support for endorsing our quest for quality, continuous improvement and environmental sustainability efforts.

Furthermore, alongside ISO 14001:2015, we are actively ensuring our commitment to reducing our environmental footprint. We are also continuously aiming to improve our processes to reduce our impact in relation to UNSDG.


Certificate of Registration

Gagasan Nadi Cergas Berhad

ISO 14001:2015

Sustainability Report (Cont'd)

ENVIRONMENTAL MANAGEMENT (CONT'D)

Adhering to Environmental Compliance (Cont'd)

Environmental Monitoring

Construction sites make a significant contribution to environmental degradation and Gagasan Nadi Cergas is committed to minimise the environmental damage from our project sites. We resolve to work responsibly to protect the environment. We intend to make a positive impact on the local environments in which our operations take place and ceaselessly work to improve our performance towards sustainability.

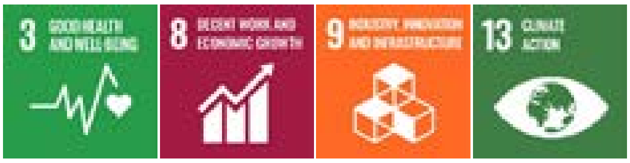
Environmental Compliance

FY2020, there were no public sanctions or penalties imposed for non-compliance relating to Malaysian environmental laws and regulations on the Group.

Related Material Matters:

- Environmental Stewardship
- Environmental Compliance

Related UNSDGs:



ENVIRONMENTAL CONTROL AND ACTIVITIES

Stop Single-Use Plastics

We, as a company that advocates sustainability, share the public worry about plastic waste and the need to assume a proactive role in finding a long-term solution for this issue. The issue is not with plastics per se but what occurs after people use it. Usually, waste management systems and recycling methods were not implemented, or plastic waste was not maintained regularly at project sites. Subsequently, plastic waste can wind up as litter.

In line with the Group's Environmental policy, we launched an initiative called "Stop Single-Use Plastics". This initiative aims to eliminate the use of plastic bottles and ensure housekeeping at project sites in top condition.

Our approach is established on three adjacent strategies as stated below:

- No single-use plastic water bottles are allowed to enter project sites.
- Reusable water bottles and food containers are provided to staff and workers.
- Awareness of the harms of plastic on environment are communicated through talks and campaigns held in induction programme and briefings.

We are constantly expanding our portfolio and finding alternative ways to adopt environmentally friendly approaches whilst raising environmental awareness amongst our employees. These efforts will contribute to our vision of building a world where usage of plastics is reduced.

Related Material Matters:

- Environmental Stewardship

Related UNSDGs:

SOCIAL PERFORMANCE

Occupational Safety and Health

Certified ISO 45001

We are very pleased to announce that we have received ISO 45001:2018 certification in September 2020. ISO 45001:2018 identifies the requirements for an occupational safety and health ("OSH") management system, and gives directions for its application, to allow organizations to develop a safe and healthy workplace by preventing work-related injury and ill health, as well as by actively evaluating and improving our OSH performance. This certification, in correlation with the Group's Safety and Health policy, shows our commitment to meet national standards to mitigate safety and health risks at our workplaces.

The intended outcomes of an OSH management system include:

- Continual improvement of OSH performance;
- Fulfilment of legal and other requirements; and
- Achievement of OSH objectives

GNCB ISO Team

Certificate of Registration

Gagasan Nadi Cergas Berhad

ISO 45001:2018

5-Star Achievement in Safety and Health Assessment System in Construction ("SHASSIC")

The notion of management systems is used often in the decision-making processes in business and unknowingly also in daily life, whether it is in the purchase of equipment, the extension of the business, or more simply the selection of new furniture. The application of Occupational Safety and Health Management Systems is based on relevant OSH criteria, standards and performance. It aims at providing a method to assess and improve performance in the prevention of workplace incidents or accidents via an effective management of hazards and risks in the workplace. It is a logical and stepwise method to decide what needs to be done, how best to do it, monitor progress toward the established goals, evaluate how well it is done and identify areas for improvement.

We realise that safety does not involve only people, but also the management of a system, which is exactly why we select SHASSIC by CIDB to assess the management system at our project sites. SHASSIC is an independent method to assess and evaluate the safety and health performance of a contractor in construction works/projects.

SHASSIC investigates three components:

- Document checks to determine compliance and programs established;
- Workplace inspection to determine actual application and management measures; and
- Construction employee interviews for employee insight.

To achieve 5 stars in SHASSIC assessment, a construction site has to get 90% or more in combination of the three components mentioned above. The weightage of the document check, workplace inspection, and interviews is 20%, 60%, and 20% respectively.

We are proud to announce that our latest site that has undergone the SHASSIC assessment was Hospital Serdang and was awarded a 5-star rating by CIDB. This latest SHASSIC award is a testament to our commitment to OSH management in our projects.

CIDB

SHASSIC

SISTEM PENILAIAN KESELAMATAN DAN KESIHATAN DALAM PEMBINAAN (SHASSIC)

★★★★★

Sustainability Report (Cont'd)

SOCIAL PERFORMANCE (CONT'D)

Occupational Safety and Health (Cont'd)

Manhours Without Lost Time Injury ("LTI")

The Group highly emphasises the well-being and safety of our staffs, external providers and on-site workers at all times. Our principle of 'DO IT RIGHT AT THE FIRST TIME AND EVERY TIME' is well demonstrated in the Hospital Serdang project in which we successfully recorded one million manhours without any LTI and since the commencement of the project on 06 March 2018. Another project of ours, Rumah Selangorku Putra Height ("RSKU-PH") achieved a milestone of three million manhours on the project without any LTI since the project commenced on 09 August 2017. From the commencement date, the Hospital Serdang project successfully achieved zero LTI at 1,700,440 man-hours, whereas the RSKU-PH project successfully achieved zero LTI at 3,746,360 man-hours.

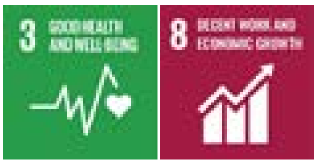
The Zero LTI achievement is an industry-standard benchmark used by many organisations involved in heavy construction and industrial processes and demonstrates the broad and effective awareness amongst workers and teams in carrying out their works.

The Group wishes to celebrate this achievement with commemorative events at RSKU-PH and Hospital Serdang in recognition of our sub-contractors' continued support, effort and teamwork in achieving Zero LTI in one and three million manhours but due to the current Covid-19 situation, the events had to be postponed to a later date. The Zero LTI achievement is based on reported results of non-fatalities, zero permanent disabilities or time lost cases reported since the projects' commencement.

Related Material Matters:

- Occupational Safety and Health

Related UNSDGs:

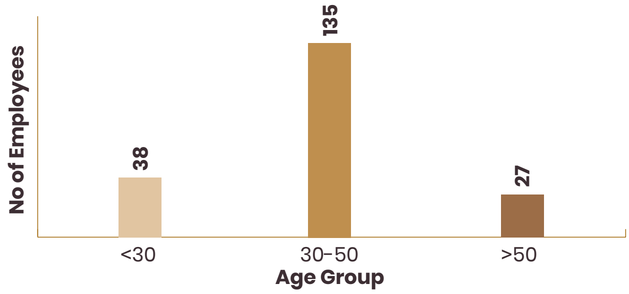


Human Capital Development

Workforce Demographics & New Recruits

We value our employees as they are the key to competitive success in the marketplace which is vital to our business sustainability. Our total workforce in 2020 was 200. The statistics below indicate the overall picture of our workforce breakdown FY2020.

Workforce Breakdown by Age Group



A diverse and inclusive workforce creates a working environment that builds on respect, tolerance, and harmony by integrating different values across different ethnicity and age groups. At Gagasan Nadi Cergas, a majority of our workforce are within the 30 to 50 years old age group. We believe in balancing young talent and seasoned employees to create a conducive workforce that integrates industry experience and new perspectives on our business.

Training and Development

We believe in providing continuous learning and development opportunities to our employees because increased competencies lead to better performance and productivity, while also enhancing job satisfaction. The person-in-charge of staff training in our Human Resources Department is tasked to identify gaps in competencies by carrying out Training Needs Analysis and organising relevant training programmes to equip our employees with the skills and knowledge required for them to excel in their roles. While most training programmes are held in-house, employees are also encouraged to attend external training programmes, in line with their career development plans. These plans are discussed with their superiors during annual appraisals and planning of departmental training programmes.

Training Statistics in 2020

Description	Unit	FY2020
Total Training Hours	Hrs	3,261
(i) External Training Hours (Knowledge-Based & Competency-Based)	Hrs	755
(ii) Internal Training Hours (Knowledge-Based)	Hrs	2,506
(iii) Average Training Hours per Employee (200 staff)	Hrs	16.3
Total Training Cost	RM	RM48,604
(i) External Training Cost	RM	RM48,604
(ii) Internal Training Cost	RM	RM0

Gagasan Nadi Cergas incurred a training expenditure of RM48,604 in 2020 for external trainings that includes competency and knowledge-based trainings. The training cost includes permanent and contract employees who participated in the training programmes during the financial year.

Sustainability Report (Cont'd)

SOCIAL PERFORMANCE (CONT'D)

Training and Development (Cont'd)

Training Programmes Held in 2020

Training	Objectives
Internal Audit Integrated Management System ISO9001:2015, ISO14001:2015 & ISO45001:2018.	• To equip participants with knowledge on the management of internal audits. • Knowing the requirements of the new structure or new model of the 3 standards. • Enhance the knowledge of participants regarding the new equirements concerning organizational context and the application of the risk-based approach: ISO 9001, ISO14001 and ISO45001.
Awareness Sessions: • Company's Philosophy, Values, Policies, and Procedures, • ISO Requirements and Updates • ISO Document Management • Other Compliance Matter.	• To provide awareness regarding the understanding of concepts and principles of ISO Standard. • Enhance awareness of implementing corporate governance and its impact on the company for not complying.
Awareness Sessions: • Anti – Bribery, and Corruption (Site Staff and External Provider)	• Ensure all staff are educated with adequate knowledge on anti-bribery and corruption policy. • Provide an understanding of what constitutes bribery, including information concerning improper practices and likely risk areas.
Duties and Responsibilities of Directors and Management in relation to Companies Act, Malaysian Code on Corporate Governance, and Bursa Malaysia's Listing Requirements.	• To enhance the knowledge and understanding of duties and responsibilities as a Director/Management in relation to Companies Act, Malaysian Code on Corporate Governance, and Bursa Malaysia's Listing Requirements.

Other training programmes include:

- Seminar on Environmental mainstreaming directive and self-guided regulation & best management practices at the construction site by DOE.
- Corporate Liability Adequate Procedures, and ISO 37001 Anti-Bribery Management System.
- Directors Training: Roles & Responsibilities of Board & Board Committees.
- Five @ Five Program: Fire Hazards - How to Avoid Them.
- Business Resilience - Business Continuity Program.
- Creative and Analytical Thinking & Value Driven Leadership.
- Scaffolding Competency Course for Frame, Modular & Tubular (Level 1).
- Quality Assessment System in Construction (QLASSIC) Awareness.


1


2


3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1 Internal Audit Integrated Management System ISO9001:2015, ISO14001:2015 & ISO45001:2018 training by Hj. Suhaimi – one of our ISO consultants from Network Mileage Sdn Bhd

2 Duties and Responsibilities of Directors and Management in relation to Companies Act, Malaysian Code on Corporate Governance, and Bursa Malaysia's isting Requirements training

3 Fire & Emergency Response Drill by BOMBA presentatives

4 Creative and Analytical Thinking & Value Driven Leadership training

Sustainability Report (Cont'd)

SOCIAL PERFORMANCE (CONT'D)

Professional Training and Education for Growing Entrepreneurs (Protégé) Program

In addition to training our staff, we also provide opportunity for young people to develop skills and gain working experience through our involvement in the Protégé Programme (formerly known as Skim Latihan 1Malaysia or SL1M). In line with the Malaysian government's strategic priorities, Gagasan Nadi Cergas' Protégé programme aims to enhance employability among Malaysian graduates through structured training and exposure to our business operations. Under the programme, we provide 11-month on-the-job training to the participants. They also receive training in grooming and etiquette, communication and networking skills, and creative and analytical thinking.

Throughout the programme, we enrolled 88 graduates and have absorbed 5 participants as our permanent and contract staff.

Related Material Matters:

- Employment
- Human Capital Quality

Related UNSDGs:

Employees and Workers' Wellbeing

Employees' Benefit and Remuneration

In recognition of our employees' commitment towards the Group, we provide competitive attractive benefits for our full-time employees. Key benefits offered are listed in the table below, but not limited to:

Types of Benefit	Details
Leaves	Annual Leave, Sick or Hospitalisation Leave, Compassionate Leave, Maternity Leave, Examination Leave.
Medical	Out-patient Medical Card, Group Hospitalisation Insurance Scheme.
Others	Business Travel, Mileage Claim, Outstation Site Allowance, Transfer/ Relocation Allowance, Long Service wards, Group Term Life & Disability Benefits Scheme, Education Assistance Scheme, Professional Membership, Employees' Children Excellence Award.

Long Service Award

The Group values the commitment and loyalty of our precious staff and staff who has been with the company for more than 15 years are awarded the Long Service Award. This award shows that all the dedication and hard work that the staff had poured out into the company did not go unnoticed. One of our employees, Mr. Yeng Wei Min was awarded the Long Service Award and a 50-gram gold bar as our token of appreciation for his loyal service and outstanding contribution during his long tenure of service.

Sports Equipment

In the spirit of promoting good health, we also provide workers with sports amenities and sports equipment so that they have access to recreational sports during their downtime and off-hours. This is exemplified through our efforts in constructing basic ping-pong tables, as well as adding carom boards at project sites. Other sports amenities that we provide to our project sites are as below:

Type of Sports	Sports Equipment
Volleyball	Volleyball balls Volleyball nets
Sepak Takraw	Sepak takraw balls Sepak takraw nets
Table Tennis	Table tennis bats Table tennis balls Table tennis nets
Carrom	Carrom board Carrom board equipment
Chess	Chess set Dart set
Jenga	Jenga set

Sustainability Report (Cont'd)

SOCIAL PERFORMANCE (CONT'D)

***Sports Equipment** (Cont'd)*


Project Site – Selindung, Ulu Yam


Sports Equipment Given to Project Sit

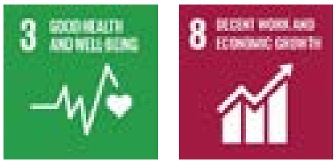

Project Site – Antara Residence, WP Putrajaya


Project Site – P11-7C, WP Putrajaya

Related Material Matters:

- Employees and Workers' Wellbeing

Related UNSDGs:



Corporate Social Responsibility

In creating value for the community, we participated and encouraged our employees to get involved in every corporate social responsibility activity to make a positive contribution to the local communities.

In 2020, the COVID-19 pandemic had generated significant health, economic and social risk to the world. As the Malaysian Government imposed MCO on 18th March 2020 which included the closure of all government and private premises except those involved in essential services, and like all other corporations in Malaysia, we adjusted to the 'new normal' of conducting our business operations, and thus our Corporate Social Responsibility ("CSR") programs were also affected.

Our CSR approach which mainly relates to events and gatherings with communities becomes no longer allowable amidst the COVID-19 pandemic. We are currently restructuring our CSR programs to suit the current condition. Moving forward, we expect to focus our CSR activities more on combating against the COVID-19 pandemic.

Scrubbing Cleaning Rejuvenating UK Blocks 2020 (SCRUB)

In March 2020, one of our subsidiaries, Nadi Cergas Urus Harta Sdn Bhd conducted a major housekeeping activity called *Scrubbing, Cleaning, Rejuvenating UK Blocks (SCRUB) 2020* at one of our facility management operations, i.e., the International Islamic University Malaysia. The program was held in collaboration with Masjid Sultan Ahmad Shah IIUM and Café Kayu Manis Mahallah Ummu Kalthum. The total number of participants was 161 local and 4 international students.

The objectives of this program were to promote health and wellbeing in the heart of the students and maintaining cleanliness of the resident blocks. Other than housekeeping and cleaning activities, there were also competitions for the most clean and good deco room, and *Rewang* lunch for every participants. The activities have brought the students closer.

Sustainability Report (Cont'd)

SOCIAL PERFORMANCE (CONT'D)

Corporate Social Responsibility (Cont'd)

Scrubbing Cleaning Rejuvenating UK Blocks 2020 (SCRUB) *(Cont'd)*

The program was a success as all the objectives aimed in conducting this program were achieved. The rooms, common areas, *musolla*, and pantry were cleaned up and could be used comfortably by the residents.

Rewang session collaboration with Café Kayu Manis

One of the rooms selected to be the most cleaned with good decoration

Lunch Session

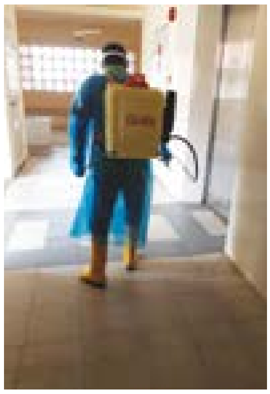
Prize Giving Ceremony

Building Sanitisation Works 2020

Nadi Cergas Urus Harta Sdn Bhd in collaboration with International Islamic University Malaysia and Sasaran Etika Sdn Bhd, participated in the Building Sanitisation Works 2020 programme at the International Islamic University Malaysia, Kuantan. The programme which lasted for 5 days include sanitisation work conducted by Kementerian Kesihatan Malaysia ("KKM") at IIUM premises. Before the work commenced, a quick briefing was conducted by the KKM team, showing the correct procedures in doing sanitisation works.

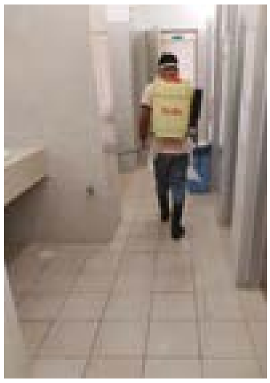
The areas covered by KKM include:

Room F8.L15.13



Corridors F8, Level 5

Toilets F8, Level 5



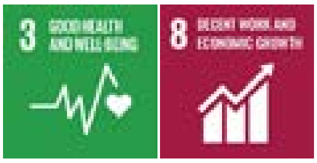
Passenger and Bomba Lift, F8

The above activities and programmes which are part of our commitment to serve the communities through our business operations, should leave a meaningful impact on the people and communities.

Related Material Matters:

- Stakeholder and Community Relations

Related UNSDGs:



Corporate Governance Overview Statement

The Board recognises the importance of good corporate governance and is committed towards upholding high standards of corporate governance in managing the Group's business towards its mission of sustainable growth.

This Statement summarises the application by the Company of the principles and practices as set out in the Malaysian Code on Corporate Governance ("MCCG"), and is prepared in compliance with ACE Market Listing Requirements of the Bursa Malaysia Securities Berhad and it is to be read together with the Corporate Governance Report 2020, which is available on the Company's corporate website at www.nadicergas.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

(a) Board's Roles and Responsibilities

The Board oversees the Group's business and its performance and is collectively responsible for the Group's long-term success. The Board meets regularly to review the corporate strategies, operations and performance of the Group's business segments. All Board members bring their independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The responsibilities of the Board include setting and reviewing the Group's strategic plans of each business segments and ensure that the necessary resources are in place for the Group to meet its objectives. To enable the Board to discharge its duties effectively, it has assumed the following roles and responsibilities: -

- promote good corporate governance culture within the Group;
- review strategic plans to support long-term value creation and its implementation;
- oversee and assess the conduct of Group's business to ensure it is being properly managed;
- understand the principal risks of the Group's business and recognise the need to achieve an acceptable balance between expected risks and potential returns to shareholders;
- ensure that measures are in place for the orderly succession of Board and Senior Management;
- ensure that the Company's shareholder communications policy and procedures are in place;
- review the adequacy and the effectiveness of the Group's risk management framework and internal control system; and
- ensure the integrity of the Company's financial and non-financial reporting.

The Board has an oversight on matters delegated to the Management whereby updates are periodically reported. All the Board's responsibilities conferred on Management is delegated through the GMD so that the authority and accountability of management is considered to be the authority and accountability of the GMD so far as the Board is concerned.

Other than the GMD, the Board also delegated certain responsibilities to Board Committees which operates within the clearly defined terms of reference. The Board Committees are Audit and Risk Management Committee ("ARMC"), Nomination Committee ("NC") and Remuneration Committee ("RC"). The Board receives reports at its meetings from the Chairman of each Committee on current activities and it is the general policy of the Company that all major decisions will be considered by the Board as a whole.

The roles and responsibilities of the Board, Board Committees, Independent Non-Executive Chairman and the GMD are listed in the Board Charter, which is available on the corporate website: www.nadicergas.com.

The positions of the Chairman and the GMD of the Company are held by different individuals with clear and distinct roles which are formally documented in the Board Charter of the Company to ensure a balance of power and authority between the Chairman and the GMD.

The Chairman of the Board, Ir. Dr. Muhamad Fuad Bin Abdullah leads and manages the board by focusing on strategy, governance and compliance, whereas the GMD, Haji Wan Azman Bin Wan Kamal oversees the day-to-day operations of the Group and the implementation of the Board's decisions and policies.

The secretarial function of the Group is outsourced to Tricor Corporate Services Sdn Bhd who provides the Board members with full access to the three (3) qualified and competent Company Secretaries who are members of the Institute of Chartered Secretaries and Administrators and are qualified to act as Company Secretaries under Section 235 (2) of the Companies Act 2016 ("the Act").

The Board meets at least 4 times annually with additional Board meetings to be convened as and when necessary. To facilitate robust Board discussion, meeting papers shall be furnished to the Board and Board Committee via email or hard copy at least 5 business days prior to the meetings.

The Board Charter sets out the roles and responsibilities of the Board, Board Committees and individual Directors including among others, Board composition, meeting procedures, corporate disclosure policy and shareholders' communication policy.

The Company has formalised a Code of Ethics and Conduct as well as a Whistleblowing Policy and Procedures for its Directors and employees of the Group to enable the exposure of any violations or any improper conduct within the Group, so that appropriate action can be taken promptly to resolve them effectively.

The Code of Ethics and Conduct and Whistleblowing Policy and Procedures will be periodically reviewed, and are available on the Company's corporate website: www.nadicergas.com.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(b) Board Composition

The Board currently consists of five (5) members comprising three (3) Independent Non-Executive Directors and two (2) Executive Directors. The Independent Directors who make up more than half of the Board allows for more effective oversight of management and the ability to provide independent judgement in the best interest of the Company.

The Board members are from different backgrounds with diverse perspectives. Such diversity is fundamental to the strategic success of the Group, as each Director has an in-depth knowledge and experience in various areas to provide valuable direction to the Group. With more than half of the Board comprised of Independent Directors, the Board is able to facilitate greater check and balance during boardroom deliberations and decision-making process. The Independent Directors also provide the Board with professional judgement, experience and objectivity without being subordinated to operational considerations.

A brief profile of each Director is presented from page 16 to 20 in the Profile of Directors section of the Annual Report.

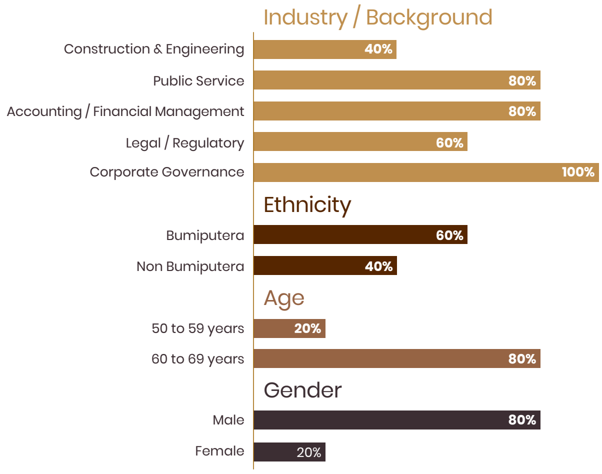
None of our Independent Non-Executive Directors have served the Company for a cumulative term of 9 years. The Company does not adopt a policy which limits the tenure of our Independent Non-Executive Directors to 9 years.

Notwithstanding the recommendation of MCCG, the Board is presently of the view that there is no necessity to fix a maximum tenure limit for directors as there are significant advantages to be gained from long service directors who possess in-depth insights on the Group's business and affairs. The ability of a director to serve effectively as an Independent Non-Executive Director is very much dependent on his integrity and objectivity, and may not necessarily has a direct connection to his tenure as an Independent Non-Executive Director.

The Board also recognises the importance of providing fair and equal opportunities and nurturing diversity within the Group. The Board is committed to ensure diversity (including diversity in skills, experience, age, cultural background and gender) in its composition.

The NC is entrusted to develop the policies and procedures in formalising the approach in the recruitment process and annual assessment of Directors, which serve as guides for the NC in discharging its duties in the aspects of nomination, evaluation, selection and appointment process of new Directors. The NC shall, prior to the appointment by the Board, evaluate the balance and composition including mix of skills, independence, experience and diversity (including diversity in gender, ethnicity and age) of the Board.

The current board composition in terms of each of the Directors' industry and/or background experience, age and ethnic composition is as follows: -



There are no specific criteria set for the appointment of new candidates as it is the Company's policy to assess all potential Board candidates without regard to race, gender, age, nationality, religious beliefs, or any other factors not relevant to their competence and performance. Importance is placed on consideration that would add value and effectiveness to the Board and the Company.

The Terms of Reference of the NC is available on the Company's corporate website: www.nadicergas.com.

The Board's effectiveness was assessed on the following key areas: - composition, administration and process, accountability and responsibility, Board conduct, communication and relationship with Management, performance of the Chairman and GMD, time commitment in discharging their roles and responsibilities through attendance at their respective meetings as well as application of good governance practices to create sustainable shareholders' value.

The Board through the NC conducted annual assessment of Independent Directors to assess whether they continue to bring independent and objective judgement to Board deliberations. The Board also conducted peer and self-assessments to determine the effectiveness of the Board, Board Committees and each individual Director. The results, in particular the key strengths and weaknesses identified from the assessments, were shared with the Board to allow improvements to be undertaken.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(b) Board Composition (Cont'd)

The Directors' commitment in carrying out their duties and responsibilities is affirmed by their attendance at the Board and Board Committee Meetings held during FY2020, as reflected below:-

	No. Of Meetings Attended / Held			
	Board	Audit and Risk Management Committee	Nomination Committee	Remuneration Committee
Ir. Dr. Muhamad Fuad Bin Abdullah	4/4	4/4	1/1	1/1
Haji Wan Azman Bin Wan Kamal	4/4	–	–	–
Dato' Sri Subahan Bin Kamal	4/4	–	–	–
Professor Emerita Siti Naaishah Binti Hambali	4/4	4/4	1/1	1/1
Chng Boon Huat	4/4	4/4	1/1	1/1

(c) Remuneration

The Board has established a formal and transparent process for approving the remuneration of the GMD, Executive Director, Non-Executive Directors and Senior Management.

The RC was established in 2018. The present composition of the RC consists of 3 members of the Board, all of whom are Independent Non-Executive Directors.

The primary objective of the RC is to establish, review and approve the remuneration packages of the GMD, Executive Director, Non-Executive Directors and Senior Management in a formal and transparent manner. This ensures the remuneration of the Directors reflect their responsibility and commitment undertaken by them and also to attract and retain right talent in the Board to drive the Company's long-term objectives.

The RC in reviewing the remuneration policies, was of the view that the guidelines and criteria for the remuneration packages of the Directors and Senior Management are fair and appropriate as compared with market practices and industry benchmarks, to remain competitive for talent attraction and retention.

The Terms of Reference of the RC is available on the Company's corporate website: www.nadicergas.com.

The details of the Directors' remuneration of the Company and the Group on a named basis for the FY2020 are tabulated as follows:-

The Company

Directors	Fees RM'000	Salary RM'000	Bonus RM'000	Benefits in kind RM'000	Allowances RM'000	Total RM'000
Executive Directors						
Haji Wan Azman Bin Wan Kamal	–	–	–	–	–	–
Dato' Sri Subahan Bin Kamal	–	–	–	–	–	–
Non-Executive Directors						
Ir. Dr. Muhamad Fuad Bin Abdullah	122	–	–	–	5	127
Professor Emerita Siti Naaishah Binti Hambali	110	–	–	–	5	115
Chng Boon Huat	116	–	–	–	5	121
Total	**348**	**–**	**–**	**–**	**15**	**363**

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(c) Remuneration (Cont'd)

The Group

Directors	Fees RM'000	Salary RM'000	Bonus RM'000	Benefits in kind RM'000	Allowances RM'000	Total RM'000
Executive Directors						
Haji Wan Azman Bin Wan Kamal	–	1,626	–	28	–	1,654
Dato' Sri Subahan Bin Kamal	–	812	–	–	–	812
Non-Executive Directors						
Ir. Dr. Muhamad Fuad Bin Abdullah	122	–	–	–	5	127
Professor Emerita Siti Naaishah Binti Hambali	110	–	–	–	5	115
Chng Boon Huat	116	–	–	–	5	121
Total	**348**	**2,438**	**–**	**28**	**15**	**2,829**

With regard to the disclosure of remuneration of the Group's Key Senior Management, the Company is of the view that it would not be in its best interest to make such disclosure on a named basis in view of the competitive nature of human resource market in the industries the Group operates and the Company should also protect the confidentiality of personal information such as employees' remuneration packages.

The disclosure of the Group's Key Senior Management's remuneration on an aggregate basis is disclosed in the audited financial statements, included in this Annual Report.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

(a) Audit and Risk Management Committee

The ARMC comprises of 3 Independent Non-Executive Directors. The ARMC is chaired by an Independent Non-Executive Director, Chng Boon Huat.

The positions of Chairman of the ARMC and the Board are held by two (2) different individuals. Hence, the objectivity of the Board's review of the ARMC's findings and recommendations will be preserved. The Terms of Reference of the ARMC has a policy that requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of ARMC.

The NC has ensured that Directors who possess the right mix of skills, experience, financially literate and equipped with the required business skills would be considered to be appointed as members of the ARMC.

The Terms of Reference of the ARMC is available on the Company's corporate website: www.nadicergas.com.

During the financial year, the ARMC has assessed and reviewed the performance and independence of the Company's external auditors, Messrs Crowe Malaysia PLT and was satisfied that the external auditors have been independent throughout the conduct of the audit process and the audit services rendered have met the quality expected by the ARMC and the Management.

(b) Risk Management and Internal Control Framework

The Board is cognisant that a robust risk management and internal control framework will assist the Group to achieve its strategic objectives, safeguard shareholders' investments and its assets. The Board, through its ARMC has established adequate policies and procedures for the oversight of the Group's risk management framework and internal control system.

The risk management framework includes maintaining a Risk Register with risk profile and action plans for mitigating the identified risks. The ARMC regularly reviews the risk management framework, key areas of identified risks and the mitigating measures taken by the Management to address the areas of key risks identified.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

(b) Risk Management and Internal Control Framework (Cont'd)

The internal audit function was carried out by an outsourced independent professional firm during the financial year. The independent professional firm works closely with the QAC department to carry out its internal audit activities and presents its internal audit reports to the ARMC for review on a quarterly basis.

During the financial year, the Board was updated on the Group's internal control system which encompasses risk management practices as well as financial, operational and compliance controls on a regular basis. The Board has in place an on-going process to identify, evaluate, monitor and manage significant risks affecting the Group's businesses, and the Management has given assurance to the Board that adequate and effective controls are in place to manage these significant risks.

Details of the main features of the Company's risk management and internal control framework are further elaborated in the Statement on Risk Management and Internal Control of the Annual Report 2020 on page 49 to 52.

PRINCIPLE C: INTERGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

(a) Communication with Stakeholders

The Company is fully committed to maintain a high standard for the dissemination of relevant and material information to its shareholders and stakeholders to keep them informed of the Group's latest financial performance, its businesses and corporate developments. The Company also places strong emphasis on the importance of timely and equitable dissemination of information to its shareholders and stakeholders.

Presently, the Board and Management of the Company communicate regularly with its shareholders and other stakeholders through the following channels of communication:

(i) Bursa Malaysia Securities Berhad

The Company releases all material announcements via Bursa LINK, and the shareholders and the public in general may obtain such announcements and financial information from the website of Bursa Malaysia Securities Berhad.

(ii) Corporate Website

The Company's corporate website, www.nadicergas.com incorporates an "Investors" section which provides information such as Group's businesses, corporate information, corporate governance and Board Charter, terms of references, governance policies as well as other corporate information under the 'CORPORATE INFO' section for easy reference, and it is accessible by shareholders and other stakeholders.

(b) Conduct of Annual General Meeting ("AGM")

The Company's AGM serves as a principal forum for dialogue with shareholders. Shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions.

The venue of the 3rd AGM of the Company was held at the Tropicana Golf & Country Resort, Petaling Jaya and the venue was not in a remote location. The Notice of AGM and related circular to shareholders were issued at least 28 days before the meeting in order to allow shareholders to make necessary arrangements to attend and participate either in person or by proxies.

All the Directors as well as the Senior Management and external auditors were present at the AGM to respond to any questions from the shareholders.

STATEMENT ON COMPLIANCE WITH BEST PRACTICES OF THE CODE

This Statement is prepared in compliance with Paragraph 15.25 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and it is to be read together with the CG Report 2020 of the Company, which is available on the Company's corporate website: www.nadicergas.com.

The Board is of the view that this Corporate Governance Overview Statement has provided the information necessary to enable shareholders of the Company to evaluate how the principles and best practices as set out in the MCCG have been complied with. The Board is committed to uphold the highest standards in Corporate Governance practices, professionalism and integrity in delivering its strategic objectives and sustainable performance of the Group over the long term.

This Statement was presented and approved at the Board of Directors' Meeting held on 25 May 2021.

Audit and Risk Management Committee Report

The Board of Gagasan Nadi Cergas is pleased to present the Audit and Risk Management Committee Report for FY2020.

1. COMPOSITION AND ATTENDANCE

The ARMC comprises three (3) members, all of whom are Independent Non-Executive Directors. All the Independent Non-Executive Directors satisfy the test of independence under Bursa Malaysia Securities Berhad's ACE Market Listing Requirements ("ACE LR"). The ARMC also meets the requirements of Rule 15.09 of ACE LR and Practice 8.4 of the Malaysian Code on Corporate Governance.

The ARMC Chairman, Mr. Chng Boon Huat, is a Chartered Accountant of the Malaysian Institute of Accountants and a Fellow Member of The Chartered Association of Certified Accountants, United Kingdom. Accordingly, Gagasan Nadi Cergas complies with paragraph 15.09(1)(c)(i) of the ACE LR.

The members of ARMC and their respective designation are as follows:

Name	Members	Directorship
Chng Boon Huat	Chairman	Independent and Non-Executive Director
Ir. Dr. Muhamad Fuad Bin Abdullah	Member	Independent and Non-Executive Chairman
Professor Emerita Siti Naaishah Binti Hambali	Member	Independent and Non-Executive Director

The Terms of Reference of the ARMC which set out the authority, duties and responsibilities of the ARMC are accessible on the Company's website at www.nadicergas.com.

2. MEETINGS

In 2020, four (4) meetings were conducted without the presence of Executive Directors and management of the company, unless the ARMC requested their attendance. The GMD and Chief Financial Officer ("CFO") were invited to all ARMC meetings to provide inputs and clarifications on the Group's operations and audit issues. The Head of QAC attended all the quarterly ARMC meetings to present the Enterprise Risk Management Report and the Internal Audit follow-up report. The Internal Audit reports were prepared and presented by an independent internal audit firm. Other Senior Management personnel were also invited to explain to the ARMC on specific issues arising from the audit reports or on any matters of interest.

During FY2020, the member's attendance is as follows:

Members	Number of Meetings Attended
Chng Boon Huat	4/4
Ir. Dr. Muhamad Fuad Bin Abdullah	4/4
Professor Emerita Siti Naaishah Binti Hambali	4/4

Subsequent to every ARMC meeting, the ARMC Chairman briefed the Board on matters discussed and deliberated at the ARMC meeting. The Group's annual financial statements and quarterly financial reports which were presented to the ARMC for review, were also recommended to the Board for approval. The ARMC Chairman also conveyed to the Board matters of significant concerns as and when raised by the external auditors or the internal auditors.

The Company Secretary records the minutes of each ARMC meeting and presents it in the following ARMC meeting for confirmation.

Audit and Risk Management Committee Report (Cont'd)

3. SUMMARY OF ACTIVITIES

The ARMC's activities during year under review, are as follows:

3.1 Financial Reporting

The ARMC reviewed the audited financial statements for the financial year ended 31 December 2019 and all the quarterly financial reports for announcements to Bursa Malaysia Securities Berhad, before recommending the same to the Board for approval.

CFO was present during the meetings to present and explain the financial performance of the Group to the members of ARMC. He also assured the ARMC that the financial statements were prepared in compliance with the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

To ensure the integrity of information, the CFO had given assurance to the ARMC that:

i. Appropriate accounting policies are adopted and applied consistently;

ii. The going concern basis applied in the annual audited financial statements were appropriate;

iii. Prudent judgements and reasonable estimates had been made following requirements set out in the MFRSs;

iv. Adequate processes and controls were in place for effective and efficient financial reporting and disclosures under the MFRSs, and

v. The financial statements did not contain any material misstatements and gave a true and fair view of the financial position of the Group and the respective companies within the Group for the financial year ended 31 December 2019.

3.2 External Audit

The ARMC had on 22 June 2020 recommended to the Board for the re-appointment of Crowe Malaysia PLT as the Company's External Auditors after the ARMC has assessed the independence and suitability of the External Auditors, on the following areas:

- The quality of audit including audit performance, communications with ARMC, objectivity and professionalism;
- The non-audit services provided; and
- The assurance given by the External Auditors confirming their independence throughout the financial year under review.

Based on Crowe Malaysia PLT's performance in auditing the Company's financial statements for the financial year ended 31 December 2019, the ARMC was satisfied with the Auditors' suitability, objectivity, independence as well as the quality of audit services provided, sufficiency of audit resources and interactions with the Management.

On 24 November 2020, the ARMC reviewed, deliberated and approved the Audit Planning Memorandum for the financial year ended 31 December 2020, which outlined its engagement team, audit approach, audit timeline and the areas of audit emphasis.

3.3 Internal Audit

The QAC Department oversees the Group's Enterprise Risk Management, Internal Audit and Compliance function. The main function of the establishment of the Department is to independently evaluate and recommend improvements to the internal control system, governance process and risk management framework of the Group and approved by the Board.

Audit and Risk Management Committee Report (Cont'd)

3. SUMMARY OF ACTIVITIES (CONT'D)

3.3 Internal Audit (Cont'd)

Based on the annual Internal Audit plan approved by the ARMC during the financial year, the following key audit areas were conducted:

Audit Date	Audit Areas
1-4 June 2020	• Construction Site – Hospital Serdang • Environment, Safety, and Health – Hospital Serdang
6-10 July 2020	• Contract • Procurement
28 September – 2 October 2020	• Finance and Accounts
7 December 2020	• Property Development • Concession
8 December 2020	• Facilities Management – IIUM, Kuantan
9 December 2020	• QAC
16 December 2020	• Utilities
11-14 January 2021	• Human Resources • Administration • Information Techonolgy

The following activities were carried out by ARMC during the financial year:

(a) Reviewed the internal audit reports from the outsourced independent professional firm, Sterling Business Alignment Consulting Sdn Bhd ("Internal Auditors") on their audit findings, recommendations for improvements, and Management's responses on the corrective actions to be taken;

(b) Reviewed and approved the 2020 Internal Audit Plan as proposed by the Internal Auditors to ensure the adequacy of the scope of work based on key risk areas; and

(c) Monitored and ensured the Management has resolved all audit issues within the agreed timeline.

3.4 Enterprise Risk Management ("ERM")

In pursuing the company's objectives for sustainability and continuity of its business, a Risk Management Sub-Committee was formed on 19 October 2017. This Sub-Committee is responsible for reviewing the ERM framework, monitoring potential risk areas, managing the effectiveness of mitigation plans at the corporate and operational level, and promoting proactive risk management culture across all departments. The members comprising Head of Departments and key representatives of each section or business segments have to ensure that the plans and corrective actions are implemented effectively.

During the year under review, key risk areas affecting the Group are brought to the attention of the ARMC and Board during scheduled meetings. The key risk areas are summarised as follows:

(a) Business Challenges due to MCO;

(b) Corporate Liability under Section 17 Malaysian Anti-Corruption Commission Amendment Act 2018 ("Section 17A")

(c) Compliance of Foreign Worker with Construction Permit; and

(d) Review of Variation Order Management.

3.5 Internal Control Assurance

Internal control assurance is led by the Head of QAC to ensure systematic management, improve the effectiveness of governance and risk management and the adequacy of the internal controls. The internal control assurance activities during the year under review are as follow:

(a) Review with the Internal Auditors on the audit plan to ensure adequacy of scope and coverage of the internal control system;

(b) Review and coordinate with the respective personnel or Heads of Department on the observations, recommendations and corrective actions as highlighted in the internal audit reports;

Audit and Risk Management Committee Report (Cont'd)

3. SUMMARY OF ACTIVITIES (CONT'D)

3.5 Internal Control Assurance (Cont'd)

(c) Ensure Management and Internal Auditors have a common understanding of the issues raised and the Management is committed to addressing all the issues raised;

(d) Ensure continuous improvement and compliance of ISO Certification for Quality, Environment, Safety and Health Management System under GH Certification Body; and

(e) Follow-up and validate the completion of outstanding audit issues within the agreed timeline.

3.6 ISO 14001:2015 and ISO 45001:2018 Certification

Towards an uplifting growth, the Company has established an Environment, Safety and Health Management System ("ESHMS") that focuses on management systems, workers satisfaction, risk-based approach relating to environment, safety & health, and continual improvement on the standard requirements of ISO 14001:2015 and ISO 45001:2018.

In order to comply with the current standard and requirements, QAC Department together with Environment, Safety and Health Department, and Construction Department have revised their respective Policies, Manuals and SOPs. To attain the desired results from the certification body, QAC has conducted an internal audit based on ESHMS models and a risk-based approach. The internal audit findings for Environment, Safety, and Health for 2020 have yielded praiseworthy results. Nonetheless, continuous improvement and corrective actions are required to achieve the compliance practices, so co-operation from Management members is needed to assist in the implementation on a continuous basis.

From 20 July to 21 July 2020, the certification body GH Certification has audited our implementation of ESHMS and was satisfied with the structured approach used by the Company. As the result, the Company was consequentially awarded the ISO 14001:2015 and ISO 45001:2018 certifications.

3.7 Anti-Bribery and Corruption

Towards compliance with the Malaysian Anti-Corruption Commission Act 2009 ("MACC") (Amendment) Act 2018 which came into effect on 1 June 2020, the Company has established adequate policies, manual and procedures based on approved gap analysis by ARMC. The awareness briefings were conducted for employees of all levels and external providers.

The Group is committed in conducting business and providing services to its clients and customers with integrity and honesty. The Group takes a zero-tolerance approach to any form of corruption or bribery which in line with Section 17A of the MACC and other related legislations in Malaysia.

The Group strives to ensure that its Management and employees act professionally, fairly and with integrity in all its business dealings, and also aspires all our external providers will uphold their highest standard of integrity in performing their works and services for or on behalf of Group, and in their business dealings with the Group.

The Group's Anti-Bribery and Corruption initiatives during the year under review, are as follows:

(a) Established internal controls and procedures based on the "Guidelines on Adequate Procedures" issued by the Prime Minister's Department, for our operational manuals, policies and processes;

(b) Conducted Anti-Bribery and Corruption awareness sessions for all employees and external providers' representatives; and

(c) Compulsory for all employees and external providers to sign an Anti-Bribery and Corruption pledge form.

The Internal Auditors had concluded that:

- The Management is aware of its responsibility for maintaining a sound internal control system to safeguard shareholders' investment and the Group's assets; and
- The Group provides an adequate and effective internal control system on all relevant processes to safeguard shareholders' interests. There were no major weaknesses on the existing level of operations but nevertheless, on-going initiatives to improve the level of operations and internal control systems were still continuously undertaken by the Management.

3. SUMMARY OF ACTIVITIES (CONT'D)

3.8 Related Party Transaction

In accordance with the ACE LR, the ARMC reviewed all related party transactions (if any) and recurrent related party transactions in accordance with the Company's policies and procedures to monitor, track and identify all related party transactions.

The Management reports to the ARMC on a quarterly basis on all the recurrent related party transactions, and the ARMC reviews the transactions to ensure that they entered into were at arm's length basis, on normal commercial terms, on terms not more favourable to the related party than those generally available to the public and are not detrimental to the minority shareholders.

The ARMC also reviewed the recurrent related party transactions that were mandated at last year's general meeting to ensure they were duly tracked against their mandated amount.

INTERNAL AUDIT AND COMPLIANCE FUNCTION

The Internal Audit and Compliance function is led by the QAC Department to support the ARMC in its responsibilities to ensure adequacy and effectiveness of the internal control system and risk management framework, and compliance with the Group's established policies and procedures, and to provide reasonable assurance to the ARMC that the risk management and the system of internal control are sound and effective.

Sterling Business Alignment Consulting Sdn Bhd was appointed as the Group's Internal Auditors, to assist the QAC Department in establishing a more systematic and disciplined approach to improve the effectiveness of the internal control system. The Internal Auditors are responsible for the internal audit function independently by conducting systematic reviews on governance practices, risk management and internal control system of the Group based on the Internal Audit Plan approved by the ARMC. The internal control review adopts the Committee of Sponsoring Organisations of the Treadway Commission model as a basis for evaluating the effectiveness of the Group's internal control system.

The QAC Department coordinates the audit findings with the respective Heads of Department by seeking their responses on the recommendations proposed by the Internal Auditors, before presenting it to the ARMC for review and approval.

Findings from the internal audit review are also communicated to the respective business functions and departments, to ensure that the proposed actions are implemented and issues identified are resolved in a timely manner.

With the assistance of the Internal Auditors, the QAC Department will able to focus on improving the Group's internal controls, risk management and the compliance requirements set by the industry and the various certification boards.

The ARMC has reviewed the performance, competency and resources of the Internal Audit and Compliance function, collectively, Sterling Business Alignment Consulting Sdn Bhd and QAC Department, and is of the view that they have the required expertise and professionalism to discharge their duties.

Additional Compliance Information

OTHER INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD – ACE MARKET LISTING REQUIREMENTS

UTILISATION OF PROCEEDS FROM CORPORATE EXERCISE

Gagasan Nadi Cergas Berhad was listed on the ACE Market of Bursa Malaysia Securities Berhad on 8 January 2018. In conjunction with the Listing, the Company undertook a public issue of 140,000,000 new ordinary shares at an issue price of RM0.30 per share, raising gross proceeds of RM42.00 million ("IPO Proceeds").

As announced on 26 February 2020, the Board of Directors has resolved to extend the timeframe for the utilisation of the remaining unutilised IPO proceeds allocated for capital expenditures for the district cooling system for the supply of chilled water to a shopping mall under the Datum Jelatek development for another twelve (12) months up to 8 January 2021.

As at 7 January 2021, the Company has yet to fully utilise the IPO Proceeds allocated for the said expenditure and hence, the Board has deliberated and resolved to further extend the timeframe by additional six (6) months up to 8 July 2021 for the utilisation of the remaining IPO proceeds.

The status of the utilisation of proceeds as at 31 December 2020 is as follows:

Utilisation of proceeds	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000	Revised Expected Timeframe for Utilisation from the date of listing
Funding for the AFF Mixed Development	14,000	8,992	5,008	Within 30 months
Capital expenditures for the district cooling system for the supply of chilled water to a shopping mall under the Datum Jelatek development	6,500	5,251	1,249	Within 30 months
Working capital for a construction project	16,500	16,500	–	Within 24 months
Estimated listing expenses	5,000	5,000	–	Within 3 months
Total	**42,000**	**35,743**	**6,257**	

AUDIT AND NON-AUDIT FEES

During FY2020, the amount of audit and non-audit fees paid and payable by the Company and the Group to its External Auditors are as follows: -

	Company (RM'000)	Group (RM'000)
Audit Fees	48	158
Non-Audit Fees	16	16

MATERIAL CONTRACTS

There was no material contract entered into by the Group involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year under review or entered into since the end of the previous financial year.

Statement on Risk Management and Internal Control

INTRODUCTION

The Board is pleased to provide this Statement on Risk Management and Internal Control ("this Statement") which outlines the nature and scope of risk management and internal control within the Group during the FY2020.

This Statement is prepared in accordance with Rule 15.26(b) of the ACE LR, Principle B of the Malaysian Code on Corporate Governance and is guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility for the establishment and oversight of the risk management framework and internal control system within the Group. These are designed to manage the Group's risks within an acceptable risk appetite as set by the Board and Management, rather than eliminating the risks in total to achieve the Group's business objectives, safeguard shareholders' investments and its assets. The Board also continuously reviews the adequacy and effectiveness of the risk management framework and the internal control system.

To fulfill its oversight responsibility, an ARMC at the Board level and a Risk Management Sub-Committee ("RMSC") at the Management level were established to facilitate the adoption of the group-wide risk management framework. The ARMC comprises of three independent non-executive directors of the Board, whereas the RMSC comprises the CFO and the Heads of Departments of every business function. The main responsibilities of the committees are outlined below:

Audit & Risk Management Committee	Risk Management Sub-Committee
• Ensuring robust and effective implementation of the ERM framework. • Review the adequacy of the Group's internal control systems such as compliance to applicable laws, rules, directives and guidelines.	• Implement the processes to identify, evaluate, monitor and report on risk and the effectiveness of the internal control system as well as taking appropriate and timely corrective actions as required. • Identify changes to risks and emerging risks and promptly bring them forward to the attention of the Board and ARMC.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board has delegated the responsibility of monitoring the Group's risk exposures, managing an effective risk management framework and internal control system to the ARMC. The ARMC is supported by the QAC Department to implement the group-wide risk management framework.

Comprehensive risk management and internal control system were developed and implemented based on Committee of Sponsoring Organisations of the Treadway Commission. QAC Department has established a risk register based on the following principles:

- Aligning Risk Appetite and Strategy;
- Enhancing Risk Response Decisions;
- Reducing Operational Surprise and Losses;
- Seizing Opportunities; and
- Improving Deployment of Capital.

QAC DEPARTMENT FUNCTION

QAC Department consistently evaluates the adequacy and effectiveness of the Group's internal controls based on the risk management framework. Any internal control deficiencies identified will be reported to the respective department or personnel immediately.

Awareness briefings on compliance matters are conducted by the QAC Department to raise awareness among the employees.

STRENGTHENING OUR RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

1. PLANNING

To achieve a high standard of quality excellence, ARMC provides oversight on risk management matters, to ensure the Group practises prudent risk management over its business operations. The risk management and internal control system are designed to manage rather than eliminate the risk of failure to achieve the Group's business objectives, and can only provide reasonable assurance against material misstatement or loss.

Statement on Risk Management and Internal Control (Cont'd)

STRENGTHENING OUR RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

1. PLANNING (CONT'D)

The ARMC focused on the following three (3) areas:

- **Operational**
  Report to the Board on the adequacy and effectiveness of the Group's risk management and internal control system, including operational and financial performances and safeguarding the Group's assets against loss.

- **Reporting**
  Ensure that the financial and non-financial reporting structure is reliable & transparent as required by regulators and standard setters.

- **Compliance**
  Monitor compliance with laws and regulations of the Group's operations.

THREE (3) LINES OF DEFENCE

ARMC has a clear direction and robust controls in managing the Group risks at both corporate and management levels, as the Group relies on three (3) lines of defence in managing its risks and internal control across all business functions.

The Board / ARMC

Risk Management Sub-Committee & Top Management

1st Line of Defence	**2nd Line of Defence**	**3rd Line of Defence**
• Management Control • Internal Control Measures	• Financial Control • System of Internal Control & Risk Management • HR capability • Communication Matrix • Compliance • Information Security	• Internal Audit by outsourced independent auditors
Risk Owners/ Manager	**Risk Control and Compliance**	**Risk Assurance**
All business functions	Control Functions	QAC

2. MONITORING

GROUP POLICIES AND PROCEDURES

Our top Management is fully committed to comply with the Group's policies and procedures and this commitment has been communicated to all levels of employees. This "tone from the top" approach has been effective in achieving the desired level of compliance of Group's policies and procedures.

a. Documented policies and procedures are reviewed and revised regularly to meet new business and operational needs and to ensure compliance with relevant laws and regulations. These documents are readily available on the Group's SharePoint for employees to access as a reference.

b. Established procedures and guidelines on recruitment, promotion, termination, human capital development and performance appraisal system to enhance staff competency levels and measuring of employees' performance, have been disseminated to all employees.

c. The Group has a clear limit of authority which defines the approving limits that have been assigned and delegated to each approving authority within the Group covering areas such as procurements, payments, tenders and other operational matters. The limit of authority will be reviewed periodically and updated in line with the changes in the company.

INTERNAL AUDIT BY OUTSOURCED INDEPENDENT AUDIT FIRM

The Board has outsourced its internal audit function to an independent internal audit firm, Sterling Business Alignment Consulting Sdn Bhd ("Independent Internal Auditors") to carry out the reviews and assessments on the adequacy and integrity of the Group's internal control system. The Independent Internal Auditors will present its findings and recommendations of each review to the ARMC at its meetings on a quarterly basis.

The scope of works of the Independent Internal Auditors includes but not limited to the following:

i. Review and assess the adequacy and effectiveness of the Group's internal control system;
ii. Review the level of compliance of Group's policies, standard operating procedures, and related laws and regulations, which are significant to the Group's business;
iii. Report significant issues arising from the internal audit and propose recommendations for improvements;
iv. Conduct follow-up reviews to ensure that all corrective actions are implemented by the respective personnel or departments within the agreed timeline; and
v. Report on any significant non-compliances.

Statement on Risk Management and Internal Control (Cont'd)

3. REPORTING

RISK MANAGEMENT FRAMEWORK

The ERM process is adopted to implement a process to identify, evaluate, manage and monitor significant risks. At the Group level, the process of risk management is addressed by compiling risks identified by each department in the Group. The owners of these risk factors will drive the implementation of risk mitigation measures towards achieving a residual risk that is within the acceptable tolerance. The risks and mitigation measures will be incorporated into the departmental risk register and managed by the respective department.

At the corporate level, any departmental risk that has a significant and severe risk score will be escalated to the ARMC for deliberation. The proposed mitigation measures will be assessed and evaluated to ensure the proposed action plans are adequate in addressing the identified risks. This approach creates a robust risk management system that is self-sustaining and will continue to evolve along with the constant change of the business environment.

For the financial year under review, the key risks that warrant highlighting are outlined below:

i. Business Challenges due to MCO.

The COVID-19 MCO poses certain associated risks to the company, notably the operation risk (i.e., operation disruption, supply chain disruption, business continuation) and financial risk (i.e., cash flow, risk of bankruptcy). Various measures such as reassessment of the company Business Continuity Plan, utilising capital rationing in working capital and also adopting stringent safety measures at our workplace.

The Group has established preventive and control measures such as SOP to manage close contact and symptomatic employees. These measures are developed and implemented after careful consideration of the work efficiency and well-being of the employees.

As an extra precautionary measure, all foreign and local workers (including consultants, suppliers and subcontractors) are required to take and provide the latest COVID-19 swab test results before they are allowed to start work, in complying with the government's guidelines and SOPs.

The Group also ensures that the sanitisation and disinfection process at head office and site project are carried out on a daily basis or as when required. Furthermore, isolation rooms are set up at the office and site project for employees and workers who show symptoms or have a close contact situation.

ii. Corporate Liability under Section 17A Malaysian Anti-Corruption Commission Amendment Act 2018.

Section 17A imposes strict corporate liability on companies for corrupt practices of their employees and/or associated personnel where these acts are carried out for the company's benefit or advantage. The Group has established an Anti-Bribery and Corruption framework based on the "Guideline on Adequate Procedures" by Prime Minister's Department. The establishment and implementation of this framework are to ensure the Group's policy and procedures are aligned with the "TRUST" principles.

In order to keep the employees and external providers updated with the current situation, engagement is vital. We have taken numerous efforts to communicate with all employees and external providers through sharing awareness sessions regarding Anti-Bribery and Corruption.

The Contract Department also implemented a new clause in the Letter of Award ("LOA") before awarding the contract, requiring a representative of the external provider to sign-off an Anti-Bribery and Corruption pledge form.

iii. Compliance of Foreign Worker with Construction Permit.

The Group ensures its risk exposure in relation to compliance with foreign workers are addressed accordingly where workforce entering project site is qualified with construction permit and CIDB Green Card. The challenges faced by the Group are addressed by regular compliance audits and stringent screenings of foreign workers.

iv. Review of Variation Order Management.

Variation order refers to any changes from the scope, plan, specification, or contract document in the construction project. This change of work is common in the construction industry. An increase in variation orders in a project and delay in processing orders may result in additional time and cost, subsequently impair work progress.

Statement on Risk Management and Internal Control (Cont'd)

3. REPORTING (CONT'D)

RISK MANAGEMENT FRAMEWORK (CONT'D)

iv. Review of Variation Order Management. (Cont'd)

To mitigate the risk, the Group has effectively improved on its existing procedures and enforced a strict timeline for variation orders submission and approval from the relevant personnel.

In addition, the enforcement of proper documentation has been implemented which includes retaining records and maintaining documents between the related departments and the person in-charge of the task, to ensure seamless communication and clear traceability.

REVIEW OF THE STATEMENT

According to paragraph 15.23 of the Listing Requirements, the External Auditors have reviewed this Statement. Their review was performed in accordance with Audit and Assurance Practice Guide 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.

Based on their review, nothing has come to their attention that causes them to believe this Statement is not prepared, in all material aspects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Public Listed Companies to be set out, nor is factually incorrect.

The independent internal audit firm, Sterling Business Alignment Consulting Sdn Bhd has also confirmed that the Group's risk management and internal control system in place during the year under review, was adequate and effective.

CONCLUSION

The Board is committed to establish an effective risk management and internal control system, and recognises that the system must continuously evolve to support the business of the Group.

During the financial year under review, there were no material losses as a result of weaknesses in the internal control system that would require disclosure in this Annual Report. Nevertheless, the Board will continue to improve and enhance its existing risk management and internal control system to ensure it is sound and effective to safeguard the Group's assets and shareholders' investments.

The Board, with the assurance from the Group Managing Director and Chief Financial Officer, concluded that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects.

This Statement was approved by the Board on 25 May 2021.

Directors' Responsibility Statement

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

The Directors are required under Rule 15.26(a) of the ACE LR to issue a statement on its responsibility in the preparation of the annual audited financial statements.

The Directors are responsible for ensuring that the financial statements are properly 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 the financial performance and cash flows for the financial period ended on that date.

During the preparation of the financial statements for the financial year ended 31 December 2020, the Directors have:

(i) applied the appropriate and relevant accounting policies consistently and in accordance with applicable approved accounting standards;
(ii) made judgements and estimates that are reasonable and prudent; and
(iii) applied the going concern basis for the preparation of the financial statements.

The Directors also have a general responsibility to keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy to ensure compliance with the Companies Act 2016 as well as to take reasonable steps to safeguard the assets of the Group and of the Company to prevent and to detect fraud and other irregularities.

This Statement is made in accordance with a resolution of the Board of Directors dated 25 May 2021.

Financial Report

Directors' Report

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM'000	The Company RM'000
Profit after taxation for the financial year	11,185	8,921
Attributable to:-		
Owners of the Company	12,507	8,921
Non-controlling interests	(1,322)	–
	11,185	8,921

DIVIDENDS

The Company paid a second interim dividend of 0.5 sen per ordinary share amounting to RM3,765,000 for the financial year ended 31 December 2019 on 30 March 2020.

On 25 March 2021, the Company declared a first interim dividend of 0.5 sen per ordinary share amounting to RM3,765,000 in respect of the current financial year, payable on 30 April 2021, to shareholders whose names appeared in the record of depositors on 14 April 2021. The financial statements for the current financial year do not reflect this interim dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2021.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) there were no changes in the issued and paid-up share capital of the Company; and

(b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

Directors' Report (Cont'd)

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

(a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances 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.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

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, in the opinion of the directors, 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.

Directors' Report (Cont'd)

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Haji Wan Azman Bin Wan Kamal
Dato' Sri Subahan Bin Kamal
Chng Boon Huat
Ir Dr Muhamad Fuad Bin Abdullah
Professor Emerita Siti Naaishah Binti Hambali

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

Abdul Halim Bin Yusof
Aminudin Bin Taib
Datuk Wan Kassim Bin Ahmed
Endie Jude Tofil Bin Md Tuffile
Haji Wan Badrul Hisham Bin Wan Kamal
Lee Heng Kheong
Loh Soon Wah
Tan Keng Seng
Wan Mohammad Faris Bin Wan Omar (Appointed on 11 March 2020)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:-

	Number of Ordinary Shares			
	At 1.1.2020	Bought	Sold	At 31.12.2020
The Company				
Direct Interests				
Haji Wan Azman Bin Wan Kamal	501,916,663	–	–	501,916,663
Dato' Sri Subahan Bin Kamal	51,083,337	–	–	51,083,337
Chng Boon Huat	500,000	–	–	500,000
Ir Dr Muhamad Fuad Bin Abdullah	400,000	–	–	400,000
Professor Emerita Siti Naaishah Binti Hambali	500,000	–	–	500,000

By virtue of their shareholdings in the Company, Haji Wan Azman Bin Wan Kamal, Dato' Sri Subahan Bin Kamal, Chng Boon Huat, Ir Dr Muhamad Fuad Bin Abdullah and Professor Emerita Siti Naaishah Binti Hambali are deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 8 of the Companies Act 2016.

Directors' Report (Cont'd)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director 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 shown in the financial statements, or the fixed salary of a full-time employee of the Company or related corporations) 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 any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 28 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is 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.

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Group and of the Company during the financial year are disclosed in Note 27 to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial year, the amount of indemnity coverage and insurance premium paid for the directors of the Company were RM10,000,000 and RM16,000 respectively.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 32 to the financial statements.

SIGNIFICANT EVENTS OCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 33 to the financial statements.

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 22 to the financial statements.

Signed in accordance with a resolution of the directors dated 27 April 2021.

Haji Wan Azman Bin Wan Kamal

Dato' Sri Subahan Bin Kamal

Statement By Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, Haji Wan Azman Bin Wan Kamal and Dato' Sri Subahan Bin Kamal, being two of the directors of Gagasan Nadi Cergas Berhad, state that, in the opinion of the directors, the financial statements set out on pages 64 - 131 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 of 31 December 2020 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 27 April 2021.

Haji Wan Azman Bin Wan Kamal

Dato' Sri Subahan Bin Kamal

Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Haji Wan Azman Bin Wan Kamal, being the director primarily responsible for the financial management of Gagasan Nadi Cergas Berhad, do solemnly and sincerely declare that the financial statements set out on pages 64 - 131 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Haji Wan Azman Bin Wan Kamal, NRIC Number: 610428-03-5465
at Kuala Lumpur
in the Federal Territory
on this 27 April 2021

Haji Wan Azman Bin Wan Kamal

Before me
Datin Hjh Raihela Wanchik (No W-275)
Commissioner for Oaths

Independent Auditors' Report

to the members of Gagasan Nadi Cergas Berhad
(Incorporated in Malaysia)
Registration No: 201701024800 (1238966 - U)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Gagasan Nadi Cergas 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 64 - 131.

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 Gagasan Nadi Cergas Berhad (Cont'd)
(Incorporated in Malaysia)
Registration No: 201701024800 (1238966 - U)

Key Audit Matters (Cont'd)

We have determined the matters described below to be the key audit matters to be communicated in our report.

Revenue Recognition and Contract Accounting

Refer to Note 19 to the financial statements

Key Audit Matter

Revenue is one of the largest accounts in the financial statements and an important driver of the Group's operating results. We focus on this area as under ISA 240 there is presumption that there are risks of fraud in revenue recognition. There is a risk that Management could adopt accounting policies which could result in material misstatement in the reported revenue position and resulting profit.

Given the significant risks involved when auditing revenue, revenue recognition and contract accounting is an area of audit emphasis as it requires significant management judgement and estimate including amongst others:-

i. Assessment of the stage of completion and timing of revenue recognition.
ii. Estimating cost budgets.
iii. Determining project costs to complete.
iv. Recognition of variation orders.
v. Provision for foreseeable losses and liquidated ascertained damages.

How our audit addressed the Key Audit Matter

Our audit procedures included, among others:

- Assessing internal control procedures by flowchart and walkthrough test;
- Performing test of control;
- Assessing basis used in estimating the budgeted costs;
- Verifying transaction prices, project billings and contract costs incurred;
- Testing the percentage of completion to ensure contract costs incurred to-date reflects the actual work performed;
- Assessing calculation of recognition of revenue, cost and profit to be consistent with the percentage of completion and satisfaction of performance obligations; and
- Assessing reasonableness and adequacy of provision for foreseeable loss and liquidated ascertained damages.

No significant issues noted from our work.

Recoverability of Trade Receivables

Refer to Note 9 to the financial statements

Key Audit Matter

The trade receivables of the Group amounted to approximately RM593.91 million and it constituted 66% of the total assets of the Group. As at 31 December 2020, trade receivables that were past due amounted to RM10.09 million. The details of trade receivables and its credit risk have been disclosed in Note 31 to the financial statements.

Management recognised impairment losses on trade receivables based on specific known facts or circumstances or the abilities of customers to pay.

The determination of whether trade receivables are recoverable involves significant management judgement.

How our audit addressed the Key Audit Matter

Our audit procedures included, among others:

- Reviewing recoverability of major receivables including but not limited to the review of subsequent collections;
- Enquiring management on project/receivables status for major customers;
- Reviewing collections and sales trends during the financial year of major receivables; and
- Reviewing management's basis of estimation on the adequacy of the Group's allowance for impairment loss on trade receivables.

No significant issues noted from our work.

Independent Auditors' Report

to the members of Gagasan Nadi Cergas Berhad (Cont'd)
(Incorporated in Malaysia)
Registration No: 201701024800 (1238966 - U)

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.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the 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' Responsibilities 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 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.

Independent Auditors' Report

to the members of Gagasan Nadi Cergas Berhad (Cont'd)
(Incorporated in Malaysia)
Registration No: 201701024800 (1238966 - U)

Auditors' Responsibilities 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)

- 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.

- 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.

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.

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Ung Voon Huay
03233/09/2022 J
Chartered Accountant

Kuala Lumpur

27 April 2021

Statements of Financial Position

as at 31 December 2020

	Note	The Group 2020 RM'000	The Group 2019 RM'000	The Company 2020 RM'000	The Company 2019 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	27,570	28,715	–	–
Inventories	6	56,492	64,976	–	–
Investments in subsidiaries	7	–	–	96,926	96,926
Right-of-use assets	8	3,112	3,553	–	–
Trade receivables	9	531,144	561,944	–	–
		618,318	659,188	96,926	96,926
CURRENT ASSETS					
Inventories	6	65,446	28,479	–	–
Trade receivables	9	62,767	64,940	–	–
Contract assets	10	25,748	26,133	–	–
Other receivables, deposits and prepayments	11	21,543	21,678	6,040	6,039
Amount owing by subsidiaries	12	–	–	26,964	23,989
Current tax assets		3,145	2,875	3	–
Fixed deposits with licensed banks	13	45,705	30,653	–	–
Cash and bank balances		63,765	92,920	19,882	17,734
		288,119	267,678	52,889	47,762
TOTAL ASSETS		906,437	926,866	149,815	144,688
EQUITY AND LIABILITIES					
EQUITY					
Share capital	14	136,444	136,444	136,444	136,444
Retained profits		313,557	304,815	13,076	7,920
Equity attributable to owners of the Company		450,001	441,259	149,520	144,364
Non-controlling interests	7	3,894	4,916	–	–
TOTAL EQUITY		453,895	446,175	149,520	144,364
NON-CURRENT LIABILITIES					
Borrowings	15	262,401	284,695	–	–
Deferred tax liabilities	16	77,482	79,597	–	–
		339,883	364,292	–	–
CURRENT LIABILITIES					
Trade payables	17	68,213	70,465	–	–
Other payables and accruals	18	5,971	7,016	295	274
Borrowings	15	36,179	37,356	–	–
Current tax liabilities		2,296	1,562	–	50
		112,659	116,399	295	324
TOTAL LIABILITIES		452,542	480,691	295	324
TOTAL EQUITY AND LIABILITIES		906,437	926,866	149,815	144,688

The annexed notes form an integral part of these financial statements.

Statements of Profit or Loss and Other Comprehensive Income

for the financial year ended 31 December 2020

		The Group		The Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
REVENUE	19	206,902	289,631	10,000	15,000
COST OF SALES		(178,040)	(235,786)	–	–
GROSS PROFIT		28,862	53,845	10,000	15,000
OTHER INCOME		34,051	33,299	324	578
		62,913	87,144	10,324	15,578
SELLING AND DISTRIBUTION EXPENSES		(148)	(234)	(5)	(6)
ADMINISTRATIVE EXPENSES		(26,544)	(30,906)	(1,314)	(2,505)
OTHER EXPENSES		(3,150)	(3,256)	–	(2)
FINANCE COSTS	20	(16,032)	(18,392)	–	–
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND CONTRACT ASSETS	21	(836)	524	–	–
PROFIT BEFORE TAXATION	22	16,203	34,880	9,005	13,065
INCOME TAX EXPENSE	23	(5,018)	(9,024)	(84)	(125)
PROFIT AFTER TAXATION		11,185	25,856	8,921	12,940
OTHER COMPREHENSIVE INCOME		–	–	–	–
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		11,185	25,856	8,921	12,940
PROFIT AFTER TAXATION/ TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		12,507	25,284	8,921	12,940
Non-controlling interests		(1,322)	572	–	–
		11,185	25,856	8,921	12,940
EARNINGS PER SHARE (SEN)	24				
– Basic		1.66	3.36	–	–
– Diluted		1.66	3.36	–	–

The annexed notes form an integral part of these financial statements.

Statements of Changes in Equity

for the financial year ended 31 December 2020

	Note	Share Capital RM'000	Distributable Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non-controlling Interests RM'000	Total Equity RM'000
The Group						
Balance at 1.1.2019		95,444	283,296	378,740	4,319	383,059
Profit after taxation/Total comprehensive income for the financial year		–	25,284	25,284	572	25,856
Contributions by and distribution to owners of the Company:						
– Issuance of shares	14	42,000	–	42,000	–	42,000
– Transaction costs arising on share issue	14	(1,000)	–	(1,000)	–	(1,000)
– Issuance of shares to non-controlling interest in a subsidiary		–	–	–	25	25
– Dividends paid	25	–	(3,765)	(3,765)	–	(3,765)
Total transaction with owners		41,000	(3,765)	37,235	25	37,260
Balance at 31.12.2019/1.1.2020		136,444	304,815	441,259	4,916	446,175
Profit after taxation/Total comprehensive income for the financial year		–	12,507	12,507	(1,322)	11,185
Contributions by and distribution to owners of the Company:						
– Issuance of shares to non-controlling interest in a subsidiary		–	–	–	300	300
– Dividends paid	25	–	(3,765)	(3,765)	–	(3,765)
Total transaction with owners		–	(3,765)	(3,765)	300	(3,465)
Balance at 31.12.2020		136,444	313,557	450,001	3,894	453,895

The annexed notes form an integral part of these financial statements.

Statements of Changes in Equity

for the financial year ended 31 December 2020 (Cont'd)

	Note	Share Capital RM'000	Retained Profit RM'000	Total Equity RM'000
The Company				
Balance at 1.1.2019		95,444	(1,255)	94,189
Profit after taxation/Total comprehensive income for the financial year		–	12,940	12,940
Contributions by and distribution to owners of the Company:				
– Issuance of shares	14	42,000	–	42,000
– Transaction costs arising on share issue	14	(1,000)	–	(1,000)
– Dividends paid	25	–	(3,765)	(3,765)
Total transactions with owners		41,000	(3,765)	37,235
Balance at 31.12.2019/1.1.2020		136,444	7,920	144,364
Profit after taxation/Total comprehensive income for the financial year		–	8,921	8,921
Contributions by and distribution to owners of the Company:				
– Dividends paid	25	–	(3,765)	(3,765)
Balance at 31.12.2020		136,444	13,076	149,520

The annexed notes form an integral part of these financial statements.

Statements of Cash Flows

for the financial year ended 31 December 2020

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit before taxation	16,203	34,880	9,005	13,065
Adjustments for:-				
Depreciation:				
– property, plant and equipment	1,495	1,599	–	–
– right-of-use assets	969	731	–	–
Impairment losses:				
– trade receivables	933	266	–	–
– other receivables	–	1,268	–	–
– goodwill	–	19	–	–
Finance costs	16,032	18,392	–	–
Loss on disposal of right-of-use assets	43	–	–	–
Accretion of fair value on non-current trade receivables	(28,358)	(29,740)	–	–
Early termination of lease contracts	(100)	–	–	–
Dividend income	–	–	(10,000)	(15,000)
Gain on disposal:				
– property, plant and equipment	(35)	(15)	–	–
Finance income	(1,928)	(2,907)	(324)	(578)
Reversal of impairment losses:				
– trade receivables	(13)	(2,052)	–	–
– other receivables	(84)	(6)	–	–
Operating profit/(loss) before working capital changes	5,157	22,435	(1,319)	(2,513)
Increase in inventories	(28,483)	(5,624)	–	–
Decrease in contract assets	385	12,808	–	–
Decrease/(Increase) in trade and other receivables	60,630	60,231	(1)	(3,988)
(Decrease)/Increase in trade and other payables	(3,297)	(5,339)	21	(1,239)
CASH FROM/(FOR) OPERATIONS CARRIED FORWARD	34,392	84,511	(1,299)	(7,740)

The annexed notes form an integral part of these financial statements.

Statements of Cash Flows

for the financial year ended 31 December 2020 (Cont'd)

		The Group		The Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
CASH FROM/(FOR) OPERATIONS BROUGHT FORWARD		34,392	84,511	(1,299)	(7,740)
Income tax paid		(6,669)	(10,636)	(137)	(75)
NET CASH FROM/(FOR) OPERATING ACTIVITIES		27,723	73,875	(1,436)	(7,815)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Acquisition of a subsidiary, net of cash and cash equivalents acquired		–	(19)	–	–
Advances to subsidiaries		–	–	(2,975)	(27,332)
Dividend received		–	–	10,000	15,000
Finance income received		1,928	2,907	324	578
Acquisition of shares in a subsidiary		–	–	–	#
Subscription of shares in a subsidiary		–	–	–	#
Purchase of right-of-use assets	26(a)	(548)	(85)	–	–
(Placement)/Withdrawal of pledged fixed deposits and with tenure more than 3 months		(12,232)	12,640	–	–
Proceeds from disposal of property, plant and equipment		35	15	–	–
Purchase of properties held for future development		–	(439)	–	–
Purchase of property, plant and equipment	26(a)	(271)	(1,605)	–	–
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(11,088)	13,414	7,349	(11,754)
BALANCE CARRIED FORWARD		16,635	87,289	5,913	(19,569)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Dividends paid	25	(3,765)	(3,765)	(3,765)	(3,765)
Drawdown of borrowings	26(b)	40,014	6,065	–	–
Finance costs paid		(16,032)	(18,392)	–	–
Proceeds from issuance of shares to non-controlling interest in a subsidiary		300	25	–	–
Repayment of borrowing	26(b)	(61,351)	(47,894)	–	–
Proceed from issuance of shares, net of transaction costs		–	41,000	–	41,000
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(40,834)	(22,961)	(3,765)	37,235
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(24,199)	64,328	2,148	17,666
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		87,958	23,630	17,734	68
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	26(c)	63,759	87,958	19,882	17,734

- Amount below RM1,000

The annexed notes form an integral part of these ncial statements.

Notes to the Financial Statements

for the financial year ended 31 December 2020

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.
Principal place of business	:	F-1 @ 8 Suria, 33, Jalan PJU 1/42, 47301 Petaling Jaya, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 27 April 2021.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

3.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 3: Definition of a Business

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

Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform

Amendments to MFRS 101 and MFRS 108: Definition of Material

Amendments to References to the Conceptual Framework in MFRS Standards

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

3. BASIS OF PREPARATION (CONT'D)

3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 3: Reference 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 Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 –2020	1 January 2022
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment 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

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Depreciation of Property, Plant and Equipment and Right-of-use Assets

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment and right-of-use assets are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment and right-of-use assets will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment and right-of-use assets as at the reporting date are disclosed in Notes 5 and 8 to the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(b) Impairment of Property, Plant and Equipment and Right-of-use Assets

The Group determines whether an item of its property, plant and equipment and right-of-use assets are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amounts of property, plant and equipment and right-of-use assets as at the reporting date are disclosed in Notes 5 and 8 to the financial statements.

(c) Impairment of Trade Receivables and Contract Assets

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables and contract assets. The carrying amounts of trade receivables and contract assets as at the reporting date are disclosed in Notes 9 and 10 to the financial statements.

(d) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. It also requires the Group to assess whether there is a significant increase in credit risk of the non-trade financial asset at the reporting date. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions and forward-looking information at the end of each financial period. The carrying amounts of other receivables and amounts owing by subsidiaries as at the reporting date are disclosed in Notes 11 and 12 to the financial statements.

(e) Revenue Recognition for Construction Contracts

The Group recognises construction revenue by reference to the construction progress using the input method, determined based on the proportion of construction costs incurred for work performed to date over the estimated total construction costs. The total estimated costs are based on approved budgets, which require assessment and judgement to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, management relies on past experience and the work of specialists. The carrying amount of contract assets as at the reporting date is disclosed in Note 10 to the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(f) Revenue and Cost Recognition of Property Development Activities

The Group recognises property development revenue as and when the control of the asset is transferred to a customer and it is probable that the Group will collect the consideration to which it will be entitled. The control of the asset may transfer over time or at a point in time depending on the terms of the contract with the customer and the application laws governing the contract.

When the control of the asset is transferred over time, the Group recognises property development revenue and costs by reference to the progress towards complete satisfaction of the performance obligation at the end of the reporting period. This is measured based on the Group's efforts or budgeted inputs to the satisfaction of the performance obligation. Significant judgement is required in determining the completeness and accuracy of the budgets and the extent of the costs incurred. Substantial changes in property development cost estimates in the future can have a significant effect on the Group's results. In making the judgement, the Group evaluates and relies on past experience and works of specialists.

(g) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made. The carrying amount of current tax liabilities as at the reporting date is RM2,296,000 (2019 – RM1,562,000).

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

(a) Classification between Investment Properties and Owner-occupied Properties

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 accounts 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 so significant that a property does not qualify as investment properties.

(b) Lease Terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Critical Judgements Made in Applying Accounting Policies (Cont'd)

(c) Contingent Liabilities

The recognition and measurement for contingent liabilities are based on management's view of the expected outcome on contingencies after consulting legal counsel for litigation cases and experts, for matters in the ordinary course of business. Furthermore, the directors are of the view that the chances of the financial institutions to call upon the corporate guarantees issued by the Group and the Company are remote.

4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities controlled by the Group. 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. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

(c) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in the equity of the Group.

(d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value of the initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4.3 FUNCTIONAL AND PRESENTATION CURRENCY

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

4.4 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. The fair value changes do not include interest or dividend income.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value (excluding interest expense) of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

Ordinary Shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Notes to the Financial Statements

for the financial year ended 31 December 2020 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(e) 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 because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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 or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a 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 amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

4.5 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

4.6. PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Freehold buildings	2%
Chiller plant and machineries	5%
Cabins, furniture and office equipment	6% – 10%
Plant and machinery	10%
Computers and software	20%
Motor vehicles	20%
Renovation	20%

Notes to the Financial Statements

for the financial year ended 31 December 2020 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

4.7 LEASES

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjustment for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost and net realisable value are determined as below:-

Property Development

(i) Properties Held for Future Development

The cost comprises specifically identified cost, including cost associated to the purchase of land and an appropriate proportion of common infrastructure costs and borrowing costs capitalised.

Net realisable value represents the estimated selling price of intended properties that to be developed less the estimated costs of completion and the estimated costs necessary in selling the properties. If future development layout plan is not available, the replacement cost of the properties held for future development will be the best available measure of the net realisable value.

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

Properties held for future development is transferred to properties under development for sale' category when development activities have commenced and are expected to be completed within the Group's normal operating cycle.

(ii) Properties Under Development for Sale

The cost comprises specifically identified cost, including cost associated to the purchase of land, conversion fees, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of common infrastructure costs and borrowing costs capitalised.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary in selling the property.

(iii) Completed Properties Held for Sale

The cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. The cost of completed properties held for sale comprises cost associated with the acquisition of land, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary in selling the property.

4.9 CONTRACT COSTS

(a) Incremental Costs of Obtaining Contracts

The Group recognises incremental costs of obtaining contracts with customers as an asset when the Group expects to recover these costs. When the amortisation period of the asset is one year or less, such costs are recognised as an expense immediately when incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 CONTRACT COSTS (CONT'D)

(b) Costs to Fulfil A Contract

The Group recognises costs that relate directly to a contract (or an anticipated contract) with customer as an asset when the costs generate or enhance resources of the Group, will be used in satisfying performance obligation in the future and are recovered.

The contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates.

An impairment loss is recognised in the profit or loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Any impairment loss recovered shall be reversed to the extent of the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

4.10 CONTRACT ASSET AND CONTRACT LIABILITY

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment requirements of MFRS 9.

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

4.11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

4.12 IMPAIRMENT

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For concession services receivables and all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 IMPAIRMENT (CONT'D)

(a) Impairment of Financial Assets (Cont'd)

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 – Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

4.13 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

4.14 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are the expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax is recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

4.16 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

4.17 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.18 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

4.19 BORROWING COSTS

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing costs applicable to borrowings that are outstanding during the financial year, other than borrowings made specifically for the purpose of financing a specific project-in-progress, in which case the actual borrowing costs incurred on that borrowings less any investment income on temporary investment of that borrowings will be capitalised.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred.

4.20 FAIR VALUE MEASUREMENTS

Fair value is 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, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction 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.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

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

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.21 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service at a point in time unless one of the following over time criteria is met:-

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

(a) Construction Services

Revenue from construction services is recognised over time in the period in which the services are rendered using the input method, determined based on the proportion of construction costs incurred for work performed to date over the estimated total construction costs. Transaction price is computed based on the price specified in the contract and adjusted for any variable consideration such as incentives and penalties. Past experience is used to estimate and provide for the variable consideration, using expected value method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

A receivable is recognised when the construction services are rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. If the construction services rendered exceed the payment received, a contract asset is recognised. If the payments exceed the construction services rendered, a contract liability is recognised.

Long-term concession contracts with government or government agencies

The Group has concession arrangements with the Government of Malaysia ("Government") or government agencies ("the Grantor") to design, develop, construct and complete the Facilities and Infrastructure ("concession asset") and to carry out the Asset Management Services for a concession period of 22.5 (Including construction period of 2.5 years) years and transfer the concession asset to the grantor at the end of concession periods.

Payment terms for contracts with Government and Grantor are usually based on equal instalments over the duration of the contract after the asset management service commencement date. If the Group has recognised revenue, but not issued a bill, then the entitlement to consideration is recognised as a contract asset. The contract asset is transferred to receivables when the entitlement to payment become unconditional.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.21 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

(b) Rendering of Facility Management Services

Revenue from providing facility management services is recognised over time in the period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. As a practical expedient, the Group recognises revenue on a straight-line method over the period of service.

(c) Property Development Activities

Revenue from property development is recognised progressively when property development services are rendered and such services do not create an asset with an alternative's use to the Group, and the Group has a present right to payment for services rendered to date. The progress towards complete satisfaction of the performance obligation is measured based on a method that best depicts the Group's performance in satisfying the performance obligation of the contract. This is determined by reference to the property development costs incurred up to the end of the reporting period as a percentage of total estimated costs for complete satisfaction of the contract. Otherwise, revenue is recognised at a point in time upon delivery of property and customer's acceptance, and the Group has a present right to payment for the property sold.

A receivable is recognised when the development activities are carried out as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. When the services rendered exceed the billings to customers, a contract asset is recognised. If the billings exceed the services rendered, a contract liability is recognised.

(d) Rendering of Utility Services

Revenue from providing utility services is recognised over time in the period in which the services are rendered. This is based on the actual customer usage relative to the agreed-upon charging rates.

4.22 REVENUE FROM OTHER SOURCES AND OTHER OPERATING INCOME

(a) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

(b) Interest Income

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

(c) Rental Income

Rental income is accounted for on a straight-line method over the lease term.

(d) Government Grant

Government grants are recognised at their fair value when there is reasonable assurance that they will be received and all conditions attached will be met.

Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis over the period necessary to match them with the related expenses which they are intended to compensate for. These grants are presented as other income in profit or loss.

Grants that compensate the Group for the cost of an asset are recognised as deferred grant income in the statement of financial position and are amortised to profit or loss on a systematic basis over the expected useful life of the relevant asset

Notes to the Financial Statements

for the financial year ended 31 December 2020 (Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT

The Group	At 01.01.2020 RM'000	Additions RM'000	Depreciation Charges RM'000	Transfer (to)/from Right-of-use Assets RM'000	At 31.12.2020 RM'000
2020					
Carrying Amount					
Freehold land and buildings	16,723	–	(297)	–	16,426
Chiller plant and machineries	946	–	(111)	–	835
Cabins, furniture and office equipment	1,071	60	(189)	–	942
Plant and machinery	2,063	–	(245)	(13)	1,805
Computers and software	1,238	25	(490)	–	773
Motor vehicles	68	–	(113)	92	47
Renovation	155	–	(50)	–	105
Capital work-in-progress	6,451	186	–	–	6,637
	28,715	271	(1,495)	79	27,570

The Group	1.1.2019 As Previously Reported RM'000	1.1.2019 Initial Application of MFRS 16 RM'000	As Restated RM'000	Additions RM'000	Disposal RM'000	Depreciation Charges RM'000	At 31.12.2019 RM'000
2019							
Carrying Amount							
Freehold land and buildings	17,020	–	17,020	–	–	(297)	16,723
Chiller plant and machineries	1,057	–	1,057	–	–	(111)	946
Cabins, furniture and office equipment	1,001	–	1,001	255	–	(185)	1,071
Plant and machinery	2,298	–	2,298	13	–	(248)	2,063
Computers and software	1,532	–	1,532	168	–	(462)	1,238
Motor vehicles	2,034	(1,719)	315	–	(1)	(246)	68
Renovation	173	–	173	32	–	(50)	155
Capital work-in-progress	5,314	–	5,314	1,137	–	–	6,451
	30,429	(1,719)	28,710	1,605	(1)	(1,599)	28,715

Notes to the Financial Statements
for the financial year ended 31 December 2020 (Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	At Cost RM'000	Accumulated Depreciation RM'000	Carrying Amount RM'000
2020			
Freehold land and buildings	18,849	(2,423)	16,426
Chiller plant and machineries	2,226	(1,391)	835
Cabins, furniture and office equipment	3,096	(2,154)	942
Plant and machinery	7,558	(5,753)	1,805
Computers and software	2,572	(1,799)	773
Motor vehicles	2,950	(2,903)	47
Renovation	1,143	(1,038)	105
Capital work-in-progress	6,637	–	6,637
	45,031	(17,461)	27,570
2019			
Freehold land and buildings	18,849	(2,126)	16,723
Chiller plant and machineries	2,226	(1,280)	946
Cabins, furniture and office equipment	3,036	(1,965)	1,071
Plant and machinery	7,571	(5,508)	2,063
Computers and software	2,547	(1,309)	1,238
Motor vehicles	2,902	(2,834)	68
Renovation	1,143	(988)	155
Capital work-in-progress	6,451	–	6,451
	44,725	(16,010)	28,715

Included in the property, plant and equipment of the Group at the end of the reporting period were freehold land and buildings with a total carrying amount of RM12,426,000 (2019 – RM12,723,000) which have been charged to a licensed bank as security for banking facilities granted to the Group as disclosed in Notes 15(c) and 15(d) to the financial statements.

6. INVENTORIES

	The Group	
	2020 RM'000	**2019 RM'000**
Property Development		
Properties held for future development	56,492	64,976
Properties under development for sale	65,446	28,479
	121,938	93,455
Represented by:		
Non-current assets	56,492	64,976
Current assets	65,446	28,479
	121,938	93,455
Recognised in profit or loss:		
Inventories of property development	19,458	14,045

(a) Included in the properties held for future development comprise freehold lands and leasehold lands that have been charged to licensed banks as security for banking facilities granted to the Group as disclosed in Notes 15(c) and 15(d) to the financial statements.

(b) Included in the properties under development for sale comprise a piece of development land registered under a third party's name that has been charged to a licensed bank as security for banking facilities granted to the Group as disclosed in 15(c) and 15(d) to the financial statements.

(c) Included in properties held for future development are interests on borrowings capitalised during the financial year amounting to RM452,000 (2019 – RM984,000).

7. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2020 RM'000	**2019 RM'000**
Unquoted shares, at cost	**96,926**	96,926

Notes to the Financial Statements

for the financial year ended 31 December 2020 (Cont'd)

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries, all of which are incorporated in Malaysia, are as follows:-

Name of Subsidiaries	Percentage of Issued Share Capital Held by Parent		Principal Activities
	2020 %	2019 %	
Direct Subsidiaries			
Nadi Cergas Sdn. Bhd. ("NCSB")	100	100	Property development, and construction of buildings, infrastructures and related facilities.
Nadi Cergas Hartanah Sdn. Bhd. ("NCH")	100	100	Property investment holding.
Naditech Utilities Sdn. Bhd. ("NTU")	60	60	Operation of a district cooling system including thermal energy storage tank and related facilities for the supply of chilled water.
Nadi Cergas Management Services Sdn. Bhd. ("NCMS")	100	100	Provision of management and corporate services.
Nadi Cergas Development Sdn. Bhd. ("NCD")	70	70	Property development.
Nadi Cergas Urus Harta Sdn. Bhd. ("NCUH")	100	100	Provision of facility management services.
Nadi Cergas Medik Sdn. Bhd. ("NCM")	100	100	Dormant.
Subsidiaries of NCSB			
Sasaran Etika Sdn. Bhd. ("SESB")	100	100	Concessionaire for building construction and provision of facility management services for student hostels.
Naluri Etika Sdn. Bhd. ("NESB")	100	100	Concessionaire for building construction and provision of facility management services for student hostels.
Subsidiaries of NCD			
Ringgit Muhibbah Sdn. Bhd. ("RMSB")	67	67	Property investment holding and property development.
Nadi Emery Sdn Bhd ("NERSB")	53	–	Property development.
Nadi Embun Sdn Bhd ("NEBSB")	49	–	Property development.
Subsidiaries of NTU			
Naditech Power Sdn. Bhd. ("NTP")	57	57	Dormant and yet to commence the business of electricity distribution.
Naditech Energy Sdn. Bhd. ("NTE")	57	57	Dormant and yet to commence business of district cooling system for the supply of chilled water.
Subsidiary of NTP			
Naditech Icon Sdn. Bhd. ("NTI")	57	57	Dormant.

Notes to the Financial Statements
for the financial year ended 31 December 2020 (Cont'd)

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) The non-controlling interests at the end of reporting period comprise the following:-

	Effective Equity Interest		The Group	
	2020 %	2019 %	2020 RM'000	2019 RM'000
Naditech Utilities Sdn. Bhd.	40	40	5,425	5,260
Other individually immaterial subsidiaries			(1,531)	(344)
			3,894	4,916

(b) The summarised financial information (before intra-group elimination) for the subsidiary with non-controlling interest that are material to the Group is as follows:-

	Naditech Utilities Sdn. Bhd.	
	2020 RM'000	2019 RM'000
At 31 December		
Non-current assets	3,045	3,394
Current assets	14,451	15,740
Non-current liabilities	(247)	(343)
Current liabilities	(2,641)	(5,642)
Net assets	14,608	13,149
Financial Year Ended 31 December		
Revenue	3,993	4,508
Profit after taxation/Total comprehensive income for the financial year	1,459	1,426
Total comprehensive income attributable to non-controlling interests	584	570
Net cash from operating activities	329	620
Net cash (for)/from investing activities	(1,202)	3,207
Net cash for financing activities	(2,889)	(17)

Notes to the Financial Statements
for the financial year ended 31 December 2020 (Cont'd)

8. RIGHT-OF-USE ASSETS

The Group	At 01.01.2020 RM'000	Additions RM'000	Depreciation Charges RM'000	Early Termination of Lease Contracts RM'000	Derecognition Due to Lease Modifications RM'000	Transfer (to)/from Property, Plant and Equipment RM'000	At 31.12.2020 RM'000
2020							
Carrying Amount							
Buildings	281	246	(230)	(43)	–	–	254
Machines	1,877	250	(77)	–	(1,299)	13	764
Motor vehicles	1,395	1,453	(662)	–	–	(92)	2,094
	3,553	1,949	(969)	(43)	(1,299)	(79)	3,112

	At 01.01.2019 RM'000	Additions RM'000	Depreciation Charges RM'000	At 31.12.2019 RM'000
2019				
Carrying Amount				
Buildings	191	307	(217)	281
Machines	–	1,933	(56)	1,877
Motor vehicles	1,719	134	(458)	1,395
	1,910	2,374	(731)	3,553

	The Group 2020 RM'000	The Group 2019 RM'000
Analysed by:-		
Cost	4,867	4,785
Accumulated depreciation	(1,755)	(1,232)
	3,112	3,553

8. RIGHT-OF-USE ASSETS (CONT'D)

The Group leases various buildings, machines and motor vehicles of which the leasing activities are summarised below:-

(i) Buildings — The Group has leased a number of buildings as hostels for employees and sales gallery ranging from 1 year to 2 years (2019 – 1 year to 2 years), with an option to renew the leases after that date.

(ii) Machines — The Group has leased its machines under hire purchase arrangements with the lease terms of 5 years (2019 – 1 year to 2 years). At the end of the lease term, the Group has option to purchase the asset at an insignificant amount.

(iii) Motor vehicles — The Group has leased its motor vehicles under hire purchase arrangements with the lease terms of ranging from 3 to 5 (2019 – 3 to 5) years. At the end of the lease term, the Group has option to purchase the asset at an insignificant amount. The leases bear effective interest rates ranging from 2.22% to 3.66% (2019 – 2.31% to 3.66%) and are secured by the lease assets.

9. TRADE RECEIVABLES

The amounts recognised in the statements of financial position are analysed as follows:-

	The Group	
	2020 RM'000	2019 RM'000
Non-current		
Concession services receivables	532,193	562,730
Allowance for impairment losses	(1,049)	(786)
	531,144	561,944
Current		
Concession services receivables	31,622	32,704
Trade receivables	32,648	33,082
Allowance for impairment losses	(1,503)	(846)
	62,767	64,940
	593,911	626,884

	The Group	
	2020 RM'000	2019 RM'000
Allowance for impairment losses:-		
At 1 January	1,632	3,418
Addition during the financial year	933	266
Reversal during the financial year	(13)	(2,052)
At 31 December	2,552	1,632

(i) The Group's normal trade credit terms range from 30 to 90 (2019 – 30 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

Notes to the Financial Statements

for the financial year ended 31 December 2020 (Cont'd)

9. TRADE RECEIVABLES (CONT'D)

(ii) Included in trade receivables of the Group representing financial assets from the concession arrangement for the IIUM and UTeM projects as follows:-

	The Group	
	2020 RM'000	2019 RM'000
Gross trade receivables:		
– IIUM Project	293,660	312,721
– UTeM Project	270,155	282,713
	563,815	595,434
Less: Allowance for impairment losses		
– IIUM Project	(576)	(434)
– UTeM Project	(530)	(392)
	(1,106)	(826)
Net trade receivables		
– IIUM Project	293,084	312,287
– UTeM Project	269,625	282,321
	562,709	594,608

The amount comprises the fair value of the consideration receivable for the completion of the construction. The repayment is in the form of availability charges from the concession arrangements.

(iii) In previous financial year, included in trade receivables was an amount of RM948,000 owing by a related party in which a director of a subsidiary and a person connected to a director of the Company have substantial financial interests.

Concession Agreement ("CA")

(a) In 25 October 2011, the subsidiary, Sasaran Etika Sdn. Bhd. has executed a CA with the Government of Malaysia and International Islamic University Malaysia ("IIUM") for the grant to the subsidiary of the right and authority to carry out the planning, design, development, construction, landscaping, equipping, installation, completion, testing and commissioning and the maintenance of the buildings, structures, facilities and infrastructure of IIUM Kuantan Campus and to carry out the services and works specifications relating to the maintenance services of the facilities and infrastructure (collectively referred to as the "Concession").

The provision of asset management services commences upon issuance of the Certificate of Acceptance confirming acceptance of the availability of the facilities and infrastructure, and ceases on the Expiry Date ("Maintenance Period").

9. TRADE RECEIVABLES (CONT'D)

Concession Agreement ("CA") (Cont'd)

The principal terms of the CA are as follows:

(i) The Concession period shall be for a period of twenty two (22) years and six (6) months ("Concession period") commencing from the commencement date of construction or the date all conditions precedent for the CA have been met whichever is the later ("Commencement Date"), and ending on the sixth (6th) month following the twenty second (22nd) anniversary of the Commencement Date ("Expiry Date").

(ii) The maintenance service will commence upon the issuance of Certificate of Acceptance by IIUM and expire on the Expiry Date ("Maintenance Period"). IIUM shall pay the Group throughout the Maintenance Period the following charges:-

(a) The sub-lease rental for the availability of the facilities and infrastructure ("Availability Charges"); and

(b) The asset management services charges ("Maintenance Charges") for the Asset Management Services by way of monthly payments in arrears.

(b) On 5 September 2014, the subsidiary, Naluri Etika Sdn. Bhd. has executed a CA with the Government of Malaysia and University Teknikal Malaysia Melaka ("UTeM") for the grant to the subsidiary of the right and authority to carry out the design, build, construct, develop and complete hostels for 5,000 UTeM students in Malacca and to carry the services and works specifications relating to the maintenance services of the facilities and infrastructure (collectively referred to as the "Concession").

The provision of asset management services commences upon issuance of the Certificate of Acceptance confirming acceptance of the availability of the facilities and infrastructure, and ceases on the Expiry Date ("Maintenance Period").

The principal terms of the CA are as follows:

(i) The Concession period shall be for a period of twenty two (22) years and six (6) months ("Concession period") commencing from the commencement date of construction or the date all conditions precedent for the CA have been met whichever is the later ("Commencement Date"), and ending on the sixth (6th) month following the twenty second (22nd) anniversary of the Commencement Date ("Expiry Date").

(ii) The maintenance service will commence upon the issuance of Certificate of Acceptance by UTeM and expire on the Expiry Date ("Maintenance Period"). UTeM shall pay the Group throughout the Maintenance Period the following charges:-

(a) The sub-lease rental for the availability of the facilities and infrastructure ("Availability Charges"); and

(b) The asset management services charges ("Maintenance Charges") for the Asset Management Services by way of monthly payments in arrears.

10. CONTRACT ASSETS

	The Group	
	2020 RM'000	**2019 RM'000**
Contract assets relating to construction contracts	34,136	46,265
Contract assets relating to property development activities	13,027	9,008
Contract liabilities relating to construction contracts	(21,415)	(29,140)
	25,748	26,133

Notes to the Financial Statements
for the financial year ended 31 December 2020 (Cont'd)

10. CONTRACT ASSETS (CONT'D)

(a) The contract assets primarily relate to the Group's right to consideration for construction work completed on construction contracts but not yet billed as at the reporting date. This balance will be billed progressively in the future upon the fulfillment of contractual milestones.

(b) The contract assets represent the timing differences in revenue recognition and the milestone billings in respect of the property development activities.

(c) The significant changes to contract assets during the financial year:-

	The Group	
	2020 RM'000	2019 RM'000
Transfer to trade receivables	209,508	278,705
Revenue recognised on performance obligation satisfied during the financial year	186,830	268,202

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Other receivables:-				
Third parties	9,726	8,502	–	–
Related party	5,967	5,961	–	–
Allowance for impairment losses	(6,187)	(6,271)	–	–
	9,506	8,192	–	–
Deposits	4,901	6,244	1	–
Prepayments	7,136	7,242	6,039	6,039
	21,543	21,678	6,040	6,039

	The Group	
	2020 RM'000	2019 RM'000
Allowance for impairment losses:-		
At 1 January	6,271	5,009
Addition during the financial year	–	1,268
Reversal during the financial year	(84)	(6)
At 31 December	6,187	6,271

Notes to the Financial Statements
for the financial year ended 31 December 2020 (Cont'd)

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

(a) Included in other receivables of the Group are project billings receivable of RM3,904,000 (2019 – RM3,235,000) which is to be reimbursed from a contract customer after the Group has completed the construction project.

(b) Included in prepayments is an amount of RM6,000,000 being part of purchase consideration on acquisition of a group of companies.

(c) The amount owing by a related party comprised project expenditures to the preliminary costs incurred on a development project which is refundable from the project owner.

12. AMOUNT OWING BY SUBSIDIARIES

The amount owing by subsidiaries is non-trade in nature, unsecured, interest-free and repayable on demand. The amount is to be settled in cash.

13. FIXED DEPOSITS WITH LICENSED BANKS

(a) The fixed deposits with licensed banks of the Group at the end of the reporting period bore effective interest/profit rates ranging from 1.25% to 3.00% (2019 – 2.55% to 3.75%) per annum. The fixed deposits have maturity periods ranging from 1 to 12 (2019 – 1 to 12) months.

(b) Included in the fixed deposits with licensed banks of the Group at the end of the reporting period was an amount of RM15,135,000 (2019 – RM15,503,000) which has been pledged to the licensed banks as security for banking facilities granted to the Group as disclosed in Notes 15(d), 15(e) and 15(f) to the financial statements.

14. SHARE CAPITAL

	The Group/The Company			
	2020	2019	2020	2019
	Number of Shares'000		RM'000	RM'000
Issued and Fully Paid-Up				
Ordinary Shares				
At 1 January	753,000	613,000	136,444	95,444
Issuance of new shares for cash	–	140,000	–	42,000
Transaction costs arising on share issues	–	–	–	(1,000)
At 31 December	753,000	753,000	136,444	136,444

(i) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

(ii) In the previous financial year, the Company increased its issued and paid-up share capital from RM95,444,000 to RM136,444,000 by the creation of 140,000,000 new ordinary shares pursuant to the initial public offering of the Company on the ACE Market of Bursa Malaysia Securities Berhad for total cash consideration of RM42,000,000. The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

Notes to the Financial Statements

for the financial year ended 31 December 2020 (Cont'd)

15. BORROWINGS (SECURED)

	Note	The Group 2020 RM'000	The Group 2019 RM'000
Non-current			
Lease liabilities	15(a)	1,153	1,420
Lease liabilities (Ijarah)	15(b)	710	134
Term loans	15(c)	2,575	24,725
Islamic financing facilities	15(d)	137,963	118,416
Bonds	15(e)	120,000	140,000
		262,401	284,695
Current			
Lease liabilities	15(a)	357	1,611
Lease liabilities (Ijarah)	15(b)	220	42
Term loans	15(c)	1,024	3,426
Islamic financing facilities	15(d)	11,752	7,315
Bonds	15(e)	20,000	20,000
Bank overdrafts	15(f)	2,826	4,962
		36,179	37,356
		298,580	322,051

(a) Lease liabilities

	The Group 2020 RM'000	The Group 2019 RM'000
At 1 January	3,031	1,237
Addition	471	2,289
Finance costs recognised in profit or loss	77	66
Early termination of lease contracts	(100)	–
Derecognition due to lease modifications	(1,299)	–
Repayment of principal	(593)	(495)
Repayment of finance costs	(77)	(66)
At 31 December	1,510	3,031

15. BORROWINGS (SECURED) (CONT'D)

(b) Lease liabilities (Ijarah)

	The Group	
	2020 RM'000	2019 RM'000
At 1 January	176	401
Addition	930	–
Finance costs recognised in profit or loss	39	15
Repayment of principal	(176)	(225)
Repayment of costs expense	(39)	(15)
At 31 December	930	176

(c) Term loans

The term loans are analysed as follows:-

	The Group	
	2020 RM'000	2019 RM'000
Term loan 1	1,813	2,316
Term loan 2	1,786	2,281
Term loan 3	–	5,785
Term loan 4	–	3,209
Term loan 5	–	7,671
Term loan 6	–	1,671
Term loan 7	–	5,218
	3,599	28,151

The effective interest rates of term loans of the Group as at end of the reporting period are as follows:-

(i) Term loans 1 and 2 bearing interest rate at cost of fund + 1.75% per annum.

(ii) Term loans 3, 4, 5, 6 and 7 bearing interest rate at base lending rate per annum.

Term loans 1 and 2 are secured by:-

(i) a legal charge over a subsidiary's properties;

(ii) a corporate guarantee executed by a subsidiary;

(iii) a joint and several guarantee of certain directors of a subsidiary and third parties; and

(iv) an assignment of rental proceeds.

Notes to the Financial Statements
for the financial year ended 31 December 2020 (Cont'd)

15. BORROWINGS (SECURED) (CONT'D)

(c) Term loans (Cont'd)

Term loans 3, 4, 5, 6 and 7 were secured by:-

(i) an 'All Monies' Facility Agreement to be stamped ad valorem for RM30,000,000 in total as the principal instrument;

(ii) an 'All Monies' first party first legal charge over leasehold lands together with the building erected or to be erected thereon, registered in the name of a subsidiary as instrument;

(iii) a corporate guarantee executed by subsidiaries;

(iv) a joint and several guarantee of a director of the Company and third parties;

(v) a letter of undertaking by a subsidiary to transfer the monthly excess funds from a concession agreement to a designated account; and

(vi) an assignment over designated accounts.

(d) Islamic financing facilities

The Islamic financing facilities are analysed as follows:-

	The Group	
	2020 RM'000	**2019 RM'000**
Islamic financing facility 1	112,051	120,662
Islamic financing facility 2	6,133	7,069
Islamic financing facility 3	1,537	(2,000)
Islamic financing facility 4	29,994	–
	149,715	125,731

The effective profit rates of Islamic financing facilities of the Group as at end of the reporting period are as follows:-

(i) The effective profit rate structure of Islamic financing facility 1 is disclosed below:-

Year	**Effective Profit Rate (per annum)**
1st to 5th	Cost of Fund + 1.15%
6th to 10th	Cost of Fund + 0.95%
11th to 15th	Cost of Fund + 0.75%

(ii) Islamic financing facility 2 bearing effective profit rate at base financing rate – 1.00% per annum.

(iii) Islamic financing facility 3 bearing profit rate at Islamic base rate per annum.

(iv) Islamic financing facility 4 bearing effective profit rate at base financing rate + 1.75% per annum.

15. BORROWINGS (SECURED) (CONT'D)

(d) Islamic financing facilities (Cont'd)

Islamic financing facility 1 is represented by a facility under Tawarruq arrangement ("TWF") awarded by Bank Pembangunan Malaysia Berhad to a subsidiary to part finance the construction costs and costs relating to the project of "The design, development, construction and the maintenance of student hostels for Universiti Teknikal Malaysia" ("UTeM") as well as incidental costs/TWF costs relating to UTeM Project. These term loans are secured by:-

(i) a debenture on all present and future assets of a subsidiary;

(ii) assignments of all rights, title, interest and benefits in respect of availability charges and maintenance charges of the Concession Agreement between Government and a subsidiary;

(iii) a corporate guarantee executed by a subsidiary;

(iv) an assignment of all the present and future rights, title, interest and benefits of a subsidiary under construction contract including performance guarantee sum/retention sum given favour of a subsidiary and all liquidated damages payable to subsidiary arising from the project;

(v) an assignment over designated accounts;

(vi) an irrevocable letter of undertaking by a subsidiary;

(vii) a Deed of Undertaking by a subsidiary to do all acts or things as may be necessary to complete the project in accordance with terms of the concession agreement and to provide cash injection in the event of cost overrun during construction period and cash flow shortfall during concession period; and

(viii) a facility agreement.

Islamic financing facility 2 is represented by a facility based on the Shariah Principle of Murabahah and secured by:-

(i) a legal charge over the freehold land of a subsidiary; and

(ii) a joint and several guarantee of certain directors of the Company and third parties.

Islamic financing facility 3 is represented by a facility under TWF awarded by RHB Islamic Bank Berhad to a subsidiary to part finance the construction costs relating to a development project. The term loan is secured by:-

(i) an 'All Monies' Facility Agreement to be stamped for RM35,000,000 in total as the principal instrument;

(ii) an 'All Monies' deed of assignment over a piece of development land under the name of a Asean Football Federation and third party first legal charge to be created upon issuance of the individual/ strata tittle;

(iii) a corporate guarantee executed by the Company and a subsidiary;

(iv) a joint and several guarantee of certain directors of the Company and a subsidiary and a third party; and

(v) specific debenture over a development project.

15. **BORROWINGS (SECURED)** (CONT'D)

(d) Islamic financing facilities (Cont'd)

Islamic financing facility 4 is represented by a facility under TWF awarded by Bank Islam Malaysia Berhad to a subsidiary as bridging financing for the development of 398 units of double storey terrace house and 49 units of one and half storey terrace house under the Perumahan Penjawat Awan Malaysia ("PPAM") and RSKU scheme in Ulu Yam, Selangor Darul Ehsan. The term loan is secured by:-

(i) legal charges over the freehold lands of a subsidiary;

(ii) a corporate guarantee executed by the Company;

(iii) deed of assignment of sales proceeds from the development to be credited into the HDA account maintained with Bank Islam; and

(iv) a fixed and floating debenture over the customer's assets, present and future.

(e) Bonds

Details of the secured fixed rate and serial fixed rate bonds are as follows:-

Serial	**Effective Interest rate (per annum)**	**Maturity Period**	**2020 RM'000**	**2019 RM'000**
4	4.45%	24 April 2020	–	20,000
5	4.55%	24 April 2021	20,000	20,000
6	4.60%	24 April 2022	20,000	20,000
7	4.75%	24 April 2023	20,000	20,000
8	4.90%	24 April 2024	20,000	20,000
9	5.00%	24 April 2025	20,000	20,000
10	5.10%	24 April 2026	20,000	20,000
11	5.20%	24 April 2027	20,000	20,000
			140,000	160,000

The bonds are represented by a fixed rate serial bonds of RM220,000,000 in aggregate nominal value and made up from subscribers. The entire bonds were categoried into 11 tranches, with maturity periods of up to 11 years commencing 2017 to 2027.

The proceeds raised from the bonds are utilised by the Group to finance the construction of building and infrastructure used for accommodation for approximately 5,000 students for International Islamic University Malaysia ("IIUM") Kuantan Campus.

The bonds are governed by Bank Negara Malaysia and Securities Commission, and managed by trustees. A licensed rating agency has given the bonds a rating of AA1 and these bonds are not listed on any exchange.

The coupon rates range from 4.20% to 5.20% per annum and the coupon interest are payable semi-annually on each series of the bonds.

15. BORROWINGS (SECURED) (CONT'D)

(e) Bonds (Cont'd)

The bonds are secured against the following:-

(i) a first ranking fixed charge over all amounts due to the Debts Services Reserve Account ("DSRA") and collection account ("CA");

(ii) an assignment of the proceeds rights, interest, title and benefits in and to the performance bond/ guarantee (if any) in respect of IIUM Project and all proceeds arising therefrom to the extent permitted by the prevailing laws;

(iii) an assignment of the proceeds rights, interest, title and benefits in respect of the rental proceeds under the Concession Agreement in respect of IIUM Project with notice of assignment to be acknowledged by IIUM and Government of Malaysia;

(iv) an all monies debenture in such form as the Bank may require and power of attorney created over a subsidiary's present and future assets and properties;

(v) a priority assignment of insurance policies, if any, required to be undertaken under IIUM Project with the bank and trustee designated as loss payee, to the extent permitted by prevailing law;

(vi) a Letter of Subordination executed by a subsidiary, subordinating all loans and advances granted by its directors and/or shareholders;

(vii) a corporate guarantee executed by a subsidiary;

(viii) a Power of Attorney in favour of the bank to appoint a contract at the bank's discretion to proceed and complete IIUM Project in the event of default in any repayment due to the bank and/or unable to complete the project for any reason whatsoever;

(ix) a second legal charge over 30 months coupon payments to be collected from the Bonds proceeds; and

(x) a guarantee executed by certain directors of a subsidiary and third parties.

(f) Bank Overdrafts

(i) The bank overdrafts of the Group are secured by a deed of assignment over a piece of development land registered under a third party's name, legal charge to be created upon the issuance of the individual/strata title, and fixed deposits with a licensed bank as disclosed in Notes 5 and 13 to the financial statements.

(ii) The bank overdrafts of the Group at the end of the reporting period bore floating profit rate of 7.10% (2019 – 7.10% to 8.14%) per annum.

Notes to the Financial Statements

for the financial year ended 31 December 2020 (Cont'd)

16. DEFERRED TAX LIABILITIES

The Group	At 1 January RM'000	Recognised in Profit or Loss (Note23) RM'000	At 31 December RM'000
2020			
Deferred Tax Liabilities			
Property, plant and equipment	105	422	527
Trade receivables	80,982	(1,783)	79,199
	81,087	(1,361)	79,726
Deferred Tax Assets			
Unabsorbed capital allowances	(358)	250	(108)
Unused tax losses	–	(554)	(554)
Provisions	(1,132)	(450)	(1,582)
	(1,490)	(754)	(2,244)
	79,597	(2,115)	77,482
2019			
Deferred Tax Liabilities			
Property, plant and equipment	465	(360)	105
Trade receivables	81,527	(545)	80,982
	81,992	(905)	81,087
Deferred Tax Assets			
Unabsorbed capital allowances	(2,233)	1,875	(358)
Provisions	(914)	(218)	(1,132)
	(3,147)	1,657	(1,490)
	78,845	752	79,597

At the end of the reporting period, the amounts of deferred tax assets not recognised (stated at gross) due to uncertainty of their realisation are as follows:

	The Group	
	2020 RM'000	2019 RM'000
Unused tax losses	1,300	1,570
Unabsorbed capital allowances	3	2
Other temporary differences	247	(10)
	1,550	1,562

Notes to the Financial Statements
for the financial year ended 31 December 2020 (Cont'd)

17. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 60 (2019 – 30 to 60) days.

18. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Other payables	3,330	2,301	74	34
Accrual	2,641	4,715	221	240
	5,971	7,016	295	274

19. REVENUE

Revenue from contracts with customers is disaggregated by major products/services lines and timing of revenue recognition as below:-

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue from Contracts with Customers				
Construction contracts	163,082	251,529	–	–
Rendering of facilities management services	15,799	15,776	–	–
Property development activities	24,028	17,818	–	–
Rendering of utility services	3,993	4,508	–	–
	206,902	289,631	–	–
Revenue from Other Sources				
Dividend income	–	–	10,000	15,000
Revenue recognised at a point in time				
Dividend income	–	–	10,000	15,000
Revenue recognised over time				
Construction contracts	163,082	251,529	–	–
Rendering of facilities management services	15,799	15,776	–	–
Property development activities	24,028	17,818	–	–
Rendering of utility services	3,993	4,508	–	–
	206,902	289,631	10,000	15,000

Notes to the Financial Statements
for the financial year ended 31 December 2020 (Cont'd)

19. REVENUE (CONT'D)

The transaction price allocated to the remaining performance obligations that are unsatisfied or partially satisfied as at the end of the reporting period are summarised below:-

	The Group	
	2020 RM'000	2019 RM'000
Aggregate amount of transaction price allocated to remaining contracts:-		
Construction revenue	480,638	488,505
Property development revenue	157,379	151,555
	638,017	640,060

The Group will recognise this amount of revenue as performance obligation are satisfied, which is expected to occur over the next 5 years.

20. FINANCE COSTS

	The Group	
	2020 RM'000	2019 RM'000
Interest expenses/Profit payments:-		
Bank overdrafts	278	221
Bonds	7,119	7,994
Lease liabilities	71	66
Lease liabilities (Ijarah)	39	15
Term loans	824	1,855
Islamic financing facilities	7,650	8,241
Others	51	–
	16,032	18,392

21. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND CONTRACT ASSETS

	The Group	
	2020 RM'000	2019 RM'000
Impairment losses:		
– trade receivables (Note 9)	933	266
– other receivables (Note 11)	–	1,268
Reversal of impairment losses:		
– trade receivables (Note 9)	(13)	(2,052)
– other receivables (Note 11)	(84)	(6)
	836	(524)

Notes to the Financial Statements
for the financial year ended 31 December 2020 (Cont'd)

22. PROFIT BEFORE TAXATION

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit before taxation is arrived at after charging/(crediting):-				
Auditors' remuneration:				
– audit fee				
– current year	158	167	48	59
– (over)/underprovision in the previous financial year	(13)	29	(11)	18
– non-audit fees:				
– auditors of the Company	16	157	16	45
Depreciation:				
– property, plant and equipment	1,495	1,599	–	–
– right-of-use assets	969	731	–	–
Directors' remuneration (Note 27(a))	3,396	3,459	363	384
Impairment losses on goodwill	–	19	–	–
Listing expenses (excluded non-audit fees)	–	1,157	–	824
Loss on disposal of right-of-use assets	43	–	–	–
Rental of premises	24	54	–	6
Staff costs (including other key management personnel as disclosed in Note 27(b)):				
– short-term employee benefits	16,480	17,997	–	–
– defined contribution benefits	1,963	2,190	–	–
– others	342	344	–	–
Accretion of fair value on non-current trade receivables	(28,358)	(29,740)	–	–
Dividend income	–	–	(10,000)	(15,000)
Early termination on lease contracts	100	–	–	–
Gain on disposal of property, plant and equipment	(35)	(15)	–	–
Government grant	(3,028)	–	–	–
Finance income	(1,928)	(2,907)	(324)	(578)
Rental income	(159)	(194)	–	–

Notes to the Financial Statements

for the financial year ended 31 December 2020 (Cont'd)

23. INCOME TAX EXPENSE

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current tax expense	7,745	9,487	75	125
Over provision in the previous financial year	(612)	(1,215)	9	–
	7,133	8,272	84	125
Deferred tax (Note 16):				
– origination and reversal of temporary differences	(1,770)	1,424	–	–
– over provision in the previous financial year	(345)	(672)	–	–
	(2,115)	752	–	–
	5,018	9,024	84	125

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit before taxation	16,203	34,880	9,005	13,065
Tax at the statutory tax rate of 24% (2019 – 24%)	3,889	8,371	2,161	3,136
Tax effects of:-				
Non-deductible expenses	2,881	3,000	314	589
Non-taxable income	(792)	(580)	(2,400)	(3,600)
Deferred tax assets not recognised during the financial year	(169)	(5)	–	–
Utilisation of deferred tax assets previously not recognised	166	125	–	–
Over provision of current tax in the previous financial year	(612)	(1,215)	9	–
Over provision of deferred taxation in the previous financial year	(345)	(672)	–	–
	5,018	9,024	84	125

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2019 – 24%) of the estimated assessable profit for the financial year. The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

Notes to the Financial Statements
for the financial year ended 31 December 2020 (Cont'd)

24. EARNINGS PER SHARE

	The Group	
	2020 RM'000	**2019 RM'000**
Profit attributable to owners of the Company (RM'000)	12,507	25,284
Weighted average number of ordinary shares in issue ('000)	753,000	753,000
Basic earnings per share (sen)	1.66	3.36

The Company has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

25. DIVIDENDS

	The Company	
	2020 RM'000	**2019 RM'000**
Ordinary Shares		
In respect of the financial year ended 31 December 2019		
– First interim dividend of 0.5 sen per ordinary shares	–	3,765
– Second interim dividend of 0.5 sen per ordinary shares	3,765	–
	3,765	3,765

26. CASH FLOW INFORMATION

(a) The cash disbursed for the purchase of property, plant and equipment and the addition of right-of-use assets is as follows:-

	The Group	
	2020 RM'000	**2019 RM'000**
Property, plant and equipment		
Cost of property, plant and equipment purchased (Note 5)	271	1,605
Right-of-use assets		
Cost of right-of-use assets acquired (Note 8)	1,949	2,374
Less: Addition of new lease liabilities (Note 26(b))	(1,401)	(2,289)
	548	85

Notes to the Financial Statements

for the financial year ended 31 December 2020 (Cont'd)

26. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:-

The Group	Term loans RM'000	Islamic financing facilities RM'000	Lease liabilities RM'000	Lease liabilities (Ijarah) RM'000	Bonds RM'000	Total RM'000
2020						
At 1 January	28,151	125,731	3,031	176	160,000	317,089
Changes in Financing Cash Flows						
Proceeds from drawdown	–	40,014	–	–	–	40,014
Acquisition of new lease	–	–	471	930	–	1,401
Derecognition of lease modifications	–	–	(1,299)	–	–	(1,299)
Early termination of lease contracts	–	–	(100)	–	–	(100)
Repayment of borrowing principal	(24,552)	(16,030)	(593)	(176)	(20,000)	(61,351)
Repayment of finance charges	(1,136)	(7,790)	(77)	(39)	(7,119)	(16,161)
	(25,688)	16,194	(1,598)	715	(27,119)	(37,496)
Non-cash Changes						
Finance charges recognised in profit or loss	824	7,650	71	39	7,119	15,703
Finance charges capitalised	312	140	6	–	–	458
At 31 December	3,599	149,715	1,510	930	140,000	295,754

Notes to the Financial Statements

for the financial year ended 31 December 2020 (Cont'd)

26. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:-

The Group	Term loans RM'000	Islamic financing facilities RM'000	Hire purchase RM'000	Lease liabilities RM'000	Lease Liabilities (Ijarah) RM'000	Bonds RM'000	Bill financing RM'000	Total RM'000
2019								
At 1 January, as previously report	31,180	137,921	1,442	–	–	180,000	5,890	356,433
Effects on adoption of MFRS 16	–	–	(1,442)	1,237	401	–	–	196
At 1 January, as restated	31,180	137,921	–	1,237	401	180,000	5,890	356,629
Changes in Financing Cash Flows								
Proceeds from drawdown	6,065	–	–	–	–	–	–	6,065
Acquisition of new lease	–	–	–	2,289	–	–	–	2,289
Repayment of borrowing principal	(9,094)	(12,190)	–	(495)	(225)	(20,000)	(5,890)	(47,894)
Repayment of finance charges	(1,855)	(8,241)	–	(66)	(15)	(7,994)	–	(18,171)
	(4,884)	(20,431)	–	1,728	(240)	(27,994)	(5,890)	(57,711)
Non-cash Changes								
Finance charges recognised in profit or loss	1,855	8,241	–	66	15	7,994	–	18,171
At 31 December	28,151	125,731	–	3,031	176	160,000	–	317,089

Notes to the Financial Statements

for the financial year ended 31 December 2020 (Cont'd)

26. CASH FLOW INFORMATION (CONT'D)

(c) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Fixed deposits with licensed banks	45,705	30,653	–	–
Cash and bank balances	63,765	92,920	19,882	17,734
Bank overdrafts	(2,826)	(4,962)	–	–
	106,644	118,611	19,882	17,734
Less: Fixed deposits pledged to licensed banks and with tenure more than 3 months	(42,885)	(30,653)	–	–
	63,759	87,958	19,882	17,734

27. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group.

The key management personnel compensation during the financial year are as follows:-

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
(a) Directors				
Directors of the Company				
Short-term employee benefits:				
– fees	343	360	348	360
– salaries, bonuses and other benefits	2,453	2,510	15	24
	2,796	2,870	363	384
Defined contribution benefits	293	298	–	–
	3,089	3,168	363	384
Directors of the Subsidiaries				
Short-term employee benefits:				
– fees	–	5	–	–
– salaries, bonuses and other benefits	274	255	–	–
	274	260	–	–
Defined contribution benefits	33	31	–	–
	307	291	–	–
Total directors' remuneration (Note 22)	3,396	3,459	363	384

27. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

(b) Other Key Management Personnel

	The Group		The Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Short-term employee benefits	916	915	–	–
Defined contribution benefits	107	107	–	–
Total compensation for other key management personnel	1,023	1,022	–	–

28. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly 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.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

		The Group		The Company	
		2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Subsidiaries					
– Dividend income		–	–	10,000	15,000
Related Parties					
– Progress billing	(a)	5,928	12,479	–	–

(a) Entity in which a director of a subsidiary and a person connected to a director of the Company have substantial financial interests.

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

Notes to the Financial Statements

for the financial year ended 31 December 2020 (Cont'd)

29. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Board of Directors as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purpose, the Group is organised into business units based on their services provided.

The Group is organised into 4 main reportable segments as follows:-

- Construction segment – involved in the provision of conceptual design and advisory, design development, liaison with relevant authorities for approvals and the provision of complete services including design, coordination and obtaining authorities approvals and underwriting complete cost and financing.

- Concession and facility management segment – undertaking and providing various concession and asset management services involving comprehensive maintenance and schedule refurbishment and replacement of assets.

- Utility segment – involved in the setting up of thermal energy storage plant which forms part of a district cooling system where thermal energy is stored in a storage tank during low-energy demand hours and discharged for usage during high energy demand hours resulting in energy conservation and cost efficiency for the cooling system.

- Property development segment – involved in the development of residential, commercial and industrial properties.

- Other segments – properties investment and management services.

(a) The Group Managing Director assesses the performance of the reportable segments based on their profit before finance costs and taxation. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Borrowings and investment-related activities are managed on a group basis by the central treasury function and are not allocated to reportable segments.

(b) Each reportable segment assets is measured based on all assets of the segment other than investments in associates and tax-related assets.

(c) Each reportable segment liabilities is measured based on all liabilities of the segment other than borrowings and tax-related liabilities.

(d) Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the reportable segments are presented under unallocated items. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters) and head office expenses.

Transactions between reportable segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation.

Notes to the Financial Statements

for the financial year ended 31 December 2020 (Cont'd)

29. OPERATING SEGMENTS (CONT'D)

29.1 BUSINESS SEGMENTS

The Group	Construction Segment RM'000	Concession and Facility Management Segment RM'000	Utility Segment RM'000	Property Development Segment RM'000	Other Segments RM'000	Consolidation Adjustments RM'000	Total RM'000
2020							
Revenue							
External revenue	163,082	15,799	3,993	24,028	–	–	206,902
Inter-segment revenue	29,837	3,266	–	3,021	18,520	(54,644)	–
	192,919	19,065	3,993	27,049	18,520	(54,644)	206,902
Results							
Segment (loss)/profit	(3,579)	4,847	1,993	4,927	9,545	(12,519)	5,214
Accretion of fair value on non-current trade receivables	–	28,358	–	–	–	–	28,358
Impairment losses	–	(279)	(396)	(258)	–	–	(933)
Depreciation:							
– property, plant and equipment	(554)	(353)	(349)	(5)	(234)	–	(1,495)
– right-of-use assets	(1,395)	–	–	(118)	–	544	(969)
Gain on disposal of property, plant and equipment	35	–	–	–	–	–	35
Finance income	772	738	59	35	324	–	1,928
Finance costs	(535)	(14,177)	–	(2,239)	(181)	1,100	(16,032)
Reversal of impairment losses	97	–	–	–	–	–	97
(Loss)/Profit before taxation	(5,159)	19,134	1,307	2,342	9,454	(10,875)	16,203
Income tax expense	787	(4,338)	(545)	(775)	(147)	–	(5,018)
(Loss)/Profit after taxation	(4,372)	14,796	762	1,567	9,307	(10,875)	11,185

29. OPERATING SEGMENTS (CONT'D)

29.1 BUSINESS SEGMENTS (CONT'D)

The Group	Construction Segment RM'000	Concession and Facility Management Segment RM'000	Utility Segment RM'000	Property Development Segment RM'000	Other Segments RM'000	Consolidation Adjustments RM'000	Total RM'000
2020							
Assets							
Segment assets	122,259	605,640	15,772	127,279	40,682	(8,340)	903,292
Unallocated asset:							
– current tax assets							3,145
Consolidated total assets							906,437
Additions to non-current assets other than financial instruments are:							
– property, plant and equipment	83	–	186	2	–	–	271
– right-of-use assets	1,853	–	–	96	–	–	1,949
Liabilities							
Segment liabilities	76,561	254,894	244	37,497	4,443	(875)	372,764
Unallocated liabilities:							
– deferred tax liabilities							77,482
– current tax liabilities							2,296
Consolidated total liabilities							452,542

Notes to the Financial Statements
for the financial year ended 31 December 2020 (Cont'd)

29. OPERATING SEGMENTS (CONT'D)

29.1 BUSINESS SEGMENTS (CONT'D)

The Group	Construction Segment RM'000	Concession and Facility Management Segment RM'000	Utility Segment RM'000	Property Development Segment RM'000	Other Segments RM'000	Consolidation Adjustments RM'000	Total RM'000
2019							
Revenue							
External revenue	251,529	15,776	4,508	17,818	–	–	289,631
Inter-segment revenue	–	–	–	–	23,520	(23,520)	–
	251,529	15,776	4,508	17,818	23,520	(23,520)	289,631
Results							
Segment profit/(loss)	17,782	4,584	2,160	2,133	(2,259)	(1,984)	22,416
Accretion of fair value on non-current trade receivables	–	29,740	–	–	–	–	29,740
Impairment losses	(1,259)	–	(275)	–	–	–	(1,534)
Depreciation:							
– property, plant and equipment	(660)	(337)	(364)	(4)	(234)	–	(1,599)
– right-of-use assets	(1,208)	–	–	(67)	–	544	(731)
Gain on disposal of property, plant and equipment	15	–	–	–	–	–	15
Finance income	943	1,187	150	49	578	–	2,907
Finance costs	(221)	(16,166)	(2)	(2,261)	(267)	525	(18,392)
Reversal of impairment losses	848	1,210	–	–	–	–	2,058
Profit/(Loss) before taxation	16,240	20,218	1,669	(150)	(2,182)	(915)	34,880
Income tax expense	(4,257)	(3,368)	(668)	(560)	(171)	–	(9,024)
Profit/(Loss) after taxation	11,983	16,850	1,001	(710)	(2,353)	(915)	25,856

29. OPERATING SEGMENTS (CONT'D)

29.1 BUSINESS SEGMENTS (CONT'D)

The Group	Construction Segment RM'000	Concession and Facility Management Segment RM'000	Utility Segment RM'000	Property Development Segment RM'000	Other Segments RM'000	Consolidation Adjustments RM'000	Total RM'000
2019							
Assets							
Segment assets	141,327	642,280	17,559	90,320	38,302	(5,797)	923,991
Unallocated asset:							
– current tax assets							2,875
Consolidated total assets							926,866
Additions to non-current assets other than financial instruments are:							
– property, plant and equipment	375	349	875	6	–	–	1,605
– properties held for future development	439	–	–	–	–	–	439
– right-of-use assets	2,145	–	–	229	–	–	2,374
Liabilities							
Segment liabilities	81,309	284,160	287	28,839	6,360	(1,423)	399,532
Unallocated liabilities:							
– deferred tax liabilities							79,597
– current tax liabilities							1,562
Consolidated total liabilities							480,691

29. OPERATING SEGMENTS (CONT'D)

29.2 GEOGRAPHICAL INFORMATION

The Group operates predominantly in Malaysia. Accordingly, the information by geographical segment is not presented.

29.3 MAJOR CUSTOMERS

The following are major customers with revenue equal to or more than 10% of the Group's total revenue.

	The Group		Segment
	2020 RM'000	2019 RM'000	
Customer A	23,482	123,621	Construction
Customer B	83,373	46,884	Construction
Customer C	35,926	34,731	Construction

30. CAPITAL COMMITMENTS

	The Group	
	2020 RM'000	2019 RM'000
Purchase of property, plant and equipment	6,674	1,209

31. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

31.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group does not have any transactions or balances denominated in foreign currencies and hence, is not exposed to foreign currency risk.

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT]D)

(a) Market Risk (Cont'd)

(ii) Interest Rate/Islamic Profit Rate Risk

Interest rate/islamic profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates/islamic profit rates. The Group's exposure to interest rate/islamic profit rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates/islamic profit rate available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed rate receivables and borrowings are carried at amortised cost. Therefore, they are not subject to interest rate/islamic profit rate risk as defined in MFRS 7 since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates/islamic profit rates.

The Group's exposure to interest rate/islamic profit rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Notes 15(c), 15(d) and 15(e) to the financial statements.

Interest Rate/Islamic Profit Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates/profit rates at the end of the reporting period, with all other variables held constant:-

	The Group	
	2020 RM'000	**2019 RM'000**
Effects on Profit After Taxation		
Increase of 100 basis points	(1,187)	(1,207)
Decrease of 100 basis points	1,187	1,207

(iii) Equity Price Risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

Notes to the Financial Statements

for the financial year ended 31 December 2020 (Cont'd)

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balance), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by 2 customers which constituted approximately 95% of its trade receivables (including related parties) at the end of the reporting period.

(ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the 'Maturity Analysis' of item (c) below, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition were not material.

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost and contract assets are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

Trade Receivables and Contract Assets

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

For certain large customers or customers with a high risk of default, the Group assesses the risk of loss of each customer individually based on their financial information, past trends of payments an external credit rating, where applicable.

Notes to the Financial Statements
for the financial year ended 31 December 2020 (Cont'd)

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contract Assets (Cont'd)

Also, the Group considers any trade receivables having financial difficulty or in default with significant balances outstanding for more than 1 year are deemed credit impaired and assesses for their risk of loss individually.

The expected loss rates are based on the payment profiles of sales over a period of 1 year from the measurement date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

For construction contracts, the Group assessed the expected credit loss of each customer individually based on their financial information and past trends of payments as there are only a few customers. All of these customers have a low risk of default as they have a strong capacity to meet their debts.

For property development, purchasers are generally financed by loan facilities from banks and therefore, there is minimal exposure to credit risk.

The Group applies the general approach to measuring expected credit losses for the concession services receivables. Generally, the Group considers the concession services receivables have low credit risks. The Group assumes that there is a significant increase in credit risk when the probability of defaulting payments of availability charges and maintenance charges (collectively known as "the Charges") by the customers deteriorates significantly. As the Group is able to determine the timing of payments of the Charges when they are payable, the Group considers the Charges to be in default when the concession services receivables are not able to pay when demanded. The Group considers the Charges to be credit impaired when the concession services receivables are unlikely to repay the Charges in full.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for both trade receivables and contract assets are summarised below:-

	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Amount RM'000
The Group				
2020				
Current (not past due)	584,932	(1,106)	–	583,826
1 to 30 days past due	3,257	–	(42)	3,215
31 to 60 days past due	751	–	(153)	598
More than 60 days but less than a year past due	7,523	–	(1,251)	6,272
Trade receivables	596,463	(1,106)	(1,446)	593,911
Contract assets	25,748	–	–	25,748
	622,211	(1,106)	(1,446)	619,659

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contract Assets (Cont'd)

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for both trade receivables and contract assets are summarised below:- (Cont'd)

	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Amount RM'000
The Group				
2019				
Current (not past due)	601,289	(826)	–	600,463
1 to 30 days past due	12,842	–	(40)	12,802
31 to 60 days past due	9,551	–	(76)	9,475
More than 60 days but less than a year past due	4,834	–	(690)	4,144
Trade receivables	628,516	(826)	(806)	626,884
Contract assets	26,133	–	–	26,133
	654,649	(826)	(806)	653,017

The identified impairment loss of contract assets was immaterial and hence, it is not provided for.

The movements in the loss allowances in respect of trade receivables and contract assets are disclosed in Notes 9 and 10 to the financial statements.

Other Receivables

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables. Generally, the Group considers the advances to other receivables have low credit risks. The Group assumes that there is a significant increase in credit risk when the probability of securing the contract deteriorates significantly. As the Group is able to determine the timing of payments of the other receivables' advances when they are payable, the Group considers the advances to be in default when the other receivables are not able to pay when demanded. The Group considers the advances to be credit impaired when the other receivables are unlikely to repay the advances in full.

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Other Receivables (Cont'd)

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for the other receivables are summarised below:-

	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Amount RM'000
The Group				
2020				
Low credit risk	10,693	–	(1,187)	9,506
Credit impaired	5,000	(5,000)	–	–
	15,693	(5,000)	(1,187)	9,506
2019				
Low credit risk	9,463	–	(1,271)	8,192
Credit impaired	5,000	(5,000)	–	–
	14,463	(5,000)	(1,271)	8,192

The movements in the loss allowances in respect of other receivables are disclosed in Note 11 to the financial statements.

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group considers these banks and financial institutions have low credit risks. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Amount Owing By Subsidiaries (Non-trade Balances)

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances. Generally, the Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

The Company determines the probability of default for these loans and advances individually using internal information available.

The identified impairment loss of amount owing by subsidiaries was immaterial and hence, it is not provided for.

Notes to the Financial Statements

for the financial year ended 31 December 2020 (Cont'd)

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Financial Guarantee Contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including finance cost payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Weighted Average Effective Interest/ Profit Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
2020						
Non-derivative Financial Liabilities						
Lease liabilities	4.41 – 5.65	1,510	1,681	460	1,221	–
Lease liabilities (Ijarah)	4.22 – 4.83	930	1,017	257	760	–
Term loans	3.69 – 4.60	3,599	3,832	1,179	2,653	–
Islamic financing facilities	5.75 – 6.85	149,715	189,334	18,227	98,773	72,334
Bonds	4.55 – 5.20	140,000	163,219	6,193	95,347	61,679
Bank overdrafts	7.10	2,826	2,826	2,826	–	–
Trade payables	–	68,213	68,213	68,213	–	–
Other payables and accruals	–	5,971	5,971	5,971	–	–
		372,764	436,093	103,326	198,754	134,013

Notes to the Financial Statements

for the financial year ended 31 December 2020 (Cont'd)

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including finance cost payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):- (Cont'd)

The Group	Weighted Average Effective Interest/ Profit Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
2019						
Non-derivative Financial Liabilities						
Lease liabilities	2.35 – 5.09	3,031	3,152	1,996	1,156	–
Lease liabilities (Ijarah)	4.83	176	199	50	149	–
Term loans	5.09 – 5.75	28,151	34,260	5,331	20,441	8,488
Islamic financing facilities	6.60 – 6.85	125,731	173,946	16,821	68,432	88,693
Bonds	4.45 – 5.20	160,000	190,350	27,112	99,182	64,056
Bank overdrafts	7.10 – 8.14	4,962	4,962	4,962	–	–
Trade payables	–	70,465	70,465	70,465	–	–
Other payables and accruals	–	7,016	7,016	7,016	–	–
		399,532	484,350	133,753	189,360	161,237

The Company	Weighted Average Effective Interest/ Profit Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000
2020				
Non-derivative financial liabilities				
Other payables and accruals	–	295	295	295
2019				
Non-derivative financial liabilities				
Other payables and accruals	–	274	274	274

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting period. The financial guarantees have not been recognised in the financial statements since their fair value on initial recognition were not material.

31.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interests. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	The Group	
	2020 RM'000	**2019 RM'000**
Borrowings (Note 15)	298,580	322,051
Less: Cash and cash equivalents (Note 26(c))	(63,759)	(87,958)
Net debt	234,821	234,093
Total equity	453,895	446,175
Debt-to-equity ratio	0.52	0.52

There was no change in the Group's approach to capital management during the financial year.

Notes to the Financial Statements
for the financial year ended 31 December 2020 (Cont'd)

31. FINANCIAL INSTRUMENTS (CONT'D)

31.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Financial Assets				
Amortised Cost				
Trade receivables	593,911	626,884	–	–
Other receivables	9,506	8,192	–	–
Amount owing by subsidiaries	–	–	26,964	23,989
Fixed deposits with licensed banks	45,705	30,653	–	–
Cash and bank balances	63,765	92,920	19,882	17,734
	712,887	758,649	46,846	41,723
Financial Liabilities				
Amortised Cost				
Lease liabilities	1,510	3,031	–	–
Lease liabilities (Ijarah)	930	176	–	–
Term loans	3,599	28,151	–	–
Islamic financing facilities	149,715	125,731	–	–
Bonds	140,000	160,000	–	–
Bank overdrafts	2,826	4,962	–	–
Trade payables	68,213	70,465	–	–
Other payables and accruals	5,971	7,016	295	274
	372,764	399,532	295	274

Notes to the Financial Statements
for the financial year ended 31 December 2020 (Cont'd)

31. FINANCIAL INSTRUMENTS (CONT'D)

31.4 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

As the Group does not have any financial instruments carried at fair value, the following table sets out only the fair value profile of financial instruments that are not carried at fair value at the end of the reporting period:-

The Group	Fair Value of Financial Instruments not Carried at Fair Value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total Fair Value RM'000	Carrying Amount RM'000
2020					
Financial Asset					
Trade receivables	–	593,911	–	593,911	593,911
Financial Liabilities					
Lease liabilities	–	1,510	–	1,510	1,510
Lease liabilities (Ijarah)	–	930	–	930	930
Term loans	–	3,599	–	3,599	3,599
Islamic financing facilities	–	149,715	–	149,715	149,715
Bonds	–	140,000	–	140,000	140,000
Bank overdrafts	–	2,826	–	2,826	2,826
2019					
Financial Asset					
Trade receivables	–	626,884	–	626,884	626,884
Financial Liabilities					
Lease liabilities	–	3,031	–	3,031	3,031
Lease liabilities (Ijarah)	–	176	–	176	176
Term loans	–	28,151	–	28,151	28,151
Islamic financing facilities	–	125,731	–	125,731	125,731
Bonds	–	160,000	–	160,000	160,000
Bank overdrafts	–	4,962	–	4,962	4,962

Notes to the Financial Statements

for the financial year ended 31 December 2020 (Cont'd)

31. FINANCIAL INSTRUMENTS (CONT'D)

31.4 FAIR VALUE INFORMATION (CONT'D)

Fair Value of Financial Instruments Not Carried at Fair Value

The fair values, which are for disclosure purposes, have been determined using the following basis:-

(i) The fair values of trade receivables are measured at the Malaysian Government 20 years' Quasi Government Bond at the end of the reporting period.

(ii) The fair values of the bonds are estimated based on their indicative market prices as at the end of reporting period.

(iii) The fair values of the Group's term loans, bank overdrafts and bill financing that carry floating interest/profit rates approximated their carrying amounts as they are repriced to market interest/profit rates on or near the reporting date.

(iv) The fair values of hire purchase payables that carry fixed interest rates are determined by discounting the relevant future contractual cash flows using current market interest/profit rates for similar instruments at the end of the reporting period.

32. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as global pandemic. Following the declaration, the Government of Malaysia has on 18 March 2020 imposed the Movement Control Order ("MCO") and subsequently entered into various phases of the MCO to curb the spread of the COVID-19 pandemic in Malaysia.

The Group's operations have been disrupted by a series of precautionary and control measures taken by the government and private corporations in response to the emergency of the COVID-19 pandemic.

Although the Group's operation have been disrupted, the management has assessed the impact on the Group and of the opinion that there were no material financial impacts arising from the pandemic. Nevertheless, the Group has taken and will continue to take necessary steps to safeguard and preserve its financial condition, emphasising on liquidity management to meet its continuing financial commitments and liquidity needs.

(b) On 8 July 2020, Nadi Cergas Sdn. Bhd. ("NCSB"), a wholly-owned subsidiary of the Company entered into four conditional sale and purchase agreements in relation to the acquisition of four pieces of land with Sime Darby Porperty Berhad and Sime Darby Property (City of Elmina) Sdn. Bhd. for a total consideration of RM24,681,000.

(c) On 15 July 2020, Nadi Embun Sdn. Bhd., 70%-owned subsidiary of Nadi Cergas Development Sdn. Bhd. entered into a Development Rights Agreement ("DRA") with Menteri Besar Selangor ("MBI") to develop one parcel of land which is held under H.S. (D) 53802/PT 16481, Bandar Serendah, District of Hulu Selangor with a total land size of approximately 12.89 acres.

(d) On 2 October 2020, the Company entered into a Development Rights Agreement ("DRA") with Permodalan Negeri Selangor Berhad to develop one parcel of land which is held under P.T 9701 HS(D) 8106, Mukim Serendah, Daerah Hulu Selangor, Negeri Selangor with a total land size approximately 85.762 acres.

Notes to the Financial Statements

for the financial year ended 31 December 2020 (Cont'd)

33. SIGNIFICANT EVENTS OCCURING AFTER THE REPORTING PERIOD

(a) Subsequent to the reporting date, the numbers of new COVID-19 cases increased substantially in Malaysia and markets in which the Group operates. As the outbreak is evolving, the full effect of the COVID-19 pandemic is subject to uncertainty and could not be ascertained reliably at this juncture.

(b) On 1 March 2021, the Company has announced to cease and terminate the Conditional Share Sale agreement with P.A.E Builders Sdn. Bhd. and Seri Delima Aunggun Sdn. Bhd. dated 29 October 2019. Pursuant to the share sale agreement cessation, the Company has resolved not to proceed with the Proposed ESOS.

(c) On 18 March 2021, NCSB has accepted the letter of award for the construction and completion of a campus for MARA Junior Science College ("MRSM") in Dungun, Terengganu for a contract value of RM97,388,000.

List of Properties held by the Group

as at 31 December 2020

No	Location	Description/ Existing Use	Area (Sq. Metres)	Tenure	Age of Building (Years)	Carrying Amount as at 31/12/2020 (RM'000)	Year of Acquisition
1	8 Suria Block F, 33, Jalan PJU 1/42, 47301 Petaling Jaya, Selangor.	6 storey office building	Built-up area: 880.07	Freehold	7	5,087	2013
2	8 Suria Block G, 33, Jalan PJU 1/42, 47301 Petaling Jaya, Selangor.	6 storey office building	Built-up area: 866.04	Freehold	7	5,015	2013
3	A-1-11, Jalan PJU 1A/20A, Dataran Ara Damansara 47301 Petaling Jaya, Selangor	3 storey shop office	Land area: 176.00 Built-up area: 473.39	Freehold	14	1,162	2007
4	A-1-11A, Jalan PJU 1A/20A, Dataran Ara Damansara 47301 Petaling Jaya, Selangor	3 storey shop office	Land area: 176.00 Built-up area: 473.39	Freehold	14	1,162	2007
5	PT 13079 – 13643, PT 13645 – 13646, PT 13648, PT 13660, Mukim Ulu Yam, Daerah Ulu Selangor, Selangor	Land for proposed mixed development	Land area: 469,881	Leasehold 99 years expiring between 06.03.2083 to 12.03.2083	–	50,105	2015
6	Lot 1246, GRN 26312 Lot 1247, GRN 26313 Lot 1248, GRN 26314 Lot 1249, GRN 28311 Lot 1250, GRN 28312 Lot 1251, GRN 28313 Lot 1252, GRN 28314 Lot 1253, GRN 28315 Lot 1254, GRN 28316 Lot 1255, GRN 26315 Seksyen 41, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan.	Land for proposed mixed development	Land area: 2,047.00	Freehold	–	17,311	2016
7	PT 70677, HS(D) 135577 Pekan Kampung Sungai Tangkas, Daerah Ulu Langat, Selangor.	Agriculture land	Land area: 16,056.00	Freehold	–	4,000	2006
8	PT 51723, HS(D) 322717, PT 51727, HS(D) 322721, PT 53775, HS(D) 308786, Mukim Sungai Buloh, Daerah Petaling, Selangor.	Land for proposed mixed development	Land area: 105,809.78	Freehold	–	1,502	2020
9	Lot 93270, GRN 338148, Mukim Damansara, Daerah Petaling, Selangor.	Land for proposed mixed development	Land area: 42,480.00	Freehold	–	966	2020

Analysis of Shareholdings

as at 21 April 2021

STATISTICS OF ORDINARY SHAREHOLDINGS

Class of Shares	:	Ordinary Shares
Total Number of Issued Shares	:	753,000,000
Issued and Paid-up Capital	:	RM136,444,000.00
Voting Rights	:	One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	%	No. of shares	%
1 – 99	2	0.176	100	0.000
100 - 1,000	195	17.241	127,700	0.016
1,001 - 10,000	390	34.482	2,263,700	0.300
10,001 - 100,000	385	34.040	15,552,500	2.065
100,001 – 37,649,999 (*)	157	13.881	182,056,000	24.177
37,650,000 and above (**)	2	0.176	553,000,000	73.439
Total	**1,131**	**100.000**	**753,000,000**	**100.000**

Remark:
* - Less than 5% of issued shares
** - 5% and above of issued shares

INFORMATION ON SUBSTANTIAL HOLDERS' HOLDINGS

		No. of ordinary shares held			
No.	Name of Substantial Shareholders	Direct Shareholdings	%	Indirect Shareholdings	%
1	WAN AZMAN BIN WAN KAMAL	501,916,663	66.655	–	–
2	DATO' SRI SUBAHAN BIN KAMAL	51,083,337	6.783	–	–
Total		**553,000,000**	**73.439**	**–**	**–**

INFORMATION ON DIRECTORS' HOLDINGS

		No. of ordinary shares held			
No.	Name of Directors	Direct Shareholdings	%	Indirect Shareholdings	%
1	CHNG BOON HUAT	500,000	0.066	–	–
2	MUHAMAD FUAD BIN ABDULLAH	400,000	0.053	–	–
3	SITI NAAISHAH BINTI HAMBALI	500,000	0.066	–	–
4	SUBAHAN BIN KAMAL	51,083,337	6.783	–	–
5	WAN AZMAN BIN WAN KAMAL	501,916,663	66.655	–	–
Total		**554,400,000**	**73.625**	**–**	**–**

Analysis of Shareholdings
as at 21 April 2021 (Cont'd)

TOP 30 HOLDERS

No.	Name of Shareholders	No. of Shares	%
1	WAN AZMAN BIN WAN KAMAL	194,362,540	25.811
2	WAN AZMAN BIN WAN KAMAL	102,518,041	13.614
3	WAN AZMAN BIN WAN KAMAL	102,518,041	13.614
4	WAN AZMAN BIN WAN KAMAL	102,518,041	13.614
5	SUBAHAN BIN KAMAL	30,219,419	4.013
6	SUBAHAN BIN KAMAL	20,863,918	2.770
7	SERI DELIMA ANGGUN SDN. BHD.	18,734,100	2.487
8	LIM ENG KEONG	15,678,400	2.082
9	CHONG NGU CHONG	10,343,100	1.373
10	LOO TANG KIM	9,790,000	1.300
11	RHB NOMINEES (TEMPATAN) SDN BHD OOI TENG KOK	5,544,200	0.736
12	CHONG NGU CHONG	5,465,100	0.725
13	DAVID LIM KERN YEN	3,437,000	0.456
14	CHONG SHEN CHONG	3,390,000	0.450
15	CARTABAN NOMINEES (TEMPATAN) SDN BHD RHB TRUSTEES BERHAD FOR SP TACTICAL INVESTMENT FUND	2,782,800	0.369
16	LIEW CHOOI LYNN	2,673,000	0.354
17	LEE JIN GHEE	2,419,700	0.321
18	SAW LIP HEAN	2,346,100	0.311
19	CHONG YAW TING	2,224,000	0.295
20	LEE CHEW WAH	2,210,100	0.293
21	SAW HOAY THENG	2,170,000	0.288
22	LAU HENG KENG	2,022,700	0.268
23	CHONG YAW TING	1,999,000	0.265
24	CHONG FUN LING	1,990,400	0.264
25	LIM SHI JIA	1,960,000	0.260
26	CHANG AH KAU @ CHONG HON CHONG	1,950,000	0.258
27	LIM YOKE CHIN	1,900,000	0.252
28	BO CHUN PING	1,850,000	0.245
29	KHAW CHONG JIN	1,810,000	0.240
30	LEE HONG TAT	1,730,800	0.229
Total		**659,420,500**	**87.572**

Notice of 4th Annual General Meeting

for the financial year ended 31 December 2020

NOTICE IS HEREBY GIVEN that the Fourth Annual General Meeting of the Company will be held at **Ballroom III, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor** on **Monday, 13 September 2021** at **10.00 a.m.** for the following purposes:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Directors' and Auditors' Reports.
   [Please refer to Note (a)]

2. To re-elect the following Directors retiring in accordance with the Clause 125 of the Constitution of the Company and being eligible, have offered themselves for re-election:

   i. Ir. Dr. Hj Muhamad Fuad Bin Abdullah **(Ordinary Resolution 1)**

   ii. Professor Emerita Siti Naaishah Bt. Hambali **(Ordinary Resolution 2)**

3. To approve the payment of Directors' fees to the following Directors for the financial year ending 31 December 2021:

   i. Ir. Dr. Hj Muhamad Fuad Bin Abdullah: RM126,000.00. **(Ordinary Resolution 3)**

   ii. Professor Emerita Siti Naaishah Bt. Hambali: RM114,000.00. **(Ordinary Resolution 4)**

   iii. Chng Boon Huat: RM120,000.00. **(Ordinary Resolution 5)**

   iv. Additional Directors' fees: RM140,000.00. **(Ordinary Resolution 6)**
   [Please refer to Note (b)]

4. To approve the payment of Directors' benefits of up to RM100,000.00 from the date of the forthcoming Annual General Meeting until the next Annual General Meeting of the Company. **(Ordinary Resolution 7)**
   [Please refer to Note (c)]

5. To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 8)**

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:-

6. **Proposed Renewal of Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016 ("the Act").** **(Ordinary Resolution 9)**

   "THAT pursuant to Sections 75 and 76 of the Companies Act, 2016, ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and the approval of the relevant regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer ("New Shares") from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 20% of the total number of issued shares (excluding any treasury shares) of the Company for the time being ("Proposed 20% General Mandate").

Notice of 4thAnnual General Meeting
for the financial year ended 31 December 2020 (Cont'd)

THAT such approval on the Proposed 20% General Mandate shall continue to be in force until 31 December 2021.

THAT with effect from 1 January 2022, the general mandate shall be reinstated from a 20% limit to a 10% limit pursuant to Rule 6.04 of the Listing Requirements provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer by the Company from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding any treasury shares) of the Company for the time being ("Proposed 10% General Mandate").

THAT such approval on the Proposed 10% General Mandate shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting of the Company held after the approval was given;

(b) the expiration of the period within which the next Annual General Meeting of the Company is required to be held after the approval was given; or

(c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

(The Proposed 20% General Mandate and Proposed 10% General Mandate shall hereinafter refer to as "Proposed General Mandate".)

THAT the Directors of the Company be and are hereby also empowered to obtain the approval from Bursa Securities for the listing of and quotation for such New Shares on the ACE Market of Bursa Securities.

THAT authority be and is hereby given to the Directors of the Company, to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

AND FURTHER THAT the Directors of the Company, be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed General Mandate."
[Please refer to Note (d)]

7. **Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT").** **(Ordinary Resolution 10)**

"THAT subject to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries to enter into RRPT with the related parties as set out in Section 2.4 of the Circular to the Shareholders dated 31 May 2021, which are necessary for day-to-day operations and are carried out in the ordinary course of business on terms which are not more favorable to the related parties than those generally available to the public and are undertaken on arms' length basis and not to the detriment of minority shareholders;

Notice of 4thAnnual General Meeting

for the financial year ended 31 December 2020 (Cont'd)

THAT the authority conferred by such mandate shall commence upon the passing of this resolution and continue to be in force until;-

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time this shareholders' mandate will lapse, unless by a resolution passed at the next AGM, the mandate is renewed;

(b) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) revoked or varied by resolution passed by our shareholders in a general meeting.

whichever is earlier;

AND THAT the Directors be and are hereby authorised to complete and do all such acts and things as it may consider expedient or necessary (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this mandate."

8. To transact any other business of the Company of which due notice shall have been given in accordance with the Act and the Constitution of the Company.

BY ORDER OF THE BOARD

Wong Wai Foong (SSM PC No. 202008001472) (MAICSA No. 7001358)
Lim Hooi Mooi (SSM PC No. 201908000134) (MAICSA No. 0799764)
Ong Wai Leng (SSM PC No. 202008003219) (MAICSA No. 7065544)
Company Secretaries

Kuala Lumpur
31 May 2021

Notice of 4thAnnual General Meeting

for the financial year ended 31 December 2020 (Cont'd)

NOTES:-

IMPORTANT NOTICE

1. The Board of Directors ("Board") is cognisant of the Covid-19 pandemic as declared by the World Health Organisation which, to-date, is still subsisting. The health and safety of the Company's shareholders, Directors, staff and other stakeholders is of paramount concern for the Company. In view of the foregoing, the Company wishes to advise shareholders that necessary steps and measures will be undertaken in holding the Company's 4th AGM.

   In view of the Covid-19 pandemic and further to the "Guidance and FAQs on the Conduct of General Meetings for Listed Issuers" issued by the Securities Commission, members/proxies/corporate representatives who wish to attend the 4th AGM in person **ARE REQUIRED TO PRE-REGISTER ("RSVP")** with the Company's share registrar, Tricor Investor & Issuing House Services Sdn Bhd (Share Registrar", "Tricor", or "TIIH"), via the TIIH Online website at https://tiih.online no later than Saturday, 11 September 2021 at 10.00 a.m. Please follow the RSVP Procedures in the Administrative Guide for the 4th AGM.

2. A member of a Company shall be entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote at meeting of members of the Company. A member may appoint more than one proxy in relation to a meeting, provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company.

3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

4. For a member of the Company who is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

5. Where a member or the authorised nominee appoints more than two (2) proxies, or where an exempt authorised nominee appoints more than one (1) proxy in respect of each omnibus account to attend and vote at the same meeting, the appointments shall be invalid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies.

6. The instrument appointing a proxy shall be in writing signed by the appointor or by his attorney who is authorised in writing. In the case of a corporation, the instrument appointing proxy(ies) must be made either under its common seal or signed by an officer or an attorney duly authorised.

7. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the 4th AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

   (i) In hard copy form

   In the case of an appointment made in hard copy form, the Proxy Form must be deposited at the Company's Share Registrar 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, Malaysia, or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

   (ii) By electronic form

   The Proxy Form can be electronically lodged via TIIH Online website at https://tiih.online. Kindly refer to the Administrative Guide on the procedure for electronic lodgement of proxy form via TIIH Online.

8. Please ensure ALL the particulars as required in the Proxy Form are completed, signed and dated accordingly.

9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Share Registrar 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, Malaysia 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, Malaysia not less than forty-eight (48) hours before the time appointed for holding the 4th AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

10. For a corporate member who has appointed an authorised representative, please deposit the ORIGINAL certificate of appointment of authorised representative with the Company's Share Registrar 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, Malaysia 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, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:

    (i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.

    (ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:

    (a) at least two (2) authorised officers, of whom one shall be a director; or

    (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

11. For the purpose of determining who shall be entitled to participate in this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, the **Record of Depositors as at 7 September 2021.** Only a member whose name appears on this Record of Depositors shall be entitled to participate in this 4th AGM or appoint proxies to attend and vote in his stead.

Notice of 4thAnnual General Meeting

for the financial year ended 31 December 2020 (Cont'd)

Explanatory Notes:

(a) Agenda No. 1

This item is meant for discussion only. The provisions of Section 340(1)(a) of the Companies Act 2016 require that the audited financial statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting ("AGM"). As such, this Agenda item is not a business which requires a resolution to be put to vote by shareholders.

(b) Ordinary Resolution No. 6

This resolution is to facilitate payment of additional Directors' fees for the financial year ending 31 December 2021 in the event the Company appoints additional Independent Non-Executive Director(s).

(c) Ordinary Resolution No. 7

This resolution is to facilitate payment of Directors' benefits from the date of the forthcoming Annual General Meeting until the next Annual General Meeting in 2022. In the event the Directors' benefits proposed are insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next AGM for additional fees to meet the shortfall.

Directors' benefits include allowances for travel and training programmes for directors and other emoluments payable to Directors and in determining the estimated total the Board had considered various factors including the number of scheduled meetings for the Board and Board Committees, and covers from the date of the forthcoming Annual General Meeting until the next Annual General Meeting.

(d) Ordinary Resolution No. 9

The proposed ordinary resolution, if passed, will empower the Directors of the Company to issue and allot ordinary shares of the Company from time to time and to grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer, provided that the aggregate number of shares allotted pursuant to this resolution does not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company for the time being ("Proposed 20% General Mandate") up to 31 December 2021. With effect from 1 January 2022, the Proposed 20% General Mandate will be reinstated to a 10% limit ("Proposed 10% General Mandate") according to Rule 6.04 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

The authority for the Proposed 10% General Mandate will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting ("AGM") or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

This proposed Resolution is a renewal of the previous year's mandate. The 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 costs and time.

The Board of Directors of the Company is of the view that the Proposed 20% General Mandate is in the best interest of the Company and its shareholders as it is useful for the Company to meet its financial needs due to the unprecedented uncertainty surrounding the recovery of the COVID-19 pandemic and it will enable the Board to take swift action during the challenging time to ensure long term sustainability and interest of the Company and its shareholders.

The purpose of this general mandate, if passed, will enable the Directors to take swift action in case of a need to issue and allot new shares in the Company for fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, acquisitions and/or for issuance of shares as settlement of purchase consideration, or other circumstances arise which involve grant of rights to subscribe for shares, conversion of any securities into shares, or allotment of shares under an agreement or option or offer, or such other application as the Directors may deem fit in the best interest of the Company.

As at the date of this notice, the Company did not implement its proposal for new allotment of shares under the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 which was approved by the shareholders at the 3rd AGM held on 15 September 2020 and will lapse at the conclusion of the 4th AGM to be held on 13 September 2021. As at the date of this notice, there is no decision to issue new shares. Should there be a decision to issue new shares after the general mandate is sought, the Company will make an announcement of the actual purpose and utilisation of proceeds arising from such issuance of shares.

Statement Accompanying Notice of Annual General Meeting

(Pursuant to Rule 6.04(3) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. There is no person seeking election as director of the Company at this Annual General Meeting.

2. General mandate for issue of securities

   Kindly refer to the Explanatory Notes on Special Business – Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016 under Explanatory Note (c) to the Notice of the 4th Annual General Meeting.

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PROXY FORM

(Before completing this form please refer to the notes below)

Number of Shares held	
CDS Account	

I/We, ______________________________ Tel ______________________

[Full name in block and as per NRIC/passport, NRIC/Passport/Company No.]

of. ____

[Full address]

____

being member(s) of **GAGASAN NADI CERGAS BERHAD**, hereby appoint:

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address:			

^and / or

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address:			

Or failing ^him/her, the Chairman of the Meeting, as my/our proxy to vote for me/us on my/our behalf at the 4th Annual General Meeting of the Company to be held at Ballroom III, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor on Monday, 13 September 2021 at 10.00 a.m. and any adjournment thereof, to vote as indicated below:

RESOLUTIONS	DESCRIPTION OF RESOLUTION	FOR	AGAINST
Ordinary Resolution 1	To re-elect Ir. Dr. Hj Muhamad Fuad Bin Abdullah as Director of the Company.		
Ordinary Resolution 2	To re-elect Professor Emerita Siti Naaishah Bt. Hambali as Director of the Company.		
Ordinary Resolution 3	To approve the payment of Directors' fees to Ir. Dr. Hj Muhamad Fuad Bin Abdullah amounting to RM126,000.00 in respect of financial year ending 31 December 2021.		
Ordinary Resolution 4	To approve the payment of Directors' fees to Professor Emerita Siti Naaishah Bt. Hambali amounting to RM114,000.00 in respect of financial year ending 31 December 2021.		
Ordinary Resolution 5	To approve the payment of Directors' fees to Chng Boon Huat amounting to RM120,000.00 in respect of financial year ending 31 December 2021.		
Ordinary Resolution 6	To approve the payment of additional Directors' fees amounting to RM140,000.00 in respect of financial year ending 31 December 2021.		
Ordinary Resolution 7	To approve the payment of Directors' benefits of up to RM100,000.00 from the date of the forthcoming Annual General Meeting until the next Annual General Meeting of the Company.		
Ordinary Resolution 8	To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
Ordinary Resolution 9	Proposed Renewal of Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act, 2016.		
Ordinary Resolution 10	Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fit.

Dated this ____________________ day of ____________________ 2021

____

Signature*
Member

^ Delete whichever is inapplicable

* Manner of execution:
(a) If you are an individual member, please sign where indicated.
(b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
(c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
(i) at least two (2) authorised officers, of whom one shall be a director; or
(ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

NOTES:-

IMPORTANT NOTICE

1. The Board of Directors ("Board") is cognisant of the Covid-19 pandemic as declared by the World Health Organisation which, to-date, is still subsisting. The health and safety of the Company's shareholders, Directors, staff and other stakeholders is of paramount concern for the Company. In view of the foregoing, the Company wishes to advise shareholders that necessary steps and measures will be undertaken in holding the Company's 4th AGM.

   In view of the Covid-19 pandemic and further to the "Guidance and FAQs on the Conduct of General Meetings for Listed Issuers" issued by the Securities Commission, members/proxies/corporate representatives who wish to attend the 4th AGM in person **ARE REQUIRED TO PRE-REGISTER ("RSVP")** with the Company's share registrar, Tricor Investor & Issuing House Services Sdn Bhd (Share Registrar", "Tricor", or "TIIH"), via the TIIH Online website at https://tiih.online no later than Saturday, 11 September 2021 at 10.00 a.m. Please follow the RSVP Procedures in the Administrative Guide for the 4th AGM.

2. A member of a Company shall be entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote at meeting of members of the Company. A member may appoint more than one proxy in relation to a meeting, provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company.
3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. For a member of the Company who is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
5. Where a member or the authorised nominee appoints more than two (2) proxies, or where an exempt authorised nominee appoints more than one (1) proxy in respect of each omnibus account to attend and vote at the same meeting, the appointments shall be invalid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies.
6. The instrument appointing a proxy shall be in writing signed by the appointor or by his attorney who is authorised in writing. In the case of a corporation, the instrument appointing proxy(ies) must be made either under its common seal or signed by an officer or an attorney duly authorised.
7. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the 4th AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

   (i) In hard copy form

   In the case of an appointment made in hard copy form, the Proxy Form must be deposited at the Company's Share Registrar 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, Malaysia, or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

Please fold here

Affix
Stamp

GAGASAN NADI CERGAS BERHAD
Unit 30-01, Level 30
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Please fold here

   (ii) By electronic form

   The Proxy Form can be electronically lodged via **TIIH Online** website at https://tiih.online. Kindly refer to the Administrative Guide on the procedure for electronic lodgement of proxy form via TIIH Online.

8. Please ensure ALL the particulars as required in the Proxy Form are completed, signed and dated accordingly.
9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Share Registrar 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, Malaysia 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, Malaysia not less than forty-eight (48) hours before the time appointed for holding the 4th AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
10. For a corporate member who has appointed an authorised representative, please deposit the ORIGINAL certificate of appointment of authorised representative with the Company's Share Registrar 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, Malaysia 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, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:

    (i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.

    (ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:

    (a) at least two (2) authorised officers, of whom one shall be a director; or

    (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

11. For the purpose of determining who shall be entitled to participate in this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, the **Record of Depositors as at 7 September 2021**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this 4th AGM or appoint proxies to attend and vote in his stead.

GAGASAN NADI CERGAS
BERHAD 201701024800(1238966-U)

F-1 @ 8 Suria, 33 Jalan PJU 1/42
47301, Petaling Jaya
Selangor Darul Ehsan, Malaysia

T +603 7887 3388
F +603 7887 3355
E hq@nadicergas.com
W www.nadicergas.com

Bursa: 0206 / NADIBHD
Bloomberg: 0206:MK
Reuters: GAGA.KL

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