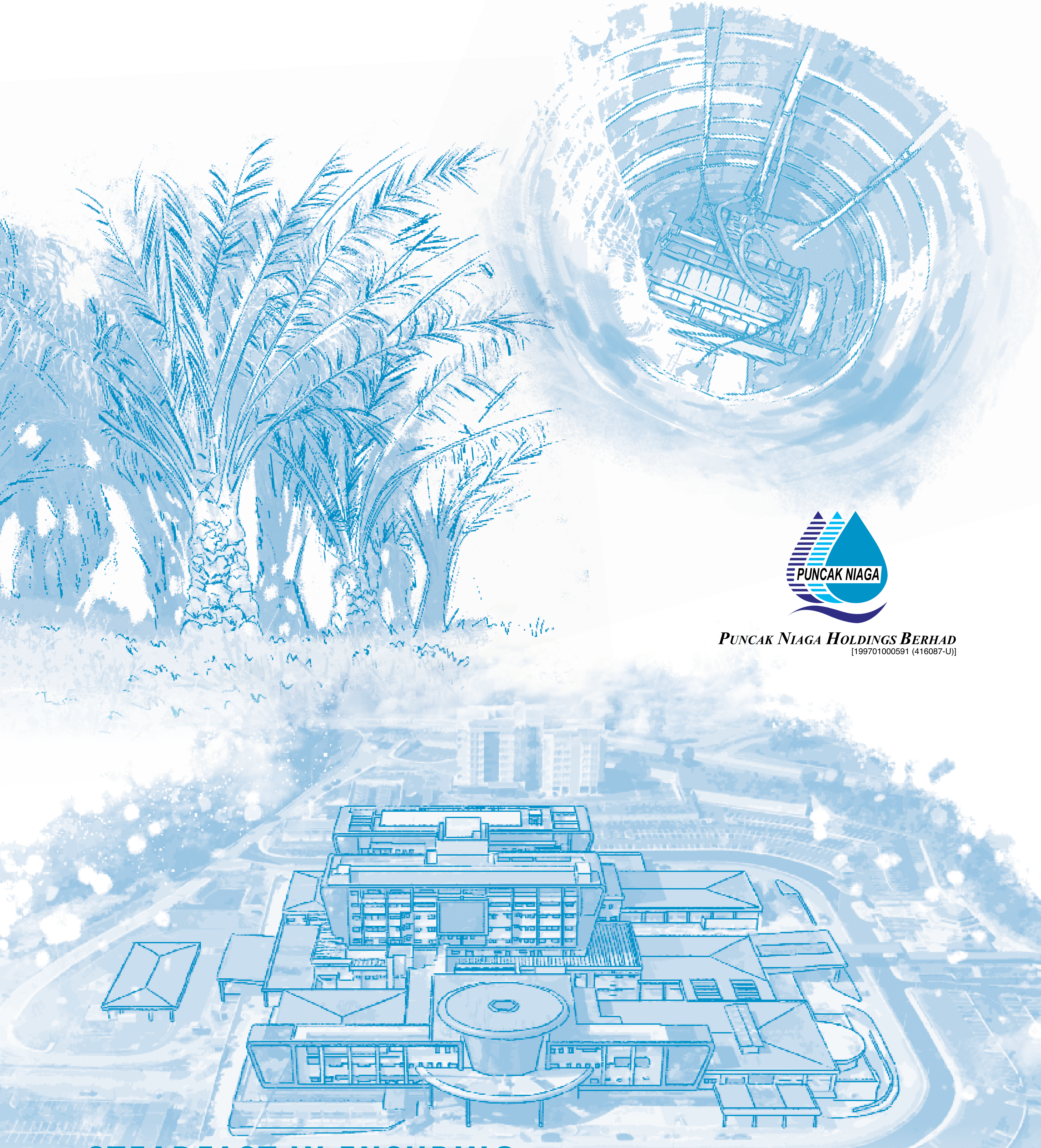

PUNCAK NIAGA

PUNCAK NIAGA HOLDINGS BERHAD
[199701000591 (416087-U)]

STEADFAST IN ENSURING

LONG-TERM GROWTH

ANNUAL REPORT 2019

PUNCAK

VISION

To Be The Leading Regional Integrated Water, Wastewater And Environmental Solutions Provider With Involvement In Concession Facilities Management Services, Plantation And Property Development Sectors

MISSION

To meet the increasing challenges in the demand for water, wastewater and environmental engineering, facilities management services, property development, plantation and construction sector through the continuous implementation of strategic planning, high quality standards, efficient services, human capital development, innovative technologies and operational systems

To actively participate in local, regional and global business opportunities with linkages to the Company's core activities

To share experience and offer our expertise through Smart Business Partnerships, Public Private Partnerships or other innovative business models in order to expand business growth

VALUES

Our Company's values, the PUNCAK Values, shape our organisational culture and guide the way we run our business. They are integrated into our business processes and our core values.

At PUNCAK, we are and continuously seek to be:

Passionate

about our business for sustainable performance

United

as one in our corporate responsibility strategy to align with our Vision To Be The Leading Regional Integrated Water, Wastewater And Environmental Solutions Provider With Involvement In Concession Facilities Management Services,Plantation And Property Development Sectors

Nurture

our human capital towards an exemplary workforce

Corporate Governance

guides the way we run our business in an evolving global business environment

Accountable

for all our actions and engagement process with our stakeholders

Knowledgeable

in all aspects of our business operations and continue to be the trusted and reliable service provider

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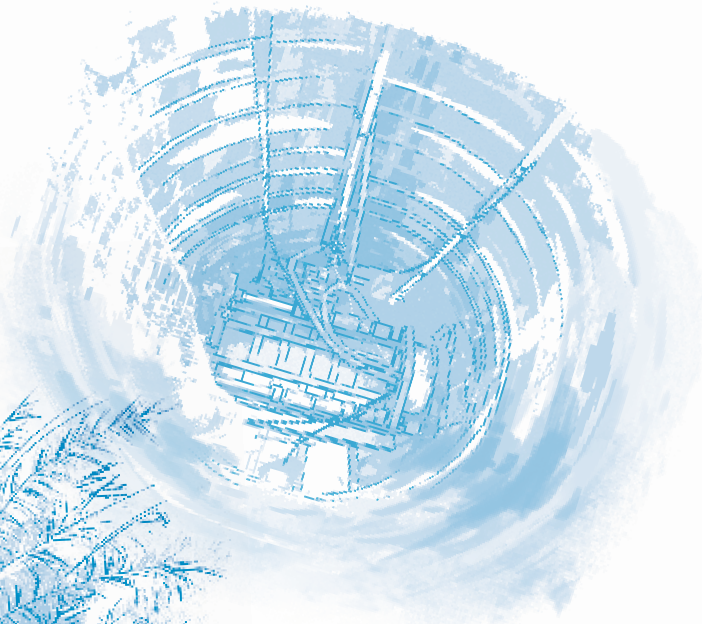
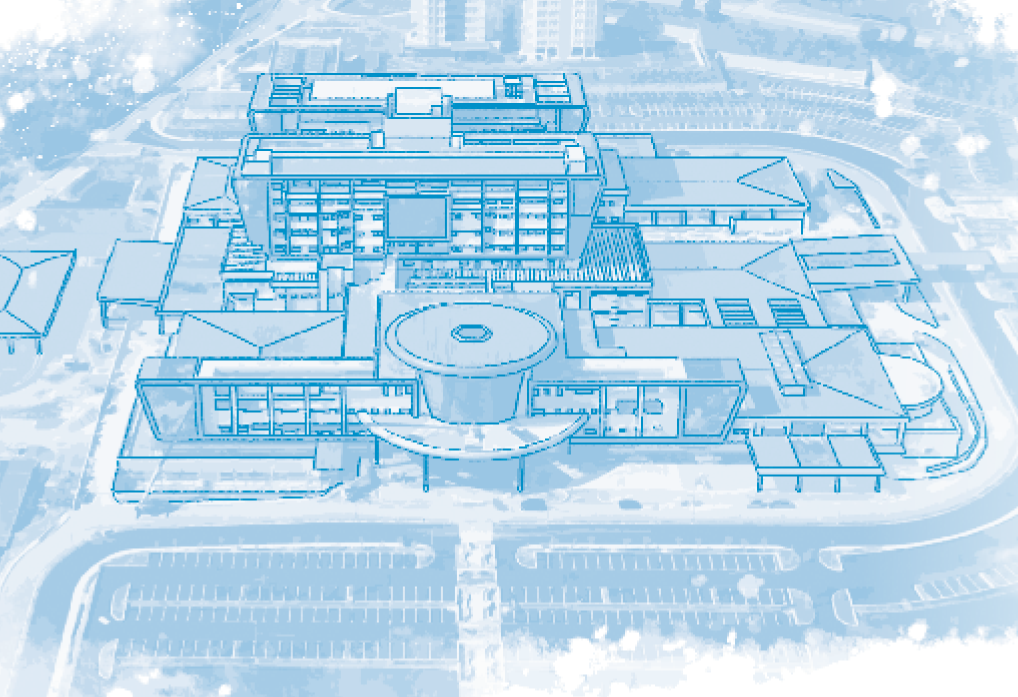




PUNCAK NIAGA GROUP FACT SHEET

449,284,556

NUMBER OF SHARES ISSUED
AS AT 31 DECEMBER 2019

RM
554,662,777

SHARE CAPITAL
AS AT 31 DECEMBER 2019

List Of Corporate Memberships

		Member since
1.	Malaysia South-South Association (MASSA)	1995
2.	Federation of Public Listed Companies (FPLC)	1997
3.	Malaysian Employers Federation (MEF)	1999
4.	Malaysian Industry-Government Group for High Technology (MIGHT)	2001
5.	Malaysian-German Chamber of Commerce and Industry (MGCC)	2002
6.	Malaysian-French Chamber of Commerce and Industry (MFCCI)	2002
7.	Malaysia-Russia Business Council	2002
8.	British Malaysian Chamber of Commerce (BMCC)	2003
9.	Malaysia-Japan Economic Association (MAJECA)	2003
10.	Commonwealth Partnership for Technology Management (CPTM)	2003
11.	Institute of Marketing Malaysia (IMM)	2003
12.	Singapore Water Association	2006
13.	Malaysian Investors Relations Association (MIRA)	2008
14.	Environmental Management & Research Association of Malaysia (ENSEARCH)	2009
15.	Malaysia External Trade Development Corporation (MATRADE)	2012
16.	Arab-Malaysian Chamber of Commerce	2012
17.	EU-Malaysia Chamber of Commerce and Industry	2012
18.	Institute of Corporate Directors Malaysia	2018

2019 KEY HIGHLIGHTS

REVENUE
RM 474.72 million

Puncak Niaga was awarded **MALAYSIA BEST EMPLOYER BRAND AWARDS 2019** on 24 April 2019

FFB Production
48,412 MT

MSPO CERTIFICATION
obtained on 6 August 2019

ABOUT THIS REPORT

Please scan the QR code to access our Annual Report which is also available at www.puncakniaga.com.my.

Puncak Niaga Holdings Berhad's (Puncak Niaga or the Group) Annual Report 2019 has been developed to present a comprehensive account of the Group's business activities and outcomes for the financial year ended 31 December 2019 (FY2019), in line with our commitment to create value for all stakeholders by ensuring sustainable long-term business growth.

This Report provides information on the business environment Puncak Niaga operated within, challenges encountered and our response to these through the operationalisation of our strategy, and risk management and mitigation actions. It presents highlights of our achievements within our four core business segments of water, environmental engineering and construction, plantation and concession and facilities management.

In preparing this Report, Puncak Niaga has upheld the principles of corporate governance and ethics, by ensuring that all information is presented in an accountable and transparent manner. The Group has endeavoured to provide a balanced and comprehensive account and analysis of our strategy, performance and prospects in relation to material financial, economic, social, environmental and governance issues that affect our business and our stakeholders. Our sustainable business performance focus on material issues that affect the long-term development of our business, and takes into account any significant impacts the Group's operations may have on the economic, environmental and social aspects of our operational footprint.

Forward moving statements should be taken with a degree of caution as they are reliant on various events, risks, uncertainties and other factors beyond our control. These statements can be identified through the use of key words such as "believes", "intend", "will", "plans", "outlook" and other similar words in conjunction with discussions on future operating or financial performance. In the coming years, we will be able to report with more comprehensive data and better assess our material focus areas.

This Annual Report is aimed at a broad audience of stakeholders, that include our employees, local communities, non-governmental organisations (NGOs), customers and the government. Our disclosures adhere to the requirements of the Malaysian Code on Corporate Governance 2017 (MCCG 2017), the Companies Act, 2016, the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad and Sustainability Reporting Guidelines, and the Core option of the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines. Details of compliance with GRI G4 indicators can be found on pages 284 to 287.

The Report has been developed with oversight by the Board of Directors, who have given their collective assurance and approval for its content. Our financial reporting is audited by an independent third party, Grant Thornton Malaysia PLT who audited our Financial Statements and approved them free of qualification.

The hard copy of this report is available to all stakeholders upon request. A soft copy is publicly available at www.puncakniaga.com.my.

BOUNDARY AND REPORTING PERIOD

The Report refers to the period covering 1 January 2019 to 31 December 2019, unless otherwise indicated, and:

- refers to all activities of Puncak Niaga Group (including principal subsidiaries);
- addresses all operations of Puncak Niaga Group; and
- unless otherwise specified, contains quantitative and qualitative data for the past three years.

FEEDBACK

All comments, thoughts and remarks can be directed to:

PUNCAK NIAGA HOLDINGS BERHAD
c/o Secretarial Department
10th Floor, Wisma Rozali
No. 4, Persiaran Sukan, Seksyen 13
40100 Shah Alam, Selangor Darul Ehsan

Telephone : 03 5522 8589
Fax : 03 5512 0220
Email : investors@puncakniaga.com.my

FIVE-YEAR GROUP PERFORMANCE

REVENUE	(RM'000)
'15	663,888
'16	74,391
'17	101,280
'18	230,466
'19	**474,720**

EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	(RM'000)
'15	1,977,650#
'16	1,740,833#
'17	1,536,150
'18	1,362,545
'19	**1,306,806**

TOTAL ASSETS	(RM'000)
'15	2,180,963#
'16	2,009,091#
'17	2,144,421
'18	3,072,870
'19	**3,134,831**

BASIC (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT	(Sen)
'15	81.57#
'16	(54.94)#
'17	(45.00)
'18	(37.93)
'19	**(12.79)**

NET (LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	(RM'000)
'15	364,826#
'16	(245,747)#
'17	(201,282)
'18	(169,662)
'19	**(57,216)**

NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT	(RM'000)
'15	4.42#
'16	3.89#
'17	3.43
'18	3.05
'19	**2.92**

These comparatives have been restated retrospectively in accordance with MFRS 108. The prior year adjustments in relation to financial year 2015 has been included in the retained earnings as at 1 January 2016, as disclosed in the audited financial statements for the year ended 31 December 2017.

FIVE-YEAR FINANCIAL HIGHLIGHTS

	31-Dec-19 RM'000	31-Dec-18 RM'000	31-Dec-17 RM'000	31-Dec-16 RM'000	31-Dec-15 RM'000
KEY RESULTS					
Revenue					
- Continuing Operations	**474,720**	230,466	101,095	73,755[@]	187,987[@]
- Discontinued Operations	**-**	-	185	636[@]	475,901[@]
Total	**474,720**	230,466	101,280	74,391	663,888
(Loss)/Profit Before Tax					
- Continuing Operations	**(57,290)**	(119,064)	(195,709)	(192,091)[#]	180,880[#]
- Discontinued Operations	**-**	-	(4,600)	(27,845)[@]	249,070[@]
Total	**(57,290)**	(119,064)	(200,309)	(219,936)[#]	429,950[#]
Net (Loss)/Profit attributable to owners of the parent	**(57,216)**	(169,662)	(201,282)	(245,747)[#]	364,826[#]
STATEMENTS OF FINANCIAL POSITION					
Property, plant and equipment	**510,956**	527,427	530,533	161,871	195,194
Investment properties	**852,297**	852,297	601,367	539,520[#]	496,557[#]
Bearer biological assets	**311,504**	305,470	282,867	-	-
Service concession assets	**-**	-	-	14,506	61,203
Other non-current assets	**755,491**	491,787	6	3,991	27,712
Current assets	**704,583**	895,889	729,648	1,264,369	1,400,297
Assets classified as held for sale	**-**	-	-	24,834**	-
Total assets	**3,134,831**	3,072,870	2,144,421	2,009,091[#]	2,180,963[#]
ISSUED AND PAID-UP CAPITAL					
Share capital	**554,663**	554,663	554,663^	449,284	449,284
Reserves	**752,143**	807,882	981,487	1,291,549[#]	1,528,366[#]
Equity attributable to owners of the parent	**1,306,806**	1,362,545	1,536,150	1,740,833[#]	1,977,650[#]
Net assets per share attributable to owners of the parent (RM)	**2.92**	3.05	3.43	3.89[#]	4.42[#]
RATIOS AND STATISTIC					
Net (Loss)/profit margin attributable to owners of the parent (%)	**(12.05)**	(73.62)	(198.74)	(330.35)[#]	54.95[#]
Basic (Loss)/earnings per share attributable to owners of the parent (sen)	**(12.79)**	(37.93)	(45.00)	(54.94)[#]	81.57[#]
Loans and borrowings (RM'000)	**1,243,129**	1,108,871	163,252	22,067*	71,182
Gearing ratio (%)	**49**	45	10	1	3
Current ratio (times)	**1.61**	2.20	2.27	5.99	9.31
****Assets classified as held for sale are comprised of the following items:**					
Property, plant and equipment	**-**	-	-	323	-
Operating financial assets	**-**	-	-	-	-
Service concession assets	**-**	-	-	24,146	-
Trade and other receivables	**-**	-	-	118	-
Inventories	**-**	-	-	20	-
Tax recoverable	**-**	-	-	-	-
Cash and cash equivalents	**-**	-	-	227	-
	-	-	-	24,834	-
* Loans and borrowings included in liabilities classified as held for sale	**-**	-	-	14,600	-

These comparatives have been restated retrospectively in accordance with MFRS 108. The prior year adjustments in relation to financial year 2015 has been included in the retained earnings as at 1 January 2016, as disclosed in the audited financial statements for the year ended 31 December 2017

@ These comparatives have been restated to take into account the effects of the adoption of MFRS 5

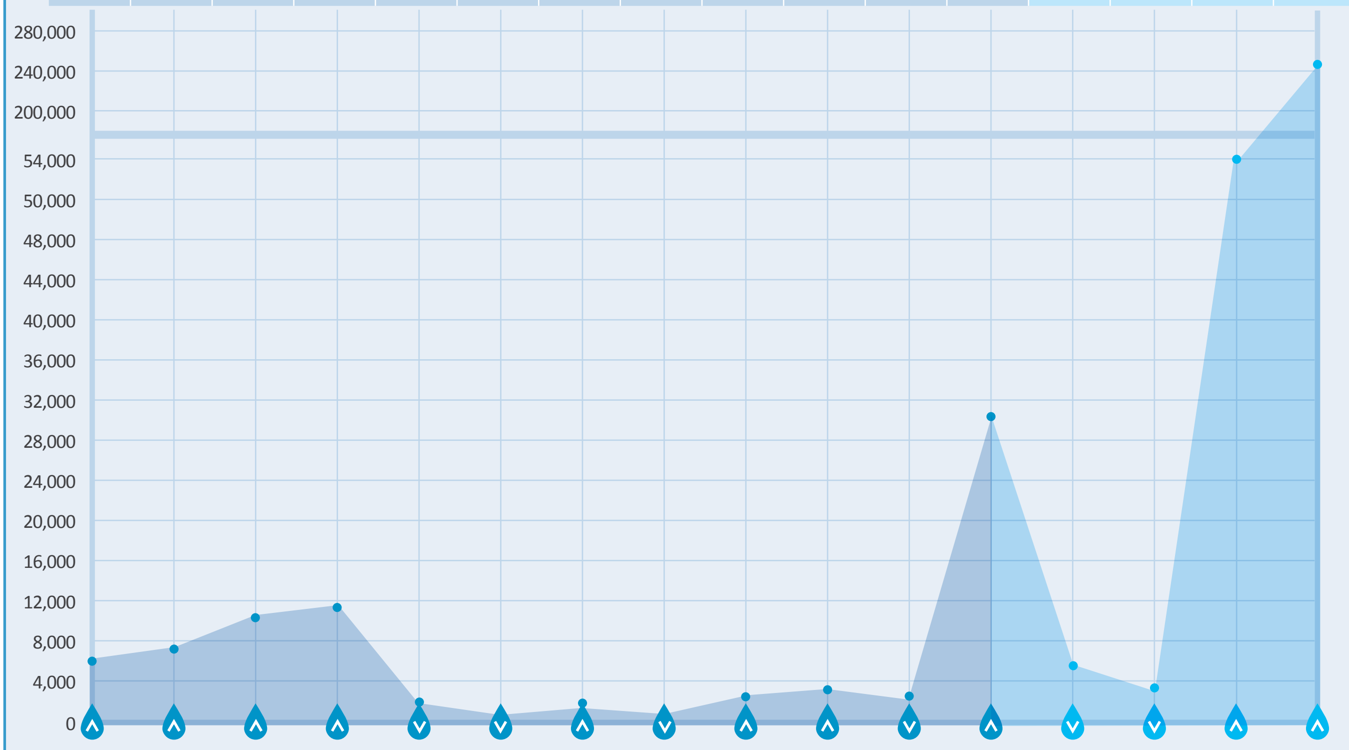
^ In accordance with Section 618 of Companies Act 2016, any amount standing to the credit of the share premium account has become part of the share capital

SHARE PRICE MOVEMENT

Stock Name: PUNCAK **Stock Code: 6807**

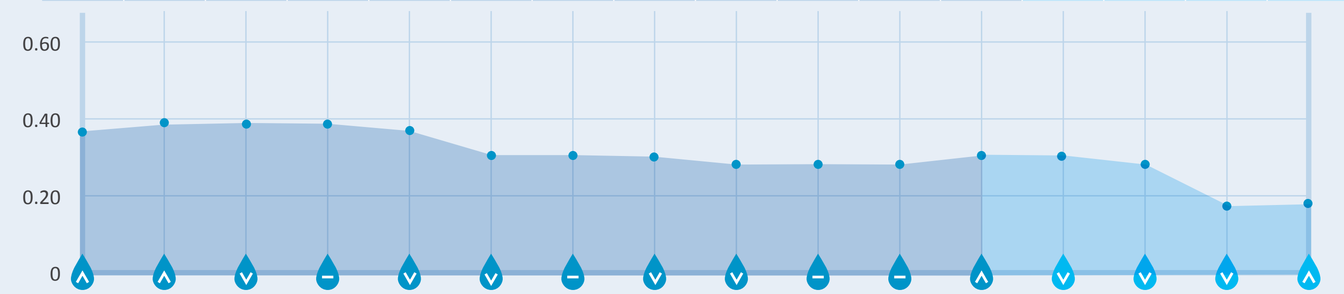
VOLUME OF SHARES TRADED ('000)

2019												2020			
Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr
6,967	7,453	10,301	11,292	2,258	960	1,921	1,201	2,888	3,270	2,521	29,511	5,332	3,358	54,371	242,339



MONTHLY AVERAGE CLOSING SHARE PRICES (RM)

2019												2020			
Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr
0.37	0.39	0.38	0.38	0.36	0.34	0.34	0.33	0.27	0.27	0.27	0.33	0.30	0.27	0.17	0.18



FINANCIAL CALENDAR

YEAR 2019

Thursday, 30 May

First Quarter Results
ended 31 March 2019

Thursday, 29 August

Second Quarter Results
ended 30 June 2019

Wednesday, 27 November

Third Quarter Results
ended 30 September 2019

YEAR 2020

Thursday, 27 February

Fourth Quarter Results
ended 31 December 2019

Monday, 18 May

Audited Financial Statements for the financial year
ended 31 December 2019

Wednesday, 10 June

Published Annual Report 2019

Thursday, 9 July

Twenty-Third Annual General Meeting

CORPORATE PROFILE

Puncak Niaga Holdings Berhad (Puncak Niaga) Group is the leading regional integrated water, wastewater and environmental solutions provider with involvement in concession and facilities management services, plantation and property development sectors.

OUR COMPANY

Puncak Niaga Holdings Berhad (Puncak Niaga) Group is the leading regional integrated water, wastewater and environmental solutions provider with involvement in concession and facilities management services, plantation and property development sectors. Puncak Niaga is an investment holding company whilst its subsidiaries are principally involved in the construction, water, wastewater, sewerage and environmental engineering sectors including undertaking research and development and technology development for the water, wastewater and environmental sectors, management and advisory services, facilities management services and plantation.

Established on 7 January 1997, Puncak Niaga was listed on the Main Board of Bursa Malaysia Securities Berhad (now known as the Main Market of Bursa Malaysia Securities Berhad) on 8 July 1997. As at the end of 31 December 2019, Puncak Niaga's market capitalisation stood at RM143.1 million. It is the first water treatment and supply concession company to be listed on Bursa Malaysia Securities Berhad under the Infrastructure Project Company guidelines issued by Securities Commission and was reclassified to the Construction sector on 13 November 2015.

OUR CORE BUSINESS AND CAPABILITIES

Our wholly-owned subsidiary, Puncak Niaga Construction Sdn Bhd's (PNCSB) principal business activities are construction works, general contracts and its related activities. As the construction arm of Puncak Niaga, PNCSB had completed two water supply projects in October and December 2015, respectively, in Sarawak and one water supply project in April 2019, in Sabah. Currently, PNCSB manages two sewerage projects in Kuala Lumpur and Kuantan, respectively.

On 10 March 2011, Puncak Niaga formed a 100% owned subsidiary in India, Puncak Niaga Infrastructures & Projects Private Limited which will focus primarily on potential markets in India.

On 28 September 2011, Puncak Oil & Gas Sdn Bhd (POG) completed the 100% equity acquisitions of two (2) oil and gas entities, namely GOM Resources Sdn Bhd (GOM Resources) and KGL Ltd. (KGL) with proven track records in undertaking oil and gas works for Petronas. The acquisitions enabled Puncak Niaga Group to diversify into the oil & gas sector and the Group subsequently exited the oil and gas industry in 2018.

Puncak Niaga has one (1) branch office in South East Asia, namely, Puncak Niaga Holdings Berhad (Brunei Branch) to facilitate the business development efforts for Puncak Niaga Group in Brunei Darussalam.

On 31 May 2018, Puncak Niaga completed the acquisition of the entire issued share capital in TRIplc Berhad (TRIplc) which is principally involved in the provision of project management services for construction projects, property development, property investment, property management and facilities management services.

Puncak Niaga Management Services Sdn Bhd provides management and advisory services to the Puncak Niaga Group whereas Murni Estate Sdn Bhd (MESB) is Puncak Niaga's Plantation Division's holding company.

On 17 October 2016, MESB acquired a 60% subsidiary, namely, Danau Semesta Sdn Bhd (Danau Semesta) to facilitate the Group's business expansion plans in the oil palm plantation sector. On 28 June 2017, MESB's equity interest in Danau Semesta increased to 90%. On 3 July 2017, Danau Semesta acquired a wholly-owned subsidiary, Danum Sinar Sdn Bhd with its principal activities in the oil palm cultivation with 46,674 hectares plantation land in Murum, Sarawak.

After being in the Selangor water services industry since 1994, on 15 October 2015, both PNSB Water Sdn Bhd (formerly known as Puncak Niaga (M) Sdn Bhd (PNSB)) and Syarikat Bekalan Air Selangor Sdn Bhd (SYABAS) were disposed to Pengurusan Air Selangor Sdn Bhd and ceased to be a wholly-owned subsidiary and jointly controlled entity of Puncak Niaga Group in line with the consolidation of the Selangor water services industry by the Federal Government and the State Government of Selangor.

On 31 May 2018, Puncak Niaga completed the acquisition of the entire issued share capital in TRIplc Berhad (TRIplc) which is principally involved in the provision of project management services for construction projects, property development, property investment, property management and facilities management services. TRIplc, through its wholly-owned subsidiaries TRIplc Ventures Sdn Bhd and TRIplc Medical Sdn Bhd, are the holders of two concession agreements for Zone 1 Phase 2 (Z1P2) and Zone 1 Phase 3 (Z1P3) of Universiti Teknologi MARA (UiTM) Puncak Alam Campus under the Private Finance Initiative in Malaysia.

OUR FUTURE PLANS

As Puncak Niaga Group seeks to grow its business and deliver value to the stakeholders, we will look into expanding our operations in areas related to our core businesses and core competencies in water and wastewater, sewerage, environmental engineering and construction, concession and facilities management services, plantation and property development.

OUR PEOPLE

Out of the manpower strength of more than 500 employees in Puncak Niaga Group, more than half comprise Management, professionals, technical and supervisory executives with core competencies in engineering, plantation, accountancy, legal, management, administration and business; which are instrumental in supporting the Group's existing and future businesses and operations.

OUR COMMITMENT TO CORPORATE CITIZENSHIP

Puncak Niaga Group is committed to upholding the principles of good corporate governance and core values such as quality, value, service, innovation, integrity and trust in the conduct of our business which are integral to the Group's success over the years. We have received various repeat awards and accolades for good governance, annual reporting, occupational safety and health; and environmental and social reporting.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Yang Berbahagia Tan Sri Rozali bin Ismail
Executive Chairman

Yang Berbahagia Dato' Abdul Jalil bin Abdul Karim
Managing Director

Yang Berbahagia Dato' Sri Adenan bin Ab. Rahman
Independent Non-Executive Director

Yang Berbahagia Prof Emeritus Datuk Dr Marimuthu A/L Nadason
Independent Non-Executive Director

Dr Haji Badrul Hisham bin Mohd Yusoff
Independent Non-Executive Director

Sr Haji Johari bin Wahab
Independent Non-Executive Director

YM Tengku Loreta binti Tengku Dato' Setia Ramli Alhaj
Independent Non-Executive Director

Yang Berbahagia Dato' Yusof bin Badawi
Executive Director, Operations Division

Encik Azlan Shah bin Tan Sri Rozali
Alternate Director to
Yang Berbahagia Tan Sri Rozali bin Ismail

CHIEF FINANCIAL OFFICER
Madam Wong Ley Chan

COMPANY SECRETARIES
Madam Tan Bee Lian
(MAICSA 7006285/SSM PC No: 201908003714)

Puan Izreen Fara binti Ismail
(MAICSA 7056436/SSM PC No: 202008002411)

DATE AND PLACE OF INCORPORATION
7 January 1997, Malaysia

COMPANY NUMBER
199701000591 (416087-U)

REGISTERED OFFICE
10th Floor, Wisma Rozali
No. 4, Persiaran Sukan,Seksyen 13,
40100 Shah Alam, Selangor Darul Ehsan
Tel : +603-5522 8428
Fax : +603-5512 0220

PRINCIPAL OFFICE
Wisma Rozali
No. 4, Persiaran Sukan, Seksyen 13,
40100 Shah Alam, Selangor Darul Ehsan
Tel : +603-5522 8589
Fax : +603-5522 8598
e-mail (general): pr@puncakniaga.com.my
e-mail (investors): investors@puncakniaga.com.my
website: www.puncakniaga.com.my

AUDITORS

Grant Thornton Malaysia PLT
(201906003682 & AF0737)

TAX ADVISORS

Ernst & Young Tax Consultants Sdn Bhd
KPMG Tax Services Sdn Bhd

PRINCIPAL BANKERS

- RHB Islamic Bank Berhad (680329-V)
- CIMB Islamic Bank Berhad (671380-H)
- Affin Islamic Bank Berhad (709506-V)
- Malayan Banking Berhad (3813-K)
- United Overseas Bank (Malaysia) Bhd (271809-K)
- Hong Leong Bank Berhad (97141-X)
- Hong Leong Islamic Bank Berhad (686191-W)

SHARE REGISTRAR

(place where all registers of securities are kept)
Tricor Investor & Issuing House Services Sdn Bhd
(197101000970 [11324-H])
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : +603-2783 9299
Fax : +603-2783 9222

STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad
Construction Sector

Shariah Compliant Security
Securities Commission Malaysia
Construction Sector

EXECUTIVE COMMITTEE

Chairman
Yang Berbahagia Tan Sri Rozali bin Ismail

Members
Yang Berbahagia Dato' Abdul Jalil bin Abdul Karim

Yang Berbahagia Dato' Yusof bin Badawi

Encik Azlan Shah bin Tan Sri Rozali

Madam Wong Ley Chan

Madam Tan Bee Lian

Puan Faridatulzakiah binti Mohd Bakhry

AUDIT COMMITTEE

Chairman
Dr Haji Badrul Hisham bin Mohd Yusoff

Members
Yang Berbahagia Dato' Sri Adenan bin Ab. Rahman

Yang Berbahagia Prof Emeritus Datuk Dr Marimuthu A/L Nadason

Sr Haji Johari bin Wahab

YM Tengku Loreta binti Tengku Dato' Setia Ramli Alhaj

REMUNERATION COMMITTEE

Chairman
Yang Berbahagia Dato' Sri Adenan bin Ab. Rahman

Members
Yang Berbahagia Prof Emeritus Datuk Dr Marimuthu A/L Nadason

Dr Haji Badrul Hisham bin Mohd Yusoff

Sr Haji Johari bin Wahab

YM Tengku Loreta binti Tengku Dato' Setia Ramli Alhaj

NOMINATION COMMITTEE

Chairman
Yang Berbahagia Prof Emeritus Datuk Dr Marimuthu A/L Nadason

Members
Yang Berbahagia Dato' Sri Adenan bin Ab. Rahman

Dr Haji Badrul Hisham bin Mohd Yusoff

Sr Haji Johari bin Wahab

YM Tengku Loreta binti Tengku Dato' Setia Ramli Alhaj

COMPLIANCE, INTERNAL CONTROL AND RISK POLICY COMMITTEE (CICR)

Chairman
Dr Haji Badrul Hisham bin Mohd Yusoff

Members
Yang Berbahagia Dato' Sri Adenan bin Ab. Rahman

Yang Berbahagia Prof Emeritus Datuk Dr Marimuthu A/L Nadason

Sr Haji Johari bin Wahab

YM Tengku Loreta binti Tengku Dato' Setia Ramli Alhaj

CORPORATE INFORMATION

SUBSIDIARY OFFICES

MALAYSIA

Puncak Niaga Management Services Sdn Bhd's Office
Wisma Rozali
No. 4, Persiaran Sukan
Seksyen 13
40100 Shah Alam
Selangor Darul Ehsan
Tel : +603-5522 8589
Fax : +603-5522 8598

TRIplc Berhad and Group's Office
5th Floor, Wisma Rozali,
No. 4, Persiaran Sukan
Seksyen 13
40100 Shah Alam
Selangor Darul Ehsan
Tel : +603-5522 8589
Fax : +603-5511 1118

Puncak Niaga Construction Sdn Bhd's Office
3rd Floor, Wisma Rozali
No. 4, Persiaran Sukan
Seksyen 13
40100 Shah Alam
Selangor Darul Ehsan
Tel : +603-5522 8589
Fax : +603-5510 1340

Murni Estate Sdn Bhd's Office
4th Floor, Wisma Rozali,
No. 4, Persiaran Sukan
Seksyen 13
40100 Shah Alam
Selangor Darul Ehsan
Tel : +603-5522 8589
Fax : +603-5522 8598

Danum Sinar Sdn Bhd's Office
No. 68, 1st & 2nd Floor
Medan Sentral Commercial Centre
Jalan Tanjung Kidurong
97010 Bintulu
Sarawak
Tel : +086-351 416/415
Fax : +086-351 418

Puncak Oil & Gas Sdn Bhd's Office
2nd Floor, Wisma Rozali,
No. 4, Persiaran Sukan
Seksyen 13
40100 Shah Alam
Selangor Darul Ehsan
Tel : +603-5522 8589
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Jalan Merdeka
87000 Federal Territory of Labuan
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Fax : +6087-451 288
e-mail:info@gomresources.com

SINGAPORE

Sino Water Pte Ltd's Office
c/o 80 Robinson Road #02-00
Singapore 068898
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Fax : +65 6236 4399

INDIA

Puncak Niaga Infrastructures & Projects Private Limited's Office
No. 12, 7th Main Road
First Floor, Kasturibai Nagar
Adyar, Chennai 600020
Tamil Nadu, India
Tel : +91-44-4210 2058
Fax : +91-44-4210 2028

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Puncak Niaga Holdings Berhad (Brunei Branch)'s Office
c/o Room 308B, 3rd Floor
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Bandar Seri Begawan
BS 8811
Negara Brunei Darussalam
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Fax : + 673-223-2783

ORGANISATION STRUCTURE

Puncak Niaga Holdings Berhad
[199701000591 (416087-U)]

BOARD OF DIRECTORS

EXECUTIVE CHAIRMAN
YBhg Tan Sri Rozali bin Ismail

MANAGING DIRECTOR
YBhg Dato' Abdul Jalil bin Abdul Karim

BOARD COMMITTEES

- Audit Committee
- Remuneration Committee
- Nomination Committee
- Compliance, Internal Control And Risk Policy Committee
- Executive Committee

FINANCE DIVISION	Chief Financial Officer	**Madam Wong Ley Chan**
CORPORATE SERVICES DIVISION	Executive Director	**Madam Tan Bee Lian**
OPERATIONS DIVISION	Executive Director	**YBhg Dato' Yusof bin Badawi**
HUMAN RESOURCES & ADMINISTRATION DIVISION	Executive Director	**Puan Faridatulzakiah binti Mohd Bakhry**
PUBLIC RELATIONS DIVISION	Executive Director	**YBhg Prof Dato' Dr Mohd Zainul Fithri bin Othman**
BUSINESS DEVELOPMENT DIVISION	Executive Director	**YBhg Prof Dato' Dr Mohd Zainul Fithri bin Othman**

Note: Information as at 18 May 2020

CORPORATE STRUCTURE

PUNCAK NIAGA HOLDINGS BERHAD
[199701000591 (416087-U)]

INVESTMENT HOLDING

100%	**PUNCAK NIAGA MANAGEMENT SERVICES SDN BHD**	provision of management, advisory and consultancy services
100%	**PUNCAK NIAGA CONSTRUCTION SDN BHD**	construction work, general contracts and related activities
100%	**PUNCAK RESEARCH CENTRE SDN BHD**	development, production, distribution, marketing, sales and otherwise deal in all kinds of healthcare products, food, food supplements and pharmaceutical products
100%	**PUNCAK COMMUNICATION SDN BHD**	mobile dealer, telecommunication and other related services
100%	**MAGNUM NATURE SDN BHD**	dormant
100%	**IDEAL WATER RESOURCES SDN BHD**	dormant
100%	**UNGGUL RAYA (M) SDN BHD**	dormant
100%	**TRIPLC BERHAD**	investment holding company and engaged in property construction and related activities
100%	**MURNI ESTATE SDN BHD**	investment holding and oil palm plantation business
100%	**PUNCAK SERI (M) SDN BHD**	ceased operations
100%	**PUNCAK OIL & GAS SDN BHD**	investment holding and provision of services for offshore logistics and marine management
100%	**PUNCAK NIAGA INFRASTRUCTURES & PROJECTS PRIVATE LIMITED**	dormant
98.65%	**SINO WATER PTE LTD**	ceased operations
60%	**ASPEN STREAMS SDN BHD**	dormant
50%	**JADEKIND LIMITED**	development, manufacturing and distribution of supplement product
50%	*ASSOCIATE COMPANY* **PURNAMA PERSADA SDN BHD**	dormant

INDIA
LABUAN
MALAYSIA
HONG KONG
SINGAPORE

100% **TRIPLC MEDICAL SDN BHD**
design, development, construction, and completion of the facilities and infrastructure and asset management services activities

100% **TRIPLC FMS SDN BHD**
facility management services and related activities

100% **TRIPLC INDUSTRIES SDN BHD**
property construction and related activities

100% **TRIPLC RESOURCES SDN BHD**
property construction and related activities

100% **TRIPLC VENTURES SDN BHD**
property construction and related activities

100% **LAYAR KEKAL (M) SDN BHD**
property development

100% **SAMASYS SDN BHD**
property development

100% **SUASA INTEGRASI (M) SDN BHD**
property development

100% **TIRAI GEMILANG SDN BHD**
property development

100% **USAHASEWA SDN BHD**
property development

100% **ZURIAT WATAN SDN BHD**
property development

100% **INSA ALLIANCE SDN BHD**
property development and provision of project management services

100% **CENTRAL CHALLENGER (M) SDN BHD**
property development and provision of project management services and property management

100% **PRINSIP BARISAN (M) SDN BHD**
property investment

100% **PUJIAN BAYU SDN BHD**
to raise funds and/or to issue debentures and/or Islamic securities for and in connection with TRIplc Berhad and its subsidiaries

90% **DANAU SEMESTA SDN BHD**
investment holding and oil palm plantation business

100% **DANUM SINAR SDN BHD**
oil palm plantation business

100% **ANEKA SURIAMAS SDN BHD**
operate the grocery stores in the plantation estates

100% **GOM RESOURCES SDN BHD**
ceased operations

100% **KGL LTD**
ceased operations

CHAIRMAN'S LETTER TO SHAREHOLDERS

DEAR SHAREHOLDERS,

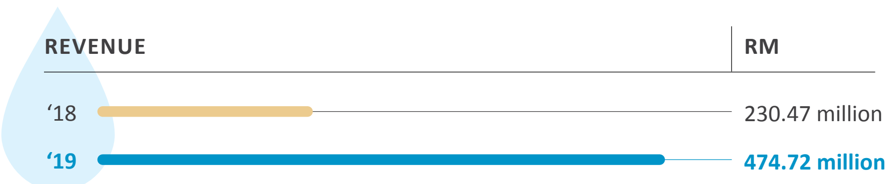
I am pleased to present to you Puncak Niaga Holdings Berhad's (Puncak Niaga) Annual Report for the Financial Year ended 31 December 2019 (FY2019).

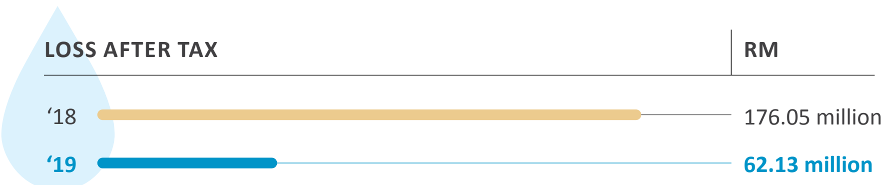
2019 was yet another challenging year for the Group, as various economic, regulatory and political factors persisted to dampen global growth. Despite this, we remained on course with our journey to achieve long-term growth and profitability, by continuing with our approach of embedding mitigations to risks identified into our business strategies. Our business resilience and fortitude continued to fuel our forward moving trajectory through the tough external headwinds of our operating landscape.

As a result of our sustained focus, I am pleased to share that our venture into the plantation, and concession and facilities management business segments in 2017 and 2018 respectively, began yielding modest rewards in FY2019. These two segments have added value to our overall long-term growth plans towards becoming the leading regional integrated water, wastewater and environmental solutions provider with involvement in the concession and facilities management services and plantation sectors.

For FY2019, Puncak Niaga performed better than the previous year. The Group recorded Revenue of RM474.72 million, more than double of our FY2018 revenue of RM230.47 million. The higher revenue was primarily due to higher revenue contribution from our Construction, Concession and Plantation segments. Consequently, the Group's Loss After Tax (LAT) reduced to RM62.13 million for FY2019, from RM176.05 million in FY2018.

PERFORMANCE OVERVIEW 2019





SUSTAINING OUR LONG-TERM VALUE CREATION

On 30 April 2019, our wholly-owned subsidiary, Puncak Niaga Construction Sdn Bhd (PNCSB) handed back the Beaufort Water Treatment Plant (WTP) in Sabah to the Government upon the expiry of our operation and maintenance (O&M) contract. Throughout the duration of the O&M contract which commenced on 1 February 2016, we were able to successfully discharge our responsibilities to supply clean treated water to the satisfaction of our client and various stakeholders, including local communities in Labuan. This is yet another strong testament to Puncak Niaga's proven track record in the Malaysian water industry since the 1990s, which we believe will augment our pursuit to clinch future water-related projects.

In the environmental engineering and construction segment, PNCSB continues to make progress on completing the RM394 million Bunus Project for the Sewerage Services Department under the Greater KL Initiative. We have obtained a second extension of time (EOT) from the Government until 31 December 2020 to complete the project. As at end FY2019, we achieved 88.75% progress completion.

We are optimistic that we will continue with our track record in this segment while working on the Kuantan Project, involving the construction of a 200,000 PE regional Sewage Treatment Plant which incorporates green technology. Work on the project commenced in February 2019, and involves the laying of 60 km of sewage pipes of various sizes, eight network pumping stations and the rationalisation and decommissioning of 165 existing multi-point STPs. As at end FY2019, the project is ahead of schedule at 24.13%, and is slated for completion by February 2022.

Our plantation segment, led by Danum Sinar, stayed on course with its strategic development. As at end FY2019, we have completed 1,500 hectares of land clearing and increased our total Fresh Fruit Bunches (FFB) production to 48,412 metric tonnes, up by 23% from 39,201 metric tonnes in 2018.

We also successfully achieved our target of obtaining Malaysian Sustainable Palm Oil (MSPO) certification on 6 August 2019. Having MSPO credentials strengthens our position within the competitive palm oil sector, and increases our credibility as a sustainable palm oil producer in a market which is increasingly conscious of palm oil-related environmental issues.

Our concession and facilities management segment saw its first full year of operations following our acquisition of TRIplc Berhad on 31 May 2018. We continued to fulfil the terms of both the Z1P2 and Z1P3 concession agreements for the Universiti Teknologi MARA (UiTM) Puncak Alam campus, which focused on asset management services and construction works respectively in 2019.

On 29 August 2019, Puncak Niaga announced that the Company would undertake a proposed renounceable rights issue of up to RM223.62 million nominal value of five-year 6.50% convertible secured Islamic debt securities (CSIDS) at 100% of its nominal value of RM1.00, on an entitlement date to be determined later.

This will be implemented based on a minimum subscription level basis to raise minimum gross proceeds of RM200 million. The Group intends to use the proceeds to repay bank borrowings of RM150 million and fund an initial deposit of RM3.25 million in the finance service reserve account (FSRA) which will be used to hold funds for periodic profit payments of the CSIDS. We aim to utilise approximately RM45.30 million for general working capital purposes including funding day-to-day operations, and a further RM1.45 million to defray expenses relating to the proposed rights issue.

We also successfully achieved our target of obtaining Malaysian Sustainable Palm Oil (MSPO) certification on 6 August 2019.

Upon due consideration of various fundraising methods and other instruments, we believe that this proposed rights issue is a better means of raising funds as it will enable the Group to secure funding at a fixed cost for five years, thereby reducing our exposure to interest rate fluctuations. This allows us to manage our cash flow more efficiently. As at to date, the applications to the regulatory authorities have yet to be made by the Company.

MAINTAINING OUR COMMITMENT TO STRONG GOVERNANCE

We continue to prioritise the highest levels of governance in all our processes, including being transparent and accountable to our shareholders and stakeholders. All our business activities and dealings are guided by our Code of Ethics and Conduct, as set out by the Companies Commission of Malaysia for its Company Directors' Code of Ethics.

Following the revision we conducted in 2018 relating to the composition of our Compliance, Internal Control and Risk Policy Committee (CICR) to comprise a majority of Independent Non-Executive Directors, we further stepped up our governance efforts during the year under review when we revamped our CICR to comprise wholly of the Independent Non-Executive Directors. In February 2020, we increased our Board balance to comprise 62.5% of the Independent Non-Executive Directors with the appointments of three new Independent Board members from various disciplines and fields of expertise. Now, our Board comprises a stronger and more diverse mix of professional individuals of calibre and wide experience, which augurs well for the governance and continued growth of the Company and the Group as a whole.

In 2019, Puncak Niaga saw several changes in our Board with the departure of two long-serving directors. YAM Tengku Dato' Rahimah binti Almarhum Sultan Mahmud who was re-designated as an Independent Non-Executive Director of the Company on 1 June 2019, left us on 18 October 2019 after having served the Board for more than 13 years since 1 August 2006. We also bid farewell to YBhg Tan Sri Dato' Ahmad Fuzi bin Haji Abdul Razak, who served on our Board as an Independent Non-Executive Director for 11 years,

CHAIRMAN'S LETTER TO SHAREHOLDERS

from 6 October 2008 to 30 November 2019. We thank both of them for their guidance, wise counsel and dedicated service as Board members and members of our various Board Committees throughout the years.

In their place, we welcome our new Independent Non-Executive Directors, Dr Haji Badrul Hisham bin Mohd Yusoff, Sr Haji Johari bin Wahab and YM Tengku Loreta binti Tengku Dato' Setia Ramli Alhaj who joined our Board and Board Committees on 10 February 2020. We look forward to their wise counsel and invaluable contributions to steer our Company through 2020 and the years ahead.

As well as that, we witnessed changes in our top management, as YBhg Dato' Zainal Abidin bin Salleh left as the Managing Director of the Company on 15 October 2019. We thank him for his dedication and hard work in keeping the Group on course. Taking over from him, we warmly welcome YBhg Dato' Abdul Jalil bin Abdul Karim who was appointed as the Managing Director of the Company on 15 October 2019. We look forward to his guidance and industry acumen in managing our business.

Mr Ng Wah Tar, Executive Director of the Corporate Finance Division, left our Company on 31 December 2019. We thank Mr Ng for his service and contribution to the Company and the Group.

MITIGATING OUR RISKS

Puncak Niaga continues to strive towards minimising our risk exposure in a tough and competitive business climate. Our comprehensive risk management framework and processes have helped us navigate various challenges over the years and are embedded deeply within our growth strategies. As a Group, we ensure that our attitude and approach towards adopting sound risk management are practised from top management all the way down to on-the-ground employees. Details of our risk management framework and risk management process are covered under page 104 of this Annual Report.

MOVING FORWARD INTO 2020

The year 2020 marks Puncak Niaga's 23rd year of operations. We remain cautiously confident that the Company is well positioned to take advantage of new opportunities that come our way.

In particular, this year looks to be highly challenging given the unexpected outbreak of the coronavirus (Covid-19) pandemic, which has severely affected countries all around the world, including Malaysia. The Covid-19 pandemic has caused enormous disruption of economic activities in the first quarter of 2020 after governments, including Malaysia, were forced to declare a lockdown in a bid to flatten the infection curve.

Malaysia has been under a Movement Control Order (MCO) since 18 March 2020 until 3 May 2020 and subsequently, Conditional Movement Control Order (CMCO) which is in place from 4 May 2020 till 9 June 2020 (unless otherwise extended by the Government). This has resulted in the suspension of operations by non-essential service providers, including our operations and our offices were closed during the MCO and we resumed operations on 4 May 2020 under the CMCO. This has surely affected our work progress at our project sites, and we will need to revise our progress projections when the situation has stabilised. Our ongoing corporate exercise is delayed as well, and we need to reschedule our borrowings and financial commitments with our bankers.

Despite the challenges we are facing, Puncak Niaga donated RM1 million on 30 March 2020 to the Covid-19 Fund launched by our Prime Minister, YAB Tan Sri Dato' Haji Muhyiddin bin Haji Mohd Yassin as well as early handover of the Z1P3 Teaching Hospital Project's medical equipment to the Government. The special fund is aimed at providing financial aid to those directly affected by the Covid-19 pandemic, including unemployed patients and those under quarantine.

The Group will have to assess the full impact of the Covid-19 pandemic and take time to understand its broader ramifications in the following months after the nation's CMCO is finally lifted in the second half of 2020 and we will have to re-strategise our strategies for a new normal for our four core business segments besides making our workplaces a Covid-19 safe environment for our entire workforce.

We will have to re-look our strategies for the construction segment as the progress of the Bunus and Kuantan Projects have been affected by the MCO and CMCO.

Likewise, for our plantation sector, we have to re-strategise our strategies in order to achieve our FFB target production of above 100,000 tonnes within the next two years.

Within the concession and facilities management segment, we will be focusing on strategies to develop and enhance our maintenance services arm post Covid-19, as well as adopt new technologies and tools to improve our services. The UiTM Puncak Alam campus Teaching Hospital which was slated for physical completion on 10 April 2020 has been delayed and we have put in the application for a revised completion date which will be disclosed once approved by the client.

AWARDS AND RECOGNITIONS

Our resolve to uphold ourselves to the highest standards of delivery received both international and local accolades in 2019.

Puncak Niaga's firm commitment to sustainability and outstanding environmental performance resulted in us being honoured with "The Green Era Award for Sustainability" by Association Otherways Management and Consulting – France (OMAC) in Lisbon, Portugal on 11 February 2019.

In recognition of our ability to create long-term value for our shareholders, we were presented with the "IFN Awards Deals of the Year 2018 – Corporate Finance Deal of the Year" on 21 March 2019 from Islamic Finance News. This was in relation to our RM210 million acquisition of TRIplc Berhad's entire issued share capital from Pimpinan Ehsan Berhad, which was completed in May 2018.

Our exemplary approach to human resource development resulted in us receiving the "Malaysia Best Employer Brand Awards 2019" by the World HRD Congress on 24 April 2019.

In recognition of our transparent and accountable reporting and disclosure, we were awarded the "2019 Australasian Reporting Awards – Gold Award" and "2019 Australasian Reporting Awards – Finalist Best Time First Entry" by the Australasian Reporting Awards (ARA) in Melbourne, Australia on 19 June 2019.

Our resilience and fortitude in managing our diverse business interests was recognised through "The Asia Pacific Entrepreneurship Awards 2019 – Corporate Excellence Category" by Enterprise Asia on 6 September 2019. At the same event, I myself was indeed humbled to accept the "Special Achievement Award", which I dedicate to the Company and our entire workforce.

ACKNOWLEDGEMENTS

Although we were faced with a challenging operational landscape in 2019 and moving on to a more challenging operating environment in 2020 due to the Covid-19 pandemic, Puncak Niaga has remained on course in our journey to create more value through our business activities, due to the steadfast dedication of our Management and employees.

We express our gratitude to our Board members, whose invaluable insights and contributions help shape our business growth strategies and future expansion. On behalf of the Board, I extend my sincere thanks to our shareholders and stakeholders, including investors, customers, financiers and business partners, for their continued support and belief in us and our vision.

We also wish to extend our deepest appreciation to the Government and the various regulatory authorities, agencies and organisations that have chosen us as their vendor of choice. We have, and always will, continue to strive towards achieving excellence on every front, including a deep commitment to contribute towards Malaysia's socioeconomic development.

Thank you.

TAN SRI ROZALI BIN ISMAIL
Executive Chairman
Puncak Niaga Group

18 May 2020

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How We Create Value Through Sustainability
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MANAGEMENT DISCUSSION AND ANALYSIS

ABOUT OUR BUSINESS

Puncak Niaga Holdings Berhad ("Puncak Niaga" or "the Group") has four core business segments as follows:

WATER
/ pg.26

ENVIRONMENTAL ENGINEERING AND CONSTRUCTION
/ pg.30

PLANTATION
/ pg.32

CONCESSION AND FACILITIES MANAGEMENT
/ pg.36

The water, and environmental engineering and construction segments are undertaken by our wholly-owned subsidiary, Puncak Niaga Construction Sdn Bhd (PNCSB), which carries out environmental engineering, construction works, general contracts and its related activities. The Operations and Maintenance contract (O&M) for the Beaufort Water Treatment Plant (WTP) in Labuan was completed in April 2019. Ongoing sewerage network construction projects under PNCSB are the Bunus Project and Kuantan Project.

The plantation segment is undertaken by our 90% indirectly-owned sub-subsidiary Danum Sinar Sdn Bhd (Danum Sinar), which manages and operates our oil palm plantation estates in Murum, Sarawak. Our oil palm plantation is located approximately 88 km east of Belaga District Town and has a total land bank size of 46,674 hectares with a topography comprising undulating hills to flat terrain. We have six estates, namely Arau, Marong 1, Marong 2, Lakin, Kalayan and Jabon, with a total cultivated area of 11,267 hectares. This represents 24% of our land bank, which stretches from Arau Estate in the West region to Kalayan Estate in the East region.

The concession and facilities management segment is undertaken by our wholly-owned sub-subsidiaries, TRIplc Ventures Sdn Bhd (TVSB) and TRIplc Medical Sdn Bhd (TMSB) which we acquired together with the entire TRIplc Berhad (TRIplc) Group of Companies in May 2018. Both TVSB and TMSB hold separate concessions in relation to the UiTM Puncak Alam Campus.

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FY2019 Financial Review

Item	FY2018 (RM million)	FY2019 (RM million)
Revenue	230.47	**474.72**
Loss After Tax	(176.05)	**(62.13)**
Segment : Water	3.15*	**0.43***
Segment : Environmental Engineering & Construction	(69.01)*	**(16.48)***
Segment : Plantation	(64.79)*	**(46.76)***
Segment : Concession & Facilities Management	21.72*	**45.04***

** Segment results : Profit/(Loss) before tax*

For FY2019, Puncak Niaga recorded a 105.98% jump in revenue to RM474.72 million from RM230.47 million the previous year. This higher revenue was mainly due to higher revenue contribution from the construction, concession and plantation segments.

The Group recorded a Loss After Tax (LAT) of RM62.13 million in FY2019 compared to RM176.05 million in FY2018. This represents a positive variance of RM113.92 million or 64.71%. The lower LAT was due to higher revenue contribution from the construction, concession and plantation segments, which were partly offset by higher finance cost from the plantation and concession segments.

Our water segment recorded Profit Before Tax (PBT) of RM0.43 million for FY2019 compared to RM3.15 million the previous year. This stemmed from the fact that we only recorded four months of financial results due to the completion of our O&M contract at Beaufort Water Treatment Plant on 30 April 2019.

The environmental engineering and construction segment recorded decreased Loss Before Tax (LBT) of RM16.48 million compared to RM69.01 million in FY2018. This positive variance of RM52.53 million or 76.12% drop in LBT was mainly due to higher revenue contribution from the Kuantan Project and higher reversal of provision for Liquidated and Ascertained damages (LAD) for the D44 Project.

As for the plantation segment, it recorded a 27.83% decrease in LBT to RM46.76 million from RM64.79 million in 2018. This was due to lower operating costs, offset by lower crude palm oil (CPO) prices, higher depreciation, amortisation and other finance costs.

The concession and facilities management segment increased its PBT to RM45.04 million in FY2019 from RM21.72 million in FY2018. This 107.37% increase was due to the achievement of a full year's worth of financial performance in 2019, compared to just seven months in FY2018, when we wholly acquired TRIplc Berhad in May 2018.

STRATEGIC PERFORMANCE FOR 2019

For the year under review, Puncak Niaga remained on track with our long-term growth plans by continuing to enhance and improve the value creation abilities of our four core business segments.

WATER

Contribution from this segment in 2019 came from our O&M contract at the Beaufort WTP in Sabah. We successfully completed the 39-month long contract on 30 April 2019, with the handover of the WTP along with a total of 62 staff back to the Government. During our contract tenure, we fulfilled our contractual requirements and Key Performance Indicator (KPI) targets through continuous staff training and development programmes, as well as measures to ensure good treated water quality and equipment reliability.

Item	2019 Target	2019 Achievement
Water treated	8,400,000 m^3	8,235,808 m^3
Ensuring continuous supply & quality of treated water:		
• Violations of MOH quality standards	0	0
• No. of unscheduled shutdowns	0	0
Learning & growth: training mandays	3.00	N/A

MANAGEMENT DISCUSSION AND ANALYSIS

ENVIRONMENTAL ENGINEERING AND CONSTRUCTION

Two main projects drove our performance in the environmental engineering and construction segment in 2019, namely the Bunus Project and the Kuantan Project. The expected completion dates for these two projects are 31 December 2020 and 19 February 2022 respectively.

Our strategic priority for 2019 was to ensure the implementation of project goals and milestones was done according to schedule. To this end, we closely monitored all works conducted by our various departments and ensured the deployment of sufficient resources to avoid any further delays.

The Bunus Project involves a sewerage pipe network for Package D44 of the Bunus Project in Kuala Lumpur. The project consists of some 54 kilometres of interconnecting pipelines leading to a centralised Bunus Sewage Treatment Plant. We obtained a second Extension of Time (EOT) for project completion on 31 December 2020 from 30 June 2019. As at 31 December 2019, we recorded project progress of 88.75%.

The Kuantan Project involves the construction of sewerage infrastructure incorporating green technology, including a 60 km sewerage pipe network, within the areas of Kuantan and Kempadang. As at 31 December 2019, we recorded project progress of 24.13%, which is 0.29% ahead of schedule.

Project	2019 Target	2019 Achievement
BUNUS	92.63%	88.75%
KUANTAN	23.84%	24.13%

> We also achieved our goal of clearing 1,500 hectares of new planting areas every two years from our total landbank.

PLANTATION

We maintained a good performance in our second full year of operations under Danum Sinar Sdn Bhd, achieving increased total crop production from 39,201 metric tonnes in 2018 to 48,412 metric tonnes in 2019. We also achieved our goal of clearing 1,500 hectares of new planting areas every two years from our total landbank. These two achievements were part of the Six Key Focus Areas (KFA) we adopted in 2019 to strengthen our performance.

Keeping in mind our long-term business objectives, goals and targets, we identified four key strategic priorities for 2019. These, as well as the key activities done in 2019 to achieve them, are laid out below:

Long-term business objectives, goals and targets	Strategic priorities for 2019	What key activities were conducted in 2019 to achieve these strategic priorities
Revenue maximisation	To achieve higher annual sales of crop	• Yield improvement through implementation of Good Agricultural Practice
Effective Cost Management	To improve efficiency and productivity	• Close supervision and monitoring of workers • Effective Procurement Management • Tight control on overtime costs • Reduction of colour printing and paper usage
Expansion: Development of new areas	To develop 1,500 ha every 2 years	• Completed another land clearing of 500 ha in 2019 giving a total of 1,500 ha of land cleared in 2018 and 2019
Creating High Standards in Practice	To obtain Malaysian Sustainable Palm Oil (MSPO) certification	• Successfully achieved certification on 6 August 2019

We maintained our focus in increasing our yield output and Fresh Fruit Bunches (FFB) production. In line with our strategic objectives to ensure long-term growth, we achieved the following in 2019:

Plantation	2018 Achievement	2019 Achievement
Total Crop Production (MT)	39,201	**48,412**
Development of new planting areas (Ha)	1,000	**500**
Man to Land ratio (Ha)	1:13	**1:13**

CONCESSION AND FACILITIES MANAGEMENT

FY2019 marked our first full year of operations within this segment under TRIplc Berhad Group of Companies, which holds two concession and facilities management agreements related to the Universiti Teknologi MARA (UiTM) campus at Puncak Alam.

The 23-year Z1P2 Concession Agreement has been managed by TRIplc Ventures Sdn Bhd (TVSB) since 2010, with the ongoing objective being to manage the completed assets until the agreement expires in April 2034.

The 25-year Z1P3 Concession Agreement was awarded to TRIplc Medical Sdn Bhd (TMSB) in February 2016. Currently, we are in the construction phase of the Z1P3 Teaching Hospital Project. Our efforts in 2019 were focused on ensuring timely project progress for physical handover by April 2020 and preparing for the commencement of the asset management services part of the agreement.

These two agreements contributed positively towards the Group's revenue and profit as laid out below:

Concession and Facilities Management	2018 RM million	2019 RM million
Revenue	131.13	**321.30**
Profit Before Tax	21.72	**45.04**

NON-FINANCIAL PERFORMANCE

TALENT DEVELOPMENT

In line with our belief that a strong and empowered workforce plays a critical role in supporting our businesses' long-term growth and performance, we have continued with our various talent development programmes and multi-tasking platforms within the Group. These initiatives have been able to eliminate redundancy and boost our employees' abilities in fulfilling their various duties and responsibilities.

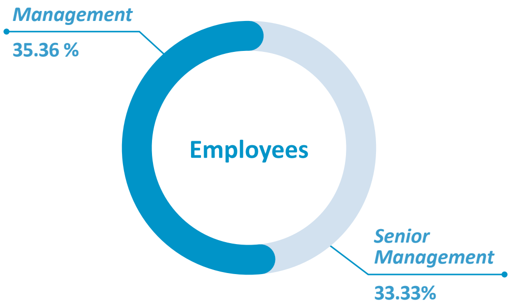
In 2019, we maintained employee competency levels at 70% via our internal intervention programmes to enhance and enable staff capabilities. Moving forward into 2020, we aim to improve the index whilst maintaining a healthy, learning-focused workforce in line with industry standards.

EMPOWERING WOMEN

Puncak Niaga believes in a diverse workforce that creates an environment which encourages different perspectives, insights and ideas for more vibrant growth. To this end, we maintain a strong commitment towards a workplace free of discrimination regardless of gender, ethnicity, age and background.

We take pride in our gender diversity policies, which include mechanisms that identify high-performing women in our workforce and lift them up into the ranks of senior management. We have increased the number of women holding senior management positions in 2019 to 33.3%, from 30.77% the previous year.

Breakdown of female employees Empowered for Senior Management and Management Categories



MANAGEMENT DISCUSSION AND ANALYSIS

NON-FINANCIAL PERFORMANCE

ECONOMIC, ENVIRONMENTAL AND SOCIAL (EES) HIGHLIGHTS

Sustainability is a key component of our business operations and the Group continues to strive to create added value via the various EES initiatives embedded within our business.

Besides job creation, the Kuantan Project will be equipped with green technology initiatives, thus contributing towards the reduction of pollution sources and improving the overall water quality of rivers. This ensures that both the public's health and our water resources are protected. We continue to prioritise the hiring of local vendors for our projects and business activities, in our quest to support the development of the local SME business ecosystem.

In line with our commitment to practice sustainable development, we achieved our goal of obtaining the MSPO certification for our estates in Sarawak on 6 August 2019. The MSPO Standard is based on the three pillars of sustainability, i.e. economically viable, socially acceptable and environmentally sound. Through our plantation segment, we also continue to provide jobs for local ethnic communities, as well as contribute towards biodiversity conservation in our estates.

As a responsible corporate citizen, the Group fosters an environmentally-conscious culture in a bid towards minimising our environmental footprint. These initiatives include reducing energy usage and noise pollution, and improving waste management strategies.

We place great importance on the welfare of our diverse workforce and have set in place comprehensive benefits and work-life balance initiatives to keep them thriving professionally. We also focus on talent development initiatives that are free from discrimination in any form or measure.

More information on our Sustainability initiatives and outcomes can be found in our Sustainability Statement on page 40 of this Annual Report.

GROUP OPERATIONS REVIEW

We faced a challenging local and global economic landscape in 2019. Global growth fell sharply, impacted by a more normal pace of expansion in the US economy and weaker macroeconomic conditions in key emerging market economies such as Brazil. Other factors included softening of growth in China stemming from strengthening financial regulations as well as trade tensions with the US, and the possibility of a no-deal Brexit for the UK and European Union.

Emerging markets and developing economies took a hit, due partly to trade and domestic policy uncertainties. In particular, manufacturing activity momentum has substantially weakened, while ongoing trade and geopolitical tensions continue to increase uncertainties on international cooperation. In turn, this played a role in affecting business confidence, investment decisions and global trade.

As for Malaysia, economic growth expanded by 4.3% in 2019 – the lowest level recorded since the Global Financial Crisis in 2009. The annual growth in 2019 was adversely affected by supply disruptions, especially in the commodities sector due to lower output of palm oil, crude oil and natural gas, and a fall in exports amid the US–China trade war.

FFB Production
48,412 MT

Revenue
RM 474.72 million

Average Crude Palm Oil (CPO) prices stood at RM2,037.00 per metric tonne in January 2019, easing to its year's lowest of RM1,879.00 per metric tonne in July, before starting to strengthen again up to RM2,813.00 per metric tonne in December. These fluctuating prices had an impact on the palm oil plantation sector.

Against this backdrop, the Group continued to press on with our strategic efforts to build our long-term business value. Despite our efforts, we were unable to secure any new projects to add on to our order book in 2019.

On 29 August 2019, we announced a proposed renounceable rights issue of up to RM223,623,878 nominal value of five-year 6.50% convertible secured Islamic debt securities (CSIDS) at 100% of its nominal value of RM1.00 on an entitlement date to be determined later. The proposed rights issue when implemented, will enable the Group to secure funding at a fixed cost for a period of five years, thereby reducing our exposure to interest rate fluctuations and allow for better cash flow management.


Construction of the Z1P3 Teaching Hospital at UiTM Puncak Alam Campus

A FOCUSED UNDERSTANDING OF RISKS

Puncak Niaga is committed to maintaining a sound risk management and internal control system for the Group which identifies, measures and mitigates risks to achieve our objectives, enhance opportunities and safeguard our shareholders' investments and Group assets. Further building on our efforts to strengthen governance, in 2019, the Compliance, Internal Control and Risk Policy Committee (CICR) comprised wholly of the Board's Independent Non-Executive Directors. The CICR meets on a quarterly basis to review the Status Reports prepared by the Risk Management Unit.

There were four meetings held in 2019, where members deliberated on key risks facing the Group for the year. Issues discussed included the progress of the risk assessment and risk monitoring exercises at Group and Enterprise-wide levels, review of the assurance status and validations given by the Risk Scorecard Owners of Puncak Niaga Group via the Corporate iDigital Assurance Module of the Q-Radar software, and the status of Self-Assessment Audit Forms submitted by the relevant divisions/departments as to whether the key internal controls were complied with.

The CICR deliberated on the Top Seven Enterprise-Wide Risks facing Puncak Niaga Group for the year in February 2019, and it was subsequently reduced to the Top Five Enterprise Risks Facing Puncak Niaga Group based on updates in August and November 2019. In August 2019, the committee discussed the newly-created Risk Scorecard of Facility Management Services Division to record the operational risks of Project Z1P2: Maintenance of Puncak Alam Campus (Zone 1 Phase 2). The CICR also discussed the identified risks facing the plantation division and its related key controls in February and May 2019.

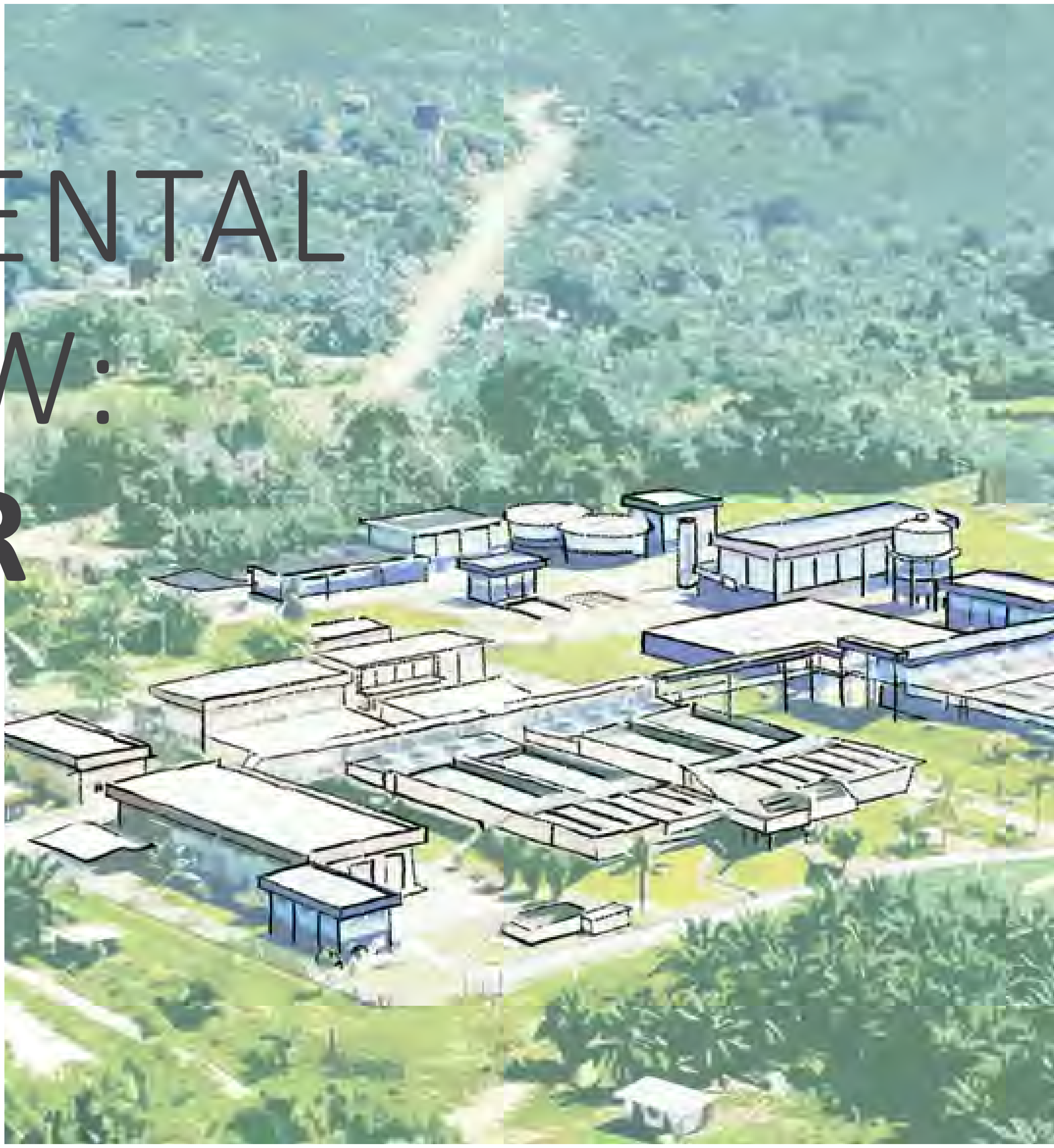
A Board paper on the Group's 'Top Ten Enterprise-Wide Risk Facing Puncak Niaga Group for the year 2020' was tabled on 27 February 2020. The strategic risks identified for 2020 are the depleting cash reserve of the Group, challenges in meeting target crop production and managing financial obligations of the plantation division, and an inability to contain losses for the Bunus Project.

Mitigation measures to increase cash flow management efficiency include raising financing for new business ventures, implementing effective cost control measures, and monetisation of the Group's assets to raise cash. To ensure the Group's continued sustainability, the Quality Improvement Programmes (QIP) will be implemented at our oil palm estates. Towards ensuring our financial resilience, we will be sourcing for additional funding and restructuring our existing loan commitments. With regards to the Bunus Project (Project D44), we will implement close monitoring and control of project expenses, and work on timely resolution of site issues while maintaining continuous engagement with stakeholders.

For more information on our risks and mitigations, please refer to our Statement on Risk Management and Internal Control on pages 103 to 111 of this Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS

SEGMENTAL REVIEW: WATER



Revenue of

RM 5.20 million

Successful completion of O&M contract with the Labuan Water Supply Department on

30 April 2019

OPERATIONAL PERFORMANCE

Item	2018 RM million	2019 RM million	Reason for increase/decrease
Revenue	15.85	**5.20**	The decrease was mainly due to the expiry of the contract for the Beaufort Project in April 2019, whereby only 4 months' results were recorded in the current financial year compared to the last financial year.
Profit Before Tax	3.15	**0.43**	

PNCSB successfully completed our O&M contract with the Labuan Water Supply Department on 30 April 2019, ending a period of significant achievements for the Beaufort WTP since taking over operations on 1 February 2016.

During our tenure, we enhanced the WTP's operational processes and introduced focused initiatives in adopting Standard Operating Procedures (SOPs) based on our experience in the water industry. On the back of these increased operational efficiencies, we managed to achieve commendable operational excellence over the course of our three-year contract.

Our Key Focus Areas and achievements for the WTP up to April 2019 were as follows:

a. Reduced plant losses to less than 1%
b. Optimised operation and maintenance costs
c. Complied with MOH's standards on drinking water quality
d. Fulfilled water demand from client
e. Minimised unscheduled breakdowns
f. Minimised energy usage

WATER QUANTITY PRODUCTION

We recorded a 1% decrease in daily water production from January to April 2019 compared to the previous year's corresponding period. During this time, the WTP achieved a total volume of water withdrawal by source of 8,563,612 m^3. We treated a total volume of 8,235,808 m^3, with water losses standing at 3.83% or 327,804 m^3. Water demand from Pulau Labuan controls the water production quantity of the WTP, with the Labuan Water Services Department's projection for the period up to April 2019 being 69 million litres per day (MLD).

Actual demand was 82% of that, due to the dwindling oil and gas (O&G) industry in Sabah, which resulted in companies demobilising their operations. Demand was also affected by fewer infrastructure development projects due to budgetary restraints and the economic downturn.

Year	2018 (January to April)	2019 (January to April)
Total Production	8,318,925 m^3	**8,235,808 m^3**
Average Daily Production	69.32 MLD	**68.63 MLD**

SUSTAINED HIGH WATER QUALITY STANDARDS

During our O&M contract period, we sustained our high water quality standards in keeping with the requirements from the National Water Drinking Standards under the Ministry of Health (MOH). The water processed at Beaufort WTP was sourced from the 9,180 square kilometre Sungai Padas catchment area. We employed a six-stage water treatment process at the plant, consisting of:

a. Aeration
b. Pre-sedimentation
c. Flocculation
d. Sedimentation
e. Filtration and Chlorination
f. pH adjustment and Fluoridation

Maintaining strict quality controls on the water supply system consisting of the water source, WTP and distribution system, has allowed us to ensure efficient plant operations. Equally importantly, we were able to ensure that the water produced was safe for home consumption and industrial use. Quality control measures included frequent water sampling and testing to ensure full compliance. The testing was done at both our in-house laboratory, a third-party accredited laboratory, as well as MOH's laboratory. Tests showed a compliance level of 99.3%, well within the allowable limit of 1%.

Given our full compliance in bacteria testing and stringent water quality standards, our operational process ensured a continuous supply of clean water leaving the WTP to consumers. As a result, Labuan recorded no disease outbreak as a result of water consumption, nor pollution or water supply disruption incidents, from January till April 2019.

Water Quality Achievements in 2019

- **Total of 2,565 samples tested between January and April 2019**
- **Achieved compliance of 99.3%**
- **100% compliance in bacteria testing since February 2016 to April 2019**

MANAGEMENT DISCUSSION AND ANALYSIS SEGMENTAL REVIEW: WATER

> Maintaining high HSE standards was integral to our operational procedures during our O&M contract at the WTP.

CONDUCTED ONGOING MAINTENANCE ACTIVITIES TO ACHIEVE OPERATIONAL EXCELLENCE

During our contract tenure at Beaufort WTP, we adhered to a rigorous maintenance schedule to ensure that all equipment was in good working condition. As part of our efforts to ensure uninterrupted water supply to Labuan at all times, we conducted various preventive and corrective maintenance activities.

Most of our maintenance works were conducted by our in-house technicians, whereas major activities such as asset replacement and upgrading were done by the Labuan Water Services Department.

For the period from January to April 2019, we carried out the following maintenance activities:

- Annual inspection for leakages along 23 km of the subsea treated water pipeline using the SmartBall leak detection tool
- Annual inspection for cathodic protection along 23 km of the subsea treated water pipeline
- Servicing the chlorination system
- Servicing high-voltage panels, breakers and transformer
- Repairing the 11kv 1750kW high pressure water pumps
- Repairing chemical dosing pumps
- Painting treated water pipes
- Sourcing of genset (Phase 1 and Phase 2)
- Annual servicing of filter gallery
- Annual inspection of lifting equipment and unfired pressure vessel

Maintenance Activities in 2019

- **Conducted a total of 2,864 preventive maintenance activities between January and April 2019**
- **Conducted a total of 64 corrective maintenance activities between January and April 2019**

ENSURING HIGH STANDARDS OF HEALTH, SAFETY AND ENVIRONMENT (HSE)

Maintaining high HSE standards was integral to our operational procedures during our O&M contract at the WTP. For the period from January to April 2019, we achieved two important outcomes, recording zero accidents and zero Loss Time Injury.

HSE Outcomes in 2019

- **Recorded zero accidents during the year**
- **Achieved zero Loss Time Injury (LTI) 38,453.25 manhours**
- **Cumulative accident-free working hours totalling 421,824.42 hours**

ENHANCING THE CAPACITIES OF OUR PEOPLE

During Puncak Niaga's helm at Beaufort WTP, we implemented various training and development programmes and initiatives to encourage innovative thinking and problem-solving skills for our workforce. We sourced the WTP's employees from the local community and created a total of 61 jobs and supported 48 local Small and Medium Enterprises (SMEs) vendors from January to April 2019. On 30 April 2019, we celebrated the achievements of our staff by recognising those who had an excellent attendance record ("Rekod Kehadiran Kakitangan Terbaik"). We also presented the staff with souvenirs as a token of our appreciation at the end of our contract period.

UPLIFTING THE IMAGE OF THE WTP

During our tenure, the WTP served as a role model within the water industry because of our strong commitment to upholding high water quality standards. Due to the water quality control activities carried out in our laboratory, such as jar tests and water quality monitoring, the plant was a popular site for educational and promotional visits. Throughout the years, we welcomed various parties including groups from Government offices, schools and institutions of higher learning. These regular visits have played a huge role in maintaining the Group's reputation as a reputable O&M contractor in the water industry.

FORWARD MOVING STATEMENT

In February 2020, the Malaysian Cabinet under Prime Minister Tun Dr Mahathir Mohamad was dissolved when he resigned from his position on 24 February 2020 following a short period of political uncertainty. In his place, our Yang Di-Pertuan Agong appointed YAB Tan Sri Dato' Haji Muhyiddin bin Haji Mohd Yassin as the 8th Prime Minister on 29 February 2020 after determining that the latter was most likely to command majority support from the Members of Parliament.

Our Prime Minister unveiled his new Cabinet line-up on 10 March 2020, comprising 32 Ministers and Deputy Ministers. YB Datuk Tuan Ibrahim bin Tuan Man was appointed as Minister of Environment and Water. Puncak Niaga, along with the rest of the industry players in the environment, wastewater and water industries expect that the measures announced in Budget 2020 by the previous Government will likely be reviewed by the current Government.

Given this new development coupled with the Covid-19 pandemic, MCO and CMCO imposed by the Government since 18 March 2020 until 9 June 2020 (unless otherwise extended by the Government), we will closely monitor the outlook for these industries over the next few months and revise and adapt our strategies accordingly. As always, the Group intends to leverage on its expertise and experience in these industries, particularly the water industry and bid for promising water projects. We will be selective to participate in tenders that will be called in the market, and to be well prepared in terms of costing considerations involved during the tendering process to ensure our competitiveness and chances of success.

We remain cognisant of several factors that could affect our performance such as water pollution incidents due to economic development and aging infrastructure. Rapid population growth and climate change are also leading to water shortages as a result of unseasonal flooding or drought.

We expect to see rapid global growth in water treatment for the next few decades, as the global population continues to increase, along with expansions in global business ventures. Opportunities abound in new growth areas such as sophisticated water data collection and management, as well as continuing technological innovation to reduce water treatment costs.

Upon the conclusion of the Beaufort WTP contract, we have focused on identifying viable opportunities that we can capture to generate further revenue. We have conducted studies on the most promising projects that have the potential to further our growth and enhance our reputation as an integrated water services provider. We have identified several projects of interest and have submitted proposals for a number of water development and management projects to add to our portfolio. Towards enhancing our capabilities and value added offerings for the marketplace, we will be developing a robust data collection system as well as improving on our technological expertise and know-how to remain relevant and competitive.

MANAGEMENT DISCUSSION AND ANALYSIS

SEGMENTAL REVIEW: **ENVIRONMENTAL ENGINEERING AND CONSTRUCTION**

Revenue of

RM 129.33 million

2 ongoing projects in

Kuala Lumpur and Kuantan

OPERATIONAL PERFORMANCE

Item	2018 RM million	2019 RM million	Reason for increase/decrease
Revenue	66.16	**129.33**	Mainly contributed from the work progress of the Kuantan Project which achieved overall progress of 24.13% as at 31 December 2019.
Loss Before Tax	(69.01)	**(16.48)**	In line with the positive contribution from the Kuantan project and higher reversal of provision for Liquidated and Ascertained Damages (LAD) for the D44 Project.

The RM394 million Bunus Project is being implemented under the Greater KL Government Initiative to rationalise and decommission 73 Sewage Treatment Plants (STP) covering an area of approximately 72 square km. In place, we are constructing a sewerage pipe network with about 55 km of interconnecting pipelines that will link to the centralised Bunus STP.

Upon completion, the new centralised treatment facilities will allow for better and more effective waste water management. Centralised treatment will result in the reduction of operational and maintenance costs, whilst also minimising sources of water pollution. This is expected to improve urban lives in Kuala Lumpur, as well as contribute positively to the environment.

Due to various third party encumbrances and issues faced at site, we managed to obtain a second Extension of Time (EOT) from 30 June 2019 to 31 December 2020 to complete the project for the Sewerage Services Department. We recorded project progress at 88.75% of completion as at 31 December 2019.

The second project PNCSB is working on is the Kuantan Project, which we obtained in February 2018. Due to be completed by 19 February 2022, the project is under the 11th Malaysia Plan (11MP) through the Ministry of Water, Land, and Natural Resources (now known as Ministry of Environment and Water) and implemented by the Sewerage Services Department.

The project involves the building of a Centralised Sewage Treatment Plant (CSTP) with a capacity of 400,000 population equivalent (PE) linked to an interconnecting pipeline network running approximately 65.3 km in an approximately 173 km square area. This is for the catchment area for Bandar Kuantan and Kempadang. We will also rationalise and decommission 165 existing multi-point STPs within the same area. Decommissioning works include desludging, equipment dismantling, and making the site safe for the public. Construction of network pumping stations and routing the main pumping station for rationalisation works will also be done.

Once completed, the CSTP and sewerage pipe network will increase the coverage ratio of the area's sewerage services and improve the surrounding environment by reducing sources of pollution. Additionally, it is expected to produce high quality effluent, which complies with industry standards and will improve the water quality of our rivers.

As of 31 December 2019, we managed to achieve actual progress work of 24.13%, which is 1.29% ahead of the expected progress work of 23.84%. At this stage, we have done earthwork at the CSTP, pit construction, pipe jacking works and manhole construction. The 60 km sewerage pipe network is divided into five zones, with almost 15 km or 25% of the total length laid down so far. As at end 2019, the details of work progress are as follows:

- Actual progress work for CSTP stands at 2.94% compared to the estimated 2.18%, which is 0.76% ahead of schedule
- Laying work of geotextile is 100% completed
- Installation of Geo Instruments for Settlement Monitoring and Temporary Sedimentation Pond is completed
- Perimeter Earth Drain for surcharge level work is completed
- Slope Protection, Hydroseeding Works on slope surface work is completed
- Prefabricated Vertical Drain (PDV) Installation is 100% completed
- Earth backfilling work is 65% completed
- Laying of 500mm thick sand layer is 100% completed

FORWARD MOVING STATEMENT

Given the new change of Government in February 2020 and the Covid-19 pandemic declared by the World Health Organisation (WHO) on 11 March 2020 which resulted in the imposition of the MCO from 18 March 2020 onwards and the CMCO from 4 May 2020 to 9 June 2020, we will have to re-strategise our strategies to adapt to the new challenging operating environment in 2020 to ensure we remain relevant in the industry.

Even as we aim to capture opportunities that come our way, one of our key focus areas within this segment is to ensure the delivery of the Bunus Project and Kuantan Project. Safety remains our top priority, and we will continue taking steps to maintain a good safety record with zero fatalities and Lost Time Incidents.

With regard to the Bunus Project, we plan to handover completed sections in stages ahead of the 31 December 2020 completion date. This handover will enable JPP to utilise these sections as soon as possible. Among the sections planned for partial handover are the two major Network Pumping Stations KLR289 (650,000 PE) and KLR 030 (570,000 PE), NPS AMA162, the force main into Bunus STP, as well as sections of the gravity pipework.

MANAGEMENT DISCUSSION AND ANALYSIS

SEGMENTAL REVIEW: **PLANTATION**

Revenue of

RM 18.82 million

young mature oil palm areas increased by 57% to

7,988

hectares

OPERATIONAL PERFORMANCE

Item	2018	2019
Revenue (RM million)	15.37	**18.82**
Loss Before Tax (RM million)	(64.79)	**(46.76)**
Total Crop Production (MT)	39,201	**48,412**

AREA STATEMENT

Item	2018 Achievement	2019 Achievement	+/-
Mature Areas (Ha)	5,086	**7,988**	+57.1%
Immature Areas (Ha)	4,681	**1,779**	-62.0%
Planted Portion (Estates)	9,767	**9,767**	N/A
Land Cleared for New Planting (Ha)	1,000	**1,500**	+50%
Total Developed Area	10,767	**11,267**	+4.6%
Unplanted Portion*	32,372	**31,872**	-1.5%
Total Area	43,139	**43,139**	N/A
Others**	3,534	**3,534**	N/A
Total Land Size	46,674	**46,674**	N/A

* *includes unplanted reserve cleared for nursery, office, staff and workers accommodation etc.*
** *refers to final hectarage of land categorised as Murum inundated areas which has been surrendered to the Land State Department.*

“Danum Sinar achieved a 22% increase in revenue to RM18.82 million from RM15.37 million the year before.”

2019 saw the Group’s second full year of operations for our plantation segment managed by Danum Sinar. In 2019, our young mature oil palm areas increased by 57% to 7,988 hectares against 5,086 hectares in 2018. We achieved our aim of clearing 1,500 hectares of land every two years, with 1,000 hectares and 500 hectares cleared in 2018 and 2019 respectively. Out of the 1,500 hectares, we have completed field planting 963 hectares, with a remaining 527 hectares to be planted in year 2020.

For FY2019, our plantation segment achieved a 22.45% increase in revenue to RM18.82 million from RM15.37 million the year before. This was mainly due to higher crop production and increase in new mature planting areas. The Loss Before Tax decreased by 27.83% to RM46.76 million in 2019 from RM64.79 million in 2018, due to lower operating expenses offset by higher cost of sales, higher depreciation and amortisation and higher finance cost.

REVIEW OF OPERATIONS

We continued to sustain increased total crop production in 2019, with total fresh fruit bunches (FFB) production up by 23% to 48,412 metric tonnes from 39,201 metric tonnes in 2018. This was the result of better plantation efficiencies from good agricultural practices, as well as a 57% increase in young mature planting areas to 7,988 hectares against 5,086 hectares in 2018.

Harvested fresh fruit bunches

During the year, we completed aerial mapping and have a tree census in progress to determine harvestable mature area hectares.

MANAGEMENT DISCUSSION AND ANALYSIS
SEGMENTAL REVIEW: PLANTATION

CROP STATEMENT

Item	2018	2019	+/-
Total Mature Area (Ha)	5,086	**7,988**	+57%
Total FFB Production (MT)	39,201	**48,412**	+23%
FFB Average Yield (MT/Ha)	7.71	**6.06**	-21%
Average Oil Extraction Rate (%)	18.6	**18.0**	-3%

In 2019, Danum Sinar had identified Six Key Focus Areas (KFAs) in line with our goal of becoming an integrated and sustainable plantation company as follows:

- **Management Competency:** Stabilise and build a strong estate management team through recruitment of proven talent, and upskilling and expanding their capabilities
- **Yield Improvement:** Maximise revenue by achieving higher annual crop production sales through the implementation of good agricultural practices
- **Expansion:** Expand our production capacity by developing 1,500 hectares of new planting areas every 2 years from our total available land bank
- **Cost Reduction:** Improve productivity and efficiency to create effective cost optimisation. Reduce costs through a cost savings programme and effective procurement management
- **High Standards:** Maintain a consistently high standard of agricultural practices by adhering to Malaysian Sustainable Palm Oil (MSPO) policies, Agricultural Reference Manual (ARM), and our Occupational Safety and Health (OSH) policy
- **Mechanisation:** Conduct and analyse the best mechanisation methods to reduce worker shortages and improve operational productivity

IMPROVING OPERATIONAL INFRASTRUCTURE AND FACILITIES

We continuously strive to improve our estate's operational infrastructure and facilities to ensure efficient estate management. This includes improving road accessibility and reducing upkeep costs through the use of quarry stones to create smoother roads. Our workers' have also benefited from new accommodation facilities and improved coverage and connectivity from our VSAT telecommunication system. For better crop collection and evacuation, we built new FFB ramps, and also installed more road signage and road markers to increase safety and accessibility throughout the estate. In line with our Environmental Management Plan (EMP) requirements, we had also created riparian buffer zones to ensure sustainable plantation practice is in place.

PEOPLE AND ORGANISATION

In a bid to resolve our long-term manpower issue, we worked towards achieving a sufficient man to land ratio of 1:13 hectares in our estates. Our workers comprise diversified ethnic groups of local and foreign labour. Danum Sinar also carried out various upskilling programmes and initiatives in 2019 to increase workers' efficiency and productivity. During the year, we also implemented some steps towards fulfilling our long-term objective of effective cost management. These included placing tighter monitoring on workers productivity and efficiency, unnecessary overtime costs, practicing effective procurement management, and reducing the use of coloured paper and document printing. Additionally, we also have attendance incentive to boost our workers' turnout.

ACHIEVED HIGHER STANDARDS VIA THE MALAYSIAN SUSTAINABLE PALM OIL (MSPO) CERTIFICATION

A significant achievement for our Plantation segment this year was obtaining the MSPO Standards (MS 2530:2013 series) certification scheme on 6 August 2019. This achievement has raised Danum Sinar to a new standard for the Group's Plantation segment. It provides a concrete boost to our vision of becoming a leading conglomerate in the plantation industry. It also represents the commitment that our Company has towards environmental protection and biodiversity conservation as we steer ourselves towards greater productivity and profitability in the coming years. Now that we are MSPO certified, we can position ourselves as an organisation which provides credible, sustainable and responsible management practices. This gives a tangible recognition to our efforts to create positive social, environmental and economic impact.

In preparation for the certification audit, we conducted awareness training covering the MSPO's seven major principles, criteria requirements and indicators of every principle within the Standard as follows:

- MSPO Awareness policy by Sirim STS Sdn Bhd on 21 December 2018
- Basic Occupational First Aid (BOFA) training by the Academy of Safety and Emergency Care (ASEC) to selected estate operation employees on 11 and 12 April 2019
- Hazard Identification Risk Assessment and Risk Control (HIRARC) training by Sirim STS Sdn Bhd for selected estate operation employees on 14 and 15 May 2019

FORWARD MOVING STATEMENT

Year 2020 is a challenging year for us due to the unexpected outbreak of the Covid-19 pandemic. The pandemic is expected to negatively affect the global palm oil demand arising from the lockdown of major importing countries (China, India, EU, etc.). Malaysia's palm oil sector was also affected by the outbreak of the pandemic even though the Government has allowed the plantation industry to operate during the MCO and CMCO. Some of the plantation activities were disrupted due to lack of manpower particularly harvesters due to the restrictive movements imposed and other domestic issues affecting the local palm oil production.

However, with proper Standard Operating Procedures and social distancing measures imposed in the operation activities by the plantation players, Malaysia's palm oil sector will be able to minimise the Covid-19 pandemic risk from heavily impacting the industry. Also, the sustainability culture and good agricultural practices committed under the Malaysian Sustainable Palm Oil (MSPO) certification scheme will further strengthen the plantation players in mitigating and overcoming the pandemic risk.

Despite the negative effects of the Covid-19 pandemic, we are committed to realise the Government's vision of making Malaysia a global market leader for the palm oil industry. As we continue to maintain high standards set out in our MSPO certification, we will strive to achieve our goal of producing more than 100,000 tonnes of FFB within the next two years.

We will continue to pursue our long-term KFAs to improve our sustainability practices, productivity and efficiency while awaiting changes, if any, by the new Government to policy directions for the palm oil industry in 2020. These include the plan to implement a B20 biodiesel (a blend of palm methyl ester and petroleum diesel) by 2020, which is expected to reduce the current stockpile in the market.

As palm oil is one of the essential major crops to the global food system, we remain confident that the plantation industry will remain sustainable, with our long-term prospects remaining intact. In 2020, we aim to focus on increasing our operational efficiency to generate greater yield output and higher revenue based on the "3Ps concept" (People, Planet and Profit).

MANAGEMENT DISCUSSION AND ANALYSIS

SEGMENTAL REVIEW: CONCESSION AND FACILITIES MANAGEMENT

Revenue of

RM 321.30 million

2 concession agreements at

UiTM Puncak Alam

OPERATIONAL PERFORMANCE

Item	FY2018 RM million	FY2019 RM million
Revenue	131.13	**321.30**
Profit Before Tax	21.72	**45.04**

In FY2019, Puncak Niaga focused on fulfilling our two major concession projects under TRIplc Berhad, which we wholly acquired in 2018. We also targeted to expand our facilities management services to private building maintenance contracts. This was in line with our goal to continuously improve our services and remain highly competitive in the concession and facilities management industry.

> **As part of our duties, we strive to ensure that our client's facilities and infrastructure are managed and maintained to industry standards.**

TRIplc's core activities revolve around concession, construction, property development, project management services and facility management services. Our wholly-owned sub-subsidiaries, TRIplc Resources Sdn Bhd and TRIplc Ventures Sdn Bhd hold an ISO 9001:2015 accreditation from internationally recognised certification body, Det Norske Veritas, for their quality management system in project management, construction and facilities management. Our current concession projects are for the UiTM Puncak Alam Campus, and are held by our wholly-owned sub-subsidiaries, TRIplc Medical Sdn Bhd (TMSB) and TRIplc Ventures Sdn Bhd (TVSB). In 2019, we focused on detailed resource management and tightened up our Standard Operating Procedures (SOP) to increase efficiency and productivity. We also worked on for the finalisation of our project implementation timeline of the Z1P3 Project and for the client's due acceptance.

FACILITY MANAGEMENT SERVICES FOR Z1P2 OF UITM PUNCAK ALAM CAMPUS

TVSB is currently conducting facility management services for Z1P2 (Zone 1 Phase 2) of the UiTM Puncak Alam Campus under a 23-year concession agreement. All construction works were successfully completed between May 2010 to April 2014. Our facility management services will be carried out for a period of 20 years and commenced on 11 April 2014, covering the Faculty of Business Management, Faculty of Accountancy and Faculty of Hotel Management and Tourism.

Construction of the Z1P3 Teaching Hospital at UiTM Puncak Alam Campus

Within these three faculties, we manage hostel accommodation for 2,500 students, 10 units of fellow accommodation, multipurpose hall, maintenance centre, prayer hall, library, student centre, cafeteria and health centre. These facilities are designed to accommodate not less than 5,000 students.

As part of our duties, we strive to ensure that our client's facilities and infrastructure are managed and maintained to industry standards, so as to provide users with a secure and enjoyable environment, while preserving the long-term value of the assets, facilities and infrastructure cost-effectively.

Our comprehensive scope of works for maintenance services include the following:

- asset and inventory management
- building automation system management
- audit management
- building services management
- campus health and safety management
- document management
- infrastructure, slope and ground work management
- park and amenities management
- pest control management
- security management
- waste management
- customer relations management
- traffic & parking management
- warranty management

MANAGEMENT DISCUSSION AND ANALYSIS
SEGMENTAL REVIEW: CONCESSION AND FACILITIES MANAGEMENT

> For 2020, we will continue to fulfil our maintenance services contract for Z1P2 of the UiTM Puncak Alam Campus.

CONCESSION FOR Z1P3 OF UITM PUNCAK ALAM CAMPUS

Z1P3 (Zone 1 Phase 3) of the UiTM Puncak Alam Campus is managed by TMSB. TMSB holds a 25-year concession of the project at the development cost of RM599 million for a 400-bed teaching hospital, academic facilities and accommodation. TMSB was awarded the concession in February 2016, with a three-year construction works contract commencing in April 2017 and targeted for completion in 2020 thereafter, to conduct the asset management services for Z1P3 in 2021 to 2042. The parties to the Concession Agreement are the Government of Malaysia, UiTM and TMSB. The 22-year concession for asset management services will begin once physical completion of the facilities is achieved and accepted by UiTM.

As part of the agreement, TMSB will also provide amenities, utilities, fixtures and fittings including priority items for medical equipment. The scope includes planning, design, development, construction, landscaping, equipping and installation.

As at 31 December 2019, we achieved physical progress of the construction works for Z1P3 at 93.34%.

FORWARD MOVING STATEMENT

Moving into 2020, we are geared towards further development of our maintenance services arm. To this end, we have put in place strategies to enhance our maintenance services business. These include recruiting more experienced and capable staff, as well as enhancing our employees' capabilities through more training and development programmes to upgrade their maintenance skills and improve their knowledge.

TRIplc will also be adopting new technologies and tools to better complement our services and provide our clients with optimum service provision and compliance. Additionally, we plan to engage in regular healthy interactions with the facilities' end-users to ensure our commitment and strategies remain relevant to their needs.

For 2020, we will continue to fulfil our maintenance services contract for Z1P2 of the UiTM Puncak Alam Campus. As for Z1P3, there is a delay on our construction works due to factors beyond our control coupled with the MCO and CMCO imposed by the Government since 18 March 2020. We have put in the necessary application for extension of time and will make the necessary disclosure once approved by the client. In the meantime, we are building up our facilities management and asset management capacity from conventional buildings and infrastructure to the more complex hospital asset management.

GROUP FORWARD MOVING STATEMENT

As we move into the year 2020, the outbreak of the Covid-19 pandemic throughout the world has adversely impacted social, economic and financial structures globally. As of 15 May 2020, the World Health Organisation (WHO) Coronavirus Disease Dashboard indicated a total of 4,347,935 confirmed cases, including 297,241 deaths, that have been reported to WHO.

To contain the spread of the coronavirus, countries implemented social movement restrictions. Whilst a necessary move in the interest of public health and safety, movement restrictions have adversely impacted business activities and supply-demand chains, both on the domestic and international fronts. The world's strongest economies, such as the United States, China, the United Kingdom, Germany, France, Italy and Japan are at the verge of collapse, while financial markets around the world have lost significant value.

According to the International Monetary Fund's (IMF) World Economic Outlook published in April 2020, the global economy is projected to contract sharply by -3% in 2020, even worse than during the 2008/2009 financial crisis. In a baseline scenario, on the assumption that the pandemic fades in the second half of 2020 and containment efforts can be gradually unwound, IMF has projected economic growth of 5.8% in 2021 as economic activity normalises, aided by policy support. Towards supporting the economies of countries that are most at risk, the IMF has secured

USD1 trillion in lending capacity in response to an unprecedented number of emergency financing requests from over 90 countries.

While Brent crude oil prices fell to a 21-year low in April 2020 as the pandemic eroded demand, by early May 2020 it had risen to USD26 per barrel as the Organisation of Petroleum Exporting Countries (OPEC), along with Russia and other producers, known as OPEC+, embarked on record output cuts to counteract market oversupply due to the Covid-19 crisis. OPEC+ have agreed to cut output by 9.7 million barrels daily with effect from 1 May 2020.

In Malaysia, our Government implemented three phases of the Movement Control Order (MCO) since 18 March 2020 to flatten the Covid-19 curve. The Conditional MCO (CMCO) was implemented on 4 May 2020 to 9 June 2020 with almost all economic and business sectors allowed to reopen, subject to strict conditions and standard operating procedures set by the authorities in alignment with best practices determined by the WHO.

Our Prime Minister noted that the MCO and CMCO had significantly impacted the national economy, to the tune of RM2.4 billion in losses daily. As of early May 2020, our Government estimated total losses to date as a result of the MCO implemented to combat the spread of Covid-19 pandemic at RM63 billion. Bank Negara Malaysia (BNM) announced that Malaysia's Gross Domestic Product (GDP) moderated sharply to 0.7% in the first quarter of 2020, on the back of domestic and global measures undertaken to contain the spread of the Covid-19 pandemic.

Despite the intensely challenging year anticipated, the Group will continue to progress with our business activities within our core business segments. We remain focused on building on our strengths and long-term strategies to mitigate the challenges of the year ahead. Pending new revisions to Budget 2020 by our new government as well as the outlook for the industries we are in, we will continue to drive forward our value creation activities by focusing on the following areas:

Water

- **Identifying viable opportunities that we can capture to generate further revenue.**
- **Developing a more sophisticated water data collection system for better water management.**
- **Developing innovative technologies to reduce water treatment costs.**

Environmental Engineering and Construction

- **Achieve completion and handover of the Bunus Project by end December 2020.**
- **Maintain high construction standards and timely project progress for the Kuantan Project according to the implementation schedule.**

Plantation

- **Target to achieve FFB crop production to over 100,000 tonnes within the next two years.**
- **Increase operational efficiency through better vehicle fleet management, improving harvest collection systems and implementing good agriculture practices.**

Concession and Facilities

- **Developing our maintenance services arm by recruiting new staff and enhancing our training and development programmes to upskill our employees.**
- **Adopting new technologies and tools to better complement our services and provide optimum service compliance and provision to our clients.**
- **Engaging in regular healthy interaction sessions with the facilities' end-users to ensure our strategies remain relevant to their needs.**
- **Fulfilling our maintenance services contract for Z1P2 of the UiTM Puncak Alam Campus.**
- **Completing construction works and successful handover for Z1P3 before commencing asset management services as the next contract phase.**

SUSTAINABILITY STATEMENT

INTRODUCTION

Puncak Niaga Holdings Berhad's ("Puncak Niaga" or "the Group") sustainability agenda is incorporated within our business model and processes, in our effort to create long-term sustainable value for our stakeholders. Our sustainable development practices are founded on a strong sustainability governance process, which underscores our commitment to transparency and accountability. Since inception, we have remained on course with our disciplined approach to build an effective and efficient organisation based on our beliefs.

CREATING ECONOMIC VALUE
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ENVIRONMENTAL VALUE
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VALUE TO OUR EMPLOYEES
/ pg.56

VALUE TO OUR COMMUNITIES
/ pg.63

> We continuously practice the highest standards of integrity and ethics throughout all aspects of our business.

Our sustainability agenda is applied through the various initiatives we have implemented towards achieving key objectives in line with our sustainable development goal. These are:

- Minimising our business impact on the environment;
- Creating sustainable long-term socioeconomic value for the benefit of communities living within the footprint of our operations; and
- Engendering long-term benefits for our stakeholder groups comprising employees, investors, local communities, civil society, the Government and business associates.

SUSTAINABILITY GOVERNANCE

Underlying our sustainability governance structure is our commitment towards ensuring good corporate governance and ethical business practices. These exemplify our Puncak Values of quality, value, service, innovation, integrity and trust, all of which have been crucial in maintaining our successful growth trajectory.

Our Board of Directors ("Board") forms the pinnacle of our corporate governance framework, risk management policies and structures, as well as sustainability policies. We have in place decision-making frameworks and structures which draw out clear lines of

reporting and accountability to ensure that we are able to effectively realise our sustainability goals. In 2019, we maintained our Economic, Environmental and Social ("EES") practices, guided by the amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad relating to Sustainability Statements in Annual Reports.

Our sustainability governance structure and policies are cascaded throughout our business organisation and operations, and practiced by our various business segments in their daily operations and business conduct.

We believe in ensuring that we have strong relationships based on trust with our various stakeholder groups, and in line with this, conduct regular stakeholder engagements in a transparent and inclusive manner. In delivering new business solutions, deliverables and services, we take into account our sustainability goals, and the value we aspire to create for our stakeholder ecosystem. All our employees are assigned responsibility for risk management, as laid out in our Risk Management Policy Statement, with the Board of Directors maintaining final oversight on all matters.

In recognising that our employees form a critical component of our business success, we have in place various policies and measures to ensure a conducive working environment and ensure high employee retention rates. These include our workplace diversity policy which covers the diversity of our employees based on gender, age, ethnicity, religion, beliefs, origin and cultural background. By taking into account the different viewpoints and perspectives of our diverse workforce, we are able to leverage on their insights and ideas to improve our business performance, thus contributing towards the Group's value creation ability. The Board reviews our diversity policy on a periodic basis, to ensure its relevance to our organisational and policy goals.

PUBLIC POLICY

We continuously practice the highest standards of integrity and ethics throughout all aspects of our business, reflecting our desire to practice good governance and to be a responsible business entity. The Group's code of conduct lays out the principles of integrity and ethics that we expect our employees maintain within their roles and responsibilities. Our individual business units also maintain codes of conduct and policies which complement our Puncak Values.

The following Codes and Policies are practiced within the Group:

PUNCAK NIAGA HOLDINGS BERHAD

- Standard Operating Procedures
- Corporate Disclosure Policy
- Information Technology Policies (Software License Policy, IT Security Policy and Copying Software Statement)
- Investor Relations Policy
- Health, Safety and Environmental (HSE) Policy
- Quality Policy
- Risk Management Policy
- Sexual Harassment Policy
- Board Diversity Policy
- Diversity Policy
- Whistle Blowing Policy
- Corporate Social Responsibility Policy
- Code Of Conduct – Board Of Directors
- Code of Conduct – Employees
- No Smoking Policy
- Board Charter
- Energy Management Policy
- Puncak Niaga's Employee Handbook
- Code of Business Ethics
- Directors' Remuneration Policy
- Corporate Sustainability Policy
- Limits of Authority Policy

Marong 1 Estate

SUSTAINABILITY STATEMENT

Codes and Policies practiced within the Group (continued):

PUNCAK NIAGA CONSTRUCTION SDN BHD (PNCSB)

- Integrated Management System (ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007)
- HSE Policy Statement
- HSE Manual
- HSE Procedure
- Water Quality Policy
- Emergency Response Plan and Intervention Procedures for WTP
- \`5S\` Housekeeping Procedures
- Water Treatment Plant's Operation And Maintenance Manual
- Back Parking Policy at WTP
- Zero Accident Policy at WTP
- \`Right First Time Every Time\` Work Culture at WTP
- \`Kawasan Larangan. Tempat Larangan\` Procedures for WTP

MURNI ESTATE SDN BHD (MESB)

- MESB and Subsidiaries Employee Handbook
- Agricultural Reference Manual (ARM)
- Malaysian Sustainable Palm Oil (MSPO) Policy
- Occupational Safety and Health (OSH) Manual

DANAU SEMESTA SDN BHD

- MESB and Subsidiaries Employee Handbook

DANUM SINAR SDN BHD

- MESB and Subsidiaries Employee Handbook
- Agricultural Reference Manual (ARM)
- Occupational Safety and Health (OSH) Policy Manual
- MSPO Policy

TRIPLC BERHAD

- Standard Operating Procedures
- HSE Policy
- Quality Policy

For more details on our Group's policies, please refer to our website at www.puncakniaga.com.my.

> "We maintain our integrity in our disclosures by sharing all material information in an accurate and timely manner."

SCOPE

The Group's 2019 Sustainability Statement has been prepared in accordance with global reporting guidelines, namely the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines – Core disclosure requirements. It is guided by the amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad relating to Sustainability Statements in Annual Reports published in 2016, and updated with Bursa Malaysia's Sustainability Reporting Guide published in 2018.

The scope of this Sustainability Statement is consistent with the scope of our Annual Report 2019. Whilst supplier activities have been excluded due to the Group not having control over their business operations, we have disclosed information pertaining to our activities to promote a more sustainable supply chain.

STAKEHOLDER ENGAGEMENT

All elements of our stakeholder engagement process reflect our Puncak Values, which underscores the importance of transparency and accountability in all the dialogues and communications we maintain with our stakeholder groups. These include suppliers, customers, public policy makers, industry bodies, non-governmental organisations (NGOs) and sector experts. Within the Group, we have in place cross-departmental channels of communication which promote inter-departmental collaboration to ensure we remain on course with our goal of creating long-term value for our customers, partners, the Government, as well as broader stakeholder and shareholder needs.

Our stakeholder groups have been listed based on their importance and influence. We communicate all material information related to the Group to our investors, shareholders and stakeholders, in a transparent and accountable manner. We maintain our integrity in our disclosures by sharing all material information in an accurate and timely manner.

The table below presents our key stakeholders and engagement approaches in 2019.

Stakeholder Group	Method of Engagement	2019 Highlights
Employees	• Surveys • Town hall meetings • Code of ethics • Community development programmes • Induction programmes • Internal communications • Monthly staff assemblies and meetings • Recreational activities and religious functions • Performance reviews	**Community Development Programmes:** • We engaged our employees with the local communities through activities such as "Field Day", "Hari Raya Korban", while seminars and training were provided based on identified needs and on a periodic basis. • Our Plantation Division employs diverse ethnic local and foreign workers in our estates. Persatuan Kakitangan Kumpulan Syarikat Puncak Niaga (PEKA), or our Staff Association of Puncak Niaga Group of Companies, provides our employees with a valuable platform which promotes a sense of belonging in the Puncak Niaga family and fosters closer team spirit and team work in an informal environment. • In 2019, PEKA members organised and participated in various sports and recreational, religious and social welfare activities involving our employees, their children and also the local communities. • We reached out to 100 community members during the "Program Menyantuni Gelandangan" that was organised in August 2019. **Staff Assembly** • A total of one (1) Staff Assembly was held in 2019. **Recreational and Religious Activities** • A total of 25 recreational and religious activities was held throughout the year. **Performance Reviews** • Two (2) performance reviews were conducted in May and October 2019.
Investors	• One to One Meetings • Corporate website	• Responded to investor and analyst queries promptly.
Local Communities	• Town hall meetings • Community development programmes	• Engaged with Local Authorities, residents' associations and residents on the construction of the Bunus Project and Kuantan Project. • Attended to complaints and took into account local community concerns at all project sites. • Engagement with Local Authorities and "Jawatankuasa Keselamatan Kampung" at the Beaufort Water Treatment Plant. • Conducted local stakeholder engagements via Danum Sinar's Community Representative Committee (CRC).
Civil Society	• Community development programmes • Press releases • Meetings	• Breaking of fast session ("Majlis Berbuka Puasa") with local communities and employees during the month of Ramadan. • In 2019, a "Sukaneka" event was carried out for the Plantation Division community in our estates. • "Gotong-royong" event organised with the Wangsa Maju local community, Dewan Bandaraya Kuala Lumpur (DBKL) and the Wangsa Maju Member of Parliament.

SUSTAINABILITY STATEMENT

Stakeholder Group	Method of Engagement	2019 Highlights
Government	• Meetings and events	• Regular meetings and briefings.
Media	• Community development programmes • Press releases • Advertising	• Regular meetings and briefings.
Suppliers	• Supplier evaluations	• A transparent platform for evaluation of suppliers.

MATERIALITY

In assessing our material issues for the year 2019, we took into consideration all matters which were critical to the non-financial performance of our business and operations. We conduct periodic assessments of our material issues, based on identified and continuous evolving needs, as the basis of our disclosures moving forward.

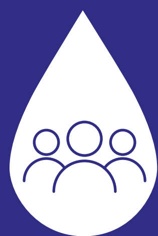
ECONOMIC

- Creating Economic Value

ENVIRONMENTAL

- Conserving Biodiversity
- Practising Responsible Environmental Management in Our Construction Projects
- Ensuring Sustainable Palm Oil Production
- Energy Management
- Noise Management
- Water Management
- Our Internal Environmental Footprint – Workplace
- Waste Management Practices

SOCIAL



- Our Employees
- Workplace Diversity
- A Commitment to Training
- Occupational Health and Safety
- Human Rights
- Benefits and Compensation
- Performance and Appraisal
- Value to Our Communities

Within both our Sustainability Statement and the rest of our Annual Report 2019, we have provided an account of our Group's initiatives and measures implemented in response to specific topics, concerns and issues identified by our stakeholders. In 2019, we progressed with creating Economic value through our various projects and activities of our business segments. We maintained our commitments to responsibly manage our Environmental footprint. In the Social sphere, we continued with our efforts in maintaining a safe and harmonious workplace for our employees, as well as community development programmes to contribute to the socioeconomic development of the populace living within our operational footprint.

CREATING ECONOMIC VALUE

OUR ACHIEVEMENTS IN 2019

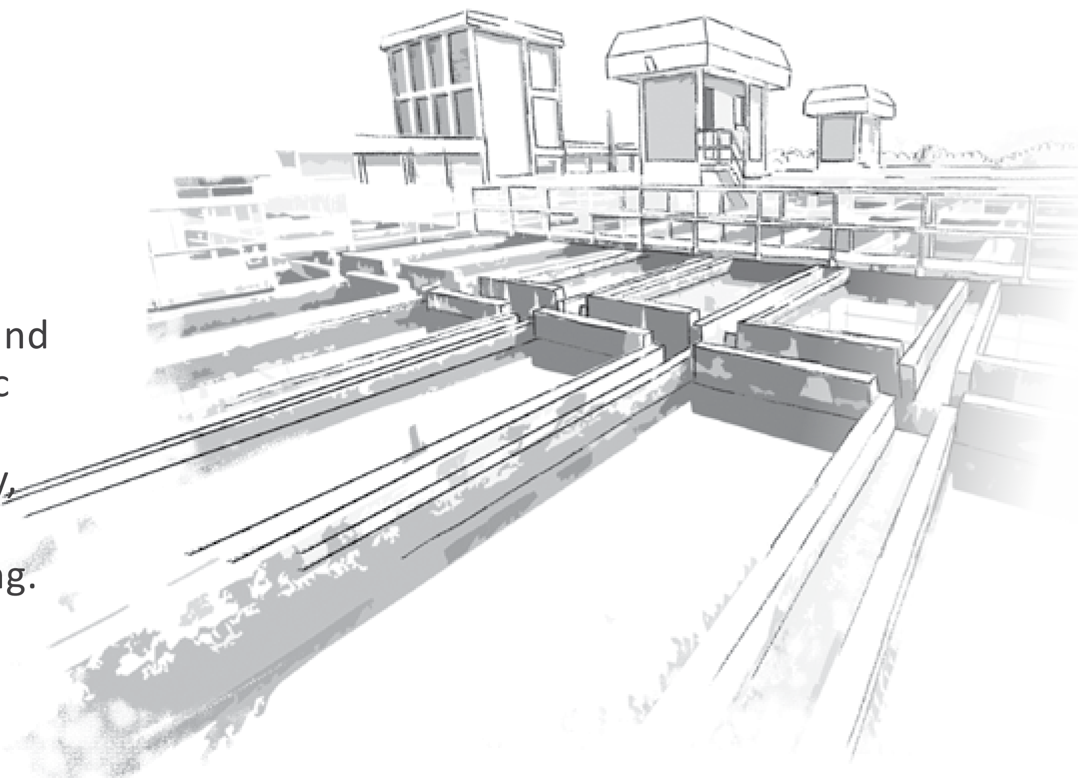
1. Used 100% local suppliers and vendors
2. 100% water quality compliance (Test done by MOH)

Through the activities of our core business pillars, we are providing direct and indirect economic impacts to the national economy, as well as to communities living in the footprint of our operations. In 2019, our key business projects comprise Package D44 of the Bunus Project in Kuala Lumpur; the Kuantan Project; our Plantation Division; and our Concession Division and not forgetting, Beaufort Water Treatment Plant (WTP) in Sabah which was under our responsibility until 30 April 2019.

BUNUS PROJECT

Designed and being built by PNCSB, the Bunus Project is part of the Government's Greater Kuala Lumpur River of Life initiative. The aim of the project is to revitalise areas adjacent to the Klang River, which flows through the capital city of Kuala Lumpur, into a thriving commercial and tourist attraction. By doing so, the project will boost Kuala Lumpur as a regional tourist destination, and play an instrumental part in enhancing the lifestyles of city dwellers and workers.

> Through the activities of our core business pillars, we are providing direct and indirect economic impacts to the national economy, as well as to communities living.



SUSTAINABILITY STATEMENT
CREATING ECONOMIC VALUE

Package D44 of the Bunus Project is a sewer pipe network located in the Bunus catchment area in Kuala Lumpur. The project which is expected to be completed by 31 December 2020, covers an area of approximately 72 square kilometres, and will contribute to the lives of some 1.1 million people in the surrounding areas of Setapak, Ampang, Melawati, AU Keramat and Dato Keramat.

Under the RM394 million sewage project, a total of 73 old Sewage Treatment Plants (STPs) which were not in compliance with new revised Department of Environment effluent requirements will be decommissioned. In its place is the new Bunus Sewage Treatment Plant which has been designed and built by the Sewerage Services Department (Jabatan Perkhidmatan Pembetungan or JPP) in line with more strict effluent regulatory requirements.

The more effective waste water management system with centralised treatment facilities that we are constructing will reduce both operational and maintenance costs for the local authorities. Additionally, it will minimise sources of water pollution, thus contributing towards the uplifting of lives of local communities, as well as reducing environmental pollution.

Upon completion of the project, we will be handing the land that the decommissioned STPs were on back to the Government, which can then be developed for public use and community development purposes. By ensuring that we have effectively decommissioned the STPs in line with best practices, we are contributing towards enhancing the lives of local residents.

The project has also created numerous job opportunities for Malaysians as outlined in the table below.

Item	2017	2018	2019
Local Small and Medium Enterprises Supported	15	35	**35**
Jobs created (contract workers)	300	280	**280**

Pipe Jacking works at Kuantan Project

KUANTAN PROJECT

PNCSB is currently undertaking the principal sub-contract for the Kuantan Project, which covers the construction of sewerage infrastructure for Kuantan and Kempedang, which commenced in March 2018. As one of the projects under the 11th Malaysia Plan, it is being implemented by JPP under the auspices of the Ministry of Water, Land and Natural Resources (Kementerian Air, Tanah dan Sumber Asli), now known as Ministry of Environment and Water since 1 April 2020.

The centralised Sewage Treatment Plant (STP) will feature green technology, in line with eco-friendly and sustainable Government policies. The project aims to increase the coverage ratio of sewerage services in the surrounding areas, which will cater to the future growth and development of the surrounding areas.

The project will also enhance the quality of the surrounding environment through the use of green technology as well as full compliance with regulations such as Category 1 of the Environmental Quality Act 1972, Environmental Quality (Sewage) Regulations 2009, and Second Schedule (Regulation 7) – Effluent Standard A requirements.

It also covers the rationalisation and decommissioning of 165 multi-point STPs, in order to increase point sources and connectivity to the regional plant. The rationalisation of multi-point STPs will also optimise O&M costs in the longer term, thus contributing to more sustainable sewage treatment management.

Upon completion in February 2022, the STP will be able to accommodate the sewage inflow of 200,000 population equivalent (PE), covering a total catchment area of approximately 172.59 square kilometres, comprising of the areas of Bandar Kuantan and Kempadang.

Among the benefits expected from the project is the reduction of environmental pollution, and the production of high quality effluent in compliance with regulatory standards aimed at improving the water quality of rivers. The utilisation of green technology has been proven to contribute to the reduction of operations and maintenance costs, whilst safeguarding public health and the environment, especially bearing in mind the scarcity of water resources.

In 2019, we have generated the following outcomes in terms of job creation, and local SME vendors and suppliers:

	2019
Local Small and Medium Enterprises Supported	10
Jobs created	100

> "We have consistently maintained the facilities on the estates, as well as improved infrastructure onsite, to contribute to better lives of the communities who live on the estates."

PLANTATION DIVISION

Conducted by Danum Sinar Sdn Bhd, we have a total cultivated land area of 11,267 hectares in our Plantation Division. The topography of our plantation consist of hilly undulating to flat land, with some highland peat on the plateau of Murum highlands with various rivers flowing across the area. The plantations are broken down into a total of six estates for management purposes, namely, Arau Estate, Marong 1 Estate, Marong 2 Estate, Lakin Estate, Kalayan Estate and Jabon Estate. These estates represent 24% of Danum Sinar's total land bank, with an area of 46,674 hectares.

We have consistently maintained the facilities on the estates, as well as improved infrastructure onsite, to contribute to better lives of the communities who live on the estates. These include areas such as new workers' quarters, new FFB ramps, upgrading better estate roads, improving domestic logistics and improving better communications via VSAT (Very Small Aperture Terminal) for each individual estate.

In line with the requirements of the Malaysian Sustainable Palm Oil (MSPO), we conducted a thorough Social Impact Assessment (SIA) for our plantation estates in 2019. Our primary aims in conducting the assessment were as follows:

- To establish an ongoing relationship of trust between Danum Sinar and local communities to ensure smooth and successful estate operations, by enhancing positive effects or benefits we have to offer, whilst at the same time mitigating or avoiding any adverse impacts to the community; and
- To engender a consultation process that will ensure free, prior and informed consultation (FPIC) of the plantation with Danum Sinar and relevant agencies.

Since commencing operations in July 2017, we have extended business opportunities for local SMEs and created jobs for the local community, especially for the indigenous community, as follows:

Jobs Created	2018	2019
Local Ethnic Community	21%	**21%**
Malaysian employees	16%	**12%**
Foreign workers	63%	**67%**
Total	100%	**100%**

SUSTAINABILITY STATEMENT
CREATING ECONOMIC VALUE

CONCESSION DIVISION

Our Concession Division is managed by TRIplc Berhad Group, and consists of two concession agreements at Universiti Teknologi MARA (UiTM), Puncak Alam Campus in Selangor, through Private Finance Initiative (PFI).

The first concession agreement relates to the Zone 1 Phase 2 (Z1P2) of the UiTM campus for a concession period of 23 years. This is broken down to a three year period for construction works and 20 years for maintenance works. It covers the planning, finance, design, development, construction, landscaping, equipping, installation, completion, testing and commissioning of the facilities and infrastructure, as well as ongoing maintenance works in relation to these.

Among the facilities and infrastructure designed and developed on the project site of approximately 45.71 acres are academic facilities, student accommodations and centralised facilities. As well as that, TRIplc also built the necessary amenities, utilities, and fixtures and fittings. Construction was completed on 10 April 2014, and the faculties house approximately 5,000 students. Currently, TRIplc is conducting the maintenance contract, which will expire on 10 April 2034.

The second concession agreement pertains to the development of Zone 1 Phase 3 (Z1P3) of the UiTM Campus. Under this agreement, TRIplc is responsible for the planning, finance, design, development, construction, landscaping, equipping, installation, completion, testing and commissioning of the facilities and infrastructure, as well as providing asset management services upon completion of construction.

The facilities and infrastructure under Z1P3 consist of a teaching hospital, academic facilities and accommodation facilities on a project site of approximately 28.19 acres. Conducted by TRIplc Medical Sdn Bhd, construction began on 11 April 2017, and was originally slated for physical completion on 10 April 2020. We have put in the application for a revised completion date which will be disclosed once approved by client. Upon completion, the asset management services portion of the agreement will commence for a period of 22 years.

Through these two agreements, we are providing job opportunities for local workers. TRIplc's partnership - under the PFI arrangement with the Government enables the Group to contribute towards the development of our nation's institutions of higher learning, and the higher education sector in general. UiTM students are able to benefit from the facilities and infrastructure at these project sites, as they continue with their further education, in their journey towards contributing to the socioeconomic development of the country in the future.

By maintaining the faculties and accommodation facilities to high standards, TRIplc is contributing to the students' wellbeing, as they are able to focus on their studies within an environment that is conducive for their healthy living and exceling in their academic studies. We remain committed to ensuring that we maintain the highest standards of educational and living facilities under both agreements.

FACILITIES AND INFRASTRUCTURE BENEFITTING THE UITM STUDENTS

PHASE 2

Academic facilities
- Faculty of Accountancy
- Faculty of Business Management
- Faculty of Hotel Management and Tourism
- Shared facilities

Student accommodations
- Hostel accommodation for 2,500 students
- Fellow accommodations - 10 units

Centralised facilities
- Multipurpose hall
- Maintenance centre
- *Surau*
- Library
- Student centre
- Cafeteria
- Health centre

PHASE 3

Teaching facilities
- A 10-storey teaching hospital with 400 hospital beds
- Academic facilities for 750 students
- Forensic and Mortuary Block

Accommodation facilities for the following:
- 78 Housemen
- 144 Nurses
- 6 Sisters (Hospital staff)
- 1 Housekeeper

Other facilities
- *Surau* to accommodate 180 pax
- Plant House

BEAUFORT WTP

The Beaufort WTP was an operation and maintenance (O&M) contract which PNCSB completed on 30 April 2019. Located in Beaufort, Sabah, the contract was awarded by the Water Supply Department under the auspices of the Ministry of Energy, Green Technology and Water (Kementerian Tenaga, Teknologi Hijau dan Air Malaysia or KeTTHA) (now known as Ministry of Environment and Water since 1 April 2020). The O&M contract had commenced on 1 February 2016.

The WTP's water is sourced from the of 9,180 square kilometre Sungai Padas catchment area. Sungai Padas provides socioeconomic opportunities to the local community, in terms of fishing activities, as well as tourism opportunities such as river rafting.

In ensuring that we conducted our WTP activities for the benefit of the surrounding communities, we have maintained a high quality of treated water in compliance with Ministry of Health (MOH) regulations. A six-stage water treatment process is in place at the plant, consisting of aeration, pre-sedimentation, flocculation, sedimentation, filtration and chlorination, pH adjustment and fluoridation.

We have constantly maintained the strictest controls on water quality throughout the entire water supply system consisting of the water source, WTP and the water distribution system. Thus, we have been able to ensure that the WTP operates efficiently, and water produced is safe for both consumption at homes and for industrial use.

We monitored water quality through both manual inspections and tests, as well as utilising online analysers. In conducting these water quality tests, we have upheld our commitments as per our O&M contract through a two-stage process. Basic water quality tests were conducted internally at the WTP lab, while specialised tests were conducted by an independent external laboratory.

Additionally, we have placed other water quality control activities such as conducting jar tests, water quality tests and water quality monitoring. Due to the nature of the WTP's activities, the laboratory was a popular public educational and promotional visit site. Groups from Government offices, schools, and institutions of higher learning regularly visited the WTP. This has played a huge role in maintaining the Group's social reputation as an O&M contractor that has maintained and managed the WTP in accordance to the highest standards. In 2019, there were no incidents of pollution or water supply incidents, thus ensuring a continuous supply of water to the surrounding communities.

Indicator	Unit	2017	2018	2019 (January -April)
Total volume of water withdrawal by source	m^3	24,103,952	25,079,291	**8,563,612**
Total volume treated water	m^3	23,099,603	23,997,860	**8,235,808**
WTP Water Losses	m^3	1,004,349	1,081,431	**327,804**
% of WTP Water Losses	%	4.17	4.31	**3.83**
% of water quality compliance (Test conducted by MOH)	%	100.00	100.00	**100.00**

As part of our O&M activities, we appointed local SME vendors to undertake some aspects of work at the WTP. Our WTP employees comprised people from the local Beaufort community, as detailed in the table below.

	2017	2018	2019 (January -April)
Local Small and Medium Enterprises Supported	38	48	**48**
Jobs created (WTP employees)	62	60	**61**

SUPPLY CHAIN

As a responsible corporate citizen that believes in contributing to national socioeconomic development, the Group has always maintained a policy of hiring local and Bumiputera vendors and suppliers as much as possible. Our procurement practices are centred on securing the most competitive contracts, without compromising on quality. The following table depicts our commitments throughout the years.

	2017	2018	2019
Local suppliers/vendors	100%	100%	**100%**
Bumiputra suppliers/vendors	31%	31%	**20%**
Amount spent on local procurement	RM145 million	RM124 million	**RM501 million**

SUSTAINABILITY STATEMENT

ENVIRONMENTAL VALUE

Our main areas of business, which covers water and wastewater treatment, and plantation, relates to the use of scarce natural resources such as water and biodiversity. Bearing this in mind, and our Group's desire to uphold our environmental stewardship, we have consistently ensured that we conduct and manage our business responsibility, to reduce our impacts on the environment. Our efforts are being borne through initiatives to reduce our carbon footprint, sound environmental management practices in our O&M contract, practicing sustainable plantation management and embedding biodiversity conservation measures at our estates.

CONSERVING BIODIVERSITY

Through continuous monitoring, we have ensured the highest levels of compliance with all relevant laws pertaining to the protection, conservation and rehabilitation of the environment as follows:

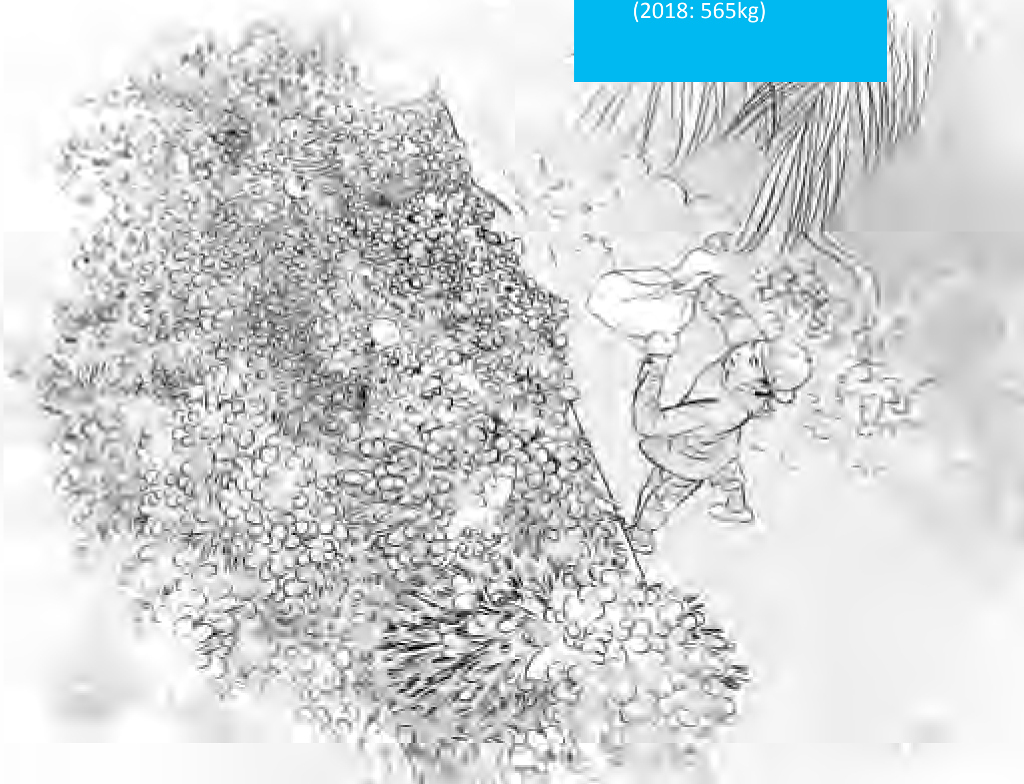
1. Land Code (Sarawak) (Cap 81) - (Land Code (Amendment) Ordinance 2000 and Land Code (Amendment) Ordinance 2005 [Sarawak Land Code (Amendment) Bill, 2018])
2. Natural Resources and Environment (Amendment) Ordinance, 2001
3. Wild Life Protection Ordinance (1998 & 1999)
4. Environment Quality (Prescribed Activities) (EIA) Order, 1987
5. Environment Quality (Schedule Waste) Regulation 2005
6. Environment Quality (Declared Activities) (Open Burning) Order 2003
7. Sarawak Natural Resources and Environment (Prescribed Activities) Order 1994

OUR ACHIEVEMENTS IN 2019

1. Achieved Malaysian Sustainable Palm Oil (MSPO) Certification

2. Consumption of 11,478 m^3 water in Wisma Rozali (2018: 11,940m^3)

3: Recycled 1,537 kg of paper in Wisma Rozali (2018: 565kg)



Arau Estate

Sustainable agricultural practices are the cornerstone of our plantation management, where we practice the following best practices in order to safeguard biodiversity on our estates:

- Planting cover crops as a soil conservation measure to prevent soil run-off into waterways;
- Avoiding planting on steep terrains;
- Conserving water channels, streams, ponds and undisturbed natural riparian buffer zones and reserves in line with the overall flood mitigation plan; and
- Linking riparian buffer zones and other reserve areas within the plantation estates and surrounding neighbourhoods.

We have embedded environmental sustainable practices by incorporating the protection of High Conservation Value (HCV), High Carbon Stock (HCS) and identified peat areas in our plantation management approach to ensure the protection of our natural resources. In our latest survey done in 2019, we are currently managing a total identified area of 454.30 hectares of buffer zones in our estates, excluding the 3,724 hectares of Murum inundated area which has been surrendered to the Land and Survey Department, Sarawak.

ENSURING SUSTAINABLE PALM OIL PRODUCTION

Since commencing with our palm oil plantation operations in July 2017, we have been putting in place measures and initiatives to ensure sustainable and safe palm oil production in line with the Malaysian Sustainable Palm Oil (MSPO) certification requirements. On 6 August 2019, we achieved MSPO certification for our estates consisting of a total oil palm planted area of 9,767 hectares.

Following the gap analysis exercise we conducted in 2018, we have implemented the following measures in 2019, to ensure that we are in full compliance with MSPO standards as follows:

- We have developed proper documentation to suit MSPO requirements;
- We have conducted the MSPO internal audit at the estates on 29 April 2019 to 4 May 2019 based on the 114 indicators prescribed by the MSPO MS 2530: 2013 part 3 – General Principles for Oil Palm Plantations and Organised Smallholders;
- We conducted Hazard Identification, Risk Assessment and Risk Control (HIRARC) training on 14 and 15 May 2019 by SIRIM STS Sdn Bhd for our estate employees to enhance their knowledge on HIRARC assessment;
- We have developed Standard Operating Procedures (SOP) for biodiversity and ecosystem management at our estates to ensure that our operation activities are in full compliance with the relevant with Sarawak state legislation, namely the Wild Life Protection Ordinance 1998 (Revised in 2008) and ensure that all our employees and subsidiaries of our Plantation Division adhere to these SOPs;
- We have created animal and plant conservation awareness programmes focusing on different types of animal and plant classifications, namely "protected animals", "protected plants", "totally protected animals", "totally protected plants" by putting signages clearly stating that "No Hunting" is allowed at specific places, especially at the main entrance to the estates;
- We have developed SOPs for Energy Management in order to optimise and closely monitor the consumption of non-renewal energy by establishing baseline values and trends that shall be observed within an appropriate time frame; and
- We conducted a thorough Social Impact Assessment (SIA) for the plantation estates by appointing an environmental consultant, Ecosol Consultancy, which completed their report on 19 December 2019.

SUSTAINABILITY STATEMENT
ENVIRONMENTAL VALUE

PRACTISING RESPONSIBLE ENVIRONMENTAL MANAGEMENT IN OUR CONSTRUCTION PROJECTS

We have implemented a Erosion Sediment Control Plan (ESCP) for the construction of the centralised Sewage Treatment Plant (STP) at the Kuantan Project. Our aim is to avoid soil erosion when we are conducting earthworks and construction works. During the year, we constructed the silt fence, temporary earth drain, wash through, sediment basin, check dam and rubber pitching wall in accordance with design guidelines to ensure that overflow and silt do not spill onto the surrounding land and village areas close to the project site.

ENERGY MANAGEMENT

We completed our O&M contract at the Beaufort WTP in April 2019, and during the course of carrying out our obligations, continued to practice effective energy management to minimise carbon emissions, and efficiently utilised natural resources.

This included optimising pumping operations at the Clear Water Tank during the low electricity tariff hours of between 2200 hours and 0600 hours the following day in order to achieve the maximum reservoir level. Bearing in mind that the client has direct control over pump operations within the terminal reservoir, this was our contributory efforts to efficiently manage the WTP's energy consumption.

As well as that, we reduced our electricity consumption by switching off lights at non-critical and low security areas, and have replaced high energy sodium light fixtures with energy saving LED type lights.

Location	2017	2018	2019
Wisma Rozali	1,747,753 kWh	1,639,779 kWh	**1,570,173kWh**
Beaufort WTP	21,438,796 kWh	22,426,421 kWh	**1,823,724kWh***
Bunus Project	74,769 kWh	75,630 kWh	**61,800kWh**
Kuantan Project	N/A	N/A	**42,182 kWh**
Plantation Estates	N/A	3,162,068 kWh	**3,218,474 kWh**

*Note: * January to April 2019*

NOISE MANAGEMENT

In conducting our construction and O&M project, we practice effective noise management to reduce or minimise any resulting noise pollution. This is based on the belief that minimising noise pollution contributes to the wellbeing of our surrounding communities, as well as our workers.

The WTP's pumping stations are at isolated locations to ensure that noise from its pumping activities do not hinder any homes. The generator building is also sound proofed in order to reduce noise levels so that does not carry to surrounding communities.

As an employer who genuinely cares for our employees, we provided all WTP staff and contractors with protective ear equipment to use when they were at the pumping station or other designated areas which are noisy. Staff were also provided with ear plugs and ear muffs.

Between January and April 2019, we conducted noise monitoring exercises at residential areas during rock excavation works for shaft construction at the Beaufort WTP.

For the Bunus Project, we maintained our efforts to mitigate noise levels from project works, in compliance with Department of Environment (DOE) requirements. We attended to complaints the community had on noise levels which they felt was too loud. We also incorporated noise reduction equipment within all the STPs we constructed under the Bunus Project.

At the Kuantan project, we strictly adhere to 'Planning Guidelines for Environmental Noise Limits And Control' issued by DOE. We have set up two noise monitoring stations near the STP site where we record 'Day' and 'Night' noise readings which we then report to the DOE on a monthly basis. Throughout 2019, we have been recording noise levels well below the limit of the guideline.

Also at the Kuantan Project, the Environment Impact Assessment (EIA) of the STP for the project was approved by DOE on 18 June 2019, and it is subjected to environmental quality monitoring under DOE. Environment quality reports are submitted to the DOE on a monthly basis. The environment quality monitoring are done on ambient air quality, noise level measurement, water and groundwater quality and ground vibration level. Since June 2019 to December 2019, the reports show that all parameters complied to DOE's requirement as per guideline.

> **During the year, we continued to maintain effective water management practices within our Plantation Division, by leveraging on our knowledge of sound water management practices.**

WATER MANAGEMENT

During the year, we continued to maintain effective water management practices within our Plantation Division, by leveraging on our knowledge of sound water management practices based on our industry experience within the water and wastewater segment.

The primary focus of our water management practices in our estates is to ensure sustainable water supply and to reduce the impact to the planted oil palm during unexpected drought or floods.

Measures we have implemented to ensure optimal water management are as follows:

- Establishing good cover crop to improve soil moisture fertility status;
- Practising optimal ground water table management by maintaining adequate water levels in drains and waterways so as to reduce CO_2 emission and manage potential rain shortfall and fire risks;
- On hilly terrain and inland soils, we have emphasised the establishment of cover crops coupled with appropriate frond stacking in order to reduce run-off incidents that could resulted in higher water retention in certain areas; and
- Maintaining riparian buffer zones and reserves to minimise soil run-off incidents. The riparian buffer zones also serves as a filtration system to preserve the quality of water entering the estate waterways.

Beaufort WTP

Our headquarters, Wisma Rozali, has an internal water management control system which ensures that we efficiently manage our use of water. We have set an annual water usage cap of 11,600 cubic metres, and have implemented actions to meet our target.

In 2019, we started monitoring our water usage at our estates, in order to identify any wastage and implemented efforts to improve our water consumption.

Location	2017	2018	2019
Wisma Rozali	13,701 m³	11,940 m³	**11,478 m³**
Bunus Project	N/A	519 m³	**496 m³**
Kuantan Project	N/A	N/A	**4,214 m³**
Plantation Estates	N/A	N/A	**62,500 m³**

SUSTAINABILITY STATEMENT
ENVIRONMENTAL VALUE


3R-Recyclable Waste Bins at Arau estate

REDUCING OUR INTERNAL ENVIRONMENTAL FOOTPRINT

We have in place a number of measures aimed at reducing our internal environmental footprint at all our offices, plants, work sites, facilities and buildings. Our internal environmental footprint initiatives in 2019 are as follows:

- Using recycled paper and double sided printing to reduce paper consumption;
- Replacing old office equipment such as photocopier machines with up to date energy-saving models; and
- Promoting an energy saving culture amongst our employees.

Our efforts to promote responsible use of paper is evident from the reams of paper consumed throughout all our offices.

Reams of Paper Consumed	2017	2018	2019
Wisma Rozali	3,625 reams	3,705 reams	**3,235 reams**
Beaufort WTP	70 reams	50 reams	**15 reams (January - April 2019)**
Bunus Project	373 reams	384 reams	**540 reams**
Kuantan Project	N/A	N/A	**216 reams**

TECHNOLOGY AND INNOVATION

We strongly believe in investing in technology and innovation to enhance our production processes and work systems. More efficient work systems and processes, are a crucial enabler of our business competitiveness. In line with greater concerns over cyber security, we have focused on enhancing our cyber security protection in 2019.

During the year, the Information and Communication Technology Department ("ICTD") implemented the following, in line with outcomes identified as crucial to upgrade our cyber security and data safety:

- **Re-structured the Security Firewall**
  Re-structured security firewall by implementing a two-tier firewall structure to prevent outside attacks and single point of hardware failure.

- **Enhancement of Email Traffic Filtering**
  Upgraded system to filter all incoming and outgoing email traffic from unwanted emails such as spam, viruses, malware, phishing and ransomeware. All effected email can be quarantined and will not be delivered to any of Puncak Niaga users.

- **Enhanced the ICT Infrastructure**
  Enhanced systems to provide a secure network infrastructure that would ensure corporate data is delivered reliably, and is secure from internal and external attacks.

Moving forward into 2020, ICTD will continue to focus on strengthening the IT infrastructure by providing scalable, secure, and highly available computing infrastructure and application systems that minimises cost while ensuring good quality of ICT services. ICTD will also continue with automating manual processes into our systems in preparation for a strong, cutting-edge development strategy that prepares our business for the future.

RM 116,493.00
spent on 3 ICT key outcomes in 2019

ZERO
network downtime in 2019

ONE SERVER
downtime in 2019

WASTE MANAGEMENT PRACTICES

We practice responsible waste management in all of our core business areas. Within our Plantation Division, we implemented the following waste management practices to ensure sustainable plantation management:

- Implemented a zero burning practice which strictly prohibited any open burning for new planting or replanting of oil palm areas;
- Implemented best agronomic practices via Agriculture Reference Manual (ARM) and efficient land utilisation via aerial mapping surveying as to apply precision agriculture concept on management by palm approach, thus reducing the excess usage of chemical fertilisers, pesticides and herbicides which would also result in lower in Greenhouse Gas (GHG) emissions; and
- Pruned oil palm fronds, empty fruit bunches (EFB) and chipped old palm trunks will be recycled into the soil as compost or natural fertilisers for the estates.

For the final four months of our Beaufort WTP's O&M contract in 2019, we continued with discharging effluent and sludge into designated sludge lagoons. All discharge activities were conducted in strict compliance with regulatory requirements. DOE registered contractors were appointed to dispose of oil and grease waste from pumps and motors used in the WTP's operations. General waste was disposed by conducting controlled burnings, with the burnt residue planted in the soil.

Within our Concession Division, we monitored our Waste Management for Z1P3 Project based on the conditions of the approved Environmental Management Plan (EMP) for construction. As for Z1P2 Project, both domestic and sanitary waste management is outsourced to authorised waste management companies. We monitor our waste management vendor's services, by conducting regular assessments of their services to ensure full compliance with our contractual requirements.

Due to the nature of the Kuantan Project, it generated an average of 0.2 MT of spent lubricating oil (SW305) per month. As a responsible corporate citizen, we ensure that all lubricating oil waste were stored properly at onsite storage and disposed at designated landfill areas.

Throughout all our business units, we continued to promote paper recycling amongst our employees and achieved the following during the year.

AMOUNT OF PAPER RECYCLED

Location	2017	2018	2019
Wisma Rozali	700 kg	565 kg	**1,537 kg**
Bunus Project	500 kg	800 kg	**403 kg**


Construction of the Z1P3 Teaching Hospital at UiTM Puncak Alam Campus

SUSTAINABILITY STATEMENT

VALUE TO OUR EMPLOYEES

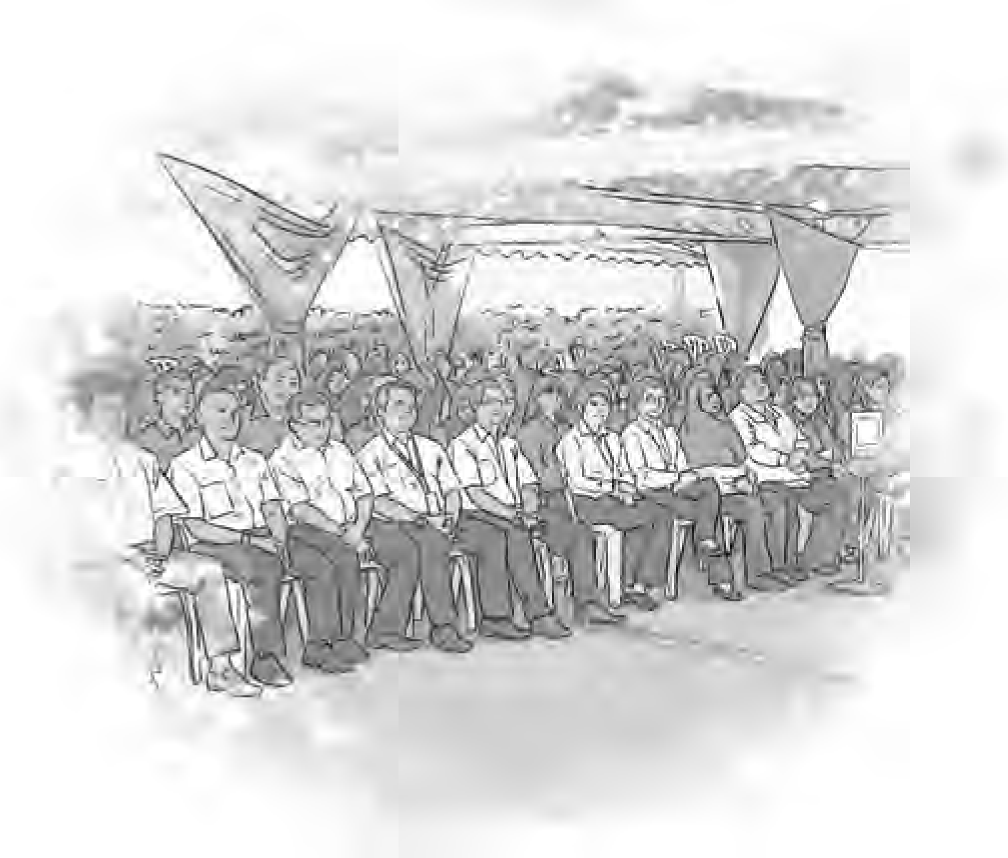
Our people are the valuable human capital which our business relies on to drive through our business strategy and conduct our daily operations. To ensure high employee retention rates, the Group focuses on policies and work practices which promote and ensure our people's wellbeing, as well as providing a supportive and conducive work environment to motivate them to perform at their best. Our efforts are borne through a comprehensive talent development platform, as well as a range of diversity and fair employment policies. We also have in place employee engagement and grievance mechanisms, to encourage our staff to share their views and feedback with Management.

In 2019, our sustained focus on our people received external validation through the "Malaysia Best Employer Brand Awards 2019" which we obtained from the World HRD Congress on 24 April 2019.

OUR ACHIEVEMENTS IN 2019

1. 100% compliance on OSH
2. Zero fatality recorded Group-wide

"Our people are the valuable human capital which our business relies on to drive through our business strategy and conduct our daily operations."



OUR EMPLOYEES

Throughout the years, we have continuously invested in creating and maintaining a conducive work environment for our people via health and safety initiatives, employee wellness initiatives, work life balance measures, training and development programmes, and a strong benefits and remuneration package.

As our business is primarily engaged in areas that come with their attendant risks, we have always prioritised health and safety across all aspects of our business operations spanning water and wastewater, environmental engineering and construction, plantation and concession. Our goal is for our people to return home safely each day, after a full day at work.

We firmly believe in practicing fair and inclusive labour policies. Diversity is the keystone of our employee proposition, and we have continuously ensured that our employee base reflects a strong diversity of race, age and backgrounds. It reflects our recognition that one of the key strengths of our business is the valuable insights and perspectives we obtain from our employees, as a result of their diverse demographic.

We believe in treating our people fairly, as evidenced in our fair and inclusive labour practices. To encourage our people to share their opinions and feedback, we have in place various channels of communication that are available to our people throughout the year.

In 2019, our Human Capital Development Department (HCDD) organised a Group-wide motivational teambuilding programme entitled "Building Resilient Workforce". The programme was run in seven batches, with a total of 223 employees participating in the same. Aimed at accelerating team work and creating a resilient work force towards supporting our business sustainability, the programme was well received by our employees. It has enhanced and improved our employees' morale and productivity levels.

> "Diversity is the keystone of our employee proposition, and we have continuously ensured that our employee base reflects a strong diversity of race, age and backgrounds."

SEXUAL HARASSMENT POLICY

Our Sexual Harassment Policy provides our employees with an accessible and clear mechanism, which they can utilise to lodge any complaints of sexual harassment at the workplace.

In 2019, there were no complaints recorded.

	2017	2018	2019
No. of Sexual Harassment Complaints received	None	None	**None**

FORCED OR COMPULSORY LABOUR, HUMAN RIGHTS VIOLATIONS AND CHILD LABOUR

In 2019, no incidents of forced or compulsory labour, human rights violations and child labour were recorded across the Group. Within our employee demographic of indigenous people, there has been no violations of their rights. To ensure that everyone is on the same page with regards to our policies pertaining to labour and human rights, we have trained our Auxiliary Police who bear responsibility for the Group's security, on ethical security practices so that they continuously uphold human rights when conducting their job.

GRIEVANCE MECHANISMS

We have in place a structured grievance mechanism process that is accessible to all our employees throughout the Group. Our grievance mechanism is also available to our suppliers, local communities and social groups, to enable them to engage with Puncak Niaga on any matters that require resolution. It reflects our commitment to be transparent and accountable to our various stakeholder groups, and is available for any complaints relating to environmental issues, labour practices and human rights. In 2019, there were no complaints recorded.

	2017	2018	2019
No. of Complaints Received and Resolved	None	None	**None**

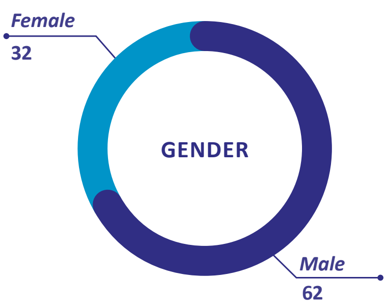
SUSTAINABILITY STATEMENT
VALUE TO OUR EMPLOYEES

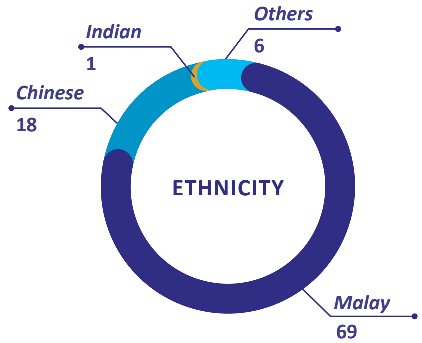
WORKPLACE DIVERSITY

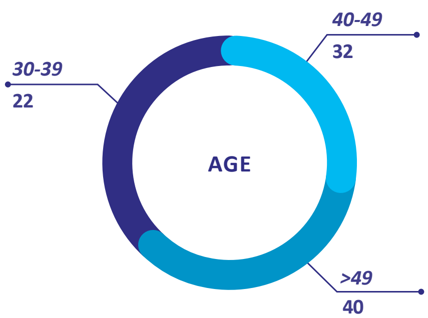
We have a diverse Board of Directors, further details on Board diversity are as set out on page 90 of the Corporate Governance Overview Statement. At the workplace, we maintained a strong demographic base comprising different genders, nationality, ethnicity and age.

MANAGEMENT

Nationality: Malaysian

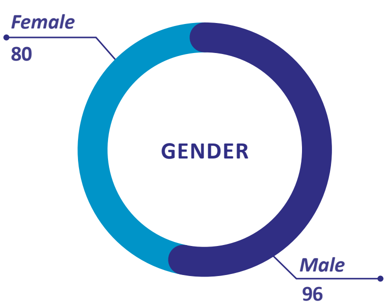


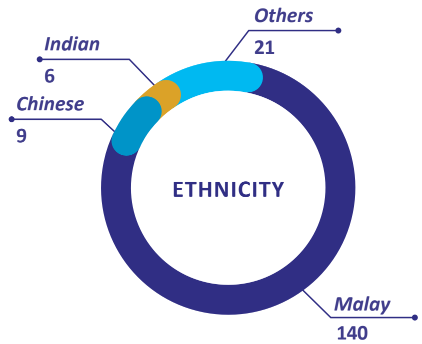


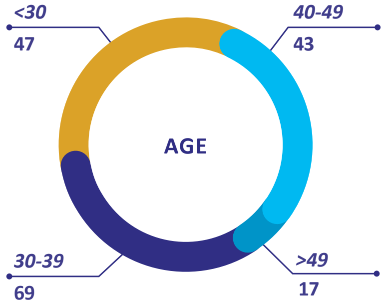


EXECUTIVE

Nationality: Malaysian

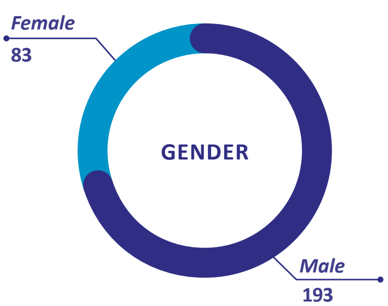


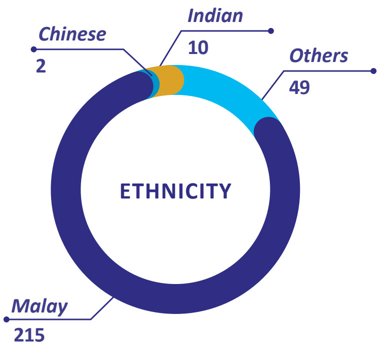


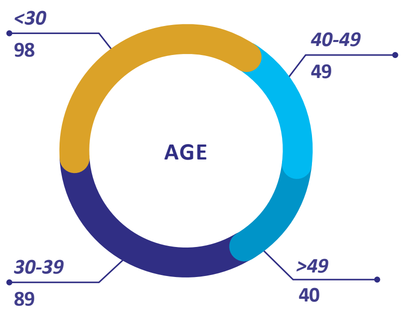


NON-EXECUTIVE

Nationality: Malaysian







TRAINING AND DEVELOPMENT

We believe in investing in the continuous training and development of our talent pool, towards upskilling them and expanding their capabilities. In 2019, we invested a total of RM133,559.68 on training and development programmes for our people.

In 2019, we provided our employees with the following external training:

- MBRS for Preparers – Financial Statements
- MS 2530:2013 MSPO Lead Auditor Course
- Companies Act 2016 Charges – Registration, Compliance & Practice
- CG Compliance Expectations: Better Reporting Integrity, Transparency & Accountability
- Crisis Management – Effective Corporate Communication
- Enterprise Risk Management For Board And Audit Committee
- Tax Seminar on Budget 2020
- Authorised Entrant And Standby Person For Confined Space
- Authorised Gas Tester And Entry Supervisor For Confined Spaces

Talent Development

In 2019, we conducted the following talent development programmes in order to ensure our people's capacities and capabilities were developed in tandem with our growth strategies and objectives:

Knowledge Sharing Session (KSS)

The HCCD coordinated these sessions for all staff members, with the objective of enhancing our people's capabilities by facilitating the transfer of knowledge between our employees. The KSS enabled the information and knowledge to be easily transferred, resulting in our employees' expanding their knowledge base. By helping people actively learn from their peers, our talent have been able to acquire specific information and knowledge that are relevant to their roles. During the year, we sent selected staff to attend external conferences to keep abreast of the latest developments in the industry. Staff who had attended these conferences would then disseminate their knowledge to their colleagues. In this way, we were able to ensure that a wide base of our staff had the requisite knowledge to stay ahead of matters pertaining to the industry and their role.

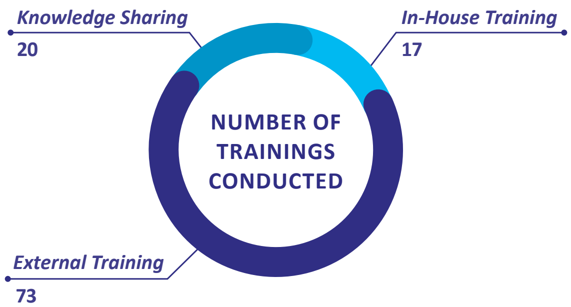
On-the-job Training (OJT)

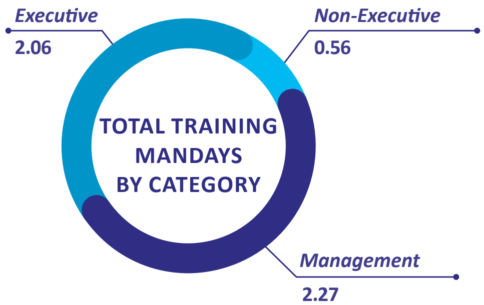
Through OJT, HCDD has empowered leadership abilities within our people. We will continue to reinforce the implementation of the OJT framework, and educate and encourage Head of Departments to apply training interventions to address competency gaps identified within their staff.

In-House Training Programmes

We conducted in-house training programmes based on technical and regulatory requirements in relation to compliance with prevalent regulations. In 2019, HCDD organised the following in-house training programmes:

- Business and Digital Transformation
- Basic Occupational First Aid, CPR and AED
- ISO 45001:2018 Awareness, Transition and Risk Opportunities
- Hazard Identification, Risk Assessment and Risk Control (HIRARC)
- Fire Fighting Training For Appointment Of Emergency Response Team and Fire Drill Practice
- "Pengurusan Bilik Senjatapi" and "Penjagaan Senjatapi"





SUSTAINABILITY STATEMENT
VALUE TO OUR EMPLOYEES

BREAKDOWN OF TYPES OF COURSES PROVIDED

Course Category	Description
Functional	A total of 160 staff attended the functional programme which comprised of 12 in-house training programmes, 58 external training programmes and 13 knowledge sharing sessions.
Personal Development	The personal development programme was conceptualised to enhance staff growth by expanding their self-awareness and knowledge. A total of six knowledge sharing programmes were conducted and one OJT.
Engagement	HCDD conducted five series of in-house training programmes and 19 OJT.
General Knowledge	HCDD conducted one in-house talk programme, and one knowledge sharing session.

As a result of our continuous focus on talent development, Puncak Niaga Holdings Berhad was honored with the Malaysia Best Employer Brand Awards 2019 by the Employer Branding Institute at the 5th Malaysia Best Employer Brand Awards 2019 ceremony on 24 April 2019.

COLLABORATIONS TO ENHANCE OUR EMPLOYEES CAPACITIES

Our collaborations with institutions of higher learning is based on our aim to support the continuous learning and professional development of our employees.

Puncak Niaga signed the Memorandum of Understanding (MOU) with the Management Science University (MSU) on 14 January 2015 and Politeknik Sultan Idris Shah, Sabak Bernam, Selangor (PSIS) on 29 February 2016 as part of our human capital development initiatives. The MOUs are aimed at expertise exchange between the industry we operate in and the respective academic institutions towards achieving and producing a resilient workforce that could contribute to the Company and the nation respectively.

This collaboration is a strategic partnership that brings benefit for both parties while strengthening the close relationship between corporations and academic institutions. Being one of our corporate social responsibility initiatives, we provide a platform and opportunity for the students to undertake internship programmes at Puncak Niaga in order to prepare them for the real working environment.

The partnership with these higher institutions of learning creates a mutual understanding, bridging the the business and academic needs of both parties. Puncak Niaga believes that the contribution towards development of the nation-building is the key in driving the business forward within the society as well as contributing towards the excellence of the future generation.

In 2019, Puncak Niaga provided the opportunity for three students from PSIS and one student from MSU to undergo a four to six months' internship programme with Puncak Niaga.

BENEFITS AND COMPENSATION

All our staff are offered comprehensive benefits and compensation packages that are regularly reviewed by benchmarking against industry standards, to ensure we remain an employer of choice, and attract the best people with the right skills to work at our Group. Among the benefits we offer are:

- Health insurance schemes for our employees and their family members;
- Education Assistance Loan Scheme;
- Two-month maternity leave for new mothers, and two-day paternity leave for new fathers; and
- Flexi-working hours.

PERFORMANCE AND APPRAISAL

We conduct biannual performance and appraisals for all our employees. Employee assessments and scores by Heads of Departments and Heads of Divisions are reviewed and evaluated by the Independent Employees Performance Review Committee (IEPRC), which then submits its final recommendations to Puncak Niaga's Executive Committee (EXCO), and thereafter the Board. The Board makes its collective decision on employee performance based on individual performance as well as the company's performance.

Staff categorised as non-performing employees are required to undergo a Performance Improvement Programme (PIP). The PIP consists of counselling provided by the Head of Division and Executive Director, Human Resources and Administration Division, after which the individual employee's performance is reviewed each month over a six-month period.

As a result of our internal intervention programmes, we were able to maintain employee minimum competency levels at 70% in 2019.

OCCUPATIONAL SAFETY AND HEALTH (OSH)

Since inception, we have consistently maintained the highest OSH standards throughout all our business operations, project sites and facilities. In doing so, our commitment is towards ensuring a healthy, safe and environmentally sound workplace which prioritises the health and safety of our staff, contractors, visitors and the general public.

Our OHS practices are founded on a comprehensive range of safety and health frameworks, processes and systems throughout the Group. The table below lays out the highlights of our OHS measures and outcomes within our various core businesses.

Business Unit/ Project	Measures in 2019	Key Outcomes
Bunus Project	Integrated Management System (IMS) to eliminate and minimise work related risks through various initiatives centred on preventing injuries, ill health and environmental pollution	Implemented an Integrated Management System with the following components: - ISO 9001:2015 - ISO 14001:2015 - OHSAS 18001:2007
Beaufort WTP	• Implementation of HIRARC • Implementation of Control of Industrial Major Hazard (CIMAH) and Chemical Health Risk Assessment (CHRA) • Conducted fire drills	Acceptance by JKKP (DOSH) and CGSO
Concession Division	• Established HIRARC to monitor safety and health monitoring at site • Monthly submissions and updates on the Safety and Health Programme was communicated to the client • Regular liaison with client's Polis Bantuan team	• No incidents recorded during the year • Complying with contractual requirements • Ensuring a good working relationship with client and security at site
• **Bunus Project** • **Kuantan Project** • **Beaufort WTP** • **Concession Division**	Conducted regular site safety inspections and tool box briefings with staff	Used feedback received to conduct improvements in our health and safety procedures and guidelines
• **Bunus Project** • **Kuantan Project** • **Beaufort WTP** • **Concession Division**	All employees are required to wear Personal Protective Equipment (PPE) at all times	No incidents recorded during the year
• **Bunus Project** • **Kuantan Project** • **Beaufort WTP** • **Concession Division**	Client approved Health, Safety and Environment (HSE) policy	• Implemented preventative measures to enhance onsite work safety • Implemented a comprehensive Traffic Management Plan with certified Traffic Management Officers and flagmen onsite to effectively manage traffic and public risks

SUSTAINABILITY STATEMENT
VALUE TO OUR EMPLOYEES

COMPLIANCE WITH OSH

	2018	2019
Bunus Project	100%	**100%**
WTP Project	100%	**100%**
Plantation Division	N/A	**100%**
Concession Division	N/A	**100%**

LOST TIME INJURY (LTI)

We use LTI measures to gauge the effectiveness of our HSE policies and practices Group-wide.

The table below depicts our LTI-free manhour achievements for 2019.

No.	Business Units	LTI Free Manhours
1	PNCSB HQ	2017 : 207,248 2018 : 259,376 **2019 : 284,144**
2	Bunus Project	2017 : 537,320 2018 : 1,260,980 **2019 : 879,480**
3	Beaufort WTP	2017 : 262,344 2018 : 383,371 **2019 : 38,453**
4	Plantation Division	2017 : N/A 2018 : N/A **2019 : 1,929,920**
5	Concession Division	2017 : 1,583,140 2018 : 5,585,880 **2019 : 6,727,990**
Total man-hours		2017 : 2,590,052 2018 : 7,489,607 **2019 : 9,859,987**

SUMMARY OF LTI AND INCIDENTS FOR PUNCAK NIAGA

Type of Incidents	Year	PNCSB HQ	Bunus Project	Beaufort WTP	Concession Division
Fatality	2017	0	1	0	0
	2018	0	0	0	0
	2019	**0**	**0**	**0**	**0**
Medical Treatment Injury (MTI)	2017	0	0	0	18
	2018	0	0	0	15
	2019	**0**	**2**	**0**	**0**
Dangerous Occurrence	2017	0	0	0	0
	2018	0	1	0	0
	2019	**0**	**1**	**0**	**0**
Property Damage	2017	0	1	0	0
	2018	0	1	0	0
	2019	**0**	**5**	**0**	**0**
Others (first aid, near miss, fire and others)	2017	0	3	0	1
	2018	0	4	0	2
	2019	**0**	**0**	**0**	**4**

SECURITY PRACTICES

Puncak Niaga's Auxiliary Police was formed on 9 June 2006, and is the Group's security team trained by the Royal Malaysia Police (PDRM). Our Auxiliary Policy have been granted the authority to enforce law, rules and regulations by PDRM.

The aims of the Auxiliary Police team are to enhance Puncak Niaga's security services, create and maintain a safe working environment, and protect the Group's offices, estates, properties and assets.

The following comprises the duties and responsibilities of the Auxiliary Police team:

- Crime prevention in company premises;
- Beat, patrol and static duties;
- Crowd control and inspection on persons and vehicles;
- Protecting and escorting of the employer's property; and
- To comply with rules, regulations and orders issued by PDRM.

In 2019, we had a total of 72 Auxiliary Police, Security Guards and surveillance officers manning the security Group-wide.

Our Auxiliary Police team have helped us develop strong relationships of mutual trust with both the Government and local communities living in the footprint of our operations. They contribute to maintain the peace and security of the surrounding locality, including at our estates located in Murum, Sarawak.

During the year, the team performed commendable service to both the Group as well as our stakeholders, as they collaborated with PDRM and local authorities to address issues related to local security. We actively participated in PDRM's official activities organised by Malaysian Auxiliary Police Association (APA) and conferences organised by PDRM at the national and state levels.

VALUE TO OUR COMMUNITIES

Our community programmes are founded on Puncak Niaga's Corporate Social Responsibility (CSR) Policy. In conducting our community engagements, we aim to enhance and strengthen our relationships with our local communities, in line with our corporate desire to uphold our social license to operate.

OUR ACHIEVEMENTS IN 2019

1. Created jobs for the local community
2. Trained and upskilled the local community

PROVIDING FOR LOCAL COMMUNITIES

Our Plantation Division has in place various engagements aimed at uplifting the lives of the local community. The various programmes, activities and measures that we conducted for them in 2019 were:

- Offering employment by creating jobs – we created jobs for the local community in our estates.
- Building up a skilled workforce – we focused our efforts on training and upskilling the local community. These included on-the-job training, particularly for harvesters and transferring the relevant knowledge and skills that they require to upskill themselves. Furthermore, we honed in on individuals, by tailoring training programmes based on their personal skills and abilities, whilst also offering them the opportunity to learn other skills. All these efforts were part of our overall human resource development (HRD) programme, that went beyond providing employees continuous training and development, to focus on sustainably enhancing the abilities of the local community to earn a stable income and help to improve the living standards of our local indigenous workers and their families.
- Better road accessibility – we have upgraded and maintained the main roads which are used by in our estates and the local communities.
- Providing convenient medical services – we created an estate medical clinic to provide better medical services and assistance for the local community. An ambulance is also available to transport emergency cases to the nearest hospital for further medical attention.
- Better modes of facilities and transportation – we provide transport shuttle services for the local workers to return to their longhouse settlements during the weekends.
- Acknowledging and appreciating the local culture – we showed our appreciation for the local community by donating food provisions and monetary donations to the longhouse communities during their festive celebrations.

About Us
Our Year At A Glance
Our Organisation's D.N.A.
Our Strategic Context
How We Create Value Through Sustainability
Our Leadership And Their Roles
How We Are Governed
Our Financial Numbers
Other Information

SUSTAINABILITY STATEMENT
VALUE TO OUR COMMUNITIES

PEKA

The Persatuan Kakitangan Kumpulan Syarikat Puncak Niaga (PEKA), or our Staff Association of Puncak Niaga Group of Companies, is a key platform we have in place to enhance team building efforts and strengthen relations between our employees. Our people participate in various community activities held under the auspices of PEKA.

In 2019, PEKA held 19 activities for our employees as below:

31 JANUARY 2019
Visit to the Pusat Jagaan Kanak-Kanak Cacat Klang in conjunction with Chinese New Year

16 MARCH 2019
Perlawanan Bola Sepak Persahabatan

18 MARCH 2019
Mesyuarat Agung Tahunan PEKA Kali Ke-13

23 APRIL 2019
Santai 10,000 Langkah

25 APRIL 2019
Solat Hajat

3 MAY 2019
Pemberian Kurma in conjunction with Ramadhan

14 MAY 2019, 23 MAY 2019 & 28 MAY 2019
Jejak Fakir Miskin 1, 2 Dan 3

15 MAY 2019
Program Memasak Rendang

24 JUNE 2019
Lawatan Ehsan Keluarga Angkat

13 JULY 2019
Pertandingan Boling

2 AUGUST 2019
Program Menyantuni Gelandangan

3 AUGUST 2019
Golf Driving Range Competition

12 AUGUST 2019
Program Qurban

21 AUGUST 2019
Pertandingan Bulan Kemerdekaan

22 AUGUST 2019
Bicara Wasiat Dan Hibah

28 SEPTEMBER 2019
Go Kart Competition

5 OCTOBER 2019
Fishing Competition

5 OCTOBER 2019
Cooking Competition

18 OCTOBER 2019
Breast Cancer Awareness Programme

During the year, PEKA reached out to more than 473 employees (PEKA members) and 100 community members through various religious, sports, social and welfare activities.

COMMUNITY INVESTMENT IN 2019

In 2019, we spent a total of RM422,300.00 on community initiatives.

TOTAL SPENT ON CSR INITIATIVES

2017
RM2.2 million

2018
RM862,373.00

2019
RM422,300.00

MILESTONES

1997

8 July

Puncak Niaga's listing on the Main Board of the KLSE (now known as Main Market of Bursa Malaysia Securities Berhad effective 3 August 2009) and launching of Puncak Niaga's Homepage.

1999

4 January

Puncak Niaga was included in the KLSE Composite Index (now known as FTSE Bursa Malaysia Kuala Lumpur Composite Index).

2000

12 October

Puncak Niaga won the KLSE Corporate Excellence Award 2000 for Main Board Companies and the KLSE Corporate Sectoral Award 2000 for Main Board Infrastructure Project Companies.

8 November

Puncak Niaga was honoured with the NACRA 2000 Industry Excellence Award for the 'Construction & Infrastructure Project Companies' category.

2001

6 November

Puncak Niaga was awarded the NACRA 2001 Industry Excellence Award under the 'Construction & Infrastructure Project Companies' category.

10 November

Puncak Niaga was awarded the Anugerah Citra Laporan Tahunan 2001 by Dewan Bahasa dan Pustaka.

8 July 1997

12 October 2000

13 August 2009

2007

30 March

Handover Ceremony of Sg Sireh WTP from Kumpulan Perangsang Selangor Berhad to PNSB.

2008

19 November

Puncak Niaga was awarded the NACRA 2008 Industry Excellence Award for Main Board Construction & Infrastructure Project Companies category.

2009

13 August

Puncak Niaga was the winner for Integrated Reporting in an Annual Report at ACCA Malaysia Sustainability Reporting Awards (MaSRA) 2009.

2010

8 November

Puncak Niaga was the winner for Integrated Reporting in an Annual Report for ACCA Malaysia Sustainability Reporting Awards (MaSRA) 2010.

2011

28 September

POG completed the acquisitions of the remaining 60% equity interest in GOM Resources and KGL thereby resulting in both GOM Resources and KGL becoming wholly owned subsidiaries of POG.

4 October

Puncak Niaga received a Commendation for Integrated Reporting of Annual Report at the ACCA Malaysia Sustainability Reporting Awards (MaSRA) 2011.

2002

26 March

Puncak Niaga Group's Executive Chairman, YBhg Tan Sri Rozali bin Ismail was awarded the Asia Water Management Excellence Award 2002 under the Individual Award Category.

31 October

Puncak Niaga was awarded the NACRA 2002 Industry Excellence Award under the 'Construction & Infrastructure Project Companies' category.

2003

20 February

Puncak Niaga received the Asiamoney Corporate Governance Poll 2002 Award for 'Best Corporate Governance Standards in the Utilities Sector in Malaysia'.

2004

15 December

Signing of the Concession Agreement for the Privatisation of Water Supply Distribution in Selangor and the Federal Territories of Kuala Lumpur and Putrajaya between SYABAS, the Federal Government and the Selangor State Government.

2005

1 January

Commencement of operations of SYABAS at SYABAS' Headquarters.

2006

16 October

Puncak Niaga announced a capital repayment of up to RM767.84 million via a cash distribution to reward its shareholders.

23 February 2012

1 January 2005

2012

23 February

Puncak Niaga Group's Executive Chairman, YBhg Tan Sri Rozali bin Ismail was awarded the 1st Malaysia Achievement Awards 2012 Special Individual Achievement Category.

27 October

Puncak Niaga was awarded the Socrates International Award in Oxford, United Kingdom.

2013

6 September

Opening Ceremony of the Luwei (Pingdingshan) Water Co Ltd's Water Treatment Plant in Lushan, China.

2014

23 January

Puncak Niaga was awarded the Best-Equity Linked Deal Of The Year in Southeast Asia Award for Puncak Niaga's RM165.0 million Nominal Value Redeemable Convertible Secured Sukuk Ijarah at the 7th Annual Alpha Southeast Asia Deal & Solution Awards 2013.

19 - 22 October

Puncak Niaga and the Malaysian Armed Forces were jointly awarded a Gold Award at the SGA Kaizen Competition Stream, International Conference on Quality 2014 held in Tokyo, Japan for the invention of a portable water purification system.

11 November

Signing of Share Sale Agreement between Puncak Niaga and Pengurusan Air Selangor Sdn Bhd ("Air Selangor") for Puncak Niaga to dispose PNSB and SYABAS to Air Selangor.

MILESTONES

2015

22 March

Puncak Niaga was awarded the 'Excellence and Innovation' in Gold Category at the 'Century International Quality ERA ("CQE")' awards ceremony held in Geneva, Switzerland.

21 April

Puncak Niaga was awarded the European Quality Award (EQA) in Oxford, United Kingdom.

9-10 September

Puncak Niaga and Malaysian Armed Forces won the '3 Star Gold Award' and 'Platinum Award' at the 'International Exposition On Team Excellence - IETEX 2015' in Singapore.

15 October

Completion of the Proposed Disposals of PNSB and SYABAS to Air Selangor in line with restructuring of the water industry in the state of Selangor and Federal Territories of Kuala Lumpur and Putrajaya.

18 October

Puncak Niaga was awarded the World Business Leader, 'The Bizz 2015 Award' at the Bizz Arabic 2015 in Muscat, Oman.

26 November

Puncak Niaga was awarded the 'Industry Excellence Award for Construction & Infrastructure Project Companies' by the National Annual Corporate Report Awards (NACRA) for the Annual Report 2014.

21 April 2015

18 October 2015

2017

3 July

Puncak Niaga completed the acquisition of Danum Sinar Sdn Bhd by Danau Semesta Sdn Bhd.

27 July

Puncak Niaga was awarded the Bizz Award by the World Confederation of Business.

1 August

Puncak Niaga was awarded the 'Asia's Best Employer Brand Awards 2017'.

2018

31 May

Puncak Niaga completed the acquisition of the entire issued share capital of TRIplc Berhad.

20 November

Puncak Niaga was awarded the "Best Brands In Services: Integrated Water, Wastewater and Environmental Solutions" by the BrandLaureate in Hanoi, Vietnam.

2016

23 April

Puncak Niaga was awarded the Global Leadership Awards 2016 Leadership Excellence in Utilities at the Leaders International & American Leadership Development Association (ALDA).

15 May

Puncak Niaga was awarded the Bizz 2016 - World Business Leader Award and the Bizz 2016 - The Recognition of Inspirational Company at the World Confederation of Business.

25 July

Puncak Niaga was awarded the Diamond Eye Award for Quality Commitment and Excellence and T.Q.C.S. - Total Quality Management Aptitude Seal for High Quality Performance & Best Customers Satisfaction by the Association Otherways Management & Consultation, France.

4 August

Puncak Niaga was awarded the Asia Best Employer Brand Awards 2016.

17 October

Puncak Niaga announced the proposed acquisition of the entire stake of Danum Sinar Sdn Bhd by its 60% owned sub-subsidiary, Danau Semesta Sdn Bhd.

1 December

Pucak Niaga was awarded the NACRA 2016 - Certificate of Merit for the Annual Report 2015.

16 December

Puncak Niaga entered into a conditional share sale agreement with Pimpinan Ehsan Berhad to purchase the entire issued and paid-up share capital of TRIplc Berhad.

11 February 2019

6 September 2019

2019

11 February

Puncak Niaga was awarded The Green Era Award for Sustainability by Association Otherways Management & Consulting, France (OMAC) in Lisbon, Portugal.

21 March

Puncak Niaga was awarded the IFN Awards Deals of the Year 2018 – Corporate Finance Deal of the Year by the Islamic Finance News for Puncak Niaga's RM210.00 million acquisition of TRIplc's entire issued share capital from Pimpinan Ehsan Berhad.

24 April

Puncak Niaga was awarded the Malaysia Best Employer Brand Awards 2019 by the World HRD Congress.

19 June

Puncak Niaga was awarded the 2019 Australasian Reporting Awards – Gold Award and 2019 Australasian Reporting Awards – Finalist Best First Time Entry by the Australasian Reporting Awards (ARA) in Melbourne, Australia.

6 September

Puncak Niaga was awarded The Asia Pacific Entrepreneurship Awards 2019 – Corporate Excellence Category by Enterprise Asia.

BOARD OF DIRECTORS' PROFILE

Nationality
Malaysian

Age
63

Gender
Male

Date of Appointment
24 April 1997

EXECUTIVE CHAIRMAN

YBhg Tan Sri Rozali bin Ismail

YBhg Tan Sri Rozali bin Ismail is the founder of PNSB Water Sdn Bhd (formerly known as Puncak Niaga (M) Sdn Bhd (PNSB)), the Executive Chairman of Puncak Niaga Group and major shareholder of Puncak Niaga. YBhg Tan Sri Rozali bin Ismail also serves as Chairman of Puncak Niaga's Executive Committee and Executive Vice Chairman of Puncak Niaga's Oil & Gas Division.

Having graduated from Universiti of Malaya with a Bachelor of Law Degree in 1981, YBhg Tan Sri Rozali began his career as Legal Advisor with the Urban Development Authority before joining Bank Islam (M) Berhad in 1983, where he conceptualised the Malaysia's first Islamic banking institution. In 1987, he began his own legal practice specialising in corporate, property and banking. He set up Puncak Alam Housing Sdn Bhd, a property development company and PNSB, a water utility company, in 1989.

Throughout his illustrious career, YBhg Tan Sri Rozali has received various international and local industry recognitions. In more recent years, these include Technology CEO of the Year - Global Award at the World Finance Technology Awards 2011, Entrepreneur of the Year 2011 Award at the Asia Pacific Entrepreneurship Awards 2011, Masterclass Leader Award at the International Standard Quality Award 2011, International Distinguished Entrepreneur Of The Year for the Asia Pacific International Brands Summit (Malaysia) 2011, Special Individual Achievement Category at the 1st Malaysia Achievement Awards 2012, "Utility Man Of The Year" at the Brandlaureate Brand Leadership Award 2014-2015, "Munisaraphoin Medal" by the Prime Minister of Cambodia H.E Hun Sen in 2015, Certificate of World Business Leader and the Certificate of Excellence in Business Leadership from the World Confederation of Businesses (WORLDCOB) in 2015, World Leader Businessperson by WORLDCOB at The Bizz 2016 and 2017, Outstanding Leaders in Asia at the Asia Corporate Excellence & Sustainability Award 2016 by MORS Group, and Special Achievement Award at the Asia Pacific Entrepreneurship Awards 2019.

He is a member of various influential governmental and non-governmental associations such as Malaysian Industry-Government Group for High Technology, Malaysian Institute of Directors, Malaysian-British Business Council, Malaysia-Indonesia Business Council, Corporate Malaysia Roundtable, Malaysia-Russia Business Council, Malaysia India Business Council, Commonwealth Partnership for Technology Management, Yayasan Budi Penyayang Malaysia and Malaysian Institute of Management. YBhg Tan Sri Rozali also acts as Advisor to IMM, Governor for Malaysia of Asia Pacific Marketing Federation Foundation, Advisor of "Persatuan Bola Sepak Melayu Malaysia", Chairman of Gabungan Wawasan Generasi Felda Berhad and Chairman of Majlis Perundingan Ekonomi Melayu. Tan Sri Rozali is the Executive Chairman and major shareholder of Pimpinan Ehsan Berhad.

Nationality
Malaysian

Age
56

Gender
Male

Date of Appointment
15 October 2019

MANAGING DIRECTOR

YBhg Dato' Abdul Jalil bin Abdul Karim

YBhg Dato' Abdul Jalil bin Abdul Karim was appointed as Managing Director of Puncak Niaga on 15 October 2019. He is a member of the Executive Committee of Puncak Niaga and Puncak Niaga Construction Sdn Bhd and on the Board of most of the subsidiaries within Puncak Niaga Group.

YBhg Dato' Abdul Jalil graduated with a Bachelor of Science in Mechanical Engineering from University of Alabama, United States of America in 1987.

YBhg Dato' Abdul Jalil was previously the Chief Executive Officer with Merge Energy Bhd (now known as Stella Holdings Berhad), a public listed company. He has more than 30 years of extensive working experience in project consultancy, management and construction in the water, sewerage, waste water related industries and M&E work for government hospitals since 1987. He served at various levels including including senior and board level of reputable companies, both local and foreign.

YBhg Dato' Abdul Jalil was involved in various major water supply projects including the Sungai Selangor (Phase 1), Sungai Johor WTP Privatisation, Sungai Semangar WTP (Phase 1), Non-Revenue Water Reduction for SYABAS Phase 2 and Phase 3, Panching WTP, Kuantan (Package 2), 160 MLD Ganchong WTP (Package 1) at Pekan and other small scale water supply projects in Malaysia.

BOARD OF DIRECTORS' PROFILE

Nationality
Malaysian

Age
63

Gender
Male

Date of Appointment
1 December 2017

INDEPENDENT NON-EXECUTIVE DIRECTOR

YBhg Dato' Sri Adenan bin Ab. Rahman

YBhg Dato' Sri Adenan bin Ab. Rahman was appointed to the Board of Puncak Niaga on 1 December 2017 as an Independent Non-Executive Director. YBhg Dato' Sri Adenan bin Ab. Rahman is the Chairman of Puncak Niaga's Remuneration Committee and member of Puncak Niaga's Audit Committee, Compliance, Internal Control and Risk Management Committee and Nomination Committee. He graduated from Universiti Malaya with a Bachelor of Arts degree in Southeast Asian Studies in 1979, and subsequently obtained his Master of Arts majoring in Defence Studies from Universiti Kebangsaan Malaysia in 2002.

YBhg Dato' Sri Adenan started his career as Assistant Manager, Lembaga Kemajuan Negeri Pahang in 1979 and has served the Government for more than 38 years in various positions in Departments and Ministries including the Public Service Department of Malaysia, Prime Minister's Department, various Embassies, Ministry of Home Affairs and Ministry of Human Resources. He has held prominent positions such as First Secretary, Malaysian Embassy for Sarajevo, Bosnia and Herzegovina (1996-2000); Director, Malaysian Friendship and Trade Centre Taipei, Taiwan (2004-2006); Minister Counsellor, Embassy of Malaysia in Jakarta, Indonesia (2006-2007); Director-General, Research Division, Prime Minister's Department (2011-2014); Deputy Secretary-General (Security and Policy), Ministry of Home Affairs (2014-2015); and Secretary-General, Ministry of Human Resources (16 December 2015 - 4 October 2017) prior to his retirement from Government service on 5 October 2017.He was the former Chairman of Skills Development Fund Corporation, a Federal Statutory Body under the Ministry of Human Resources (2017-2018).

He has vast knowledge and experience in administrative matters, diplomatic and international relations, compensation and benefits, human resources, strategy and policy matters at national and international levels.

YBhg Dato' Sri Adenan was appointed as Deputy Chairman of the National Wages Consultative Council, Ministry of Human Resources on 5 October 2017.

Nationality
Malaysian

Age
58

Gender
Male

Date of Appointment
1 February 2018

INDEPENDENT NON-EXECUTIVE DIRECTOR

YBhg Prof Emeritus Datuk Dr Marimuthu A/L Nadason

YBhg Prof Emeritus Datuk Dr Marimuthu A/L Nadason was appointed to the Board of Puncak Niaga on 1 February 2018 as an Independent Non-Executive Director. YBhg Prof Emeritus Datuk Dr Marimuthu A/L Nadason is the Chairman of Puncak Niaga's Nomination Committee and member of Puncak Niaga's Audit Committee, Remuneration Committee and Compliance, Internal Control and Risk Policy Committee. He holds a Doctorate of Business Administration from the International American University in 2012, a Master in Business Administration (MBA) (Human Resource Management) from the International American University and an MBA from Phoenix International University, both in 2008.

He was conferred an Honorary Professorship in Consumer Behaviour by the Stichting Eurogio University College Netherlands (2014), Honorary Professor and Panel Expert for IIC University of Technology Cambodia (2014), Visiting Professor at the Swiss School of Management as Formal Expertise and Visiting Professor in Consumer Relations by the International University of Georgia (2016). He is also an accredited Public Relations Practitioner (APR) by the Institute of Public Relations Malaysia (2005) and a Certified Professional Marketeer (CPM) by the Asia Marketing Federation (2008). YBhg Prof Emeritus Datuk Dr Marimuthu was given the title of Professor Emeritus by University Institute for International and European Studies, Netherlands on 27 August 2018.

YBhg Prof Emeritus Datuk Dr Marimuthu is a consumer activist, social worker and campaigner with honorary positions in national and international non-governmental organisations.

At national level, he is Chairman, Malaysian Standards and Accreditation Council, Department of Standards Malaysia, Ministry of International Trade and Industry (2018 – 2020); Commissioner, National Water Services Commission (SPAN) (2007 – 2017); President, Federation of Malaysian Consumers Association (2004 – Present); Independent Director, Ombudsman For Financial Services (Previously known as Financial Mediation Bureau) (2004 – August 2020); Member, Institute of Integrity Malaysia (2004 – Present) and Chief Executive Officer, Education and Research Association for Consumers (1997 – Present).

In the international field, he is President, Consumers International, London (2019 – 2023), and Chairperson, Asian Partnership for Development of Human Resources in Rural Asia, Philippines (2006 – 2010). He has also held various advisory roles, both presently and in the past, on several Government and Independent Boards at national and international levels.

BOARD OF DIRECTORS' PROFILE

Nationality
Malaysian

Age
46

Gender
Male

Date of Appointment
10 February 2020

INDEPENDENT NON-EXECUTIVE DIRECTOR

Dr Haji Badrul Hisham bin Mohd Yusoff

Dr Haji Badrul Hisham bin Mohd Yusoff was appointed to the Board of Puncak Niaga on 10 February 2020 as an Independent Non-Executive Director. He is the Chairman of Puncak Niaga's Audit Committee and Compliance, Internal Control and Risk Policy Committee and a member of Puncak Niaga's Nomination Committee and Remuneration Committee.

Dr Haji Badrul Hisham bin Mohd Yusoff graduated with a Bachelor of Accounting (Honours) degree from University Utara Malaysia in 1997. He then completed his Masters Degree and Doctorate both in Business Administration at Charles Stuart University, Australia in 2002 and University Utara Malaysia in 2010 respectively. He is a member of various professional bodies including Malaysian Institute of Accountants, Malaysian Institute of Internal Auditors, CPA Australia, Institute of Internal Auditors and Malaysian Institute of Management. Since 2017, he is a certified trainer (Train the Trainer) for HRDF (Ministry of Human Resources), a Certified Financial Planner for Financial Planning Association Malaysia (FPAM) and a Certified Professional Consultant of UPM.

Dr Haji Badrul Hisham started his career as an auditor with Arthur Andersen & Co. in 1997 where he served the firm for three years. He then joined Tradewinds (M) Bhd as an Internal Audit Manager from 2001 to 2003. Subsequently, he was appointed as Chief Internal Auditor of Affin Investment Bank Berhad (August 2003 to January 2007) and Group Chief Internal Auditor of Chemical Company of Malaysia Berhad (February 2007 to January 2010), Kenanga Investment Bank Berhad (February 2010 to December 2010) and Bursa Malaysia Berhad (January 2011 to December 2012) and Chief Internal Auditor of Bank Kerjasama Rakyat Malaysia Berhad (January 2013 to September 2015).

He has previously served as a Board member and Audit Committee Chairman of Utusan Melayu Malaysia Berhad (26 July 2018 to 2 May 2019), a Board member of Merge Energy Berhad (18 September 2017 to 2 May 2019) and a Board member of Internal Audit for Co-Op Bank (15 September 2016 to 15 September 2017).

Since October 2015, Dr Haji Badrul Hisham is a Director of IHB Solutions Sdn Bhd, a professional business consultancy firm specialising in various disciplines including audit, risk management and business advisory services.

Due to his notable achievement and extensive experience, he has been invited to speak at various platforms particularly in the areas of risk management, internal audit and fraud investigation. Dr Haji Badrul Hisham was previously an Adjunct Lecturer of the Faculty of Accounting in University Utara Malaysia (2012 to 2013) and the Faculty Advisor of the Faculty of Management, Multimedia University (2011 to 2012).

Nationality
Malaysian

Age
55

Gender
Male

Date of Appointment
10 February 2020

INDEPENDENT NON-EXECUTIVE DIRECTOR

Sr Haji Johari bin Wahab

Sr Haji Johari bin Wahab was appointed to the Board of Puncak Niaga on 10 February 2020 as an Independent Non-Executive Director. He is a member of Puncak Niaga's Audit Committee, Nomination Committee, Remuneration Committee and Compliance, Internal Control and Risk Policy Committee.

Sr Haji Johari graduated with an Honours Degree in Land Surveying from University of Technology Malaysia in 1988. He has more than 30 years' experience in all types of surveying works such as underground utility detection and mapping, cadastral survey, construction survey, engineering survey and oil and gas industry.

He has gained vast experience as a land surveyor since 1988 when he started his career with Geotex Surveyor PTD before moving on to Projass Engineering Sdn Bhd and Ranhill Engineers & Constructors Sdn Bhd. Sr Haji Johari left Ranhill Engineers & Constructors Sdn Bhd to establish his own company known as AJ Surveyors & Engineering until AJ Surveyors was registered as a Land Surveyor firm with Lembaga Jurukur Tanah Malaysia in November 2011. Sr Haji Johari is the Principal of AJ Surveyors.

Sr Haji Johari is a member and sits on the Executive Council of the Association of Authorised Land Surveyors Malaysia (PEJUTA), Vice Chairman of the Geomatic & Land Surveying Division and a Fellow of the Royal Institution of Surveyors Malaysia (RISM). He is also a member of Koperasi Jurukur Tanah Berlesen Berhad (KOJUTA).

Sr Haji Johari was previously the Co-Chairman of the International Conference Geomatic & Geospatial Technology 2017-2018 (GGT 2017, GGT 2018) and Chairman of the Organising Committee for Subsurface Asset Management & Surveying Seminar 2017 (SAM'S 17).

BOARD OF DIRECTORS' PROFILE

Nationality
Malaysian

Age
46

Gender
Female

Date of Appointment
10 February 2020

INDEPENDENT NON-EXECUTIVE DIRECTOR

YM Tengku Loreta binti Tengku Dato' Setia Ramli Alhaj

YM Tengku Loreta binti Tengku Dato' Setia Ramli Alhaj was appointed to the Board of Puncak Niaga on 10 February 2020 as an Independent Non-Executive Director. She is a member of Puncak Niaga's Audit Committee, Nomination Committee, Remuneration Committee and Compliance, Internal Control and Risk Policy Committee.

Having been a high-flyer since the beginning, YM Tengku Loreta graduated with a Bachelor of Arts Degree in Communications Studies from Western Michigan University, United States of America (USA). Notably, she was also on the Dean's List 1995 School of Communications with a minor in Philosophy. YM Tengku Loreta later continued her pursue of knowledge by furthering her studies and obtained a Master of Arts in Telecommunication Management from the renowned Ohio University, USA.

As a working professional, it is safe to say that YM Tengku Loreta has had indeed an illustrious career and she has garnered vast array of working experiences in various sectors throughout the years. YM Tengku Loreta commenced her career in 1998 at a very green age as a Broadcast Journalist and Researcher for the Asean Business News and for the Commonwealth Games 1998 with MEASAT Broadcast Network System Sdn. Bhd. Subsequently, over the period from January 1999 to December 2010, she worked as a Financial Planner with Prudential Assurance Malaysia and later on as a Manager, Business Development Unit in the CEO's Office at Kontena Nasional Berhad (June 2010 to August 2011). After her tenure at Kontena Nasional Berhad, YM Tengku Loreta founded and owned Saxenfox Sdn Bhd, a company that orchestrates and manages events. YM Tengku Loreta strategically expanded her working experiences by venturing into the government sector to work in close relation to the ministry. She was a former Special Officer to the Group CEO of Malaysian Green Technology Corporation (September 2014 to April 2017) and represented Malaysia at the EXPO 2017 in Astana, Khazakhstan (April 2017 to September 2017) as the Head of Protocol & Public Relations for the Malaysian Pavillion.

No stranger to the charity work, YM Tengku Loreta is indeed a prominent figure in this respect as she is an active campaigner, president and member with honorary positions in numerous charitable organizations. YM Tengku Loreta has indulged herself in philanthropy and social well-being causes under Soroptimist International Club of Ampang whereby she was an active member of Soroptimist International Club of Ampang from 2004 to 2008 before she was elected the President of the club (2008 to 2010). YM Tengku Loreta is also a lifetime member of Rumah Amal Cahaya Tengku Ampuan Rahimah (RACTAR). Apart from that, in 2019, YM Tengku Loreta founded and officially launched MySayang Malaysia Organization, a Non-Government Organization that focuses on the green initiatives in Malaysia as an effort to make Malaysia a more environmentally sustainable country.

About Us
Our Year At A Glance
Our Organisation's D.N.A.
Our Strategic Context
How We Create Value Through Sustainability
Our Leadership And Their Roles
How We Are Governed
Our Financial Numbers
Other Information

Nationality
Malaysian

Age
58

Gender
Male

Date of Appointment
1 June 2018

EXECUTIVE DIRECTOR, OPERATIONS DIVISION

YBhg Dato' Yusof bin Badawi

YBhg Dato' Yusof bin Badawi was appointed to the Board of Puncak Niaga as Executive Director, Operations Division and Managing Director (MD) of Puncak Niaga Construction Sdn Bhd (PNCSB) on 1 June 2018. He is a member of the Executive Committee of Puncak Niaga and PNCSB. He was formerly the MD of TRIplc Berhad for the period November 2015 to 15 October 2019.

He has 34 years of experience in the construction industry within the management and implementation of various construction, infrastructure, waterworks and maintenance projects. He graduated from Southern Illinois University, United States of America in 1984 with a Bachelor of Science majoring in Civil Engineering and minoring in Construction and Mathematics. He is a member of the Board of Engineers Malaysia, the Malaysia Institute of Management and the Malaysian Water Association.

YBhg Dato' Yusof bin Badawi began his career as a Project Engineer in Setiawannnis Sdn Bhd in February 1986, and in June 1990 joined Perangsang International Sdn Bhd as a Project Engineer with secondment to Hazama Corporation for the period June 1990 to December 1992 for civil engineering activities for the Sungai Selangor Water Supply Scheme and subsequently, LGB Sdn Bhd in January 1993 as an Assistant Site Agent for the same project. In May 1996, he joined Hazama Corporation as Chief Civil Engineer where he continued working on the Sungai Selangor Water Supply Scheme project until September 1998.

He joined PNSB in October 1998 as a Senior Manager and his last held position was Assistant General Manager before he left PNSB in July 2001. He was the CEO/Project Director of Konsortium YGP-SKC-CE Sdn Bhd for the period August 2001 to September 2002 where he managed the implementation of a maintenance and upgrading schools contract in Peninsular Malaysia for the Ministry of Education. He was formerly the CEO of Merge Energy Berhad for the period May 2003 to April 2011 and an Executive Director of Syarikat Bekalan Air Selangor Sdn Bhd (SYABAS) for the period May 2011 to May 2015 before he joined TRIplc Berhad as Deputy MD in June 2015.

BOARD OF DIRECTORS' PROFILE

Nationality
Malaysian

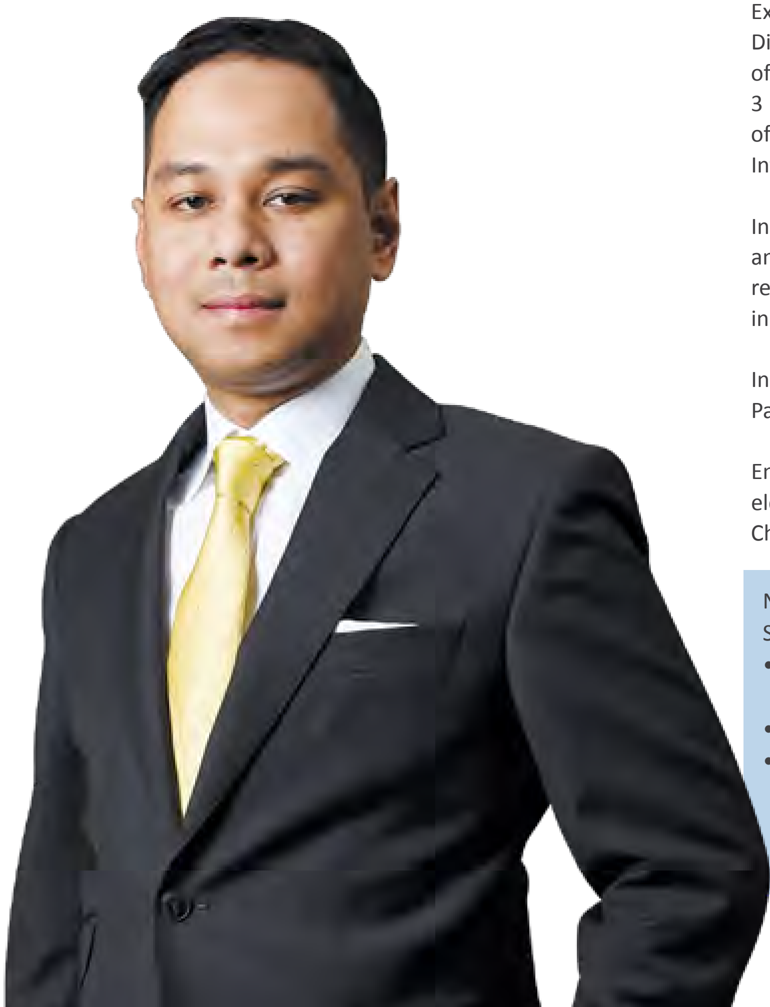
Age
34

Gender
Male

Date of Appointment
18 July 2018

ALTERNATE DIRECTOR TO YBHG TAN SRI ROZALI BIN ISMAIL/ MANAGING DIRECTOR, TRIPLC BERHAD

Encik Azlan Shah bin Tan Sri Rozali



Encik Azlan Shah bin Tan Sri Rozali was appointed as the Alternate Director to YBhg Tan Sri Rozali bin Ismail, the Executive Chairman of the Company on 18 July 2018. He sits on the Board of most of the subsidiary companies of Puncak Niaga Group.

Encik Azlan Shah completed his University Foundation Programme in Business Administration from London School of Commerce in 2004. He graduated with a Bachelor of Arts Degree in Business Studies and Marketing from the Middlesex University, London, United Kingdom in 2009. He completed the "Programme For Leadership Development (PLD)" at Harvard Business School in February 2017. He is a member of the Executive Committees of Puncak Niaga and Puncak Niaga Construction Sdn Bhd. He was re-designated from General Manager, Business Development Division to Executive Director, Business Development Division of the Company on 1 January 2019. On 15 October 2019, Encik Azlan Shah was appointed as the Managing Director of TRIplc Berhad.

Prior to his appointment as the Alternate Director to the Executive Chairman, Encik Azlan Shah was the Acting Managing Director of Puncak Niaga and Acting Chief Executive Officer of Puncak Niaga's Oil & Gas Division for the period from 3 August 2016 to 18 July 2018. Before that, he was the Head of Information Technology overseeing the overall of the Information Technology Department of Puncak Niaga Group.

In 2010, Encik Azlan Shah joined SYABAS as an Executive and gained exposures and experiences in the area of human resources & administration, finance & accounts and operations in SYABAS.

In 2016, Encik Azlan Shah received the title of 'Captain', Rejimen Pakar Pengendalian Air ke-60 RAJD (Askar Wataniah).

Encik Azlan Shah is a shareholder of Puncak Niaga. He is the eldest son of YBhg Tan Sri Rozali bin Ismail, the Executive Chairman and major shareholder of Puncak Niaga.

Notes:
Save where disclosed above, none of the Director has:
- Any family relationship with any Director and/or major shareholder of the Company.
- Any conflict of interest with the Company.
- Any conviction for offences within the past 5 years and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, other than traffic offences.

KEY PERSONNEL PROFILE - PUNCAK NIAGA GROUP

Chief Financial Officer

Nationality
Malaysian

Age
60

Gender
Female

Madam Wong Ley Chan

Madam Wong Ley Chan graduated with a Bachelor of Accountancy Degree from the prestigious National University of Singapore.

Madam Wong is a member of Malaysian Institute of Certified Public Accountants (MICPA) and Malaysian Institute of Accountants (MIA). She has more than 36 years of working experience and extensive knowledge in various areas covering auditing, corporate banking, corporate finance, accounting, taxation and strategic financial management.

Madam Wong started her career in 1984 as a young auditor in an established accounting firm. Since then, she had served diligently in several companies at senior management level, including a six years stint in UEM Land Group of Companies, five years in TRIplc Bhd and three years in SYABAS. Prior to joining Puncak Niaga Holdings Berhad, she was the Vice President, Finance of Scomi Engineering Bhd.

On 25 November 2010, she was appointed as Executive Director, Finance Division of PNSB. She is responsible for the overall finance and accounting functions of Puncak Niaga Group of Companies.

On 15 April 2015, Madam Wong was appointed as the Chief Financial Officer of Puncak Niaga Holdings Berhad. She is a member of Puncak Niaga's EXCO. She also sits on the Board of several subsidiary companies of the Group.

Acting Managing Director, Danum Sinar Sdn Bhd

Nationality
Malaysian

Age
57

Gender
Female

Madam Chan Yit Hwa

Madam Chan holds a Bachelor of Accounting (Hons) from the University of Malaya. She is a member of the Malaysian Institute of Accountants.

She has vast experience of more than 32 years in various areas covering Auditing, Accounting, Finance and Corporate Finance.

Madam Chan was appointed as Executive Director, Finance of Danum Sinar Sdn Bhd on 19 December 2017. On 25 November 2019, she was appointed as the Acting Managing Director of Danum Sinar Sdn Bhd. Prior to joining Danum Sinar Sdn Bhd, she was a Director with a financial consultancy company and was the Executive Director, Finance of Syarikat Bekalan Air Selangor Sdn Bhd from 2012 to 2016.

She was previously a Senior General Manager with the Scomi Group of Companies from 2006 to 2012 with two years of overseas assignment based in Dubai overseeing the Middle East operations. She worked with Price Waterhouse Coopers from 1987 to 1991 before joining various companies within the Hong Leong Group of Companies and various Malaysian public listed companies.

KEY PERSONNEL PROFILE - PUNCAK NIAGA GROUP

Executive Director, Public Relations Division and Business Development Division

Nationality
Malaysian

Age
55

Gender
Male

YBhg Prof Dato' Dr Mohd Zainul Fithri bin Othman

YBhg Professor Dato' Dr Mohd Zainul Fithri bin Othman was appointed as an Executive Director, Strategic Resource and Public Relations Division (SR&PRD) of PNSB on 4 March 2014. He is currently the Executive Director, Public Relations Division and Business Development Division of Puncak Niaga.

His passion in the field of education was evident since the early days of his career. YBhg Professor Dato' Dr Mohd Zainul Fithri started his profession as a lecturer at Universiti Sains Malaysia in 1994 and six years after, he was attached to the Unitek College Malaysia as the President/CEO. He then served as the Director of Management Studies of the World Enterprise Institute at the International Medical University (IMU) in 2000. In the same year, he was attached to Institut Kajian Pembangunan Bangsa as the CEO and as an Associate Professor of the Faculty of Humanities and Social Sciences, Universiti Tun Abdul Razak. He was the Chairman of the International Society of Business Administration Center Malaysia, and was also the Political Secretary to the Minister in the Prime Minister's Department, YAB Dato' Seri Dr Ahmad Zahid Hamidi from 2008 until 2009.

YBhg Professor Dato' Dr Mohd Zainul Fithri held various prominent positions in the Management & Science University (MSU) and has served at the institution for a considerable number of years. During his stint, he was appointed as the Vice President/Deputy Vice Chancellor of Industrial Linkages & Students Career Development in 2003, a position he held before he moved to Puncak Niaga (M) Sdn Bhd. He was also appointed as the Dean at Centre of Flexible Learning, and simultaneously, a Director of Akademi Kaunseling Komuniti Malaysia (AKKMA) in 2006. He was then seconded to the Prime Minister's Department for a year during his position as a Professor in Policy Studies in 2003 until 2008.

YBhg Professor Dato' Dr Mohd Zainul Fithri holds a Bachelor of Science in Political Science and International Relations from Oregon State University, Corvallis, United States in 1988 and a Master of Arts (MA) in International Relations (Security and International Political Economy) from the University of Hull, United Kingdom in 1990. He also holds a Doctor of Philosophy in Global Political Economy from the University of Sheffield, United Kingdom since 1994.

Executive Director, Corporate Services Division and Group Company Secretary

Nationality
Malaysian

Age
54

Gender
Female

Madam Tan Bee Lian

Madam Tan Bee Lian joined PNSB as Company Secretary on 7 November 1994 and was promoted thrice before assuming the position of Executive Director, Corporate Services Division, PNSB on 1 January 2010. In her current position as Executive Director, Corporate Services Division of Puncak Niaga, she oversees the Legal Department and Secretarial Department. As Group Company Secretary, Madam Tan is responsible for Puncak Niaga Group's company secretarial and regulatory compliance. Madam Tan is a member of Puncak Niaga's EXCO and holds directorships in Puncak Niaga Holdings Berhad's subsidiaries, namely Sino Water Pte Ltd and Puncak Niaga Management Services Sdn Bhd. Madam Tan is a Fellow (Chartered Secretary and Chartered Governance Professional) of the Malaysian Association of the Institute of Chartered Secretaries and Administrators (MAICSA) and has more than 32 years of working experience in company secretarial practice and corporate work. She had previously served on MAICSA's sub-committees and taskforce on law review and company secretarial practice and public affairs and is currently a member of MAICSA's National Disciplinary Tribunal. She had previously worked with Projek Lebuhraya Utara-Selatan Berhad (PLUS) and Metramac Corporation Sdn Bhd/Metacorp Berhad and was the winner of the ROC-MAICSA Company Secretary Award 2001 for the Listed Company Category.

Executive Director, Human Resources & Administration Division

Nationality
Malaysian

Age
44

Gender
Female

Puan Faridatulzakiah binti Mohd Bakhry

Puan Faridatulzakiah holds a degree in Law (LLB, Hons) from the Hertfordshire University, United Kingdom.

She started her legal career at Messrs Malek & Associate in 2003, handling civil and criminal cases. In 2006, she served as Legal Officer in Great Eastern Life Assurance (Malaysia) Berhad where she was exposed to Human Resources and Industrial Relations matter.

She then joined SYABAS in 2008 as Assistant Manager, Legal Department and subsequently promoted to Manager of Industrial Relations a year later before being promoted as Senior Manager in 2010. She continued leading the department until she joined PNSB in 2012 as Assistant General Manager of the Human Resources & Administration Division, overseeing the full spectrum of Human Resources Management.

On 1 February 2013, Puan Faridatulzakiah assumed the position of Executive Director, Human Resources & Administration Division of Puncak Niaga Management Services Sdn Bhd (PNMSSB). She is responsible for overseeing the overall administration of Puncak Niaga Group of Companies comprising Human Resources, Administration, Property, Security and Staff Associations. Puan Faridatulzakiah is a member of Puncak Niaga's EXCO and hold directorships in most of Puncak Niaga Holdings Berhad's subsidiaries.

Chief Operating Officer, TRIplc Berhad

Nationality
Malaysian

Age
67

Gender
Male

Ar Mohd Khalid bin Mohammed Yusuf

Ar Mohd Khalid bin Mohammed Yusuf was appointed to the Board of TRIplc Berhad as Executive Director, Operations, on 7 April 2008 and was re-designated as Chief Operating Officer with effect from 1 June 2012. In 1983, he registered as a professional architect with the Architects Registration Council of the United Kingdom (ARCUK) followed progressively with the Royal Institute of British Architects (RIBA) and in 1998, he registered as a professional architect on the Board of Architects Malaysia, Malaysian Institute of Architects.

Ar Mohd Khalid Mohammed Yusuf graduated with a Bachelor of Science in Architecture with honours in 1977 from Polytechnic of North London (now known as London Metropolitan University), United Kingdom. Subsequently, in 1980, he graduated with a post graduate Diploma in Architecture from Polytechnic of North London (now known as London Metropolitan University), United Kingdom.

Upon his graduation, Ar Mohd Khalid joined Messrs Project Design Partnership, an architectural, civil, structural and quantity surveying consultancy services firm, in the United Kingdom as an Architectural Assistant in 1980 to gain further practical experience as part of the process to become a fully qualified architect. Subsequently, in 1983, he returned to Malaysia and joined Messrs Nik James Ferrie Arkitek, an architectural firm, as a Project Architect. He then joined Dayabina Arkitek, an architectural firm, as Chief Resident Architect in 1988 followed by Kumpulan Arkitek. Subsequently, he joined Konsortium Project Management Sdn Bhd, a project management company, as a Project Architect in January 1990 and left in July 1992. In August 1992, he joined Martego Sdn Bhd, a property development company, as a Senior Project Manager and left in August 1994.

In September 1994, he joined Faber Hotels Holdings Sdn Bhd, a project management and procurement company, as a Director/Project Manager. He left the company in October 1995 and joined Capital Land Sdn Bhd as a General Manager in December 1995. In December 1997, he left Capital Land Sdn Bhd and joined Senibina Akitek/Progressive Design Sdn Bhd as Managing Director. He then joined Beta Strategy Sdn Bhd in April 2003, a project management company, as a Senior General Manager. He left the company in April 2005.

In May 2005, he joined U-Wood Sdn Bhd, a construction company which is a subsidiary of TRIplc, as a Senior General Manager. He then joined Insa Alliance Sdn Bhd, which is also a subsidiary of TRIplc, as Project Director in December 2006. In April 2008, he was appointed as Executive Director, Operations, of TRIplc. Prior to his appointment on the Board of TRIplc, he was involved in overseeing the development of the Satellite B works in Z1P1 of UiTM Puncak Alam Campus.

Presently, as Chief Operating Officer, Ar Mohd Khalid is responsible for overseeing TRIplc's overall operations. He has 39 years of experience (including four years of practical experience which was required to become a fully qualified architect) in building consultancy work and in the construction industry.

Notes:
Save where disclosed above, none of the Key Personnel has:
- Any family relationship with any Director and/or major shareholder of the Company.
- Any conflict of interest with the Company.
- Any conviction for offences within the past five years and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, other than traffic offences.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (Board) of Puncak Niaga Holdings Berhad (Puncak Niaga) is responsible to all stakeholders, including the Company's shareholders, for the approval and delivery of the Group's strategic objectives. It ensures that the necessary financial, technical and human resources are in place for the Company to meet its objectives. The Board leads the Group within a framework of practical and effective controls which enables risks to be assessed and managed.

Responsibility for the development and implementation of the Group's strategy and overall commercial objectives is delegated to the Managing Director who is supported by the Puncak Niaga's Executive Committee (EXCO). The Group's principal decision-making body is the Board. In line with both the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Securities) and the Malaysian Code on Corporate Governance 2017 (MCCG 2017), the Board Committees assist the Board by fulfilling their roles and responsibilities, focusing on their respective activities, reporting to the Board on decisions and actions taken, and making any necessary recommendations in line with their Terms of Reference. The Terms of Reference of each Board Committee comply with the provisions of the MCCG 2017 and have been updated in line with the requirements of the MCCG 2017.

The Board Committee structure is detailed in the governance framework below and key responsibilities are set out on pages 89, 92, 97 to 101 and 105 to 106 of this Annual Report.

PUNCAK NIAGA BOARD STRUCTURE

Executive Chairman

Leads our unified Board, ensuring that the principles and processes of the Board are maintained in line with our Board Charter which is available online at www.puncakniaga.com.my.

Board

The Board's roles are to understand and meet its obligations to the Company's stakeholders; lead the Group within a framework of practical and effective controls which enable risk to be assessed and managed; approve the Group's strategic objectives and ensure that sufficient resources are available to enable it to meet those objectives; and monitor and review the operating and financial performance of the Group. It has responsibility and accountability for the long term success of the Group. Detailed roles and responsibilities of the Board can be found in our Board Charter, accessible online through www.puncakniaga.com.my.

Audit Committee

The Audit Committee assists the Board in discharging its responsibilities for the integrity of the Company's financial statements, the assessment of the effectiveness of the systems of Internal Controls, Risk Management and the internal and external Auditors.

More information can be found on pages 97 to 101.

Remuneration Committee

The Remuneration Committee determines the Company's policy on the remuneration of Executive Directors, Senior Management and the Chairman of the Board.

More information can be found on page 92.

Nomination Committee

The Nomination Committee assists the Board by keeping the structure, size, composition and succession needs of the Board under review. It also assists the Board on issues of Directors' conflicts of interest and independence.

More information can be found on page 89.

Compliance, Internal Control And Risk Policy Committee

The Compliance, Internal Control and Risk Policy Committee provides guidance and direction to the Company's Compliance and Internal Control programmes. It also reviews the Group's risks and opportunities.

More information can be found on pages 105 to 106.

Managing Director

Delegated responsibility for the development and implementation of the Group's strategy and overall commercial objectives. Responsible for the day-to-day management of the business and the communication of Board agreed objectives to employees. Reports directly to the Executive Chairman. Further details of the roles and responsibilities of the Managing Director can be found in our Board Charter, which is available online at www.puncakniaga.com.my.

Executive Committee

The EXCO operates under the direction and authority of the Executive Chairman/ Managing Director overseeing the development and execution of strategy. It also has accountability for achieving financial and operational performance.

Malaysian Code On Corporate Governance 2017

The Malaysian Code on Corporate Governance 2017 (MCCG 2017) is applicable to the current reporting period. The MCCG 2017 is available on the Securities Commission website www.sc.com.my.

This Corporate Governance Overview Statement is to be read in conjunction with the Corporate Governance Report, which is available online at www.puncakniaga.com.my. Puncak Niaga was generally compliant with all of the provisions set out in the MCCG 2017 for the period under review.

BOARD RESPONSIBILITIES AND ROLES OF THE EXECUTIVE CHAIRMAN, MANAGING DIRECTOR, EXECUTIVE DIRECTORS AND INDEPENDENT NON-EXECUTIVE DIRECTORS OF THE COMPANY

The Board is guided by the Board Charter which sets out the Board's strategic intent and the specific roles and responsibilities to be discharged by the Board members collectively in discharging its fiduciary and leadership functions, the individual roles expected from the Executive Chairman, Managing Director, Executive Directors and Non-Executive Directors and the roles of the respective Board Committees.

The Board is responsible for the stewardship of the Company and in discharging its obligations.

The key responsibilities of the Board are:

- Providing leadership and vision to the Company that enhances shareholder value and also ensures long-term sustainable development and growth of the Company.
- Reviewing and adopting a strategic plan for the Company.
- Overseeing the conduct of the Company's businesses and ensuring the appropriate corporate disclosure policies and procedures.
- Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures and establishing a sound framework to manage risks and to prevent fraud.
- Retaining full and effective control over the Company, and monitor the Management in implementing the Board's plans and strategies including the financial and non-financial performance measurements.
- Succession planning.

EXECUTIVE CHAIRMAN

Leadership of the Board and the Group

Ensure Board effectiveness

Representing the Board to the shareholders

Ensure integrity and effectiveness of the corporate governance process of the Group

Set Board Agenda

MANAGING DIRECTOR

Implement policies and strategies as approved by the Board and report to the Executive Chairman/Board

In association with the Executive Chairman, accountable to the Board for the achievement of the Company's goals and performance targets

Ensure the assets of the Company are adequately maintained and protected, and not unnecessarily placed at risk

EXECUTIVE DIRECTORS

Responsible for the operational and business units, organisational effectiveness and implementation of the Board's policies, directives, strategies and decisions

SENIOR INDEPENDENT DIRECTOR

Address and clarify shareholders' concerns and issues raised, if any

INDEPENDENT NON-EXECUTIVE DIRECTORS

Bring an external perspective and effective challenge to the Board

Provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests

Ensure effective corporate governance process is applied

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD LEADERSHIP AND EFFECTIVENESS

COMPANY SECRETARIES

The Company Secretaries are responsible for advising the Board on regulatory compliance matters and providing good information flow and comprehensive practical support to Directors, both as individuals and collectively, with particular emphasis on supporting the Non-Executive Directors in maintaining the highest standards of probity and corporate governance. They are also responsible for ensuring the Group's compliance with the relevant statutory and regulatory requirements. All Directors have unrestricted access to the advice and services of the Company Secretaries to facilitate the discharge of their duties.

The Company Secretaries of Puncak Niaga are qualified to act under Section 235(2) of the Companies Act, 2016 as one of them is a Fellow (Chartered Secretary and Chartered Governance Professional) of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA), whilst the other is an Associate of MAICSA and a law degree holder.

MATTERS RESERVED FOR THE BOARD

The schedule of Matters Reserved for the Board sets out the processes in place regarding the Board's tasks and activities and matters specifically reserved for the Board's decision-making are set out in our Board Charter which is available online at www.puncakniaga.com.my.

The matters reserved for the Board's decision are:
- Financial
- Statutory and Administrative
- Regulatory
- Manpower

BOARD MEETINGS AND ATTENDANCE

The composition of the Board and Board Committees is tabled below. The Board held five meetings during the year, and the Board's attendance is set out below. For additional information on the activities of the Board, see page 86. All meetings were held at the Boardroom on the 12th Floor, Wisma Rozali, No. 4, Persiaran Sukan, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan.

2019 BOARD MEETING CALENDAR

27 FEBRUARY	28 MARCH	30 MAY	29 AUGUST	27 NOVEMBER
Wednesday 12.35 p.m.	Thursday 12.05 p.m.	Thursday 12.20 p.m.	Thursday 11.50 a.m.	Wednesday 11.30 a.m.

The details of the respective Director's attendance at the above Board Meetings held in 2019 are as follows:

Directors	No. of Meetings attended	Audit Committee	Remuneration Committee	Nomination Committee	CICR Committee	EXCO
YBhg Tan Sri Rozali bin Ismail Executive Chairman	4 out of 5	-	-	-	-	Chairman
YBhg Dato' Abdul Jalil bin Abdul Karim Managing Director *(appointed on 15 October 2019)*	1 out of 1	-	-	-	-	Alternate Chairman/ Member
YBhg Dato' Sri Adenan bin Ab. Rahman Independent Non-Executive Director	5 out of 5	Member	Chairman	Member	Member	-
YBhg Datuk Dr Marimuthu A/L Nadason Independent Non-Executive Director	5 out of 5	Member	Member	Chairman	Member	-
YBhg Dato' Yusof bin Badawi Executive Director, Operations Division	5 out of 5	-	-	-	-	Member
Encik Azlan Shah bin Tan Sri Rozali Alternate Director to YBhg Tan Sri Rozali bin Ismail	5 out of 5	-	-	-	-	Member
Dr Haji Badrul Hisham bin Mohd Yusoff Independent Non-Executive Director *(appointed on 10 February 2020)*	N/A	Chairman	Member	Member	Chairman	-
Sr Haji Johari bin Wahab Independent Non-Executive Director *(appointed on 10 February 2020)*	N/A	Member	Member	Member	Member	-
YM Tengku Loreta binti Tengku Dato' Setia Ramli Alhaj Independent Non-Executive Director *(appointed on 10 February 2020)*	N/A	Member	Member	Member	Member	-
YBhg Dato' Zainal Abidin bin Salleh Former Managing Director *(resigned on 15 October 2019)*	4 out of 4	-	-	-	-	Past Alternate Chairman/ Past Member
YAM Tengku Dato' Rahimah binti Almarhum Sultan Mahmud Former Independent Non-Executive Director *(resigned on 18 October 2019)*	4 out of 4	Past Member	Past Member	Past Member	Past Member	-
YBhg Tan Sri Dato' Ahmad Fuzi bin Haji Abdul Razak Former Independent Non-Executive Director *(resigned on 30 November 2019)*	5 out of 5	Past Chairman	Past Member	Past Member	Past Chairman	-
Mr Ng Wah Tar Former Executive Director, Corporate Finance Division *(resigned on 31 December 2019)*	5 out of 5	-	-	-	-	Past Member

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD LEADERSHIP AND EFFECTIVENESS

INDEPENDENCE

The independence of our Non-Executive Directors is formally reviewed annually by the Nomination Committee. The Nomination Committee and Board consider that there are no business or other circumstances that are likely to affect the independence of any Non-Executive Director and that all Independent Non-Executive Directors continue to demonstrate independence.

Furthermore, the presence of the Independent Non-Executive Directors (INED) comprise 40% of the Board members as at the end of the financial year under review. Subsequently, the composition of the INED in the Company was improved to 62.5% with the appointment of three new INED on 10 February 2020, which is more than half of the Board as recommended under MCCG 2017, and is sufficient to provide the necessary checks and balances on the decision-making process of the Board. All Directors hold integrity at the highest level and possess extensive experience to provide unbiased and independent views to the Board. They consistently challenge the Management and the Board in an effective and constructive manner and therefore are able to function as a check and balance forming justified opinions to the Board. The Executive Chairman also encourages healthy debate on important issues and promotes active participation by Board members.

CONFLICTS

The Company requires that members of the Board make a declaration of interests in the event that they may have conflicts, particularly in relation to businesses transacted by the Group or the Company, including where such interests arise through close family members. These procedures are in line with various statutory requirements on the disclosure of Director's interest as set out in our Board Charter.

BOARD ACTIVITIES IN 2019

In the financial year 2019, the Board primarily focused on strategic matters, in particular, various matters concerning the Group's businesses and finances. Significant time was spent on financial, business performance and sustainability as well as assessing and deliberating the strategic direction of the Company, and new appointments to the Boards and Boards' Committees of the Company and Group. The Board also reviewed and enhanced the Company's Whistle Blowing Policy.

During the year, the Independent Directors who were the Audit Committee members visited the various business operations sites of the Group, namely:

1. Working Cum Study Visit on Plantation in Murum, Belaga, Bintulu, Sarawak on 18 March 2019 to 20 March 2019;
2. Visit to D44 Project Site on 9 July 2019; and
3. Visit to Z1P2 and Z1P3 Project Sites on 16 July 2019.

TRAINING AND CONTINUING PROFESSIONAL DEVELOPMENT

As well as Board agenda items, training sessions in relation to specific topics of interest were presented to the Directors during the year as set out below.

The Board via the Nomination Committee with the assistance of the Human Resources and Administration Division had undertaken an assessment on the training programmes attended by the Directors for the financial year ended 31 December 2019 and the future training needs of the Directors for the current year.

The aim of the training sessions is to continually refresh and enhance the Board's knowledge and skills to enable them to effectively fulfil their roles on the Board and its Board Committees and contribute to discussions on technical and regulatory matters. These sessions also serve as an opportunity for the Board to discuss strategy and risks with the Management and gain further insight into our businesses and management capability.

2019 JANUARY – JUNE

TOPICS

- MIDA Invest Series "Unfolding States Business Potential"
- Business Transformation – Drive Impactful Performance Results
- Governance Symposium 2019: Building A Governance Eco-System
- Preparation For Corporate Liability On Corruption: 'How Ready Is Your Organisation To Safeguard Its Directors, Partners, Top Management And Personnel Against A Corruption Prosecution?'
- PowerTalk 'Revisiting The Misconception of Board Remuneration'
- Working Cum Study Visit On Plantation In Murum, Belaga, Bintulu, Sarawak
- Board Dynamics – What Are The Key Essential Requirements
- Cybersecurity For Decision Makers
- Directors' In-House Training Programme Entitled "Business Transformation And Competitive Digital Transformation"

2019 JULY – DECEMBER

TOPICS

- LHAG Tax, SST & Customs Seminar 2019
- Adding Confidence to Captives: Managing Volatility via Self Insurance
- D44 Project Site Visit
- Z1P2 Project and Z1P3 Project Sites Visit
- MH 17: The Quest For Justice
- Design Workshop Training: Industrial & Municipal Wastewater Treatment Plants Using Single State Nitrification – Advance Oxidation Ditch System
- WIEF-SEACO Foundation Roundtable 2019 "Regional Collaboration: Transforming Economies" In Dhaka Bangladesh
- 9th WIEF Global Discourse – "4IR: Seizing Possibilities for the Future" in Dhaka Bangladesh
- Workshop on Corporate Liability Provision (Section 17A) of the MACC Act 2009
- WIEF Young Fellows 2019 – Embracing The Future Of Smart Tourism in Penang, Malaysia

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD LEADERSHIP AND EFFECTIVENESS

SUPPLY OF INFORMATION AND ACCESS TO ADVICE

Each Board member is supplied with accurate, complete, adequate, unrestricted and quality information on a timely basis to enable them to effectively discharge their duties and responsibilities. Except under exceptional circumstances, Board members are given at least seven days prior notice of any Board Meeting to be held and the Board meeting's materials are uploaded to the E-Meeting Management System which is accessed by the Directors via their personal tablets at least five days prior to the date of the Meeting to facilitate the Directors to peruse the meeting materials and to review the issues to be deliberated at the Board Meeting before the meeting date. Where necessary, the Company's personnel will be called upon by the Board during the Board Meetings to present and to clarify any Board papers presented.

All Board members participate actively in Board deliberations and bring the benefit of their particular knowledge, skills and abilities to the Board. Where a potential conflict with the duties or of interests as Director arises, it is mandatory for the Director concerned to declare the fact and nature of his or her interests and the extent of the conflict at a Board Meeting and abstain from the deliberation and decision-making process. In the event the proposal requires shareholders' approval, the interested Board members shall abstain from voting on the resolution at the General Meeting and shall ensure that persons connected to them also abstain from voting on the proposal.

The Company Secretaries organise and attend all Board Meetings and ensures that all issues discussed with the conclusions are minuted accurately in the minutes of each meeting and that all records are kept properly at the Registered Office of the Company.

The Board is regularly updated and kept informed by the Company Secretaries and the Management of the requirements such as restriction in dealing with the securities of the Company and updates as issued by the various regulatory authorities including the latest developments in the legislations and regulatory framework affecting the Group. The Board has unrestricted and constant access to and interaction with the Senior Management of the Company. Each Board member has full access to the advice and services of the Company Secretaries.

Where necessary, the Directors may, whether collectively as a Board or in their individual capacities, seek external and independent professional advice from experts on any matter in furtherance of their duties as they may deem necessary and appropriate at the Company's expense.

NOMINATION COMMITTEE REPORT

Members	Attendance in 2019
YBhg Datuk Dr Marimuthu A/L Nadason Chairman	3/3
YBhg Dato' Sri Adenan bin Ab. Rahman Member	3/3
YBhg Tan Sri Dato' Ahmad Fuzi bin Haji Abdul Razak Past Member *(resigned on 30 November 2019)*	3/3
YAM Tengku Dato' Rahimah binti Almarhum Sultan Mahmud Past Member *(appointed on 1 June 2019 and resigned on 18 October 2019)*	1/1
Dr Haji Badrul Hisham bin Mohd Yusoff Member *(appointed on 10 February 2020)*	N/A
Sr Haji Johari bin Wahab Member *(appointed on 10 February 2020)*	N/A
YM Tengku Loreta binti Tengku Dato' Setia Ramli Alhaj Member *(appointed on 10 February 2020)*	N/A

The members of the Nomination Committee (NC) comprise wholly of Independent Non-Executive Directors of the Company. Only members of the NC have the right to attend NC meetings. Other individuals such as the Managing Director, members of Senior Management and external advisers may be invited to attend the NC meetings as and when deemed appropriate.

RESPONSIBILITIES OF THE NOMINATION COMMITTEE

The responsibilities of the NC include:

- Review the structure, size and composition (including the skills, knowledge, experience, time available and diversity) of the Board;
- Review the leadership needs of the Company, both Executive and Non-Executive, at regular intervals;
- Review the adequacy of Board and Executive succession planning in the long and short term;
- Ensure an effectiveness review is conducted annually of the Board, Board Committees and Directors;
- Recommend to the Board the appointment or reappointment by shareholders of Directors at the Annual General Meetings (AGM).

The NC's terms of reference can be found at www.puncakniaga.com.my.

MATTERS DISCUSSED DURING THE YEAR

1. Deliberated on the findings of the Annual Board Assessment.
2. Deliberated on the findings of the Annual Audit Committee Assessment.
3. Deliberated on the findings of the Annual Independent Directors' Assessment.
4. Recommended the Re-Election, Retirement and Continuing in Office of Directors at AGM.
5. Recommended the Re-Designation of Non-Independent Non-Executive Director to Independent Non-Executive Director.
6. Recommended the Appointment of Directors of the Company.
7. Recommended the Change in Puncak Niaga Group's Key Personnel Line-Up.
8. Reviewed the Assessment on Directors' Training.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD LEADERSHIP AND EFFECTIVENESS

BOARD DIVERSITY POLICY

Purpose and Scope of Application

The Board Diversity Policy sets out the approach for achieving diversity for Puncak Niaga Group's Board.

The Policy applies to the Board of Puncak Niaga and its Group. It does not apply to diversity in relation to the employees of Puncak Niaga Group, all of whom are covered by Puncak Niaga's Diversity Policy.

Puncak Niaga's Board Diversity Policy and Diversity Policy are set out in pages 119 to 120 of this Annual Report.

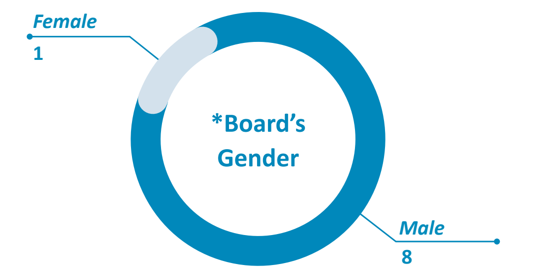
Policy Statement

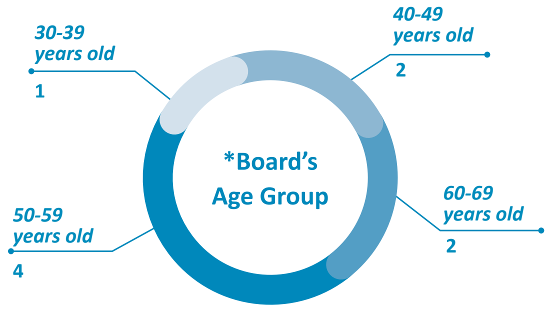
Puncak Niaga believes in diversity and values the benefits that diversity can bring to its Board. The Company seeks to maintain a Board comprising talented and competent Directors with a diverse mix of expertise, skills and backgrounds, which reflect the diverse nature of the business environment in which the Group operates.

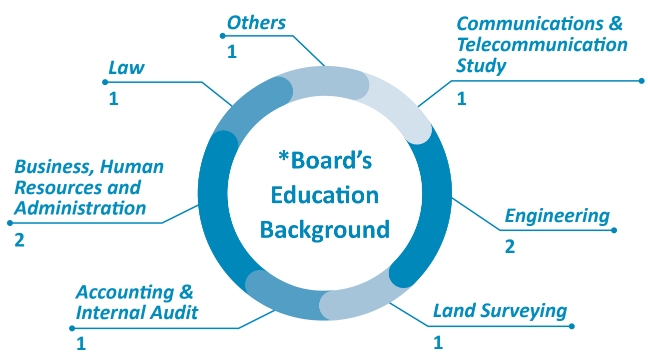
In designing the Board's composition, diversity includes but is not limited to skills, knowledge, experience, gender, age, cultural, education and socioeconomic backgrounds and expertise required to achieve effective stewardship and management.

When assessing the Board's composition and performance of the Board, as well as identifying suitable candidates for appointment or re-election to the Board, the Company will consider the benefits of diversity and the needs of the Board in order to maintain an optimum mix of skills, knowledge and experience on the Board.

The Board through the NC reviews this Policy and assesses its effectiveness in promoting a diverse Board which includes an appropriate number of female Directors on the Board. At any given time, the Board may seek to improve one or more aspects of its diversity.







*Note: * Inclusive of Alternate Director*

BOARD CHANGES

During the year, several Board changes took place:

- YAM Tengku Dato' Rahimah binti Almarhum Sultan Mahmud resigned as an Independent Non-Executive Director of the Company on 18 October 2019 after having served on our Board since 1 August 2006.
- YBhg Dato' Abdul Jalil bin Abdul Karim was appointed as the Managing Director of the Company on 15 October 2019 to replace the previous Managing Director, YBhg Dato' Zainal Abidin bin Salleh.
- YBhg Tan Sri Dato' Ahmad Fuzi bin Haji Abdul Razak resigned as an Independent Non-Executive Director of the Company on 30 November 2019 after having served on our Board since 6 October 2008.
- Mr Ng Wah Tar resigned as a Director and Executive Director, Corporate Finance Division of the Company on 31 December 2019 after having served on our Board since 1 January 2010.

On 10 February 2020, the following Independent Non-Executive Directors were appointed to our Board, namely:

- Dr Haji Badrul Hisham bin Mohd Yusoff
- Sr Haji Johari bin Wahab
- YM Tengku Loreta binti Tengku Dato' Setia Ramli Alhaj

RE-ELECTION OF DIRECTORS

The following Directors of the Company shall retire at the forthcoming 23rd AGM of the Company and being eligible, had offered themselves for re-election:

RULE 100

1. YBhg Dato' Sri Adenan bin Ab. Rahman

RULE 105

1. YBhg Dato' Abdul Jalil bin Abdul Karim
2. Dr Haji Badrul Hisham bin Mohd Yusoff
3. Sr Haji Johari bin Wahab
4. YM Tengku Loreta binti Tengku Dato' Setia Ramli Alhaj

EVALUATION OF THE BOARD

As in the previous years, the Board has, with the assistance of the Company Secretaries, conducted an annual peer evaluation of the Board's effectiveness in the following key areas:

(i) Compliance;
(ii) Board Meetings;
(iii) Board Functions;
(iv) Board Structure;
(v) Board Committees;
(vi) Board Operations;
(vii) Board Chairman's Roles and Responsibilities;
(viii) Financial and Operational Reporting;
(ix) Planning and Objectives;
(x) Risk Assessment;
(xi) New Business Opportunities and Projects;
(xii) Human Resources; and
(xiii) Directors' Observations and Additional Comments.

The 2019 performance evaluation of the Board has been structured to ensure a balanced and objective review by the Directors for the above key areas.

Following the evaluation, the Board concluded that the Board as a whole and its Board Committees had performed well, were effective and had all the necessary skills, experiences, qualities and integrity to lead the Company and each of the Director including the Independent Directors, in their capacities as Independent Directors had fulfilled their responsibilities and obligations and have carried out their duties as required and in accordance with the Board Charter of the Company.

QUESTIONNAIRE

A comprehensive questionnaire with an opportunity to provide qualitative feedback in respect of all areas covered was sent to all Board members, along with a summary of the previous year's evaluation, action plan and a progress update against actions identified.

EVALUATION AND REPORTING

The Company Secretaries compiled responses from the questionnaires into a report, identifying areas requiring further focus and attention, where appropriate. The report included recommendations taking into account the best practice, the MCCG 2017 and other corporate governance guidance.

DISCUSSION WITH THE NOMINATION COMMITTEE AND BOARD

The findings were discussed with both the Nomination Committee and the Board.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

BOARD LEADERSHIP AND EFFECTIVENESS

REMUNERATION COMMITTEE REPORT

Members	Attendance in 2019
YBhg Dato' Sri Adenan bin Ab. Rahman Chairman	3/3
YBhg Datuk Dr Marimuthu A/L Nadason Member	3/3
YBhg Tan Sri Dato' Ahmad Fuzi bin Haji Abdul Razak Past Member *(resigned on 30 November 2019)*	3/3
YAM Tengku Dato' Rahimah binti Almarhum Sultan Mahmud Past Member *(resigned on 18 October 2019)*	3/3
Dr Haji Badrul Hisham bin Mohd Yusoff Member *(appointed on 10 February 2020)*	N/A
Sr Haji Johari bin Wahab Member *(appointed on 10 February 2020)*	N/A
YM Tengku Loreta binti Tengku Dato' Setia Ramli Alhaj Member *(appointed on 10 February 2020)*	N/A

The Remuneration Committee comprises wholly of the Independent Non-Executive Directors of the Company.

RESPONSIBILITIES OF THE REMUNERATION COMMITTEE

The primary objectives of the Remuneration Committee (RC) are as follows:

- To establish and annually review the remuneration packages for each individual Executive Directors such that the levels of remuneration are sufficient to attract and retain the Directors needed to run the Company successfully and aligned to the business strategy and long term objectives of the Company.
- To establish and review the Directors' Remuneration Policy for the Board of Directors and Senior Management taking into account the demands, complexities and performance of the Company as well as skills and experience required.
- The RC shall make its recommendation to the Board and the respective Directors shall abstain from the discussion of their own remuneration.

- The levels of remuneration of the Executive Directors should reflect their experience, level of responsibilities, expertise and complexity of the Company's activities and contribution to the Company.

- To consider and examine such other matters as the RC considers appropriate.

The RC's terms of reference can be found at www.puncakniaga.com.my.

MATTERS DISCUSSED DURING THE YEAR

1. Reviewed the Remuneration Packages for the Independent Non-Executive Directors and Non-Independent Non-Executive Directors of the Company.
2. Reviewed the Renewal of Employee Benefits Insurance for the year 2019/2020.
3. Reviewed and recommended the Remuneration Benefits Package of the Directors of the Company and its Subsidiaries.

REMUNERATION POLICY

The Company has a formal procedure to determine the remuneration of each Board member which are reviewed, from time to time, against market practices. In the case of the Executive Directors, their remuneration are structured so as to link rewards to corporate and individual performance and their remuneration packages comprise salary, allowances, bonuses and other benefits as normally accorded to similar positions in other comparable companies and sufficiently attractive to retain persons of high caliber. Performance is measured against profits and other targets set from the Company's annual budget and business plans as well as achievements of targeted returns to shareholders.

In the case of the Independent Non-Executive Directors, their remuneration reflect their experiences, level of responsibilities and contributions and the time spent attending to the Group's affairs and they are paid a fixed monthly allowance and meeting allowances for each Board and Board Committee meeting that they attend.

The Remuneration Committee is responsible for recommending the remuneration packages of the Directors to the Board. The Board, as a whole, determines the remuneration of the Non-Executive Directors. Individual Directors shall abstain from discussing and voting on their own remuneration at the Board and Remuneration Committee Meetings.

The details of the remuneration of the Directors of the Company received and receivable from the Company and on Group basis for the financial year ended 31 December 2019 are set out in Note 29 of the Audited Financial Statements of the Company on pages 220 and 221 of this Annual Report.

The disclosures of Senior Management's remuneration that include the top five (5) Senior Management personnel is set out in Note 34B of the Audited Financial Statements of the Company on pages 243 and 244 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

ACCOUNTABILITY

AUDIT AND RISK MANAGEMENT

FINANCIAL REPORTING

The Board is responsible for the quality and completeness of publicly disclosed financial reports. In presenting the annual financial statements, quarterly reports and the annual reports to the shareholders of the Company, the Board takes appropriate steps to present a clear and balanced assessment of the Group's position and prospects. This also applies to other price-sensitive public announcements and reports to the regulatory authorities.

The Group's financial statements and quarterly announcements, prepared using appropriate accounting policies, consistently and supported by reasonable and prudent judgements and estimates, will be reviewed and deliberated by the Audit Committee in the presence of the External Auditors, Internal Auditors of the Company and the Chief Financial Officer prior to recommending them for adoption by the Board. The Audit Committee ensures that the information to be disclosed are accurate, adequate and in compliance with the various disclosure requirements imposed by the relevant authorities. The Board discusses and reviews the recommendations proposed by the Audit Committee prior to its adoption. The Board also ensures accurate and timely release of the Group's quarterly and annual financial results to Bursa Securities.

The Statement on Directors' Responsibility in respect of the preparation of the Annual Audited Financial Statements of the Group is set out on page 121 of this Annual Report.

RELATIONSHIP WITH EXTERNAL AUDITORS

During the year, the Company changed its External Auditors as the previous External Auditors had served the Company and Group for the past six years. The Board maintains a transparent and professional relationship with the Group's External Auditors. The Audit Committee, with the assistance of the Finance Division of the Company, has assessed the suitability and independence of the External Auditors of the Company in accordance with the Policy and Procedures on assessment of the External Auditors.

The External Auditors attended four out of five Audit Committee meetings of the Company held during the financial year. These quarterly meetings enabled the exchange of views on issues requiring attention. A formal mechanism has been established by the Audit Committee to ensure there is frank and candid dialogue with the External Auditors. The Audit Committee will meet the External Auditors twice a year without the presence of the Executive Directors and Management. This allows the Audit Committee and the External Auditors the exchange of free and honest views and opinions in matters related to External Auditors' audit and audit findings.

The Audit Committee has considered the provision of non-audit services by the External Auditors during the year and concluded that the provision of these services did not compromise the External Auditors' independence and objectivity.

A report by the Audit Committee is set out on pages 97 to 101 of this Annual Report.

INTERNAL CONTROL

The Board acknowledges its overall responsibility for maintaining a sound system of internal controls, which provides reasonable assurance in ensuring the effectiveness and efficiency of the Group's operations and to safeguard shareholders' investment and its assets and interests in compliance with the relevant laws and regulations as well as the internal financial administration procedures and guidelines.

The effectiveness of the system of internal controls of the Group is reviewed by the Audit Committee. The Internal Audit Department, led by the Head of Internal Audit will conduct internal audit covering the financial, operational and compliance controls, processes to identify and evaluate the significant risks faced by the Group including the governance, risk management and internal control processes within the Company. The reports of the Internal Audit Department will be tabled to the Audit Committee for review and deliberation.

The Group's Statement on Risk Management and Internal Control is set out on pages 103 to 111 of this Annual Report.

RISK MANAGEMENT FRAMEWORK

The Board recognises that risk management involves a structured approach, combining the efforts of all functions within the Group, to minimise the possibility and impact of unexpected damages so as to contribute towards greater efficiency and better decision-making. The Group's Enterprise-Wide Risk Profile is reviewed annually to take into consideration changes in the business environment, strategies and functional activities of the Group for determining the Group's level of risk tolerance and identify, assess and monitor key business risks to safeguard shareholders' investments and the Company's assets.

The Group's Statement on Risk Management and Internal Control is set out on pages 103 to 111 of this Annual Report.

RELATIONS WITH STAKEHOLDERS

Shareholders Communication and Investor Relations Policy

The Board acknowledges the need for the Company's shareholders and investors to be informed of all material business and corporate developments concerning the Group in a timely manner. In addition to various announcements made during the year, the timely release of the Group's consolidated financial results on quarterly basis provides the shareholders and investors with an overview of the Group's financial and operational performances.

The Company maintains regular and effective communication with its shareholders and stakeholders through one-to-one or group dialogues with local and foreign institutional houses, attending to shareholders' and investors' e-mails and phone calls enquiries, Company's General Meetings and other Company's events. The Notice for the Company's AGMs contains relevant information including the shareholders' rights to demand for a poll vote to enable them to exercise their rights.

The Notice for the Company's AGM is posted at the Investor Relations link - Annual Report at the Company's website, www.puncakniaga.com.my.

The Annual Report of Puncak Niaga which is produced in line with best corporate governance practices also serves as a key channel of communication with shareholders and investors. Information on the Group is also accessible via the Company's website, www.puncakniaga.com.my.

The Company's Investor Relations Policy & Report is set out on pages 116 and 117 of this Annual Report. The Investor Relations Policy is also posted at the Investor Relations link - Corporate Governance at the Company's website, www.puncakniaga.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

RELATIONS WITH STAKEHOLDERS

AGM

At the last AGM of the Company, no substantive resolutions were put forth for shareholders' approval, except for the routine resolutions pertaining to receiving of audited financial statements, re-appointment and re-election of Directors and re-appointment of Auditors and all resolutions were voted on by poll by shareholders.

For the current year, the resolutions set out in the notice of any general meeting will be conducted via poll voting as mandated in Paragraph 8.29A of the MMLR of Bursa Securities.

This Corporate Governance Overview Statement has been approved by the Board of Puncak Niaga on 18 May 2020.

AUDIT COMMITTEE REPORT

The Board of Directors of Puncak Niaga Holdings Berhad (Puncak Niaga) is pleased to present the report of the Audit Committee for the financial year ended 31 December 2019.

1. MEMBERSHIP AND MEETINGS

The Audit Committee comprises the Non-Executive Directors, all of whom are the Independent Non-Executive Directors of the Company. The new composition of Audit Committee members with effect from 10 February 2020 is as follows:

Audit Committee Composition
Dr Haji Badrul Hisham bin Mohd Yusoff *Independent Non-Executive Director/Chairman*
YBhg Datuk Dr Marimuthu A/L Nadason *Independent Non-Executive Director/Member*
YBhg Dato' Sri Adenan bin Ab. Rahman *Independent Non-Executive Director/Member*
Sr Haji Johari bin Wahab *Independent Non-Executive Director/Member*
YM Tengku Loreta binti Tengku Dato' Setia Ramli Alhaj *Independent Non-Executive Director/Member*

The composition of the Audit Committee and their attendance at the Audit Committee Meetings for the year 2019 were as follows:

Composition of Audit Committee	Attendance/Number of Meetings held	Percentage (%)
YBhg Tan Sri Dato' Ahmad Fuzi bin Haji Abdul Razak[1] *Former Independent Non-Executive Director/Past Chairman*	5/5	100
YAM Tengku Dato' Rahimah binti Almarhum Sultan Mahmud[2] *Former Independent Non- Executive Director/Past Member*	4/4	100
YBhg Dato' Sri Adenan bin Ab. Rahman *Independent Non-Executive Director/Member*	5/5	100
YBhg Datuk Dr Marimuthu A/L Nadason *Independent Non-Executive Director/Member*	5/5	100

1. *YBhg Tan Sri Dato' Ahmad Fuzi bin Haji Abdul Razak resigned as a Director of Puncak Niaga on 30 November 2019 and concurrently ceased to be the Chairman of the Audit Committee.*
2. *YAM Tengku Dato' Rahimah binti Almarhum Sultan Mahmud resigned as a Director of Puncak Niaga on 18 October 2019 and concurrently ceased to be a Member of the Audit Committee.*

During the financial year, the Managing Director, Chief Financial Officer and Assistant General Manager (Internal Audit Department) and other members of the Senior Management attended the Audit Committee Meetings upon the invitation of the Chairman of the Audit Committee to ensure the Audit Committee were kept abreast of the matters and issues affecting the Group. The Group's external auditors were also invited to attend the Audit Committee Meetings where matters relating to the audit of the statutory accounts, quarterly financial results and/or the external auditors were discussed.

The Secretaries to the Audit Committee are the Company Secretaries.

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Our Strategic Context
How We Create Value Through Sustainability
Our Leadership And Their Roles
How We Are Governed
Our Financial Numbers
Other Information

AUDIT COMMITTEE REPORT

2. TERMS OF REFERENCE

During the financial year ended 31 December 2019, the terms of reference of the Audit Committee was updated and tabled at the 108th Audit Committee Meeting held on 28 March 2019. Information on the terms of reference of the Audit Committee can be viewed at Puncak Niaga's website, www.puncakniaga.com.my under the Investor Relations link.

3. SUMMARY OF AUDIT COMMITTEE'S ACTIVITIES

During the financial year ended 31 December 2019, the Audit Committee discharged its duties as set out in its Terms of Reference. The main activities carried out by the Audit Committee during the financial year included the following:

- a. FINANCIAL REPORTING
- b. INTERNAL CONTROL
- c. EXTERNAL AUDIT
- d. INTERNAL AUDIT
- e. WORKING SITE VISIT
- f. RELATED PARTY TRANSACTION
- g. REPORTING

a. FINANCIAL REPORTING

- Reviewed the quarterly and year-to-date unaudited financial results of the Company and Group before tabling to the Board for consideration and approval.
- Reviewed the reports and the audited financial statements of the Company and Group together with the external auditors prior to tabling to the Board for approval.
- Deliberated on matters relating to changes in accounting policies, significant and unusual events, compliance with accounting standards and other disclosure requirements and noted that the financial statements of Puncak Niaga Group have been prepared in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.
- Discussed key financial matters affecting the Puncak Niaga Group, namely:
  - i. The completion of the acquisition of TRIplc Berhad Group of Companies on 31 May 2018 and the adoption of *MFRS 15 Revenue from Contracts with Customers* for Projects Z1P2 and Z1P3 at the 107th Audit Committee Meeting held on 27 February 2019.
  - ii. Cash flow position of the Company/Group and the Management's strategy to address the related matters at the 109th Audit Committee Meeting held on 30 May 2019.

b. INTERNAL CONTROL

- Reviewed and discussed all internal audit reports issued by the Internal Audit Department which highlighted key internal control issues/weaknesses and the corresponding management responses and actions.
- Received the Statement of Assurance from the respective Heads of Divisions/Companies of the auditee Divisions/Companies to resolve all outstanding findings within a stipulated time committed in the internal audit report, improve all areas of operations consistent with the applicable rules and regulations, Standard Operating Procedures (SOPs) and good industrial practice and ensure the risk management and internal control system is operating adequately and effectively.
- Risk Scorecards of the respective business units, projects and support services of the Group are reviewed by the Compliance, Internal Control and Risk Policy Committee at every quarter of 2019. The details of the risk management activities are as set out in the Statement on Risk Management and Internal Control in pages 103 to 111 of the Annual Report.

c. EXTERNAL AUDIT

- Reviewed and discussed the external auditors' audit report and key audit matters for the financial year ended 31 December 2018 at the 108th Audit Committee Meeting held on 28 March 2019 before recommending to the Puncak Niaga Board for approval.

- Assessed the suitability and independence of the External Auditors based on the calibre of the external audit firm, quality processes/performance, audit team, scope, audit fees and mandated the Management to table the proposed change of External Auditors at the 108th Audit Committee Meeting held on 28 March 2019. Subsequently, the Management tabled its recommendation on the proposed change of External Auditors from Messrs. KPMG PLT to Messrs. Grant Thornton Malaysia PLT for the financial year ending 31 December 2019 Board at the 109th Audit Committee Meeting held on 30 May 2019 before recommending to the Puncak Niaga Board for approval.

- Reviewed the external auditors' scope of work, audit plan and audit focus areas for the financial year ended 31 December 2019 prior to the commencement of the 2019 Annual Audit at the 110th Audit Committee Meeting held on 29 August 2019.

- Held two informal discussions with the External Auditors without the presence of the Management of the Company at the 107th and 111th Audit Committee Meeting held on 27 February 2019 and 27 November 2019 respectively.

- Reviewed the extent of the assistance rendered by the Management to the External Auditors.

d. INTERNAL AUDIT

- Approved the revised Annual Internal Audit Plan for 2019 at the 109th Audit Committee Meeting held on 30 May 2019 which was tabled by the Internal Audit Department after assessing the current business environment of the Company and the available resources in the Internal Audit Department.

- Reviewed the competency, resources and assessed the performance of the Internal Audit Department for the year 2019 and approved the 2020 Annual Internal Audit Plan at the 111th Audit Committee held on 27 November 2019. The Internal Audit Department is manned by competent professionals from Accounting and Construction Management discipline with the requisite work experience and internal audit experiences.

- Reviewed the Internal Audit reports, which highlighted the audit issues, recommendations and the Management's responses and directed for follow up actions to be taken by the Management to rectify and improve on the weaknesses/shortcomings identified in the Internal Audit Reports.

- For the critical areas, the Audit Committee invited the relevant Heads of Divisions and/or the Managing Directors and/or the Executive Directors of the operating subsidiaries to attend the Audit Committee Meeting.

- Monitored the implementation of recommendations made by the Internal Audit Department arising from its audits in order to obtain assurances that all key risks and control concerns have been fully addressed.

- Reviewed the status of audit assignments reported by the Internal Audit Department at each Audit Committee Meeting to ensure that the progress is in line with the approved 2019 Audit Plan.

AUDIT COMMITTEE REPORT

e. WORKING SITE VISIT

During the financial year ended 31 December 2019, the Audit Committee had visited the various business operation sites of Puncak Niaga Group to familiarise themselves with the Group's business operations and to witness and have a hands-on experience at various project/businesses sites as follows:

Date	Description
18 - 20 March 2019	Working cum Study Visit on Plantation in Murum, Belaga, Bintulu, Sarawak
9 July 2019	Visit to D44 Project Site in Kuala Lumpur
16 July 2019	Visit to Z1P2 and Z1P3 Project Sites in UiTM Puncak Alam Campus, Selangor

f. RELATED PARTY TRANSACTIONS

- Reviewed all related party transactions entered into by the Company and the Group.

g. REPORTING

- Reviewed the Statement on Risk Management and Internal Control and Audit Committee Report for the financial year ended 31 December 2018 and recommended the same for the Board's approval at the 108th Audit Committee Meeting held on 28 March 2019.

4. INTERNAL AUDIT FUNCTIONS

Puncak Niaga has an established in-house and independent Internal Audit Department reporting directly to the Audit Committee. The Internal Audit Department assists the Audit Committee in the discharge of its duties and responsibilities. The Internal Audit Department's primary responsibility is to provide independent assurance on the adequacy and effectiveness of internal control systems, risk management and governance process. The Internal Audit Department focuses on regular and systematic review and has conducted an evaluation of the internal control, management information systems, and compliance with established procedures, including the system for compliance with applicable laws, regulations, rules, directives and guidelines.

Resources and Continuous Development

During the financial year, the Internal Audit Department was led by its Assistant General Manager, Madam Johty Priyatharashani who is a member of Malaysian Institute of Accountant (MIA) and Fellow of the Association of Chartered Certified Accountant (U.K). She possesses more than 16 years of accounting and auditing experience. The Internal Audit Department has a total of three internal auditors, including the Head of Internal Audit who possess the requisite qualifications as well as vast experiences in various aspects of auditing.

The internal auditors have completed at least three man-days of training in 2019 which consist of relevant professional courses, seminars and on-the-job training including industry related training. All internal auditors have signed the declaration that they were and have been independent, objective and in compliance with the Code of Ethics of the Institute of Internal Auditors in carrying out their duties for the financial year under review.

The total cost incurred by the Internal Audit Department in relation to the conduct of the internal audit functions of Puncak Niaga Group during the financial year ended 31 December 2019 was approximately RM437,000.00.

Guideline and Framework

The Internal Audit Department is guided by the Internal Audit Department's Department Manual which was duly approved by the Executive Committee and aligned to the International Professional Practices Framework issued by the Institute of Internal Auditors.

Internal Audit Scope and Coverage

The 2019 Annual Internal Audit Plan of the Internal Audit Department was developed based on a risk based approach and covers the business units, projects and support services of the Group which were duly approved by the Audit Committee.

In line with the approved Annual Audit Plan, the Internal Audit Department completed a total of 13 audit assignments including ad hoc audit assignments requested by the Senior Management in the financial year ended 31 December 2019. All audits were performed in-house.

Key areas audited during the year included the following:

- **Procurement of the key subsidiaries**
- **Project Progress and Site Conditions at Project Z1P3**
- **Project Progress and Health, Safety and Environment at Project D44**
- **Facility Management Services at Project Z1P2**
- **Hardware/ Software Management at Information, Communication and Technology Department**
- **Danum Sinar Estate's Store Operations**

The relevant audit reports which comprise the audit findings and observations, recommendations, Management's responses and target deadlines for corrective action were presented to the Audit Committee for deliberation and notation. The Internal Audit Department also conducted follow-up reviews to determine the adequacy, effectiveness and timeliness of actions taken by the Management to rectify past audit findings and provide updates arising from the follow-up reviews to the Audit Committee for their deliberation and notation.

ADDITIONAL COMPLIANCE INFORMATION

In accordance with Appendix 9C of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad:

(a) UTILISATION OF PROCEEDS RAISED FROM ANY CORPORATE PROPOSALS

There were no proceeds raised from corporate proposals during the financial year.

(b) AUDIT AND NON-AUDIT FEES

For the financial year ended 31 December 2019,

(a) The audit fee payable to the external auditors, Grant Thornton Malaysia PLT for services rendered to the Group and Company amounted to RM360,000.00 and RM60,000.00 respectively; and

(b) The non-audit fee payable to the external auditors, Grant Thornton Malaysia PLT for audit/assurance rendered to the Group and Company amounted to RM12,000.00 and RM12,000.00 respectively.

(c) RECURRENT RELATED PARTY TRANSACTION

The Company did not enter into any recurrent related party transaction, which requires the shareholders' mandate during the financial year ended 31 December 2019.

(d) MATERIAL CONTRACTS INVOLVING DIRECTORS, CHIEF EXECUTIVE WHO IS NOT A DIRECTOR OR MAJOR SHAREHOLDERS

There were no material contracts entered into by the Company and the Group, which involve the interests of Directors, Chief Executive who is not a Director or major shareholders of the Company and its subsidiary companies which were still subsisting at the end of the financial year ended 31 December 2019 or entered into since the end of the previous financial year.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("Board") of Puncak Niaga Holdings Berhad ("Puncak Niaga") Group is pleased to provide the Statement on Risk Management and Internal Control pursuant to the Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad that requires the Board to disclose in the Annual Report a statement on the state of risk management and internal control of the Group.

The Statement is prepared in accordance with Principle B of the Malaysian Code on Corporate Governance 2017 and guided by the Statement on Risk Management & Internal Control: Guidelines for Directors of Public Listed Companies ("Guidelines").

BOARD'S RESPONSIBILITY

The Board assumes overall responsibility in establishing a sound risk management and internal control system and for reviewing its adequacy and effectiveness so as to safeguard the shareholders' investments and the Group's assets. This internal control system, by its nature, can only provide reasonable and not absolute assurance against material financial misstatement, fraud or losses.

The Board affirms that there is an ongoing process for identifying, evaluating, monitoring and managing significant risks faced by the Group. The Board has mandated the Management to implement a control system designed to identify and manage risks facing the Group in pursuit of its business objectives. The outcome of this process is monitored by the Board via the Compliance, Internal Control and Risk Policy Committee (CICR), which dedicates its time on a quarterly basis for discussion on this matter. The reports of the CICR meetings are submitted for the Board's deliberation and information.

RISK MANAGEMENT POLICY

The Board of Puncak Niaga has approved the Group's Risk Management Policy Statement:

Puncak Niaga Group's Risk Management Policy is to identify, measure and control risks that may prevent the Group from achieving its objectives.

Our challenge is to apply risk management to all parts of our business to ensure business risks are minimised and opportunities enhanced.

We will achieve, maintain and review a proper risk management system which is implemented by the Management and extended to all employees of the Group. This is the commitment of the Board of Directors.

This policy statement assigns responsibility for risk management to all Puncak Niaga Group employees and acknowledges that corporate responsibility lies with the Board of Directors of the Puncak Niaga Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT FRAMEWORK

Risk Management is firmly embedded in the Group's management system and is every employee's responsibility. The Board of Puncak Niaga has formally approved and implemented a systematic risk management structure and process for the Group which clearly defines the authority and accountability in implementing the framework. The risk management model is aligned to ISO 31000 Risk Management – Principle and Guideline standard of Puncak Niaga contained in the Risk Management Manual which has been approved by the Executive Committee and used as a framework in Risk Management training conducted for the Senior Management of Puncak Niaga Group.

An overview of the Group's Risk Management structure is shown below:

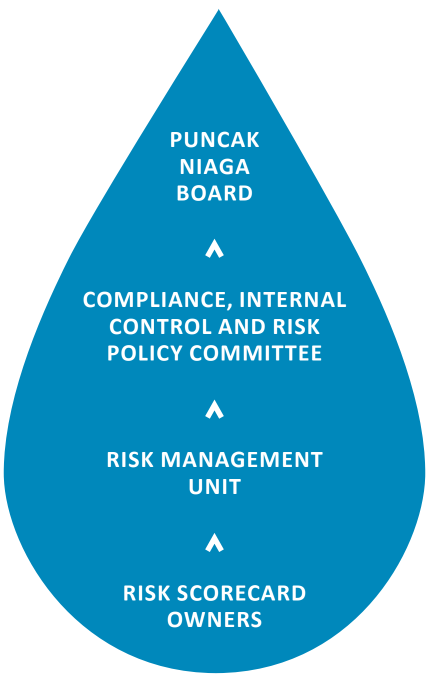

Figure 1: Risk Management Structure

RISK MANAGEMENT PROCESS

The key features of the Puncak Niaga Group's risk management process are:

- Puncak Niaga Group utilises a risk management tool, namely, the Q-Radar Corporate Risk Scorecard (CRS) software to identify, measure and manage all risks affecting Puncak Niaga Group. The software is web-based and allows the authorised users to monitor their respective risks online from any location.

- Each key business unit/project/support service/company has its own Risk Scorecard and an assigned Risk Scorecard Owner, who is primarily responsible for identifying the risks and assessing the probability and impact of their occurrence as well as the effectiveness of controls/mitigating measures to determine the residual risks known as nett score in the Risk Scorecard. The risk and control owners are also identified to assign responsibility and ensure accountability.

- The Group's Risk Scorecards are reviewed on a quarterly basis by the respective Risk Scorecard Owners to ensure that the Group's risk profile and controls are updated based on the latest business environment and risk positions.

- In tandem with the quarterly reviews, the Risk Scorecard Owners are also required to submit their respective assurances that in relation to the risk management process:

    - the risks, controls and management action plans in the Corporate Risk Scorecard are accurate and complete;

    - where the risk exposure is considered acceptable, the Risk Scorecard Owners have documented and validated that control activities are in place and are effective; and

    - where an individual risk has been evaluated as unacceptable, the management action plans have been formulated and individuals have been identified as owners with the accompanying due dates to address the risks.

- The Risk Management Section analyses and consolidates the Risk Scorecard reports submitted for the deliberation of the CICR at the quarterly meetings of the CICR.

- The CICR reviews and deliberates on the reports submitted and focuses on changes in the consolidated residual risk profile, new areas for risk identification and the key controls implemented by the Management to mitigate significant risks which affect the Group. The CICR also provides feedback to the Risk Scorecard Owners and/or moderates the risk profile prior to submitting the report to the Board on a quarterly basis. The key activities of the CICR are detailed on page 106 of this Annual Report.

- The Enterprise Wide Risk profile of Puncak Niaga Group, which was deliberated by the Risk Management Scorecard Working Group (RMSWG) is also reviewed on an annual basis at the beginning of each calendar year by the CICR.

COMPLIANCE, INTERNAL CONTROL AND RISK POLICY COMMITTEE (CICR)

The CICR comprises wholly of the Independent Directors of Puncak Niaga and the revised composition of the CICR with effect from 10 February 2020 is as follows:

CICR Composition
Dr Haji Badrul Hisham bin Mohd Yusoff *Independent Non-Executive Director/Chairman*
YBhg Datuk Dr Marimuthu A/L Nadason *Independent Non-Executive Director/Member*
YBhg Dato' Sri Adenan bin Ab. Rahman *Independent Non-Executive Director/Member*
Sr Haji Johari bin Wahab *Independent Non-Executive Director/Member*
YM Tengku Loreta binti Tengku Dato' Setia Ramli Alhaj *Independent Non-Executive Director/Member*

The CICR Members and their attendance for the year 2019 are as follows:

CICR Members	Number of Meetings Attended in 2019
YBhg Tan Sri Dato' Ahmad Fuzi bin Haji Abdul Razak[1] *Former Independent Non-Executive Director/Past Chairman*	4/4
YBhg Dato' Sri Adenan bin Ab. Rahman *Independent Non-Executive Director/Member*	4/4
YBhg Datuk Dr Marimuthu A/L Nadason *Independent Non-Executive Director/Member*	4/4
YAM Tengku Dato' Rahimah binti Almarhum Sultan Mahmud[2] *Former Independent Non-Executive Director/Past Member*	2/3

1. *YBhg Tan Sri Dato' Ahmad Fuzi bin Haji Abdul Razak resigned as a Director of Puncak Niaga on 30 November 2019 and concurrently ceased to be the Chairman of the CICR.*
2. *Y.A.M. Tengku Dato' Rahimah binti Almarhum Sultan Mahmud resigned as a Director of Puncak Niaga on 18 October 2019 and concurrently ceased to be a Member of the CICR.*

During the financial year, the Managing Director of Puncak Niaga, Managing Directors of the operating subsidiaries, Chief Financial Officer and the relevant Executive Directors of Puncak Niaga attended the CICR Meetings by invitation of the Chairman of CICR to brief in detail the key risks facing the Group and the controls implemented to mitigate the risks. The Secretary of CICR is the Head of the Internal Audit Department.

The Terms of Reference of the CICR can be viewed at Puncak Niaga's website, www.puncakniaga.com.my under the Investor Relations link.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

COMPLIANCE, INTERNAL CONTROL AND RISK POLICY COMMITTEE ACTIVITIES

During the year 2019, the CICR held a total of four (4) meetings. At its meetings, the CICR reviewed the Status Reports prepared by the Risk Management Section. The issues deliberated at the CICR Meetings included the following:

- The level of readiness of Puncak Niaga Group with regards to the "Statement on Risk Management and Internal Control" requirements.
- The progress of the risk assessment and risk monitoring exercises at Puncak Niaga Group and Enterprise-Wide levels. The main risks, controls and management action plans were highlighted by the Secretary of the CICR to the CICR for deliberation.
- The review of the assurance status and validations given by the Risk Scorecard Owners of Puncak Niaga Group via the Corporate Digital Assurance Module of the Q-Radar software.
- The effective utilisation of the Q-Radar Corporate Risk Scorecard software to identify, evaluate, monitor and report risks and internal controls identified within Puncak Niaga Group.
- The status of Self-Assessment Audit Forms submitted by the relevant Divisions/Departments in Puncak Niaga Group as to whether the key internal controls have been complied with.
- The CICR also deliberated on the following key matters:

  i) The consolidated risk position of Puncak Niaga Group which comprise the Top Ten (10) Residual Risks and its movement from quarter to quarter particularly on the very significant risks and key controls implemented by the Management of Puncak Niaga Group.

  ii) The Statement on Risk Management and Internal Control for the year 2018 which was prepared by the Secretary of CICR at the 127th CICR Meeting held on 18 February 2019.

  iii) The Top Seven (7) Enterprise Wide Risks Facing Puncak Niaga Group for the year 2019 which included its risk ranking, risk description and key controls at the 127th CICR Meeting held on 18 February 2019. Subsequently, the risk profile was updated as Top Five (5) Enterprise Risk Facing Puncak Niaga Group based on the latest updates and assessement at the 129th and 130th CICR Meeting held on 23 August 2019 and 18 November 2019.

  iv) The Risk Scorecard of Facility Management Services Division which was newly created during the year to record the operational risks of Project Z1P2: Maintenance of Puncak Alam Campus (Zone 1 Phase 2) at the 129th CICR Meeting held on 23 August 2019.

  v) The risks of the Plantation Division as recorded by Danum Sinar Sdn Bhd and the related key controls implemented by the Management of Danum Sinar Sdn Bhd at the 127th and 128th CICR Meetings held on 18 February 2019 and 15 May 2019 respectively.

For the current year, the CICR will continue to focus on providing oversight over the implementation of the Risk Management Framework throughout Puncak Niaga Group as well as monitoring the key risk exposures and the resultant mitigating actions affecting the Puncak Niaga Group.

In the first quarter of 2020, the CICR was appraised of the key risk exposures arising from the COVID-19 pandemic and the consequential Movement Control Order (MCO) imposed by the Malaysian Government since 18 March 2020 and subsequently, the Conditional Movement Control Order (CMCO) since 4 May 2020 which is expected to last till 9 June 2020, barring no further extensions by the Government, as announced recently by the Prime Minister on 1 May 2020. In particular, focus was on ensuring adequate business continuity process and amongst the activities undertaken by the Puncak Niaga Group to mitigate this risk includes the following:

i.

Establishment and activation of the Anti-COVID-19 Committee on 2 May 2020 which developed procedures and guidelines in accordance with those prescribed by the World Health Organisation, Ministry of Health, Ministry of Works and other relevant authorities, as well as specific procedures and guidelines to fit Puncak Niaga Group's various operations. These procedures and guidelines have been deployed throughout the Group and customised, where applicable. Measures that have been deployed include stringent health screening and monitoring such as mandating temperature checks, provision of adequate protective equipment and quarantine guidelines; business travel bans as well as ensuring social distancing at the work place through leveraging technology, limiting meeting sizes and segregation of teams and work from home arrangements.

ii.

Communication between the CICR and the Management in evaluating the effects of the COVID-19 pandemic and the resultant MCO and CMCO imposed by the Malaysian Government on the business operations and the way employees work, and whether these effects trigger an event-driven reassessment of business risk, control risk and the effectiveness of the related controls.

iii.

Engagement and communication with key stakeholders, particularly during the MCO in Malaysia (18 March 2020 to 3 May 2020) and CMCO (4 May 2020 to 9 June 2020), including the Board of Directors, employees, business partners, regulators and policy makers to minimise disruption to Puncak Niaga Group's operations while adhering to the laws and regulations.

PUNCAK NIAGA HOLDINGS BERHAD GROUP ENTERPRISE-WIDE RISKS

The Board recognises that Risk Management involves a structured approach, combining the efforts of all functions within the Puncak Niaga Group to minimise uncertainties in order to achieve Puncak Niaga Group's business objectives. In view of this, the Risk Management Scorecard Working Group (RMSWG) Meeting is held annually whereby Puncak Niaga Group's Enterprise-Wide Risks Profile is deliberated taking into account Puncak Niaga Group's strategic business plan and existing business environments and business segments in which the Group operates including the current issues which may have risk impact on Puncak Niaga Group's operations.

For the year 2020, the RMSWG Meeting which was chaired by the Managing Director who is the Head of CICR and attended by Puncak Niaga Group's Managing Directors and Executive Directors was held on 21 January 2020 to deliberate on the risks highlighted by the respective Companies, Division and business segments of Puncak Niaga Group and to determine Puncak Niaga Group's Enterprise-Wide Risks Profile for the year 2020.

The deliberations of the RMSWG Meeting were reviewed by the CICR at the 131st CICR Meeting held on 18 February 2020. Subsequently, a Board Paper on the Group's "Top Ten (10) Enterprise Wide Risk Facing Puncak Niaga Group for the year 2020" was tabled at the 115th Board of Directors Meeting held on 27 February 2020.

The strategic risks which have an impact on Puncak Niaga's Group's operations for 2020 are:

Key Result Area	Strategic Risk	Mitigation
Managing cash flow efficiently	Depleting cash reserve of the Group	1. Raise financing for new business ventures. 2. Implement effective cost control measures. 3. Monetisation of the Group's asset to raise cash.
Ensure the sustainability of PNHB Group	Challenges to meet the targeted crop production and managing financial obligations of the Plantation Division	1. Implementation of Quality Improvement Programme at the Estates. 2. Source for additional funding and restructuring of existing loan commitment. 3. Deploy experienced management team.
Driving Operational Excellence	Inability to contain losses for Project D44	1. Close monitoring and control of the project expenses to ensure they are within the approved limits. 2. Timely resolution of site issues and continuous engagement with all the stakeholders.

In view of the changes brought about by the COVID-19 pandemic which is an unprecedented global phenomenon which has crippled economies, our lifestyle and the way of doing business globally and in Malaysia, with no vaccine developed as at to date, the Board will have to take time to understand its broader ramifications and continue to reassess the Group strategic risks and deliberate actions in managing this new risk.

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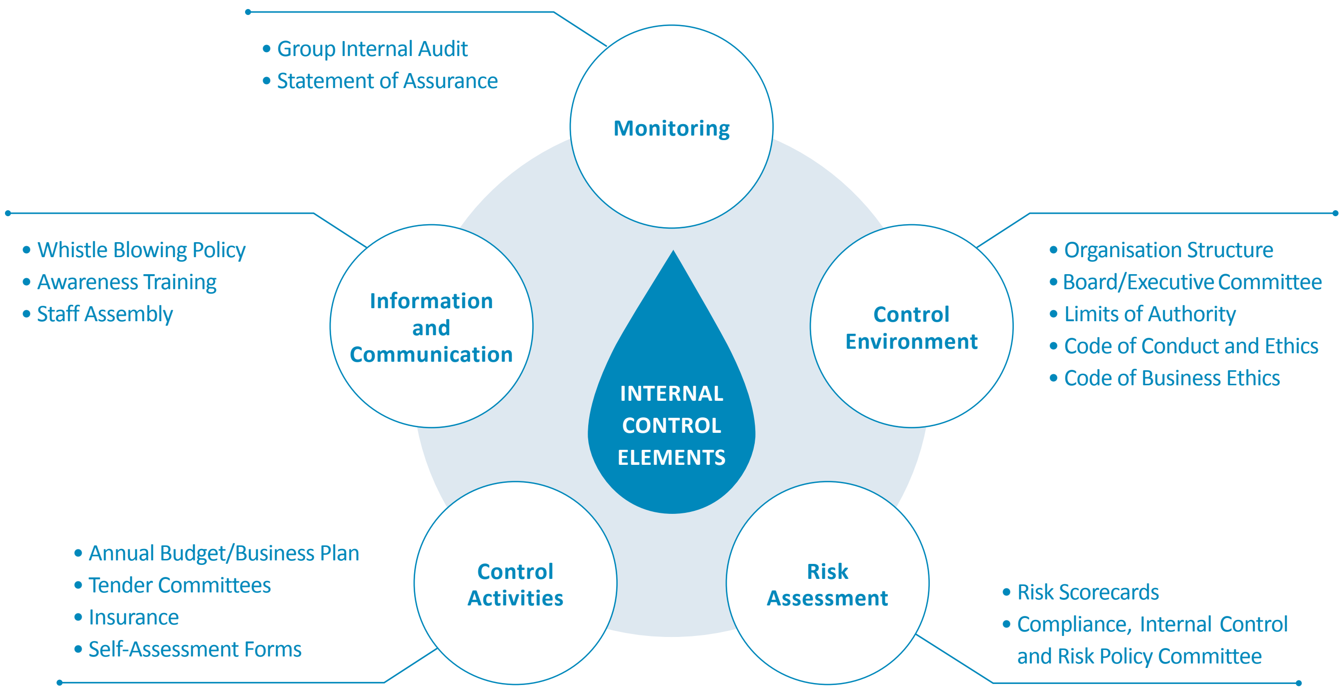
STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL CONTROL SYSTEM

The key elements of the Puncak Niaga Group's internal control system and assurance process, inter alia, encompass the following:



CONTROL ENVIRONMENT

- The operating subsidiaries of Puncak Niaga Group have a formal organisation structure with clearly defined reporting structures and responsibilities. This promotes ownership and accountability of the duties assigned to the Directors, Management and employees of the operating subsidiaries.

- Puncak Niaga Group's Code of Conduct and Ethics covers the Board and employees of the Group and is found in Puncak Niaga's Employee Handbook. The Code of Conduct and Ethics sets out the principles and standards of good practice.

- Puncak Niaga Group's Code of Business Ethics for the Group further provides guidance on business ethical issues in the conduct of business and standards of behaviour expected of all Directors and employees in fundamental areas such as dealings with stakeholders, gift, hospitality, favours or other advantages, conflict of interest and harassment as well as the policy and procedures for compliance.

- The Board Charter regulates how business is to be conducted by the Board in accordance with the principles of good corporate governance and the Directors' Code of Conduct sets out the code of conduct expected of a Director in the performance of his or her duties. The Board Charter also sets out the roles and responsibilities of the Board members.

- The Board Committees, namely the Audit Committee, Remuneration Committee, Nomination Committee, CICR, EXCO and Board Tender Committee had been established to assist the Board in executing its fiduciary duties. The responsibility and authority of the Board Committees are governed by their respective Terms of Reference which are approved by the Board.

- All major decisions require the approval of the respective Boards/Executive Committees (EXCOs) within Puncak Niaga Group in line with the Group's Limits of Authority. The EXCO is established at Puncak Niaga and Puncak Niaga Construction Sdn Bhd (PNCSB) and comprises the Heads of Divisions of the respective companies. The relevant Management of the Puncak Niaga Group is invited to attend the meeting, if required. The respective Boards/EXCOs are kept updated on information covering the Divisions/Departments in the respective companies within the Group at the Board/EXCO Meetings, as appropriate.

- Written procedures and policies by way of Standard Operating Procedures which incorporate control procedures and scope of responsibilities are in place for all the operating subsidiaries of Puncak Niaga Group. The written procedures and policies are updated where appropriate to incorporate elements necessitated by changes in the legislations, industry best practices and business dynamics.

  In 2019, the Limits of Authority of Puncak Niaga Group was updated and approved by the Puncak Niaga's Board at the 113th Puncak Niaga Board Meeting held on 29 August 2019 for implementation effective 1 September 2019. The Limits of Authority of Puncak Niaga Group clearly set out the operational matters with the designated authority levels accorded to the Executive Chairman/Managing Directors/Executive Directors and critical matters which are reserved for the Board's/EXCO's approvals and matters which are delegated to Puncak Niaga's subsidiaries' Directors and Management.

RISK ASSESSMENT

- Risk Scorecards are created and maintained for each business unit and support services within Puncak Niaga Group to ensure risks affecting the businesses of the Group are properly identified and assessed in terms of likelihood and impact, adequacy of existing controls is evaluated and the residual risks are treated accordingly. A Risk Scorecard Owner is assigned for each risk scorecard and is responsible for evaluating the risk profile on a quarterly basis and to provide the relevant assurance to the Board.

- The CICR, which is a Board Committee, closely monitors the risk management process within the Group and the extent of compliance with the Statement on Risk Management and Internal Control requirements.

CONTROL ACTIVITIES

- Annual Business Plans are prepared by the Management of the Group. The Annual Business Plans are presented and approved by the respective subsidiaries before tabling to Puncak Niaga's EXCO and Board for ultimate approval.

- A detailed budgeting process has been established for Puncak Niaga Group to prepare their respective budgets annually. These budgets are then reviewed and approved by the respective Boards/EXCOs prior to actual implementation each year. The monitoring of actual performance versus budget with major variances being followed up is done on a monthly basis by the Finance Division and Management action is taken to rectify any shortcomings, where necessary.

- Tender Committees established at Puncak Niaga Group are accorded with their respective limits of authority of decision making and mandatory recommendations to the Board for approval, as appropriate. The Tender Committees play a critical role to ensure transparency and competitive pricing in the award of contracts within Puncak Niaga Group.

  PNCSB has been accredited with ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007 for construction services for water related infrastructure including civil engineering, building, mechanical and electrical works. The compliance with ISO requirements and its related activities are being monitored by selected representatives from PNCSB's project office and various departments.

- TRIplc Berhad and its subsidiaries, TRIplc Resources Sdn Bhd and TRIplc Ventures Sdn Bhd have been accredited with ISO 9001:2015 Quality Management System on Project Management, Construction and Facility Management. The compliance with the ISO requirements and its related activities are being monitored by TRIplc Berhad's ISO Committee.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- The Plantation Division, Danum Sinar Sdn Bhd, obtained its Malaysian Sustainable Palm Oil (MSPO) certification on 6 August 2019 which is valid up to 5 August 2024. The MSPO certification is subject to a yearly surveillance audit which will be monitored by the MSPO Committee of the Plantation Division.

- Puncak Niaga Group has insurance programmes in place to safeguard the Group's assets against any untoward incidents that could result in material losses.

- The Self-Assessment Audit Forms, which list the key internal controls, have been developed in-house for the relevant Departments of the operating subsidiaries of Puncak Niaga. The respective Departments are required to submit a quarterly declaration to the Internal Audit Department as to whether key internal controls have been complied with. The Self-Assessment Audit Forms are submitted and monitored online through the Audit Monitoring System. For the year 2019, approximately 80% of the key internal controls declared in the Self-Assessment Audit Forms were in compliance with the Company's Standard Operating Procedures (SOP) and the applicable Regulations. The balance 20% were mainly self-assessed as not applicable to the particular operating areas or period.

- Training programs were conducted internally and externally for the Directors, Senior Management and employees of Puncak Niaga Group to enhance their knowledge, skills and competency.

INFORMATION AND COMMUNICATIONS

- New policies/procedures approved by the Management are communicated via Internal Memorandums which are circulated to all employees. Awareness training, as well as dissemination at the Monthly Staff Assembly, are conducted to ensure the policies/procedures are cascaded to the staff accordingly.

- Puncak Niaga Group has in place a Whistle Blowing Policy which provides employees with an avenue to disclose any malpractice or misconduct. The Whistle Blowing Policy sets out a clear communication line for the employees to report in an independent and safe manner and was updated in 2019.

MONITORING

- The Internal Audit Department independently reviewed the control processes implemented by the Management according to the 2019 Annual Audit Plan and reported on its findings and recommendations to the Audit Committee of Puncak Niaga five times in 2019. The duties and responsibilities of Puncak Niaga's Audit Committee are detailed in the Terms of Reference of Puncak Niaga's Audit Committee. The Audit Committee, upon consideration of both the Internal and External Audit Reports, is able to gauge the effectiveness and adequacy of the Group's internal control system, for the presentation of its findings to the Board.

- The Internal Audit Department conducted audits of the declarations made in the Self-Assessment Audit Forms.

- All Heads of Divisions and the Managing Directors of Puncak Niaga Group are required to give a written assurance (Statement of Assurance) to the Executive Chairman in the Internal Audit Report that all issues highlighted would be rectified within the stipulated timelines.

BOARD'S ASSESSMENT

The Board has received assurances from the respective companies' Heads of Divisions, Managing Directors and Chief Financial Officer that the Group's risk management and internal control system are operating adequately and effectively at the operating companies. Based on the assurances received and review of the risk management and internal control activities, the Board is of the view that the Group's risk management and internal control system for the year under review and as at the date of this statement is sound and sufficient to safeguard the shareholders' investment and the Group's assets.

This Statement on Risk Management and Internal Control has been prepared in accordance with the Guidelines and has been approved by the Board of Puncak Niaga on 18 May 2020.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2019 and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

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

(b) is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon.

The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

For and on behalf of the Board of Puncak Niaga Holdings Berhad

Dr Haji Badrul Hisham bin Mohd Yusoff
Chairman
Compliance, Internal Control and Risk Policy Committee

18 May 2020

CORPORATE DISCLOSURE POLICY

As a responsible corporate citizen, Puncak Niaga is totally committed to upholding the highest standards of transparency, accountability and integrity in the disclosure of all material information on the Company to the investing public in an accurate, clear, complete and timely manner in accordance with the corporate disclosure requirements as set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities).

THE PRIMARY OBJECTIVES OF PUNCAK NIAGA'S CORPORATE DISCLOSURE POLICY ARE:

1. To promote and maintain market integrity and investor confidence.
2. To provide equal access to the Company's material information in an accurate, clear, timely and complete manner and to avoid selective disclosure to the investing public.
3. To exercise due diligence such that information disseminated to the investing public will be as far as possible accurate, clear, timely and complete.
4. To put in place an efficient management of information procedure that promotes accountability for the dissemination of material information to the investing public.
5. To build good investor relations with the investing public based on the principles of trust, honesty, openness, transparency and sound understanding of the Company.

TO ACHIEVE ITS OBJECTIVES, THE COMPANY WILL ENDEAVOUR TO UNDERTAKE THE FOLLOWING:

1. ESTABLISH POLICIES AND PROCEDURES

- Ensure written policies and procedures of the Company (Puncak Niaga's Corporate Disclosure Policy and Procedure) that encompass the Puncak Niaga's Corporate Disclosure Policy and Procedure and other requirements relating to corporate disclosure as set out in the Main Market Listing Requirements of Bursa Securities.
- Appoint a senior officer of the Company to oversee and coordinate disclosures to ensure the Company complies with the Main Market Listing Requirements of Bursa Securities.
- Ensure that only designated persons are the Company's spokespersons.
- Ensure due compliance with Puncak Niaga's Corporate Disclosure Policy and Procedure.

2. EXERCISE DUE DILIGENCE AND PREPARATION

- Ensure that the persons responsible for disseminating material information to the investing public, exercise due diligence in ensuring that information to be released is accurate, clear, timely and complete.
- Ensure that due care is observed when briefing and responding to analysts, institutional investors, the media and the investing public.

3. USE OF INFORMATION TECHNOLOGY

- Take advantage of current information technology to disseminate information to the investing public.

Our commitment to the above Policy is driven by the Board of Directors of the Puncak Niaga Group and implemented by the Management.

CORPORATE SUSTAINABILITY POLICY

At Puncak Niaga, sustainability is an integral component of our core corporate values. We are committed to promoting sustainability practices in the conduct of our business in a responsible manner for sustainable performance amidst continuing global urbanization and an evolving environment with rising energy needs and depleting non-renewable resources. As an organization, we will strive to continuously enhance our operational efficiency and reduce the environmental footprints of our business activities.

OUR APPROACH TO SUSTAINABILITY IS FOCUSED ON:

PEOPLE

- Our employees whom we provide with a safe and conducive working environment.
- Our customers to whom we deliver quality services as part of our ongoing commitment to being their partner of choice.
- The communities where we operate in where we take corporate responsibility through the conduct of our business operations and foster rapport and engagement with the local communities.

PLANET

- We seek to deliver safe and energy-efficient solutions using innovative technology.
- We seek to reduce the environmental footprints of our activities and services as well as our supply chain and office premises.

PERFORMANCE

- We are committed to achieve sustainable growth and performance in a responsible. manner whilst upholding the principles of good corporate governance and maintaining an open and transparent relationship with all of our stakeholders.

To create value for our stakeholders, it is our ongoing commitment to behave ethically in the conduct of our business and provide innovative solutions and quality services and continuously work to improve on our environmental performance, the quality of life of our employees and their families as well as the local communities and society at large and contribute positively to the economic development of our nation.

Our commitment to the above Policy is driven by the Board of Directors of Puncak Niaga Group and implemented by the Management.

CORPORATE SOCIAL RESPONSIBILITY POLICY

Puncak Niaga Holdings Berhad recognises the significance of being an organisation that practises the highest standard of work ethics. As a responsible company to its shareholders, business associates, suppliers, employees and various stakeholders, we therefore take our corporate social responsibility seriously as our vision is to be the leading regional integrated water, wastewater and environmental solutions provider with involvement in concession facilities management services, plantation and property development sectors.

ENVIRONMENTAL

We advocate sustainable environment through managing our daily operation and activities in a responsible manner to minimise activities that could harm the environment and nature. We support a precautionary approach to environmental challenges, undertake initiatives to promote greater environmental responsibilities and encourage the development and diffusion of environmentally friendly technologies.

COMMUNITY

We support philanthropic and charitable giving, support for and active engagement with the local communities through volunteering and other programmes. We also support and encourage our employees to help local community organisations and activities in the areas where we operate in.

STAKEHOLDERS

We protect the interests and priorities of our stakeholders as well as managing risks in order to maximise profits for the success and growth of the Company.

EMPLOYEES

We respect the rights and diversity of our employees, irrespective of race and gender whilst providing a dynamic workplace and equal opportunities, improving employee satisfaction whilst enhancing the intellectual capital through continuous investment in training and development of employees' skills for the Company's quantum growth.

STRATEGIC COLLABORATION AND KNOWLEDGE ENHANCEMENT AT ALL LEVELS

We promote continuous education and knowledge enhancement at all levels through collaborations with local and international higher education institutions and corporations.

We are equally dedicated not only to maintaining the highest ethical standards but also to achieving sustainability, both in our operations and in our impact on the environment for the benefits of our customers, shareholders, stakeholders and business associates. We believe that responsible business practices can unlock value, increase competitiveness, enhance reputations, and increase brand and stakeholders' value for business excellence and corporate sustainability.

HEALTH, SAFETY AND ENVIRONMENTAL POLICY

It is the policy of Puncak Niaga Holdings Berhad and its subsidiaries (Puncak Niaga Group) to provide, so far as is practicable healthy, safe and environmental friendly workplace for all employees, contractors, visitors, interested members of society and others, and in the spirit of consultation and cooperation, the Management and employees will together strive to achieve goals and objectives of this Policy.

WITHOUT PREJUDICE TO THE GENERALITY OF THE ABOVE STATEMENT, THE POLICY OF PUNCAK NIAGA GROUP IS:

- to provide and maintain a healthy, safe and environmental friendly workplace and system of work, and to continually improve its environment and safety performance;
- to continuously emphasise on the prevention of injury, ill health and pollution in all activities;
- to ensure environmental and safety objectives and targets are set and reviewed;
- to ensure all employees are informed, instructed, trained and supervised on how to perform their jobs safely and without risk to health and without any harm to the environment;
- to investigate all occupational health, safety and environment incidents, and to make corrective measures to ensure the incidents will not recur;
- to comply with all legal and other requirements on health, safety and environment and other good practices which the Group subscribes;
- to review this policy as and when appropriate and to ensure it is understood by all employees and is available to all interested parties.

INVESTOR RELATIONS POLICY & REPORT

As a responsible corporate citizen, Puncak Niaga is totally committed to upholding the highest standards of transparency, accountability and integrity in the conduct of our business activities in the best interest of our shareholders as well as to allow potential investors to make careful and informed investment decisions based on full and transparent disclosure of information.

Puncak Niaga's Investor Relations Policy aims to build long-term relationships and credibility with our shareholders and potential investors based on trust, honesty, openness, transparency and sound understanding of the Company.

TO ACHIEVE ITS OBJECTIVES, THE COMPANY WILL ENDEAVOUR TO UNDERTAKE THE FOLLOWING:

1. CREATING QUALITY DIALOGUE

- To create an environment where the effective bilateral communication between the Company and our shareholders and investors both inform and educate through regular, open and transparent provision of relevant and invaluable information over the long-term, which will build mutually beneficial long-term relationships vis-à-vis to foster a clearer understanding of the shareholders' and investors' expectations of the Company.
- To engage in quality dialogue with our shareholders and investors whereby the relationship is based on the principles of honesty, openness and transparency and to foster mutual understanding between the Company and our shareholders and investors.
- To reap the benefits of engaging in quality dialogue:
  - Perception on our Company's risk is reduced;
  - Enhance feedback of our Company's performance;
  - Our Company's share valuation becomes more realistic;
  - Develop confidence in our Management team and management style; and
  - Works as a guide in the evaluation of our Company's business strategy.

2. INVESTOR COMMUNICATIONS STATEMENT

- To implement an efficient and effective Investor Relations Programme as part of our ongoing shareholders' and investors' communication obligations.
- To provide high quality, meaningful and timely information over and above that is required by law in order to improve the shareholders' and investors' understanding of our Company.
- To strive for key competence in the area of professional investor relations vide adequate resources and capabilities.
- To earn the trust, respect and confidence of our existing shareholders and investors.
- To build and maintain long-term relationships with our existing shareholders and investors.
- To initiate long-term relationship building with potential shareholders and investors.

Our commitment to the above Policy is driven by the Board of Directors of Puncak Niaga Group and implemented by the Management.

INVESTOR RELATIONS REPORT

Investor relations is the means by which listed companies maintain dialogue with their existing shareholders and potential investors. It is a strategic management responsibility to present an accurate picture of corporate performance and prospects, thus enabling the investment community, through an informed market, to determine a realistic share price. As a result, investor relations can have a positive impact on the Company's market value and cost of capital relative to its industry sector and the overall economic climate.

The Board of Puncak Niaga is pleased to report on the Company's investor relations activities in 2019 as follows:

DIALOGUES WITH INVESTORS

In 2019, there were no dialogues and group briefing sessions conducted with existing and potential investors, local and foreign fund managers and financial analysts from research and asset management houses.

INVESTORS' ACCESS TO INFORMATION

In line with our Investor Relations Policy, Puncak Niaga ensures timely disclosure of information over and above the regulatory authorities' disclosure requirements so as to enable the investment community to make careful and informed investment decisions on the Company's securities. Shareholders and investors can contact us at investors@puncakniaga.com.my and access the Group's information and corporate announcements at our website, www.puncakniaga.com.my.

All announcements made to Bursa Malaysia Securities Berhad (Bursa Securities) are published shortly after the same is released on Bursa Securities' website. All shareholders' queries will be received by the Executive Director, Corporate Services Division/ Group Company Secretary who will provide the relevant feedback and responses to shareholders' queries where such information can be made available to the public.

Since 22 October 2004, in our efforts to meet disclosure obligations towards our shareholders, investors and stakeholders, the Group had adopted and implemented the Puncak Niaga Corporate Disclosure Policy (as set out on page 112 of this Annual Report), formulated in line with the 'Guide On Best Practices In Corporate Disclosure' issued by Bursa Securities' Task Force on Corporate Disclosure Best Practices.

For more information, kindly refer page 112

ANNUAL GENERAL MEETING (AGM)

The Board of Puncak Niaga firmly believes that the AGM is the best forum to promote a closer relationship with our shareholders, enabling us to continue our engagement process with them.

Since 2003, our AGMs have been preceded by a Company Presentation followed by a Question and Answer Session. Our shareholders are updated on the Group's corporate and financial performances and latest developments. It is Puncak Niaga's way of saying 'We value your views' and 'We are here to serve you better'. At the same time, our shareholders' feedbacks, which are relevant to our operations, are taken into consideration in our business decisions. Puncak Niaga's Annual Report 2019 and AGM Notice are issued 28 days before the AGM.

In view of the Covid-19 pandemic and to safeguard the health and wellbeing of our shareholders, the 2020 AGM will be conducted entirely through live streaming from the broadcast venue at the Boardroom, 12th Floor, Wisma Rozali, No 4, Persiaran Seksyen 13, 40100, Shah Alam, Selangor Darul Ehsan on Thursday, 9 July 2020 at 10.00am. The Notice of 23rd AGM is enclosed with this Annual Report. The results of all resolutions proposed at the 2020 AGM will be posted on Bursa Securities' website and the Company's website on the evening of 9 July 2020.

INVESTOR RELATIONS UNIT

The Investor Relations Unit (IRU) maintains a database of shareholders and investors who wish to be updated on the Group's corporate developments and performances via e-mail.

Kindly e-mail us your contact details to the attention of Madam Tan Bee Lian, Executive Director, Corporate Services Division/Group Company Secretary at investors@puncakniaga.com.my or by mail at Investor Relations Unit, c/o Secretarial Department, Puncak Niaga Holdings Berhad, 10th Floor, Wisma Rozali, No. 4, Persiaran Sukan, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan, should you wish to be included in our database.

QUALITY POLICY

It is the policy of Puncak Niaga Holdings Berhad and its subsidiary (Puncak Niaga Group) to provide world-class quality services and products, technical expertise, management services and financial assistance to meet its client requirements and satisfaction.

Puncak Niaga Group shall strive to consistently adopt and maintain a quality management system (QMS) based on all regulated requirements, international recognized standards that ensure a planned, systematic, and proactive approach to quality in all aspects of its work.

Without prejudice to the generality of the above statement, the Quality Policy of Puncak Niaga Group is:

- To provide a safe, harmonious and friendly working environment and continuously equip its employees with knowledge and skills in order to further improve its quality systematically;
- To promote the use of a process approach and risk-based thinking;
- To ensure the objectives and targets of quality are set;
- To satisfy its clients and to meet their standard requirements by continuously improving its processes in order to enhance clients satisfaction and loyalty;
- To achieve continuous improvement across all aspects of quality management system; and
- To review this Quality Policy as and when appropriate and to ensure it is understood by all employees and is available to all relevant parties and stakeholders.

BOARD DIVERSITY POLICY

1.0 PURPOSE AND SCOPE OF APPLICATION

The Policy sets out the approach for achieving diversity for Puncak Niaga Holdings Berhad's Group's Boards of Directors (Board).

The Policy applies to the Board of Puncak Niaga Holdings Berhad and its Group. It does not apply to diversity in relation to the employees of Puncak Niaga Holdings Berhad Group, all of whom are covered by Puncak Niaga Holdings Berhad's Diversity Policy.

2.0 POLICY STATEMENT

Puncak Niaga Holdings Berhad believes in diversity and values the benefits that diversity can bring to its Board. The Company seeks to maintain a Board comprised talented and dedicated directors with a diverse mix of expertise, skills and backgrounds, which reflect the diverse nature of the business environment in which the Group operates.

In designing the Board's composition, diversity includes but is not limited to, skills, knowledge, industry experience, gender, age, cultural, education and socioeconomic backgrounds, ethnicity and expertise required to achieve effective stewardship and management.

When assessing the Board's composition and performance of the Board, as well as identifying suitable candidates for appointment or re-election to the Board, the Company will consider the benefits of diversity and the needs of the Board in order to maintain an optimum mix of skills, knowledge and experience on the Board.

The Board through the Nomination Committee reviews this Policy annually and assesses its effectiveness in promoting a diverse Board which includes an appropriate number of women directors on the Board. At any given time, the Board may seek to improve one or more aspects of its diversity.

DIVERSITY POLICY

1.0 POLICY STATEMENT

Puncak Niaga Holdings Berhad and its Group of Companies (the Group) is committed to incorporating diversity into every aspect of our organisation's functions and objectives. The Group recognises diversity as a means of enhancing the Group's performance, improving employee retention, accessing different perspectives and ideas.

Diversity includes, but is not limited to gender, age, ethnicity, religion, beliefs, origin, race and cultural background. It involves leveraging the diverse skills, experiences and talents from different backgrounds within our organisation.

2.0 MEASURABLE OBJECTIVES

The Group recognises diversity and supports national aspirations in providing equal opportunities to its employees regardless of gender, age, ethnicity, religion, beliefs, race and socioeconomic background. The Group believes that the Group's success and competitiveness depends upon its ability to embrace diversity and realise the benefits that diversity brings to the Group, such as:

- The Group is free from any form of discrimination where equal opportunity is given in hiring, training and career advancement of its employees at all levels.
- A diverse workforce from various education backgrounds, experiences, skills, languages and cultural understanding can supply a greater variety of solutions to problems in the workplace and allows a company to provide service to customers on a global basis. It could drive the Group's business success and sustain its competitiveness in all areas of business.
- A diverse workforce inspires our people to perform to their highest ability and encourages them to express their ideas and opinions and attribute a sense of equal value to all.
- In promoting diversity, we seek to identify, develop and implement the appropriate action plans to remove diversity barriers and obstacles in the workplace.

3.0 RESPONSIBILITIES

The Board is responsible to foster an inclusive workplace where each individual is respected and equal opportunity is given to all employees in respect of career development based on performance with a particular focus on participation of female employees on the Group's Board and Senior Management. The Board may seek to improve and set a direction on diversity from time to time to achieve the objectives of this Policy.

STATEMENT ON DIRECTORS' RESPONSIBILITY FOR PREPARATION OF FINANCIAL STATEMENTS

The Financial Statements of the Group and Company have been drawn up in accordance with the applicable approved accounting standards in Malaysia and the requirements of the Companies Act, 2016. The Directors take responsibility in ensuring that the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and of the results and the cash flows of the Group and of the Company for the financial year then ended.

In preparing the financial statements, the Directors have:

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent;
- Ensured that all applicable accounting standards have been followed; and
- Made an assessment of the Group's and of the Company's ability to continue as a going concern.

The Board has the overall responsibility to take all steps as are reasonably open to them to safeguard the assets of the Group to prevent and detect frauds and other irregularities.

APPROACHING OUR FINANCIAL STATEMENTS

The purpose of financial statements is to communicate the Group's financial information to its stakeholders. This section is to assist and guide the readers to understand our financial information by explaining the functions and relationships between the essential financial statements: the statements of profit or loss and other comprehensive income, the statements of financial position and the statements of cash flows. For comprehensive and authoritative definitions and explanations, readers should refer to the relevant accounting standards.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Financial performance measured by recording the flow of income and expenses over a period of time

This statement is to present all income or expenses in a performance statement during the financial year.

Refer Statements of Profit or Loss and Other Comprehensive Income on pg 133

STATEMENTS OF FINANCIAL POSITION

A snapshot of all the assets the company owns and all the claims against those assets, as at a point in time

This statement sums up the Group's non-current assets and working capital, debts and other non-current liabilities and owners' equity at 31 December 2019.

Refer Statements of Financial Position on pg 131

STATEMENTS OF CASH FLOWS

A statement that provides an overview of the cash inflows and outflows of the Company over a period of time

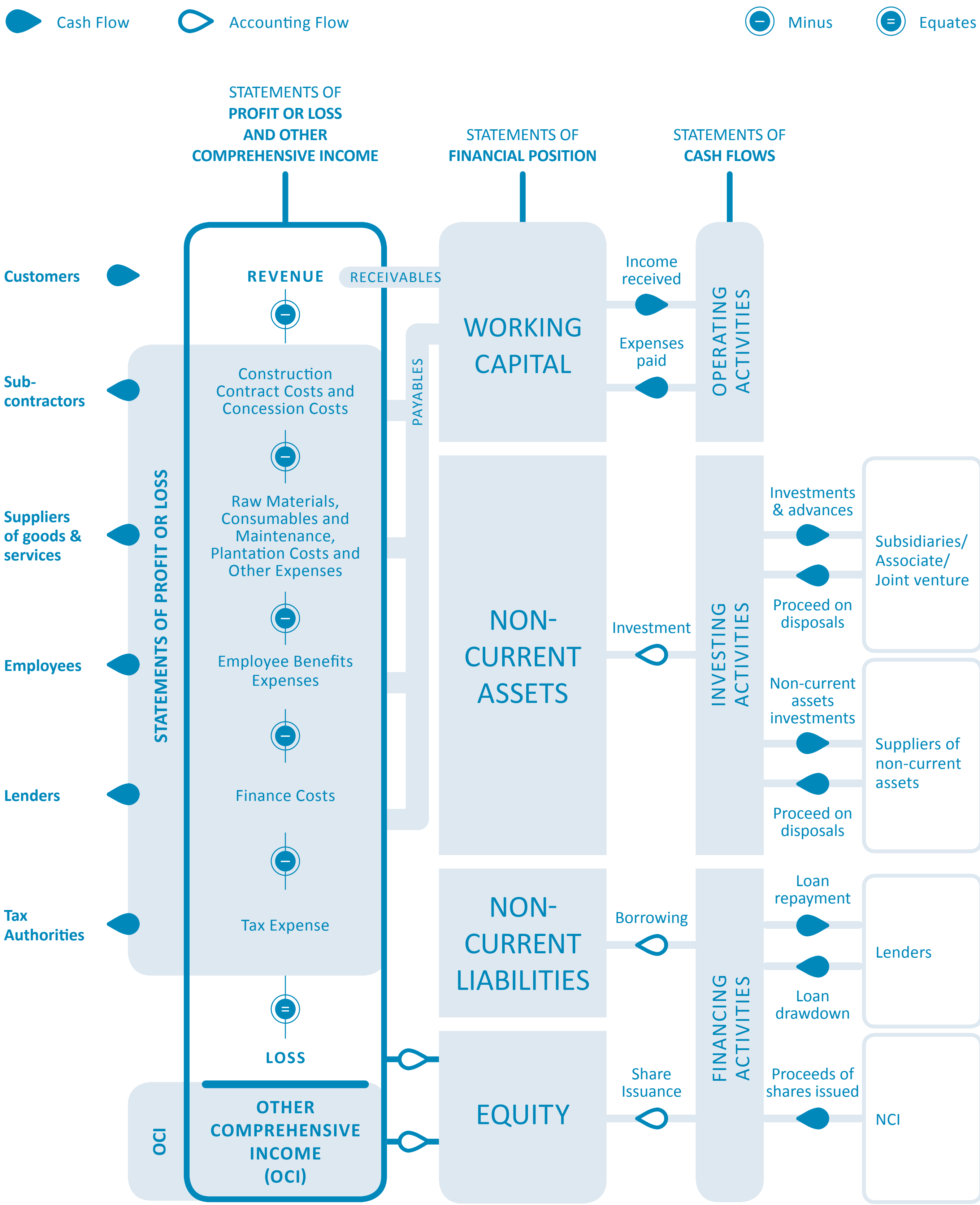
This statement divides the cash flows during the financial year into operating, investing and financing cash flows.

Operating cash flows are the cash inflows and outflows from working capital.

Investing cash flows are the cash flows arising from the purchase or disposal of non-current assets.

Financing cash flows represent the cash flows between the Group, its lenders and Non-Controlling Interest (NCI).

Refer Statements of Cash Flows on pg 137


Cash Flow
Accounting Flow
Minus
Equates
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
STATEMENTS OF FINANCIAL POSITION
STATEMENTS OF CASH FLOWS
Customers
Sub-contractors
Suppliers of goods & services
Employees
Lenders
Tax Authorities
STATEMENTS OF PROFIT OR LOSS
REVENUE
RECEIVABLES
Construction Contract Costs and Concession Costs
Raw Materials, Consumables and Maintenance, Plantation Costs and Other Expenses
Employee Benefits Expenses
Finance Costs
Tax Expense
LOSS
OCI
OTHER COMPREHENSIVE INCOME (OCI)
PAYABLES
WORKING CAPITAL
NON-CURRENT ASSETS
NON-CURRENT LIABILITIES
EQUITY
Income received
Expenses paid
Investment
Borrowing
Share Issuance
OPERATING ACTIVITIES
INVESTING ACTIVITIES
FINANCING ACTIVITIES
Investments & advances
Proceed on disposals
Subsidiaries/ Associate/ Joint venture
Non-current assets investments
Proceed on disposals
Suppliers of non-current assets
Loan repayment
Loan drawdown
Lenders
Proceeds of shares issued
NCI

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout the Directors' Report and Audited Financial Statements for the financial year ended 31 December 2019:

"Bursa Securities"	Bursa Malaysia Securities Berhad
"CGU"	Cash Generating Unit
"CLMSB"	Corporate Line (M) Sdn. Bhd.
"Company"	Puncak Niaga Holdings Berhad
"CPMSB"	Central Plus (M) Sdn. Bhd.
"DSSB"	Danau Semesta Sdn. Bhd.
"Danum Sinar"	Danum Sinar Sdn. Bhd.
"Federal Government"	Government of Malaysia
"Genbina"	Genbina Sdn. Bhd.
"GOM Resources"	GOM Resources Sdn. Bhd.
"GRL"	GOM Resources Limited
"Group"	Puncak Niaga Holdings Berhad Group of Companies
"KGL"	KGL Ltd.
"KHEC"	Kris Heavy Engineering & Construction Sdn. Bhd.
"MESB"	Murni Estate Sdn. Bhd.
"NCI"	Non-controlling interests
"PASSB"	Pengurusan Air Selangor Sdn. Bhd.
"PNCSB"	Puncak Niaga Construction Sdn. Bhd.

“PNHB” or “Puncak”	Puncak Niaga Holdings Berhad
“PNIPPL”	Puncak Niaga Infrastructures & Projects Private Limited
“PNMSSB”	Puncak Niaga Management Services Sdn. Bhd.
“PNOC”	Puncak Niaga Overseas Capital Pte. Ltd.
“PBSB”	Pujian Bayu Sdn. Bhd.
“PNSB”	PNSB Water Sdn. Bhd.
“POG”	Puncak Oil & Gas Sdn. Bhd.
“PRC”	People’s Republic of China
“PRCSB”	Puncak Research Centre Sdn. Bhd.
“RM”	Ringgit Malaysia
“SINO”	Sino Water Pte. Ltd.
“Sino Water (Shanghai)”	Sino Water Environmental Consultancy (Shanghai) Co. Ltd.
“State Government”	The State Government of Selangor
“SYABAS”	Syarikat Bekalan Air Selangor Sdn. Bhd.
“TRIplc”	TRIplc Berhad and its subsidiaries
“USD”	United States Dollar

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding, whilst the principal activities of the subsidiaries are disclosed in Note 8 to the financial statements. There has been no significant change in the nature of the principal activities.

Results	Group RM'000	Company RM'000
Loss for the year	(62,126)	(7,255)
Loss attributable to:		
Owners of the Company	(57,216)	(7,255)
Non-controlling interests	(4,910)	-
	(62,126)	(7,255)

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

DIVIDEND

No dividend was paid during the financial year ended 31 December 2019 and the Directors do not recommend the payment of any dividend for the financial year under review.

DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Directors
Tan Sri Rozali bin Ismail
Dato' Sri Adenan bin Ab. Rahman
Datuk Dr Marimuthu A/L Nadason
Dato' Yusof bin Badawi
Azlan Shah bin Rozali (Alternate Director to Tan Sri Rozali bin Ismail)
Dato' Abdul Jalil bin Abdul Karim (Appointed on 15 October 2019)
Dr Haji Badrul Hisham bin Mohd Yusoff (Appointed on 10 February 2020)
YM Tengku Loreta binti Tengku Dato' Setia Ramli Alhaj (Appointed on 10 February 2020)
Sr Haji Johari bin Wahab (Appointed on 10 February 2020)
Dato' Zainal Abidin bin Salleh (Resigned on 15 October 2019)
Tengku Dato' Rahimah binti Almarhum Sultan Mahmud (Resigned on 18 October 2019)
Tan Sri Dato' Ahmad Fuzi bin Haji Abdul Razak (Resigned on 30 November 2019)
Ng Wah Tar (Resigned on 31 December 2019)

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
Name of Director	1.1.2019	Acquired/ Conversion	Sold/ Conversion	31.12.2019
Direct Interest:				
Ordinary shares of the Company				
Tan Sri Rozali bin Ismail	1,901,900	-	-	1,901,900
Azlan Shah bin Rozali	389,400	-	-	389,400
Dato' Yusof bin Badawi	300	-	-	300
Deemed Interest:				
Ordinary shares of the Company				
Tan Sri Rozali bin Ismail	175,140,824*	-	-	175,140,824*
Dato' Abdul Jalil bin Abdul Karim	-	4,000**	-	4,000**

* Deemed interest by virtue of 100% shareholding interest in CPMSB and CLMSB, both are substantial corporate shareholders of the Company, of which 5% is held in his own name and 95% in his spouse's and children's names.

** Deemed interest by virtue of shares held in his spouse's name.

By virtue of his interests in the shares of the Company, Tan Sri Rozali bin Ismail, is also deemed interested in the shares of the subsidiaries during the financial year to the extent that Puncak Niaga Holdings Berhad has an interest.

None of the other Directors holding office at 31 December 2019 had any interest in the shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of remuneration received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in the financial statements) by reason of a contract made by the Company or a related corporation with any 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.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES, WARRANTS AND DEBENTURES

During the financial year, there were no changes in the issued and paid-up capital of the Company and the warrants of the Company. The Company has not issued any debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

INDEMNITY AND INSURANCE COSTS

During the current financial year, there is no indemnity cost for Directors or officers of the Company. The insurance cost for Directors and officers liability of the Group and Company was RM161,225.

QUALIFICATION OF SUBSIDIARIES' FINANCIAL STATEMENTS

There is no qualification for the auditors' report on the audit of the financial statements of the Company's subsidiaries.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

(i) all known bad debts have been written off and adequate provision have been made for doubtful debts, and

(ii) any current assets which were unlikely to be realised in the ordinary course of business 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:

(i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

(ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

(iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

(ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group or 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 as and when they fall due.

OTHER STATUTORY INFORMATION (CONTINUED)

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2019 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report except as disclosed in the following notes to the financial statements:

- Note 8.3 - Impairment loss on investment in subsidiaries
- Note 14.5 - Impairment of amount due from subsidiaries
- Note 20 - Provision for foreseeable loss
- Note 21 - Revenue

LIST OF DIRECTORS OF SUBSIDIARIES

Pursuant to Section 253 of the Companies Act 2016 in Malaysia, the list of Directors of the subsidiaries (excluding Directors who are also Directors of the Company) during the financial year and up to the date of this report is as follows:-

Tan Bee Lian
Wong Ley Chan
Faridatulzakiah binti Mohd Bakhry
Prof Dato' Dr Mohd Zainul Fithri bin Othman
YAM Dato' Tengku Rozanna Petri Tengku Mohamed Nasrun
YAM Tengku Mohamad Ridzman
Dr Gabriel Peter Salgo
Johanna Sammet
Wong Hee Chai
Chan Yit Hwa
Tan Sri Datuk Ling Chiong Ho
Wong Kai Song (Ceased as Alternate Director to Tan Sri Datuk Ling Chiong Ho on 1 April 2019)
Wong Ko Hock (Appointed as Alternate Director to Tan Sri Datuk Ling Chiong Ho on 1 April 2019)
Dato' Matlasa bin Hitam
Ar Mohd Khalid Mohammed Yusuf

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

SIGNIFICANT EVENTS

Significant events are disclosed in Note 37 to the financial statements.

AUDITORS

The auditors, Messrs Grant Thornton Malaysia PLT (converted from a conventional partnership, Grant Thornton Malaysia, on 1 January 2020), have indicated their willingness to accept re-appointment.

There was no indemnity given to or insurance effected for the auditors of the Company.

The auditors' remuneration is disclosed in Note 24.1 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....

Tan Sri Rozali bin Ismail
Director

....

Dato' Abdul Jalil bin Abdul Karim
Director

Shah Alam

Date: 18 May 2020

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

		Group		Company	
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
Assets					
Non-current assets					
Property, plant and equipment	4	**510,956**	527,427	**4**	24
Investment properties	5	**852,297**	852,297	**305,757**	305,757
Bearer biological assets	6	**311,504**	305,470	**-**	-
Concession asset	7	**5,768**	6,168	**-**	-
Investment in subsidiaries	8	**-**	-	**872,577**	868,077
Investment in associate	9	**9**	7	**20**	17
Deferred tax assets	10	**25,062**	29,328	**-**	-
Trade and other receivables	14	**724,652**	456,284	**-**	-
		2,430,248	2,176,981	**1,178,358**	1,173,875
Current assets					
Inventories	11	**3,637**	5,273	**-**	-
Fresh fruits bunches	12	**4,015**	3,248	**-**	-
Contract assets	13	**22,204**	40,231	**-**	-
Trade and other receivables	14	**89,529**	120,425	**145,774**	124,061
Short-term investments	15	**135,695**	421,510	**32,522**	15,907
Tax recoverable		**5,751**	6,450	**-**	210
Cash and cash equivalents	16	**443,752**	298,752	**59,049**	116,010
		704,583	895,889	**237,345**	256,188
Total assets		**3,134,831**	3,072,870	**1,415,703**	1,430,063

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Equity and liabilities					
Equity attributable to owners of the Company					
Share capital		**554,663**	554,663	**554,663**	554,663
Treasury shares		**(5,941)**	(5,941)	**(5,941)**	(5,941)
Reserves		**106,384**	104,907	**16,305**	16,305
Retained earnings		**651,700**	708,916	**820,380**	827,635
	17	**1,306,806**	1,362,545	**1,385,407**	1,392,662
Non-controlling interests	8.4	**33,727**	38,112	**-**	-
Total equity		**1,340,533**	1,400,657	**1,385,407**	1,392,662
Non-current liabilities					
Loans and borrowings	18	**1,053,262**	950,375	**-**	-
Concession liability	7	**110,190**	114,896	**-**	-
Trade and other payables	19	**10,000**	10,000	**-**	-
Deferred tax liabilities	10	**182,425**	189,320	**22,419**	27,751
		1,355,877	1,264,591	**22,419**	27,751
Current liabilities					
Loans and borrowings	18	**189,867**	158,496	**-**	-
Trade and other payables	19	**195,366**	175,983	**7,842**	9,650
Contract liabilities	13	**1,788**	184	**-**	-
Provision for foreseeable loss	20	**48,029**	71,387	**-**	-
Tax payable		**3,371**	1,572	**35**	-
		438,421	407,622	**7,877**	9,650
Total liabilities		**1,794,298**	1,672,213	**30,296**	37,401
Total equity and liabilities		**3,134,831**	3,072,870	**1,415,703**	1,430,063

The notes on pages 140 to 269 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue	21	**474,720**	230,466	**-**	-
Other income		**8,331**	23,711	**156**	430
Finance income		**21,786**	24,156	**14,591**	20,012
Items of expense					
Raw materials, consumables and maintenance		**(16,786)**	(14,734)	**-**	-
Construction contract costs		**(143,616)**	(107,457)	**-**	-
Plantation costs		**(30,262)**	(25,396)	**-**	-
Concession costs		**(199,914)**	(81,039)	**-**	-
Employee benefits expense	22	**(46,137)**	(54,019)	**(1,413)**	(1,317)
Impairment losses		**(523)**	(153)	**-**	(11,854)
Net loss on impairment of financial instruments and contract assets		**(17,169)**	(4,965)	**(4,017)**	(29,038)
Reversal for foreseeable loss	20	**23,358**	7,101	**-**	-
Depreciation and amortisation expense		**(24,983)**	(20,913)	**(20)**	(82)
Other expenses		**(30,870)**	(56,065)	**(21,813)**	(32,240)
Finance costs	23	**(75,032)**	(39,661)	**(12)**	(5)
Share of results of equity accounted entities		**(193)**	(96)	**-**	-
Loss before tax	24	**(57,290)**	(119,064)	**(12,528)**	(54,094)
Tax expense	25	**(4,836)**	(56,986)	**5,273**	(13,891)
Loss for the year		**(62,126)**	(176,050)	**(7,255)**	(67,985)
Other comprehensive income/(expense)					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation	26	**1,477**	(429)	**-**	-
Total comprehensive expense for the year		**(60,649)**	(176,479)	**(7,255)**	(67,985)
Loss attributable to:					
Owners of the Company		**(57,216)**	(169,662)	**(7,255)**	(67,985)
Non-controlling interests	8.4	**(4,910)**	(6,388)	**-**	-
Loss for the year		**(62,126)**	(176,050)	**(7,255)**	(67,985)
Total comprehensive expense attributable to:					
Owners of the Company		**(55,739)**	(170,091)	**(7,255)**	(67,985)
Non-controlling interests		**(4,910)**	(6,388)	**-**	-
		(60,649)	(176,479)	**(7,255)**	(67,985)
Basic loss per ordinary share (sen per share):					
Basic/diluted	27	**(12.79)**	(37.93)		

The notes on pages 140 to 269 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

		Attributable to owners of the Company		
		Non-distributable		
Group	Note	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000
At 1 January 2018		554,663	(5,941)	(181)
Foreign currency translation		-	-	(429)
Total other comprehensive expense		-	-	(429)
Loss for the year		-	-	-
Total comprehensive expense		-	-	(429)
Contributions by and distributions to owners of the Company:				
Subscription of shares by NCI in a subsidiary	8.1	-	-	-
Dividend paid	28	-	-	-
Total transactions with owners of the Company		-	-	-
At 31 December 2018		554,663	(5,941)	(610)
At 1 January 2019		**554,663**	**(5,941)**	**(610)**
Foreign currency translation		**-**	**-**	**1,477**
Total other comprehensive income		**-**	**-**	**1,477**
Loss for the year		**-**	**-**	**-**
Total comprehensive expense		**-**	**-**	**1,477**
Contributions by and distributions to owners of the Company:				
Subscription of shares through non-cash contribution by NCI in a subsidiary		**-**	**-**	**-**
Total transactions with owners of the Company		**-**	**-**	**-**
At 31 December 2019		**554,663**	**(5,941)**	**867**

		Distributable			
Revaluation reserve RM'000	Other reserve RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
125,531	(20,014)	880,814	1,534,872	33,900	1,568,772
-	-	-	(429)	-	(429)
-	-	-	(429)	-	(429)
-	-	(169,662)	(169,662)	(6,388)	(176,050)
-	-	(169,662)	(170,091)	(6,388)	(176,479)
-	-	-	-	10,600	10,600
-	-	(2,236)	(2,236)	-	(2,236)
-	-	(2,236)	(2,236)	10,600	8,364
125,531	(20,014)	708,916	1,362,545	38,112	1,400,657
125,531	**(20,014)**	**708,916**	**1,362,545**	**38,112**	**1,400,657**
-	**-**	**-**	**1,477**	**-**	**1,477**
-	**-**	**-**	**1,477**	**-**	**1,477**
-	**-**	**(57,216)**	**(57,216)**	**(4,910)**	**(62,126)**
-	**-**	**(57,216)**	**(55,739)**	**(4,910)**	**(60,649)**
-	**-**	**-**	**-**	**525**	**525**
-	**-**	**-**	**-**	**525**	**525**
125,531	**(20,014)**	**651,700**	**1,306,806**	**33,727**	**1,340,533**

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

Company	Note	← Attributable to owners of the Company →				
		← Non-distributable →			Distributable	
		Share capital RM'000	Treasury shares RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2018		554,663	(5,941)	16,305	897,856	1,462,883
Loss and total comprehensive expense for the year		-	-	-	(67,985)	(67,985)
Dividend paid	28	-	-	-	(2,236)	(2,236)
At 31 December 2018		**554,663**	**(5,941)**	**16,305**	**827,635**	**1,392,662**
Loss and total comprehensive expense for the year		-	-	-	**(7,255)**	**(7,255)**
At 31 December 2019		**554,663**	**(5,941)**	**16,305**	**820,380**	**1,385,407**

The notes on pages 140 to 269 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash flows from operating activities					
Receipts from customers		**221,579**	193,392	**-**	-
Other income		**3,721**	12,602	**157**	60
Payments for operating expenses		**(101,160)**	(208,671)	**(6,492)**	(10,885)
Payments to contractors		**(323,033)**	(194,178)	**-**	-
Payment of management fee to a subsidiary		**-**	-	**(16,444)**	(24,135)
Cash used in operations		**(198,893)**	(196,855)	**(22,779)**	(34,960)
Tax (paid)/refunded		**(4,964)**	(3,378)	**185**	(73)
Interest income		**26,040**	18,601	**3,967**	4,734
Net cash used in operating activities		**(177,817)**	(181,632)	**(18,627)**	(30,299)
Cash flows from investing activities					
Net cash inflow/(outflow) from acquisition of subsidiaries		**-**	1,556	**-**	(192,024)
Investment in ordinary/redeemable preference shares of a subsidiary		**-**	-	**(4,500)**	(95,400)
Redemption of Junior Term Note		**(37,700)**	-	**-**	-
Acquisition of property, plant and equipment	(ii)	**(1,484)**	(7,186)	**-**	-
Additions of bearer biological assets		**(8,858)**	(13,847)	**-**	-
Net advances to subsidiaries		**-**	-	**(17,024)**	(40,033)
Net advance to associate		**(3)**	(3)	**(3)**	(3)
Net advance to joint venture		**(192)**	(234)	**(191)**	(234)
Cash flows used in investing activities carried forward		**(48,237)**	(19,714)	**(21,718)**	(327,694)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Cash flows used in investing activities brought forward		**(48,237)**	(19,714)	**(21,718)**	(327,694)
Net proceeds/(Additions) from short-term investments		**285,814**	250,424	**(16,615)**	279,666
Proceeds from disposal of property, plant and equipment		**474**	12,731	**-**	-
Net cash from/(used in) investing activities		**238,051**	243,441	**(38,333)**	(48,028)
Cash flows from financing activities					
NCI subscription of share capital in a subsidiary		**-**	10,600	**-**	-
Proceeds from issuance of MTN		**171,746**	-	**-**	-
Proceeds from loans and borrowings		**37,442**	84,617	**-**	-
Interest paid		**(75,681)**	(41,083)	**-**	-
Dividend paid	28	**-**	(2,236)	**-**	(2,236)
Increase in pledged deposit		**(39,989)**	(1,108)	**-**	-
Repayment of loans and borrowings		**(45,305)**	(59,749)	**-**	-
Repayment of lease liabilities/finance lease liabilities		**(3,713)**	(3,688)	**-**	-
Net cash from/(used in) financing activities		**44,500**	(12,647)	**-**	(2,236)
Net increase/(decrease) in cash and cash equivalents		**104,734**	49,162	**(56,960)**	(80,563)
Effects of exchange rate changes on cash held		**(51)**	24	**(1)**	20
Cash and cash equivalents at 1 January		**292,997**	243,811	**116,010**	196,553
Cash and cash equivalents at 31 December	(i)	**397,680**	292,997	**59,049**	116,010

(i) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Deposits with licensed banks	16	**367,141**	187,297	**57,840**	96,532
Cash and bank balances	16	**76,611**	111,455	**1,209**	19,478
		443,752	298,752	**59,049**	116,010
Less:					
Cash and bank balances pledged	16	**(43,461)**	(3,472)	**-**	-
Bank overdraft	18	**(2,611)**	(2,283)	**-**	-
		397,680	292,997	**59,049**	116,010

(ii) Acquisition of property, plant and equipment

During the financial year, the Group and the Company have made the following cash payments to acquire property, plant and equipment:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Purchase of property, plant and equipment	**2,363**	23,010	**-**	-
Financed by hire purchase agreements	**(820)**	(11,364)	**-**	-
Other non-cash adjustment	**(59)**	(4,460)	**-**	-
Cash payments on purchase of property, plant and equipment	**1,484**	7,186	**-**	-

(iii) Reconciliation between movements of liabilities to cash flows arising from financing activities

	At 1 January 2018 RM'000	Arising from business acquisition (Note 35) RM'000	Net changes (used in)/ from financing cash flows RM'000	Other non-cash flow changes RM'000	At 31 December 2018 RM'000	Net changes (used in)/ from financing cash flows RM'000	Other non-cash flow changes RM'000	At 31 December 2019 RM'000
Group								
Tawarruq term loan	138,674	-	-	-	138,674	(1,458)	-	**137,216**
Revolving credit facility	18,100	-	51,800	-	69,900	38,900	-	**108,800**
Term loan	-	55,018	7,541	-	62,559	(37,805)	-	**24,754**
Medium Term Notes	-	197,061	(20,000)	364	177,425	171,746	(19,314)	**329,857**
Junior Note	-	29,572	-	305	29,877	(20,000)	(9,877)	**-**
Senior Sukuk Murabahah	-	611,471	-	1,400	612,871	-	2,407	**615,278**
Bridging loan	-	14,470	(14,470)	-	-	-	-	**-**
Bank overdraft	-	1,776	507	-	2,283	-	328	**2,611**
Obligation under finance leases/ lease liabilities	6,478	1,128	(3,688)	11,364	15,282	(3,713)	544	**12,113**
Cashline-I	-	-	-	-	-	12,500	-	**12,500**
	163,252	910,496	21,690	13,433	1,108,871	160,170	(25,912)	**1,243,129**

NOTES TO THE FINANCIAL STATEMENTS

Puncak Niaga Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Securities. The addresses of the principal place of business and registered office of the Company are as follows:

PRINCIPAL PLACE OF BUSINESS

Wisma Rozali, No. 4, Persiaran Sukan, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan.

REGISTERED OFFICE

10th Floor, Wisma Rozali, No. 4, Persiaran Sukan, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan.

The consolidated financial statements as at and for the financial year ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in associates and joint ventures. The financial statements of the Company as at and for the financial year ended 31 December 2019 do not include any other entities.

The principal activity of the Company is investment holding while the principal activities of the other Group entities are as disclosed in Note 8 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 18 May 2020.

1. BASIS OF PREPARATION

(a) Statement of compliance

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

At the beginning of the current financial year, the Group and the Company adopted new standards/amendments/improvements to MFRSs which are mandatory for the financial periods beginning on or after 1 January 2019.

Initial application of the new standards/amendments/improvements to the standards did not have material impact to the financial statements.

MFRS 16 Leases

MFRS 16 supersedes MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Leases-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

MFRS 16 Leases (continued)

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 does not have an impact for leases where the Group and the Company are the lessor.

The Group and the Company adopted MFRS 16 using the modified retrospective method of adoption, with the date of initial application of 1 January 2019. The Group and the Company elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 January 2019. Instead, the Group and the Company applied the standard only to contracts that were previously identified as leases applying MFRS 117 and IC Interpretation 4 at the date of initial application. The Group and the Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, Business Combinations – Definition of a Business
- Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, Insurance Contracts

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments from the annual period beginning on 1 January 2020 for those accounting standards, interpretations and amendments, that are effective for annual periods beginning on or after 1 January 2020.

The Group and the Company do not plan to apply MFRS 17, Insurance Contracts that is effective for annual periods beginning on or after 1 January 2021 as it is not applicable to the Group and the Company.

The initial application of the accounting standards, interpretations or amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2 to the financial statements.

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1. BASIS OF PREPARATION (CONTINUED)

(c) Functional and presentation currency

These financial statements are presented in RM, which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 8.3 - Impairment loss on investment in subsidiaries
- Note 14.5 - Impairment of amount due from subsidiaries
- Note 20 - Provision for foreseeable loss
- Note 21 - Revenue

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

Arising from the adoption of MFRS 16, Leases, there are changes to the accounting policies applied to lease contracts entered into by the Group entities as compared to those applied in previous financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, 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.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group accounts all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising from the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or a financial asset depending on the level of influence retained.

(v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(v) Associates (continued)

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses. The cost of the investment includes transaction costs.

(vi) Joint arrangements

Joint arrangements are arrangements of which the Group or the Company has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group and the Company account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.

- A joint arrangement is classified as "joint venture" when the Group or the Company has rights only to the net assets of the arrangements. The Group account for its interest in the joint venture using the equity method. Investments in joint venture are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(vii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(viii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint venture are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income.

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency (continued)

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

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

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

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

(c) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(o)(i)) where the effective interest rate is applied to the amortised cost.

(b) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see Note 2(o)(i)).

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial liabilities

The categories of financial liabilities at initial recognition are as follows:

(a) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) 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 guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15, *Revenue from Contracts with Customers*.

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

(iv) 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 the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, 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.

(v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost/revaluation less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

Property, plant and equipment under the revaluation model

The Group revalues its properties comprising land and building every 3 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

(ii) Subsequent costs

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• Buildings	10 to 50 years
• Plantation building	10 to 50 years
• Leasehold improvement	10 years
• Infrastructure	50 years
• Plant and machinery	4 to 25 years
• Computers, software and equipment	3 to 10 years
• Furniture and fittings	5 to 10 years
• Motor vehicles	5 to 10 years
• Renovations	3 to 10 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.

Right-of-use assets

Current financial year

The below accounting policies for property, plant and equipment applies to leasehold land, plantation land, leasehold improvement, plant and machinery and motor vehicles.

The estimated useful lives for:-

• Long-term leasehold land	over the leasehold period from 82 to 99 years
• Plantation land	over the leasehold period of 86 years
• Leasehold improvement	10 years
• Plant and machinery	4 to 25 years
• Motor vehicles	5 to 10 years

Previous financial year

Following the adoption of MFRS 16 Leases on 1 January 2019, the Group and the Company have reclassified the carrying amount of leasehold land, plantation land, leasehold improvement, plant and machinery and motor vehicles to right-of-use ("ROU") assets. See Note 2(i) to the financial statements for the new accounting policies.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Bearer biological assets

Bearer biological assets comprise oil palm plants which are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the plants and any other costs directly attributable to bringing the plants to maturity. The cost also includes the cost of planting, upkeep and maintenance, direct labour and estate overheads. For immature plants, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Upon maturity of the plants, accumulated cost will be depreciated over estimated production life of the plants of approximately 25 years from date of maturity.

The depreciation method of the plants is the units of production method, which results in a charge based on the expected yield of the plants. The depreciation method of the bearer plants (determined by fields of planting or replanting) is reviewed at the end of each reporting period, and any change in estimate is applied prospectively over the remaining useful life of the plants, commencing in the current period.

When the plants reach the end of their useful lives and are replanted, the carrying amount of the plants is derecognised.

(f) Investment properties

(i) Investment properties carried at fair value

Investment properties are properties which are owned or right-of-use asset held under a lease contract to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties which are owned are measured initially at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. Right-of-use asset held under a lease contract that meets the definition of investment property is initially measured similarly as other right-of-use assets.

Subsequently, investment properties are measured at fair value with any changes therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

The fair value of investment properties held by the Group as a right-of-use asset reflects the expected cash flows. Accordingly, where valuation obtained for a property is net of all payments expected to be made, the Group added back any recognised lease liability to arrive at the carrying amount of the investment property using the fair value model.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Investment properties (continued)

(ii) Reclassification to/from investment properties

When an item of property, plant and equipment is transferred to investment properties following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of investment properties, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(g) Concession arrangements

Where the Group performs more than one service (i.e. construction contract and maintenance services) under a single contract or arrangement, the consideration receivable is allocated by reference to the relative fair values of the services delivered, when the amounts are separately identifiable. The accounting policies for the construction contract and maintenance services are explained in Note 2(s).

Concession asset/(liability)

Concession asset/(liability) is amortised subsequent to initial recognition on a straight-line basis over the remaining tenure of the concession arrangements.

(h) Goodwill

Goodwill arises on business combination is measured at cost less any accumulated impairment losses.

Goodwill is not amortised but is tested for impairment annually and whenever there is an indication that they may be impaired.

(i) Leases

The Group has applied MFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised as an adjustment to retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported under MFRS 117, Leases and related interpretations.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Leases (continued)

Current financial year

(i) Definition of leases

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

(a) As a lessee

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Leases (continued)

Current financial year (continued)

(ii) Recognition and initial measurement (continued)

(a) As a lessee (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

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

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Leases (continued)

Current financial year (continued)

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date 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 right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The estimated useful lives of the right-of-use assets are determined on the same basis as those of property, plant and equipment as follows:

• Long-term leasehold land	over the leasehold period from 82 to 92 years
• Plantation land	over the leasehold period of 86 years
• Leasehold improvement	10 years
• Plant and machinery	4 to 25 years
• Motor vehicles	5 to 10 years

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the lease. The Group aims to allocate finance income over the lease term on a systematic and rational basis. The Group applies the lease payments relating to the period against the gross investmen t in the lease to reduce both the principal and the unearned finance income. The net investment in the lease is subject to impairment requirements in MFRS 9, Financial Instruments (see Note 2(o)(i)).

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Leases (continued)

Previous financial year

As a lessee

(i) Finance lease

Leases in terms of which the Group or the Company assumed substantially all the risks and rewards of ownership were classified as finance leases. Upon initial recognition, the leased asset was measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset was accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases were apportioned between the finance expense and reduction of the outstanding liability. The finance expense was allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments were accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment was confirmed.

Leasehold land which in substance was a finance lease was classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

(ii) Operating lease

Leases, where the Group or the Company did not assume substantially all the risks and rewards of ownership were classified as operating leases and, except for property interest held under operating lease, the leased assets were not recognised on the statement of financial position. Property interest held under an operating lease, which was held to earn rental income or for capital appreciation or both, was classified as investment property and measured using fair value model.

Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals were charged to profit or loss in the reporting period in which they were incurred.

Leasehold land which in substance was an operating lease was classified as prepaid lease payments.

(j) Inventories

Inventories other than agriculture produce are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Fresh fruit bunches

Fresh fruit bunches, which have yet to be harvested, are measured at fair value less costs to sell.

(l) Contract asset/Contract liability

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, Financial Instruments (see Note 2(o)(i)).

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

(m) Contract cost

(i) Incremental cost of obtaining a contract

The Group or the Company recognises incremental costs of obtaining contracts when the Group or the Company expects to recover these costs.

(ii) Costs to fulfil a contract

The Group or the Company recognises a contract cost that relate directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group or the Company, will be used in satisfying performance obligations in the future and it is expected to be recovered.

These 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 and loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that 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.

(n) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value with original maturities of three months or less, and are used by the Group and the Company in the management of their short-term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Impairment (continued)

(ii) Other assets

The carrying amounts of other assets (except for inventories, contract assets, investment properties measured at fair value, deferred tax asset and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each period at the same time.

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

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

An impairment loss is recognised if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount.

An impairment loss shall be recognised immediately in profit or loss, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset shall be treated as a revaluation decrease. An impairment loss on a non-revalued asset is recognised in profit or loss. However, an impairment loss on a revalued asset is recognised in other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Such an impairment loss on a revalued asset reduces the revaluation surplus for that asset.

Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs) and then to reduce the carrying amounts of the other assets in the CGU (groups of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

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

(ii) Ordinary shares

Ordinary shares are classified as equity and are stated at cost.

(iii) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

Where treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(q) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Group makes contributions to the Employees' Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(s) Revenue and other income

(i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. 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 the asset.

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

(a) the customer simultaneously receives and consumes the benefits provided as the Group performs;

(b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) 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.

(ii) Dividend income

Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iii) Finance Income

Finance income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(iv) Rental income

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) 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 directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

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

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

(u) Income tax

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

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

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

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2(f), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Income tax (continued)

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

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

(v) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders 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 warrants.

(w) 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. Operating segment results are reviewed regularly by the Board of Directors of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(x) Contingencies

(i) Contingent liabilities

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

(ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) Fair value measurements

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

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

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

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

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

Level 3: Unobservable inputs for the asset or liability.

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

3. AWARD OF CONCESSIONS

(a) Concession Agreement UiTM-Zone 1 Phase 2, Puncak Alam Campus ("CA-Z1P2")

The Company's sub-subsidiary, TRIplc Ventures Sdn. Bhd. ("TVSB"), entered into the CA-Z1P2 Concesssion Agreement with the Government of Malaysia ("Government''), represented by the Ministry of Higher Education ("MOHE") and University Teknologi MARA ("UiTM") in 2010. Under the CA-Z1P2, TVSB was granted a 23-year concession to undertake the planning, design, financing, development, construction, landscaping, equipping, installation, completion, testing, commissioning and maintenance of specified facilities and infrastructure for Z1P2 of UiTM Puncak Alam Campus. The specified facilities and infrastructure include academic facilities for three faculties, namely the Faculty of Accountancy, Faculty of Business Administration and Faculty of Hotel and Tourism Management, common facilities, student accommodation, multipurpose hall, maintenance centre, prayer hall, library, student centre, cafeteria and health centre.

The construction works for Z1P2 of UiTM Puncak Alam Campus commenced in 2011 and was completed in April 2014.

The Group, commenced the facilities management services for a period of 20 years from 2014 to 2034.

(b) Concession Agreement UiTM-Zone 1 Phase 3, Puncak Alam Campus ("CA-Z1P3")

The Company's sub-subsidiary, TRIplc Medical Sdn. Bhd. ("TMSB") was awarded a concession to undertake the planning, finance, design, development, construction, landscaping, equipping, installation, completion, testing and commissioning of the facilities and infrastructure in relation to the Teaching Hospital and Medical Academic Centre at UiTM Puncak Alam Campus and thereafter, to carry out the asset management services of the facilities and infrastructure in accordance with the terms and conditions of the Concession Agreement dated 18 February 2016 entered into between the Government, MOHE, UiTM and TMSB.

The concession is for a period of 25 years starting from 11 April 2017; 3 years for construction and 22 years for asset management services.

NOTES TO THE FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Long-term leasehold land RM'000	Buildings RM'000	Plantation land RM'000	Plantation building RM'000	Leasehold improvement RM'000	Infrastructure RM'000
	At valuation			At cost			
Group							
Cost/Valuation							
At 1 January 2018	-	38,325	46,136	293,144	5,265	5,160	98,038
Additions	-	-	-	-	510	-	4,180
Disposals	-	-	-	-	-	-	-
Acquisition through a business combination (Note 35)	-	10,040	14,600	-	-	-	-
Write off	-	-	-	-	-	-	-
Reclassification	-	-	-	-	3,830	-	-
Transfer to investment properties (Note 5)	-	-	(17,100)	-	-	-	-
Exchange difference	-	-	-	-	-	-	-
At 31 December 2018	-	48,365	43,636	293,144	9,605	5,160	102,218
At 1 January 2019	**-**	**48,365**	**43,636**	**293,144**	**9,605**	**5,160**	**102,218**
Effect of Adoption of MFRS 16	**-**	**(48,365)**	**-**	**(293,144)**	**-**	**(5,160)**	**-**
At 1 January 2019, restated	**-**	**-**	**43,636**	**-**	**9,605**	**-**	**102,218**
Additions	**-**	**-**	**-**	**-**	**35**	**-**	**820**
Reclassification	**2,550**	**-**	**(2,550)**	**-**	**2,068**	**-**	**290**
Disposal	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Written off	**-**	**-**	**-**	**-**	**-**	**-**	**-**
At 31 December 2019	**2,550**	**-**	**41,086**	**-**	**11,708**	**-**	**103,328**

	Vessel RM'000	Plant and machinery RM'000	Computers, software and equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Renovations RM'000	Work in progress RM'000	Right-of-use assets RM'000	Total RM'000
	171,388	1,153	29,913	8,167	48,670	22,186	4,284	-	771,829
	-	529	657	519	11,967	288	4,360	-	23,010
	(148,250)	-	(536)	(552)	(288)	-	-	-	(149,626)
	-	-	401	15	1,171	66	-	-	26,293
	-	-	(2,525)	(1,135)	(72)	(4,425)	(263)	-	(8,420)
	-	-	-	-	194	-	(4,024)	-	-
	-	-	(805)	(1,074)	-	(1,135)	-	-	(20,114)
	(23,138)	-	-	-	-	-	-	-	(23,138)
	-	1,682	27,105	5,940	61,642	16,980	4,357	-	619,834
	-	**1,682**	**27,105**	**5,940**	**61,642**	**16,980**	**4,357**	**-**	**619,834**
	-	**-**	**-**	**-**	**(23,755)**	**-**	**-**	**370,424**	**-**
	-	**1,682**	**27,105**	**5,940**	**37,887**	**16,980**	**4,357**	**370,424**	**619,834**
	-	**2**	**185**	**30**	**-**	**101**	**1,190**	**-**	**2,363**
	-	**305**	**-**	**-**	**1**	**-**	**(4,403)**	**1,739**	**-**
	-	**-**	**(9)**	**-**	**(2,661)**	**-**	**-**	**(85)**	**(2,755)**
	-	**-**	**(298)**	**-**	**(160)**	**-**	**-**	**-**	**(458)**
	-	**1,989**	**26,983**	**5,970**	**35,067**	**17,081**	**1,144**	**372,078**	**618,984**

NOTES TO THE FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land RM'000	Long-term leasehold land RM'000	Buildings RM'000	Plantation land RM'000	Plantation building RM'000	Leasehold improvement RM'000	Infrastructure RM'000
	At valuation			At cost			
Group							
Accumulated Depreciation							
At 1 January 2018							
Accumulated depreciation	-	-	-	1,113	600	539	980
Accumulated impairment loss	-	-	-	-	-	-	-
	-	-	-	1,113	600	539	980
Charge for the year	-	458	724	3,409	211	505	1,961
Transfer to investment properties (Note 5)	-	-	(35)	-	-	-	-
Disposal	-	-	-	-	-	-	-
Written off	-	-	-	-	-	-	-
Exchange difference	-	-	-	-	-	-	-
At 31 December 2018	-	458	689	4,522	811	1,044	2,941
At 1 January 2019	**-**	**458**	**689**	**4,522**	**811**	**1,044**	**2,941**
Effect of Adoption of MFRS 16	**-**	**(458)**	**-**	**(4,522)**	**-**	**(1,044)**	**-**
At 1 January 2019, restated	**-**	**-**	**689**	**-**	**811**	**-**	**2,941**
Charge for the year	**-**	**-**	**1,064**	**-**	**117**	**-**	**1,961**
Disposal	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Written off	**-**	**-**	**-**	**-**	**-**	**-**	**-**
At 31 December 2019	**-**	**-**	**1,753**	**-**	**928**	**-**	**4,902**
Carrying amounts							
At 31 December 2018	-	47,907	42,947	288,622	8,794	4,116	99,277
At 31 December 2019	**2,550**	**-**	**39,333**	**-**	**10,780**	**-**	**98,426**

Vessel RM'000	Plant and machinery RM'000	Computers, software and equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Renovations RM'000	Work in progress RM'000	Right-of-use assets RM'000	Total RM'000
26,937	472	25,861	5,668	28,333	20,506	-	-	111,009
129,827	-	20	294	-	146	-	-	130,287
156,764	472	25,881	5,962	28,333	20,652	-	-	241,296
336	207	2,135	621	7,344	577	-	-	18,488
-	-	(451)	(600)	-	(654)	-	-	(1,740)
(134,667)	-	(69)	(269)	(142)	-	-	-	(135,147)
-	-	(2,747)	(849)	(37)	(4,424)	-	-	(8,057)
(22,433)	-	-	-	-	-	-	-	(22,433)
-	679	24,749	4,865	35,498	16,151	-	-	92,407
-	**679**	**24,749**	**4,865**	**35,498**	**16,151**	**-**	**-**	**92,407**
-	**-**	**-**	**-**	**(7,637)**	**-**	**-**	**13,661**	**-**
-	**679**	**24,749**	**4,865**	**27,861**	**16,151**	**-**	**13,661**	**92,407**
-	**52**	**1,132**	**469**	**3,519**	**341**	**-**	**9,567**	**18,222**
-	**-**	**(2)**	**-**	**(2,190)**	**-**	**-**	**(69)**	**(2,261)**
-	**-**	**(266)**	**-**	**(74)**	**-**	**-**	**-**	**(340)**
-	**731**	**25,613**	**5,334**	**29,116**	**16,492**	**-**	**23,159**	**108,028**
-	1,003	2,356	1,075	26,144	829	4,357	-	527,427
-	**1,258**	**1,370**	**636**	**5,951**	**589**	**1,144**	**348,919**	**510,956**

NOTES TO THE FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Computers, software and equipment RM'000	Renovations RM'000	Total RM'000
	At cost		
Company			
Cost			
At 1 January 2018/31 December 2018/31 December 2019	876	1,928	2,804
Depreciation			
At 1 January 2018	771	1,927	2,698
Depreciation for the year	81	1	82
At 31 December 2018	852	1,928	2,780
Depreciation for the year	20	-	20
At 31 December 2019	872	1,928	2,800
Carrying amounts			
At 31 December 2018	24	-	24
At 31 December 2019	4	-	4

4.1 Right of use assets

	Long-term leasehold land RM'000	Plantation land RM'000	Leasehold improvement RM'000	Plant and machinery RM'000	Motor vehicle RM'000	Total RM'000
	At valuation	At cost				
Group						
Cost						
At 1 January 2019	48,365	293,144	5,160	-	23,755	370,424
Reclassifications	-	-	-	1,740	(1)	1,739
Disposal	-	-	-	-	(85)	(85)
At 31 December 2019	48,365	293,144	5,160	1,740	23,669	372,078
Accumulated Depreciation						
At 1 January 2019	458	4,522	1,044	-	7,637	13,661
Additions	567	4,000	502	174	4,324	9,567
Disposal	-	-	-	-	(69)	(69)
At 31 December 2019	1,025	8,522	1,546	174	11,892	23,159

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

4.1 Right of use assets (continued)

	Long-term leasehold land RM'000	Plantation land RM'000	Leasehold improvement RM'000	Plant and machinery RM'000	Motor vehicle RM'000	Total RM'000
	At valuation	←	At cost		→	
Carrying amounts						
At 31 December 2019	**47,340**	**284,622**	**3,614**	**1,566**	**11,777**	**348,919**

4.2 Breakdown of depreciation charge for the year, are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Recognised in profit or loss	**16,344**	15,725	**20**	82
Capitalised in bearer biological assets (Note 6)	**1,878**	2,763	**-**	-
Depreciation charged for the year	**18,222**	18,488	**20**	82

4.3 Assets held under finance leases

The carrying amount of motor vehicles of the Group held under finance leases as at 31 December 2018 were RM16,741,000.

4.4 Revaluation of leasehold land and buildings

In the financial year ended 31 December 2017, the leasehold land and buildings were revalued to fair values. Their fair values were arrived at by reference to market evidence of transaction prices for similar properties and were performed by registered independent valuers having appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. The fair value measurement of the leasehold land and buildings was based on the highest and best use, which did not differ from their actual use.

NOTES TO THE FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

4.4 Revaluation of leasehold land and buildings (continued)

Valuation processes applied by the Group for Level 3 fair value

The following table showed the valuation technique used in the determination of fair values classified within Level 3, as well as the significant unobservable inputs used in the valuation model.

Description of valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Comparison approach: The method involved determining the market value by directly comparing the property under valuation with similar properties, which have been sold, and estimating the fair value from these transactions. This method was based on the principle that the market value of a property would be in line with the market values of similar properties in the same locality as the subject property, the values being indicated through sales transactions of these properties. In arriving at the valuation, the independent professional valuer had made adjustment for factors, which would affect the market value of the investment property including but not limited to location, size, facilities available, market conditions and other factors in order to arrive at a common basis for comparison.	Adjusted market value per square foot.	The estimated fair value would increase/(decrease) if adjusted market value per square foot were higher/(lower).

If the leasehold land and buildings were measured using the cost model, the carrying amounts would have been as follows:

	Group	
	2019 RM'000	2018 RM'000
Leasehold land at 31 December:		
Cost	-	17,969
Accumulated depreciation	-	(3,352)
Carrying amount	-	14,617
Buildings at 31 December:		
Cost	**31,903**	31,903
Accumulated depreciation	**(5,793)**	(5,450)
Carrying amount	**26,110**	26,453
Right-of-use asset		
Land at 31 December:		
Cost	**17,969**	-
Accumulated depreciation	**(3,525)**	-
Carrying amount	**14,444**	-
	40,554	41,070

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

4.5 Disposal of property, plant and equipment

In the previous financial year, on April 2018, KGL Ltd entered into a Memorandum of Agreement ("MOA") with SOMAP International Pte. Ltd. for the disposal of the Vessel for a total cash consideration of approximately USD3.3 million (approximately RM12.8 million). The disposal was completed on 24 April 2018.

4.6 Security

As at the end of the reporting period, the carrying amount of the plantation land, plantation buildings and infrastructure of the Group of RM393,828,000 (2018: RM288,622,000) has been charged to secure the banking facilities granted to a sub-subsidiary of the Company as disclosed in Note 18.2(a) to the financial statements.

5. INVESTMENT PROPERTIES

	Note	Group RM'000	Company RM'000
At 1 January 2018		601,367	305,757
Fair value loss recognised during the year		(1,233)	-
Additions through a business combination	35	233,789	-
Reclassification	4, 5.1	18,374	-
At 31 December 2018/31 December 2019		852,297	305,757

Included in the above are:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
At fair value				
Freehold land	**3,265**	3,265	**-**	-
Long-term leasehold land	**-**	811,267	**-**	294,257
Buildings	**37,765**	37,765	**11,500**	11,500
	41,030	852,297	**11,500**	305,757

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
At fair value				
Right-of-use assets				
Long-term leasehold land	**811,267**	-	**294,257**	-

NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENT PROPERTIES (CONTINUED)

5.1 Transfer from property, plant and equipment

During the previous financial year, certain properties were transferred from property, plant and equipment (Note 4) to investment properties since the properties were no longer used by the Group and was leased to a third party or left vacant.

5.2 Fair value of investment properties

The fair values of the investment properties during the current and previous financial year are arrived at by reference to market evidence of transaction prices for similar properties and are performed by registered independent valuers having appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. The fair value measurement of the investment properties is based on the highest and best use, which does not differ from their actual use.

The following table shows the valuation technique used in the determination of fair values, classified within Level 3, as well as the significant unobservable inputs used in the valuation model in the current and previous financial year.

Description of valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Comparison approach: The method involves determining the market value by directly comparing the property under valuation with similar properties which have been sold, and estimating the fair value from these transactions. This method is based on the principle that the market value of a property would be in line with the market values of similar properties in the same locality as the subject property, the values being indicated through sales transactions of these properties. In arriving at the valuation, the independent professional valuer has made adjustment for factors, which would affect the market value of the investment property including but not limited to location, size, facilities available, market conditions and other factors in order to arrive at a common basis for comparison.	Adjusted market value per square foot.	The estimated fair value would increase/ (decrease) if adjusted market value per square foot were higher/ (lower).

5.3 The following are recognised in profit or loss in respect of investment properties:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Rental income	**1,023**	720	**60**	349
Direct operating expenses				
- income generating investment properties	**(964)**	(728)	**(76)**	(149)
- non-income generating investment properties	**(257)**	(558)	**(166)**	(322)

5. INVESTMENT PROPERTIES (CONTINUED)

5.4 Security

(a) As at the end of the reporting period, certain parcels of leasehold land of a wholly-owned sub-subsidiary of the Company, Suasa Integrasi Sdn. Bhd. ("SISB"), with a fair value of RM25,770,000 (2018: RM25,770,000) have been charged as security for bank overdraft facility granted to the Group as disclosed in Note 18.5(a)(i).

(b) As at the end of the reporting period, certain parcels of leasehold land of a wholly-owned sub-subsidiary of the Company, Zuriat Watan Sdn. Bhd. ("ZWSB") with a fair value RM153,900,000 (2018: RM153,900,000) have been charged as security for term loan facility granted to the Group as disclosed in Note 18.1(b)(ii) and Note 18.6(b)(i) financial statements.

(c) In previous reporting period, a wholly-owned sub-subsidiary of the Company, Central Challenger Sdn. Bhd. ("CCSB") buildings with fair value of RM2,140,000 have been charged to a financial institution for credit facilities granted to the Group as disclosed in Note 18.1(a). This has been fully discharged at the end of the reporting period.

6. BEARER BIOLOGICAL ASSETS

	Note	Oil palm		
		Matured area RM'000	Immature area RM'000	Total RM'000
Group				
Cost:				
At 1 January 2018		93,311	190,153	283,464
Reclassification		75,657	(75,657)	-
Additions	6.1	-	27,791	27,791
At 31 December 2018		**168,968**	**142,287**	**311,255**
Reclassification		**98,978**	**(98,978)**	**-**
Additions	6.1	**-**	**14,673**	**14,673**
At 31 December 2019		**267,946**	**57,982**	**325,928**
Accumulated amortisation:				
At 1 January 2018		597	-	597
Charge for the year		5,188	-	5,188
At 31 December 2018		**5,785**	**-**	**5,785**
Charge for the year		**8,639**	**-**	**8,639**
At 31 December 2019		**14,424**	**-**	**14,424**
Net book value:				
At 31 December 2018		163,183	142,287	305,470
At 31 December 2019		**253,522**	**57,982**	**311,504**

NOTES TO THE FINANCIAL STATEMENTS

6. BEARER BIOLOGICAL ASSETS (CONTINUED)

6.1 Included in the additions during the year are as follows:

	Note	Group 2019 RM'000	Group 2018 RM'000
Finance cost *	23	**1,951**	6,396
Depreciation of property, plant and equipment	4.2	**1,878**	2,763

* Finance cost is capitalised at the borrowing cost rate of 5.25% to 5.50% (2018: 5.25% to 5.50%) per annum.

6.2 Risk management objectives, policies and processes for managing the bearer biological assets

The Group has obtained borrowings to finance the development expenditures for bearer biological assets (see Note 18.2). The bearer biological assets comprise oil palm plants which take three to four years to mature and bear fruits, upon which the bearer biological assets will begin to generate cash inflows from the sale of fresh fruit bunches. The repayments of these borrowings take into consideration the timing of cash inflows to be generated by these bearer biological assets.

The Group is also exposed to risk of market price changes of fresh fruit bunches due to supply and demand changes. The market price risk is monitored by the Group on an ongoing basis.

7. CONCESSION ASSET/(LIABILITY)

	Note	Group 2019 RM'000	Group 2018 RM'000
Concession asset	7.1	**5,768**	6,168
Concession liability	7.2	**(110,190)**	(114,896)

7.1 Concession asset

The concession asset represents the fair value adjustment on CA-Z1P2 concession pursuant to the acquisition of TRIplc Berhad and its subsidiaries. During the current financial year, a total of RM400,000 (2018: RM233,000) was amortised to profit or loss of the Group. Refer to Note 14.1(a) to the financial statements for details of the concession asset.

7.2 Concession liability

The concession liability represents the fair value adjustment on CA-Z1P3 concession pursuant to the acquisition of TRIplc Berhad and its subsidiaries. During the current financial year, a total of RM4,706,000 (2018: RM2,745,000) was amortised to profit or loss of the Group. Refer to Note 14.1(b) to the financial statements for details of the concession liability.

8. INVESTMENT IN SUBSIDIARIES

	Company	
	2019 RM'000	2018 RM'000
Cost		
Unquoted shares	**1,190,351**	1,185,861
Less: Accumulated impairment losses	**(317,774)**	(317,784)
	872,577	868,077

Details of the subsidiaries are as follows:

Name	Principal activities	Effective ownership interest and voting interest 2019 %	Effective ownership interest and voting interest 2018 %
Principal place of business/ Incorporated in Malaysia			
PNMSSB	Provision of management, advisory and consultancy services	**100**	100
PNCSB	Construction work, general contracts and related activities	**100**	100
POG	Investment holding and provision of services for offshore logistics and marine management	**100**	100
Puncak Seri (M) Sdn. Bhd. *	Ceased operations	**100**	100
MESB	Investment holding and oil palm plantation business	**100**	100
TRIplc	Investment holding and engaged in property construction and related activities	**100**	100+
PRCSB *	Research and development and technology development for water, wastewater and environment sectors	**100**	100
Puncak Niaga (India) Sdn. Bhd. * *(Strike off on 13 February 2019)*	Dormant	**-**	100+
Magnum Nature Sdn. Bhd. *	Dormant	**100**	100
Ideal Water Resources Sdn. Bhd. *	Dormant	**100**	100
Unggul Raya (M) Sdn. Bhd. *	Dormant	**100**	100
Aspen Streams Sdn. Bhd.	Dormant	**60**	60
Puncak Communication Sdn. Bhd. *	Mobile dealer, telecommunication and other related services	**100**	100

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8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows (continued):

Name	Principal activities	Effective ownership interest and voting interest	
		2019 %	2018 %
Principal place of business/ Incorporated in Singapore			
SINO	Ceased operations	**98.65**	98.65
PNOC *(Struck off on 7 March 2019)*	Dormant	**-**	-+
Principle place of business/ Incorporated in India			
PNIPPL *	Dormant	**100**	100
Principal place of business/ Incorporated in PRC			
Sino Water (Shanghai) * *(Voluntary dissolution completed on 11 March 2019)*	Consultancy services for water and wastewater	**-**	-+
Principal place of business/ Incorporated in Hong Kong			
Jadekind Ltd *	Development, manufacturing and distribution of supplement product in PRC	**50^**	50^
Principal place of business/ Incorporated in Malaysia			
Subsidiaries of TRIplc			
TRIplc Medical Sdn. Bhd.	Concession relates to design, development, construction and completion of the facilities and infrastructure and asset management services activities	**100**	100+
TRIplc Ventures Sdn. Bhd.	Property construction and related activities	**100**	100+
TRIplc Resources Sdn. Bhd.	Property construction and related activities	**100**	100+
TRIplc FMS Sdn. Bhd.	Provision of facilities management services and related activities	**100**	100+

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8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows (continued):

Name	Principal activities	Effective ownership interest and voting interest 2019 %	2018 %
Principal place of business/ Incorporated in Malaysia			
Subsidiaries of TRIplc (continued)			
Central Challenger (M) Sdn. Bhd.	Property development, provision of project management services and property management	**100**	100⁺
TRIplc Industries Sdn. Bhd.	Property construction and related activities	**100**	100⁺
Prinsip Barisan (M) Sdn. Bhd.	Property investment	**100**	100⁺
Insa Alliance Sdn. Bhd.	Property development and provision of project management services	**100**	100⁺
Zuriat Watan Sdn. Bhd.	Property development	**100**	100⁺
Samasys Sdn. Bhd. *	Property development	**100**	100⁺
Layar Kekal (M) Sdn. Bhd. *	Property development	**100**	100⁺
Tirai Gemilang Sdn. Bhd. *	Property development	**100**	100⁺
Usahasewa Sdn. Bhd. *	Property development	**100**	100⁺
Suasa Integrasi (M) Sdn. Bhd. *	Property development	**100**	100⁺
PBSB	To raise fund and/or to issue debentures and/or Islamic securities for and in connection with TRIplc Berhad and its subsidiaries	**100**	100⁺
Subsidiaries of POG			
GOM Resources	Ceased operations	**100**	100
KGL	Ceased operations	**100**	100
GRL* *(Wound up on 5 March 2019)*	Dormant	**-**	-⁺

NOTES TO THE FINANCIAL STATEMENTS

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows (continued):

Name	Principal activities	Effective ownership interest and voting interest	
		2019 %	2018 %
Principal place of business/ Incorporated in Malaysia			
Subsidiaries of MESB			
DSSB	Investment holding and oil palm plantation business	**90**	90
Subsidiary of DSSB			
Danum Sinar	Oil palm plantation business	**90**	90
Subsidiary of Danum Sinar			
Aneka Suriamas Sdn. Bhd.*	Operate the grocery stores in the plantation estates	**100**	100+

* Audited by firms other than Grant Thornton Malaysia PLT.

^ Although the Group owns only half of the ownership interest in Jadekind Ltd, the Directors have determined that the Group controls this entity.

+ Refer to Note 36 of the financial statements for changes in composition of the Group.

8.1 Increase in investment of subsidiaries

During the financial year, the Company:

(a) subscribed Redeemable Preference Shares ("RPS") of RM4,500,000 in MESB with cash payment of RM4,500,000. The additional capital injection into MESB was used by MESB for the subscription of Class A Cumulative Convertible Redeemable Preference Shares ("CCRPS-A") in DSSB.

In the previous financial year, the Company:

(a) subscribed Redeemable Preference Shares ("RPS") of RM95,400,000 in MESB with cash payment of RM95,400,000. The additional capital injection into MESB was used by MESB for the subscription of Class A Cumulative Convertible Redeemable Preference Shares ("CCRPS-A") in DSSB;

(b) had on 31 May 2018, completed the acquisition of TRIplc for total cash consideration of RM210,000,000, representing 100% of the issued and paid-up share capital of TRIplc;

(c) subscribed RPS of RM2,500,000 in TRIplc Berhad with cash payment of RM2,500,000; and

(d) had on 16 March 2018, completed the subscription of shares in Jadekind Ltd, a private limited company duly incorporated in Hong Kong for total cash consideration of HKD1,000,000 (RM525,000), representing 50% of the issued and paid-up share capital of Jadekind Ltd.

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

8.2 Decrease in investment of subsidiaries

(a) In the previous financial year, Puncak Niaga (India) Sdn. Bhd. ("PN India"), a wholly-owned subsidiary of the Company, had on 29 August 2018 submitted an application to strike off the name of PN India from the Register of Companies Commission of Malaysia pursuant to Section 550 of the Companies Act, 2016 ("Striking Off PN India"). PN India had on 10 June 2019 received a letter dated 31 May 2019 from the Companies Commission of Malaysia notifying that PN India had been struck off from the Register of Companies Commission of Malaysia pursuant to Section 550 of the Companies Act, 2016 on 13 February 2019. Accordingly, PN India ceased to be a subsidiary of the Company on 13 February 2019.

(b) On 5 March 2019, the members' voluntary winding-up of GOM Resources Limited ("GRL") has been completed upon receipt of the letter from Government of the Republic of the Union Myanmar, Ministry of Investment and Foreign Economic Relations, Directorate of the Investment and Company Administration on the termination of GRL. Consequently, GRL has ceased to be a sub-subsidiary of the Company on 5 March 2019.

(c) Puncak Niaga Overseas Capital Pte. Ltd ("PNOC") was struck off from the Register pursuant to Section 344A of the Companies Act, Cap.50 with the Accounting and Corporate Regulatory Authority ("ACRA") in Singapore on 7 March 2019. Accordingly, PNOC has ceased to be a subsidiary of the Company on 7 March 2019.

(d) On 11 March 2019, the voluntary dissolution of Sino Water Shanghai upon receipt of the notice from the regulatory authority of People's Republic of China ("PRC"). Accordingly, Sino Water Shanghai has ceased to be a sub-subsidiary of the Company.

The changes in composition of the Group resulting from decrease in investment in subsidiaries is disclosed in Note 36 to the financial statements.

8.3 Impairment loss on investment in subsidiaries

In the previous financial year, at company level, the impairment loss amounting to RM11,854,000 was mainly attributable to a subsidiary that is in the Oil & Gas operating segment.

The recoverable amount of the investment in subsidiary was based on fair value less cost of disposal by estimating the fair value of the underlying assets and liabilities of the subsidiary. The key underlying assets held by this subsidiary are the investment property and cash and cash equivalent deposited with licensed banks.

The recoverable amount of this subsidiary is RM11,500,000, of which its fair value is classified within Level 3 of the fair value hierarchy.

Following an impairment of the cost of investment in subsidiaries, the recoverable amount is equal to the carrying amount. Therefore, any adverse change in the key assumptions may result in a further impairment loss.

NOTES TO THE FINANCIAL STATEMENTS

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

8.4 Non-controlling interests in subsidiaries

The Group's subsidiaries that have material NCI are as follows:

	2019		
	DSSB RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	10%		
Carrying amount of NCI	36,323	(2,596)	33,727
Loss allocated to NCI	(4,478)	(432)	(4,910)
	(a)		
Summarised financial information before intra-group elimination			
As at 31 December 2019			
Non-current assets	720,394		
Current assets	22,331		
Non-current liabilities	(238,150)		
Current liabilities	(141,341)		
Net assets	363,234		
Year ended 31 December 2019			
Revenue	18,824		
Loss and comprehensive expense for the year	(44,777)		
Cash flows from operating activities	(31,077)		
Cash flows from investing activities	(9,950)		
Cash flows from financing activities	45,442		
Net increase in cash and cash equivalents	4,415		

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8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

8.4 Non-controlling interests in subsidiaries (continued)

The Group's subsidiaries that have material NCI are as follows (continued):

	2018		
	DSSB RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	10%		
Carrying amount of NCI	40,343	(2,231)	38,112
(Loss)/Profit allocated to NCI	(6,427)	39	(6,388)
	(a)		
Summarised financial information before intra-group elimination			
As at 31 December 2018			
Non-current assets	722,846		
Current assets	19,691		
Non-current liabilities	(260,126)		
Current liabilities	(78,983)		
Net assets	403,428		
Year ended 31 December 2018			
Revenue	16,278		
Loss and comprehensive expense for the year	(64,267)		
Cash flows from operating activities	(134,124)		
Cash flows from investing activities	(19,369)		
Cash flows from financing activities	155,795		
Net increase in cash and cash equivalents	2,302		

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9. INVESTMENT IN ASSOCIATE

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Advances to associate	**20**	17	**20**	17
Share of post-acquisition reserves	**(11)**	(10)	**-**	-
	9	7	**20**	17

Name	Principal activities	Effective ownership interest and voting interest	
		2019 %	2018 %
Principal place of business/Incorporated in Malaysia			
Purnama Persada Sdn. Bhd.*	Dormant	**50**	50

* Audited by firms other than Grant Thornton Malaysia PLT.

The summarised financial information of the Group's associate is not presented due to not material to the Group.

10. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Group						
Property, plant and equipment	**-**	-	**(97,004)**	(93,201)	**(97,004)**	(93,201)
Bearer biological assets	**610**	15	**(74,233)**	(70,292)	**(73,623)**	(70,277)
Investment properties	**-**	-	**(56,097)**	(58,746)	**(56,097)**	(58,746)
Trade receivables	**-**	-	**(16,001)**	(15,501)	**(16,001)**	(15,501)
Unutilised tax losses	**8,028**	8,028	**-**	-	**8,028**	8,028
Unabsorbed agriculture allowances	**48,872**	42,338	**-**	-	**48,872**	42,338
Concession asset/(liability)	**26,446**	28,234	**(1,384)**	(1,536)	**25,062**	26,698
Others	**3,459**	1,526	**(59)**	(857)	**3,400**	669
Net tax assets/(liabilities)	**87,415**	80,141	**(244,778)**	(240,133)	**(157,363)**	(159,992)
Company						
Investment properties	**-**	-	**(22,419)**	(27,751)	**(22,419)**	(27,751)
Net tax liabilities	**-**	-	**(22,419)**	(27,751)	**(22,419)**	(27,751)

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10. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Recognised deferred tax assets/(liabilities) (continued)

Movement in temporary differences:

	As at 1 January 2018 RM'000	Arising from business combination in 2018 (Note 35) RM'000	Recognised in profit or loss in 2018 (Note 25) RM'000	As at 31 December 2018/ 1 January 2019 RM'000	Recognised in profit or loss in 2019 (Note 25) RM'000	As at 31 December 2019 RM'000
Group						
Deferred tax (liabilities)/assets						
Property, plant and equipment	(95,416)	(839)	3,054	**(93,201)**	**(3,803)**	**(97,004)**
Bearer biological assets	(65,880)	-	(4,397)	**(70,277)**	**(3,346)**	**(73,623)**
Investment properties	(18,286)	(13,677)	(26,783)	**(58,746)**	**2,650**	**(56,096)**
Trade receivables	-	(11,736)	(3,765)	**(15,501)**	**(500)**	**(16,001)**
Unutilised tax losses	31,947	3,704	(27,623)	**8,028**	**-**	**8,028**
Unabsorbed agriculture allowances	39,473	-	2,865	**42,338**	**6,534**	**48,872**
Concession asset/(liability)	-	26,698	-	**26,698**	**(1,636)**	**25,062**
Others	(1,998)	1,330	1,337	**669**	**2,730**	**3,399**
	(110,160)	5,480	(55,312)	**(159,992)**	**2,629**	**(157,363)**
Company						
Deferred tax liabilities						
Investment properties	(13,876)	-	(13,875)	**(27,751)**	**5,332**	**(22,419)**

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Presented after appropriate offsetting as follows:				
Deferred tax assets	**25,062**	29,328	**-**	-
Deferred tax liabilities	**(182,425)**	(189,320)	**(22,419)**	(27,751)
	(157,363)	(159,992)	**(22,419)**	(27,751)

NOTES TO THE FINANCIAL STATEMENTS

10. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised for the following items (stated at net):

	Group	
	2019 RM'000	2018 RM'000
Tax losses and other temporary differences	**169,701**	160,443

Deferred tax assets have not been recognised mainly due to the tax losses carried forward because it is not probable that future taxable profits will be available for certain subsidiaries against which those subsidiaries can utilise the benefits therefrom.

11. INVENTORIES

	Group	
	2019 RM'000	2018 RM'000
Cost		
Water treatment chemicals	**-**	397
Stores and consumables	**3,021**	4,590
Others	**616**	286
	3,637	5,273

During the year, the amount of inventories recognised in the profit or loss of the Group was RM14,602,000 (2018: RM9,641,000) and is included in raw materials, consumables and maintenance in the statement of profit or loss and other comprehensive income.

12. FRESH FRUIT BUNCHES

12.1 Fair value of fresh fruit bunches

	Group	
	2019 RM'000	2018 RM'000
Fair value less cost to sell		
Fresh fruit bunches	**4,015**	3,248

The following table shows the valuation technique used in the determination of fair values, classified within Level 3, as well as significant unobservable inputs used in the valuation model.

Description of valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Income approach: The method involves forecasting the income to be generated by the fresh fruit bunches on the trees at year end by using 4 months projected sales less cost of harvesting and collection to estimate the fresh fruit bunches on the trees as the black bunches normally require 4 to 5 months to reach maturity. In arriving at the valuation, a transformation growth factor was included.	Maturity period of the fresh fruit bunches and transformation growth factor.	The estimated fair value would increase/ (decrease) if: (a) the fresh fruit bunches take (shorter)/longer time to reach maturity. (b) the transformation growth factor is higher/ (lower).

The following table shows a reconciliation of the fair value of fresh fruit bunches:

	Group	
	2019 RM'000	2018 RM'000
At 1 January	**3,248**	4,559
Change in fair value recognised in profit or loss	**767**	(1,311)
At 31 December	**4,015**	3,248

NOTES TO THE FINANCIAL STATEMENTS

13. CONTRACT BALANCES

	Group	
	2019 RM'000	2018 RM'000
Contract assets	**22,204**	29,717
Contract cost		
- cost to fulfil a contract	**-**	10,514
	22,204	40,231
Contract liabilities	**(1,788)**	(184)

13.1 Contract assets/(liabilities)

The contract assets primarily relate to the Group's rights to consideration for work completed on construction contracts but not yet billed at the reporting date. Typically, the amount will be billed within 30 days and payment is expected within 60 days.

The contract liabilities primarily relate to the advance consideration received from a customer for construction contract, which the revenue is recognised overtime during the construction period. The contract liabilities are expected to be recognised as revenue over a period of 30 days.

There are no significant changes to contract assets and contract liabilities balances during the financial year.

13.2 Contract cost

Contract cost primarily relates to mobilisation cost incurred by a sub-subsidiary, TRIplc Resources Sdn. Bhd. ("TRSB") on supply on medical equipment relating to the CA-Z1P3 project and is expected to be recoverable.

14. TRADE AND OTHER RECEIVABLES

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Non-current					
Trade					
Receivables from concession customer	14.1	**706,992**	445,201	**-**	-
Non-trade					
Other receivables	14.2	**11,375**	11,083	**-**	-
Prepayments	14.6	**6,285**	-	**-**	-
		17,660	11,083	**-**	-
		724,652	456,284	**-**	-
Current					
Trade					
Trade receivables	14.3	**20,115**	22,543	**-**	-
Receivables from concession customer	14.1	**111**	9,364	**-**	-
Advances to subcontractors	14.4	**4,799**	15,468	**-**	-
		25,025	47,375	**-**	-
Non-trade					
Amounts due from subsidiaries	14.5	**-**	-	**145,155**	122,893
Prepayments	14.6	**30,995**	24,429	**99**	352
Other receivables		**16,782**	31,222	**510**	806
Deposits	14.7	**16,727**	17,399	**10**	10
		64,504	73,050	**145,774**	124,061
		89,529	120,425	**145,774**	124,061
		814,181	576,709	**145,774**	124,061

NOTES TO THE FINANCIAL STATEMENTS

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

14.1 Receivables from concession customer

(a) Concession Agreement ("CA-Z1P2")

On 4 May 2010, TRIplc Ventures Sdn. Bhd. ("TVSB"), a wholly-owned sub-subsidiary of the Company, has executed a CA-Z1P2 with the Government of Malaysia and UiTM for the right and authority to undertake the planning, design, development, construction, landscaping, equipping, installations, completion, testing and commissioning of the Facilities and Infrastructure of UiTM Puncak Alam Campus and to carry out the maintenance works in relation to the maintenance of the Facilities and Infrastructure (collectively referred to as the "Concession") as disclosed in Note 3(a) to the financial statements.

The principal terms of the CA-Z1P2 are as follows:

(i) the Concession Period shall be for a period of twenty three (23) years commencing from the Construction Commencement Date or Effective Date whichever is later and ending on twenty third (23rd) anniversary of the date. The commencement date of the construction was 11 April 2011.

(ii) the maintenance works will commence upon the issuance of Certificate of Acceptance by UiTM and expire on the last date of the Concession Period ("Maintenance Period").

The construction was completed and the Certificate of Acceptance was issued by UiTM on 11 April 2014. The issuance of Certificate of Acceptance was to confirm the acceptance of the availability of Facilities and Infrastructure by UiTM and to confirm the commencement of the Maintenance Period was from 11 April 2014.

UiTM shall pay TVSB throughout the Maintenance Period the following charges:

(i) Availability Charges for the availability of the Facilities and Infrastructure; and

(ii) Maintenance Charges for the provision of maintenance works in accordance with the provision of the Concession Agreement.

The receivables from concession customer of CA-Z1P2 are pledged to Danajamin Nasional Berhad ("Danajamin") and Junior Note as disclosed in Note 18.3 to the financial statements.

The Group, through another wholly-owned sub-subsidiary commenced with the facilities management services for a period of 20 years from 2014 to 2034.

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

14.1 Receivables from concession customer (continued)

(b) Concession Agreement ("CA-Z1P3")

On 18 February 2016, TRIplc Medical Sdn. Bhd. ("TMSB"), a wholly-owned sub-subsidiary of the Company, has executed the CA-Z1P3 with the Government of Malaysia and UiTM for the rights and authority to undertake the planning, design, development, construction, landscaping, equipping, installation, completion, testing and commissioning of the Facilities and Infrastructure of UiTM Puncak Alam Campus and thereafter to carry out the asset management services of the Facilities and Infrastructure (collectively referred to as the "Concession") as disclosed in Note 3(b) to the financial statements.

The principal terms of the UiTM-Z1P3 are as follows:

(i) the concession granted is for a period of twenty five (25) years ("Concession Period") which consists of three (3) years for construction works and twenty two (22) years for asset management services. The commencement date of the construction was 11 April 2017;

(ii) the asset management services will commence upon completion of the construction works and expiring on the last date of the Concession Period ("Asset Management Services Period"); and

(iii) throughout the Asset Management Services Period, UiTM will pay TMSB Availability Charges (for the availability of the Facilities and Infrastructure) and Asset Management Services Charges (for the provision of maintenance services and asset replacement programme).

The receivables from concession customer of CA-Z1P3 are pledged to the Security Trustee for the Al-Kafalah Facility, Senior Sukuk Murabahah and Junior Sukuk Murabahah granted to TMSB as disclosed in Note 18.4(e)(v) to the financial statements as part of the assignment of the Concession Agreement.

14.2 Non-current other receivables

Non-current other receivables of the Group represents financial assets from CA-Z1P3 project.

14.3 Trade receivables

Trade receivables are non-interest bearing and are generally on a range of 30 to 90 days (2018: 30 to 90 days) terms. Credit terms are assessed and approved on a case-by-case basis.

14.4 Advances to subcontractors

Advances are paid to subcontractors upon request by subcontractors, as per contract. Advances are non-interest bearing and are recouped progressively and proportionately from subsequent progress billings from the subcontractors upon supply of the works attaining a certain percentage of the contract sum.

NOTES TO THE FINANCIAL STATEMENTS

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

14.5 Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured and repayable on demand. During the current financial year, the interest charged to these amounts ranged from 2.91% - 4.10% per annum (2018: 3.91% - 3.96%).

The significant increase in impairment loss of RM4,017,000 during the financial year of the Company is mainly arising from advances to PNCSB while in the previous financial year, the significant increase in impairment loss of the Company was mainly arising from advances to PNCSB, PNOC and Puncak Seri (M) Sdn. Bhd. Refer to Note 31.4.5 to the financial statements.

14.6 Prepayments

(a) Included in prepayments of the Group is prepaid guarantee premium fees of RM3,689,000 (2018: RM4,378,000) in respect of the Medium Term Notes, prepaid guarantee premium fees and prepaid interest expense of RM9,288,000 (2018: RM9,276,000) and RM16,157,000 (2018: RM7,151,000) respectively in respect of the Senior Sukuk Murabahah.

(b) Included in prepayment of the Group is prepaid interest expense of RM7,155,000 (2018: Nil) paid on the redemption of Junior Term Note issued by TVSB.

14.7 Deposits

Included in deposits of the Group are deposits paid to various regulatory authorities in regards to the main on-going construction project of RM7,199,000 (2018: RM11,085,000) and deposits of the net adjudicated amount of RM6,315,000 (2018: RM6,315,000) that was held by the solicitor of Genbina and its receiver cum co-plaintiff, Malaysia Debt Ventures Berhad ("MDV") in regards to the notice of adjudication as disclosed in Note 38(IV) to the financial statements.

15. SHORT-TERM INVESTMENTS

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Short-term investments	15.1	**30,388**	119,184	**28,248**	9,621
Fixed deposits placed with licensed banks	15.2	**105,307**	302,326	**4,274**	6,286
		135,695	421,510	**32,522**	15,907

15.1 Short-term investments

Short-term investments represent unit trust and cash fund placements in financial institutions and are categorised as financial assets at fair value through profit or loss.

15. SHORT-TERM INVESTMENTS (CONTINUED)

15.2 Fixed deposits placed with licensed banks

Included in the Group's short-term investments are restricted monies amounting to RM13,438,000 (2018: RM8,796,000) held under the Revenue Accounts, MTN Debt Service Reserve Account and Junior Note Debt Service Reserve Account, representing securities assigned and charged with security agent for the Financial Guarantee Insurance ("FGI"), Medium Term Note and Junior Note as disclosed in Note 18.3.1(d) to the financial statements.

Included in the Group's short-term investments are restricted monies amounting to RM81,611,000 (2018: RM391,418,000) held under Disbursement Account, Revenue Account and Senior Sukuk Finance Service Reserve Account, representing securities assigned and charged with security agent, licensed banks and/or licensed financial institutions for Al-Kafalah Facility, Senior Sukuk Murabahah, Term Loan Facility and Junior Sukuk Murabahah as disclosed in Note 18.4(e) to the financial statement.

Included in the Group's short-term investments are restricted monies amounting to RM5,636,000 (2018: Nil) held under the MTN Debt Service Reserve Account, representing securities assigned and charged with security agent for the Medium Term Note as disclosed in Note 18.3.2 to the financial statements.

16. CASH AND CASH EQUIVALENTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Deposits with licensed banks	**367,141**	187,297	**57,840**	96,532
Cash and bank balances	**76,611**	111,455	**1,209**	19,478
At 31 December	**443,752**	298,752	**59,049**	116,010

(a) Included in the cash and cash equivalents of the Group is an amount of RM809,000 (2018: 3,039,000) held under the Group's Designated Accounts pledge to a Security Agent as securities for the repayment of the total secured amount for the term loan facility as disclosed in Note 18.1(b) to the financial statements.

(b) Included in the cash and cash equivalents of the Group is an amount of RM40,287,000 (2018: Nil) held under the Group's Proceed Account, DSRA Account and TRA Account pledged with a licensed financial institution as disclosed in Note 18.3.2(d)(iv) to the financial statement.

(c) Included in cash and cash equivalents of the Group is an amount of RM2,365,000 (2018: RM3,472,000) held under the Group's Escrow Account pledged with a licensed bank to secure the loan facilities as disclosed in Note 18.2(c) to the financial statement.

(d) Included in the cash and cash equivalents of the Group is an amount of RM9,027,000 (2018:RM11,386,000) held under the Group's Revenue Accounts, Operating Accounts and MTN Debt Service Reserve Account ("DSRA") ("Designated Accounts"). The Group has assigned and charged to the Security Agent all its rights, title, interest, and benefits in and under the Designated Accounts as securities for the repayment of the total secured amount for the Financial Guarantee Insurance ("FGI") Facility and Junior Note. The repayment shall rank in the order of priority as disclosed in Note 18.3.1(d)(viii) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

16. CASH AND CASH EQUIVALENTS (CONTINUED)

(e) Included in the cash and cash equivalents of the Group is an amount of RM16,000 (2018: RM16,000) held under the Junior Note DSRA ("JN DSRA"). The Group has assigned and charged to the Security Agent all its rights, title, interest and benefits in and under the JN DSRA as security for the payment of the outstanding under the Junior Note as disclosed in Note 18.3.1(d)(vii) to the financial statements.

(f) Included in the cash and cash equivalents of the Group is an amount of RMNil (2018: RM48,000) held under the Disbursement Account. The Group has assigned and charged to the Security Agent all its rights, title, interest and benefits in and under the Disbursement Account as securities for the FGI Facility.

(g) Included in the cash and cash equivalents is an amount of RM267,000,000 (2018: RM102,169,000) held under the Group's Disbursement Account, Revenue Account, Operating Account, Senior Sukuk Finance Service Reserve Account ("Senior Sukuk FSRA") and Junior Sukuk Finance Service Reserve Account ("Junior Sukuk FSRA"). The Group has assigned and charged to the Security Trustee all its rights, title, interest and benefits under these accounts as disclosed in Note 18.4(e) to the financial statement.

17. CAPITAL AND RESERVES

17.1 Share capital

	Group and Company			
	2019		2018	
	Amount RM'000	Number of shares '000	Amount RM'000	Number of shares '000
Ordinary shares, issued and fully paid:				
At 1 January	**554,663**	**449,285**	554,663	449,284
Issuance of shares under warrants	**-**	**-**	-	1
At 31 December	**554,663**	**449,285**	554,663	449,285[#]

[#] In previous financial year, the issued share capital of the Company increased from 449,283,784 ordinary shares to 449,284,556 ordinary shares due to the issuance of 772 new ordinary shares arising from the conversion of warrants.

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. In respect of the Company's treasury shares that are held by the Company (Note 17.2), all rights are suspended until those shares are reissued.

17. CAPITAL AND RESERVES (CONTINUED)

17.2 Treasury shares

Treasury shares comprise solely the ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance. There was no repurchase of issued share capital in the current financial year.

As at 31 December 2019, the Company held 2,036,800 (2018: 2,036,800) of the Company's ordinary shares as treasury shares, amounting to RM5,941,000 (2018: RM5,941,000).

17.3 Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

17.4 Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment and also for those properties reclassified from property, plant and equipment to investment properties. Details of the revaluation reserve are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
At 1 January/31 December, gross	**138,152**	138,152	**17,162**	17,162
At 1 January/31 December, deferred tax	**(12,621)**	(12,621)	**(857)**	(857)
At 31 December, net	**125,531**	125,531	**16,305**	16,305

17.5 Other reserve

Other reserve represents the premium paid on the acquisition of the non-controlling interests in KGL and GOM Resources respectively.

NOTES TO THE FINANCIAL STATEMENTS

18. LOANS AND BORROWINGS

	Note	Group 2019 RM'000	Group 2018 RM'000
Non-current			
Tawarruq term loan	18.2	**119,716**	138,674
Medium Term Notes	18.3	**310,396**	157,997
Junior Note	18.3	**-**	29,877
Senior Sukuk Murabahah	18.4	**615,278**	612,871
Obligation under finance leases	31.5	**-**	10,956
Lease liabilities	31.5	**7,872**	-
		1,053,262	950,375
Current			
Term loan	18.1	**24,754**	62,559
Tawarruq term loan	18.2	**17,500**	-
Medium Term Notes	18.3	**19,461**	19,428
Bank overdraft	18.5	**2,611**	2,283
Revolving credit facility	18.2	**108,800**	69,900
Cashline-I	18.6	**12,500**	-
Obligation under finance leases	31.5	**-**	4,326
Lease liabilities	31.5	**4,241**	-
		189,867	158,496
		1,243,129	1,108,871

18.1 Term loan

(a) Term loan I

The Term loan I bears effective interest at a rate of 5% per annum repayable over a period of twenty (20) years by way of 240 monthly instalments of RM8,366 each.

The Term loan I is secured by way of a legal charge over the title of the shop offices of CCSB and is guaranteed by its immediate holding company, TRIplc Berhad as disclosed in Note 5.4(c) to the financial statements.

During the financial year, the Group has fully settled the Term Loan I.

18. LOANS AND BORROWINGS (CONTINUED)

18.1 Term loan (continued)

(b) Term loan II

In the financial year 2015, the Company's wholly-owned subsidiary, TRIplc Berhad obtained a long-term loan facility ("Term loan II") of RM105.0 million for purposes as below:

Tranche 1 – RM35.0 million

(i) to fund the pre-operating working capital requirements relating to CA-Z1P3 and to subscribe to the subordinated debt in the form of Junior Sukuk to be issued by TMSB and to be advanced to TMSB to part finance the construction cost (excluding financing cost and fees) pursuant to the Concession Agreement in relation to CA-Z1P3.

Tranche 1 of RM35.0 million was fully settled on April 2018.

TRIplc Berhad has on August 2019 obtained lendor's approval to reinstate the Tranche 1 loan amount of RM25 million. The purpose of the reinstated loan is for the Company to acquire the MTN totaling RM25 million issued by Pujian Bayu Sdn. Bhd.. The reinstated loan amount of RM25 million was drawdown on September 2019.

The reinstated loan amount of RM25 million is repayable as follows:

i. by 20 quarterly principal instalments of RM1.25 million each. The first (1^{st}) repayment shall commence on the first (1^{st}) day of 13^{th} month following the date of reinstatement of the reinstated loan or

ii. from the proceeds of disposal of the MTNs.

Tranche 1 of the Term loan II is secured by:

(i) first assignment and charge over all the Designated Accounts of TRIplc Berhad;

(ii) legal charge over a land of the Group as disclosed in Note 5.4(b) to the financial statements;

(iii) assignment of the construction profits accruing to TRIplc Berhad from the construction component of the development of CA-Z1P2 of at least RM5 million; and

(iv) assignment and charge on Medium Term Note of RM25 million issued by Pujian Bayu Sdn. Bhd..

Tranche 2 – RM70.0 million

(i) to finance pre-operating expenses and equity contribution of a wholly-owned subsidiary of TRIplc Berhad, TMSB for CA-Z1P3; and

(ii) to pay for funding costs of the long-term term loan facility.

The Term loan II bears effective interest at a rate of 6.22% per annum and was fully settled during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

18. LOANS AND BORROWINGS (CONTINUED)

18.2 Tawarruq term loan and revolving credit facility

Tawarruq term loan was granted to Danum Sinar to refinance its previous banking facilities, for working capital purposes and to finance the expansion of the plantation development activities in Sarawak, Malaysia.

The Tawarruq term loan facility is for a period of 120 months and had been drawndown in November 2017. The principal is repayable by ninety-six (96) monthly instalments, commencing on the 25th month end from the date of initial drawdown. The profit is payable on a monthly basis at a rate of 1.1% above the cost of Islamic funds per annum.

The revolving credit facility is for a period of one (1), two (2) or three (3) months and subject to yearly review. The profit is payable on a monthly basis at a rate of 1.1% above the cost of Islamic funds per annum.

The facilities were secured via the following:

(a) first charge on plantation land, plantation buildings and infrastructure as disclosed in Note 4.6 to the financial statements;

(b) debenture over present and future assets of Danum Sinar;

(c) charge and assignment over a designated Escrow Account; and

(d) undertaking letter from PNHB to finance any cash flow deficiency in Danum Sinar and to top up any shortfall in the Minimum Required Balance in the Escrow Account.

The key financial covenants of the facilities are as follows:

(a) Danum Sinar shall maintain a minimum Finance Service Coverage Ratio (“FSCR”) of 1.20 times at all times. FSCR shall be computed as the ratio of net operating and investing cash flow and operating cash balance to the annual principal and profit payment obligations;

(b) Puncak Niaga Group consolidated net finance to equity ("FE") ratio shall not be more than 1.20 times at all times; and

(c) no further indebtedness in Danum Sinar, save for hire purchase machinery or equipment financing with total limit up to RM30.0 million only.

18. LOANS AND BORROWINGS (CONTINUED)

18.3 Medium Term Notes and Junior Note

	Group	
	2019 RM'000	2018 RM'000
Medium Term Notes		
At beginning of the financial year/Acquisition through business combination	**180,000**	200,000
Issued during the financial year	**175,000**	-
Repayment during the financial year	**(20,000)**	(20,000)
At end of the financial year	**335,000**	180,000
Accretion of discount		
At beginning of the financial year/Acquisition through business combination	**2,575**	2,939
Add: Addition during the year	**3,253**	-
Less: Recognised in profit or loss	**(685)**	(364)
At end of the financial year	**5,143**	2,575
	329,857	177,425
Represented as:		
Current	**19,461**	19,428
Non-current	**310,396**	157,997
	329,857	177,425
Junior Note		
At beginning of the financial year/Acquisition through business combination	**35,000**	35,000
Less: Redeemed by the Group	**(35,000)**	-
At end of the financial year	**-**	35,000
Accretion of discount		
At beginning of the financial year/Acquisition through business combination	**5,123**	5,428
Less: Recognised in profit or loss	**(529)**	(305)
Less: Redeemed by the Group	**(4,594)**	-
At end of the financial year	**-**	5,123
	-	29,877
Represented as:		
Non-current	**-**	29,877

NOTES TO THE FINANCIAL STATEMENTS

18. LOANS AND BORROWINGS (CONTINUED)

18.3 Medium Term Notes and Junior Note (continued)

18.3.1 Medium Term Note I and Junior Note

(a) On 10 October 2011, TVSB issued RM240 million nominal value Medium Term Note I under a MTN programme for the following purpose:

(i) to part finance the construction cost as defined under the Concession Agreement ("CA") executed between TVSB, UiTM and the Government of Malaysia, as represented by MOHE for the design, development, construction of the Facilities and Infrastructure as defined under the CA; and

(ii) to finance the payment of coupons under the Medium Term Note during the construction period of the said Facilities and Infrastructure and to prefund the debt service reserve account require under the financial guarantee facility up to such amount equivalent to the minimum required balance.

(b) The Medium Term Note I of the Group bears coupon at a rate of 3% per annum for the first 3 years of the tenure and at rates ranging from 5.40% to 5.93% per annum for the subsequent years of the tenure.

(c) The Medium Term Note I is repayable as follows:

(i) repayment of RM20 million instalments each to be made from the fifth year to the tenth year from the issue date;

(ii) repayment of RM25 million instalments each to be made from the eleventh to the fourteenth year from the issue date; and

(iii) final repayment of RM20 million to be made at the end of the fifteenth year from the issue date.

(d) Medium Term Note I is secured by the Financial Guarantee Insurance ("FGI") facility. The FGI facility and Junior Note are secured by:

(i) debenture over present and future assets of two subsidiaries;

(ii) assignment of all rights, title, interests and benefits in and under the CA;

(iii) assignment of all rights, title, interests and benefits in and under the insurances and the performance bonds;

(iv) corporate guarantee from TRIplc Berhad;

(v) charge over investment in a sub-subsidiary, TVSB with a carrying amount of RM26,650,000 (2018: RM26,650,000);

(vi) undertaking by the Company and TRIplc Berhad; and

18. LOANS AND BORROWINGS (CONTINUED)

18.3 Medium Term Notes and Junior Note (continued)

18.3.1 Medium Term Note I and Junior Note (continued)

(d) Medium Term Note I is secured by the Financial Guarantee Insurance ("FGI") facility. The FGI facility and Junior Note are secured by (continued):

(vii) assignment and charged all rights, title, interests and benefits in and under the Junior Note Debts Service Ratio Account ("JN DSRA").

(viii) repayment of the secured amount shall rank in the following order of priority;

(1) Firstly, Danajamin Nasional Berhad in respect of FGI facility;
(2) Secondly, holder of the Junior Note; and

(ix) legal charge by TRIplc Berhad over all the mortgaged securities.

(e) On 1 June 2012, TVSB issued RM35 million nominal value Junior Note under Tranche 1 of the Junior Note Programme for the following purposes:

(i) to part finance the construction cost as defined under the CA executed between TVSB, UiTM and the Government of Malaysia, as represented by MOHE for the design, development, construction and completion of the Facilities and Infrastructure as defined under the CA;

(ii) to finance the payment of coupons under the Medium Term Note during the construction period of the said Facilities and Infrastructure; and

(iii) to defray all relevant expense incurred under the Medium Term Note Programme and Junior Note Programme.

It was subsequently purchased by a wholly-owned sub-subsidiary of the Company, Pujian Bayu Sdn. Bhd. ("PBSB") on 31 July 2019.

(f) The Junior Note of the Group bears coupon at a rate of 0% for the first 3 years of the tenure and 8% per annum for the subsequent years of the tenure. The interest rate for the final year of tenure is 116.6%. However, coupon payment for the Junior Note is subject to compliance of the Restricted Distribution Conditions as disclosed in Note 18.3.1(h)(ii) to the financial statements.

(g) The Junior Note is repayable as follows:

(i) repayment of RM35 million to be made at the end of the fifteenth year from the issue date.

NOTES TO THE FINANCIAL STATEMENTS

18. LOANS AND BORROWINGS (CONTINUED)

18.3 Medium Term Notes and Junior Note (continued)

18.3.1 Medium Term Note I and Junior Note (continued)

(h) Significant covenants for the Medium Term Note I and Junior Note are as follows:

(i) debt service cover ratio (annual) of not less than 1.30 times throughout the tenure of the credit facilities of TVSB for the covenant of Medium Term Note and Junior Note; and

(ii) debt service cover ratio (restricted distribution) of not less than 1.50 times after payment of Junior Note interest and dividend throughout the tenure of the credit facilities of TVSB for the covenant of Medium Term Note and Junior Note.

As at the end of the financial year, the debt service cover ratio for item (i) and (ii) remains not less than 1.30 times and 1.50 times respectively.

18.3.2 Medium Term Note II

(a) On 31 July 2019, PBSB issued RM200 million nominal value Medium Term Note II under a MTN programme for the following purpose:

(i) advance to TRIplc Berhad as and when required to part finance the construction costs pursuant to the concession agreement dated 18 February 2016 entered between the Government of Malaysia, Universiti Teknologi MARA and TMSB for the planning, design, financing, development, construction, landscaping, equipping, installation, completion, testing and commissioning of the facilities and infrastructure in relation to the Teaching Hospital and Medical Academic Centre in UiTM Puncak Alam Campus ("CA-Z1P3");

(ii) advance to TRIplc Berhad to partially repay the term loan facility to part finance the construction costs of the Z1P3 Project;

(iii) purchase RM35.0 million in nominal value of Junior Note issued by TVSB as disclosed in Note 18.3.1(e);

(iv) to finance the payment obligations in respect of the initial pre-fund amount for the purpose of making coupon payments of the MTN II and meet the minimum requirement for debt service reserve account and liquidity reserve account; and

(v) to pay fees and expenses in connection with the issuance of MTN II.

(b) The Medium Term Note II of the Group bears coupon at a rate ranging from 6.05% to 6.70% per annum.

18. LOANS AND BORROWINGS (CONTINUED)

18.3 Medium Term Notes and Junior Note (continued)

18.3.2 Medium Term Note II (continued)

(c) The Medium Term Note II is repayable as follows:

(i) repayment of RM60 million instalments to be made for the tenth year from the issue date;

(ii) repayment of RM30 million instalments to be made for the eleventh year from the issue date;

(iii) repayment of RM25 million instalments to be made from the twelfth to thirteenth year from the issue date; and

(iv) final repayment of RM30 million to be made from the fourteenth to fifteenth year from the issue date.

(d) The Medium Term Note II is secured by:

(i) a second ranking charge by TRIplc Berhad over the entire issued and fully paid up share capital of TVSB ("Share Charge"). Such Share Charge shall rank after the charge over the TVSB Shares given by TRIplc Berhad in favour of Malaysian Trustees Berhad as security agent in respect of the TVSB MTN and Junior Note;

(ii) an assignment by TRIplc Berhad over all dividends declared or to be declared by TVSB from time to time;

(iii) a charge by PBSB over the rights, interest, title and benefits under the Junior Note of RM35 million in nominal value issued by TVSB as disclosed in Note 18.3.1(e);

(iv) an assignment and charge by the PBSB over the Designated Accounts and the credit balances;

(v) a debenture by PBSB by way of a first ranking fixed and floating charge over all the present and future assets, rights and interests of PBSB; and

(vi) an assignment by PBSB over the rights, interests, titles and benefits of the debt receivables from TRIplc Berhad pursuant to the advance granted to TRIplc Berhad by PBSB.

(e) Significant covenants for the Medium Term Note II is as follows:

PBSB shall maintain a sub-debt service coverage ratio ("Sub-DSCR") of at least 1.20 times throughout the tenure of the MTN.

NOTES TO THE FINANCIAL STATEMENTS

18. LOANS AND BORROWINGS (CONTINUED)

18.4 Senior Sukuk Murabahah

	Group	
	2019 RM'000	2018 RM'000
At beginning at the financial year/Acquisition through business combination/At end of the financial year	639,000	639,000
Accretion of discount		
At beginning at the financial year/Acquisition through business combination	26,129	27,529
Less: Recognised in profit or loss	(2,407)	(1,400)
At end of the financial year	23,722	26,129
	615,278	612,871

(a) On 23 October 2017, a wholly-owned sub-subsidiary of the Company, TMSB issued the Senior Sukuk Murabahah of up to RM639 million in nominal value based on the Shariah principle of Murabahah (via Tawarruq arrangement) with tenure from five (5) years up to eighteen (18) years from the date of issuance for the following purposes:

(i) to part finance the construction cost of the CA-Z1P3;

(ii) to finance the payment obligations in respect of the initial pre-fund amount for the Senior Sukuk FSRA for the purpose of making profit payments of the Senior Sukuk Murabahah and guarantee fee payments under the Al-Kafalah Facility; and

(iii) the balance shall be utilised to pay and/or reimburse the fees and expenses incidental to CA-Z1P3.

(b) The Senior Sukuk Murabahah bears coupon at profit rates ranging from 4.75% to 5.90% per annum.

(c) The Senior Sukuk Murabahah was guaranteed by both guarantors, Danajamin Nasional Berhad and Bank Pembangunan Malaysia Berhad ("Al-Kafalah Providers") for a period of forty eight (48) months from the date of issuance of Senior Murabahah or upon issuance of the Certificate of Acceptance ("Al-Kafalah Period"), whichever is earlier.

The guarantee fee is charged at 1.75% per annum for the first three (3) years and 2.00% for the fourth (4th) year.

(d) The Senior Sukuk Murabahah is repayable as follows:

(i) repayment of RM40 million instalments each to be made from the fifth year to the ninth year from the issue date;

(ii) repayment of RM44 million instalment to be made for the tenth year from the issue date;

(iii) repayment of RM45 million instalment to be made for the eleventh year from the issue date; and

(iv) repayment of RM50 million instalments each to be made from the twelve year to the eighteenth year from the issue date.

18. LOANS AND BORROWINGS (CONTINUED)

18.4 Senior Sukuk Murabahah (continued)

(e) TMSB has executed the following security documents being securities for the Al-Kafalah Facility, Senior Sukuk Murabahah and Term loan II:

(i) the debenture by TMSB;

(ii) the assignment and fixed charge over Disbursement Account, Revenue Account and Operating Account;

(iii) the assignment and fixed charge over Senior Sukuk FSRA;

(iv) the assignment and fixed charge over Junior Sukuk FSRA;

(v) the assignment of CA-Z1P3;

(vi) the assignment of performance bonds and completion guarantee;

(vii) the assignment of Project Documents;

(viii) the assignment of takaful/insurances;

(ix) the fixed charge over the shares of TMSB;

(x) corporate guarantee by TRIplc Berhad; and

(xi) undertaking by TRIplc Berhad.

(f) The rights of the above security documents and any proceeds of realisation thereof as stated in the Priority and Security Sharing Agreement ("PSSA") shall rank in order of priority during the Al-Kafalah Period as follows:

(i) Firstly, the Al-Kafalah Providers;

(ii) Secondly, the Senior Sukuk Trustee on behalf of the Senior Sukuk holders; and

(iii) Thirdly, Hong Leong Bank Berhad to secure the Term loan II of up to RM105,000,000 granted to TRIplc Berhad as disclosed in Note 18.1(b) to the financial statements.

Upon the expiry of the Al-Kafalah Period, all the rights of the Al-Kafalah Providers over the security documents above covered under PSSA will be released.

(g) Significant financial covenants for the Senior Sukuk Murabahah are as follows:

(i) finance service cover ratio of at least 1.65 times during the Asset Management Services Period; and

(ii) permitted distribution finance service cover ratio of at least 1.65 times following any distribution made after the permitted distribution conditions are met.

NOTES TO THE FINANCIAL STATEMENTS

18. LOANS AND BORROWINGS (CONTINUED)

18.5 Bank overdraft

(a) Bank overdraft of the wholly-owned subsidiary of the Company, TRIplc Berhad, is secured by:

(i) a third party first legal charge over a leasehold land as disclosed in Note 5.4(a) to the financial statements; and

(ii) pledged of first party fixed deposit of RM282,000.

(b) Bank overdraft of the Group bears interest at a rate of 8.07% per annum.

18.6 Cashline-I facility

(a) The Company's wholly-owned subsidiary, TRIplc Berhad obtained the approval from the lender for a Cashline-I facility of RM12.5 million to finance the partial repayment of Term loan II - Tranche 2 which disclosed in Note 18.1(b). The RM12.5 million was drawdown on 4 December 2019.

(b) The Cashline-I Facility bears effective interest at a rate of 7.64% per annum and is repayable over a period up to 1 December 2023.

The facility is secured by:

(i) 3rd party second land charge over a leasehold land as disclosed in Note 5.4(b) to the financial statements;

(ii) 1st party second legal charge over all present and future shares of TMSB;

(iii) the existing Debenture by TMSB shall extend to secure the Cashline-I Facility;

(iv) 3rd party second legal assignment and charge over the principal Construction Contract of Zone 1 Phase 3 Project ("Z1P3");

(v) 3rd party second legal assignment and charge over the construction profit under the Construction Contract of Z1P3;

(vi) 3rd party second legal assignment and charge over the Designated Accounts of Z1P3;

(vii) 1st party second charge over existing Designated Escrow Accounts of TRIplc Berhad;

(viii) A legal assignment over the rights and interest to the dividends to be declared by TMSB to TRIplc Berhad, up to the amount of RM20 million or sufficient amount to fully settle the facility on 1 December 2023;

(ix) A legal assignment and charge over the Escrow Islamic Account and Islamic Current Accounts; and

(x) A letter of Undertaking from the Company to cover any shortfall and financial obligation of TRIplc Berhad.

19. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-current					
Trade					
Trade payable	19.1	**10,000**	10,000	**-**	-
Current					
Trade					
Trade payables	19.2	**137,876**	118,505	**-**	-
Advances from contract customers		**1,076**	3,825	**-**	-
		138,952	122,330	**-**	-
Non-trade					
Other payables and accruals	19.3	**56,414**	53,653	**2,083**	2,523
Amount due to subsidiaries		**-**	-	**5,759**	7,127
		195,366	175,983	**7,842**	9,650
		205,366	185,983	**7,842**	9,650

19.1 Non-current trade payable

Non-current trade payable represent an advance from a third party in respect of a construction project in the construction operating segment. This amount is non-interest bearing and is likely to be recouped by the client once the project reaches more than 25% completion.

19.2 Current trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 - 60 days (2018: 30 - 60 days) terms.

19.3 Other payables and accruals

During the current financial year, included in the other payables and accruals are accrued interest expense on Medium Term Notes, accrued interest expense on Junior Note and provision for replacements costs relating to CA-Z1P2 amounting to RM595,000 (2018: RM1,277,000), RM11,407,000 (2018: RM10,724,000) and RM15,611,000 (2018: RM12,883,000) respectively.

Included in the other payables and accruals is an amount owing to a Director of the Company of RM5,306,000 (2018: RM5,306,000). The amount owing to a Director represents advances which are unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

20. PROVISION FOR FORESEEABLE LOSS

	Note	Group 2019 RM'000	Group 2018 RM'000
At 1 January		**71,387**	78,488
Provision utilised during the year	20.1	**(23,358)**	(41,307)
Provision recognised during the year	20.2	**-**	34,206
		(23,358)	(7,101)
At 31 December		**48,029**	71,387

Provision for foreseeable loss of the Group, which arose from a subsidiary, PNCSB was made as the total contract costs of one of its contracts, "Pakej D44 – Pembinaan Rangkaian Paip Pembentungan di Bunus, Kuala Lumpur (Reka dan Bina)" ("D44 Project"), is expected to exceed the total estimated contract revenue as a result of cost increase subsequent to the termination of the previous subcontractor for non-performance and slow work progress.

20.1 Provision utilised during the year

The provision for foreseeable loss that was utilised during the year reflects the actual work that was realised upon revenue and cost recognition.

20.2 Provision recognised during the year

Included in the foreseeable loss recognised are additional costs expected to be incurred to complete the project up to the revised completion date.

On 27 March 2018, the customer had approved the conditional extension of time ("EoT") No. 1 to 30 June 2019. The customer has further approved the conditional extension of time ("EoT") No. 2 to 31 December 2020 on 18 April 2019.

21. REVENUE

	Group 2019 RM'000	Group 2018 RM'000
Revenue from contracts with customers	**472,699**	228,513
Other revenue		
- Others	**2,021**	1,953
	474,720	230,466

21. REVENUE (CONTINUED)

21.1 Disaggregation of revenue

Group	Water		Construction		Plantation		Concession		Other revenue		Total	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Primary geographical markets												
Malaysia	**5,203**	15,852	**129,334**	66,161	**18,824**	16,278	**321,297**	131,134	**62**	1,041	**474,720**	230,466
Major products and service lines												
Construction contracts	**-**	-	**129,334**	66,161	**-**	-	**-**	-	**-**	-	**129,334**	66,161
CA-Z1P2	**-**	-	**-**	-	**-**	-	**44,247**	26,062	**-**	-	**44,247**	26,062
CA-Z1P3	**-**	-	**-**	-	**-**	-	**277,050**	105,072	**-**	-	**277,050**	105,072
Water treatment services	**5,203**	15,852	**-**	-	**-**	-	**-**	-	**-**	-	**5,203**	15,852
Sale of fresh fruits bunches	**-**	-	**-**	-	**16,865**	15,366	**-**	-	**-**	-	**16,865**	15,366
Others	**-**	-	**-**	-	**1,959**	912	**-**	-	**62**	1,041	**2,021**	1,953
	5,203	15,852	**129,334**	66,161	**18,824**	16,278	**321,297**	131,134	**62**	1,041	**474,720**	230,466
Timing of recognition												
At a point in time	**5,203**	15,852	**-**	-	**18,824**	16,278	**-**	-	**62**	1,041	**24,089**	33,171
Over time	**-**	-	**129,334**	66,161	**-**	-	**321,297**	131,134	**-**	-	**450,631**	197,295
	5,203	15,852	**129,334**	66,161	**18,824**	16,278	**321,297**	131,134	**62**	1,041	**474,720**	230,466
Revenue from contract with customers	**5,203**	15,852	**129,334**	66,161	**16,865**	15,366	**321,297**	131,134	**-**	-	**472,699**	228,513
Other revenue	**-**	-	**-**	-	**1,959**	912	**-**	-	**62**	1,041	**2,021**	1,953
Total revenue	**5,203**	15,852	**129,334**	66,161	**18,824**	16,278	**321,297**	131,134	**62**	1,041	**474,720**	230,466

NOTES TO THE FINANCIAL STATEMENTS

21. REVENUE (CONTINUED)

21.2 Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Construction contract	Revenue is recognised over time using the cost incurred method.	Based on agreed milestones, certified by architects. Credit period of 30 days from invoice date.	Not applicable.	Not applicable.	Defect liability period of 2 years is given to the customer.
CA-Z1P2					
1. Construction contract	Revenue is recognised over time using the cost incurred method. The construction of the building and faculties are on land owned by the customer.	A fixed monthly payment will be received after the completion of the construction works. Credit period of 30 days from invoice date.	Not applicable.	Not applicable.	TVSB to make good defects throughout maintenance period.
2.Maintenance service	Revenue is recognised over time when the services are rendered.	Credit period of 30 days from invoice date.	Not applicable.	Not applicable.	Not applicable.
CA-Z1P3					
1. Construction contract	Revenue is recognised over time using the cost incurred method. The construction of the building and faculties are on land owned by the customer.	A fixed monthly payment will be received after the completion of the construction works. Credit period is of 30 days from invoice date.	Not applicable.	Not applicable.	TMSB to make good defects throughout asset management services period.
2. Supply of medical equipment	Revenue is recognised at a point in time when the goods are delivered.	Credit period of 30 days from invoice date.	Not applicable.	Not applicable.	TMSB to make good defects throughout asset management services period.

21. REVENUE (CONTINUED)

21.2 Nature of goods and services (continued)

The following information reflects the typical transactions of the Group (continued):

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
CA-Z1P3 (continued)					
3. Supply of furniture	Revenue is recognised at a point in time when the goods are delivered.	Credit period of 30 days from invoice date.	Not applicable.	Not applicable.	TMSB to make good defects throughout asset management services period.
4. Asset management services	Revenue is recognised over time when the services are rendered.	Credit period of 30 days from invoice date.	Not applicable.	Not applicable.	Not applicable.
Water treatment services	Revenue is recognised at a point in time when the water is treated.	Credit period of 30 days from invoice date.	Not applicable.	Not applicable.	Not applicable.
Sale of fresh fruit bunches	Revenue is recognised at a point in time when the goods are delivered.	Credit period of 15 days from invoice date.	Not applicable.	Not applicable.	Not applicable.

21.3 Transaction price allocated to the remaining performance obligations

The following table shows revenue from performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date. The disclosure is only providing information for contracts that have a direction of more than one year.

	Year	Total RM'000
Construction segment		
- Construction contract	2020 to 2022	378,543
Concession segment		
- CA-Z1P2 – Maintenance service	2020 to 2034	354,907
- CA-Z1P3 – Construction contract	2020	38,264
- CA-Z1P3 – Supply of medical equipment	2020	161,646
- CA-Z1P3 – Supply of furniture	2020	22,607
- CA-Z1P3 – Asset management services	2021 to 2042	1,771,472
		2,727,439

NOTES TO THE FINANCIAL STATEMENTS

21. REVENUE (CONTINUED)

21.4 Significant judgements and assumptions arising from revenue recognition

The Group applied the following judgements and assumptions that significantly affect the determination of the amount and timing of revenue recognised from contracts with customers:

Construction contract

Significant judgement is involved in determining the costs to completion of the construction contract of the Group as at the reporting date, which has bearing on the computation of the stage of completion and the provision for foreseeable loss as disclosed in Note 20 to the financial statements. The stage of completion requires management to make reasonably dependable estimates of progress towards completion of projects.

These construction works are subject to final approval by respective customers. There is time lag between the final approval and the completion of construction work done by the Group. Hence, the actual costs could only be determined reliably on the completion of contracts, which may result in adjustments to the recognised profit or loss of the contracts.

CA-Z1P2

The Group applied the following to allocate the transaction price of the identified performance obligations:

Construction contract	: Expected cost plus margin approach
Maintenance service	: Residual approach

In applying the above, the Group assumed an appropriate gross profit margin for the construction contract. A change in the gross profit margin will directly affect the transaction price, the amounts allocated to the identified performance obligations and the timing of the revenue recognised.

Upon completion of the construction works, the Group is entitled to fixed payments throughout the tenure of the concession period, as per the concession agreement. The discount rate used for the purpose of computation of the concession revenue comprising revenue from construction contract require significant judgements. A change in the discount rate will directly affect the amount and timing of revenue recognised.

21. REVENUE (CONTINUED)

21.4 Significant judgements and assumptions arising from revenue recognition (continued)

CA-Z1P3

The Group applied the following to allocate the transaction price of the identified performance obligations:

Construction contract	: Expected cost plus margin approach
Supply of medical equipment	: Expected cost plus margin approach
Supply of furniture	: Expected cost plus margin approach
Asset management services	: Residual approach

In applying the above, the Group assumed an appropriate gross profit margin for the construction contract, supply of medical equipment and furniture. A change in the gross profit margin will directly affect the transaction price, the amounts allocated to the identified performance obligations and the timing of the revenue recognised.

Upon completion of the construction works, the Group is entitled to fixed payments throughout the tenure of the concession period, as per the concession agreement. The discount rate used for the purpose of computation of the concession revenue comprising revenue from construction contract require significant judgements. A change in the discount rate will directly affect the amount and timing of revenue recognised.

22. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Wages, salaries and bonuses	**36,744**	41,215	**873**	762
Defined contribution plan	**4,820**	5,663	**68**	46
Other staff related expenses	**4,573**	7,141	**472**	509
	46,137	54,019	**1,413**	1,317

Included in employee benefits expense of the Group is the Executive Directors' remuneration (excluding benefits-in-kind) amounting to RM5,105,000 (2018: RM7,462,000) as further disclosed in Note 29 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

23. FINANCE COSTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revolving credit interest	**4,901**	2,254	**-**	-
Tawarruq term loan interest	**7,468**	7,298	**-**	-
Senior Sukuk Murabahah	**36,982**	14,758	**-**	-
Term loan	**3,488**	2,635	**-**	-
Junior Note interest	**2,377**	2,314	**-**	-
Medium Term Notes interest	**4,863**	6,196	**-**	-
Guarantee fees	**15,068**	9,639	**-**	-
Overdraft interest	**226**	91	**-**	-
Cashline-I interest	**76**	-	**-**	-
Interest expense:				
- obligation under finance leases	**-**	824	**-**	-
- lease liabilities	**813**	-	**-**	-
Facility fee	**320**	-	**-**	-
Bank charges	**61**	48	**12**	5
Commitment fees	**340**	-	**-**	-
	76,983	46,057	**12**	5
Recognised in profit or loss	**75,032**	39,661	**12**	5
Capitalised in bearer biological assets (Note 6.1)	**1,951**	6,396	**-**	-
	76,983	46,057	**12**	5

24. LOSS BEFORE TAX

Loss before tax from continuing operations is arrived at:

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
After charging:					
Auditors' remunerations	24.1	**479**	1,006	**83**	102
Operating lease					
- Minimum lease payments on buildings		**-**	590	**-**	5
- Minimum lease payments on motor vehicle and equipment		**-**	375	**-**	16
Short-term lease payment for:					
- buildings		**494**	-	**29**	-
- motor vehicle		**51**	-	**-**	-
Lease payment for low-value asset:					
- photocopier machine		**315**	-	**-**	-
Impairment loss on investment in subsidiaries	8.3	**-**	-	**-**	11,854
Impairment loss on expected credit loss		**17,169**	4,965	**4,017**	29,038
Loss on disposal of property, plant and equipment		**20**	1,748	**-**	-
Property, plant and equipment written off		**118**	363	**-**	-
Realised foreign exchange loss (net)		**2,245**	-	**-**	-
Fair value loss on investment properties	5	**-**	1,233	**-**	-
Fair value loss on fresh fruit bunches	12	**-**	1,311	**-**	-
and after crediting:					
Gain on disposal of short-term investment		**-**	144	**-**	-
Fair value gain on short-term investment		**25**	5,216	**477**	4,765
Fair value gain on fresh fruit bunches	12	**767**	-	**-**	-
Finance income		**21,761**	18,940	**3,491**	4,760
Finance income charged on amount due from subsidiaries		**-**	-	**10,623**	10,487
Realised foreign exchange gain (net)		**-**	112	**-**	-
Unrealised foreign exchange gain (net)		**-**	24	**-**	21
Amortisation of concession liabilities	7	**4,306**	2,512	**-**	-
Reversal of foreseeable loss	20	**23,358**	7,101	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

24. LOSS BEFORE TAX (CONTINUED)

24.1 Auditors' remunerations

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Grant Thornton Malaysia PLT				
- Statutory audit	**360**	-	**60**	-
- Other non-audit services	**12**	-	**12**	-
Other auditors				
- Statutory audit	**85**	563	**6**	81
- Other non-audit services	**22**	443	**5**	21
	479	1,006	**83**	102

25. TAX EXPENSE

Recognised in profit or loss

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Total income tax expense	**4,836**	56,986	**(5,273)**	13,891
Major components of income tax expense include:				
Current income tax				
- Current financial year	**9,189**	4,246	**-**	-
- (Over)/Under provision in respect of prior years	**(1,732)**	(2,588)	**51**	-
- Foreign income tax	**8**	16	**8**	16
	7,465	1,674	**59**	16
Deferred income tax				
- Origination and reversal of temporary differences	**1,388**	54,463	**-**	13,875
- Under provision in respect of prior years	**(4,017)**	849	**(5,332)**	-
	(2,629)	55,312	**(5,332)**	13,875
Total income tax expense	**4,836**	56,986	**(5,273)**	13,891

25. TAX EXPENSE (CONTINUED)

Reconciliation of tax expense

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Loss before tax	**(57,290)**	(119,064)	**(12,528)**	(54,094)
Taxation at Malaysian statutory tax rate of 24%	**(13,750)**	(28,575)	**(3,007)**	(12,983)
Different tax rates in other jurisdictions	**-**	(6)	**-**	(6)
Expenses not deductible for tax purposes	**15,077**	6,756	**3,015**	14,330
(Over)/Under provision of current tax expenses in prior years	**(1,732)**	(2,588)	**51**	-
Under provision of deferred tax in prior years	**(4,017)**	849	**(5,332)**	-
Effect of lower tax rate on fair value gain on investment properties	**-**	-	**-**	-
Effect of change in tax rate on investment properties	**-**	26,783	**-**	12,550
Recognition of previously unrecognised tax losses	**-**	(739)	**-**	-
Deferred tax assets not recognised	**9,258**	54,506	**-**	-
Income tax expense recognised in profit or loss	**4,836**	56,986	**(5,273)**	13,891

26. OTHER COMPREHENSIVE INCOME/(EXPENSE)

	2019			2018		
	Before tax RM'000	Tax expense RM'000	Net of tax RM'000	Before tax RM'000	Tax expense RM'000	Net of tax RM'000
Item that are or may be reclassified subsequently to profit or loss						
Foreign currency translation differences for foreign operations						
- *Gain/(loss) arising during the year*	**1,477**	**-**	**1,477**	(429)	-	(429)

NOTES TO THE FINANCIAL STATEMENTS

27. LOSS PER ORDINARY SHARE

Basic loss per ordinary share

The calculation of basic loss per ordinary share for the year ended 31 December 2019 was based on the loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2019	**2018**
Loss attributable to ordinary shareholders (RM'000)	**(57,216)**	(169,662)
Weighted average number of ordinary shares ('000)	**447,248**	447,248
Basic loss per ordinary share (sen)	**(12.79)**	(37.93)

Diluted loss per ordinary share

The calculation of diluted loss per ordinary share at 31 December 2019 was based on loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

The diluted loss per ordinary share has not been disclosed as it does not have dilutive potential ordinary shares.

28. DIVIDEND

Dividend recognised by the Company:

2018	Sen per share	Total amount RM'000	Date of payment
Interim dividend	0.5	2,236	8 August 2018

In the previous year, a single tier interim dividend of 0.5 sen per ordinary share, amounting to RM2,236,234.93 in respect of the financial year ended 31 December 2018 was paid by the Company on 8 August 2018 to the entitled shareholders of the Company whose names appeared in the Record of Depositors of the Company on 25 July 2018.

No dividend had been proposed or declared for the financial year ended 2019.

29. DIRECTORS' REMUNERATION

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Executive Directors:				
Wages, salaries and bonuses	**3,350**	5,410	**89**	-
Defined contribution plan	**740**	1,141	**15**	-
Other emoluments	**1,015**	911	**10**	-
Total Executive Directors' remuneration (excluding benefits-in-kind)	**5,105**	7,462	**114**	-
Estimated money value of benefits-in-kind	**183**	178	**3**	-
Total Executive Directors' remuneration (including benefit-in-kind)	**5,288**	7,640	**117**	-
Non-Executive Directors:				
Other emoluments	**421**	482	**421**	482
Total Non-Executive Directors' remuneration	**421**	482	**421**	482
Total Directors' remuneration (including benefits-in-kind)	**5,709**	8,122	**538**	482

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29. DIRECTORS' REMUNERATION (CONTINUED)

2019	Group Salaries and/or other emoluments* RM'000	Group Benefits-in-kind RM'000	Group Total RM'000	Company Salaries and/or other emoluments* RM'000	Company Benefits-in-kind RM'000	Company Total RM'000
Executive Directors						
Tan Sri Rozali bin Ismail	2,589	94	2,683	-	-	-
Azlan Shah bin Rozali	412	26	438	-	-	-
Dato' Abdul Jalil bin Abdul Karim (Appointed on 15 October 2019)	114	3	117	114	3	117
Dato' Yusof bin Badawi	535	16	551	-	-	-
Dato' Zainal Abidin bin Salleh (Resigned on 15 October 2019)	677	26	703	-	-	-
Ng Wah Tar (Resigned on 31 December 2019)	778	18	796	-	-	-
	5,105	183	5,288	114	3	117
Non-Executive Directors						
Dato' Sri Adenan bin Ab. Rahman	110	-	110	110	-	110
Datuk Dr Marimuthu A/L Nadason	110	-	110	110	-	110
Tengku Dato' Rahimah binti Almarhum Sultan Mahmud (Resigned on 18 October 2019)	70	-	70	131	-	131
Tan Sri Dato' Ahmad Fuzi bin Haji Abdul Razak (Resigned on 30 November 2019)	131	-	131	70	-	70
	421	-	421	421	-	421
	5,526	183	5,709	535	3	538

* *Includes defined contribution plan and meeting allowances*

29. DIRECTORS' REMUNERATION (CONTINUED)

2018	Group			Company		
	Salaries and/or other emoluments* RM'000	Benefits-in-kind RM'000	Total RM'000	Salaries and/or other emoluments* RM'000	Benefits-in-kind RM'000	Total RM'000
Executive Directors						
Tan Sri Rozali bin Ismail	4,865	94	4,959	-	-	-
Azlan Shah bin Rozali	474	22	496	-	-	-
Dato' Zainal Abidin bin Salleh (Appointed on 18 July 2018; Resigned on 15 October 2019)	785	27	812	-	-	-
Dato' Yusof bin Badawi (Appointed on 1 June 2018)	343	11	354	-	-	-
Ng Wah Tar (Resigned on 31 December 2019)	685	18	703	-	-	-
Dato' Randhir Singh A/L Jasbir Singh (Appointed on 1 February 2018 and resigned on 31 May 2018)	310	6	316	-	-	-
	7,462	178	7,640	-	-	-
Non-Executive Directors						
Dato' Sri Adenan bin Ab. Rahman	108	-	108	108	-	108
Datuk Dr Marimuthu A/L Nadason (Appointed on 1 February 2018)	99	-	99	99	-	99
Tan Sri Dato' Seri Dr Ting Chew Peh (Retired on 30 May 2018)	85	-	85	85	-	85
Tengku Dato' Rahimah binti Almarhum Sultan Mahmud (Resigned on 18 October 2019)	66	-	66	66	-	66
Tan Sri Dato' Ahmad Fuzi bin Haji Abdul Razak (Resigned on 30 November 2019)	124	-	124	124	-	124
	482	-	482	482	-	482
	7,944	178	8,122	482	-	482

* *Includes defined contribution plan and meeting allowances*

NOTES TO THE FINANCIAL STATEMENTS

30. OPERATING SEGMENTS

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. The following summary describes the continuing operations and discontinued operations in each of the Group's reportable segments:

- Water — Includes operation and maintenance of a water treatment plant in Malaysia.
- Construction — Includes construction activities.
- Plantation — Includes oil palm plantation activities.
- Concession — Includes construction and maintenance related activities relating to the concession agreements between TRIplc, UiTM and the Government.

Other non-reportable segments comprise mainly investment holding and management-related activities.

Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Board of Directors. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Board of Directors. Segment total assets is used to measure the return on assets of each segment.

Segment liabilities

The total of segment liabilities is measured based on all liabilities of a segment as included in the internal management reports that are reviewed by the Board of Directors.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment and other tangible assets.

30. OPERATING SEGMENTS (CONTINUED)

	Water		Construction		Plantation		Concession		Total	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue from external customers	**5,203**	15,852	**129,334**	66,161	**18,824**	15,366	**321,297**	131,134	**474,658**	228,513
Finance income	**-**	-	**515**	584	**13**	87	**17,404**	13,171	**17,932**	13,842
Other income	**291**	561	**1,228**	12	**195**	3,128	**76**	508	**1,790**	4,209
Fair value gain on fresh fruit bunches	**-**	-	**-**	-	**767**	-	**-**	-	**767**	-
	5,494	16,413	**131,077**	66,757	**19,799**	18,581	**338,777**	144,813	**495,147**	246,564
Operating expenses	**(5,064)**	(13,263)	**(164,428)**	(135,866)	**(38,291)**	(66,515)	**(229,052)**	(90,710)	**(436,835)**	(306,354)
Provision for foreseeable loss	**-**	-	**23,358**	7,101	**-**	-	**-**	-	**23,358**	7,101
Impairment loss on goodwill	**-**	-	**-**	-	**-**	(5)	**-**	-	**-**	(5)
Fair value loss on fresh fruit bunches	**-**	-	**-**	-	**-**	(1,311)	**-**	-	**-**	(1,311)
Depreciation and amortisation	**-**	-	**(566)**	(954)	**(17,239)**	(11,803)	**(329)**	(249)	**(18,134)**	(13,006)
Segment results	**430**	3,150	**(10,559)**	(62,962)	**(35,731)**	(61,053)	**109,396**	53,854	**63,536**	(67,011)
Finance costs	**-**	-	**(5,916)**	(6,044)	**(11,025)**	(3,740)	**(64,355)**	(32,132)	**(81,296)**	(41,916)
Loss before tax	**430**	3,150	**(16,475)**	(69,006)	**(46,756)**	(64,793)	**45,041**	21,722	**(17,760)**	(108,927)
Assets and liabilities										
Segment assets	**-**	27,009	**90,883**	96,795	**746,403**	747,424	**1,278,546**	1,049,186	**2,115,832**	1,920,414
Included in the measure of segment assets are:										
Additions to non-current assets other than financial instruments and deferred tax assets	**-**	-	**24**	60	**7,942**	28,835	**-**	193	**7,966**	29,088
Segment liabilities	**-**	(926)	**(332,540)**	(348,324)	**(312,514)**	(275,800)	**(1,131,270)**	(896,840)	**(1,776,324)**	(1,521,890)

NOTES TO THE FINANCIAL STATEMENTS

30. OPERATING SEGMENTS (CONTINUED)

Reconciliations of reportable segment revenue, profit or loss, assets, liabilities and other material items

	2019 RM'000	2018 RM'000
Profit or loss		
Total profit or loss for reportable segments	**(17,760)**	(108,927)
Other non-reportable segments and elimination	**(32,150)**	380
Unallocated (expenses)/income	**(7,380)**	(10,517)
Loss before tax	**(57,290)**	(119,064)

	External revenue RM'000	Depreciation and amortisation RM'000	Finance cost RM'000	Finance income RM'000	Segment assets RM'000	Additions to non-current assets RM'000	Segment liabilities RM'000
2019							
Total reportable segments	**474,658**	**(18,134)**	**(81,296)**	**17,932**	**2,115,832**	**7,966**	**(1,776,324)**
Other non-reportable segments	**62**	**(6,849)**	**(4,359)**	**14,477**	**2,031,031**	**394**	**(341,956)**
Elimination of inter-segment transactions or balances	**-**	**-**	**10,623**	**(10,623)**	**(1,042,844)**	**-**	**509,778**
Unallocated assets	**-**	**-**	**-**	**-**	**30,812**	**-**	**-**
Unallocated liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**(185,796)**
Consolidated total	**474,720**	**(24,983)**	**(75,032)**	**21,786**	**3,134,831**	**8,360**	**(1,794,298)**
2018							
Total reportable segments	228,513	(13,842)	(41,916)	13,842	1,920,414	29,088	(1,251,850)
Other non-reportable segments	1,953	(7,071)	(8,260)	20,801	1,986,165	2,497	(696,717)
Elimination of inter-segment transactions or balances	-	-	10,515	(10,487)	(869,487)	-	467,246
Unallocated assets	-	-	-	-	35,778	-	-
Unallocated liabilities	-	-	-	-	-	-	(190,892)
Consolidated total	230,466	(20,913)	(39,661)	24,156	3,072,870	31,585	(1,672,213)

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30. OPERATING SEGMENTS (CONTINUED)

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of the customers while segment assets are based on the geographical location of the assets. The geographical location of the customers for segment revenue are disclosed in Note 21.1 to the financial statements. The amounts of non-current assets do not include financial instruments (including investments in associates and investment in joint ventures) and deferred tax assets.

	Group	
Geographical information	External revenue RM'000	Non-current assets RM'000
2019		
Malaysia	**474,720**	**2,431,118**
2018		
Malaysia	230,466	1,691,362

Major customers

The following are major customers with revenue more than 10% of the Group's total revenue:

	Revenue		
	2019 RM'000	2018 RM'000	Segment
All common control companies of:			
- Customer A	**123,847**	60,674	Construction
- Customer B	**321,297**	131,134	Concession

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS

31.1 Categories of financial instruments

The table below provides an analysis of financial instruments as at 31 December 2019 categorised as follows:

(a) Fair value through profit or loss ("FVTPL")
- Designated upon initial recognition ("DUIR")

(b) Amortised cost ("AC")

2019	Carrying amount RM'000	AC RM'000	FVTPL-DUIR RM'000
Group			
Financial assets			
Trade and other receivables	772,102	772,102	-
Short-term investments	135,695	95,114	40,581
Cash and cash equivalents	443,752	443,752	-
	1,351,549	1,310,968	40,581
Financial liabilities			
Trade and other payables	(205,366)	(205,366)	-
Loans and borrowings	(1,231,016)	(1,231,016)	-
	(1,436,382)	(1,436,382)	-
Company			
Financial assets			
Other receivables	141,176	141,176	-
Short-term investments	32,522	32,522	-
Cash and cash equivalents	59,049	59,049	-
	232,747	232,747	-
Financial liability			
Other payables	(7,842)	(7,842)	-

31. FINANCIAL INSTRUMENTS (CONTINUED)

31.1 Categories of financial instruments (continued)

The table below provides an analysis of financial instruments as at 31 December 2018 categorised as follows:

(a) Fair value through profit or loss ("FVTPL")
- Designated upon initial recognition ("DUIR")

(b) Amortised cost ("AC")

2018	Carrying amount RM'000	AC RM'000	FVTPL-DUIR RM'000
Group			
Financial assets			
Trade and other receivables	536,812	536,812	-
Short-term investments	421,510	302,326	119,184
Cash and cash equivalents	298,752	298,752	-
	1,257,074	1,137,890	119,184
Financial liabilities			
Trade and other payables	(185,983)	(185,983)	-
Loans and borrowings	(1,108,871)	(1,108,871)	-
	(1,294,854)	(1,294,854)	-
Company			
Financial assets			
Other receivables	123,709	123,709	-
Short-term investments	15,907	6,286	9,621
Cash and cash equivalents	116,010	116,010	-
	255,626	246,005	9,621
Financial liability			
Other payables	(9,650)	(9,650)	-

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONTINUED)

31.2 Net gains/(losses) arising from financial instruments

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Net gains/(losses) on:				
Financial assets at fair value through profit or loss:				
Designated upon initial recognition	**25**	5,216	**477**	4,765
Financial assets at amortised cost	**4,531**	13,927	**10,085**	(13,796)
Financial liabilities at amortised cost	**(76,582)**	(46,009)	**-**	-
	(72,026)	(26,866)	**10,562**	(9,031)

31.3 Financial risk management

The Group and the Company have exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors regularly reviews and agrees policies and procedures for the management of these risks.

The following sections provide details on the Group's and Company's exposure to the abovementioned financial risks and the objectives and policies for the management of these risks.

31.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers, short-term investments and cash and cash equivalents.

The Company's exposure to credit risk arises primarily from loans and advances to subsidiaries, financial guarantees given to banks for credit facilities granted to subsidiaries, short-term investments and cash and cash equivalents. There are no significant changes as compared to prior periods.

31. FINANCIAL INSTRUMENTS (CONTINUED)

31.4 Credit risk (continued)

31.4.1 Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk

The Group manages its credit risk by establishing credit controls with the view to ensuring that overdue debts are within an acceptable level. For other financial assets, the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

At each reporting date, the Group assesses whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Credit risk concentration profile

At the reporting date, the Group's trade receivables were mainly due from four (2018: five) customers.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets are represented by the carrying amounts in the statement of financial position.

Recognition and measurement of impairment losses

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 30-60 days.

The Group uses an allowance matrix to measure ECLs of trade receivables for all segments except for construction and concession segment. Consistent with the debt recovery process, invoices which are past due 90 days will be considered as credit impaired.

Management has taken reasonable steps to ensure that trade receivables and contract assets that are neither past due nor impaired are stated at their recoverable values. A significant portion of these trade receivables and contract assets are arising from a few individual customers. The Group assessed the risk of loss of each customer individually based on their financial information, past trend of payments and external credit ratings, where applicable. All of these customers have low risk of default.

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONTINUED)

31.4 Credit risk (continued)

31.4.1 Trade receivables and contract assets (continued)

Recognition and measurement of impairment losses (continued)

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets as at 31 December 2019 which are grouped together as they are expected to have similar risk nature.

Group	2019			2018		
	Gross carrying amount RM'000	Net remeasurement of loss allowances RM'000	Net balance RM'000	Gross carrying amount RM'000	Net remeasurement of loss allowances RM'000	Net balance RM'000
Unbilled	**741,098**	**(7,234)**	**733,864**	488,794	(4,512)	484,282
Not past due	**11,258**	**(45)**	**11,213**	28,816	(611)	28,205
1-30 days past due	**8,545**	**(85)**	**8,460**	35	(1)	34
31-60 days past due	-	-	-	53	(1)	52
61-90 days past due	-	-	-	595	(7)	588
	760,901	**(7,364)**	**753,537**	518,293	(5,132)	513,161
Credit impaired						
More than 90 days past due	**715**	**(31)**	**684**	9,398	(266)	9,132
Individually impaired	**13,976**	**(13,976)**	-	140	(140)	-
	775,592	**(21,371)**	**754,221**	527,831	(5,538)	522,293
Trade receivables	**738,046**	**(10,828)**	**727,218**	481,800	(4,692)	477,108
Advances to subcontractors	**15,049**	**(10,250)**	**4,799**	16,014	(546)	15,468
Contract assets	**22,497**	**(293)**	**22,204**	30,017	(300)	29,717
	775,592	**(21,371)**	**754,221**	527,831	(5,538)	522,293

The movements in the allowance for impairment in respect of trade receivables and contract assets during the year are shown below.

Group	Trade Receivables		Contract assets	Total
	Lifetime ECL RM'000	Credit impaired RM'000	RM'000	RM'000
Balance at 1 January 2018	451	-	544	995
Net remeasurement of loss allowance	4,843	-	(300)	4,543
Balance at 31 December 2018	**5,294**	**-**	**244**	**5,538**
Net remeasurement of loss allowance	**2,070**	**13,714**	**49**	**15,833**
Balance at 31 December 2019	**7,364**	**13,714**	**293**	**21,371**

31. FINANCIAL INSTRUMENTS (CONTINUED)

31.4 Credit risk (continued)

31.4.2 Short-term investments

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group.

As at the end of the reporting period, the Group or the Company has only invested in unit trust and cash fund. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

There is no history of default on the unit trust and cash fund and there are no indicators that these fund may default. The Group is of the view that the loss allowance is not material and hence, it is not provided for.

31.4.3 Cash and cash equivalents

Cash and cash equivalents are placed with financial institutions which are regulated.

As at the end of the reporting period, the maximum exposure to credit risk of the Group and the Company is represented by the carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

31.4.4 Other receivables

Risk management objectives, policies and processes for managing the risk

Credit risks on non-current other receivables are mainly arising from receivables from contract with customer which represents financial assets from the concession agreements for the UiTM project.

Credit risks on current other receivables are mainly on sundry debtors and deposits paid.

Expected credit loss of other receivables is determined individually after considering the financial strength of the other receivables.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Recognition and measurement of impairment loss

In managing credit risk of other receivables, the Group and the Company manage their sundry debtors and take appropriate actions (including but not limited to legal actions) to recover long overdue balances.

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONTINUED)

31.4 Credit risk (continued)

31.4.4 Other receivables (continued)

The movements in the allowance for impairment in respect of other receivables during the year are shown below.

	Lifetime ECL Other receivables RM'000
Group	
Balance at 1 January 2018	6,477
Net remeasurement of loss allowance	422
Balance at 31 December 2018	**6,899**
Net remeasurement of loss allowance	**1,336**
Balance at 31 December 2019	**8,235**
Company	
Balance at 1 January 2018	44
Net remeasurement of loss allowance	(6)
Balance at 31 December 2018	**38**
Net remeasurement of loss allowance	**(2)**
Balance at 31 December 2019	**36**

31.4.5 Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Loans and advances are not secured by any collateral or supported by any other credit enhancements.

31. FINANCIAL INSTRUMENTS (CONTINUED)

31.4 Credit risk (continued)

31.4.5 Inter-company loans and advances (continued)

Recognition and measurement of impairment loss

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 to the Company in full; or/and
- the subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these loans and advances individually using internal information available.

The following table provides information about the exposure to credit risk and ECLs for subsidiaries' loans and advances as at 31 December 2019.

Company	Gross carrying amount RM'000	Impairment loss allowance RM'000	Net balance RM'000
2019			
Low credit risk	**4,577**	**(8)**	**4,569**
Significant increase in credit risk	**142,307**	**(1,721)**	**140,586**
Credit impaired	**343,196**	**(343,196)**	**-**
	490,080	**(344,925)**	**145,155**
2018			
Low credit risk	137	(1)	136
Significant increase in credit risk	124,300	(1,543)	122,757
Credit impaired	339,362	(339,362)	-
	463,799	(340,906)	122,893

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONTINUED)

31.4 Credit risk (continued)

31.4.5 Inter-company loans and advances (continued)

Recognition and measurement of impairment loss (continued)

The movement in the allowance for impairment in respect of subsidiaries' loans and advances during the year is as follows:

Company	Lifetime ECL RM'000	Credit Impaired RM'000
Balance at 1 January 2018	305	311,557
Net remeasurement of loss allowance	1,240	27,804
Balance at 31 December 2018	**1,545**	**339,361**
Net remeasurement of loss allowance	**185**	**3,834**
Balance at 31 December 2019	**1,730**	**343,195**

The significant increase in net measurement of loss allowance during the year is primarily due to a subsidiary in the construction segment where the subsidiary is continuously loss making and is having a deficit shareholder's fund. The subsidiary is unlikely to repay its loan and advance to the Company.

Total impairment loss allowance on subsidiaries' loan as at 31 December 2018 of RM340,906,000 are mainly related to construction segment and water and wastewater segment in China, which the Company has exited its water and wastewater segment in China in year 2017.

31.4.6 Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

31. FINANCIAL INSTRUMENTS (CONTINUED)

31.4 Credit risk (continued)

31.4.6 Financial guarantees (continued)

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM281,972,000 (2018: RM276,413,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period which are guaranteed by the Company.

The financial guarantees are provided as credit enhancements to the subsidiaries' secured loans.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- the subsidiary is unlikely to repay its credit obligation to the bank in full; or/and
- the subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available. As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

31.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arise principally from its various payables, loans and borrowings.

The Group manages liquidity risk by establishing budget with the view to ensure sufficient bank balances and have sufficient liquidity to meet its liabilities when they fall due. In addition, the Group negotiates with financial institutions to reschedule and/or restructure the existing credit facilities to coincide with the present operating environment.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONTINUED)

31.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM'000	Contractual interest rate/ coupon	Contractual cash flows RM'000	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000
2019						
Financial liabilities:						
Tawarruq term loan	**137,216**	**5.40%**	**165,990**	**24,436**	**88,142**	**53,412**
Medium Term Notes	**329,857**	**6.05% to 8.93%**	**410,276**	**203,706**	**130,340**	**76,230**
Cashline-I	**12,500**	**6.89%**	**12,500**	**12,500**	**-**	**-**
Senior Sukuk Murabahah	**615,278**	**4.75% - 5.90%**	**979,894**	**33,722**	**316,739**	**629,433**
Term loan	**24,752**	**6.38%**	**24,752**	**24,752**	**-**	**-**
Revolving credit facility	**108,800**	**5.40% - 5.50%**	**108,849**	**108,849**	**-**	**-**
Bank overdraft	**2,611**	**BLR + 6.60 %**	**2,611**	**2,611**	**-**	**-**
Lease liabilities	**12,113**	**2.43% - 3.50%**	**13,290**	**4,986**	**8,304**	**-**
Trade and other payables	**205,366**	**-**	**205,366**	**195,366**	**10,000**	**-**
Total undiscounted financial liabilities	**1,448,493**		**1,923,528**	**610,928**	**553,525**	**759,075**
2018						
Financial liabilities:						
Tawarruq term loan	138,674	5.25% - 5.4%	204,859	10,377	124,154	70,328
Medium Term Notes	177,425	3% - 5.93%	227,012	30,061	148,170	48,781
Junior Note	29,877	8% - 116.6%	80,676	4,212	14,015	62,449
Senior Sukuk Murabahah	612,871	4.75% - 5.9%	1,013,523	33,629	282,591	697,303
Term loan	62,559	5% - 6.63%	64,760	64,760	-	-
Revolving credit facility	69,900	5.35% - 5.5%	69,969	69,969	-	-
Bank overdraft	2,283	8.07%	2,439	2,439	-	-
Obligation under finance leases	15,282	2.43% - 3.55%	16,947	4,937	11,602	408
Trade and other payables	185,983	-	185,983	175,983	10,000	-
Total undiscounted financial liabilities	1,294,854		1,866,168	396,367	590,532	879,269

31. FINANCIAL INSTRUMENTS (CONTINUED)

31.5 Liquidity risk (continued)

Maturity analysis (continued)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments (continued):

Company	Carrying amount RM'000	Contractual interest rate/ coupon	Contractual cash flows RM'000	On demand or within one year RM'000
2019				
Financial liabilitiy:				
Other payables	**7,842**	**-**	**7,842**	**7,842**
Total undiscounted financial liability	**7,842**		**7,842**	**7,842**
Financial guarantees	**-**		**281,972**	**281,972**
2018				
Financial liability:				
Other payables	9,650	-	9,650	9,650
Total undiscounted financial liability	9,650		9,650	9,650
Financial guarantees	-		276,413	276,413

31.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's and the Company's financial position or cash flows.

31.6.1 Currency risk

The Group exposed to various currencies, mainly USD. Foreign currency denominated assets and liabilities together with expected cash flows from expenses, give rise to foreign exchange exposures.

Risk management objectives, policies and processes for managing the risk

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONTINUED)

31.6 Market risk (continued)

31.6.1 Currency risk (continued)

Exposure to foreign currency risk

The Group's and Company's exposure to foreign currency (a currency which is other than the functional currencies of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in USD RM'000
Group	
As at 31 December 2019	
Cash and cash equivalents	**749**
Trade and other receivables	**83**
Trade and other payables	**(695)**
	137
As at 31 December 2018	
Cash and cash equivalents	1,214
Trade and other receivables	532
Trade and other payables	(934)
	812
Company	
As at 31 December 2019	
Cash and cash equivalents	**75**
As at 31 December 2018	
Cash and cash equivalents	121

Currency risk sensitivity analysis

Foreign currency risk arises from Group entities which have a RM functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

31. FINANCIAL INSTRUMENTS (CONTINUED)

31.6 Market risk (continued)

31.6.2 Interest rate risk

Risk management objectives, policies and processes for managing the risk

The Group's investments in fixed deposits and its fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings and receivables are exposed to a risk of change in cash flows due to changes in interest rates. Investments in short-term receivables and payables are not significantly exposed to interest rate risk.

The Company's loans and advances to subsidiaries are exposed to a risk of change in cash flows due to changes in interest rates charged. Short-term loans and advances to subsidiaries are not significantly exposed to interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Fixed rate instruments				
Financial assets	**462,255**	489,623	**57,840**	102,818
Financial liabilities	**(957,248)**	(835,365)	**-**	-
	(494,993)	(345,742)	**57,840**	102,818
Floating rate instruments				
Financial assets	**40,581**	-	**32,522**	122,893
Financial liabilities	**(285,879)**	(273,506)	**-**	-
	(245,298)	(273,506)	**32,522**	122,893

The Group's income and operating cash flows on fixed interest rate instruments are substantially independent on changes in market interest rates.

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31. FINANCIAL INSTRUMENTS (CONTINUED)

31.6 Market risk (continued)

31.6.2 Interest rate risk (continued)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rates instruments

At the reporting date, if interest rates had been 100 basis points higher, with all other variables held constant, the Group's pre-tax loss would have been RM2,859,000 (2018: RM2,735,000) higher and the Company's pre-tax loss would have been RM325,000 (2018: RM1,229,000) lower. If the interest rates had been 100 basis points lower, with all other variables held constant, the Group's and the Company's pre-tax loss would have had equal but opposite effect.

31.7 Fair value information

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings reasonably approximate fair values due to the relatively short-term nature of these financial instruments.

The following are the analyses of the carrying amount and fair value of those financial instruments not carried at fair value. These fair values are categorised under Level 3 of the fair value hierarchy.

Group	Carrying amount 2019 RM'000	Fair value 2019 RM'000	Carrying amount 2018 RM'000	Fair value 2018 RM'000
Financial liabilities				
Loans and borrowings				
- Obligation under finance leases	-	-	(15,282)	(14,833)
- Revolving credit	**(108,800)**	**(108,800)**	(69,900)	(69,900)
- Term loan	**(24,752)**	**(24,752)**	(62,559)	(62,559)
- Tawarruq term loan	**(137,216)**	**(137,216)**	(138,674)	(138,674)
- Medium Term Notes	**(329,857)**	**(329,857)**	(177,425)	(177,425)
- Junior Note	-	-	(29,877)	(29,877)
- Senior Sukuk Murabahah	**(615,278)**	**(615,278)**	(612,871)	(612,871)
- Cashline-I	**(12,500)**	**(12,500)**	-	-
- Bank overdraft	**(2,611)**	**(2,611)**	(2,283)	(2,283)

Short-term investments (comprise of unit trust and cash fund) of the Group amounted to RM135,695,000 (2018: RM119,184,000) while short-term investments of the Company amounted to RM5,919,000 (2018: RM9,621,000). These short-term investments which are carried at fair value are categorised under Level 2 of the fair value hierarchy.

31. FINANCIAL INSTRUMENTS (CONTINUED)

31.7 Fair value information (continued)

Fair values of financial guarantees of the Company amounted to RM281,972,000 (2018: RM276,413,000) are not expected to be material due to low credit risk exposure.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Transfer between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2018: no transfer in either directions).

Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation methods.

Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Loans and borrowings	Discounted cash flows using rates based on the current market rate of borrowings of the respective Group entities at the reporting date.
Financial guarantees	Probability weighted discounted cash flows taking into account the likelihood of the guaranteed party defaulting and the estimated loss exposure if the party guaranteed were to default.

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32. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to support the Group's growth strategy and maximise shareholder value with optimal capital structure.

The Group and the Company are not subject to externally imposed capital requirements other than the financial covenant as disclosed in Note 18 to the financial statements.

The Group manages capital using a gearing ratio, which is net debt divided by total capital being the equity attributable to equity holders of the Company plus net debt. Included within net debts of the Group are loans and borrowings.

At year end, the Group has a net debt of RM1,243,129,000 (2018: RM1,108,871,000) and a total capital of RM2,549,935,000 (2018: RM2,471,416,000) giving rise to a gearing ratio of approximately 49% (2018: 45%).

There was no change in the Group's approach to capital management during the financial year.

33. CAPITAL AND OTHER COMMITMENTS

Capital expenditure as at the reporting date is as follows:

	Group	
	2019 RM'000	2018 RM'000
Contracts approved and contracted for		
- Property, plant and equipment	**969**	1,884
- Bearer biological asset	**741**	6,731
	1,710	8,615

34. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or 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. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. Key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The Group has related party relationship with its holding companies, significant investors, subsidiaries, associates and key management personnel.

34. RELATED PARTIES (CONTINUED)

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are shown below. Information regarding outstanding balances arising from related party transactions are disclosed in Note 14 and Note 19 to the financial statements.

	Company	
	2019 RM'000	2018 RM'000
A. Subsidiaries		
Rental income charged to SINO	-	288
Commission income charged to PNCSB	**94**	-
Interest income charged on amount due from subsidiaries	**10,623**	10,487
Management fees charged by PNMSSB	**(16,444)**	(24,135)

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
B. Key management personnel					
Employee benefits		**6,923**	9,812	**89**	-
Defined contribution plan		**1,297**	1,838	**15**	-
Other staff related expenses		**1,741**	1,808	**431**	482
Estimated money value of benefits-in-kind		**337**	369	**3**	-
		10,298	13,827	**538**	482
Included in the total key management personnel are:					
Directors' remuneration	29	**5,709**	8,122	**538**	482

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34. RELATED PARTIES (CONTINUED)

Significant related party transactions (continued)

B. Key management personnel (continued)

The top five senior management's remuneration in bands of RM50,000 for the current and the previous financial year are as follows:

Range of remuneration	Tan Sri Rozali bin Ismail	Ng Wah Tar	Dato' Zainal Abidin bin Salleh	Tan Bee Lian	Ar Mohd Khalid Mohammed Yusuf
2019					
RM600,001 to RM650,000					√
RM700,001 to RM750,000			√	√	
RM750,001 to RM800,000		√			
RM2,650,001 to RM2,700,000	√				

	Tan Sri Rozali bin Ismail	Dato' Zainal Abidin bin Salleh	Tan Bee Lian	Dato' Nasir Khan bin Illadad Khan	Ng Wah Tar
2018					
RM700,001 to RM750,000			√	√	√
RM800,001 to RM850,000		√			
RM4,950,001 to RM5,000,000	√				

35. ACQUISITION OF SUBSIDIARIES

Acquisition of TRIplc Group

On 31 May 2018, the Company had acquired the entire issued share capital in TRIplc Berhad from Pimpinan Ehsan Berhad for a cash consideration of RM210 million. TRIplc Group is principally involved in the provision of project management services for construction projects, property development, property investment, property management and facilities management services. TRIplc is the holder of two concessions, namely the CA-Z1P2 and CA-Z1P3. The above acquisition resulted in TRIplc Berhad and its subsidiaries becoming wholly-owned subsidiaries of the Company.

During the seven months period from 31 May 2018 to 31 December 2018, the subsidiary contributed revenue of RM131,134,000 and profit of RM26,550,000. If the acquisition had occurred on 1 January 2018, management estimates that consolidated revenue would have been RM279,690,000 and consolidated loss for the financial year would have been RM162,732,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2018.

35. ACQUISITION OF SUBSIDIARIES (CONTINUED)

Identifiable assets acquired and liabilities assumed

In accordance with MFRS 3, *Business Combinations*, the Group conducted the Purchase Price Allocation ("PPA") exercise within 12 months from the date of acquisition. The following summarises the major classes of consideration transferred and the recognised provisional amounts of assets acquired and liabilities assumed at the acquisition date:

	Note	Group 2018 RM'000
Property, plant and equipment	4	26,293
Investment properties	5	233,789
Concession asset		6,401
Deferred tax assets	10	28,234
Trade and other receivables		405,622
Contract cost		10,514
Current tax assets		2,303
Short-term investments		419,220
Cash and cash equivalents		192,332
Concession liability		(117,641)
Borrowings		(910,496)
Deferred tax liabilities	10	(22,754)
Trade and other payables		(62,944)
Total identifiable net assets		210,873

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35. ACQUISITION OF SUBSIDIARIES (CONTINUED)

Acquisition of TRIplc Group (continued)

Identifiable assets acquired and liabilities assumed (continued)

The significant bases and assumptions used in arriving at the fair values of the assets acquired are set out as below:

(1) Properties consisting land and buildings

The fair value of the properties consisting land and buildings are estimated by an independent valuer.

The following tables show the valuation technique used in the determination of fair values, classified within Level 2, as well as the significant unobservable inputs used in valuing the land and buildings.

Approach 1 – Comparison approach

Description of valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Comparison approach: This method involves determining the market value by directly comparing the property under valuation with similar properties which have been sold, and estimating the fair value from these transactions. This method is based on the principle that the market value of a property would be in line with the market values of similar properties in the same locality as the subject property, the values being indicated through sales transactions of these properties. In arriving at the valuation, the independent professional valuer has made adjustment for factors, which would affect the market value of the properties including but not limited to location, size, facilities available, market conditions and other factors in order to arrive at a common basis for comparison.	Adjusted market value per square foot.	The estimated fair value would increase/(decrease) if adjusted market value per square foot were higher/(lower).

35. ACQUISITION OF SUBSIDIARIES (CONTINUED)

Acquisition of TRIplc Group (continued)

Identifiable assets acquired and liabilities assumed (continued)

The significant bases and assumptions used in arriving at the fair values of the assets acquired are set out as below (continued):

(1) Properties consisting land and buildings (continued)

Approach 2 – Income approach

Description of valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Income approach: This method considers the present value of net cash flows to be generated from the property including, but not limited to, estimated gross development value ("GDV"), estimated gross development cost ("GDC") and estimated duration of development of the property. The expected net cash flows are discounted using risk-adjusted discount rates.	- Projected GDV per unit; - Projected GDC per unit; - Estimated duration of development of the property is 3 years; and - Risk-adjusted discount rate used is 10%.	- The estimated fair value would increase/(decrease) if projected GDV is higher/(lower), projected GDC is lower/(higher) and the estimated duration of development of the property is shorter/(longer). - The estimated fair value would increase/(decrease) if the risk-adjusted discount rate is lower/(higher).

Approach 3 – Cost approach

Description of valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Cost approach: This method reflects the amount that would be required to replace the service capacity of the property. This method involves costs including, but not limited to depreciation on the physical deterioration, functional obsolescence and economic obsolescence.	- Estimated depreciation on the physical deterioration from 5% to 65%; - Estimated depreciation on the functional deterioration from 0% to 10%; - Estimated depreciation on the economic deterioration from 0% to 10%; and - Adjusted market value per square foot.	- The estimated fair value would increase/(decrease) if estimated depreciation rate on all the deterioration is lower/(higher). - The estimated fair value would increase/(decrease) if the adjusted market value per square foot is higher/(lower).

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35. ACQUISITION OF SUBSIDIARIES (CONTINUED)

Acquisition of TRIplc Group (continued)

Identifiable assets acquired and liabilities assumed (continued)

The significant bases and assumptions used in arriving at the fair values of the assets acquired are set out as below (continued):

(2) Concession asset and liability

The following table shows the valuation technique used in the determination of fair values, classified within Level 3, as well as the significant unobservable inputs used in the valuation model.

Description of valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Income approach: This method involves determining the expected discounted future cash flows arising from the concession agreements. In arriving at the valuation, the Directors made assumptions for factors, which would affect the fair value of the concession asset and liability including but not limited to, maintenance and asset management services charges and discount rate.	CA-Z1P2: - An incremental rate of 3.5% at an interval of 5 years was used in the projection of the maintenance charge commencing year 2019. This increment is subject to the approval from UiTM and the Government according to the concession agreement; and - Post-tax discount rate of 11% was used. CA-Z1P3: - The following incremental rates for the asset management services charges were assumed by the Directors: Year 2025 to Year 2030 : 40.71% Year 2030 to Year 2035 : 21.47% Year 2035 to Year 2040 : 17.44% Year 2040 to Year 2042 : 13.45% These increments are subject to the approval from UiTM and the Government according to the concession agreement; and - Post-tax discount rate of 12% was used.	- The estimated fair value would increase/(decrease) if the incremental rates used for the maintenance charge of CA-Z1P2 and the asset management services of CA-Z1P3 were higher/(lower). - The estimated fair value would decrease/(increase) if the post-tax discount rates used were higher/(lower).

35. ACQUISITION OF SUBSIDIARIES (CONTINUED)

Acquisition of TRIplc Group (continued)

Net cash inflow arising from acquisition of TRIplc Group

	Group 2018 RM'000
Purchase consideration settled in cash and cash equivalents	210,000
Less: Cash and cash equivalents acquired	(192,332)
Net purchase consideration transferred	17,668
Add: Bank overdraft assumed	1,776
	19,444
Less: Deposit paid in the financial year ended 31 December 2016	(21,000)
Net cash inflow arising from acquisition of the subsidiary	(1,556)

Gain on bargain purchase

Gain on bargain purchase was recognised as a result of the acquisition as follows:

	Group 2018 RM'000
Total consideration transferred	(210,000)
Fair value of identifiable net assets	210,873
Gain on bargain purchase	873

36. CHANGES IN COMPOSITION OF THE GROUP

The changes in the composition of the Group are as follows:

(a) GOM Resources Limited ("GRL"), a wholly-owned sub-subsidiary of the Company had on 4 January 2018 been placed under member's voluntary winding-up pursuant to the Myanmar Companies Act. The member's voluntary winding-up of GRL has been completed upon receipt of the letter dated 11 March 2019 from the Government of the Republic of the union of Myanmar, Ministry of Investment and the Foreign Economic Relations, Directorate of Investment and Company Administration on the termination of GRL with effect from 5 March 2019. Accordingly, GRL has ceased to be a sub-subsidiary of the Company on 5 March 2019.

(b) On 1 March 2018, SINO commenced the process to voluntarily dissolve its wholly-owned subsidiary, Sino Water Environmental Consultancy (Shanghai) Co., Ltd ("Sino Water Shanghai") pursuant to the relevant rules and regulations of the PRC. On 11 March 2019, the voluntarily dissolution was completed upon receipt of the notice from the regulatory authorities of the PRC on the cancellation of the business license of Sino Water Shanghai with effect from 11 March 2019. Accordingly, Sino Water Shanghai ceased to be a sub-subsidiary of the Company on 11 March 2019.

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36. CHANGES IN COMPOSITION OF THE GROUP (CONTINUED)

The changes in the composition of the Group are as follows (continued):

(c) Puncak Niaga (India) Sdn. Bhd. ("PN India"), a wholly-owned subsidiary of the Company, had on 29 August 2018 submitted an application to strike off the name of PN India from the Register of Companies Commission of Malaysia pursuant to Section 550 of the Companies Act, 2016 ("Striking Off PN India"). PN India had on 10 June 2019 received a letter dated 31 May 2019 from the Companies Commission of Malaysia notifying that PN India had been struck off from the Register of Companies Commission of Malaysia pursuant to section 550 of the Companies Act, 2016 on 13 February 2019. Accordingly, PN India ceased to be a subsidiary of the Company on 13 February 2019.

(d) Puncak Niaga Overseas Capital Pte Ltd ("PNOC"), a wholly-owned subsidiary of the Company, had on 30 November 2018 submitted an application for striking off the name of PNOC from Register pursuant to Section 34A of the Companies Act, Cap.50 with the Accounting and Corporate Regulatory Authority ("ACRA") in Singapore. On 7 March 2019, PNOC had been struck off from the Register and accordingly, PNOC ceased to be a subsidiary of the Company with effect from 7 March 2019.

(e) On 23 January 2019, the Company announced that the members' voluntary winding up of Puncak Niaga Holdings Berhad (Myanmar Branch) ("Puncak Myanmar Branch") was completed on 16 January 2019 following the receipt by the Company of the termination letter dated 22 January 2018 from the Government of the Republic of the Directorate of Investment and Company Administration.

37. SIGNIFICANT EVENTS

Significant events during the financial year

(I) Issuance of Medium Term Notes of up to RM200 million in nominal value ("MTNs") by Pujian Bayu Sdn. Bhd.

On 25 June 2019, Pujian Bayu Sdn. Bhd. ("PBSB"), a wholly-owned subsidiary of the Company, proposed to issue MTNs of up to RM200.0 million in nominal value and lodged with the Securities Commission Malaysia ("SC") the required information and relevant documents relating to the MTNs pursuant to the SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

On 31 July 2019, PBSB had completed the issuance of the RM200.0 million nominal value MTNs.

(II) Proposed Renounceable Rights Issue of Convertible Secured Islamic Debt Securities

On 29 August 2019, the Company announced the proposal to undertake a renounceable right issue of up to RM223,628,878 nominal value of 5 year 6.50% convertible secured Islamic debt securities ("CIDS") at 100% of its nominal value of RM1.00 on an entitlement date to be determined later ("Proposed Rights Issue of CSIDS").

37. SIGNIFICANT EVENTS (CONTINUED)

Significant event subsequent to the financial year

(III) Disputes arising from alleged payment claim under Sections 7 and 8 under the Construction Industry Payment & Adjudication Act 2012 ("CIPAA") from its sub-contractor, Mersing Construction & Engineering Sdn. Bhd. ("Mersing")

PNC had on 12 February 2020 received a Notice of Adjudication dated 11 February 2020 to refer disputes arising from alleged payment claim under Section 7 and 8 under the Construction Industry Payment & Adjudication Act 2012 ("CIPAA") from its sub-contractor, Mersing Construction & Engineering Sdn. Bhd. ("Mersing"). The alleged payment claim is for the sum of RM2,723,839.04 for the project "Supply And Lay Network Sewerage Pipe At Zone 3 & 3A For Pembinaan Rangkaian Paip Pembetungan Di Bunus, Kuala Lumpur" ("D44 Project") together with interest and cost in relation to the adjudication proceedings.

(IV) Due to the global outbreak of the Coronavirus Disease 2019 ("COVID-19") since early 2020, the World Health Organisation ("WHO") declared it as a pandemic on 11 March 2020. A series of preventive and control measures have been implemented by countries across the world. In Malaysia, the Government imposed the Movement Control Order ("MCO") from 18 March 2020 onwards. Subsequently on 1 May 2020, the Malaysian Government announced that the MCO has been changed to Conditional Movement Control Order ("CMCO") from 4 May 2020 to 9 June 2020. Consequently, the MCO and CMCO are expected to have material adverse effects on Malaysia's economy for 2020.

The Management of the Group has assessed the overall impact of the changes brought about by the COVID-19 pandemic on the Group's operations and financial position and concluded that there are no material effects on the consolidated financial statements for the financial year ended 31 December 2019. As at the date of this report, the Management is unable to reliably estimate the financial impact of COVID-19 and the MCO and CMCO on the Group's financial results for the year ending 31 December 2020 as the broader ramifications of the pandemic have yet to be fully understood and the pandemic has yet to be contained. Hence, the current situation remains fluid. The Directors will continuously assess the impact of COVID-19 on its operations as well as the financial position for the year ending 31 December 2020.

(V) The Company had on 8 May 2020, entered into a conditional Sale and Purchase Agreement ("SPA") with Majlis Bandaraya Shah Alam ("Buyer") for the proposed disposal of a piece of leasehold land held under Title No. H.S.(D) 142037, Lot No. PT 32, Seksyen 14, Bandar Shah Alam, District of Petaling, State of Selangor, measuring approximately 10,364 square meters to the Buyer for a total cash consideration of RM32,000,000.00. Subject to fulfilment of the Conditions Precedent of the SPA, the proposed disposal of leasehold land is expected to be completed in second half of the financial year ending 2020.

38. MATERIAL LITIGATIONS

(I) KHEC

(i) The First Arbitration Proceedings

KHEC, a sub-contractor for the Chennai Water Supply Augmentation Project 1 - Package III ("Chennai Project"), has initially referred certain disputed claims totalling Rs8,44,26,981 (equivalent to approximately RM6.75 million) against PNHB-LANCO-KHEC JV ("the Consortium"), a jointly controlled entity of the Company in India.

NOTES TO THE FINANCIAL STATEMENTS

38. MATERIAL LITIGATIONS (CONTINUED)

(I) KHEC (continued)

(i) The First Arbitration Proceedings (continued)

Arising from the arbitration proceedings initiated by KHEC, both KHEC and the Consortium have each appointed a qualified civil engineer as their arbitrator respectively, and both arbitrators have selected a retired Judge of the High Court in Chennai, India as the third arbitrator who will also act as the presiding arbitrator of the arbitral tribunal. The arbitral tribunal was officially constituted on 24 September 2005.

On 28 September 2005, the Company was informed that the arbitral tribunal has fixed the following dates for the filing of the arbitration cause papers as part of the preliminary procedural formalities:

(i) claim by the claimant, KHEC to be filed before 4 October 2005;

(ii) rejoinder by the respondent, the Consortium to be filed before 18 November 2005; and

(iii) reply rejoinder by the claimant, KHEC to be filed before 5 December 2005.

The Consortium had on 2 January 2006, filed its counter-claim amounting to Rs13,61,61,931 (equivalent to approximately RM10.89 million) against KHEC's claim of Rs8,44,26,981 (equivalent to approximately RM6.75 million) to the arbitral tribunal in India.

The Statement of Claim lodged by KHEC had subsequently been revised from Rs8,44,26,981 (equivalent to approximately RM6.75 million) to Rs9,84,58,245 (equivalent to approximately RM7.88 million) whilst the counter-claim submitted by the Consortium, had also been revised as per the rejoinder, from Rs13,61,61,931 (equivalent to approximately RM10.89 million) to Rs13,63,39,505 (equivalent to approximately RM10.91 million).

The Company was notified on 4 March 2009 by solicitors acting on behalf of Consortium that the Arbitration Panel had at its meeting held on 26 February 2009 accepted the letter of withdrawal from the Arbitration Panel dated 18 February 2009 from the arbitrator nominated by KHEC. As such, the date for further meeting of the Arbitration Panel was to be communicated after the appointment of the substitute arbitrator to be nominated by KHEC under Section 15(2) of the Arbitration and Conciliation Act, 1996 of India.

The Company was notified on 25 June 2009 that the first sitting of the newly formed Arbitration Panel for the First Arbitration Proceedings comprising the Presiding Arbitrator, the arbitrator nominated by the Consortium and the substitute arbitrator nominated by KHEC was held on 20 June 2009.

The continued hearing date for the First Arbitration Proceedings were fixed on 31 August 2013, 28 September 2013 and 29 September 2013, 9 November 2013 and 10 November 2013.

At the hearing held on 10 November 2013, the Arbitration Panel tentatively fixed the continued hearing of the First Arbitration Proceedings on 4 January 2014 and 5 January 2014.

The continued hearing tentatively scheduled on 4 January 2014 and 5 January 2014 did not proceed as scheduled.

On 29 January 2014, the Arbitration Panel fixed the continued hearing of the First Arbitration Proceedings on 8 February 2014 and 9 February 2014, respectively.

38. MATERIAL LITIGATIONS (CONTINUED)

(I) KHEC (continued)

(i) The First Arbitration Proceedings (continued)

The continued hearing proceeded on 8 February 2014 but the hearing date of 9 February 2014 was vacated due to non-availability of the Chief Arbitrator. The Arbitration Panel fixed the continued hearing dates for the First Arbitration Proceedings on 29 May 2014 and 30 May 2014.

The hearing for the First Arbitration Proceedings fixed on 29 May 2014 and 30 May 2014 did not proceed as scheduled and was fixed by the Arbitration Panel on 4 July 2014 to be fixed on 16 August 2014 and 17 August 2014.

The hearing of the First Arbitration Proceedings fixed on 16 August 2014 and 17 August 2014 proceeded as scheduled.

The Arbitration Panel tentatively fixed the next continued hearing dates on 24 October 2014 and 25 October 2014 which proceeded as scheduled.

On 17 November 2014, the Arbitration Panel fixed the continued hearing dates for the First Arbitration Proceedings on 6 and 7 December 2014 respectively.

On 26 November 2014, the Arbitration Panel rescheduled the continued hearing dates for the First Arbitration Proceedings originally scheduled on 6 December 2014 and 7 December 2014 to 24 January 2015 and 25 January 2015, respectively.

On 7 January 2015, the Arbitration Panel postponed the continued hearing dates for the First Arbitration Proceedings originally scheduled on 24 January 2015 and 25 January 2015.

On 14 December 2015, the counsel of the Consortium notified the Presiding Arbitrator that the Arbitrator in charge is unable to continue as Arbitrator in view of his continued ill-health. An alternative Arbitrator will be appointed in due course.

On 3 March 2016, the name of the replacement Arbitrator had been submitted by the counsel of the Consortium to the Panel for consideration and decision.

On 20 April 2016, the name of the replacement Arbitrator had been accepted by the Panel. The Panel did not schedule new dates for the continued hearing for the First Arbitration Proceedings.

On 2 June 2016, KHEC's Arbitrator resigned and a new arbitrator was nominated for the Panel's consideration and decision before the Panel schedules new dates for the continued hearing for the First Arbitration Proceedings.

On 11 July 2016, the Panel fixed 30 July 2016 for the continued hearing of the First Arbitration Proceedings.

At the hearing on 30 July 2016, the Panel fixed 17 September 2016 and 18 September 2016 for the continued hearing of the First Arbitration Proceedings.

On 19 September 2016, the Company updated that the hearing of the First Arbitration Proceedings will be continued on 2 October 2016.

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38. MATERIAL LITIGATIONS (CONTINUED)

(I) KHEC (continued)

(i) The First Arbitration Proceedings (continued)

On 4 October 2016, the Company updated that the hearing of the First Arbitration Proceedings will be continued on 12 November 2016 and 13 November 2016.

On 11 November 2016, the Company notified that the hearing fixed on 11 November 2016 and 12 November 2016 had been cancelled as the Chief Arbitrator had resigned recently due to health reasons. The remaining Panel is in the process of selecting a suitable replacement for the Chief Arbitrator before the Panel schedules the new dates for the continued hearing for the First Arbitration Proceedings.

On 21 November 2016, the Company was notified that the Panel had approved the replacement for the Chief Arbitrator for the First Arbitration Proceedings. The new dates for the continued hearing for the First Arbitration Proceedings had yet to be scheduled by the Panel.

On 4 January 2017, the Company was notified that the Panel had fixed the continued hearing for the First Arbitration Proceedings on 10 January 2017.

On 11 January 2017, the Company was notified at the hearing held on 10 January 2017 that the Chief Arbitrator had withdrawn himself from the Panel and the remaining Panel will have to find a replacement for the Chief Arbitrator before the Panel schedules new dates for the continued hearing for the First Arbitration Proceedings.

The newly constituted Panel fixed the hearing for the First Arbitration Proceedings on 7 March 2017 and the continued hearing on 11 April 2017 and 22 April 2017.

At the hearing held on 11 April 2017, the Panel fixed the next continued hearing date of the First Arbitration Proceedings on 17 June 2017 and vacated the earlier date fixed on 22 April 2017.

On 17 June 2017, the Panel fixed the continued hearing dates of the First Arbitration Proceedings on 15 July 2017 and 16 July 2017, respectively which were subsequently cancelled by the Panel.

The next continued hearing date of the First Arbitration Proceedings which was fixed by the Panel on 10 September 2017 was subsequently adjourned and held on 18 November 2017.

At the hearing held on 18 November 2017, the Panel fixed the next continued hearing dates of the First Arbitration Proceedings on 6 and 7 January 2018.

The continued hearing proceeded on 6 January 2018 but the hearing date of 7 January 2018 was vacated and the Panel fixed the next continued hearing of the First Arbitration proceedings on 24 February 2018, 25 February 2018, 24 March 2018 and 25 March 2018, respectively.

At the hearings held on 24 February 2018 and 25 February 2018, the Panel fixed the next continued hearing of the First Arbitration Proceedings on 24 March 2018, 25 March 2018, 5 May 2018, 6 May 2018 and 8 May 2018, respectively.

38. MATERIAL LITIGATIONS (CONTINUED)

(I) KHEC (continued)

(i) The First Arbitration Proceedings (continued)

The next continued hearing date of the First Arbitration Proceedings which was fixed by the Panel on 24 March 2018 and 25 March 2018 were subsequently adjourned, the Panel fixed the next hearing of the First Arbitration Proceedings on 5 May 2018, 6 May 2018 and 7 May 2018, respectively.

The continued hearing proceeded on 5 May 2018 and 6 May 2018 but the hearing date of 7 May 2018 was vacated. The Panel fixed the next continued hearing date on 23 June 2018 and 24 June 2018.

The hearing proceeded on 23 June 2018 and the Panel vacated the hearing scheduled on 24 June 2018. The Panel fixed the next continued hearing of First Arbitration Proceedings on 30 June 2018 and 1 July 2018.

The hearing proceeded on 30 June 2018 and 1 July 2018. The Panel fixed the next continued hearing of the First Arbitration Proceedings on 11 August 2018 and 12 August 2018.

The hearing proceeded on 11 August 2018. The Panel vacated the hearing scheduled on 12 August 2019 and fixed the next continued hearing of the First Arbitration Proceedings on 15 September 2018.

The continued hearing proceeded on 15 September 2018 and parties were directed to submit written submissions on or before 15 October 2018.

The Arbitration Panel of India delivered the Final Award dated 13 November 2019 (which was notified to the Company on 16 November 2019) in relation to the First Arbitration Proceedings, allowing only the following 3 out of the 34 claims brought by the Claimant against PNHB-LANCO-KHEC JV ("the JV") totalling Rs50,51,786 (equivalent to RM293,708.48 at RM1 = Rs17.2 exchange rate) out of the total claim sum of Rs9,84,58,245 (equivalent to RM5.72 million at RM1 = Rs17.2 exchange rate) with interest at 18% from the date of the award to full and final payment of the Final Award sum. The Arbitration Panel further dismissed the counter claim by the JV in the Final Award.

Claim No	Description	Final Award (Rs)
2	Extra charges for making holes on the pipe	2,44,750
19	Release of Final Bill	36,43,463
22	Refund of Security Deposit (Retention amount)	11,41,703*
	Total three (3) claims awarded	50,29,916
	Additional Expenses for Services as per award	21,870
	Final Arbitration Award amount	**50,51,786**

Note:-

* The Total Retention amount due to the Claimant is Rs61,41,703. The Fixed Deposit of Rs50,00,000 deposited by the JV with the Arbitration Panel will be handed over to the Claimant after the appeal time is over or after the disposal of the appeal, if any.

The JV is currently seeking advice from its solicitors in India on the next course of action.

NOTES TO THE FINANCIAL STATEMENTS

38. MATERIAL LITIGATIONS (CONTINUED)

(I) KHEC (continued)

(ii) The Second Arbitration Proceedings

KHEC had commenced a second arbitration proceedings against the PNHB-Lanco members of the Consortium ("the Second Arbitration") on the basis of the terms of the Joint Venture Agreement ("JVA") dated 13 February 2003 and the Supplemental Agreement to the JVA dated 26 March 2003 respectively, entered into between the Company, Lanco Infratech Limited ("Lanco") and KHEC whereby KHEC is claiming for loss of profit (inclusive of interest and other cost) amounting to Rs5,44,32,916 (equivalent to approximately RM4.35 million) as they alleged that they, despite being a 10% share owner, received only 4.31% out of the total value of the contract works of the Chennai Project. Subsequently, KHEC had filed in an amended claim for damages and loss of profit from Rs5,44,32,916 to Rs55,44,32,916 (equivalent to approximately RM4.35 million to RM44.3 million). PNHB-Lanco's counsel had filed an interim application to dismiss the claim of Rs50,00,00,000 (equivalent to approximately RM39.9 million) for compensation for loss of opportunity on the basis that it is frivolous and unreasonable.

The Second Arbitration proceedings which were heard by a single arbitrator had been completed wherein the parties submitted their respective written submissions on 1 December 2012.

On 1 April 2013, PNHB-Lanco members of the Consortium received the Arbitrator's Final Award dated 29 March 2013 wherein the PNHB-Lanco members of the Consortium are to pay interest for the delayed payment of enabling cost of Rs.58 Lakhs amounting to Rs14,62,503 (approximately RM83,627.38) only to the claimant, KHEC on or before 30 April 2013 and all other claims by the claimant were rejected.

PNHB-Lanco member of consortium had on 27 April 2013 complied with the Final Award of the Arbitration dated 29 March 2013 by paying the interest for the delayed payment of enabling cost of Rs.58 Lakhs amounting to Rs.14,62,503 to KHEC.

KHEC had on 4 November 2013 served the PNHB-Lanco members of the Consortium with a copy of the Petition filed at the Madras High Court to appeal against the decision of the Arbitrator dated 29 March 2013. The Madras High Court had fixed the Petition for hearing on 2 December 2013.

On 2 December 2013, the Madras High Court postponed the hearing of the Petition filed by KHEC to 3 December 2013.

On 3 December 2013, the Madras High Court fixed the continued hearing of the petition filed by KHEC on 10 December 2013.

On 10 December 2013, the Madras High Court postponed the hearing of the Petition filed by KHEC, wherein the new hearing date had yet to be fixed by the Madras High Court.

On 29 June 2018, the Madras High Court fixed the continued hearing on 27 July 2018 for the Second Arbitration Proceedings.

38. MATERIAL LITIGATIONS (CONTINUED)

(I) KHEC (continued)

(ii) The Second Arbitration Proceedings (continued)

At the hearing held on 27 July 2018, the Madras High Court adjourned the next hearing for the Second Arbitration Proceedings to 27 August 2018.

On 27 August 2018, the Madras High Court adjourned the hearing for the Second Arbitration Proceedings to a later date to be advised in due course due to the change in the sitting judge.

On 12 September 2018, the Madras High Court adjourned the hearing of the Second Arbitration Proceedings to the first week of October 2018.

On 3 October 2018, the Madras High Court adjourned the hearing of the Second Arbitration Proceedings to the third week of October 2018.

On 1 November 2018, the Madras High Court adjourned the hearing of the Second Arbitration Proceedings to a later date to be advised in due course.

On 7 March 2019, the Madras High Court adjourned the hearing of the Second Arbitration Proceedings to a later date to be advised in due course.

On 9 April 2019, the Madras High Court had adjourned the hearing to a later date to be advised in due course.

On 24 April 2019, the Madras High Court had adjourned the hearing to a later date to be advised in due course.

On 12 June 2019, the Madras High Court had fixed the next hearing on 26 June 2019.

On 26 June 2019, the Madras High Court had adjourned the hearing to a later date to be advised in due course.

(II) Pengurusan Air Selangor Sdn. Bhd. ("PASSB")

Shah Alam High Court Suit No: BA-22NCVC-228-04/2017 Pengurusan Air Selangor Sdn. Bhd. ("PASSB") vs Puncak Niaga Holdings Berhad & 5 Others ("the Suit")

The Company had, on the evening of 9 May 2017, received a sealed copy of the Amended Writ together with an Amended Statement of Claim both dated 28 April 2017 from the solicitors of PASSB.

The Suit arose from alleged breaches on the Sale and Purchase Agreement dated 11 November 2014 ("SPA") between the Company and PASSB relating to the disposals of Puncak Niaga (M) Sdn. Bhd. ("PNSB") and 70% equity interest and RM212.0 million nominal value of redeemable convertible loan stocks held in Syarikat Bekalan Air Selangor Sdn. Bhd. ("SYABAS") by the Company to PASSB for RM1,555.3 million in line with the consolidation/ restructuring of the water industry in the State of Selangor and the Federal Territories of Kuala Lumpur and Putrajaya by the State Government and the Federal Government. The disposals of PNSB and SYABAS were completed on 15 October 2015.

NOTES TO THE FINANCIAL STATEMENTS

38. MATERIAL LITIGATIONS (CONTINUED)

(II) Pengurusan Air Selangor Sdn. Bhd. ("PASSB") (continued)

Shah Alam High Court Suit No: BA-22NCVC-228-04/2017 Pengurusan Air Selangor Sdn. Bhd. ("PASSB") vs Puncak Niaga Holdings Berhad & 5 Others ("the Suit") (continued)

The Company is named as the First Defendant in the Suit. The relief sought by PASSB against the Company is as follows:

(i) a sum of RM63,237,583.05 ("Sum") to be paid within 14 days from the date of the Honourable Court judgement.

(ii) interests on the Sum at the rate of 5% per annum to be calculated from 22 August 2016 until full payment thereof.

(iii) a declaration that the Company continues to indemnify PASSB for all losses which arises after the filing of this claim that PASSB may suffer as a result of the breaches in this action, including but not limited to future RPGT relation to the transfer of properties of PNSB to the Company Group under the SPA.

(iv) general damages to be assessed ("Assessed Damages") and interests on the Assessed Damages at the rate of 5% per annum to be calculated from the date of assessment until full payment thereof.

(v) an order that the Company do deliver to PASSB the original or photocopies of PNSB's documents within seven (7) days from the date of the Honourable Court order.

(vi) costs and interests at the rate of 5% and other reliefs or orders that the Honourable Court may deem fit and proper to grant.

The alleged breaches are said to arise from a breach of the SPA, amongst others, Clauses 7.2(c), 7.2(d) and the Representations and Warranties of Puncak in Schedule 2, Clause 10.1.5.

The Sum of RM63,237,583.05 is made out of, amongst others, alleged payments made in respect of the Non-CA Related Business.

The Company had instructed its solicitors to contest the matter and to file an appearance at the pre-trial case management on 17 May 2017.

On 17 May 2017, the Court fixed another pre-trial case management on 18 July 2017. Meanwhile, the Company filed an appearance on 16 May 2017.

The Company filed its Defence on 20 June 2017 and a copy of the Defence was served on PASSB's solicitors on 21 June 2017. Puncak received a copy of PAASB's reply to the Defence on 14 July 2017.

On 5 July 2017, PASSB served a sealed application to restrain Puncak's solicitors from acting in the proceeding for the Suit.

At the case management held on 18 July 2017, the Court scheduled PASSB's application to restrain Puncak's solicitors from acting in the proceeding for the Suit on 24 August 2017. Meanwhile, Puncak and Puncak's solicitors had filed and served their affidavit in replies to oppose the said application by PASSB on 17 July 2017.

38. MATERIAL LITIGATIONS (CONTINUED)

(II) Pengurusan Air Selangor Sdn. Bhd. ("PASSB") (continued)

Shah Alam High Court Suit No: BA-22NCVC-228-04/2017 Pengurusan Air Selangor Sdn. Bhd. ("PASSB") vs Puncak Niaga Holdings Berhad & 5 Others ("the Suit") (continued)

At the case management held on 21 August 2017, the Court adjourned the hearing of PASSB's application to restrain Puncak's solicitors from acting in the proceeding for the Suit to 14 September 2017. Meanwhile, the respective submission in reply is due on 4 September 2017.

At the hearing of PASSB's application to restrain Puncak's solicitors from acting in the proceeding for the Suit held on 14 September 2017, the Court adjourned the hearing of the said application to 26 September 2017.

At the hearing held on 26 September 2017, the Court adjourned the hearing of PASSB's application to restrain Puncak's solicitors from acting in the proceeding for the Suit to 30 November 2017.

At PASSB's request, the Court brought forward the hearing of PASSB's application to restrain Puncak's solicitors from acting in the proceeding for the Suit to 9 November 2017.

PASSB's application to restrain Puncak's solicitors from acting in the proceeding for the Suit was part heard on 9 November 2017, 30 November 2017, 29 December 2017 and completed on 15 January 2018.

On 27 February 2018, the Judge allowed PASSB's application to restrain Puncak's solicitors from acting in the proceedings with costs. Having consulted Puncak's solicitors, Puncak had given instructions to them to lodge an appeal to the Court of Appeal against this decision. Meanwhile, the Judge fixed the PASSB's claim for case management on 29 March 2018.

On 14 March 2018, the Judge recorded a stay of the Order dated 27 February 2018 to restrain Puncak's solicitors from acting in the proceedings with costs until the hearing and final disposal of Puncak's appeal to the Court of Appeal against the said decision. Meanwhile, Puncak's application to stay further proceedings in the High Court pending the disposal of Puncak's appeal is fixed for hearing on 29 March 2018.

Puncak's Notice of Appeal to appeal against the decision of the High Court dated 27 February 2018 to restrain its solicitors from acting in the proceedings had been filed and served on 14 March 2018. The Court of Appeal has fixed the matter for case management on 30 May 2018 before the Deputy Registrar of the Court of Appeal.

On 29 March 2018, the Judge recorded a stay of all further proceedings in the High Court pending the hearing and final disposal of Puncak's appeal against the Order dated 27 February 2018 to restrain Puncak's solicitors from acting in the proceedings with costs, except for any interlocutory applications by the other defendants in the action. The matter is fixed for case management on 2 May 2018.

The case management originally fixed on 2 May 2018 has been postponed to 1 June 2018 by the High Court.

On 30 May 2018, Puncak's appeal to the Court of Appeal against the decision to restrain Puncak's solicitors from acting was called up for case management. The appeal will be further case managed on 3 July 2018 before the Deputy Registrar of the Court of Appeal pending receipt of the High Court's grounds of judgement and notes of proceedings.

NOTES TO THE FINANCIAL STATEMENTS

38. MATERIAL LITIGATIONS (CONTINUED)

(II) Pengurusan Air Selangor Sdn. Bhd. ("PASSB") (continued)

Shah Alam High Court Suit No: BA-22NCVC-228-04/2017 Pengurusan Air Selangor Sdn. Bhd. ("PASSB") vs Puncak Niaga Holdings Berhad & 5 Others ("the Suit") (continued)

On 1 June 2018, the case management adjourned to 4 July 2018 for parties to update the High Court on the status of Puncak's appeal to the Court of Appeal against the decision to restrain Puncak's solicitors from acting.

On 3 July 2018, Puncak's appeal to the Court of Appeal against the decision to restrain Puncak's solicitors from acting was called up for further case management. The appeal will be further case managed on 18 July 2018 before the Deputy Registrar of the Court of Appeal pending the filing of the Supplementary Record of Appeal and to fix a hearing date for the appeal.

The case management which was fixed on 4 July 2018 was subsequently adjourned by the High Court to 18 September 2018 for parties to update the Court on the status of Puncak's appeal to the Court of Appeal against the decision to restrain Puncak's solicitors from acting.

Puncak's appeal to the Court of Appeal against the decision to restrain Puncak's solicitors from acting was called up for case management on 18 July 2018. The appeal is fixed for final case management on 8 October 2018 before the Deputy Registrar of the Court of Appeal, and the appeal is fixed for hearing on 18 October 2018.

On 18 September 2018, the case management was adjourned to 24 October 2018 for parties to update the Court on the outcome of Puncak's appeal to the Court of Appeal against the decision to restrain solicitors from acting from Puncak.

Puncak's appeal to the Court of Appeal against the decision to restrain Puncak's solicitors from acting which was fixed for hearing on 18 October 2018, was taken-off by the Court of Appeal and the hearing of the appeal was adjourned to 8 January 2019.

The case management scheduled on 24 October 2018 was adjourned to 14 January 2019 for parties to update the Court on the outcome of Puncak's appeal to the Court of Appeal against the decision to restrain solicitors from acting for Puncak.

On 8 January 2019, the Court of Appeal had dismissed Puncak's appeal with costs against the decision to restrain Puncak's solicitors from acting. Puncak will consider the next course of action in defending the suit by PASSB.

On 14 January 2019, the High Court fixed the next case management on 28 January 2019 for parties to update the High Court on whether Puncak is appealing the Court of Appeal's decision dated 8 January 2019 in respect of the Disqualification Application.

On 28 January 2019, the case management before the Shah Alam High Court Judge was adjourned to 12 February 2019 for parties to update the Court on whether PNHB is appealing the Court of Appeal's dismissal of PNHB's appeal against the High Court's decision to restrain PNHB's current solicitors from acting for PNHB.

The case management before the Shah Alam High Court Judge has been postponed to 1 March 2019.

On 1 March 2019, Puncak's new solicitors attended the case management and the High Court fixed the next case management on 9 April 2019.

38. MATERIAL LITIGATIONS (CONTINUED)

(II) Pengurusan Air Selangor Sdn. Bhd. ("PASSB") (continued)

Shah Alam High Court Suit No: BA-22NCVC-228-04/2017 Pengurusan Air Selangor Sdn. Bhd. ("PASSB") vs Puncak Niaga Holdings Berhad & 5 Others ("the Suit") (continued)

At the case management held on 9 April 2019, the High Court directed the parties to comply with the pre-trial directions and fixed the next case management on 27 May 2019.

At the case management held on 27 May 2019, the High Court directed the parties to comply with the pre-trial directions and fixed the next case management on 4 July 2019.

At the case management held on 4 July 2019, the High Court directed the parties to comply with the pre-trial directions and fixed the next case management on 6 August 2019.

At the case management held on 6 August 2019, the High Court directed the parties to comply with the pre-trial directions and fixed the next case management on 11 September 2019.

At the case management held on 11 September 2019, the High Court directed the parties to comply with the pre-trial directions and fixed the next case management on 3 October 2019.

At the case management held on 3 October 2019, the plaintiff has filed an application to amend the Amended Statement of Claim and the said application is now fixed for hearing on 21 October 2019. The High Court further directed the parties to comply with the pre-trial directions. The trial dates in November are maintained.

At the case management held on 21 October 2019, the plaintiff withdrew the application to amend the Amended Statement of Claim. The Court allowed the withdrawal and fixed the next case management on 22 October 2019. The trial dates in November are maintained.

At the case management held on 22 October 2019, the High Court directed the parties to comply with the pre-trial directions. The trial dates in November are maintained.

On 4 November 2019, the Court vacated the trial dates scheduled on 4 November 2019 to 6 November 2019 because the Judge is on medical leave.

At the trial held on 18 November 2019, the Court fixed the continued trial on 7 March 2020, 17 April 2020, 11 August 2020, 12 August 2020, 13 August 2020, 8 September 2020, 10 September 2020, 15 September 2020, 17 September 2020, 22 September 2020, 23 September 2020, 24 September 2020, 29 September 2020, 30 September 2020, 6 October 2020, 7 October 2020, 8 October 2020, 13 October 2020, 14 October 2020 and 15 October 2020.

The Court also fixed 23 June 2020, 24 June 2020, 25 June 2020, 8 July 2020 and 9 July 2020 tentatively for continued trial pending confirmation from all the parties.

The Court subsequently confirmed that the tentative continued trial dates on 23 to 25 June 2020 are confirmed whilst the tentative continued trial dates on 8 to 9 July 2020 have been taken off.

NOTES TO THE FINANCIAL STATEMENTS

38. MATERIAL LITIGATIONS (CONTINUED)

(II) Pengurusan Air Selangor Sdn. Bhd. ("PASSB") (continued)

Shah Alam High Court Suit No: BA-22NCVC-228-04/2017 Pengurusan Air Selangor Sdn. Bhd. ("PASSB") vs Puncak Niaga Holdings Berhad & 5 Others ("the Suit") (continued)

At the case management held on 22 January 2020, the plaintiff filed an application to amend the Amended Statement of Claim and the said application is now fixed for hearing on 9 March 2020.

At the case management on 27 February 2020, the Court maintained the hearing date fixed on 9 March 2020 for the plaintiff's application to amend the Amended Statement of Claim. The Court also vacated the trial date fixed on 17 March 2020.

At the hearing for the plaintiff's application to amend the Amended Statement of Claim on 9 March 2020, the Court fixed the matter for decision on 30 March 2020.

Due to the Extended Movement Control Order imposed by Government due to the COVID-19 outbreak, the Court has subsequently fixed the matter for decision on 14 May 2020.

On 14 May 2020, the High Court dismissed the plaintiff's application to amend the Amended Statement of Claim with costs and vacated the trial dates fixed in June 2020.

(III) Puncak Niaga Holdings Berhad ("Puncak")

Puncak Niaga Holdings Berhad ("Puncak" or "Plaintiff") vs 1. Tan Sri Dato' Seri Abdul Khalid bin Ibrahim 2. Dato' Seri Mohamed Azmin bin Ali 3. The Selangor State Government ("Collectively Defendants")

The solicitors of Puncak as the Plaintiff ("Plaintiff") served the sealed Writ of Summons vide Shah Alam High Court Suit No. BA-21NCvC-72-10/2017 together with the Statement of Claim dated 27 October 2017 on:-

(i) the solicitors of Tan Sri Dato' Seri Abdul Khalid bin Ibrahim ("Tan Sri Khalid"), as the former Menteri Besar of Selangor on 2 November 2017;

(ii) Dato' Seri Mohamed Azmin bin Ali ("Dato' Seri Azmin"), as the present Menteri Besar of Selangor on 21 November 2017; and

(iii) The Selangor State Government ("Selangor State Government") on 6 November 2017; collectively "the Defendants".

The suit is initiated by Puncak against the Defendants including the Selangor State Government, who Puncak asserts is vicariously liable for the tortious acts of Tan Sri Khalid and Dato' Seri Azmin in abusing their powers in public office/ misfeasance by threatening to cause and/or requesting or attempting to cause the Federal Government to invoke use of the Water Services Industry Act 2006 ("WSIA") to force a take-over of the State's water industry.

Puncak claims damages, interest on damages and costs of:-

(i) the difference between the value of PNSB Water Sdn. Bhd. (formerly known as Puncak Niaga (M) Sdn. Bhd.) ("PNSB") and Syarikat Bekalan Air Selangor Sdn. Bhd. ("SYABAS") at the range of RM2,081,000,000 to RM2,353,000,000 and the actual purchase consideration of RM1,555,300,000 under the Share Purchase Agreement dated 11 November 2014 between Puncak and Pengurusan Air Selangor Sdn. Bhd.; and

38. MATERIAL LITIGATIONS (CONTINUED)

(III) Puncak Niaga Holdings Berhad (“Puncak”) (continued)

Puncak Niaga Holdings Berhad (“Puncak” or “Plaintiff”) vs 1. Tan Sri Dato’ Seri Abdul Khalid bin Ibrahim 2. Dato’ Seri Mohamed Azmin bin Ali 3. The Selangor State Government ("Collectively Defendants") (continued)

Puncak claims damages, interest on damages and costs of:- (continued)

(ii) Loss of business opportunities (local and foreign) totalling RM13,496,009,000.

At the case management held on 28 November 2017, the Judge made directions for the filing of pleadings, the exchange of affidavits and submissions in respect of the 1st Defendant’s ("Tan Sri Khalid") application to strike out the claim ("Striking out Application") as well as pre-trial case management directions as follows:-

(a) Tan Sri Khalid’s Striking out Application is fixed for decision on 23 January 2018.

(b) The next case management before the Judge for parties to comply with pre-trial case management directions is on 12 February 2018.

(c) The trial dates are scheduled on 28 March 2018 to 30 March 2018.

Meanwhile, the Judge directed parties to attempt mediation in January 2018.

The Selangor State Government's sealed Striking Out Application together with the Affidavit in Support was served on Puncak's solicitors on 19 December 2017.

At the case management of the Selangor State Government’s application to strike out the claim on 20 December 2017, the Judge made directions for the filing of pleadings, the exchange of affidavits and submissions in respect of the same with a date for delivery of decision on 23 January 2018. Meanwhile, both Tan Sri Khalid and Dato’ Seri Azmin filed and served their respective Defences, with Dato’ Seri Azmin also filing a Counterclaim against Puncak by alleging that the claim is an abuse of process, and in turn, he claims for general damages, interest and costs.

Dato’ Seri Azmin’s sealed Striking Out Application with the Affidavit in Support was served on Puncak’s solicitors on 12 January 2018 and the matter was fixed for hearing on 23 January 2018.

At the hearing on 23 January 2018, the Judge fixed both Tan Sri Khalid's and the Selangor State Government’s application to strike out the claim for oral arguments on 26 January 2018. As for Dato’ Seri Azmin’s application to strike out the claim, the Judge made directions for the exchange of affidavits and submissions with a date for delivery of decision on 22 February 2018. The Judge also adjourned the case management of the suit from 12 February 2018 to 22 February 2018.

On 26 January 2018, the Judge reserved decision on both striking out applications to 22 February 2018 after hearing the oral arguments on both Tan Sri Khalid's and the Selangor State Government’s application to strike out the claim.

At the hearing on 22 February 2018, the Judge allowed the Defendants' applications and struck out the claim with costs. Accordingly, the Judge vacated all pre-trial directions and the trial dates from 28 March 2018 to 30 March 2018. As for the Counterclaim filed by Dato’ Seri Azmin, the Judge directed the parties to file and exchange submissions with a date for delivery of decision on 13 March 2018 in respect of the Counterclaim.

NOTES TO THE FINANCIAL STATEMENTS

38. MATERIAL LITIGATIONS (CONTINUED)

(III) Puncak Niaga Holdings Berhad ("Puncak") (continued)

Puncak Niaga Holdings Berhad ("Puncak" or "Plaintiff") vs 1. Tan Sri Dato' Seri Abdul Khalid bin Ibrahim 2. Dato' Seri Mohamed Azmin bin Ali 3. The Selangor State Government ("Collectively Defendants") (continued)

Puncak had given instructions to its solicitors to lodge an appeal with the Court of Appeal against this decision.

On 26 February 2018, Puncak lodged an appeal with the Court of Appeal against the High Court's decision in allowing the Defendants' applications and striking out the claim with costs.

On 12 March 2018, the Judge granted the application by Dato' Seri Azmin's solicitors to adjourn the delivery of decision in respect of the Counterclaim filed by Dato' Seri Azmin ("Dato' Seri Azmin's Counterclaim"). The decision in respect of Dato' Seri Azmin's Counterclaim which was originally set on 13 March 2018 was adjourned to 15 March 2018.

On 15 March 2018, the Judge dismissed Dato' Seri Azmin's Counterclaim with costs.

Puncak's appeal to the Court of Appeal against the decision of High Court in allowing the Defendant's applications and striking out claim with costs are all fixed for case management on 23 May 2018 before the Registrar of the Court of Appeal.

On 6 April 2018, Puncak's solicitors received a copy of Dato' Seri Azmin's Notice of Appeal to the Court of Appeal against the decision of the High Court in dismissing the Counterclaim with costs. The matter is fixed for case management on 25 May 2018 before the Registrar of the Court of Appeal.

On 18 May 2018, Dato' Seri Azmin's appeal to the Court of Appeal against the High Court's decision in dismissing his Counterclaim against Puncak is fixed for case management on 25 May 2018 before the Registrar of the Court of Appeal.

On 23 May 2018, Puncak's appeals against the High Court's decision in allowing the defendants' applications and striking out the claim is fixed for hearing on 30 August 2018 at the Court of Appeal.

On 25 May 2018, the Registrar of the Court of Appeal fixed Dato' Seri Azmin's appeal to the Court of Appeal against the High Court's decision in dismissing his Counterclaim against Puncak for further case management on 2 July 2018 pending the receipt of the grounds of judgement from the High Court and the filing of the Record of Appeal.

On 2 July 2018, Dato' Seri Azmin's appeal to the Court of Appeal against the High Court's decision in dismissing his Counterclaim against Puncak was called up for case management. The Registrar of the Court of Appeal fixed the said appeal for further case management on 18 July 2018 pending the filing of the Record of Appeal.

At the case management on 18 July 2018, the Registrar of the Court of Appeal fixed Dato' Seri Azmin's appeal to the Court of Appeal against the High Court's decision in dismissing his Counterclaim against Puncak for hearing on 5 November 2018.

The hearing of Puncak's appeals against the High Court's decision in allowing the defendants' applications and striking out the claim which was scheduled on 30 August 2018 was adjourned to 15 January 2018 at the Court of Appeal.

On 8 October 2018, Puncak's solicitors received notification from the Court of Appeal that Puncak's appeal against the High Court's decision in allowing Tan Sri Khalid's application to strike out the claim was scheduled for case management on 21 November 2018 before the Deputy Registrar at the Court of Appeal.

38. MATERIAL LITIGATIONS (CONTINUED)

(III) Puncak Niaga Holdings Berhad ("Puncak") (continued)

Puncak Niaga Holdings Berhad ("Puncak" or "Plaintiff") vs 1. Tan Sri Dato' Seri Abdul Khalid bin Ibrahim 2. Dato' Seri Mohamed Azmin bin Ali 3. The Selangor State Government ("Collectively Defendants") (continued)

The hearing of Dato' Seri Azmin's appeal to the Court of Appeal against the High Court's decision in dismissing his Counterclaim against Puncak that was scheduled on 5 November 2018 was vacated as Dato' Seri Azmin had withdrawn the said appeal.

Puncak's solicitors received notification from the Court of Appeal that Puncak's appeals against the High Court's decision in allowing Tan Sri Khalid, Dato' Seri Azmin and the Selangor State Government's applications to strike out the claim which were scheduled on 21 November 2018 are now rescheduled for case management on 10 December 2018 before the Deputy Registrar at the Court of Appeal.

On 10 December 2018, the Court of Appeal adjourned the hearing of Puncak's appeals to 8 March 2019 which was originally fixed on 15 January 2018.

On 8 March 2019, at the hearing of Puncak's appeals against the High Court's decision in allowing the defendant's applications and striking out the claim, the Court of Appeal adjourned the matter for case management on 30 April 2019.

On 30 April 2019, the Court of Appeal adjourned the matter for the further case management on 28 June 2019.

The case management of Puncak's appeals against the High Court's decision in allowing the defendant's applications and striking out the claim was adjourned for further case management on 20 August 2019 at the Court of Appeal.

On 20 August 2019, the case management of Puncak's appeals against the High Court's decision in allowing the defendants' applications and striking out the claim was adjourned for further case management on 25 September 2019 at the Court of Appeal.

On 25 September 2019, the case management of Puncak's appeal against the High Court's decision in allowing the defendants' applications and striking out the claim was adjourned for further case management on 18 November 2019 at the Court of Appeal.

On 18 November 2019, the case management of Puncak's appeals against the High Court's decision in allowing the defendants' applications and striking out the claim was adjourned for further case management on 22 January 2020 at the Court of Appeal.

On 28 November 2019, Puncak was informed that the case management of Puncak's appeals against the High Court's decision in allowing the defendants' applications and striking out the claim which was previously fixed on 22 January 2020 has been brought forward to 6 December 2019 at the Court of Appeal.

On 6 December 2019, the case management of Puncak's appeals against the High Court's decision in allowing the defendants' applications and striking out the claim was adjourned for further case management on 20 December 2020 at the Court of Appeal.

On 20 December 2019, the case management of Puncak's appeals against the High Court's decision in allowing the defendants' applications and striking out the claim was adjourned for further case management on 10 January 2020 at the Court of Appeal.

NOTES TO THE FINANCIAL STATEMENTS

38. MATERIAL LITIGATIONS (CONTINUED)

(III) Puncak Niaga Holdings Berhad ("Puncak") (continued)

Puncak Niaga Holdings Berhad ("Puncak" or "Plaintiff") vs 1. Tan Sri Dato' Seri Abdul Khalid bin Ibrahim 2. Dato' Seri Mohamed Azmin bin Ali 3. The Selangor State Government ("Collectively Defendants") (continued)

Subsequently, the case management of Puncak's appeals against the High Court's decision in allowing the defendants' applications and striking out the claim which was scheduled on 10 January 2020 was vacated. The next case management fixed on 7 February 2020 at the Court of Appeal was also vacated.

At the case management of Puncak's appeals at the Court of Appeal on 13 February 2020, the Court of Appeal fixed the Hearing of Puncak's appeals on 22 June 2020.

(IV) PNCSB

Notice of Adjudication issued under the Construction Industry Payment & Adjudication Act 2012, ("CIPAA") to the Company's wholly-owned subsidiary, PNCSB

(1) Notice of Adjudication dated 11 February 2020 issued under CIPAA to PNCSB

Puncak Niaga Contruction Sdn. Bhd. ("PNCSB"), a wholly-owned subsidiary of Puncak, had on 12 February 2020 received a Notice of Adjudication dated 11 February 2020 to refer disputes arising from alleged payment claim under Section 7 and 8 under the Construction Industry Payment & Adjudication Act 2012 ("CIPAA") from its sub-contractor, Mersing Construction & Engineering Sdn. Bhd. ("Mersing"). The alleged payment claim is for the sum of RM2,723,839.04 for the project "Supply And Lay Network Sewerage Pipe At Zone 3 & 3A For Pembinaan Rangkaian Paip Pembetungan Di Bunus, Kuala Lumpur" ("D44 Project") together with interest and cost in relation to the adjudication proceedings. PNCSB has instructed its solicitors to contest the matter.

On 4 March 2020, the adjudicator appointed by the Director of the Asian International Arbitration Court has accepted the appointment to act as Adjudicator in respect of the Notice of Adjudication dated 11 February 2020.

Two (2) Notices of Arbitration issued under the KLRCA in accordance with the Arbitration Act 2005 and Arbitration (Amendment) Act 2011 to PNCSB

(1) Notice of Arbitration dated 17 June 2016 issued under KLRCA in accordance with the Arbitration Act 2005 and Arbitration (Amendment) Act 2011 to PNCSB

On 20 June 2016, PNCSB received a Notice of Arbitration dated 17 June 2016 from Genbina to refer the disputes or differences arising from the termination of the contract contained in a Letter of Award and its Addendums ("Contract") and an Operate, Maintain and Service Agreement under the Contract ("OMSA") for the D44 Project to arbitration under KLRCA in accordance to the Arbitration Act 2005 and the Arbitration (Amendment) Act 2011 for the alleged sum of RM119,699,168.11 together with the damages, interest, costs as such other relief as the learned arbitrator deems fit or proper and PNCSB has instructed its solicitor to contest the matter.

38. MATERIAL LITIGATIONS (CONTINUED)

(IV) PNCSB (continued)

Two (2) Notices of Arbitration issued under the KLRCA in accordance with the Arbitration Act 2005 and Arbitration (Amendment) Act 2011 to PNCSB (continued)

(1) Notice of Arbitration dated 17 June 2016 issued under KLRCA in accordance with the Arbitration Act 2005 and Arbitration (Amendment) Act 2011 to PNCSB (continued)

On 18 July 2016, PNCSB had issued a response to Genbina's Notice of Arbitration dated 17 June 2016 through its solicitors. In summary, PNCSB's response denied the claims asserted by Genbina in its Notice of Arbitration dated 17 June 2016 as well as raised numerous set-offs and/or counterclaim against Genbina's claims in its Notice of Arbitration dated 17 June 2016.

(2) Notice of Arbitration dated 17 June 2016 issued under the KLRCA in accordance with the Arbitration Act 2005 and Arbitration (Amendment) Act 2011 to PNCSB

On 20 June 2016, PNCSB received a Notice of Arbitration dated 17 June 2016 from Genbina to refer the disputes or differences arising from the termination of the Contract and an OMSA for the D44 Project to arbitration under KLRCA in accordance to the Arbitration Act 2005 and the Arbitration (Amendment) Act 2011 for the alleged sum of RM24,171,671.43 together with the damages, interest, costs as such other relief as the learned arbitrator deems fit or proper and PNCSB has instructed its solicitor to contest the matter.

On 18 July 2016, PNCSB had issued a response to Genbina's Notice of Arbitration dated 17 June 2016 through its solicitors. In summary, PNCSB's response denied the claims asserted by Genbina in its Notice of Arbitration dated 17 June 2016 as well as raised numerous set-offs and/or counterclaim against Genbina's claims in its Notice of Arbitration dated 17 June 2016.

Three (3) Notices of Arbitration issued under the KLRCA in accordance with the Arbitration Act 2005 and Arbitration (Amendment) Act 2011 by PNCSB

PNCSB had on 18 July 2016 issued three (3) separate Notices of Arbitration dated 18 July 2016 to Genbina to refer the disputes or differences arising from the termination of the Contract, an OMSA and Workers' Agreement dated 12 October 2016 ("Workers' Agreement") relating to the D44 Project to arbitration.

The details of the Notices of Arbitration dated 18 July 2016 issued by PNCSB to Genbina are as follows:

(i) In respect of the Notice of Arbitration arising from the Contract, PNCSB has suffered loss and damage and continues to incur loss and damage arising from Genbina's breaches under the Contract which led to PNCSB's termination of the Contract. PNCSB seeks to recover the loss and damage suffered by PNCSB from Genbina in the arbitration;

(ii) In respect of the Notice of Arbitration arising from the OMSA, PNCSB has suffered loss and damage and continues to incur loss and damage arising from Genbina's wrongful acts under the OMSA over Genbina's failure to return the Machineries & Equipment belonging to PNCSB under the OMSA, unlawfully removing the said Machineries & Equipment from the D44 Project site and wrongfully detaining them. PNCSB seeks to recover the loss and damage suffered by PNCSB from Genbina in the arbitration; and

NOTES TO THE FINANCIAL STATEMENTS

38. MATERIAL LITIGATIONS (CONTINUED)

(IV) PNCSB (continued)

Three (3) Notices of Arbitration issued under the KLRCA in accordance with the Arbitration Act 2005 and Arbitration (Amendment) Act 2011 by PNCSB (continued)

The details of the Notices of Arbitration dated 18 July 2016 issued by PNCSB to Genbina are as follows (continued):

(iii) In respect of the Notice of Arbitration arising from the Workers' Agreement, PNCSB has suffered loss and damage and continues to incur loss and damage arising from Genbina's breach of the Workers' Agreement over Genbina's failure and/or refusal to pay the foreign workers' salaries and to bear all direct and incidental costs for their repatriation, amongst others. PNCSB seeks to recover its loss and damage suffered from Genbina in the arbitration.

PNCSB has asserted that it has suffered losses and damage arising from Genbina's breaches and wrongful acts under the Contract, OMSA and Workers' Agreement and is preparing a counter-claim against Genbina, which PNCSB has assessed and estimated to be in the region of RM152.2 million.

The two (2) separate arbitrations initiated by Genbina Sdn. Bhd. and the three (3) separate arbitrations initiated by PNCSB will be consolidated into a single arbitration proceeding.

The arbitral tribunal had been constituted and a preliminary meeting was called on 5 July 2017 wherein parties have been given directions to move the arbitration forward.

(V) Puncak Niaga Management Services Sdn. Bhd. ("PNMSSB")

Three (3) Bills of Demand issued under the Royal Malaysian Customs Department Selangor ("RMCD") in accordance with the Goods and Services Tax Act 2014 to PNMSSB

(i) Bill of Demand dated 21 October 2019 issued under RMCD in accordance with the GST Act 2014 to PNMSSB

On 23 October 2019, a wholly-owned subsidiary, PNMSSB received a Bill of Demand from RMCD dated 21 October 2019, demanding for Goods and Services Tax in the sum of RM850,645.23 for the period between 1 January 2018 and 31 August 2018 ("Demand"). PNMSSB has sought advice from its tax agent and solicitors on the next course of action. Based on the preliminary advice received, PNMSSB will contest and appeal against the Demand.

On 31 October 2019, PNMSSB filed to commence a judicial review application ("Application") against RMCD to set aside the Bill of Demand dated 21 October 2019.

At the case management on 5 November 2019, the Court fixed the hearing of the Application on 8 January 2020 and granted an interim order to stay the enforcement and effect of Bill of Demand pending the disposal of the Application.

38. MATERIAL LITIGATIONS (CONTINUED)

(V) Puncak Niaga Management Services Sdn. Bhd. ("PNMSSB") (continued)

Three (3) Bills of Demand issued under the Royal Malaysian Customs Department Selangor ("RMCD") in accordance with the Goods and Services Tax Act 2014 to PNMSSB (continued)

(i) Bill of Demand dated 21 October 2019 issued under RMCD in accordance with the GST Act 2014 to PNMSSB (continued)

At the hearing on 8 January 2020, the Court granted leave for the Application and an order to stay the enforcement and effect of the Bill of Demand pending the disposal of the substantive hearing of the Application.

At the case management on 5 February 2020, the Registrar directed parties to attend another case management on 17 April 2020 to obtain the Court's directions on the filling of cause papers in respect of the Application.

(ii) Bills of Demand dated 18 December 2019 issued under RMCD in accordance with the GST Act 2014 to PNMSSB

PNMSSB had on 18 December 2019 received two (2) Bills of Demand both dated 18 December 2019 from RMCD, demanding for Goods and Services Tax in the aggregate sum of RM5,268,924.68 for the period between 1 February 2016 to 31 December 2017.

PNMSSB has sought advice from its tax agent and solicitors on the next course of action. Based on the preliminary advice received, PNMSSB will contest and appeal against the Demand.

On 30 December 2019, PNMSSB filed a judicial review application ("Application") against RMCD to set aside the Bill of Demand.

At the case management on 7 January 2020, the Registrar fixed a further case management before the learned Judge on 14 January 2020 for parties to record an interim order to stay the enforcement and effect of the Bills of Demand pending the hearing of the Application.

At the case management on 14 January 2020, the learned Judge granted an interim stay order to stay the enforcement and effect of the Bills of Demand pending the hearing of the Application. The learned Judge also directed both parties to attend a case management on 5 February 2020 to fix a hearing date for the Application.

At the case management held on 5 February 2020, the Registrar fixed the hearing of the Application on 17 April 2020. The Registrar also fixed another case management on 31 March 2020 for parties to update the Registrar on the filling at the relevant cause papers.

The Court has subsequently vacated the hearing scheduled on 17 April 2020 and fixed a case management before the Registrar on 29 April 2020 for parties to fix a new hearing date for the Application.

Due to the Extended Movement Control Order imposed by Government due to the COVID-19 outbreak, the Court has subsequently fixed the case management on 4 June 2020.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

In the opinion of the Directors, the financial statements set out on pages 131 to 269 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 2019 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....

Tan Sri Rozali bin Ismail
Director

....

Dato' Abdul Jalil bin Abdul Karim
Director

Shah Alam

Date: 18 May 2020

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, **Wong Ley Chan**, the officer primarily responsible for the financial management of Puncak Niaga Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 131 to 269 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 abovenamed Wong Ley Chan (MIA CA: 6550), at Shah Alam in the State of Selangor on 18 May 2020.

....

Wong Ley Chan

Before me:

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PUNCAK NIAGA HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA)
COMPANY REGISTRATION NO.: 199701000591 (416087-U)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Puncak Niaga Holdings Berhad, which comprise the statements of financial position as at 31 December 2019 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 131 to 269.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2019, and of their financial performance and 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' Code of Ethics for Professional Accountants ("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 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 PUNCAK NIAGA HOLDINGS BERHAD
(INCORPORATED IN MALAYSIA)
COMPANY REGISTRATION NO.: 199701000591 (416087-U)

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key Audit Matter	How the matter was addressed in the audit
1) Revenue Recognition	
Construction revenue As at 31 December 2019, The Group recognised RM129.3million of revenue from construction division. The construction revenue is recognised over time by reference to the cost incurred over the estimated cost of each individual contract. The construction revenue is considered a key audit matter due to it required us to exercise significant judgement to evaluate the estimate of the total costs to be incurred, which inherently was uncertain.	Our audit procedures included, among others: **Construction revenue:** • Performed site visits for individually significant on-going projects to arrive at an overall assessment towards stage of completion. • Reviewed information provided by the entity and inquired management as to whether they had determined the completeness of the budgets, if there were any disputes with the customers/sub-contractors and if there would be any delays in the projects which would render additional costs. • Selected samples of estimated costs and compared them with contracts or letter of awards. • Performed a re-computation of the actual costs to budgeted cost to determine if the percentage of completion was computed appropriately, and subsequently, performed a re-computation to determine if the revenue was recognised appropriately. • Re-assessed the foreseeable losses had been recognised in accordance with the requirements of the accounting standards.
Concession revenue As at 31 December 2019, the Group recognised RM321.3million of revenue from concession division. The revenue is considered a key audit matter due to it required significant judgement in determining the appropriate discount rates to compute the concession revenue from construction contracts, maintenance services and finance income.	**Concession revenue:** • Reviewed the agreements and assessed whether these agreements had been appropriately identified to be service concession agreements within the scope of IC Interpretation 12. • Evaluated the appropriateness of discount rates applied in discounting the receivables from the customers. • Assessed the Group's estimate on budgeted costs to be incurred including comparison of historical budgets with actual costs incurred. • Assessed the Group's estimate on total costs to completion through enquires and inspected documentation to support the cost estimates.

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key Audit Matter	How the matter was addressed in the audit
2) Impairment assessments of cost of investment in subsidiaries and amounts due from subsidiaries	
The Company's cost of investments and advances provided to subsidiaries to finance their operations are significant. Some of these subsidiaries are reporting unfavourable results and hence, subject to impairment assessments.	Our audit procedures included, among others: • Challenged the assessment for indications of impairment performed by the Company by considering whether it had factored or considered relevant internal and external information. • Compared the impairment assessment performed by the Company with the requirements of the accounting standards. • Challenged the recoverable amounts determined by the Company by evaluating the key assumptions made by the Company.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprise 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 do 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 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PUNCAK NIAGA HOLDINGS BERHAD
(INCORPORATED IN MALAYSIA)
COMPANY REGISTRATION NO.: 199701000591 (416087-U)

Report on the Audit of the Financial Statements (continued)

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.

- 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 Company or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the Director, 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.

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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, related safeguards.

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 8 to the Financial Statements.

Other Matters

1. The financial statements of the Group and of the Company for the financial year ended 31 December 2018 were audited by another firm of Chartered Accountants who issued an unmodified opinion in their report dated 28 March 2019.

2. 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.

GRANT THORNTON MALAYSIA PLT
(NO: 201906003682 & AF 0737)
CHARTERED ACCOUNTANTS

ANTONY LEONG WEE LOK
(NO: 03381/06/2020 J)
CHARTERED ACCOUNTANT

Kuala Lumpur

18 May 2020

ANALYSIS ON SECURITIES OF COMPANY

AS AT 15 MAY 2020

ANALYSIS OF SHAREHOLDINGS

Share Capital	**: RM554,662,777.00**
Total Number of Issued Shares	**: 449,284,556**
Class of Shares	**: Ordinary Shares**
Voting Rights	**: One vote per ordinary share**
No. of Shareholders	**: 10,364**

DISTRIBUTION OF SHAREHOLDINGS

	No. of Shareholders						No. of Issued Shares Held					
	Malaysian		Foreigner		Total		Malaysian		Foreigner		Total	
Size of Shareholdings	**No.**	**%#**	**No.**	**%#**	**No.**	**%#**	**No.**	**%#**	**No.**	**%#**	**No.**	**%#**
Less than 100	530	5.11	5	0.05	535	5.16	12,655	*	204	*	12,859	*
100-1,000	1,473	14.21	19	0.18	1,492	14.39	1,056,520	0.24	11,950	*	1,068,470	0.24
1,001-10,000	5,521	53.27	70	0.68	5,591	53.95	23,683,333	5.30	353,917	0.08	24,037,250	5.38
10,001-100,000	2,294	22.13	41	0.40	2,335	22.53	77,948,484	17.43	1,470,250	0.33	79,418,734	17.76
100,001-22,362,386 (less than 5% of the issued share capital)	394	3.80	15	0.15	409	3.95	172,509,594	38.57	18,572,100	4.15	191,081,694	42.72
22,362,387 and above (5% and above of the issued share capital)	2	0.02	0	0	2	0.02	151,628,749	33.90	0	0	151,628,749	33.90
TOTAL	**10,214**	**98.54**	**150**	**1.46**	**10,364**	**100.00**	**426,839,335**	**95.44**	**20,408,421**	**4.56**	**447,247,756**	**100.00**

Notes:

* Negligible

\# Excluding a total of 2,036,800 Puncak Niaga Shares bought back by Puncak Niaga and retained as treasury shares as at 15 May 2020.

LIST OF TOP THIRTY SECURITIES ACCOUNT HOLDERS AS PER RECORD OF DEPOSITORS

(Without aggregating the securities from different securities accounts belonging to the same Registered Holder)

No.	Name Of Shareholder	No. Of Issued Shares Held	% Of Issued Shares*
1.	**Central Plus (M) Sdn Bhd**	103,798,260	23.21
2.	**Corporate Line (M) Sdn Bhd**	47,830,489	10.69
3.	**Corporate Line (M) Sdn Bhd**	21,600,000	4.83
4.	**Nusmakmur Development Sdn Bhd**	8,600,000	1.92
5.	**CIMB Group Nominees (Asing) Sdn. Bhd.** Exempt AN For DBS Bank Ltd (SFS)	6,398,000	1.43
6.	**Kenanga Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Goh Tai Siang	5,790,000	1.29
7.	**HSBC Nominees (Asing) Sdn Bhd** Exempt AN For Credit Suisse (SG BR-TST-Asing)	5,000,000	1.12
8.	**Public Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Tee Kim Hew (E-KLG/BTG)	3,209,100	0.72
9.	**Chin Yoon Lee**	3,131,300	0.70
10.	**Lin Thean Fatt**	2,876,000	0.64
11.	**Amsec Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Goh Tai Siang	2,718,300	0.61
12.	**Public Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Wong Sui Yuing (E-BTL)	2,674,400	0.60
13.	**CGS-CIMB Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Ng Chai Hock (MY0972)	2,670,000	0.60
14.	**Yong Jee Patt**	2,057,700	0.46
15.	**Maybank Securities Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Zulkifli Bin Ismail (Margin)	2,000,000	0.45

ANALYSIS ON SECURITIES OF COMPANY
AS AT 15 MAY 2020

LIST OF TOP THIRTY SECURITIES ACCOUNT HOLDERS AS PER RECORD OF DEPOSITORS (continued)
(Without aggregating the securities from different securities accounts belonging to the same Registered Holder)

No.	Name Of Shareholder	No. Of Issued Shares Held	% Of Issued Shares*
16.	**Lim Mok Leng**	1,923,000	0.43
17.	**Central Plus (M) Sdn Bhd**	1,912,075	0.43
18.	**Rozali Bin Ismail**	1,901,900	0.43
19.	**Lee Chee Beng**	1,874,200	0.42
20.	**Cartaban Nominees (Asing) Sdn Bhd** Exempt AN For Barclays Capital Securities Ltd (SBL/PB)	1,729,200	0.39
21.	**CIMB Group Nominees (Tempatan) Sdn Bhd** CIMB Islamic Trustee Berhad For Pacific Dana Aman (3717 TRO1)	1,600,000	0.36
22.	**Public Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Choong Hooi Hong (E-KBU)	1,537,000	0.34
23.	**Lim Teik Hoe**	1,479,000	0.33
24.	**Kalayarasu A/L Subramaniam**	1,414,000	0.32
25.	**Goh Choon Kim**	1,216,500	0.27
26.	**Khoo Kim Hong**	1,123,400	0.25
27.	**Lim Kian Huat**	1,045,000	0.23
28.	**CGS-CIMB Nomiees (Tempatan) Sdn Bhd** Pledged Securities Account For Lau Buong Liong (MQ0175)	1,008,600	0.23
29.	**Goh Teck Yiew**	1,002,000	0.22
30.	**HLB Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Heng Yong Kang @ Wang Yong Kang	1,000,000	0.22
	Total	**242,119,424**	**54.14**

* Excluding 2,036,800 Puncak Niaga Shares bought back by Puncak Niaga and retained as treasury shares as at 15 May 2020.

DIRECTORS' INTEREST IN ORDINARY SHARES AND WARRANTS AS PER THE REGISTER OF THE DIRECTORS' SHAREHOLDINGS

No.	No. of Director	No. Of Issued Shares Held In The Company			
		Direct Interest	%#	Indirect Interest	%#
1.	YBhg Tan Sri Rozali bin Ismail	1,901,900	0.43	175,140,824+	39.16+
2.	YBhg Dato' Abdul Jalil bin Abdul Karim	-	-	4,000^	*^
3.	YBhg Dato' Sri Adenan bin Ab. Rahman	-	-	-	-
4.	YBhg Datuk Dr Marimuthu A/L Nadason	-	-	-	-
5.	Dr Haji Badrul Hisham bin Mohd Yusoff	-	-	-	-
6.	Sr Haji Johari bin Wahab	-	-	1,050^^	*^^
7.	YM Tengku Loreta binti Tengku Dato' Setia Ramli Alhaj	-	-	-	-
8.	YBhg Dato' Yusof bin Badawi	300	*	-	-
9.	Encik Azlan Shah bin Rozali *(Alternate Director to Tan Sri Rozali bin Ismail)*	389,400	0.09	-	-

Notes:

* Negligible
+ Deemed interest by virtue of 100% shareholding interest each in Central Plus (M) Sdn Bhd (Co. No. 183535-W) and Corporate Line (M) Sdn Bhd (Co. No. 172689-H) of which 5% is held in his own name and 95% is held in his spouse's and children's names, respectively.
^ Deemed interest by virtue of shares held in his spouse's name.
^^ Deemed interest by virtue of shares held in his sibling's name.
# Excluding a total of 2,036,800 Puncak Niaga Shares bought back by Puncak Niaga and retained as treasury shares as at 15 May 2020.

SUBSTANTIAL SHAREHOLDERS BASED ON THE REGISTER OF SUBSTANTIAL SHAREHOLDERS (Excluding Bare Trustees)

No.	Name of Substantial Shareholder	No. of Issued Shares Held in The Company			
		Direct Interest	%#	Indirect Interest	%#
1.	YBhg Tan Sri Rozali bin Ismail	1,901,900	0.43	175,140,824+	39.16+
2.	YBhg Puan Sri Faridah binti Idris	-	-	175,140,824++	39.16++
3.	Central Plus (M) Sdn Bhd	105,710,335	23.64	-	-
4.	Corporate Line (M) Sdn Bhd	69,430,489	15.52	-	-

Notes:

+ Deemed interest by virtue of 100% shareholding interest each in Central Plus (M) Sdn Bhd (Co. No. 183535-W) and Corporate Line (M) Sdn Bhd (Co. No. 172689-H) of which 5% is held in his own name and 95% is held in his spouse's and children's names, respectively.
++ Deemed interest by virtue of 75% shareholding interest each in Central Plus (M) Sdn Bhd (Co. No. 183535-W) and Corporate Line (M) Sdn Bhd (Co. No. 172689-H), respectively.
# Excluding a total of 2,036,800 Puncak Niaga Shares bought back by Puncak Niaga and retained as treasury shares as at 15 May 2020.

LIST OF PROPERTIES
AS AT 31 DECEMBER 2019

Description & Location	Date of Acquisition /Date of Valuation (V)	Land Area/ Built-up Area	Net Book Value (RM'000) 31.12.2019	Tenure	Remaining Leasehold (Expiry Date)	Existing Use
Property, Plant and Equipment						
Building & Adjacent Land						
Wisma Rozali No. 4 & 6, Persiaran Sukan Seksyen 13, 40100 Shah Alam Selangor Darul Ehsan	01/08/2005 31/12/2011 (V) 31/12/2014 (V) 31/12/2017 (V)	12,952 sq.m	61,184	99 years Leasehold	83 years expiring on 22/01/2102	Office Premises and Land
3 Storey Building						
No. 31, Jalan Temoleh 8/7 Precinct 8 62250 Putrajaya	09/11/2016 31/12/2017 [V]	387 sq.m	4,071	Freehold	N/A	Premises
Plantation Land and Building						
Lot 18, Murum Land District Lot 20, Murum Land District Lot 21, Murum Land District Lot 22, Murum Land District Lot 23, Murum Land District Lot 24, Murum Land District Lot 25, Murum Land District Lot 13, Murum Land District Lot 14, Murum Land District Lot 15, Murum Land District Lot 1, Silat Land District	03/07/2017 26/05/2017 (V)	40,588 Ha. 2.5 Ha. 0.6 Ha. 2.0 Ha. 3.90 Ha. 5.84 Ha. 0.16 Ha. 1,409 Ha. 126 Ha. 1,996 Ha. 2,540 Ha.	295,402	99 years Leasehold	84 years expiring in 2103 97 years expiring in 2116	Plantation
Land & Building						
PN 10340, Lot No. 267, Mukim of Serting Ulu, District of Jempol, Negeri Sembilan Darul Khusus bearing address No. PT 1152, Batu 36, Jalan Pahang, 72200 Batu Kikir, Negeri Sembilan Darul Khusus	01/11/2016 (V) 31/5/2018 (V) 31/12/2018 (V)	231,704 sq.m (2,494,041 square feet or 57.26 acres) (gross)	23,965	99 years Leasehold	74 years expiring on 25/03/2093	A parcel of industrial land of which about 7.22 acres is built-upon with a single-storey factory building with two-storey office section, and single storey workers' quarters. The remaining portion of the property comprising an estimated land area of about 50.04 acres is presently undeveloped.

Description & Location	Date of Acquisition /Date of Valuation (V)	Land Area/ Built-up Area	Net Book Value (RM'000) 31.12.2019	Tenure	Remaining Leasehold (Expiry Date)	Existing Use
Investment properties						
Freehold Land						
No. 8, Jalan Sultan Mahmud 21080 Kuala Terengganu Terengganu (Lot 2119, Mukim of Batu Buruk, District Of Kuala Terengganu Terengganu Darul Iman)	02/07/2008 31/12/2011 (V) 31/12/2014 (V) 31/12/2015 (V) 31/12/2016 (V) 31/12/2017 (V) 31/12/2018 (V) 31/12/2019 (V)	2,058 sq.m	1,500	Freehold	N/A	Vacant
Land & Building						
No. 20, Jalan Presiden U1/F Accentra Business Park Glenmarie, Seksyen U1 40150 Shah Alam	01/02/2008 31/12/2011 (V) 31/12/2014 (V) 31/12/2015 (V) 31/12/2016 (V) 31/12/2017 (V) 31/12/2018 (V) 31/12/2019 (V)	164 sq.m	2,100	Freehold	N/A	Rented out
Leasehold Land						
H.S.(D) 142037, Lot No. PT 32 Seksyen 14, Bandar Shah Alam District of Petaling Selangor Darul Ehsan	14/02/1998 31/12/2011 (V) 31/12/2014 (V) 31/12/2015 (V) 31/12/2016 (V) 31/12/2017 (V) 31/12/2018 (V) 31/12/2019 (V)	10,364 sq.m	28,000	99 years Leasehold	80 years expiring on 17/12/2099	Rented out
Leasehold Land						
H.S. (D) 2605, PT 1563 Mukim Jeram District Of Kuala Selangor Selangor Darul Ehsan	01/08/2010 31/12/2011 (V) 31/12/2014 (V) 31/12/2015 (V) 31/12/2016 (V) 30/9/2017 (V) 31/12/2018 (V) 31/12/2019 (V)	159,996 sq.m	56,400	99 years Leasehold	76 years expiring on 01/12/2095	Vacant
Land & Building						
H.S.(D) 6163, PN 77569 (Lot No. 7092) H.S.(D) 6164, PN 77570 (Lot No. 7093) H.S.(D) 6165, PN 77571 (Lot No. 7094)# H.S.(D) 6166, PN 77572 (Lot No. 7095) Mukim Of Ijok District Of Kuala Selangor Selangor Darul Ehsan	16/02/2007 31/12/2011 (V) 31/12/2014 (V) 31/12/2015 (V) 31/12/2016 (V) 30/9/2017 (V) 31/12/2018 (V) 31/12/2019 (V)	331,438 sq.m 213,092 sq.m 229,299 sq.m 229,733 sq.m	462,718	99 years Leasehold	82 years expiring on 24/10/2101	Rented out Vacant Rented out Vacant
# Include a single storey building complete with parking facilities						
4 Storey Shophouse						
No. 12, Jalan Todak 5 Pusat Bandar Seberang Jaya 13700 Perai, Pulau Pinang	21/03/2007 31/12/2011 (V) 31/12/2014 (V) 31/12/2015 (V) 31/12/2016 (V) 31/12/2017 (V) 31/12/2018 (V) 31/12/2019 (V)	238 sq.m	2,500	99 years Leasehold	73 years expiring on 21/10/2092	Rented out

LIST OF PROPERTIES
AS AT 31 DECEMBER 2019

Description & Location	Date of Acquisition /Date of Valuation (V)	Land Area/ Built-up Area	Net Book Value (RM'000) 31.12.2019	Tenure	Remaining Leasehold (Expiry Date)	Existing Use
Investment properties						
5 Storey Shophouse						
No. 32, Blok 4 Laman Seri Business Park Persiaran Sukan, Seksyen 13 Shah Alam, Selangor Darul Ehsan	7/6/2011 31/12/2014 (V) 31/12/2017 (V) 31/12/2018 (V) 31/12/2019 (V)	1,014 sq.m	5,100	99 years Leasehold	90 years expiring on 21/3/2109	Vacant
Office Lots						
No. 8 Eu Tong Sen Street # 22-85, The Central Singapore 059818	03/10/2008 31/12/2014 (V) 31/12/2017 (V) 31/12/2018 (V) 31/12/2019 (V)	86 sq.m	11,500	99 years Leasehold	81 years expiring on 01/01/2100	Vacant
No. 8 Eu Tong Sen Street # 22-86, The Central Singapore 059818	26/09/2008 31/12/2014 (V) 31/12/2017 (V) 31/12/2018 (V) 31/12/2019 (V)	60 sq.m		99 years Leasehold	81 years expiring on 01/01/2100	Vacant
Building						
No. 12B, Jalan PJS 8/11 Dataran Mentari Bandar Sunway 46150 Petaling Jaya Selangor Darul Ehsan	19/10/2011 31/12/2014 (V) 31/12/2017 (V) 31/12/2018 (V) 31/12/2019 (V)	331 sq.m	5,600	99 years Leasehold	83 years expiring on 6/11/2102	Rented out
3 Storey Shophouse						
Sublot 8 (Survey Lot 9306) Lot 1541 Block 6 Seduan Land District Sibu, Sarawak	17/08/2016 31/12/2017 (V) 31/12/2018 (V) 31/12/2019 (V)	140 sq.m	1,155	99 years Leasehold	20 years expiring on 31/12/2039	Rented out
Leasehold Land						
H.S.(D) 80453, Lot No. 19255 Mukim Ijok District of Kuala Selangor Selangor Darul Ehsan	24/10/2017 31/12/2018 (V) 31/12/2019 (V)	84,130 sq.m	41,949	99 years Leasehold	88 years expiring on 11/05/2107	Vacant
3 Storey Shophouse						
HS(D) 103098 and 103097, Lots PT 33384 and PT 33383, Mukim of Sungai Buloh, District of Petaling, Selangor Darul Ehsan bearing address: Nos. 6 and 8, Jalan Apollo CH U5/CH, Bandar Pinggiran Subang, Section U5, 40150 Shah Alam, Selangor Darul Ehsan.	01/11/2016 (V) 31/5/2018 (V) 31/12/2018 (V) 31/12/2019 (V)	312 sq.m (3,358 square feet)	2,140	99 years Leasehold	76 years expiring on 10/06/2095	Vacant
3 Storey Shophouse						
HS(D) 136264 and 136265, Lots PT 2774 and PT 2775, Pekan Baru Sungai Buloh, District of Petaling, Selangor Darul Ehsan bearing address: Nos. 20 and 22, Jalan Uranus AH U5/AH, Subang Impian, Section U5, 40150 Shah Alam, Selangor Darul Ehsan	01/11/2016 (V) 31/5/2018 (V) 31/12/2018 (V) 31/12/2019 (V)	327.04 sq.m (3,520 square feet)	2,520	99 years Leasehold	80 years expiring on 03/04/2099	Partly rented out

Description & Location	Date of Acquisition /Date of Valuation (V)	Land Area/ Built-up Area	Net Book Value (RM'000) 31.12.2019	Tenure	Remaining Leasehold (Expiry Date)	Existing Use
Investment properties						
Leasehold Land						
Part of PN 16618, Lot 10965, Mukim of Bukit Raja, District of Petaling, Selangor Darul Ehsan bearing address: Lot 10965, Jalan Pulau Angsa U10/14, Taman Puncak Perdana, Section U10, 40170 Shah Alam, Selangor Darul Ehsan	01/11/2016 (V) 31/5/2018 (V) 31/12/2018 (V) 31/12/2019 (V)	3.625 acres	7,000	99 years Leasehold	80 years expiring on 09/04/2099	A parcel of residential building land comprising the remaining undeveloped part of Lot 10965 which has been approved for development of medium-cost apartment.
Leasehold Land						
State alineated development land formerly part of Bukit Cherakah Forest Reserve located within Taman Puncak Perdana, Section U10, Shah Alam, in the Mukim of Bukit Raja, District of Petaling, Selangor Darul Ehsan	01/11/2016 (V) 31/5/2018 (V) 31/12/2018 (V) 31/12/2019 (V)	25.65 acres (gross)	42,460	99 years Leasehold	97 years expiring on 19/02/2117	A parcel of land approved for commercial development.
Leasehold Land						
17 titles included in: PN 81600 to 81603, Lot Nos. 57580 to 57583; PN 81612 to 81617, Lot Nos. 57592 to 57597; HS(D) 114797 to 114801, Lots PT 2104 to PT 2108; HS(D) 114811 and 114812, Lots PT 2118 and PT 2119: 35 titles included in: PN 81635 to 81646, Lot Nos. 57615 to 57626; PN 81647 to 81669, Lot Nos. 57628 to 57650 1 title under PN 81770, Lot No. 57751, all in Mukim of Bukit Raja, District of Petaling, Selangor Darul Ehsan.	01/11/2016 (V) 31/5/2018 (V) 31/12/2018 (V) 31/12/2019 (V)	50,263 sq.m (541,026 square feet)	25,770	99 years Leasehold	86 years expiring on 05/07/2105 (save for Lots PT 2104 to PT 2108, PT 2118 & PT 2119 that are expiring on 28/10/2096)	53 vacant detached house lots.
Leasehold Land						
906 sub-divided plots of vacant land with individual titles:- (i) 27524-27548, 27550-27555, 27558-27566, 27568-27590, 27592-27718, 27720-27841, 27845-27851, 27853-27861, 27863-27984, 27986-28046, 28048-28063, 28065-28071, 28073-28097, 28099-28112, 28114-28174, 28178-28186, 28188-28228, 28232-28259, 28261-28325, 28339, 28341-28371, 28374-28383, 28385, 28391-28404, 28406-28411, 28413-28429, 28431-28445, 28447-28451, 28455-28470, 28473, 28475-28479 Seksyen 20, Bandar Serendah, District of Ulu Selangor (ii) PT Nos. 1489, 1490, 1533, 1673, 1771, 1833, 2360 Mukim of Serendah, District of Ulu Selangor together with public facilities and amenities areas	01/11/2016 (V) 31/5/2018 (V) 31/12/2018 (V) 31/12/2019 (V)	338.67 acres (gross)	153,885	99 years Leasehold	80 years expiring on 19/06/2099 (except for Lot No. 28480 (formerly known as PT 1833) which is expiring on 20/06/2099 and Lots Nos. PT 103, PT 115 and PT 117 which are expiring on 25/09/2080)	906 sub-divided building plots approved for development and three parcels of agricultural land with development potential which are not approved for any development as yet.

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FOR 'IN ACCORDANCE' OPTION – CORE

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SPECIFIC STANDARD DISCLOSURES				
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SPECIFIC STANDARD DISCLOSURES				
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Biodiversity	Disclosure Management Approach	-	Conserving Biodiversity	G4-DMA: Biodiversity: 50- 51
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Training and Education	Disclosure Management Approach	-	Sustainability Performance On Material Issues – Value To Our Employees	G4-DMA: Training and Development: 59
	Average hours of training per year per employee by gender, and by employee category	Currently unavailable for average hours of training per year per employee by employee category, to be available in 2020.	Training And Development	G4-LA9: 59- 60

SPECIFIC STANDARD DISCLOSURES				
MATERIAL ASPECTS	**DESCRIPTION**	**OMISSIONS**	**REFERENCE**	**DMA AND INDICATORS**
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NOTICE OF 23RD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Third (23rd) Annual General Meeting of Puncak Niaga Holdings Berhad [199701000591 (416087-U)] will be conducted entirely through live streaming from the broadcast venue at the Boardroom, 12th Floor, Wisma Rozali, No. 4, Persiaran Sukan, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan ("Broadcast Venue") on Thursday, 9 July 2020 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESSES

1. To receive the Audited Financial Statements of the Group and of the Company for the financial year ended 31 December 2019 together with the Reports of the Directors and Auditors thereon.

2. To re-elect YBhg Dato' Sri Adenan bin Ab. Rahman, a Director of the Company who retires by rotation pursuant to Rule 100 of the Company's Constitution. **Resolution 1**

3. To re-elect the following Directors of the Company who retire pursuant to Rule 105 of the Company's Constitution:

   (a) YBhg Dato' Abdul Jalil bin Abdul Karim **Resolution 2**
   (b) Dr Haji Badrul Hisham bin Mohd Yusoff **Resolution 3**
   (c) Sr Haji Johari bin Wahab **Resolution 4**
   (d) YM Tengku Loreta binti Tengku Dato' Setia Ramli Alhaj **Resolution 5**

4. To approve the Independent Non-Executive Directors' remuneration with effect from 9 July 2020 until the next Annual General Meeting of the Company. **Resolution 6**

5. To re-appoint Grant Thornton Malaysia PLT as the Auditors of the Company for the ensuing year and to authorise the Directors of the Company to fix their remuneration. **Resolution 7**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolution:

6. **Special Resolution 1**

   Proposed Amendments to the Constitution of the Company ("Proposed Amendments")

   "THAT the proposed amendments to the Constitution of the Company as set out in Appendix I of the Annual Report 2019 ("Proposed Amendments") be and are hereby approved and adopted by the Company **AND THAT** the Board of Directors of the Company be and is hereby authorised to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities, and to do all such acts and things and take all such steps deemed necessary to give full effect to the Proposed Amendments, for and on behalf of the Company." **Resolution 8**

7. To transact any other ordinary business of which due notice shall have been given.

BY ORDER OF THE BOARD
TAN BEE LIAN (MAICSA 7006285/SSM PC No: 201908003714)
IZREEN FARA BINTI ISMAIL (MAICSA 7056436/SSM PC No: 202008002411)
Secretaries

Shah Alam
10 June 2020

Notes:

1. **IMPORTANT NOTICE**

The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016** which requires the Chairman of the meeting to be present at the main venue of the meeting.
Shareholders **WILL NOT BE ALLOWED** to attend the 23rd AGM in person at the Broadcast Venue on the day of the meeting.
Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 23rd AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its TIIH Online website at https://tiih.online. **Please follow the Procedures for RPV in the Information for Shareholders on 23rd AGM which is posted on our website at www.puncakniaga.com.my and take note of Notes (2) to (14) below in order to participate remotely via RPV.**

2. For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the **Record of Depositors as at 30 June 2020**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.

3. A member who is entitled to participate in this AGM via RPV is entitled to appoint another person to participate in this AGM in his stead. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.

4. A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the AGM via RPV provided that:

   a) where a member is an authorised nominee as defined in the Central Depositories Act, it may appoint up to 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.

   b) where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account namely, Omnibus Securities Account, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Securities Account it holds with ordinary shares of the Company standing to the credit of the said Omnibus Securities Account.

   Where a member appoints two (2) or more proxies (as the case maybe), the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

5. A member who has appointed a proxy or attorney or authorised representative to participate at this AGM via RPV must request his proxy to register himself for RPV at **TIIH Online** website at https://tiih.online. **Please follow the Procedures for RPV in the Information for Shareholders on 23rd AGM** as set out in **www.puncakniaga.com.my.**

6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly appointed under a power of attorney or if such appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly appointed under a power of attorney. If this Proxy Form is signed under the hand of an officer duly authorised, it should be accompanied by a statement reading "signed as authorised officer under an Authorisation Document which is still in force, no notice of revocation having been received". If this Proxy Form is signed under the attorney duly appointed under a power of attorney, it should be accompanied by a statement reading "signed under a power of attorney which is still in force, no notice of revocation having been received". A copy of the Authorisation Document or the power of attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed with this Proxy Form.

7. Any corporation which is a member of the Company may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at the Meeting in accordance with Rule 85 of the Company's Constitution.

NOTICE OF 23RD ANNUAL GENERAL MEETING

8. 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 this 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 with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, 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.

   (ii) By electronic form

   The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online (applicable to individual shareholders only). Kindly refer to the Information For Shareholders on the procedures for electronic lodgement of proxy form via TIIH Online.

9. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly. The last date and time for lodging the proxy form is **Tuesday, 7 July 2020 at 10.00 a.m.**

10. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 23rd AGM will be put to vote by poll.

11. **Audited Financial Statements of the Group and of the Company for the financial year ended 31 December 2019**

    The audited financial statements are for discussion only under Agenda 1, as they do not require the shareholders' approval under the provisions of Section 340(1)(a) of the Companies Act, 2016. Hence, they will not be put for voting.

12. **Resolution 6: Agenda 4 – Approval of the Independent Non-Executive Directors' remuneration**

    Section 230(1) of the Companies Act, 2016 provides amongst others, that "the fees of the directors, and any benefits payable to the directors" of a listed company and its subsidiaries shall be approved at a general meeting.

    The Company is seeking the shareholders' approval on payment of the Independent Non-Executive Directors' (INEDs) remuneration up to the next Annual General Meeting in 2021.

The details of the proposed payment of remuneration under Resolution 6 are as set out below:

Puncak Niaga		Monthly Allowance* (RM)	Chairman's Yearly Allowance* (RM)	Other Benefit	Meeting Allowance* (RM)
Board	INEDs	5,000	N/A	Corporate golf club membership	2,000 per each Board Committee/ General Meeting and adjourned meetings of the Company attended
Board Committees	**Audit Committee**				
	Chairman	N/A	24,000	-	
	Member	N/A	N/A	-	
	Remuneration Committee, Nomination Committee and Compliance, Internal Control & Risk Policy Committee				
	Chairman	N/A	8,000 for each Committee	-	
	Member	N/A	N/A	-	

Notes:

* There has been no change to the remuneration payable to the INEDs since 2013, save and except for a proposed new benefit of a corporate golf club membership to be extended to the INEDs.
* None of the INEDs received any remuneration from the subsidiaries in their positions as Directors of the Company.
* If approved by the shareholders, the remuneration framework will result in a projected INEDs' remuneration of RM630,000.00 for the period from 9 July 2020 to the next Annual General Meeting (AGM) in 2021 based on the assumption of the projected number of Board and Committee Meetings in 2020/2021 to the next AGM.

13. Resolution 7: Agenda 5 - Re-appointment of Grant Thornton Malaysia PLT as Auditors of the Company

Pursuant to Practice 8.3 Principle B (Effective Audit and Risk Management) of the Malaysian Code On Corporate Governance 2017, the Audit Committee, with the assistance of the Finance Division of the Company, has assessed the suitability and independence of Grant Thornton Malaysia PLT as the Auditors of the Company. The Audit Committee and the Board have recommended the re-appointment of Grant Thornton Malaysia PLT, who shall retire as Auditors of the Company at the 23rd Annual General Meeting of the Company and who have expressed their willingness to continue in office, to hold office as Auditors of the Company for the ensuing year until the conclusion of the next Annual General Meeting at a fee to be determined by the Board of Directors of the Company.

Special Business

14. Resolution 8: Special Resolution 1 - Proposed Amendments to the Constitution of the Company ("Proposed Amendments")

The proposed Resolution 8, if passed, will provide clarity and enable the Company to conduct its general meetings by alternative means besides physical meetings as well as to provide clarity and consistency of the existing Constitution of the Company with the provisions of the Companies Act, 2016 and the Listing Requirements of Bursa Malaysia Securities Berhad.

NOTICE OF 23RD ANNUAL GENERAL MEETING

APPENDIX 1

PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE COMPANY

The details of the Proposed Amendments to the Constitution of the Company are as follows:

To incorporate the following new Rule 65A and 80A of the Constitution of the Company, respectively:

Newly Incorporated Rule
Meetings of members at two or more venues 65A. The meeting of members may be held at more than one (1) venue using all forms of electronic and technologically advanced methods of communication to be introduced to the market from time to time that enables the members to participate and to exercise the members' rights to speak and vote at the meeting.
Appointment of proxy via electronic communication 80A. (a) Subject to the Act and the Listing Requirements, the Directors or any agent of the Company so authorised by the Directors, may accept the appointment of proxy received by electronic communication on such terms and subject to such conditions as they consider fit. The appointment of proxy by electronic communication shall be in accordance with this Constitution. (b) For the purpose of this Rule, the Directors may require such reasonable evidence they consider necessary to determine: (i) the identity of the member and the proxy; and (ii) where the proxy is appointed by a person acting on behalf of the Member, the authority of that person to make the appointment. (c) Without prejudice to this Rule, the appointment of proxy by electronic communication must be received at the electronic address specified by the Company in any of the following sources and shall be subject to any terms, conditions or limitations specified therein: (i) Notice calling the meeting; (ii) Instrument of proxy sent out by the Company in relation to the meeting; or (iii) Website maintained by or on behalf of the Company. (d) An appointment of proxy by electronic communication which is not made in accordance with this Rule shall be invalid.

STATEMENT ACCOMPANYING THE NOTICE OF 23RD ANNUAL GENERAL MEETING

STATEMENT ACCOMPANYING THE NOTICE OF 23RD ANNUAL GENERAL MEETING PURSUANT TO PARAGRAPH 8.27 (2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

There is no individual standing for election as Director (other than Directors standing for re-election namely, YBhg Dato' Sri Adenan bin Ab. Rahman, YBhg Dato' Abdul Jalil bin Abdul Karim, Dr Haji Badrul Hisham bin Mohd Yusoff, Sr Haji Johari bin Wahab and YM Tengku Loreta binti Tengku Dato' Setia Ramli Alhaj at this forthcoming 23rd Annual General Meeting of Puncak Niaga Holdings Berhad).

The profiles of the above Directors who are standing for re-election as per Resolutions 1, 2, 3, 4 and 5 as stated in the Notice of 23rd Annual General Meeting are set out in the Board of Directors' Profile section on pages 71, 72, 74, 75 and 76 respectively of the Company's Annual Report 2019.

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PUNCAK NIAGA

PUNCAK NIAGA HOLDINGS BERHAD
[199701000591 (416087-U)]

Number of Shares Held	CDS Account Number
	- -

PROXY FORM

I/We____

NRIC No./Passport No./Company No.:____________________Tel/Mobile Phone No.:____________________

CDS Account No.:____________________Number of Shares Held:____________________

Address:____

____being a Member/Members of Puncak Niaga Holdings Berhad, hereby appoint:

1) Name of Proxy:____________________NRIC/Passport No.:____________________
Address:____
Number of Shares Represented:____

and/or:

2) Name of Proxy:____________________NRIC/Passport No.:____________________
Address:____
Number of Shares Represented:____

or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote for me/us and on my/our behalf at the Twenty-Third Annual General Meeting (23rd AGM) of Puncak Niaga Holdings Berhad which will be conducted entirely through live streaming from the broadcast venue at the Boardroom, 12th Floor, Wisma Rozali, No. 4, Persiaran Sukan, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan ("Broadcast Venue") on Thursday, 9 July 2020 at 10.00 a.m. and at any adjournment thereof, as indicated below:

NO.	RESOLUTION	FOR	AGAINST
	ORDINARY BUSINESSES		
1	To re-elect YBhg Dato' Sri Adenan bin Ab. Rahman as a Director of the Company.		
2	To re-elect YBhg Dato' Abdul Jalil bin Abdul Karim as a Director of the Company.		
3	To re-elect Dr Haji Badrul Hisham bin Mohd Yusoff as a Director of the Company.		
4	To re-elect Sr Haji Johari bin Wahab as a Director of the Company.		
5	To re-elect YM Tengku Loreta binti Tengku Dato' Setia Ramli Alhaj as a Director of the Company.		
6	To approve the Independent Non-Executive Directors' remuneration with effect from 9 July 2020 until the next Annual General Meeting of the Company.		
7	To re-appoint Grant Thornton Malaysia PLT as the Auditors of the Company for the ensuing year and to authorise the Directors of the Company to fix their remuneration.		
	SPECIAL BUSINESS		
8	Special Resolution 1: To approve the Proposed Amendments to the Constitution of the Company.		

Please indicate with a cross (X) how you wish your votes to be cast in respect of each Resolution. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.

Signed this ____________________day of____________________2020

____
Signature(s)/Common Seal of Shareholder

Notes:-

1. **IMPORTANT NOTICE**

   The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016** which requires the Chairman of the meeting to be present at the main venue of the meeting.

   Shareholders **WILL NOT BE ALLOWED** to attend the 23rd AGM in person at the Broadcast Venue on the day of the meeting.

   Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 23rd AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its **TIIH Online** website at https://tiih.online. **Please follow the Procedures for RPV in the Information for Shareholders on 23rd AGM which is posted on our website at www.puncakniaga.com.my and take note of Notes (2) to (14) below in order to participate remotely via RPV.**

2. For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the **Record of Depositors as at 30 June 2020**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.

3. A member who is entitled to participate in this AGM via RPV is entitled to appoint another person to participate in this AGM in his stead. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.

4. A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the AGM via RPV provided that:

   a) where a member is an authorised nominee as defined in the Central Depositories Act, it may appoint up to 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.

   b) where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account namely, Omnibus Securities Account, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Securities Account it holds with ordinary shares of the Company standing to the credit of the said Omnibus Securities Account.

   Where a member appoints two (2) or more proxies (as the case maybe), the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

5. A member who has appointed a proxy or attorney or authorised representative to participate at this AGM via RPV must request his proxy to register himself for RPV at **TIIH Online** website at https://tiih.online. **Please follow the Procedures for RPV in the Information for Shareholders on 23rd AGM** as set out in **www.puncakniaga.com.my**.

6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly appointed under a power of attorney or if such appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly appointed under a power of attorney. If this Proxy Form is signed under the hand of an officer duly authorised, it should be accompanied by a statement reading "signed as authorised officer under an Authorisation Document which is still in force, no notice of revocation having been received". If this Proxy Form is signed under the attorney duly appointed under a power of attorney, it should be accompanied by a statement reading "signed under a power of attorney which is still in force, no notice of revocation having been received". A copy of the Authorisation Document or the power of attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed with this Proxy Form.

7. Any corporation which is a member of the Company may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at the Meeting in accordance with Rule 85 of the Company's Constitution.

8. 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 this 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 with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, 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.

   (ii) By electronic form

   The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online (applicable to individual shareholders only). Kindly refer to the Information For Shareholders on the procedures for electronic lodgement of proxy form via TIIH Online.

9. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly. The last date and time for lodging the proxy form is **Tuesday, 7 July 2020 at 10.00 a.m.**

10. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 23rd AGM will be put to vote by poll.

11. **Audited Financial Statements of the Group and of the Company for the financial year ended 31 December 2019**

   The audited financial statements are for discussion only under Agenda 1, as they do not require the shareholders' approval under the provisions of Section 340(1)(a) of the Companies Act, 2016. Hence, they will not be put for voting.

12. **Resolution 6: Agenda 4 – Approval of the Independent Non-Executive Directors' remuneration**

   Section 230(1) of the Companies Act, 2016 provides amongst others, that "the fees of the directors, and any benefits payable to the directors" of a listed company and its subsidiaries shall be approved at a general meeting.

   The Company is seeking the shareholders' approval on payment of the Independent Non-Executive Directors' (INEDs) remuneration up to the next Annual General Meeting in 2021.

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Stamp

Share Registrar for

Puncak Niaga Holdings Berhad [199701000591(416087-U)]

Tricor Investor & Issuing House Services Sdn Bhd [197101000970(11324-H)]

Unit 32-01, Level 32, Tower A

Vertical Business Suite

Avenue 3, Bangsar South

No. 8 Jalan Kerinchi

59200 Kuala Lumpur

Malaysia

PLEASE FOLD HERE

The details of the proposed payment of remuneration under Resolution 6 are as set out below:

Puncak Niaga		Monthly Allowance* (RM)	Chairman's Yearly Allowance* (RM)	Other Benefit	Meeting Allowance* (RM)
Board	INEDs	5,000	N/A	Corporate golf club membership	2,000 per each Board Committee/ General Meeting and adjourned meetings of the Company attended
Board Committees	**Audit Committee**				
	Chairman	N/A	24,000	-	
	Member	N/A	N/A	-	
	Remuneration Committee, Nomination Committee and Compliance, Internal Control & Risk Policy Committee				
	Chairman	N/A	8,000 for each Committee	-	
	Member	N/A	N/A	-	

Notes:-

* There has been no change to the remuneration payable to the INEDs since 2013, save and except for a proposed new benefit of a corporate golf club membership to be extended to the INEDs.

* None of the INEDs received any remuneration from the subsidiaries in their positions as Directors of the Company.

* If approved by the shareholders, the remuneration framework will result in a projected INEDs' remuneration of RM630,000.00 for the period from 9 July 2020 to the next Annual General Meeting (AGM) in 2021 based on the assumption of the projected number of Board and Committee Meetings in 2020/2021 to the next AGM.

13. **Resolution 7: Agenda 5 - Re-appointment of Grant Thornton Malaysia PLT as Auditors of the Company**

   Pursuant to Practice 8.3 Principle B (Effective Audit and Risk Management) of the Malaysian Code On Corporate Governance 2017, the Audit Committee, with the assistance of the Finance Division of the Company, has assessed the suitability and independence of Grant Thornton Malaysia PLT as the Auditors of the Company. The Audit Committee and the Board have recommended the re-appointment of Grant Thornton Malaysia PLT, who shall retire as Auditors of the Company at the 23rd Annual General Meeting of the Company and who have expressed their willingness to continue in office, to hold office as Auditors of the Company for the ensuing year until the conclusion of the next Annual General Meeting at a fee to be determined by the Board of Directors of the Company.

Special Business

14. **Resolution 8: Special Resolution 1 - Proposed Amendments to the Constitution of the Company ("Proposed Amendments")**

   The proposed Resolution 8, if passed, will provide clarity and enable the Company to conduct its general meetings by alternative means besides physical meetings as well as to provide clarity and consistency of the existing Constitution of the Company with the provisions of the Companies Act, 2016 and the Listing Requirements of Bursa Malaysia Securities Berhad.

PUNCAK NIAGA HOLDINGS BERHAD
[199701000591 (416087-U)]

PERSONAL DATA NOTICE

The Personal Data Protection Act 2010 (Act) regulates the processing and use of personal data in commercial transactions and applies to Puncak Niaga Holdings Berhad (the Company).

Personal data including but not limited to your (or your proxy/proxies, if appointed) name, NRIC number or passport number, CDS account number, contact details, mailing address and any other personal data furnished or made available to the Company will be used or disclosed by the Company and the Company's personnel for the purpose of the Twenty-Third Annual General Meeting of the Company as well as for disclosure requirements imposed by law or any other regulatory authorities from time to time including but not limited to the stock exchange, companies commission and securities commission (Purpose). The Company shall retain the personal data for so long as it is necessary for the fulfilment of the Purpose or for compliance with any law or legal obligations.

If you wish to make any enquiries regarding this Personal Data Notice or any personal data disclosed to the Company, please contact the Company at:

Mailing Address	:	**PUNCAK NIAGA HOLDINGS BERHAD** 10th Floor, Wisma Rozali No. 4, Persiaran Sukan Seksyen 13, 40100 Shah Alam Selangor Darul Ehsan Attention: Secretarial Department
Telephone No.	:	+603 5522 8589
Fax No.	:	+603 5512 0220

Please ensure that your proxy/proxies consent to the disclosure of their personal data for the Purpose.

NOTIS DATA PERIBADI

Akta Perlindungan Data Peribadi 2010 (Akta) mengawal selia pemprosesan dan penggunaan data peribadi dalam transaksi komersil dan diaplikasikan kepada Puncak Niaga Holdings Berhad (Syarikat).

Data peribadi termasuk tetapi tidak terhad kepada nama, nombor NRIC atau nombor pasport, nombor akaun CDS, butiran perhubungan, alamat surat-menyurat dan apa-apa data peribadi lain anda (atau proksi anda, jika dilantik) yang diberikan atau tersedia kepada Syarikat akan digunakan atau didedahkan oleh Syarikat atau kakitangan Syarikat untuk tujuan Mesyuarat Agung Tahunan Syarikat yang Kedua Puluh Tiga dan juga untuk keperluan pendedahan yang dikerah oleh undang-undang atau mana-mana pihak berkuasa yang berkaitan dari masa ke semasa termasuk tetapi tidak terhad kepada bursa saham, suruhanjaya syarikat dan suruhanjaya sekuriti (Tujuan). Syarikat akan menyimpan data peribadi selagi perlu untuk memenuhi Tujuan atau bagi pematuhan mana-mana undang-undang atau obligasi undang-undang.

Sekiranya anda ingin membuat sebarang pertanyaan mengenai Notis ini atau mana-mana data peribadi anda yang didedahkan kepada Syarikat, sila hubungi Syarikat di:

Alamat Surat-menyurat	:	**PUNCAK NIAGA HOLDINGS BERHAD** Tingkat 10, Wisma Rozali No. 4, Persiaran Sukan Seksyen 13, 40100 Shah Alam Selangor Darul Ehsan Untuk Perhatian: Jabatan Kesetiausahaan
No. Telefon	:	+603 5522 8589
No. Faks	:	+603 5512 0220

Sila pastikan proksi anda bersetuju dengan pendedahan data peribadi mereka untuk Tujuan tersebut.

PUNCAK NIAGA HOLDINGS BERHAD
[199701000591 (416087-U)]

PUNCAK NIAGA HOLDINGS BERHAD [199701000591 (416087-U)]

Wisma Rozali, No. 4, Persiaran Sukan, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan, Malaysia
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