



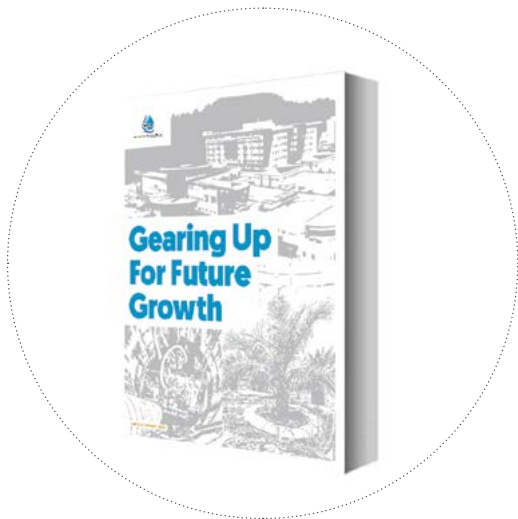
PUNCAK NIAGA HOLDINGS BERHAD  
(199701000591 (416067-U))



# Gearing Up For Future Growth



ANNUAL REPORT 2020



## GEARING UP FOR FUTURE GROWTH

Puncak Niaga Holdings Berhad remains committed to strengthening our business fundamentals and reinforcing our business resilience. Amidst a hugely challenging operating environment attributed to the unprecedented COVID-19 pandemic and a new normal post COVID-19, we are taking steps to solidify our position within our core business segments.

Our growth strategies continue to be supported by a dynamic organisational infrastructure as we remain focused on project execution and delivery. We have identified key drivers to ensure the Group's long-term sustainable growth into the future.

With firm foundations in place, we will redefine our competitive edge and remain on course to achieve our vision and mission for future growth.

# WE ARE



### PLANTATION

In our third full year of operations, our Plantation segment as managed by Danum Sinar has grown from strength to strength to record sustainable growth and robust performance

REVENUE  
**RM27.083  
MILLION**

Our mature areas  
increased by  
**19.6% to  
9,551  
HECTARES**

Increased total crop  
production by  
**9%**

Total developed  
area increased by  
**6.9% to  
12,041  
HECTARES**





# PUNCAK NIAGA



## ENVIRONMENTAL ENGINEERING AND CONSTRUCTION

Despite the COVID-19 pandemic and the Movement Control Order, we were able to successfully implement tighter control mechanisms and ensured full HSE compliance at our Bunus Project and Kuantan Project sites

REVENUE  
**RM131.922  
MILLION**

### BUNUS PROJECT

Sewage Conveyance  
System at **85.02%**  
completion

Network Pumping  
Stations at **97.3%**  
completion

2 ongoing projects at  
**KUALA  
LUMPUR &  
KUANTAN**

### KUANTAN PROJECT

Network Pumping  
Station at **17.09%**  
completion, ahead of  
target of **16.55%**



## CONCESSION AND FACILITIES MANAGEMENT

Our Concession and Facilities Management segment as operated by TRIplc Berhad Group of Companies holds two concession agreements for the Universiti Teknologi MARA ("UiTM") campus at Puncak Alam and is set for further growth in the healthcare and healthcare services industry

REVENUE  
**RM225.274  
MILLION**

### BEGAN ASSET MANAGEMENT SERVICES

for the UiTM  
Puncak Alam Teaching  
Hospital on 1 February  
2021 marking our entry  
into the healthcare  
and healthcare  
services industry

2 concession  
agreements at  
**UiTM  
PUNCAK  
ALAM**

Achieved all our KPIs  
as per our contractual  
agreement for the  
**Z1P2  
Concession**

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# 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:

P

## PASSIONATE

about our business for sustainable performance

U

## 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

N

## NURTURE

our human capital towards an exemplary workforce

C

## CORPORATE GOVERNANCE

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

A

## ACCOUNTABLE

for all our actions and engagement process with our stakeholders

K

## KNOWLEDGEABLE

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

## Puncak Niaga Group Fact Sheet

## 2020 KEY HIGHLIGHTS

## Number of Shares Issued

As at 31 December 2020

**449,284,556**

## Share Capital

As at 31 December 2020

**RM554,662,777**

## 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. Arab-Malaysian Chamber of Commerce	2012
16. EU-Malaysia Chamber of Commerce and Industry	2012
17. Institute of Corporate Directors Malaysia	2018

## Revenue

**RM384.344  
million**

## Profit After Tax

**RM3.097  
million**

## Total Assets

**RM3,142.695  
million**Puncak Niaga was  
awarded the Gold  
Award at the**2020 Australasian  
Reporting Awards**  
on 24 June 2020

## About This Report

# REPORTING FRAMEWORK, SCOPE AND BOUNDARIES

This is Puncak Niaga Holdings Berhad's ("Puncak Niaga" or "the Group") Annual Report 2020 which presents the Group's account of how we have created value in line with our business growth ambitions as well as stakeholder commitments for the financial year ended 31 December 2020.



This report highlights key aspects of our operating environment, challenges encountered and our achievements for the year as we maintained our efforts to generate and preserve value. It provides an account of the operationalisation of our strategy, risk management approach and mitigation actions taken. The report covers our core business segments of Environmental Engineering and Construction, Plantation and Concession and Facilities Management.

## FEEDBACK

All comments, thoughts and remarks may be directed to:

PUNCAK NIAGA HOLDINGS BERHAD

c/o Secretarial Department

10<sup>th</sup> 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](mailto:investors@puncakniaga.com.my)



Please scan the QR code to access our Annual Report which is also available at [www.puncakniaga.com.my](http://www.puncakniaga.com.my)

Puncak Niaga remains committed to upholding strong governance and ethical business as the robust foundations of our organisation. In line with this, our report aims to provide a transparent, balanced and comprehensive account and analysis of our strategy, performance and prospects in relation to material financial, economic, social, environmental and governance issues. Our sustainability performance focuses on material issues that affect the long-term success of our business, relating to any significant impacts we have on the economy, environment or social spheres within which we operate.

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 shareholders, investors, 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 283 to 286.

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](http://www.puncakniaga.com.my)

## BOUNDARY AND REPORTING PERIOD

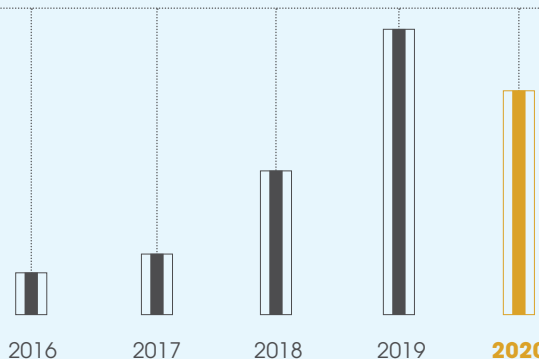
The Report refers to the period covering 1 January 2020 to 31 December 2020, unless otherwise indicated, and:

- Refers to all activities of Puncak Niaga, including principal subsidiaries;
- Addresses all operations of Puncak Niaga; and
- Unless otherwise specified, reports on quantitative and qualitative data for a three-year period on all indicators presented in order to highlight trends and changes in performance.

## Five-Year Group Performance

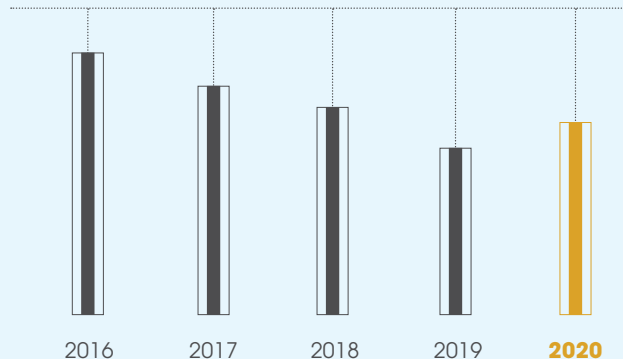
### REVENUE (RM'000)

74,391 101,280 230,466 474,720 **384,344**



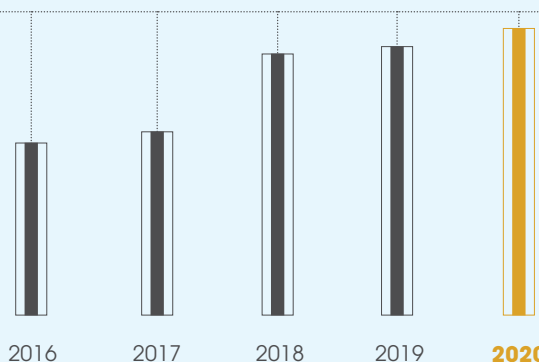
### EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (RM'000)

1,740,833<sup>#</sup> 1,536,150 1,362,545 1,306,806 **1,317,517**



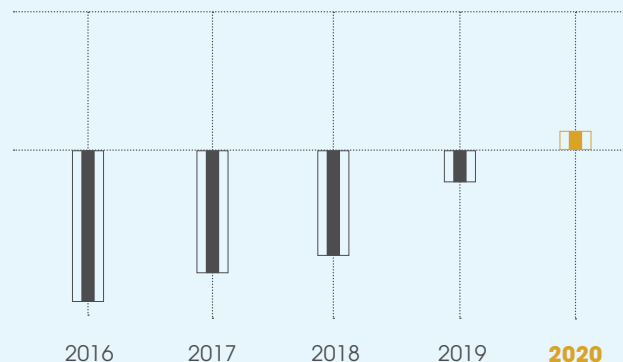
### TOTAL ASSETS (RM'000)

2,009,091<sup>#</sup> 2,144,421 3,072,870 3,134,831 **3,142,695**



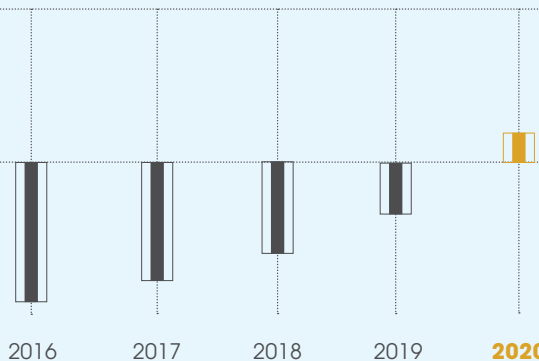
### BASIC EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT (SEN)

(54.94)<sup>#</sup> (45.00) (37.93) (12.79) **1.53**



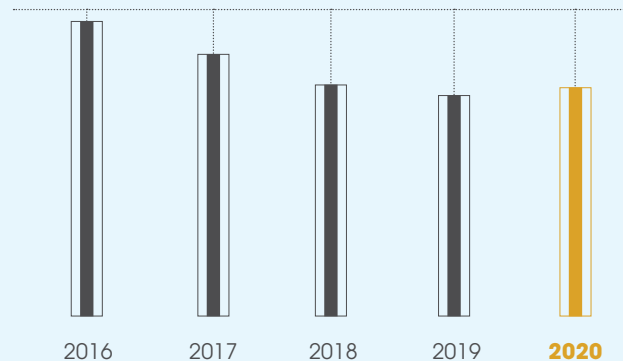
### NET PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT (RM'000)

(245,747)<sup>#</sup> (201,282) (169,662) (57,216) **6,853**



### NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT (RM'000)

3.89<sup>#</sup> 3.43 3.05 2.92 **2.95**



<sup>#</sup> 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-20 RM'000	31-Dec-19 RM'000	31-Dec-18 RM'000	31-Dec-17 RM'000	31-Dec-16 RM'000
<b>KEY RESULTS</b>					
<b>Revenue</b>					
- Continuing Operations	384,344	474,720	230,466	101,095	73,755 <sup>@</sup>
- Discontinued Operations	-	-	-	185	636 <sup>@</sup>
Total	384,344	474,720	230,466	101,280	74,391
<b>Loss Before Tax</b>					
- Continuing Operations	(9,382)	(57,290)	(119,064)	(195,709)	(192,091) <sup>#</sup>
- Discontinued Operations	-	-	-	(4,600)	(27,845) <sup>@</sup>
Total	(9,382)	(57,290)	(119,064)	(200,309)	(219,936) <sup>#</sup>
Net Profit/(Loss) attributable to owners of the parent	6,853	(57,216)	(169,662)	(201,282)	(245,747) <sup>#</sup>
<b>STATEMENTS OF FINANCIAL POSITION</b>					
Property, plant and equipment	510,968	510,956	527,427	530,533	161,871
Investment properties	818,925	852,297	852,297	601,367	539,520 <sup>#</sup>
Bearer biological assets	312,629	311,504	305,470	282,867	-
Service concession assets	-	-	-	-	14,506
Other non-current assets	863,508	755,491	491,787	6	3,991
Current assets	636,665	704,583	895,889	729,648	1,264,369
Assets classified as held for sale	-	-	-	-	24,834 <sup>**</sup>
Total assets	3,142,695	3,134,831	3,072,870	2,144,421	2,009,091 <sup>#</sup>
<b>ISSUED AND PAID-UP CAPITAL</b>					
Share capital	554,663	554,663	554,663	554,663 <sup>^</sup>	449,284
Reserves	762,854	752,143	807,882	981,487	1,291,549 <sup>#</sup>
Equity attributable to owners of the parent	1,317,517	1,306,806	1,362,545	1,536,150	1,740,833 <sup>#</sup>
Net assets per share attributable to owners of the parent (RM)	2.95	2.92	3.05	3.43	3.89 <sup>#</sup>
<b>RATIOS AND STATISTIC</b>					
Net Profit/(Loss) margin attributable to owners of the parent (%)	1.78	(12.05)	(73.62)	(198.74)	(330.35) <sup>#</sup>
Basic Earnings/(Loss) per share attributable to owners of the parent (sen)	1.53	(12.79)	(37.93)	(45.00)	(54.94) <sup>#</sup>
Loans and borrowings (RM'000)	1,258,576	1,243,129	1,108,871	163,252	22,067 <sup>*</sup>
Gearing ratio (%)	49	49	45	10	1
Current ratio (times)	1.39	1.61	2.20	2.27	5.99
<b>** Assets classified as held for sale are comprised of the following items:</b>					
Property, plant and equipment	-	-	-	-	323
Service concession assets	-	-	-	-	24,146
Trade and other receivables	-	-	-	-	118
Inventories	-	-	-	-	20
Cash and cash equivalents	-	-	-	-	227
	-	-	-	-	24,834
* Loans and borrowings included in liabilities classified as held for sale	-	-	-	-	14,600

<sup>#</sup> 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

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

<sup>^</sup> 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

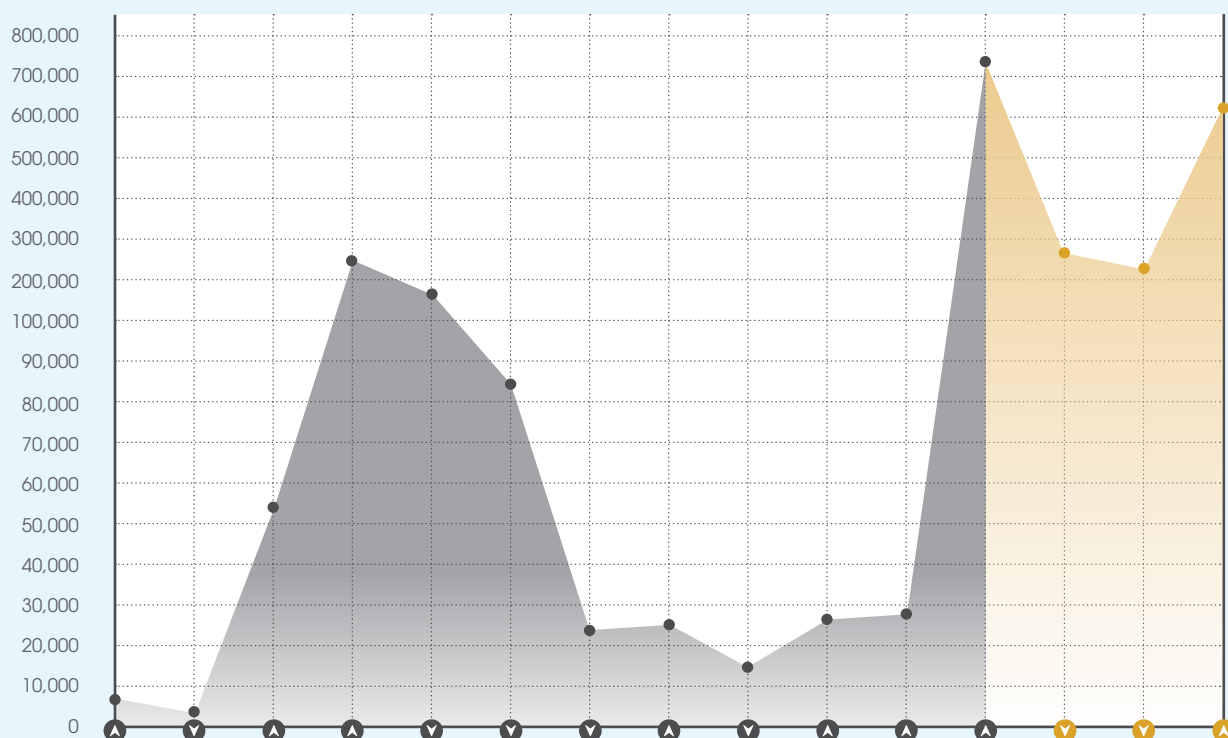
up to 30 March 2021

Stock Name: PUNCAK

Stock Code: 6807

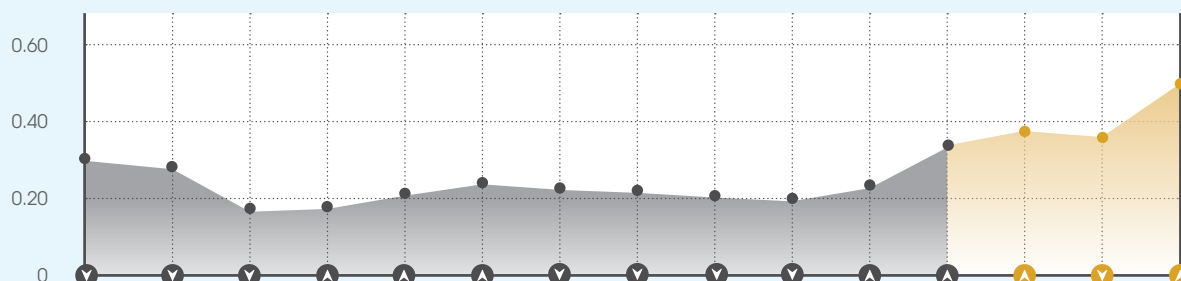
## VOLUME OF SHARES TRADED ('000)

2020												2021		
Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
5,332	3,358	54,371	242,339	182,187	84,765	22,139	25,666	14,017	26,620	28,779	727,026	275,211	244,825	624,487



## MONTHLY AVERAGE CLOSING SHARE PRICES (RM)

2020												2021		
Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
0.295	0.268	0.166	0.18	0.212	0.23	0.222	0.213	0.204	0.202	0.215	0.324	0.395	0.374	0.513



## Financial Calendar


## YEAR 2020

 Tuesday, 30 June**First Quarter  
Results**

ended 31 March 2020

 Wednesday, 26 August**Second Quarter  
Results**

ended 30 June 2020

 Thursday, 26 November**Third Quarter  
Results**

ended 30 September 2020


## YEAR 2021

 Thursday, 25 February**Fourth Quarter Results**

ended 31 December 2020

 Tuesday, 30 March**Audited Financial  
Statements for the  
financial year**

ended 31 December 2020

 Monday, 26 April**Published  
Annual Report 2020** Tuesday, 25 May**Twenty-Fourth  
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 environmental engineering and construction, concession and facilities management services and plantation sectors.



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 2020, Puncak Niaga's market capitalisation stood at RM207.97 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 ("PNCBSB") principal business activities are construction works, general contracts and its related activities. As the construction arm of Puncak Niaga, PNCBSB 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, PNCBSB 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")

### OUR COMPANY

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

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.

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 TRIpIc Berhad ("TRIpIc") which is principally involved in the provision of project management services for construction projects, property development, property investment, property management and facilities management services. TRIpIc, through its wholly-owned subsidiaries TRIpIc Ventures Sdn Bhd and TRIpIc 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 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.

## 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 and plantation.**

## Corporate Information

## BOARD OF DIRECTORS

**Yang Berbahagia Tan Sri Rozali bin Ismail***Executive Chairman***Encik Azlan Shah bin Tan Sri Rozali***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***Yang Berbahagia Datuk Sr Haji Johari bin Wahab***Independent Non-Executive Director***YM Tengku Loreta binti Tengku Dato' Setia Ramli Alhaj***Independent Non-Executive Director***Encik Noor Faiz bin Hassan***Independent Non-Executive Director***Encik Faizal bin Othman***Executive Director, Operations Division***CHIEF FINANCIAL OFFICER**

Madam Wong Ley Chan

**GROUP COMPANY SECRETARY**

Madam Tan Bee Lian

(MAICSA 7006285/SSM PC No: 201908003714)

**DATE AND PLACE OF INCORPORATION**

7 January 1997, Malaysia

**COMPANY NUMBER**

199701000591 (416087-U)

**REGISTERED OFFICE**10<sup>th</sup> 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](http://www.puncakniaga.com.my)**AUDITORS**

Grant Thornton Malaysia PLT

(201906003682 &amp; LLP002494-LCA)

Chartered Accountants (AF0737)

**TAX ADVISORS**

Ernst &amp; Young Tax Consultants Sdn Bhd

KPMG Tax Services Sdn Bhd



## Corporate Information

**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)

**MAIN SOLICITORS**

- Messrs Adnan Sundra & Low
- Messrs Belden
- Messrs Chooi Saw & Lim
- Messrs Lee Hishammuddin Allen & Gledhill
- Messrs Rosli Dahlan Saravana Partnership

**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**

Encik Azlan Shah bin Tan Sri Rozali

Encik Faizal bin Othman

Yang Berbahagia Prof Dato'  
Dr Mohd Zainul Fithri bin Othman

Madam Wong Ley Chan

Madam Tan Bee Lian

Puan Faridatulzakiah binti Mohd Bakhry

Madam Chan Yit Hwa

**AUDIT COMMITTEE****Chairman**

Yang Berbahagia Dato' Sri Adenan  
bin Ab. Rahman

**Members**

Yang Berbahagia Prof Emeritus  
Datuk Dr Marimuthu A/L Nadason

Yang Berbahagia Datuk Sr Haji Johari  
bin Wahab

YM Tengku Loreta  
binti Tengku Dato' Setia Ramli Alhaj

Encik Noor Faiz bin Hassan

**REMUNERATION COMMITTEE****Chairman**

Yang Berbahagia Dato' Sri Adenan  
bin Ab. Rahman

**Members**

Yang Berbahagia Prof Emeritus  
Datuk Dr Marimuthu A/L Nadason

Yang Berbahagia Datuk Sr Haji Johari  
bin Wahab

YM Tengku Loreta  
binti Tengku Dato' Setia Ramli Alhaj

Encik Noor Faiz bin Hassan

**NOMINATION COMMITTEE****Chairman**

Yang Berbahagia Prof Emeritus  
Datuk Dr Marimuthu A/L Nadason

**Members**

Yang Berbahagia Dato' Sri Adenan  
bin Ab. Rahman

Yang Berbahagia Datuk Sr Haji Johari  
bin Wahab

YM Tengku Loreta  
binti Tengku Dato' Setia Ramli Alhaj

Encik Noor Faiz bin Hassan

**COMPLIANCE, INTERNAL CONTROL AND RISK POLICY COMMITTEE ("CICR")****Chairman**

Yang Berbahagia Dato' Sri Adenan  
bin Ab. Rahman

**Members**

Yang Berbahagia Prof Emeritus  
Datuk Dr Marimuthu A/L Nadason

Yang Berbahagia Datuk Sr Haji Johari  
bin Wahab

YM Tengku Loreta  
binti Tengku Dato' Setia Ramli Alhaj

Encik Noor Faiz bin Hassan

## 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

### **TRIpic Berhad and Group's Office**

2<sup>nd</sup> Floor, Wisma Rozali  
No. 4, Persiaran Sukan  
Seksyen 13  
40100 Shah Alam  
Selangor Darul Ehsan  
Tel : +603-5522 8589  
Fax : +603-5522 8598

### **Puncak Niaga Construction Sdn Bhd's Office**

5<sup>th</sup> 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**

4<sup>th</sup> 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 & 69, 2<sup>nd</sup> 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**

2<sup>nd</sup> Floor, Wisma Rozali  
No. 4, Persiaran Sukan  
Seksyen 13  
40100 Shah Alam  
Selangor Darul Ehsan  
Tel : +603-5522 8589  
Fax : +603-5522 8598

### **GOM Resources Sdn Bhd's Office**

2<sup>nd</sup> Floor, Wisma Rozali  
No. 4, Persiaran Sukan  
Seksyen 13  
40100 Shah Alam  
Selangor Darul Ehsan  
Tel : +603-5522 8589  
Fax : +603-5522 8598

### **Puncak Communication Sdn Bhd's Office**

2<sup>nd</sup> Floor, Wisma Rozali  
No. 4, Persiaran Sukan  
Seksyen 13  
40100 Shah Alam  
Selangor Darul Ehsan  
Tel : +603-5522 8589  
Fax : +603-5522 8598

### **KGL Ltd's Office**

Level 15(A1)  
Main Office Tower  
Financial Park Labuan  
Jalan Merdeka  
87000 Federal Territory of Labuan  
Tel : +6087-453 288  
Fax : +6087-451 288

## SINGAPORE

### **Sino Water Pte Ltd's Office**

c/o 80 Robinson Road #02-00  
Singapore 068898  
Tel : +65 6236 3333  
Fax : +65 6236 4399

## INDIA

### **Puncak Niaga Infrastructures & Projects Private Limited's Office**

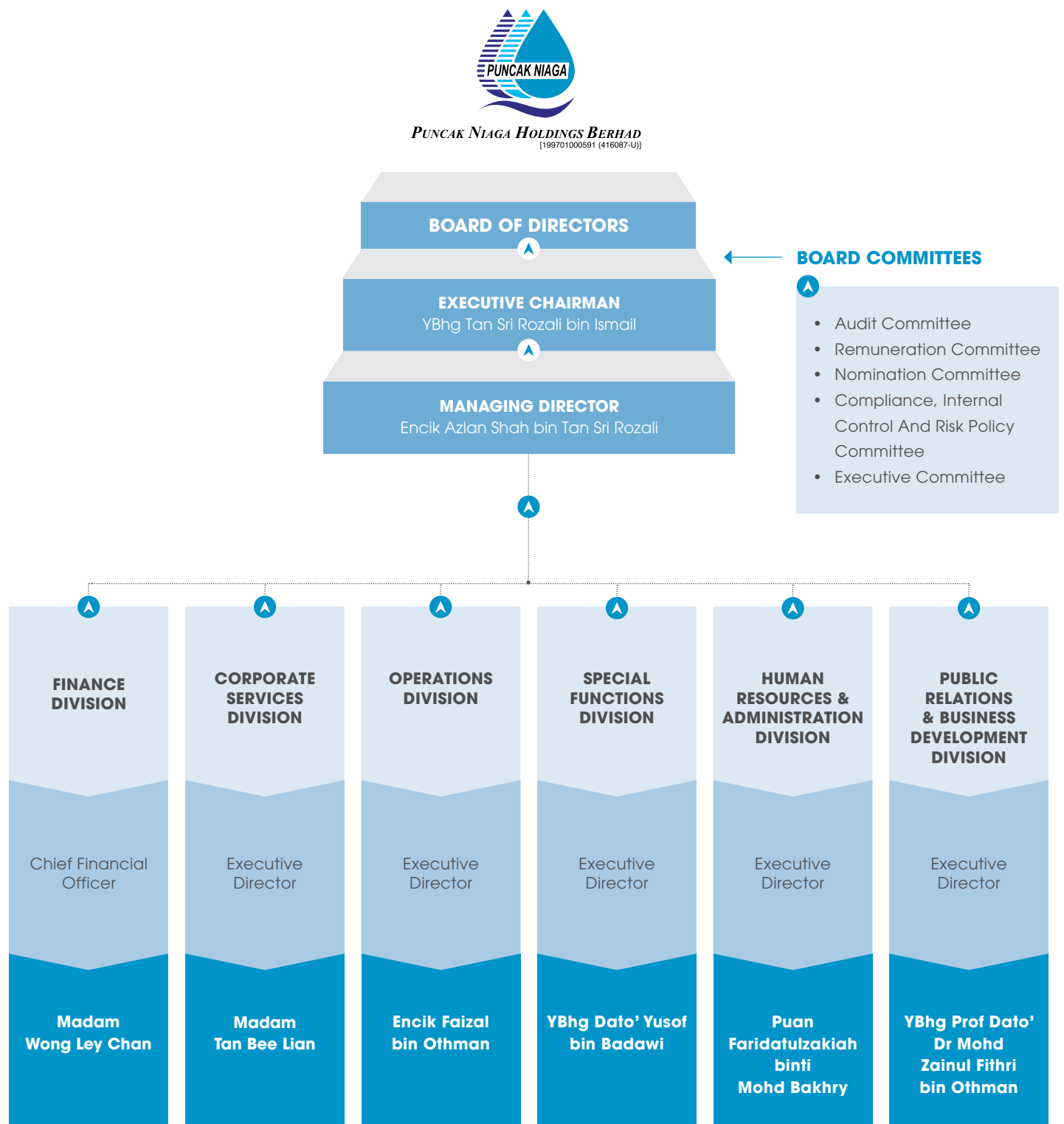
No. 12, 7<sup>th</sup> Main Road  
First Floor, Kasturibai Nagar  
Adyar, Chennai 600020  
Tamil Nadu, India  
Tel : +91-44-4210 2058  
Fax : +91-44-4210 2028

## BRUNEI

### **Puncak Niaga Holdings Berhad (Brunei Branch)'s Office**

c/o Room 308B, 3<sup>rd</sup> Floor  
Wisma Jaya, Jalan Pemancha  
Bandar Seri Begawan  
BS 8811  
Negara Brunei Darussalam  
Tel : + 673-223-2780/1/2  
Fax : + 673-223-2783

## Organisation Structure



Note: Information as at 30 March 2021

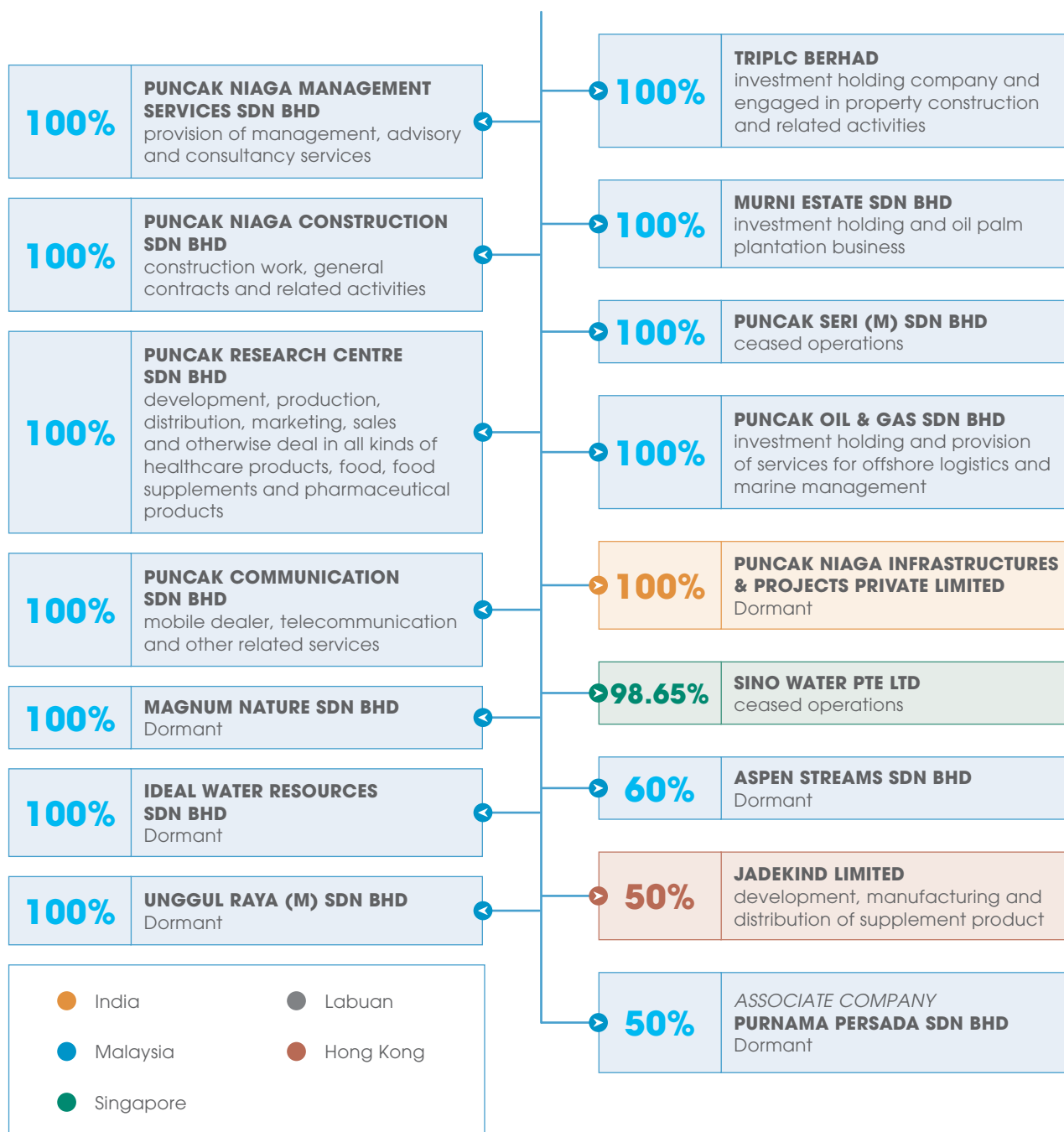


# Corporate Structure



**PUNCAK NIAGA HOLDINGS BERHAD**  
(199701000591 (416087-U))

## INVESTMENT HOLDING



## Corporate Structure



## Chairman's Letter To Shareholders



### Dear Shareholders,

*It is my privilege to present to you Puncak Niaga Holdings Berhad's ("Puncak Niaga" or "the Group") Annual Report for the Financial Year ended 31 December 2020 ("FY2020").*

FY2020 represented an immensely challenging year with a more demanding operating environment due to the unprecedented outbreak of the COVID-19 pandemic. This resulted in unforeseen repercussions, both globally and in Malaysia, that impacted not just the socioeconomic wellbeing of communities, but the very lifeblood of national economies, industries and businesses. Despite this intensely difficult operating environment, Puncak Niaga remained on course with achieving our strategic objectives to sustain our business growth.

We continued to generate sustainable outcomes and returns within our core business segments of Environmental Engineering and Construction, Plantation and Concession and Facilities Management.

**TAN SRI ROZALI BIN ISMAIL**

*Executive Chairman  
Puncak Niaga Group*





## Chairman's Letter To Shareholders

I am pleased to report that in FY2020, the Company and the Group achieved a profit after tax ("PAT") of RM4.076 million and RM3.097 million compared to a loss after tax ("LAT") of RM7.255 million and RM62.126 million in FY2019, marking our return to the black since FY2016. We will strive to improve on our financial position for the FY2021 year ahead.

For the year under review, the Group's revenue reduced by 19% to RM384.344 million from RM474.720 million in FY2019. This was mainly due to lower revenue contribution from the Concession segment. The Group reported loss before tax ("LBT") of RM9.382 million compared to a LBT of RM57.290 million in the previous year, which represents a positive variance of RM47.908 million or 84%. The improvement in lower LBT recorded for FY2020 was due to lower operating costs and finance costs.

Revenue for the Construction segment increased slightly to RM131.922 million in FY2020, from RM129.334 million in FY2019, as a result of higher revenue recognised from the Kuantan Project, which is generating positive margin to this segment. In the Plantation segment, revenue rose to RM27.083 million for the year under review from RM18.824 million in the previous year due to higher crude palm oil prices and fresh fruit bunches production. The Concession segment's revenue dropped to RM225.274 million in FY2020, from RM321.297 million previously due to reduced construction activities of the UiTM-Zone 1 Phase 3, Campus Puncak Alam ("Z1P3 Project") towards the completion stage of the construction of the facilities.

## SUSTAINED OUR VALUE CREATION JOURNEY

Since the Group's operations were designated as "essential services" when the Government imposed the Movement Control Order ("MCO") on 18 March 2020 to stem the spread of the pandemic, we were able to continue with our business operations whilst ensuring strict compliance with the Standard Operating Procedures ("SOPs") implemented by the Government and the relevant authorities to safeguard public health and wellbeing.

The MCO, Conditional MCO and Recovery MCO that were imposed by the Government since March 2020 lasted till 12 January 2021, followed by the re-imposition of the MCO effective 13 January 2021 in most states including the State of Selangor and the Federal Territories of Kuala Lumpur and Putrajaya. Several states including the State of Selangor and the Federal Territory of Kuala Lumpur were subsequently put under CMCO effective 3 March 2021 to 31 March 2021. Many companies went bankrupt as their business activities were curtailed, while others effected huge staff lay-offs as they downsized to cut down on their operating costs. Unlike these companies, Puncak Niaga was able to sustain our entire workforce, business activities and operations throughout the year.

The Group and our workforce have remained for the most part intact. We continuously strove to ensure that our organisation remained lean and efficient by multitasking at all levels. We continued

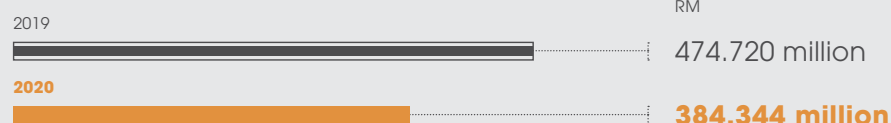
with our ongoing cost savings measures through the non-renewal of non-critical staff contracts, and choosing not to fill up positions that have been made redundant over the years due to dynamic changes within our organisation. Our prudent and disciplined approach was the key factor that ensured our business resilience to withstand external headwinds.

We continued to gain traction in the Concession and Facilities Management segment despite the numerous challenges of the COVID-19 pandemic. Our Z1P2 Facility Management Services was considered as "essential services" and we continued to operate throughout the lockdown period. We ensured that we undertook all the necessary precautions and physical distancing measures in line with the Government's SOPs. We only incurred 30 demerit points which translated into a RM2,738.00 deduction in 2020 (2019: 583 demerit points; RM519,767.00 deduction) of maintenance charges by UiTM for services rendered. We succeeded in providing the highest levels of maintenance services in accordance with our Concession Agreement, and achieved a Key Performance Indicator ("KPI") of 100% for the months of April, June and October 2020, and 99% for the remaining months of the year, well above the stipulated contractual KPI of 93% under the Concession Agreement. Our 2020 customer survey satisfaction was recorded at 92.5% compared to 88.21% in 2019, well above the 80% stipulated under the Concession Agreement.

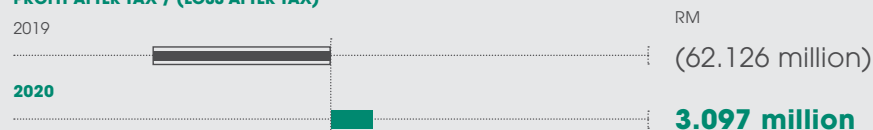
Our Plantation segment has grown from strength to strength since obtaining the Malaysian Sustainable Palm Oil ("MSPO") certification in August 2019. In FY2020, the MSPO certification for Danum Sinar remained in full compliance with the requirements of MS2530-3:2013 of the General Principles for Oil Palm Plantations and Organised Smallholders under the MSPO Certification Scheme. The certification is valid till 5 August 2024. During the year, our Plantation segment increased its revenue by 43.9% to RM27.083 million, and has completed a total of new planting area of 1,500 hectares over the past two years.

### PERFORMANCE OVERVIEW 2020

#### REVENUE



#### PROFIT AFTER TAX / (LOSS AFTER TAX)



## Chairman's Letter To Shareholders

As for the Environmental Engineering and Construction segment, PNCSB continued to deliver on the Bunus and Kuantan Projects despite difficulties encountered due to COVID-19 related restrictions at the construction worksites. For the Bunus Project, PNCSB obtained a third Extension of Time ("EOT No. 3") with the project now slated for completion on 7 June 2022. For the Kuantan Project, the contract sum was revised downwards from RM489,932,000.00 only (including 6% Goods & Services Tax ("GST")) to RM432,655,640.00 with effect from 21 July 2020. PNCSB recorded good progress at 1.34% ahead of schedule as at end FY2020 despite some project delays as a result of supply chain disruptions attributed to the MCO and CMCO. Due to the 2020 MCO, PNCSB obtained an Extension of Time ("EOT No. 1") for the Kuantan Project for 114 days and the Project's completion date has been revised to 13 June 2022 from 19 February 2022.

Due to the impact from the protracted COVID-19 pandemic, the extended Conditional MCO in 2020 and the re-imposition of the MCO in most states (including Selangor and the Federal Territories of Kuala Lumpur and Putrajaya) since 13 January 2021 by the Government of Malaysia, on 27 January 2021, the Company announced a further extension of the timeline for the proposed issuance of the Company's proposed Convertible Secured Islamic Debt Securities ("CSIDS") which was first announced in August 2019. The application for the issuance of CSIDS to the Securities Commission and the listing application together with the draft circular to Bursa Securities has now been extended thrice, with the latest extension until 31 July 2021.

### ENSURING THE CONTINUITY OF OUR BUSINESS THROUGHOUT THE PANDEMIC

The Group responded swiftly to the pandemic by establishing the Puncak Niaga Anti-COVID-19 Committee on 2 May 2020, which was responsible for developing procedures and guidelines that ensured our people worked in a safe and supportive environment. Chaired by the Group Managing Director, the Committee spearheaded the Group's enforcement of the relevant SOPs and coordination of prevention activities that were in line with health and safety protocols recommended by the World Health Organisation ("WHO"), Ministry of Health ("MOH"), Ministry of Works and other relevant authorities.

We established SOPs that laid out guidelines for our diverse business segments' activities. The Group identified critical operations and services that had to be performed to fulfil our contractual obligations with our clients and obtained the necessary approvals and consents from the relevant regulators to continue with our

operations. Staff resources were accordingly re-allocated under the new normal working conditions as per the skills required and flexible working hours and Work From Home ("WFH") arrangements were drawn up with the necessary network support for our people to continue performing their duties.

Engagements during the new normal working conditions were driven by the utilisation of digital communications platforms and channels, such as Zoom, Google Meet and Microsoft Teams for online calls and video conferencing. This enabled our employees to continue having meetings amongst themselves and with third party suppliers, vendors and contractors in line with social distancing and safety requirements.




At all of our office premises, we maintained periodic sanitisation schedules to ensure the hygiene and safety of our employees as well as visitors. Our office premises were equipped with hand sanitisers and social distancing guidelines were enforced. All employees and visitors are required to register their health conditions and temperatures before being granted access to our office premises.



## Chairman's Letter To Shareholders

## A FOCUSED APPROACH TO MANAGING OUR RISKS

As a result of the pandemic, the risks our business faced significantly heightened during the year. Taking cognisance of this, the Group stepped up on our risk oversight, identification and management by proactively identifying and mitigating against these risks within our core business segments:

SEGMENT	RISKS IDENTIFIED	MITIGATING ACTIONS
 <b>Environmental Engineering and Construction</b>	<b>The imposition of the MCO, followed by the RMCO and CMCO led to project delays that were outside our area of control</b>	<ul style="list-style-type: none"> <li>Established the Puncak Niaga Anti-COVID-19 Committee headed by the Group Managing Director and attended by key site personnel with regular meetings and timely updates</li> <li>Applied for and obtained an EOT for both the Kuantan and Bunus Projects</li> <li>Continuously monitored project progress especially the performance of contractors to ensure no additional costs were incurred in completing the projects</li> </ul>
	<b>Health and safety risks increased as a result of the potential risk of COVID-19 infection at the work sites</b>	<ul style="list-style-type: none"> <li>Improved our SOPs for the COVID-19 pandemic</li> <li>Sent workers for COVID-19 screening</li> <li>Continuously engaged with all staff, subcontractors and onsite workers to enhance COVID-19 related safety awareness and best practice guidelines</li> </ul>
 <b>Plantation</b>	<b>Failure to meet target crop production yield</b>	<ul style="list-style-type: none"> <li>Improved Water Management measures</li> <li>Improved productivity of harvesters</li> <li>Maintained good harvesting intervals</li> <li>Employed experienced and capable Management team at HQ, Regional Office and estates</li> <li>Conducted a thorough and timely manuring programme</li> <li>Improved field road accessibility and field upkeep conditions</li> <li>Maintained progress on Quality Improvement Projects ("QIP")</li> <li>Plan to continuously invest in good infrastructure over the next two years</li> </ul>
	<b>Uncertainties arising as a result of the COVID-19 pandemic with regards to Government regulations and rules</b>	<ul style="list-style-type: none"> <li>Created proper SOPs / guidelines / best practices</li> <li>Ensured that the Emergency Plan, and the identified preparation and response procedures are available and can be executed should any COVID-19 emergency occur</li> <li>Set up a monitoring team to continuously monitor and update employees on the latest updates from the Government / relevant Government agencies / news related to COVID-19</li> </ul>
 <b>Concession and Facilities Management</b>	<b>Interruption of daily maintenance operations due to COVID-19 pandemic</b>	<ul style="list-style-type: none"> <li>Ensured full compliance with the relevant regulations / SOPs (i.e. National Security Council ("NSC"), Ministry of International Trade and Industry ("MITI") and the Construction Industry Development Board ("CIDB"))</li> <li>Ensured availability of protective masks, gloves and hand sanitisers</li> <li>Mandated staff with COVID-19 symptoms to stay at home</li> </ul>

Due to the stringent Standard Operating Procedures implemented within the Group, none of our employees were infected by the COVID-19 in FY2020.

## Chairman's Letter To Shareholders

## STRENGTHENING OUR GOVERNANCE

During the year, the Group continued to step up on our governance. In response to the new Section 17A of the Malaysian Anti-Corruption Commission Act that came into force on 1 June 2020, the Board adopted Puncak Niaga's Anti-Corruption Policy and Procedures within the Group on 1 June 2020. Since 1 June 2020, the Anti-Corruption Policy has been posted on our website, while the Group's contracts and tenders have been updated to incorporate the anti-corruption clause. Our Integrity Officer came on board on 10 July 2020 to enhance our oversight on corruption risks. Subsequently, as from the third quarter of FY2020 onwards, we have incorporated corruption risks within Puncak Niaga Group's Enterprise Wide Risk Scorecards and Divisional Risk Scorecards.

In FY2020, we enhanced the composition of our Board to comprise 71.43% Independent Non-Executive Directors, which is more than half of the Board's composition as recommended under the Malaysian Code on Corporate Governance ("MCCG") 2017. Our diverse Board members also possess a wide spectrum of background, discipline and industry knowledge between them, including those with internal audit and accounting backgrounds. This has further strengthened our Board's ability to ensure the necessary checks and balances on its decision-making processes.

During the year, the Group effected several changes to the Board. We thank YBhg Dato' Yusof bin Badawi for his service as a Director of the Company after having served on our Board since 1 June 2018. He remains in the Company's employment as Executive Director, Special Functions. We also extend our gratitude to Dr Haji Badrul Hisham bin Mohd Yusoff who was



appointed as an Independent Non-Executive Director on 10 February 2020 and retired on 9 July 2020. We wish him the very best with his future endeavours.

In their stead, we warmly welcome YBhg Datuk Sr Haji Johari bin Wahab and YM Tengku Loreta binti Tengku Dato' Setia Ramli Alhaj who were appointed as Independent Non-Executive Directors on 10 February 2020. We also welcome Encik Noor Faiz bin Hassan who was appointed as an Independent Non-Executive Director on 1 October 2020. Recently, in February 2021, we bade farewell to YBhg Dato' Abdul Jalil bin Abdul Karim, our Managing Director who left us on 28 February 2021 citing health reasons. In his place, Encik Azlan Shah bin Tan Sri Rozali was appointed as the Managing Director of Puncak Niaga Group and he ceased to be the Alternate Director to YBhg Tan Sri Rozali bin Ismail. Encik Faizal bin Othman, the Managing Director of Puncak Niaga Construction Sdn Bhd was also appointed onto the Board of Puncak Niaga as Executive Director, Operations Division on 28 February 2021. Accordingly, our Independent Non-Executive Directors' composition has been revised to 62.5% as at to date. We look forward to our entire

Board members sharing their invaluable insights and expertise with the Group, as we continue to steer our business forward.

Puncak Niaga has always practised a transparent and accountable approach in reporting on our Company's performance to our shareholders and stakeholders. Our efforts to provide open disclosures of our business performance was again recognised at the international level for the second consecutive year at the 2020 Australasian Reporting Awards on 24 June 2020 where our 2019 Annual Report garnered the Gold Award. We are indeed heartened by this international commendation of our reporting standards which reaffirmed our unwavering commitment to continue providing the highest standards of disclosures to all our stakeholders.

In November 2020, the Board approved the Policy On Reporting Of Beneficial Ownership Of Shares In The Company in line with Section 56 of the Companies Act, 2016 on beneficial ownership reporting which has been implemented within Puncak Niaga Group effective 1 January 2021 onwards.

## MAINTAINING OUR COMMITMENT TO OUR EMPLOYEES

Despite an extremely difficult year, Puncak Niaga has continued to create tangible and meaningful value for our employees, as we sought to sustain them through the challenges of the pandemic.

At the onset of the pandemic, we shifted our training and development platforms to the online space, including training provided for our Directors, Management and personnel. We spent RM52,506.00 on training and talent development during the year.

In light of the COVID-19 pandemic, ensuring the health and safety of our people was our utmost priority, and we put in place a slew of control and preventive measures to minimise the risks of infection amongst our employees, clients and communities. Amongst the control and preventive measures we implemented Group-wide were:

- **Requiring all visitors and employees to register their health records via the MySejahtera mobile application at Wisma Rozali or our project sites offices' personalised QR code**
- **Installing temperature scanning thermometers at various locations to capture our employees' and visitors' temperatures before they are allowed to enter our premises**
- **Providing hand sanitisers, gloves and face masks**
- **Frequently cleaning and disinfecting all premises and company vehicles**
- **Enforcing social distancing guidelines at our premises**
- **Disseminating the latest information on the COVID-19 pandemic, as well as updates on rules and regulations to all our employees through a variety of platforms including WhatsApp**
- **Conducting COVID-19 swab tests for all employees working on site and at our project offices**
- **Enforcing a home quarantine requirement for employees who had been in close contact with "Person Under Investigation" ("PUI") or COVID-19 positive patients, if any**

We are glad to report that none of our employees were stricken with COVID-19 during the year.

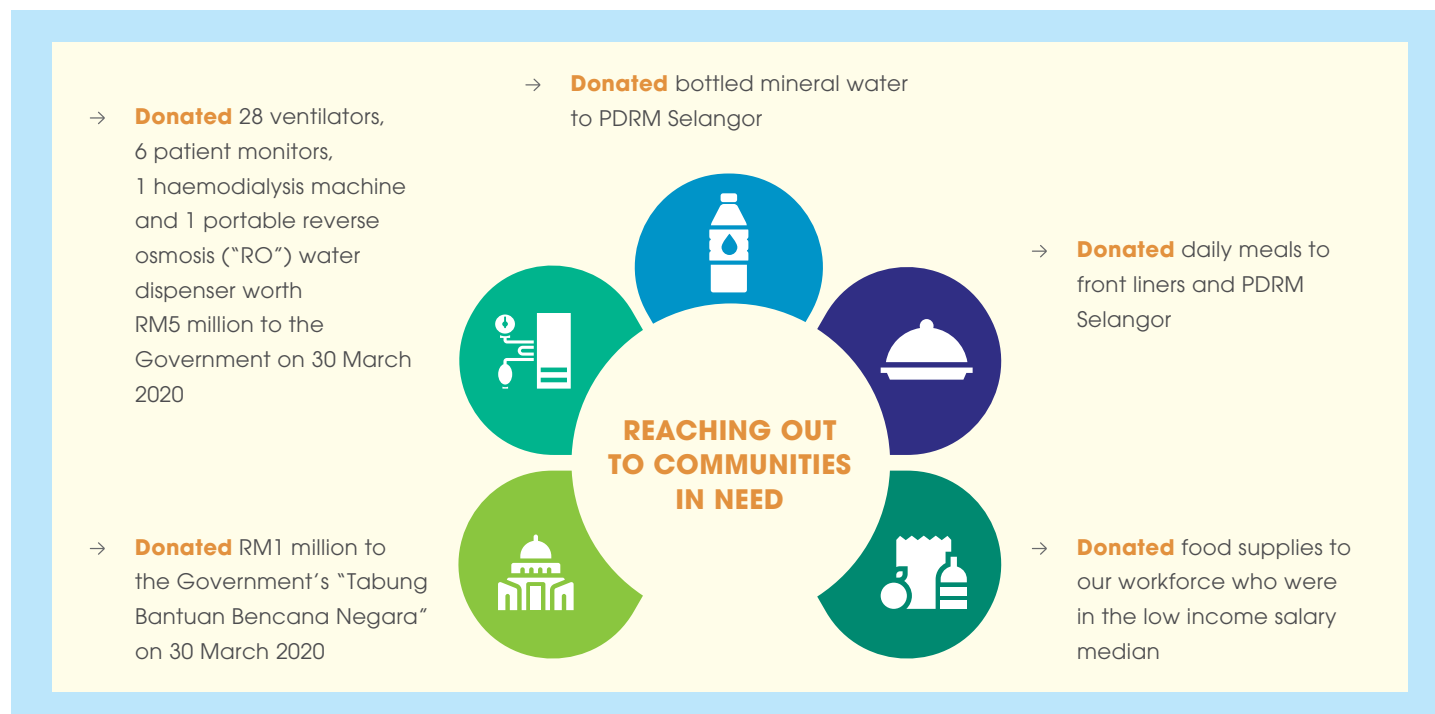


## Chairman's Letter To Shareholders

### REACHING OUT TO COMMUNITIES IN NEED

The COVID-19 pandemic caused extremely negative socioeconomic impacts on vulnerable segments of our communities.

As a caring and socially responsible corporate citizen, the Group took the initiative to reach out to various segments of the community:-



### MOVING FORWARD

As we continue with our forward moving journey into FY2021, we remain cautiously optimistic and expect challenges to remain as a result of the continuation of the COVID-19 pandemic. Infection rates have yet to be fully contained and Malaysia is no exception. The Government announced a second MCO effective 13 January 2021 to act as a circuit breaker as our public healthcare system reached its breaking point in handling COVID-19 patients. As well as that, a state of emergency was also declared on 13 January 2021, to contain the spread of the pandemic impact till 1 August 2021.

The Malaysian economy is expected to recover in 2021 with growth projected at 6.5% driven by a strong recovery in manufacturing and construction, according to the International Monetary Fund, from a -5.6% contraction in 2020. Vaccines have begun to be given to front liners as at end February 2021 to be followed thereafter by Malaysian citizens.

Against this backdrop, Puncak Niaga remains resolute in maintaining our business and operations as an "essential services" provider. As a going concern business, we remain steadfast in continuing to strengthen the capabilities of our three core

business segments as we augment our business resilience. We will remain vigilant in seeking out new opportunities that will come to the fore, as our nation rebuilds and rejuvenates its economic landscape. Our core focus will be in the major water and wastewater infrastructure projects, which remain as our key areas of expertise. Leveraging on our proven track record, we will assess and seize opportunities that arise in these areas.

To ensure that our business continues to generate sustainable revenue, we will maintain our focus and remain on track with the Kuantan Project and complete construction in line with our contractual obligations. As for the Bonus Project, our focus is on completing the remainder of the project within the EOT No. 3 obtained.

According to Malaysian Palm Oil Board ("MPOB"), the high trend of Crude Palm Oil ("CPO") prices that traded above RM3,000/MT in the fourth quarter of FY2020 will continue into the first quarter of FY2021. As at 30 March 2021, the CPO price stood at RM4,014.50/MT which augurs well for our Plantation Division. In its 2021 outlook, the Council of Palm Oil Producing Countries ("CPOPC") noted that the continuing pandemic is unlikely to have any severe impact on vegetable oil demand, including palm oil. Demand for palm oil products are expected

## Chairman's Letter To Shareholders

to increase as oleochemical derivatives which comprise part of the raw materials used in the production of sanitisers, detergents and soaps product continue to be in high demand. We are thus optimistic of our future prospects in the Plantation segment and plan to sustain our estate development plan, and grow and mature our palm oil assets.

As for the Concession and Facilities Management segment, we successfully handed over the UiTM Puncak Alam Teaching Hospital to the client, UiTM on 1 February 2021 upon obtaining the Certificate of Acceptance. With that, our wholly owned sub-subsidiary, TRIplic Medical Sdn Bhd has begun the Asset Management Services phase of the Z1P3 Concession Agreement and the payments of the 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) for the remaining 22 years of the Concession Agreement on 1 February 2021. Going forward, this bodes well for the Group as the revenue from these payments will contribute positively to our bottom line. We are extremely excited about this new development, as it represents yet another important milestone in the Group's corporate history. The year 2021 marks the year when the Group has successfully ventured into the healthcare and healthcare services industry since our inception in 1997. This presents a quantum leap for Puncak Niaga, into a new area which provides us with potentially lucrative opportunities towards future sustainable growth for the Group.

On 23 March 2021, a Handing Over of Key Ceremony was officiated by YB Datuk Seri Dr Noraini Ahmad, Minister of Higher Education to commemorate the successful handover of the UiTM Puncak Alam Teaching Hospital to UiTM by TRIplic Medical Sdn Bhd.

#### ACKNOWLEDGEMENTS

Our growth journey through the years is testament of our Group's ability to adapt and evolve according to the ever



changing business landscape, and we have come a long way from our humble beginnings in the water industry to the diversified businesses we are today. None of this would have been possible without the visionary and entrepreneurial drive of our Board, Management Team and the strong support of the entire Puncak Niaga family.

In particular, we would like to thank our Board of Directors for their steadfast commitment to shaping the strategic future growth of the Company and the Group. To the Government and the various Ministries we engage with, we extend our deepest gratitude for their continuing support and faith in Puncak Niaga. As well as that, we would like to express our gratitude to our shareholders and stakeholders, including our investors,

clients, financiers and business partners for their unwavering belief in our Group.

Together with our entire ecosystem of stakeholders, we look forward to the next phase of growth for Puncak Niaga, as we continue to build on the strong and robust foundations of our business, to continue to generate sustainable long-term growth and profitability.

Thank you.

**TAN SRI ROZALI BIN ISMAIL**

*Executive Chairman  
Puncak Niaga Group*

30 March 2021

## Management Discussion &amp; Analysis

# PRESENTING OUR STRATEGY FOR LONG-TERM VALUE CREATION



## 1 ENVIRONMENTAL ENGINEERING AND CONSTRUCTION

Our Environmental Engineering and Construction segment is conducted by our wholly-owned subsidiary, Puncak Niaga Construction Sdn Bhd ("PNCBSB") which provides services relating to environmental engineering, construction works, general contracts and its related activities. In FY2020, PNCBSB continued with two sewerage network construction projects, namely, the Bonus Project and the Kuantan Project.



Please refer to pages 30 to 31



## 2 PLANTATION

Our Plantation segment is managed by our 90% owned sub-subsiary, Danum Sinar Sdn Bhd ("Danum Sinar") with approximately 42,950 hectares of oil palm plantation comprising six estates, located some 88 km east of Belaga District Town, in Murum, Sarawak.



Please refer to pages 32 to 35



## Management Discussion &amp; Analysis

## ABOUT OUR BUSINESS

For the Financial Year Ended 31 December 2020 ("FY2020"), Puncak Niaga Holdings Berhad ("Puncak Niaga" or "the Group") operated within three main business segments, namely, the Environmental Engineering and Construction, Plantation and Concession and Facilities Management segments.



### 3 CONCESSION AND FACILITIES MANAGEMENT

Our Concession and Facilities Management segment is conducted by our wholly-owned sub-subsidiaries, TRIpIc Ventures Sdn Bhd ("TVSB") and TRIpIc Medical Sdn Bhd ("TMSB"), each of which hold separate concessions for the UiTM Puncak Alam Campus.



Please refer to pages 36 to 38

There was no activity in the Water segment during the year, as we had completed the Operations and Maintenance contract ("O&M") for the Beaufort Water Treatment Plant in Labuan in 2019. However, as the Water segment has been our core expertise since our inception in 1997, the Group continues to pursue potential water and water infrastructure projects with various state governments during the year.

### OPERATING LANDSCAPE

The COVID-19 pandemic had far reaching and unprecedented impacts on the global and local communities. In an effort to contain the spread of the virus, countries imposed nationwide lockdowns and closed down borders. In Malaysia, the Government first announced the movement control order ("MCO") in four phases beginning from 18 March 2020 until 3 May 2020. Since the Group's operations fall under "essential services" under the Ministry of International Trade and Industry's ("MITI") guidelines, our business continued to operate as usual within our Construction, Plantation and Concession segments in strict compliance to the Government's Standard Operating Procedures.

To mitigate the economic impact and providing assistance to the population, the Government rolled out economic stimulus packages such as the Prihatin Rakyat Economic Stimulus Package ("PRIHATIN"), the National Economic Recovery Package ("PENJANA") and KITA PRIHATIN, which amounted to RM315 billion.

Global national lockdowns and border closures led to the halting of almost all industrial operations as well as public and business premises, except for those designated within the category of essential services. As lockdowns eased, businesses and industries resumed activities in extremely challenging circumstances. As a result, the global economy spiralled into a depression in 2020, with Gross Domestic Product ("GDP") contracting by -4.9% according to the International Monetary Fund ("IMF"). In Malaysia, our economy declined by 5.6%, the biggest contraction since the 1998 Asian Financial Crisis



## Management Discussion & Analysis

according to the Department of Statistics Malaysia. Our nation's unemployment rate stood at 4.8% at the end of 2020 after surpassing 5% in the middle of the year, the highest rate in three decades.

The lockdowns and heightened public health and safety concerns negatively impacted industries across our nation. Within the Environmental Engineering and Construction sector, among the issues that sector players had to contend with were disruptions in the supply chain, the shortage of subcontractors and materials and the termination of some contracts to control expenses.

Travel restrictions, within and outside the country, to prevent the spread of COVID-19 led to labour shortages at Malaysia's oil palm plantations. As for the Facilities Management sector, the initial lockdowns reduced the requirement for all but essential maintenance. However, the subsequent relaxation of the lockdowns and the resumption of normal business and daily activities within the parameters of health and safety Standard Operating Procedures ("SOPs") announced by the Government led to new requirements to ensure that buildings and construction work sites were COVID-19 safe.

### ENSURING BUSINESS CONTINUITY

Puncak Niaga responded swiftly to the COVID-19 pandemic by establishing the Puncak Niaga Anti-COVID-19 Committee on 2 May 2020. The Committee was tasked with developing comprehensive procedures and guidelines in accordance with

those prescribed by the World Health Organisation ("WHO"), Ministry of Health ("MOH"), MITI, Ministry of Works and other relevant authorities, as well as specific procedures and guidelines to fit the Group's diverse operations. As the Group was considered an essential service business, we continued with our operations in full compliance with the Government's SOPs.






The procedures and guidelines that were developed were then deployed throughout our various business segments. Among the measures we put in place under the new normal working conditions included stringent health screening and monitoring such as mandatory temperature checks, provision of adequate personal protective equipment ("PPE") and quarantine guidelines. We also imposed business travel restrictions, ensured social distancing at the work place by leveraging on technology platforms, limiting meeting sizes, segregating teams and effecting work from home ("WFH") arrangements for staff who could perform their duties and functions remotely.

Overall, we found that the new normal working conditions did not materially impact on the Group's ability to continue our business activities. This was due to our ability to provide our people with the requisite support they needed to continue with performing their jobs. Among the support systems we had in place were providing staff with access to the Group's network system, enabling remote work discussions and meetings through online and digital platforms such as Zoom, Google Meet and other video conferencing facilities.



## Management Discussion &amp; Analysis

## FY2020 FINANCIAL REVIEW

<b>REVENUE (RM)</b>  <b>2020</b> <b>384.344 million</b>	<b>-19%</b>  decrease from FY2019 results	<b>REASON FOR INCREASE/DECREASE</b>  Lower revenue contribution from the Concession segment
<b>PROFIT AFTER TAX (RM)</b>  <b>2020</b> <b>3.097 million</b>	<b>105%</b>  increase from FY2019 results	<b>REASON FOR INCREASE/DECREASE</b>  Lower operating costs and finance costs
<b>REVENUE SEGMENT : ENVIRONMENTAL ENGINEERING &amp; CONSTRUCTION (RM)</b>  <b>2020</b> <b>131.922 million</b>	<b>2%</b>  increase from FY2019 results	<b>REASON FOR INCREASE/DECREASE</b>  Higher revenue recognised from the Kuantan Project
<b>REVENUE SEGMENT : PLANTATION (RM)</b>  <b>2020</b> <b>27.083 million</b>	<b>44%</b>  increase from FY2019 results	<b>REASON FOR INCREASE/DECREASE</b>  Higher CPO prices and FFB production
<b>REVENUE SEGMENT : CONCESSION &amp; FACILITIES MANAGEMENT (RM)</b>  <b>2020</b> <b>225.274 million</b>	<b>30%</b>  decrease from FY2019 results	<b>REASON FOR INCREASE/DECREASE</b>  Reduced construction activities of Z1P3 Project

In FY2020, Puncak Niaga recorded a 19% decrease in revenue to RM384.344 million due to lower revenue contribution from the Concession segment. However, the Group's loss before tax ("LBT") was lower at RM9.382 million in FY2020, compared to a LBT of RM57.290 million the previous year. The 84% or RM47.908 million improvement was contributed by lower operating costs and finance costs.

Revenue for the Construction segment improved slightly to RM131.922 million in FY2020, from RM129.334 million in FY2019, due to higher revenue from the Kuantan Project. Revenue in the Plantation segment increased to RM27.083 million in FY2020, from RM18.824 million in FY2019, as the result of higher crude palm oil prices and fresh fruit bunches production. The Concession segment's revenue declined to RM225.274 million in FY2020, from RM321.297 million in FY2019, as a consequence of reduced construction activities of the UiTM-Zone 1 Phase 3, Campus Puncak Alam ("Z1P3 Project") towards the completion stage of the construction of the facilities.

## Management Discussion &amp; Analysis

# FOCUSING ON TIMELY PROJECT COMPLETION

Segment Review -

ENVIRONMENTAL ENGINEERING AND CONSTRUCTION



We continued to maintain traction on our two key projects within this segment, namely, the Bunus Project and the Kuantan Project. While the COVID-19 pandemic did impact our project schedules, we were able to successfully implement tighter control mechanisms to ensure full HSE compliance at the project sites. As at end FY2020, there were no COVID-19 positive cases at both our project sites. Consequently, we strengthened our reputation as a trusted contractor who adheres to the Government's statutory requirements and SOPs.

## SEGMENTAL FINANCIAL PERFORMANCE

REVENUE  
(RM MILLION)

2019



129.334

2020



131.922

PROFIT/(LOSS) BEFORE TAX  
(RM MILLION)

2019



(16.475)

2020



9.131



For more information about Environmental Engineering and Construction segment, please go to [www.puncakniaga.com.my](http://www.puncakniaga.com.my)



## BUNUS PROJECT

The RM394 million Bunus Project is part of the Greater KL Government Initiative to rationalise and decommission 73 Sewage Treatment Plants ("STP") within an area covering approximately 72 square km. To replace the old STPs, PNCSB is constructing some 54km of interconnected sewerage pipe network, which runs to the centralised Bunus STP. Among the benefits of the new centralised treatment facility are contributing to the improvement of the lives of people in surrounding areas, are more efficient waste water management, reduced operational and maintenance costs, and the minimisation of sources of water pollution.

The 54km of pipes comprising the Sewerage Conveyance System ("SCS") that are to be laid out under the Bunus project is divided into five zones. As at end FY2020, we completed almost 46km or 85.02% of the total length. This constitutes a 14.98% delay in the schedule due to third parties' encumbrances which were beyond PNCSB's control and the unanticipated impacts of the pandemic. As for the nine Network Pumping Stations ("NPS") we have been commissioned to construct, we recorded progress of 97.3% as at end FY2020, representing a 2.7% delay in the schedule.



## Management Discussion &amp; Analysis



We reviewed the risk profile for the Bonus project, and added on third parties' encumbrances as one of the major obstacles preventing sustained good progress for the project. PNCSB's ability to conduct project handover on time and on schedule is to a large extent dependent on third parties handing over the site to us in a timely manner for the continuation of works. The implementation of the MCO significantly impacted on the third parties' progress on their projects which in turn, inadvertently caused further delay to our project delivery schedule. Towards mitigating this, on 1 December 2020, PNCSB obtained a third Extension of Time ("EOT No. 3") for the Bonus Project to be completed on 7 June 2022 which was revised from 31 December 2020 based on Extension of Time No.2 ("EOT No.2").

### KUANTAN PROJECT

Due to be completed by the revised completion date of 13 June 2022 from the original completion date of 19 February 2022 after obtaining an Extension of Time of 114 days due to the MCO which led to supply chain disruption beyond PNCSB's control ("EOT No. 1"), the Kuantan Project is one of the projects identified under the 11th Malaysia Plan ("11MP") by the Ministry of Environment and Water (previously known as the Ministry

of Water, Land, and Natural Resources) and implemented by Jabatan Perkhidmatan Pembetungan ("JPP").

PNCSB has been appointed as the sub-contractor for the entire project, which 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 area of around 173 sq km. This is the catchment area for Bandar Kuantan and Kempadang in Pahang. PNCSB scope also included to rationalise and decommission 165 existing multi-point STPs in the area, with decommissioning works including desludging, equipment dismantling, and making the site safe for the public. In addition, PNCSB will also be undertaking the construction of eight NPS and routing the main pumping station for rationalisation works.

Once completed, the CSTP which incorporates green technology will increase the coverage ratio of the area's sewerage services and improve the surrounding environmental quality by reducing sources of pollution. Additionally, it is expected to produce high quality effluent, which complies with industry standards as well as improve the water quality of the Kuantan rivers.

As at end FY2020, we have completed piling work at the Anoxic Tank, TNB Substation, Chlorine Contact Tank, Sludge Holding Tank, RAS/WAS Chamber and Preliminary Treatment Facilities building. Progress on the NPS stood

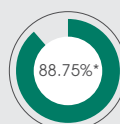
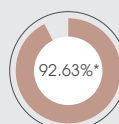
at 17.09%, against the plan of 16.55%, which is 0.54% ahead of schedule. There are a total of eight NPS to be constructed, of which two have started construction. NPS 1 started on 12 August 2020, while NPS 2 started on 14 September 2020.

A total of approximately 65.3km of pipe is to be laid as part of the SCS, which has been divided into five zones. As at end FY2020, PNCSB constructed 42.5km or 61.8% of the total length. Total progress achieved for the Project as at year end was 55.6% against plan of 54.27%, representing 1.34% ahead of schedule.



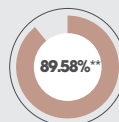
### OUR PROGRESS IN FY2020

2019



\* Based on EOT No.2 timeline

2020

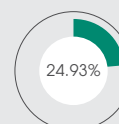
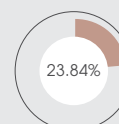


\*\* Based on EOT No.3 timeline

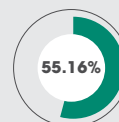
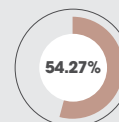
### BONUS PROJECT

Plan Actual

2019



2020



### KUANTAN PROJECT



## Management Discussion &amp; Analysis



For more information about Plantation segment, please go to [www.puncakniaga.com.my](http://www.puncakniaga.com.my)

# INVESTING IN TECHNOLOGY TO FUTURE PROOF OUR PLANTATION SECTOR

Segment Review - **Plantation**



FY2020 marked our third full year of operations for the Plantation segment. Our mature areas increased by 19.6% to 9,551 hectares ("ha") from 7,988 ha in the previous year. Total developed area in FY2020 increased by 6.9% to 12,041 ha from 11,267 ha in FY2019 due to changes in hectarage arising from the digital mapping and census conducted at all estates by an independent surveyor.

## SEGMENTAL FINANCIAL PERFORMANCE

### REVENUE (RM MILLION)

2019



18.824

2020



27.083

### LOSS BEFORE TAX (RM MILLION)

2019



(46.756)

2020



(40.674)

Danum Sinar continues to focus on increasing our output and yield of Fresh Fruit Bunches ("FFB") production. In line with our strategic objective to ensure long-term growth of this segment, we achieved a total FFB production of 52,568 metric tonnes in FY2020, a 9% increase from the previous year. As well as that, in 2020 we completed the in-hole planting of 523.60 ha of land cleared for new planting in 2018/2019.

## 2020 KEY FOCUS AREAS

We continued to increase our total crop production, in tandem with our goal of implementing good agricultural practices in our estate operations. Total crop production increased by 9% from 48,412 metric tonnes in FY2019 to 52,568 metric tonnes for FY2020 due to an increase of mature areas of 20% to 9,551 hectares.

We remained on course with achieving our long-term strategies to realise our vision to become an integrated and sustainable plantation company through the execution of the following Key Focus Areas ("KFA") :

- Management Competency: Restructured and reorganised the estate operation team effectively with the employment of an experienced Plantation Director



## Management Discussion &amp; Analysis

- **Yield Improvement:** Improved quality and grading by enhancing harvesting process for better grades
- **Expansion:** Completed in-hole planting for the balance of 523.60 hectares out of 1,500 hectares that was cleared for new planting in 2018/2019. Total area for in-hole planting was 1,496.60 ha with 3.40 ha allocated for the Nursery site for the remaining oil palm seedlings to be made available for future supply purposes
- **Cost Reduction:** Effective cost optimisation programme to improve productivity and efficiency, as well as to reduce costs through a cost savings programme and effective procurement management
- **Mechanisation:** Conducting and analysing the best mechanisation methods by implementing mechanisation tools via wheel barrow system, CANTAS harvesting tool and the FFB collection BIN system
- **High Standards:** Practising high standards of agricultural practices by maintaining our Malaysian Sustainable Palm Oil ("MSPO") policies, Agriculture Reference Manual ("ARM"), Occupational Safety and Health ("OSH") and stringent COVID-19 SOP mitigation measures at the estates and the workplace

**YIELD ENHANCEMENT INITIATIVES**

We continuously improved our performance by undertaking appropriate action plans towards improving our yield performance. Some of the measures taken are as follows:

- Upgrading infrastructure for good accessibility and fast turnaround resulting in fast crop evacuation to the palm oil mill and reduction of crop loss
- Improving labour retention by improving our workers welfare and facilities
- Increasing mechanisation methods in order to improve our harvesting process and improve our FFB quality graded by the mill
- Maintaining the best field upkeep resulting in better yield improvement

**IMPROVING OPERATIONAL INFRASTRUCTURE AND FACILITIES**

In 2020, we continuously strove to improve our estate's operational infrastructure and facilities to ensure efficient estate management. This included the following:

- Completion of two new steel bridges to replace the wooden bridges
- Upgrading of estate roads for faster crop collection and evacuation to the palm oil mill
- Improved accommodation facilities with three new blocks of workers quarters
- Improved coverage and connectivity from our VSAT telecommunication system and installed additional satellite internet broadband coverage via CONNECTME to each estate
- Installed more safety road signages and road markers as to increase safety and accessibility throughout the estate roads

**CONTINUED ON COURSE WITH SUSTAINABLE PALM OIL PRODUCTION**

Danum Sinar obtained the Malaysian Sustainable Palm Oil ("MSPO") certification in August 2019. Through the comprehensive Social Impact Assessment done in 2019, we were able to strengthen our relationship

with the local communities, which greatly benefitted the smooth operations of our estate, especially during the pandemic. At the same time, it engendered a consultation process that focused on free, prior and informed consultation ("FPIC") between Danum Sinar and the relevant stakeholders.

Following on from the gaps analysis exercise we conducted in FY2019 in line with our MSPO certification, we implemented the following measures in FY2020 to ensure full compliance with the certification requirements:

- Created further awareness of animal and plant conservation programmes by putting up new posters and displays around the estate premises related to "Protected Species" and "Totally Protected Species"
- Created our internal assessment on biodiversity and High Conservation Value ("HCV") areas via Biodiversity Assessment Report ("BAR") in November 2020
- Conducted the medical health surveillance programme for our workers on 22 August 2020
- Minimised and cautiously used pesticides and brought on board agrochemical suppliers to conduct proper spraying techniques so as to create a good weeding policy approach and control at the estates

We conducted the internal BAR to identify the biodiversity and HCV areas that we are currently managing with a total identified land area of 472.41 ha of buffer zones in our estates, excluding the 3,724 ha of the inundated Murum area which had been surrendered to the Land and Survey Department, Sarawak. We will use the information we have gathered to implement a robust biodiversity conservation plan, by maintaining, monitoring and enhancing biodiversity and conservation values within our plantation estates.



## Management Discussion &amp; Analysis

## EMBRACING THE CHALLENGES OF THE COVID-19 PANDEMIC

The immediate effects on the COVID-19 pandemic on the oil palm industry were felt almost entirely in the supply chain due to the sudden lockdowns and restrictions in movement that spread globally throughout 2020. The upstream plantation industry players which included Danum Sinar were impacted by the shortage of workers arising from the restrictive movement of workers due to closed borders to contain the spread of COVID-19.

As it is important for us to remain strong and sustainable during these challenging times, our Plantation Division adopted the required COVID-19 SOPs that were introduced by the Government to ensure that the health and safety of our workers throughout our operations are prioritised at all times. With the continuation of the MSPO certification scheme, we have been abiding by all the respective national and state government regulations in order to contain the spread of COVID-19 while continuously creating awareness amongst our employees on the virus and its prevention methods. Below are the key essential minimum measures that are being implemented as part of our SOPs in our Plantation Division's operations:

- Conducting daily temperature checks at the muster ground call before commencing tasks for the day. Those with COVID-19 symptoms are prohibited to enter the workplace, and are required to undergo health checks at a nearby clinic or will be placed under quarantine if required
- During morning muster call, daily reminders are given on hygiene practices to the workers
- The practice of social distancing of at least one metre was implemented during morning musters to prevent unnecessary close interactions between our workers
- Maintaining a minimal period time and headcount of employees in the respective offices to ensure that the necessary office work can be carried out
- External visitors are not allowed to enter the estate plantation unless obtaining prior approval from the estate management. Approval is only given on the basis of necessities or emergency situations
- All employees are required to declare their travels and are subject to 14 days home quarantine upon return from their trip, if required

PLANTATION		
Long-term business objectives, goals and targets	Strategic priorities for 2020	What key activities were conducted in 2020 to achieve these strategic priorities
Revenue (improved Sales)	Emphasis on achieving high OER%	<ul style="list-style-type: none"> <li>• Increase internal quality grading standards to meet the palm oil mill's expectation</li> </ul>
Production	Yield Enhancement (emphasis on good agronomic practices)	<ul style="list-style-type: none"> <li>• Implementation of mechanisation tools to increase productivity and reduce dependency on general workers</li> <li>• Improvement in infrastructure and field road accessibility</li> <li>• Micro managing of yield on task basis</li> </ul>
Expansion: Development of new areas	To develop 1,500 ha every two years	<ul style="list-style-type: none"> <li>• Completed new planting of 1,496.60 ha or 99.8% in 2019 and 2020, with the remaining 3.40 ha or 0.2% reserved as a Nursery site area</li> </ul>
High Standards of Agricultural Practices	To ensure that the MSPO certification standard is maintained at all times	<ul style="list-style-type: none"> <li>• Completion of First Chemical Health Risk Assessment ("CHRA") report for all estates</li> <li>• Conducted Essential Medical Health Surveillance Programme for estate workers</li> <li>• Stringent SOP on COVID-19 control to reduce impact and operate estate activities under the new normal</li> <li>• All estates are 100% certified under the MSPO certification scheme</li> </ul>

## Management Discussion &amp; Analysis

## OUR PROGRESS IN FY2020

Item	2018	2019	2020
Total Crop Production (MT)	39,201	48,412	<b>52,568</b>
Development of New Planting Areas (Ha)	1,000	500	<b>Completed new planting of 523.60 ha, bringing the total to 1,496.60 ha in the past two years, with 3.40 ha reserved as a Nursery</b>
Man to Land ratio (Ha)	1:13	1:13	<b>1:12</b>
Total FFB Production (MT)	39,201	48,412	<b>52,568</b>
FFB Average Yield (MT/Ha)	7.71	6.06	<b>5.50</b>
Average Oil Extraction Rate (%)	18.6	18.0	<b>17.7</b>

Item	2018	2019	2020
Mature Areas (Ha)	5,086	7,988	<b>9,551</b>
Immature Areas (Ha)	4,681	1,779	<b>2,490</b>
Total Developed Area	10,767	11,267	<b>12,041</b>
Unplanted Portion*	32,372	31,872	<b>30,909</b>
Total Area	43,139	43,139	<b>42,950</b>
Others**	3,534	3,534	<b>3,724</b>
Total Land Size	46,674	46,674	<b>46,674</b>

\* 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 and Survey Department, Sarawak.



## Management Discussion &amp; Analysis

# DIVERSIFYING OUR SERVICE PORTFOLIO INTO HEALTHCARE SERVICES

Segment Review - **Concession and Facilities Management**



Our Concession and Facilities Management segment which is operated by TRIpIc Berhad Group of Companies holds two concession agreements for the Universiti Teknologi MARA ("UiTM") campus at Puncak Alam. The first is the 23-year Z1P2 Concession Agreement which is undertaken by TRIpIc Ventures Sdn Bhd ("TVSB") since 2010.

## SEGMENTAL FINANCIAL PERFORMANCE

### REVENUE (RM MILLION)

2019



2020



### PROFIT BEFORE TAX (RM MILLION)

2019



2020



For more information about Concession and Facilities Management segment, please go to [www.puncakniaga.com.my](http://www.puncakniaga.com.my)



The Z1P2 Concession covers the management of completed assets with an expiry date in April 2034. The second is the 25-year Z1P3 Concession Agreement held by TRIpIc Medical Sdn Bhd ("TMSB"). Obtained in February 2016, the concession relates to the construction of the Z1P3 Teaching Hospital Project. Both of these concessions were identified as "essential services" throughout the MCO period.

### Z1P2 CONCESSION

Despite the challenges of the COVID-19 pandemic, we remained on course with delivering on our contractual obligations to record the following key achievements for the year:



## Management Discussion &amp; Analysis



- Zero demerit and deductions from January till June 2020
- Completion of all 2018 and 2019 backlogs in May 2020
- Demerit for FY2020 stood at only 25 points as compared to previous six years, with the highest being 748 demerit points
- Deductions for FY2020 amount to RM2,618.08 only as compared to the previous six years, with the highest being RM514,429.36
- Achieved KPI of 100% for the months of April, June and October 2020, and above 99% for all other months, ahead of the Concession Agreement's KPI of 93%

We also embarked on our journey towards obtaining Integrated Management System ("IMS") certification for the Z1P2 concession. The new certification will consolidate three quality processes i.e. ISO 9001:2015, ISO14001:2015 and ISO 45001:2018. The IMS will integrate our processes and standards to cover all standard specific requirements.





## Management Discussion &amp; Analysis

**Z1P3 CONCESSION**

At the Z1P3 Concession, the pandemic affected the progress of the construction of the teaching hospital and its facilities.

The MCO imposed as a result of the pandemic had impacted our supply chain in terms of obtaining materials, products and equipment deliveries. As well as that, we had to ensure compliance with the Government's SOPs, restrictions in movement, and social distancing requirements. Consequently, we applied for and obtained two EOTs as a result of these delays. The original contractual completion date was effectively moved from 10 April 2020 to 1 February 2021.

As at end FY2020, we completed 99.8% of the project. The physical construction works for the UiTM Puncak Alam Campus Hospital Project were completed in early December 2020 with the joint inspection sessions with the client conducted from 14 December 2020 to 24 December 2020 and 25 January 2021.

On 1 February 2021, UiTM issued the Certificate of Acceptance and hence, TRIpIc Medical Sdn Bhd commenced with the Asset Management Services phase of the Concession Agreement and payment of the 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) of the Concession Agreement on 1 February 2021. To be conducted over a period of 22 years, this contract presents the Group with a stable and recurring revenue. We are excited to embark on this next phase as it represents Puncak Niaga's foray into a new business segment, namely, the healthcare and healthcare services sector. We plan to deliver the highest quality of facilities management services in order to build our reputation in this segment and drive our future sustainable growth.

## Management Discussion &amp; Analysis

**FUTURE PROSPECTS AND OUTLOOK**

*As for the Concession and Facilities Management segment, with the handover of the UiTM Puncak Alam Teaching Hospital to the client on 1 February 2021, we have begun the Asset Management Services phase of the Z1P3 Concession Agreement on 1 February 2021 for the next 22 years.*

We expect the year 2021 to have its fair share of challenges, as our nation and businesses effect economic recovery and business rejuvenation on the back of the re-imposition of the MCO by the Government on 13 January 2021, a declaration of state of emergency till 1 August 2021 by the DYMM Yang Di-Pertuan Agong on 12 January 2021 and the phased dissemination of the COVID-19 vaccine in Malaysia since end of February 2021.

To continue to sustain our business growth and development, the Group will actively seek out opportunities within the Water and Wastewater segments that will be available as our nation's economy attempts to recover. We will maintain our focus on our existing Kuantan and Bunus Projects, to ensure timely completion and high quality project delivery to our client. With the Government planning further modernisation and improvements of sewerage works as well as water and water related infrastructure works in the country, the Group plans to participate in project proposals and upcoming tenders in these areas.

Within the Plantation segment, we will continue to focus on improving our FFB production and sustaining our estate development plan by managing our estates in line with the MSPO requirements.

As for the Concession and Facilities Management segment, with the handover of the UiTM Puncak Alam Teaching Hospital to the client on 1 February 2021, we have begun the Asset Management Services phase of the Z1P3 Concession Agreement on 1 February 2021 for the next 22 years. In line with engendering growth in the Concession and Facilities Management segment, we plan to maintain a high level of services to our client, within a reasonable operating cost structure. We will also enhance our workforce's skills and knowledge to ensure the continuous delivery of quality services for the client.

Although we expect the challenges and effects of the COVID-19 pandemic to persist over the next two years, we remain focused on the execution of our strategies within our various business segments towards the Group's long-term growth and value creation prospects.



## Sustainability Statement

# DELIVERING SUSTAINABLE VALUE

## WHAT SUSTAINABILITY MEANS TO US

For Puncak Niaga Holdings Berhad ("Puncak Niaga" or "the Group"), sustainability is integral to our business' value creation efforts, as we seek to effect a balance between engendering business growth and profitability, whilst ensuring that we continue to create sustainable and meaningful value for all our stakeholders. In line with this, we have embedded our sustainability agenda within all aspects of our business operations. Our sustainable development practices are founded on robust governance frameworks, processes and systems. We believe in being transparent and accountable in all that we do.

Towards this end, we have the following key objectives in mind with regards to our sustainability agenda:

- **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**
- **Engendering long-term benefits for our stakeholder groups**



## SCOPE & REPORTING FRAMEWORKS

Puncak Niaga's 2020 Sustainability Statement has been prepared in accordance with global reporting guidelines, namely, the Global Reporting Initiative ("GRI") G4 Sustainability Reporting Guidelines – Core disclosure requirements, and local frameworks, namely 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 remains the same as the scope of our Annual Report 2020. We have excluded supplier activities as the Group does not have control over their business operations. However, we have included information on our efforts to build a more sustainable supply chain.

## Sustainability Statement

## SUSTAINABILITY GOVERNANCE

Our sustainability governance structure and frameworks have been developed in line with good corporate governance and ethical business practices, as exemplified by our Puncak Values of quality, value, service, innovation, integrity and trust.

At the apex of our corporate governance framework is our Board of Directors ("Board"), who have ultimate oversight and responsibility of our risk management policies and structures, as well as sustainability policies. We have established comprehensive frameworks and structures with clear lines of reporting and accountability with regards to decision making and the implementation of our sustainability initiatives and programmes.

In 2020, we continued with our Economic, Environmental and Social ("EES") practices, as guided by the amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad relating to Sustainability Statements in Annual Reports.

The Group's sustainability governance structure and policies flow throughout all our business segments, and guide the implementation of sustainability-related initiatives and programmes that are conducted throughout the Group.

Throughout the years, we have maintained strong relationships of mutual trust with our entire ecosystem of stakeholders. We conduct regular stakeholder engagement sessions in our bid to be inclusive and transparent with our stakeholders. We take into account their feedback and concerns raised when developing new business solutions and services, and in the delivery of our contractual obligations. We have in place a generative risk management

culture, where our employees are encouraged to take ownership for risk management within their specific roles and functions, as outlined in our Risk Management Policy Statement.

## PUBLIC POLICY

We believe in maintaining the highest standards of integrity and ethics within all our business segments that reflect our commitment to good governance and corporate responsibility. Our Code of Conduct outlines our expectations of our employees' behaviour and practices in discharging their roles and responsibilities that reflect Puncak Niaga's principles of integrity and ethics. Our individual business units also have in place their own codes of conduct and policies which complement our Puncak Values.

The following Codes and Policies are practised 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
- Puncak Niaga's Anti Corruption Policy and Procedures
- Policy on Reporting of Beneficial Ownership of Shares in the Company

## PUNCAK NIAGA CONSTRUCTION SDN BHD ("PNC SB")

- 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

## Sustainability Statement

## 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") Policy Manual

## DANAU SEMESTA SDN BHD

- MESB and Subsidiaries Employee Handbook

## DANUM SINAR SDN BHD

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


## TRIPLC BERHAD

- Standard Operating Procedures
- HSE Policy
- Quality Policy
- QHSE Policy
- Drug and Alcohol Policy

## STAKEHOLDER ENGAGEMENT

Each year, we conduct our stakeholder engagements through various dialogues, communication channels, platforms and events to maintain the strength of our stakeholder relationships. Our stakeholder ecosystem comprise suppliers, customers, public policy makers, industry bodies, non-governmental organisations ("NGOs") and sector experts. We list our stakeholder groups based on their importance and influence. All material information pertaining to the Group is communicated with our investors, shareholders and stakeholders in a timely manner in line with principles of transparency and accountability.

The table below presents our key stakeholders and engagements approaches in 2020:

	METHOD OF ENGAGEMENT
 <b>EMPLOYEES</b>	<ul style="list-style-type: none"> <li>• Townhall meetings</li> <li>• Recreational activities</li> <li>• Employee assemblies and meetings</li> <li>• Community Development Programme</li> </ul>

## 2020 HIGHLIGHTS

## Community Development Programme

- Our employees engaged with 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
- 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 2020, despite the COVID-19 pandemic, PEKA managed to organise six activities involving our employees
- We provided employment for 181 local Penan ethnic communities in our estates

## Staff Assembly

- A total of two Staff Assemblies were held in 2020. Due to COVID-19, one Staff Assembly on 15<sup>th</sup> June 2020 was done virtually

## Recreational and Religious Activities

- Due to COVID-19, there were no recreational activities during the year. PEKA conducted five Solat Hajat at the Head Office in conformance with COVID-19 SOP guidelines

## Performance Reviews

- Two performance reviews were conducted in May and December 2020

	METHOD OF ENGAGEMENT
 <b>INVESTORS</b>	<ul style="list-style-type: none"> <li>• Emails</li> <li>• Corporate website</li> </ul>

## 2020 HIGHLIGHTS

- Responded to investor and analyst queries promptly

## Sustainability Statement

**LOCAL COMMUNITIES****METHOD OF ENGAGEMENT**

- Townhall meetings
- Community development programmes

**2020 HIGHLIGHTS**

- Conducted local stakeholder committees via the Danum Sinar Sdn Bhd Community Representative Committee ("CRC") at our estates
- Engaged with Local Authorities, residents' associations and residents on the construction of the Bonus Project and Kuantan Project
- Attended to complaints and took into account local communities' concerns at all project sites
- Donated to workers and local communities for Hari Raya and Gawai festive celebrations

**CIVIL SOCIETY****METHOD OF ENGAGEMENT**

- Community Development programmes
- Press releases
- Meetings

**2020 HIGHLIGHTS**

- Corporate Social Responsibility Activities ("CSR") Programme

**GOVERNMENT****METHOD OF ENGAGEMENT**

- Meetings and events

**2020 HIGHLIGHTS**

- Regular meetings and briefings
- Friendly site visit to MPOB Office
- Courtesy field visit in our estates by MPOB officers
- Site visits to D44 Project and Kuantan Project

**MEDIA****METHOD OF ENGAGEMENT**

- Community development programmes
- Press releases
- Advertising

**2020 HIGHLIGHTS**

- Regular meetings

**SUPPLIERS****METHOD OF ENGAGEMENT**

- Supplier evaluations

**2020 HIGHLIGHTS**

- A transparent platform for evaluation of suppliers

**MATERIALITY**

We conducted our materiality assessment in 2020 by taking into consideration all matters that were important for our non-financial performance. Periodic assessments of our material issues are conducted based on changing needs and perspectives of our business and our stakeholders. Throughout this Sustainability Statement and the rest of our Annual Report 2020, we have provided information on our initiatives that were implemented in response to concerns and issues raised by our stakeholders. Notwithstanding the COVID-19 pandemic, our materiality for 2020 remains the same from the previous year.

**ECONOMIC**

- Creating Economic Value

**ENVIRONMENTAL**

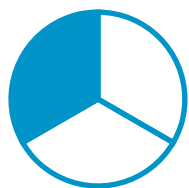
- Conserving Biodiversity
- Practising Responsible Environmental Management in Our Construction Projects
- Ensuring Sustainable Palm Oil Production
- Energy Management
- Noise Management
- Water Management
- Our Internal Environmental Footprint – Workplace
- Waste Management Practices

**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



## Sustainability Statement



# CREATING ECONOMIC VALUE

We believe in creating greater economic value for the nation and our stakeholder groups through the various business activities our core business segments undertake. In 2020, our key projects comprised Package D44 of the Bunus Project in Kuala Lumpur; the Kuantan Project; our Plantation Division; and our Concession and Facilities Management Division.



## BUNUS PROJECT

The Bunus Project is part of the Greater Kuala Lumpur River of Life initiative, which seeks to rejuvenate areas in the city located beside the Klang river into vibrant commercial and tourism attractions. This is in line with boosting Kuala Lumpur's image as a tourist destination, as well as improving the quality of life of urbanites.

Package D44 of the Bunus Project is managed by PNCBSB and relates to the construction of approximately 72 sq km sewer pipe network in the Bunus catchment. Once completed, the project will benefit some 1.1 million people living in the areas of Setapak, Ampang, Melawati, AU Keramat and Dato Keramat.

The RM394 million project involves the decommissioning of 73 old Sewage Treatment Plants ("STPs") which will be replaced by the centralised Bunus Sewage Treatment Plant which features up to date infrastructure in line with strict effluent regulatory requirements.

The network infrastructure that PNCBSB is constructing complements the centralised treatment facilities that will lead to reductions in operations and maintenance costs for the country's national sewerage company, Indah

## Sustainability Statement

Water Konsortium Sdn Bhd, as well as reduce sources of water pollution in line with building a greener future for all. Once the project is completed, the land that the decommissioned STPs were on will be handed over to the Government to be developed into public areas which will be beneficial to local communities.

The project has created job opportunities for Malaysians as outlined in the table below:

Item	2018	2019	2020
Local Small and Medium Sized Enterprises as Vendors/Suppliers	35	35	<b>40</b>
Jobs created (Contract Workers)	280	280	<b>315</b>

### KUANTAN PROJECT

Another sewerage construction project undertaken by PNCSB is the Kuantan Project. Located in the areas of Kuantan and Kempedang, the project is one that was identified under the 11<sup>th</sup> Malaysia Plan, which is being implemented by JPP under the Ministry of Environment and Water. A key aim of the Kuantan Project is to expand the coverage ratio of sewerage services in the surrounding areas, in order to cater to future growth and development expected in the vicinity.

The project pertains to 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 operations and maintenance costs, thus allowing for more sustainable sewage treatment management.

The new STP being built by PNCSB will incorporate green technology in line with national policies aimed at building a more sustainable and environmentally-friendly future. Among the green technology that will be used in the project are those that are in 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.

Once completed, the new STP will be able to accommodate sewage inflow for a population of approximately 200,000 population equivalent ("PE"), within a total catchment area of approximately 172.59 sq km around the areas of Bandar Kuantan and Kempedang. The new STP will

lead to the minimisation of environmental pollution, with the production of quality effluent that adheres to regulatory standards aimed at improving the water quality of rivers. The utilisation of green technology will reduce operations and maintenance costs for the local authorities.

The project has contributed to job creation opportunities as follows:

Item	2019	2020
Local Small and Medium Sized Enterprises as Vendors/Suppliers	10	<b>15</b>
Jobs created (Contract Workers)	100	<b>120</b>





## Sustainability Statement

### PLANTATION DIVISION

Conducted by Danum Sinar Sdn Bhd ("Danum Sinar"), we have a total developed land area of 12,041 (28%) hectares out of 42,950 hectares in our estates. The topography of our estate consist of hilly undulating to flat land, with some highland shallow peat on the plateau of Murum Highlands with various rivers flowing across the area. Our estates comprise of six estates for management purposes, namely Arau, Lakin, Kalayan, Marong 1, Marong 2 and Jabon.

Danum Sinar has consistently maintained the facilities on our estates, as well as improved infrastructure onsite, to contribute to better lives of the communities who lives on the estates. These include areas such as new workers quarters, upgrading better estate roads, improving domestic logistics and improving better telecommunications via VSAT ("Very Small Aperture Terminal") and ConnectMe for each estate.

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/ (% of total workforce)	2019/ (% of total workforce)	2020/ (% of total workforce)
Local Indigenous Community	189 (21%)	182 (21%)	<b>181 (17%)</b>
Malaysian employees	130 (16%)	108 (12%)	<b>130 (13%)</b>
Foreign workers	549 (63%)	590 (67%)	<b>723 (70%)</b>
<b>Total</b>	<b>868 (100%)</b>	<b>880 (100%)</b>	<b>1,036 (100%)</b>



### CONCESSION AND FACILITIES MANAGEMENT DIVISION

The Concession and Facilities Management Division is operated by TRIpIc Berhad Group ("TRIpIc"), which holds two separate concession agreements relating to the Universiti Teknologi MARA ("UiTM"), Puncak Alam Campus in Selangor.

The first concession agreement is for Zone 1 Phase 2 ("Z1P2") of the UiTM campus for a concession period of 23 years with a 3 years construction period and 20 years for maintenance works. The contract 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.

Located on a site of approximately 45.71 acres, among the facilities and infrastructure that have been built under the construction arm of the contract are academic facilities, student accommodations and centralised facilities, along with the necessary amenities, utilities, and fixtures and fittings. Since 10 April 2014, TRIpIc has been undertaking the maintenance contract which will expire on 10 April 2034. A total of 5,000 students reside on the campus.

The second concession agreement relates to the development of Zone 1 Phase 3 ("Z1P3") of the UiTM Campus under which TRIpIc 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

## Sustainability Statement



of construction. Among the facilities and infrastructure that TRIPLE Medical Sdn Bhd is building under Z1P3 are a teaching hospital, academic facilities and accommodation facilities. Located on a project site of approximately 28.19 acres, the physical construction of the project was completed in December 2020, followed by the joint inspection of the completed facilities and infrastructure with UiTM on 14 December 2020 to 24 December 2020 and 25 January 2021. We successfully handed over the UiTM Puncak Alam Teaching Hospital to the client, UiTM on 1 February 2021 upon obtaining the Certificate of Acceptance.

We commenced the asset management services portion of the agreement on 1 February 2021 for a period of 22 years. This is an important milestone for Puncak Niaga, signifying our entry into the healthcare and healthcare services segment, and one which we look forward to proving ourselves in.

Under the Z1P2 and Z1P3 agreements, we are providing job opportunities for Malaysians, as well as contributing to the development of institutions of higher learning, and the development of the healthcare and healthcare services sector in the country.

In 2020, despite the challenges of the COVID-19 pandemic, we continued to maintain the facilities according to the highest standards, and implemented new sanitisation and hygiene cleaning into our usual repertoire of services, in addition to other adaptations made in line with SOPs that were announced by the Government, Ministry of International Trade and Industry, Ministry of Education and the Ministry of Health.

## FACILITIES AND INFRASTRUCTURE BENEFITTING UiTM PUNCAK ALAM CAMPUS

## 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 hospital and medical academic centre 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

## SUPPLY CHAIN

Our supply chain management and procurement practices are in line with our commitment to contribute to national socioeconomic development by appointing local and Bumiputera vendors and suppliers as much as possible. We choose our vendors in line with procurement policies that aim to ensure the most competitive contracts, without compromising on quality.

We have maintained our commitments on our supply chain as follows:

	2018	2019	2020
Local Vendors/Suppliers	100%	100%	<b>100%</b>
Bumiputera Vendors/Suppliers	31%	20%	<b>14.88%</b>
Amount Spent on Local Procurement	RM124 million	RM501 million	<b>RM701.86 million</b>



## Sustainability Statement



# ENVIRONMENTAL VALUE

We believe in maintaining our environmental stewardship role within all aspects of our organisation's businesses. Bearing in mind that our main area of business relates to the use of natural resources such as water and biodiversity, we have in place strong environmental management policies and approaches to ensure that we sustainably and responsibly manage our environmental footprint, and minimise environmental degradation.

## SUSTAINABLE AGRICULTURAL PRACTICES

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

- Planting cover crops as a soil conservation measure to prevent soil run-off into waterways
- Avoiding planting on steep terrains
- Conservation water channels, streams, ponds and undisturbed natural riparian buffer zones and reserves in line with other overall flood mitigation plan
- 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 as to ensure the protection of our natural resources. As a result of our latest survey done in 2020, we have identified that we are currently managing a total of 472.41 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 due to being prone to floods.



## FULL COMPLIANCE WITH ENVIRONMENTAL REGULATIONS

We have maintained our sustainability management practices at all of our estates in Sarawak. Our efforts are being borne through initiatives to reduce our carbon footprint, sound environmental management practices in our contracts, practising sustainable plantation management and embedding biodiversity conservation measures at all our estates.

Through continuous monitoring, we have ensured the highest levels of compliance with all relevant laws and legislations 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



## ENSURING SUSTAINABLE OIL PALM CROP PRODUCTION

Since commencing with our oil palm plantation operations in July 2017, we have been putting in place measures and initiatives to ensure sustainable oil palm crop production is in line with the Malaysian Sustainable Palm Oil ("MSPO") certification requirements which Danum Sinar obtained in August 2019.

Following the gaps analysis exercise we conducted in 2019, we have implemented the following measures in 2020, as to ensure that the measures comply with the MSPO standards as follows:

- Creating awareness on animal and plant conservation programme by obtaining new posters and display at the estate premises related to "Protected Species" and "Totally Protected Species"
- Created our internal assessment on biodiversity and High Conservation Value ("HCV") areas via Biodiversity Assessment Report ("BAR") on November 2020
- Completed our 1<sup>st</sup> Chemical Risk Assessment ("CHRA") for all estates on May 2020
- Conducted the medical health surveillance programme for our workers on 22<sup>nd</sup> August 2020 (in Arau estate)
- Minimising and cautious usage of pesticides. We invited our Agrochemical supplier to conduct training to our estates' workers on proper spraying techniques to create good weeding policy approach and control

## CONDUCTING SOCIAL IMPACT ASSESSMENTS ("SIA")

In line with the MSPO requirements, we have conducted a thorough Social Impact Assessment ("SIA") for our estates. The assessment was done so as to:

- Establish an on-going relationship between Danum Sinar and local communities to ensure the smooth and successful operations of our estates, and enhancing positive effects or benefits while at the same time, mitigating or avoiding any adverse impacts;
- Engender a consultation process that will ensure free, prior and informed consultation ("FPIC") of the estates between Danum Sinar and all relevant agencies.

In 2020, we conducted our internal BAR for our estates to identify the biodiversity and HCV areas that are available in line with the requirements of the MSPO certification scheme. Having these information identified will enable Danum Sinar to plan and guide our employees in maintaining, monitoring and enhancing the biodiversity and conservation values within our estates in Sarawak.



## Sustainability Statement

### ENVIRONMENTAL MANAGEMENT AT OUR CONSTRUCTION PROJECTS

At our Kuantan Project, we have in place an Erosion Sediment Control Plan ("ESCP") for the construction of the centralised STP. The ESCP's objective is to avoid soil erosion whilst conducting earthworks and construction works.

Based on the ESCP inspection in September 2020, no discharge was recorded from the sediment basin due to low rainfall/precipitation. We have put in place practicable mitigation measures to ensure the long-term sustainability of the environment.

### ENERGY MANAGEMENT

Efficient energy management has always been a cornerstone of our operations. Throughout our premises and project sites, we have replaced high energy sodium light fixtures with energy saving LED type lights. We also maintain a schedule of switching off lights at non-critical and low security areas, to minimise our electricity consumption.

In our Plantation segment, we strive to manage our energy utilisation to ensure efficient energy utilisation. We produce our own electricity via generator sets installed in our estates, which are able to cater for the operational activities and employee quarters' energy requirements. During the year, there was an increase in energy utilisation at our workers quarters' which required additional generator sets to be installed:

Location	2018 (kWh)	2019 (kWh)	2020 (kWh)
Wisma Rozali	1,639,779	1,570,173	<b>2,273,387</b>
Bunus Project	75,630	61,800	<b>31,990</b>
Kuantan Project	N/A	42,182	<b>47,630*</b>
Plantation Estates	3,162,068	3,218,474	<b>3,111,000</b>

\* Excluding the months of April and May 2020

### NOISE MANAGEMENT

We have in place noise management measures at both our Bunus and Kuantan Projects to ensure that noise levels are not a nuisance to the public. At the Bunus Project, we have in place measures that minimise noise levels in compliance with the Department of Environment's ("DOE") regulations. Any complaints raised by the surrounding communities are attended to in a timely manner. We have put in place noise reduction equipment within the STP construction sites.

As for the Kuantan project, we are in full conformance with the 'Planning Guidelines for Environmental Noise Limits And Control' issued by DOE. Two noise monitoring stations have been set up near the STP site where we record 'Day' and 'Night' noise readings which are reported to the DOE each month. In 2020, we maintained noise levels well below the guidelines limits.

We also submit monthly environmental quality monitoring reports for the Kuantan Project to the DOE on a monthly basis. The environment quality monitoring cover ambient air quality, noise level measurements, water and groundwater quality and ground vibration level. Throughout 2020, we have complied with DOE's requirements on all reported aspects.



## Sustainability Statement

## WATER MANAGEMENT

The primary focus of our water management practices in our estates is to ensure sustainable water supply while reducing the impact to our estates during unexpected droughts or floods. As a consequence of our approach, we are able to implement sustainable plantation management at our estates.

Some measures that we continue to implement in optimising our water management in our estates are as follows:

- Establish good cover crop to improve soil moisture fertility status
- Practise optimal ground water table management via maintaining adequate water level in drains/waterways as to reduce CO<sub>2</sub> emission and manage potential rain shortfall and fire risks
- On hilly terrain and inland soils, we emphasise the establishment of cover crops coupled with appropriate frond stacking in order to reduce run-off incidents which could result in higher water retention in certain areas
- Maintain riparian buffer zones and reserves as to preserve the quality water within the plantation waterways
- Ensure that the water in the streams and rivers flowing within or in the vicinity of the oil palm plantations are not degraded by sediment pollution or fertiliser/agrochemical runoffs

In 2020, we continued to monitor water usage at our estates, in order to identify any wastage and implemented efforts to improve on our consumption.

Meanwhile at our headquarters, Wisma Rozali, we have an internal water management control system which ensures that we efficiently manage our use of water:

Location	2018 (m <sup>3</sup> )	2019 (m <sup>3</sup> )	2020 (m <sup>3</sup> )
Wisma Rozali	11,940	11,478	<b>13,155</b>
Bunus Project	519	496	<b>162</b>
Kuantan Project	N/A	4,214	<b>1,200*</b>
Plantation Estates	N/A	62,500	<b>75,653</b>

\* Excluding the month of April 2020

## WASTE MANAGEMENT PRACTICES

We have in place waste management practices across all our business segments. At the Kuantan Project, approximately 0.2 MT of spent lubricating oil (SW305) is generated each month. In line with environmental regulations, we dispose of these at designated landfill sites, and ensure that they are stored at proper onsite storage facilities.

At our estates, in 2020, we continued to implement the following waste management practices in ensuring sustainable plantation management:

- Implementing zero burning practices which strictly prohibited any open burning for new planting or replanting of our oil palm areas
- Implementing best agronomic practices via our 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 Green House Gas ("GHG") emissions
- Pruning 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 plantation
- Solid wastes generated from the plantation villages are regularly collected and disposed of in an appropriate method approved by the local authorities

As for our Concession and Facilities Management 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 are outsourced to authorised waste management companies. We monitor our waste management vendors' services, by conducting regular assessments of their services to ensure full compliance with our contractual requirements.



## Sustainability Statement

### REDUCING OUR INTERNAL ENVIRONMENTAL FOOTPRINT

We maintained our efforts to reduce our internal environmental footprint throughout all our offices, work sites, facilities and buildings. A key outcome of the new normal working condition arrangements that were implemented as a result of the COVID-19 pandemic was the reduction in printing.

For employees who were still required to work onsite or at our offices, they continued to see through the following initiatives in 2020:

- Using recycled paper and double sided printing to reduce paper consumption; and
- Promoting an energy saving culture amongst our employees.

### AMOUNT OF PAPER RECYCLED

Throughout our business units, we maintained our efforts to inculcate the habit of paper recycling amongst our employees and achieved the following during the year:

Location	2018 (kg)	2019 (kg)	2020 (kg)
Wisma Rozali	565	1,537	<b>992</b>
Bunus Project	800	403	<b>180</b>
Kuantan Project	N/A	508	<b>705</b>

### AMOUNT OF PAPER USE

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

Location	2018 (reams)	2019 (reams)	2020 (reams)
Wisma Rozali	3,705	3,235	<b>2,516</b>
Bunus Project	373	540	<b>240</b>
Kuantan Project	N/A	216	<b>300</b>

### TECHNOLOGY AND INNOVATION

We have continuously invested in IT innovations to drive our business competitiveness and improve work efficiency through enhancements in our work processes and systems as well as reducing our environmental footprint. This has proven to serve us well, in ensuring that we have a reliable IT infrastructure and network. In 2020, this became even more important as our workforce shifted to the new normal working condition arising from the COVID-19 pandemic.

During the year, the Information and Communication Technology Department ("ICTD") implemented various technological innovations to further strengthen our management and operation outcomes through a more integrated and seamless Information System and Communication Technology.

Key outcomes achieved in 2020 were as follows:

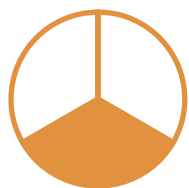
#### ENHANCED IT SECURITY

To ensure that our IT Security is reliable and to prevent external attacks on our IT infrastructure, ICTD implemented tighter security and enhanced filtering for all incoming IT traffic in/from our IT infrastructure.

#### IMPLEMENTATION OF EMAIL HOSTING FROM OFF-SITE

To ensure uninterrupted email communications in the event our Head Office at Wisma Rozali is in downtime/disaster mode, ICTD took the necessary steps to migrate our email communication server to our Disaster Recovery site at Cyberjaya.

In 2021, ICTD will continue to focus on strengthening our IT infrastructure by providing scalable, secure and reliable computing infrastructure and application systems at reasonable costs without compromising on quality ICT services. ICTD will continue to automate our manual processes in preparation for a strong, cutting-edge development strategy that prepares our Group's businesses for the future.



## VALUE TO OUR EMPLOYEES

We value our employees, as one of the key drivers of our strategic business growth, through the jobs and duties they perform at Puncak Niaga. Their skills, capabilities, knowledge and efforts are a key element of the Group's business fundamentals, in weathering the challenges of the COVID-19 pandemic in FY2020. In line with being the employer of choice, and providing a harmonious workplace, we have a wide spectrum of human resource management policies, frameworks and processes throughout the Group.



We believe in nurturing our employees, as the valuable human capital that drives our business growth and success. All our employee-centric policies and measures have been developed to promote a harmonious working environment and encourage high employee retention rates in line with being identified as the employer of choice. A key way in which we ensure this is through the practice of our workplace diversity policy, which espouses our belief in welcoming people of different genders, age, ethnicity, religion, beliefs, origin and cultural background. We believe that the plural perspectives and vantage points our diverse workforce offers adds to the strength of the Group's capabilities and our ability to generate tangible and meaningful long-term value. The Board reviews our diversity policy on a periodic basis, to ensure its relevance to our organisational and policy goals.



## Sustainability Statement

## OUR EMPLOYEES

Human resource management policies and procedures are guidelines for superiors and management to use as a reference for managing Puncak Niaga's diverse workforce. Policies are set by the Board, and these policies and procedures are governed by employment laws. The key policies are as follows:

Manpower planning and recruitment	Employee relations
Training and development	Grievances handling
Performance management	Disciplinary actions
Compensation and benefits	Other policies in compliance to laws and regulations

## SEXUAL HARASSMENT POLICY

The Group's Sexual Harassment Policy outlines a clear process which our employees can utilise to make any complaints of sexual harassment at the workplace.

In FY2020, there were no complaints recorded:

	2018	2019	2020
No. of Sexual Harassment Complaints received	None	None	None

## FORCED OR COMPULSORY LABOUR, HUMAN RIGHTS VIOLATIONS AND CHILD LABOUR

We recorded no incidents of forced or compulsory labour, human rights violations and child labour in FY2020. At our estates where we employ indigenous communities, there have been no violations of their rights in FY2020. Our Auxiliary Police are well trained on matters relating to labour and human rights, and ensure that they uphold these values when conducting their job to keep our premises and operations secure.

## GRIEVANCE MECHANISM

Our structured grievance mechanism process enables our workforce, suppliers and local communities to bring up any matters that require our attention and 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 FY2020, there were no complaints recorded:

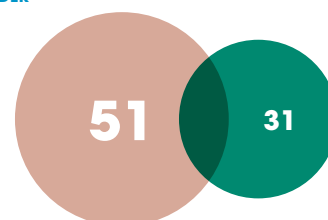
	2018	2019	2020
No. of Complaints received and resolved	None	None	None

WORKPLACE  
DIVERSITY

## MANAGEMENT

NATIONALITY : Malaysian

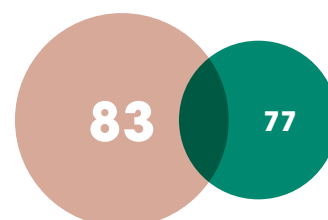
GENDER



## EXECUTIVE

NATIONALITY : Malaysian

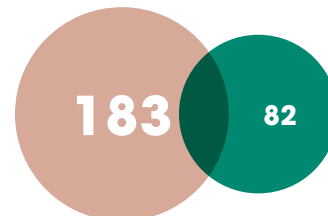
GENDER



## NON-EXECUTIVE

NATIONALITY : Malaysian

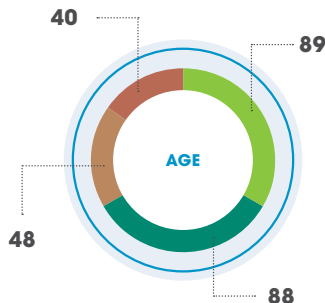
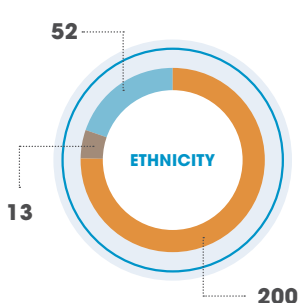
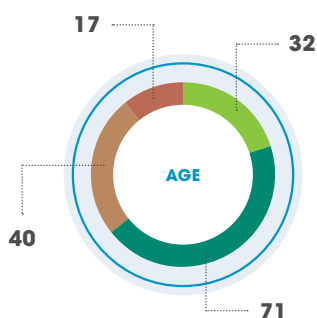
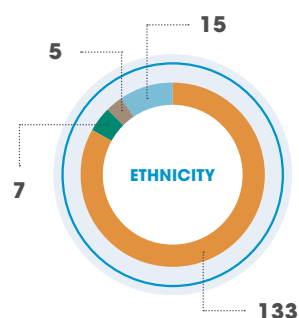
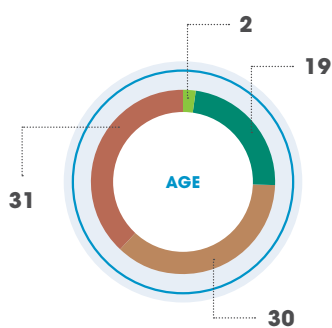
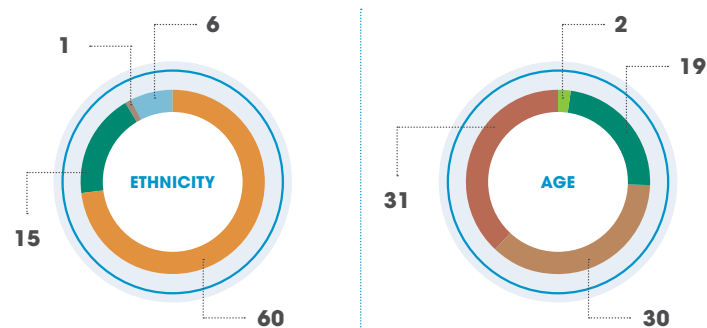
GENDER



Male Female

## Sustainability Statement

Puncak Niaga and our Group have diverse Board of Directors, along with a diverse employee base, comprising different genders, nationality, ethnicity and age groups as follows:



## TRAINING AND DEVELOPMENT

In FY2020, the COVID-19 pandemic impacted our training and development plans for the year. We shifted as much of the training we had planned for the year to the online space. We continued to conduct both in-house and external training, within various course categories. In FY2020, our training and development expenditure reduced year on year, to RM52,506.00 compared to RM133,559.58 in the previous year. During the year, we recorded an average number of training days per employee of 0.60.

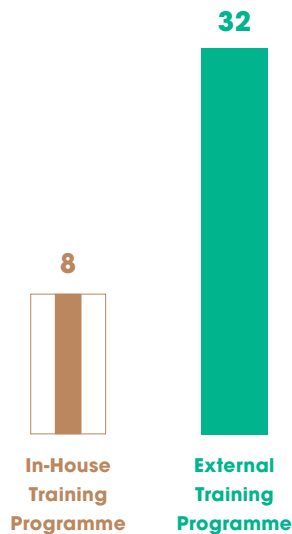
The online training courses we enabled our Directors, Management and employees to undertake in FY2020 are as follows:

- Corporate Liability : The Ins and Outs of Section 17A of the MACC Act
- Minister's Dialogue with the Water Industry
- Mandatory Accreditation Programme
- The Quiet Transformation of Corporate Governance
- Mastering Cyber Security to Mitigate Fraud
- Certified Facility Management Manager / Executive
- ISO 45001: 2018 Internal Auditor
- HIRARC Based on ISO 45001 : 2018
- Productivity in Construction
- How to Investigate, Prosecute and Manage a MACC Related Major Misconduct at the Workplace
- Simplifying Provision Applicable to Shares
- Understanding Labour Law
- Corporate Liability on Corruption : A Basic Awareness and Implementation Framework
- Violations of the Companies Act 2016 : Oversight by Directors and Secretaries
- Complying with the Guideline for Reporting Framework for Beneficial Ownership of Legal Persons
- Companies Act 2016 : CSP Practical Issues Part 8
- Corporate Liabilities under the MACC Act Effective from 1 June 2020 and its Mitigation
- IIA Malaysia National Conference 2020 : Internal Audit 2020 and Beyond Braving Uncertainty
- Certified Integrity Officer

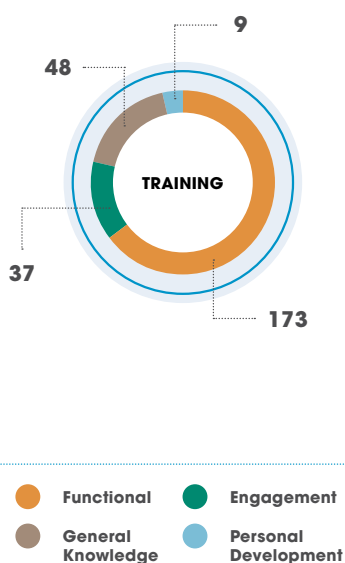


## Sustainability Statement

### TRAINING PROGRAMMES CONDUCTED IN FY2020



### NO. OF PERSONNEL TRAINED IN FY2020



### COLLABORATIONS TO ENHANCE OUR EMPLOYEES' CAPACITIES

In FY2020, Puncak Niaga continued to honour the Memorandum of Understanding ("MOU") we had entered into with 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 initiative. Both MOUs enable the exchange of expertise and knowledge between industry and academic institutions towards achieving a productive and resilient workforce that can contribute to the Group and our nation.

These collaborations are strategic partnerships that benefit both parties while strengthening close relationships between corporate companies and academic institutions. It forms part of our CSR efforts where the Group provides a platform and opportunity for students to undergo internship programmes/ practical training at Puncak Niaga Group, to prepare them for the real working environment.

In FY2020, we had five MSU students and one PSIS student who went through the internship programme/practical training with the Group. These partnerships have strengthened our bond of mutual understanding to strategise both business and academic needs and broaden the

opportunities that come with working together. We strongly believe that our contribution towards the development of the nation's human capital is key in driving sustainable national economic growth and productivity.

### PERFORMANCE AND APPRAISAL

We conduct biannual performance and appraisals for our employees. Employee assessments and scores by Heads of Department and 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. For employees whose performance is below the standards expected, the Board will propose action plans to put in place. Staff categorised as non-performing employees are required to participate in the 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.

## Sustainability Statement

## BENEFITS AND COMPENSATION

All our staff are accorded with comprehensive benefits and compensation packages that is 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**

**Flexi-working hours**

**Monetary/financial incentives such as transport allowance, fuel allowance, cost of living allowance etc**

**Retirement benefits**



## OCCUPATIONAL SAFETY AND HEALTH (“OSH”)

Despite the heightened health and safety risks during the COVID-19 pandemic, Puncak Niaga has maintained our high levels of OSH during the year, as a result of the robust OSH policies, frameworks and processes we have in place.

## Bunus Project

At the Bunus Project, health and safety was our utmost priority to ensure that the safety and health of the client, contractors, workers, visitors and public is taken care of. We effectively implemented the Occupational Safety and Health Management Systems of OHSAS 18001:2007 and ISO 45001:2018, and conduct regular audits to evaluate the effectiveness of our health and safety systems.

During the year, we conducted tool box talks and safety briefings for our worker and contractors. We also conducted regular site safety inspections and machinery inspections, in addition to ensuring that COVID-19 related SOPs and guidelines were strictly adhered to. We recorded a total number of LTI cases of 1, and number of LTI days of 20 as at 31 December 2020.

## Kuantan Project

We continue to maintain high standards of OSH at our Kuantan Project. Despite the onset of the COVID-19 pandemic, we ensured a healthy, safe and environmentally sound workplace which prioritises the health and safety of our client, staff, contractors, visitors and general public. In FY2020, the Kuantan Project was in full compliance with the OSH’s contractual requirements.

We conducted regular site and safety briefings with both our staff and contractors, such as tool box talks, safety inductions, monthly inspections and first aid inspections. As a result of our focused approach, our people were able to gain a further understanding of the health and safety issues at hand, especially those which heightened during the pandemic. They were able to identify existing and potential hazards, as well as determine the underlying causes of hazards, and thus, implement solutions to negate or minimise these hazards.

## Sustainability Statement

## Plantation Division

Within the Plantation Division, and in line with our MSPO certification requirement, we developed our standard operating procedures and policy manual via the Occupational, Safety and Health ("OSH") Policy Manual. We also established an OSH Committee to ensure that OSH practices at our Plantation Division are implemented by all employees at the workplace at all times.

## Concession and Facilities Management Division

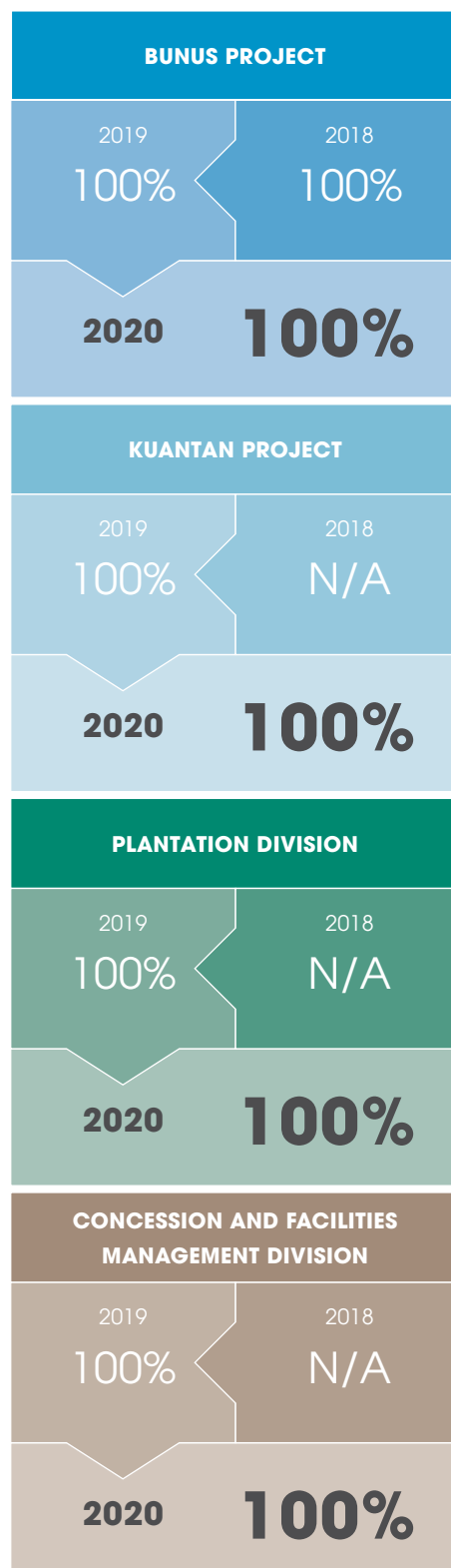
Within the Concession and Facilities Management Division, the following OSH were conducted during the year:

- Weekly Toolbox/Induction briefings
- Monthly Safety and Health Committee Meetings
- Weekly Fogging/larvaciding
- Daily Housekeeping/Cleaning
- Monthly Environmental monitoring

We also adhered to the following new normal due to COVID-19 and the Government's SOP requirements:

- Daily Body temperature screening process
- Wearing face masks and social distancing at the workplace
- Self-declaration on COVID-19 form
- Providing hand wash and hand sanitizers at the Projects' sites and offices
- Regular Sanitization at the Projects' sites and offices and Centralised Labour Quarters ("CLQ")

## Compliance with OSH



## LTI-Free Manhours in FY2020

Business Units	LTI Free Manhours
PNCBS HQ	2018 : 259,376
	2019 : 284,144
	<b>2020 : 39,040</b>
Bunus Project	2018 : 1,260,980
	2019 : 879,480
	<b>2020 : 2,402,190</b>
Kuantan Project	2018 : 27,572
	2019 : 703,580
	<b>2020 : 2,037,906</b>
Plantation Division	2018 : N/A
	2019 : 1,929,920
	<b>2020 : 2,330,112</b>
Concession Division	2018 : 2,083,800
	2019 : 4,225,500
	<b>2020 : 1,458,200</b>
<b>Total man-hours</b>	2018 : 3,631,728
	2019 : 8,022,594
	<b>2020 : 8,267,448</b>



## Sustainability Statement

## Summary of LTI and Incidents for Puncak Niaga

Type of Incidents	Year	PNCBSB HQ	Bunus Project	Kuantan Project	Plantation Division	Concession and Facilities Management
Fatality	2018	0	1	0	0	0
	2019	0	0	0	0	0
	<b>2020</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Serious Injury (LTI > 4 days)	2018	-	0	0	0	-
	2019	-	0	0	0	-
	<b>2020</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>
Minor Injury (LTI > 4 days)	2018	-	4	0	0	-
	2019	-	0	1	0	-
	<b>2020</b>	<b>-</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>-</b>
Medical Treatment Injury ("MTI")	2018	0	0	-	0	15
	2019	0	0	-	0	0
	<b>2020</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>
Dangerous Occurrence	2018	0	1	-	0	0
	2019	0	1	-	0	0
	<b>2020</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>
Property Damage	2018	0	Site : 0 Third Party ("TP") : 13	Site : 0 TP : 0	0	0
	2019	0	Site : 0 TP : 5	Site : 0 TP : 18	0	0
	<b>2020</b>	<b>0</b>	<b>Site : 0 TP : 6</b>	<b>Site : 1 TP : 20</b>	<b>0</b>	<b>0</b>
Traffic Incident	2018	0	Site : 0 Public : 1	Site : 0 Public : 0	0	-
	2019	0	Site : 0 Public : 1	Site : 0 Public : 2	0	-
	<b>2020</b>	<b>0</b>	<b>Site : 0 Public : 2</b>	<b>Site : 0 Public : 2</b>	<b>0</b>	<b>-</b>
First Aid Cases	2018	-	0	0	0	-
	2019	-	0	0	0	-
	<b>2020</b>	<b>-</b>	<b>1</b>	<b>0</b>	<b>2</b>	<b>-</b>
Near Miss	2018	-	4	0	0	-
	2019	-	0	0	0	-
	<b>2020</b>	<b>-</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>-</b>
Others (first aid, near miss, fire and others)	2018	0	0	-	0	2
	2019	0	0	-	0	4
	<b>2020</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>
Occupational Disease / Food Poisoning	2018	-	-	-	-	-
	2019	-	-	-	-	-
	<b>2020</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>

\* Note : The types of OSH indicators that we record within our different business segments may differ based on the different KPIs that we are required to report on.

## 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 Police have been granted the authority to enforce law, rules and regulations by PDRM and enhance Puncak Niaga's security services, create and maintain a safe working environment, and protects the Groups's offices, properties and assets.

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

- Crime prevention in company premises
- Beat, patrol and static duties
- Crowd control and inspection on persons and vehicles
- Protecting and escorting the employer's property
- Assisting PDRM in carrying joint patrols in specified area under the National Key Result Area ("NKRA")
- Participating in PDRM's official activities by invitation such as Auxiliary Police Association ("APA")

In 2020, we had a total of 92 Auxiliary Police, security guards and surveillance officers manning our security Group-wide. Our Auxiliary Police team have helped us develop strong relationship 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 localities including at our estates in Murum, Sarawak.

During the year, the team performed commendable security services to both the Group as well as our various stakeholders, as they collaborated with PDRM and local authorities to address issues related to local security. We provide continuous training for our team, including awareness training pertaining to human rights issues.

## Sustainability Statement



# VALUE TO OUR COMMUNITIES



FY2020 was a particularly difficult year for our communities as they struggled with the impact of the pandemic on the health, job security and family welfare. Our medical front liners put themselves at risk to provide treatments to COVID-19 positive patients throughout the country. As a responsible and caring corporate citizen, we did our part to give back to society during these difficult times.

In March 2020, at the very onset of the pandemic, the Group donated RM1 million to the National COVID-19 Fund. At a ceremony which was officiated by our Prime Minister on 30 March 2020, our Group Executive Chairman Tan Sri Rozali Ismail presented the cash donation of RM1 million as well as medical equipment comprising 28 ventilators, 6 patient monitors, 1 haemodialysis machine and 1 portable reverse osmosis ("RO") water dispenser worth RM5 million to the Government.

## PROVIDING FOR LOCAL COMMUNITIES

Within each of our business segments and projects, we conducted outreach programmes for the local communities as follows:

### BUNUS PROJECT

We have in place a comprehensive communication plan that provides local communities with an appropriate platform to approach us with any issues they face or concerns they have. It is also a means by which we can implement community awareness programmes that encourage and facilitate informed information on the project. This approach ensures that we are able to address all issues raised promptly and proactively. The plan also includes activities that are part of our Corporate Social Responsibility Activities ("CSR") Programme. Among the CSR activities conducted at the Bunus Project in 2020 are:

- Conducting briefing sessions for the local community, including nearby schools and resident associations
- Conducting townhall sessions with residents within our project sites
- Conducting a gotong royong project with the Sewerage Services Department and our contractors

### KUANTAN PROJECT

Similarly, the Kuantan Project also has in place a comprehensive communication plan. Among the CSR activities conducted at the Kuantan Project in 2020 are:

- Contributing to local schools within our project sites
- Distributing dates during the fasting month of Ramadhan to the local authorities
- Conducting CSR programmes with the police
- Conducting CSR programmes with Hospital Tengku Ampuan Afzan, Kuantan
- Assisting Jabatan Alam Sekitar and BOMBA with fire prevention
- Launching Skud Bencana 2.0 Pahang in November 2020 to assist local communities to overcome hardships and losses as a result of the monsoon season floods

## Sustainability Statement

## PROVIDING FOR LOCAL INDIGENOUS COMMUNITIES

Within each of our business segments and projects, we conducted outreach programmes for the local communities as follows:

### Uplifting lives of Local Indigenous Communities

Our Plantation Division has in place various engagements aimed at uplifting the lives of the local community. In 2020, some of the initiatives undertaken are as follows:

- **Employment Benefits** - Apart from the participation by the local community as paid workers and staff members, opportunities can also be seen in contract works, which can be executed by enterprising local people
- **Building up skilled workforce** - Efforts are done to train the local people to be more skilful. The skills of the local people (e.g. harvester, lorry driver, operator, etc.) were created and applied to increase efficiency in our estates' operations activities
- **Better Road Accessibility** - We upgraded/improved and maintained the main roads which are used by both the Company and the local communities
- **Providing convenient medical services** - We created an estate medical centre to provide better medical services and assistance for our workers. An ambulance is also available to transport emergency cases to the nearest hospital for further medical attention, if required
- **Better modes of facilities and transportation** - We provide transport shuttle services for our local workers to return to their longhouse settlements during the weekends
- **Acknowledging and appreciating local cultures** - We showed our appreciation for the local communities by donating food provisions and monetary donations to the longhouse communities during their festive celebrations

## PEKA

Persatuan Kakitangan Kumpulan Syarikat Puncak Niaga ("PEKA") or Puncak Niaga Group's Staff Welfare Association, 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. During the year, PEKA reached out to more than 451 employees.

In 2020, PEKA held six activities for our employees as follows:

### • ASNB counter for staff

### • PEKA AGM

### • COVID-19 Contributions to employees on lower salary median

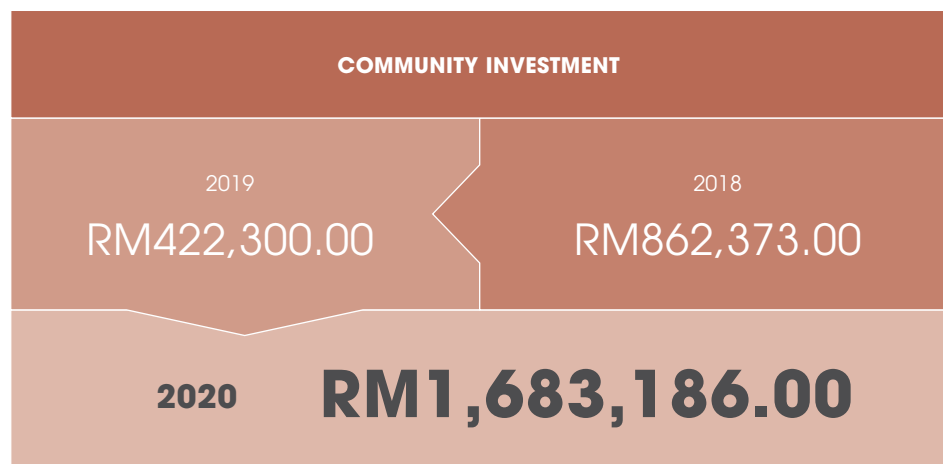
### • Solat Hajat

### • Health Talk by MSU

### • Providing food for orphanages

## COMMUNITY INVESTMENT IN 2020

In 2020, we spent a total of RM1,683,186.00 on community initiatives.





## Milestones

**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.



**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.

**20 FEBRUARY**

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

**1 JANUARY**

Commencement of operations of SYABAS at SYABAS' Headquarters.



1997

1999

2000

2001

2002

2003

2004

2005

2006

**4 JANUARY**

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



**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.

**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.

**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.

**16 OCTOBER**

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

## Milestones

**30 MARCH**

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

**13 AUGUST**

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

**23 FEBRUARY**

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

**27 OCTOBER**

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

**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.

2008

2009

2011

2007

2010

2012

2013

2014

2014

**19 NOVEMBER**

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

**8 NOVEMBER**

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

**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.

**6 SEPTEMBER**

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

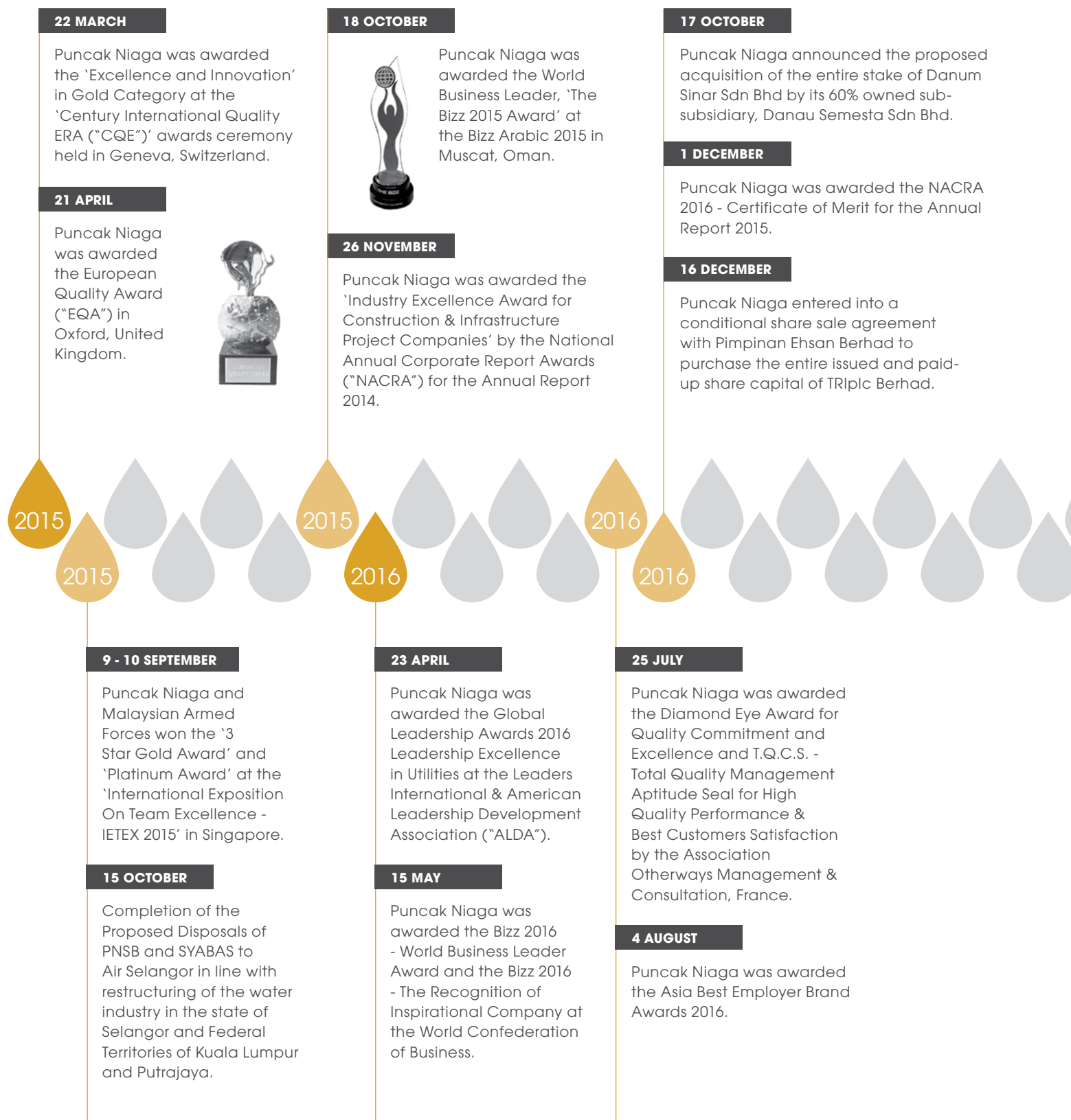
**23 JANUARY**

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 7<sup>th</sup> 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.

## Milestones





## Milestones

**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'.

**11 FEBRUARY**

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



**6 SEPTEMBER**

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



2017

2018

2019

2019

2019

2019

2020

**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.

**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.

**24 JUNE**

Puncak Niaga was awarded the Gold Award for the second consecutive year at the 2020 Australasian Reporting Awards ("ARA") in Australia.



## Board of Directors' Profile

### YBHG TAN SRI ROZALI BIN ISMAIL

Executive Chairman

Gender | Age  
**Male** | **64**

Nationality  
**Malaysian**

Date of Appointment  
**24 April 1997**



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

#### Qualification

- Bachelor of Law Degree, University of Malaya

#### Other Directorships In Public Companies And Listed Entities

##### Public Companies

- Executive Chairman, TR1plc Berhad
- Chairman, Gabungan Wawasan Generasi Felda Berhad

##### Listed Entities

- Nil

#### Working Experience And Occupation

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.

#### Recognitions

- 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
- "Munisraphoin 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
- Special Achievement Award at the Asia Pacific Entrepreneurship Awards 2019

#### Memberships

- Member of the Malaysian Industry-Government Group for High Technology
- Member of the Malaysian Institute of Directors
- Member of the Malaysian-British Business Council
- Member of the Malaysia-Indonesia Business Council
- Member of the Corporate Malaysia Roundtable
- Member of the Malaysia-Russia Business Council
- Member of the Malaysia India Business Council
- Member of the Commonwealth Partnership for Technology Management
- Member of Yayasan Budi Penyayang Malaysia
- Member of the Malaysian Institute of Management
- Member of Institute of Corporate Directors Malaysia ("ICDM")
- 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
- Chairman of Majlis Perundingan Ekonomi Melayu

#### Board And Board Committee Attendance

BOARD	AC	NC	RC	CICR
Executive Chairman 5/5	N/A	N/A	N/A	N/A

#### Declaration

- YBhg Tan Sri Rozali is the father of Encik Azlan Shah bin Tan Sri Rozali, who is the Managing Director of Puncak Niaga and a shareholder of Puncak Niaga.
- YBhg Tan Sri Rozali has not been convicted for any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies in 2020.

## Board of Directors' Profile

**ENCIK AZLAN SHAH  
BIN TAN SRI ROZALI***Managing Director*

Gender

**Male**

Age

**35**

Nationality

**Malaysian**

Date of Appointment

**28 February 2021**

Encik Azlan Shah bin Tan Sri Rozali was appointed as Managing Director of the Company on 28 February 2021. He was previously the Alternate Director to YBhg Tan Sri Rozali bin Ismail, the Executive Chairman of the Company since 18 July 2018. He sits on the Board of most of the subsidiary companies of Puncak Niaga Group. 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. Encik Azlan Shah previously served as the Managing Director of TRIpIc Berhad since 15 October 2019 prior to his appointment as Managing Director of Puncak Niaga.

**Qualification**

- University Foundation Programme in Business Administration, London School of Commerce, UK
- Bachelor of Arts Degree in Business Studies and Marketing, Middlesex University, London, UK
- "Programme for Leadership Development ("PLD")", Harvard Business School, USA

**Other Directorships In Public Companies And Listed Entities****Public Companies**

- Director, TRIpIc Berhad

**Listed Entities**

- Nil

**Working Experience And Occupation**

Prior to his appointment as the Managing Director of Puncak Niaga, Encik Azlan Shah was the Managing Director of TRIpIc Berhad for the period from 15 October 2019 to 28 February 2021, 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 and administration, finance and accounts and operations in SYABAS.

**Memberships**

- Captain, Rejimen Pakar Pengendalian Air ke-60 RAJD (Askar Watanlah)
- Member of Institute of Corporate Directors Malaysia ("ICDM")

**Previous Appointment/Re-designation**

- 6 January 2016**  
Alternate Director to YBhg Tan Sri Rozali bin Ismail
- 3 August 2016**  
Re-designated as Acting Managing Director
- 18 July 2018**  
Alternate Director to YBhg Tan Sri Rozali bin Ismail

**Board And Board Committee Attendance**

BOARD	AC	NC	RC	CICR
5/5	N/A	N/A	N/A	N/A

**Declaration**

- 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.
- Encik Azlan Shah has not been convicted for any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies in 2020.

## Board of Directors' Profile

### YBHG DATO' SRI ADENAN BIN AB. RAHMAN

*Independent Non-Executive Director*

Gender ..... Age  
**Male** ..... **64**

Nationality  
**Malaysian**

Date of Appointment  
**1 December 2017**

Length of Tenure  
**3 years**



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 Policy Committee and Nomination Committee.

#### Qualification

- Bachelor of Arts in Southeast Asian Studies, University Malaya
- Master of Arts in Defence Studies, Universiti Kebangsaan Malaysia

#### Other Directorships In Public Companies And Listed Entities

##### Public Companies

- Nil

##### Listed Entities

- Nil

#### Working Experience And Occupation

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.

#### Memberships

- Deputy Chairman of the National Wages Consultative Council, Ministry of Human Resources
- Member of Institute of Corporate Directors Malaysia ("ICDM")

#### Board And Board Committee Attendance

BOARD	AC	NC	RC	CICR
5/5	5/5	2/2	2/2	4/4

#### Declaration

- YBhg Dato' Sri Adenan does not have any family relationship with any Director and/or major shareholder of the Company, nor does he have any conflict of interest with the Company.
- YBhg Dato' Sri Adenan has not been convicted for any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies in 2020.



## Board of Directors' Profile


**YBHG PROF EMERITUS  
DATUK DR MARIMUTHU  
A/L NADASON**
*Independent Non-Executive Director*

Gender : Age  
**Male : 59**

Nationality  
**Malaysian**

Date of Appointment  
**1 February 2018**

Length of Tenure  
**3 years**

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.

**Qualification**

- Doctorate of Business Administration, International American University, USA
- Master in Business Administration ("MBA") (Human Resource Management), International American University, USA
- MBA, Phoenix International University, USA

**Other Directorships In Public Companies And Listed Entities**
**Public Companies**

- Nil

**Listed Entities**

- Nil

**Working Experience And Occupation**

YBhg Prof Emeritus Datuk Dr Marimuthu 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.

**Memberships**

- Accredited Public Relations Practitioner ("APR") by the Institute of Public Relations Malaysia (2005)
- Certified Professional Marketeer ("CPM") by the Asia Marketing Federation (2008)
- 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 of Institute of Integrity Malaysia (2004 – Present)
- Chief Executive Officer, Education and Research Association for Consumers (1997 – Present)
- President, Consumers International, London (2019 – 2023)
- Chairperson, Asian Partnership for Development of Human Resources in Rural Asia, Philippines (2006 – 2010)
- Member of Institute of Corporate Directors Malaysia ("ICDM")

**Board And Board Committee Attendance**

BOARD	AC	NC	RC	CICR
<b>5/5</b>	5/5	2/2	2/2	4/4

**Declaration**

- YBhg Prof Emeritus Datuk Dr Marimuthu does not have any family relationship with any Director and/or major shareholder of the Company, nor does he have any conflict of interest with the Company.
- YBhg Prof Emeritus Datuk Dr Marimuthu has not been convicted for any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies in 2020.

## Board of Directors' Profile

**YBHG DATUK SR HAJI  
JOHARI BIN WAHAB***Independent Non-Executive Director*

Gender	Age
<b>Male</b>	<b>56</b>

Nationality

**Malaysian**

Date of Appointment

**10 February 2020**

Length of Tenure

**1 year**



YBhg Datuk 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.

**Qualification**

- Honours Degree in Land Surveying, University Technology Malaysia

**Other Directorships In Public Companies And Listed Entities****Public Companies**

- Nil

**Listed Entities**

- Nil

**Working Experience And Occupation**

YBhg Datuk Sr Haji Johari 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.

YBhg Datuk 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. He is the Principal of AJ Surveyors.

**Memberships**

- Member of the Executive Council, Association of Authorised Land Surveyors Malaysia ("PEJUTA")
- Chairman of the Geomatic & Land Surveying Division
- Fellow of the Royal Institution of Surveyors Malaysia ("RISM")
- Member of Koperasi Jurukur Tanah Berlesen Berhad ("KOJUTA")
- Member of Institute of Corporate Directors Malaysia ("ICDM")
- Previous Co-Chairman of the International Conference Geomatic & Geospatial Technology 2017-2018 ("GGT 2017", "GGT 2018")
- Previous Chairman of the Organising Committee for Subsurface Asset Management & Surveying Seminar 2017 ("SAM'S 17")

**Board And Board Committee Attendance**

BOARD	AC	NC	RC	CICR
<b>5/5</b>	5/5	1/1	1/1	3/4

**Declaration**

- YBhg Datuk Sr Haji Johari does not have any family relationship with any Director and/or major shareholder of the Company, nor does he have any conflict of interest with the Company.
- YBhg Datuk Sr Haji Johari has not been convicted for any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies in 2020.

## Board of Directors' Profile


**YM TENGKU LORETA  
BINTI TENGKU DATO'  
SETIA RAMLI ALHAJ**
*Independent Non-Executive Director*

Gender : Age  
**Female : 47**

Nationality  
**Malaysian**

Date of Appointment  
**10 February 2020**

Length of Tenure  
**1 year**

YM Tengku Loreta 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.

**Qualification**

- Bachelor of Arts Degree in Communications Studies, Western Michigan University, USA
- Deans List 1995 School of Communications, with a minor in Philosophy, Western Michigan University, USA
- Master of Arts in Telecommunications Management, Ohio University, USA

**Other Directorships In Public Companies And Listed Entities**
**Public Companies**

- Nil

**Listed Entities**

- Nil

**Working Experience And Occupation**

With over 22 years of diverse experience covering both the private and public sector, she brings strong business leadership, partnerships, and industry expertise particularly in the field of sustainability and renewable energy.

Starting her career in 1998 with MEASAT Broadcast Network System Sdn. Bhd. as a broadcast journalist, she then joined Kontena Nasional in June 2010, driving the Business Development Unit in the CEO's Office. YM Tengku Loreta subsequently pursued her passion in sustainability by venturing into the government sector. She was a former Special Officer to the Group CEO of Malaysian Green Technology Corporation ("MGTC") (September 2014 to April 2017) and represented Malaysia at the EXPO 2017 in Astana, Kazakhstan (April 2017 to September 2017) as the Head of Protocol & Public Relations for the Malaysian Pavillion. After MGTC, YM Tengku Loreta returned to the private sector where she managed large scale renewable energy projects.

A strong champion of social and environmental sustainability, YM Tengku Loreta has been an active campaigner, president and member with honorary

positions in numerous charitable organizations. 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"). During her tenure at MGTC, she successfully launched the #MyButterflyEffect campaign, where every social media post supporting green growth during the EXPO 2017 in Astana would be matched with more solar panels by the Government.

In 2019, YM Tengku Loreta founded and officially launched MySayang Malaysia Organization, a Non-Government Organization that focuses on green initiatives in Malaysia as part of an effort to make Malaysia a more environmentally sustainable country.

**Memberships**

- President of the Soroptimist International Club of Ampang (2008 to 2010)
- Lifetime member of Rumah Amal Cahaya Tengku Ampuan Rahimah ("RACTAR")
- Founder of MySayang Malaysia Organization
- Member of Malaysian Green Technology and Climate Change Centre (formerly known as Malaysian Green Technology Corporation) ("MGTC")
- Member of Institute of Corporate Directors Malaysia ("ICDM")

**Board And Board Committee Attendance**

BOARD	AC	NC	RC	CICR
5/5	5/5	1/1	1/1	4/4

**Declaration**

- YM Tengku Loreta does not have any family relationship with any Director and / or major shareholder of the Company, nor does she have any conflict of interest with the Company.
- YM Tengku Loreta has not been convicted for any offences within the past five (5) years nor has she been imposed of any public sanction or penalty by any relevant regulatory bodies in 2020.

## Board of Directors' Profile

**ENCIK NOOR FAIZ  
BIN HASSAN***Independent Non-Executive Director*Gender | Age  
**Male | 51**Nationality  
**Malaysian**Date of Appointment  
**1 October 2020**Length of Tenure  
**Less than 1 year**

Encik Noor Faiz Hassan was appointed to the Board of Puncak Niaga on 1 October 2020 as an Independent Non-Executive Director. He is a member of the Company's Audit Committee, Nomination Committee, Remuneration Committee and Compliance, Internal Control and Risk Policy Committee.

**Qualification**

- Bachelor of Accounting (Honours) Degree, University Utara Malaysia (1995)

**Other Directorships In Public Companies And Listed Entities****Public Companies**

- Nil

**Listed Entities**

- Nil

**Working Experience And Occupation**

Encik Noor Faiz started his career with KB Wong & Co in 1995 as an Audit Senior and is presently an Audit Manager in KB Wong & Co. He has more than 25 years' experience in corporate audit and taxation.

**Memberships**

- Chairman of Board of Visitors for Bagan Specialist Centre in Butterworth
- Deputy Chairperson for Pertubuhan Amal dan Kebajikan, Kepala Batas
- Member of the National Autism Society of Malaysia ("NASOM")
- Member of Malaysian Institute of Accountants (C.A. (M))
- Member of Institute of Corporate Directors Malaysia ("ICDM")

**Board And Board Committee Attendance**

BOARD	AC	NC	RC	CICR
1/1	1/1	N/A	N/A	1/1

**Declaration**

- Encik Noor Faiz does not have any family relationship with any Director and/or major shareholder of the Company, nor does he have any conflict of interest with the Company.
- Encik Noor Faiz has not been convicted for any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies in 2020.



## Board of Directors' Profile

**ENCIK FAIZAL BIN OTHMAN**Executive Director,  
Operations Division

Gender	Age
<b>Male</b>	<b>56</b>

Nationality
<b>Malaysian</b>

Date of Appointment
<b>28 February 2021</b>

Encik Faizal Othman was appointed as Executive Director, Operations Division of Puncak Niaga on 28 February 2021. Prior to that, he was the Executive Director, Operations of Puncak Niaga Construction Sdn Bhd ("PNCBSB") for the period from 20 July 2020 until his appointment as the Managing Director of PNCBSB on 2 November 2020. He is a member of Puncak Niaga's EXCO and PNCBSB's EXCO.

**Qualification**

- Bachelor of Engineering (Civil), University of Tennessee, USA

**Other Directorships In Public Companies And Listed Entities****Public Companies**

- Nil

**Listed Entities**

- Nil

**Working Experience And Occupation**

Encik Faizal has more than 29 years of working experience in various fields including water, wastewater, power and engineering industries both locally and also overseas, specifically in China, India, Thailand and the Middle East.

He began his career as a civil engineer with SMHB Sdn Bhd, a leading infrastructure consultant, working in various water and wastewater projects. Encik Faizal expanded his career in various management fields across the industry with his last position as the Chief Executive Officer of Indah Water Konsortium, where he served from 2017 to 2019.

Encik Faizal has successfully led his previous companies' business expansion, both locally and overseas, combining his technical and operational know-how with business acumen and strategic insight. Encik Faizal is also active in promoting knowledge sharing in projects he has led.

**Memberships**

- President of the Malaysian Association of Trenchless Technology
- Affiliate member of the International Society of Trenchless Technology

**Board And Board Committee Attendance**

BOARD	AC	NC	RC	CICR
N/A	N/A	N/A	N/A	N/A

**Declaration**

- Encik Faizal does not have any family relationship with any Director and/or major shareholder of the Company, nor does he have any conflict of interest with the Company.
- Encik Faizal has not been convicted for any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies in 2020.

## Key Personnel Profile - Puncak Niaga Group

### MADAM WONG LEY CHAN

Chief Financial Officer

Gender  
**Female**

Age  
**61**

Nationality  
**Malaysian**

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 37 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 TRlplc 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.

On 15 April 2015, Madam Wong was appointed as the Chief Financial Officer of Puncak Niaga Holdings Berhad. She is responsible for the overall finance and accounting functions of Puncak Niaga Group of Companies.

Madam Wong is a member of Puncak Niaga's EXCO and Puncak Niaga Construction Sdn Bhd's EXCO. She also sits on the Board of several subsidiary companies of the Group.

### MADAM CHAN YIT HWA

Acting Managing Director,  
Danum Sinar Sdn Bhd

Gender  
**Female**

Age  
**58**

Nationality  
**Malaysian**

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

She has vast experience of more than 33 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. Madam Chan is a member of Puncak Niaga's EXCO.

Prior to joining Danum Sinar Sdn Bhd, she was a Director with a financial consultancy company and was the Executive Director, Finance of SYABAS 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.

### YBHG DATO' JAMALUDIN BIN BUYONG

Acting Managing Director,  
TRlplc Berhad

Gender  
**Male**

Age  
**58**

Nationality  
**Malaysian**

YBhg Dato' Jamaludin bin Buyong was appointed as the Acting Managing Director of TRlplc Berhad Group of Companies on 28 February 2021. Prior to that, he was the Executive Director (Operation) of Asset Management Services, TRlplc Group since July 2020. He was previously the General Manager of Facilities Management and held responsibility for the facilities management arm of TRlplc Group for the period from 20 September 2010 to 31 October 2018.

YBhg Dato' Jamaludin bin Buyong graduated with an Advanced Diploma in Mechanical Engineering from Institut Teknologi MARA ("UiTM") which he obtained in 1996 and a Master of Science in Facilities Management

from Universiti Teknologi MARA ("UiTM") in 2008.

He has approximately 30 years of experience in the hospital maintenance and facilities management sector. Previously, he was the Facility Manager for Kuala Lumpur General Hospital, the largest hospital in Southeast Asia, for a period of five years. He also has corporate and project experience in the fields of healthcare, manufacturing and construction and was involved in the privatisation of hospital support services and was in a consulting company for five years where he held various positions including that of Principal Consultant.

## Key Personnel Profile - Puncak Niaga Group

**YBHG PROF DATO'  
DR MOHD ZAINUL  
FITHRI BIN OTHMAN**

*Executive Director,  
Public Relations Division and  
Business Development Division*

Gender      Age  
**Male**      **56**

Nationality  
**Malaysian**

YBhg Professor Dato' Dr Mohd Zainul Fithri bin Othman was appointed as the 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 PNSB. 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.

**MADAM TAN BEE LIAN**

*Executive Director,  
Corporate Services Division and  
Group Company Secretary*

Gender      Age  
**Female**      **55**

Nationality  
**Malaysian**

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 33 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.

## Key Personnel Profile - Puncak Niaga Group

### PUAN FARIDATULZAKIAH BINTI MOHD BAKHRY

*Executive Director,  
Human Resources &  
Administration Division*

Gender  
**Female**

Age  
**45**

Nationality  
**Malaysian**

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, 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.

### YBHG DATO' YUSOF BIN BADAWI

*Executive Director,  
Special Functions Division (Technical)*

Gender  
**Male**

Age  
**59**

Nationality  
**Malaysian**

YBhg Dato' Yusof bin Badawi was appointed as the Executive Director, Special Functions Division (Technical) on 3 August 2020. Prior to that, he was the Executive Director, Operations of Puncak Niaga and the Managing Director ("MD") of Puncak Niaga Construction Sdn Bhd ("PNCBSB"). He was also formerly the MD of TRIplic Berhad for the period from November 2015 to 15 October 2019.

He has 35 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 SYABAS for the period May 2011 to May 2015 before he joined TRIplic Berhad as Deputy MD in June 2015.



## Key Personnel Profile - Puncak Niaga Group

**ENCIK AZINI BIN OMAR***Plantation Director,  
Danum Sinar Sdn Bhd*

Gender

**Male**

Age

**65**

Nationality

**Malaysian**

Encik Azini bin Omar graduated with a Master's Degree in Business Administration from Nottingham Trent University, United Kingdom in 2002 and also holds a Diploma in Forestry and Planting Management from UiTM.

He has almost 32 years of working experience in the oil palm plantation industry and other agro related fields such as rubber, cocoa and coconut estate in Peninsular Malaysia, Sabah and Sarawak. He started his career with Golden Hope Plantation Sdn Bhd and subsequently joined Sime Darby upon the merger of the two companies.

He possesses vast experience in managing oil palm estates in Bintulu, Sarawak as well as in Peninsular Malaysia, covering the replanting of oil palm from a diverse range of topographies such as secondary forest, coastal soil, peat, inland and hilly terrain. His experience extends to the rehabilitation low yielding oil palm cluster estates under hilly and deep peat of Sarawak lands, and as well as nursery in the oil palm, rubber, cocoa and coconut areas of agriculture.

In addition to his industrial experience, he served Felcra Plantation Services Sdn Bhd as Plantation Advisor and lead consultant for coaching and mentoring program for Felcra Berhad (2014-2017). He was also appointed as one of the trainers for the Sijil Pengurusan Operasi Ladang (PPNP, Perak), trainer for FELDA Cadet Planter program (2015) organised by International Institute of Plantation Management Malaysia ("IIPM"), facilitator and examiner for the Specialist Professional Qualification ("SPQ") programme under IIPM (2014-2020).

Internationally, he was previously a trainer and facilitator for the plantation management training program for Gabonese National ("African") under Felda Global Venture ("FGV") programme in 2015. Later in 2017, he was engaged by P.T. Mc Kinsey & Co. Indonesia (a US consultancy firm) to undertake consultancy work in Indonesia for oil palm plantations.

His last working experience before joining Danum Sinar Sdn Bhd as Plantation Director on 4 June 2020 was as a Freelance Consultant for the Plantation Business Management workshop in collaboration with the International Institute of Plantation Malaysia.

**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

# STATEMENT OF COMMITMENT TO GOOD GOVERNANCE

The Board of Directors ("Board") of Puncak Niaga Holdings Berhad ("Puncak Niaga") is responsible to its 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 the Board Committees comply with the provisions of the MCCG 2017 and have been updated recently in September 2020.

The Board Committee structure is detailed in the governance framework below and the key responsibilities are set out on pages 78 to 81 of this Annual Report.



## PUNCAK NIAGA BOARD STRUCTURE

1

### 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](http://www.puncakniaga.com.my).

2

### 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](http://www.puncakniaga.com.my).

## Corporate Governance Overview Statement

3

**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 94 to 97.

4

**REMUNERATION COMMITTEE**

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

More information can be found on pages 90 to 91.

5

**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 pages 86 to 87.

6

**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 100 to 103.

7

**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](http://www.puncakniaga.com.my).

8

**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.

9

**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 at the Securities Commission's website at [www.sc.com.my](http://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](http://www.puncakniaga.com.my). Puncak Niaga was generally compliant with the provisions set out in the MCCG 2017 for the period under review.

## Corporate Governance Overview Statement

## BOARD LEADERSHIP AND EFFECTIVENESS

**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 Independent 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.



## Corporate Governance Overview Statement

## Executive Chairman

- *Leadership of the Board and the Group*
- *Ensures Board effectiveness*
- *Represents the Board to the shareholders*
- *Ensures integrity and effectiveness of the corporate governance process of the Group*
- *Sets Board Agenda*

## Managing Director

- *Implements policies and strategies as approved by the Board and reports to the Executive Chairman/Board*
- *In association with the Executive Chairman, is accountable to the Board for the achievement of the Company's goals and performance targets*
- *Ensures 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*

## Independent Non-Executive Directors

- *Brings an external perspective and effective challenge to the Board*
- *Provides the relevant checks and balances, focusing on shareholders' and other stakeholders' interests*
- *Ensures effective corporate governance process is applied*

## GROUP COMPANY SECRETARY

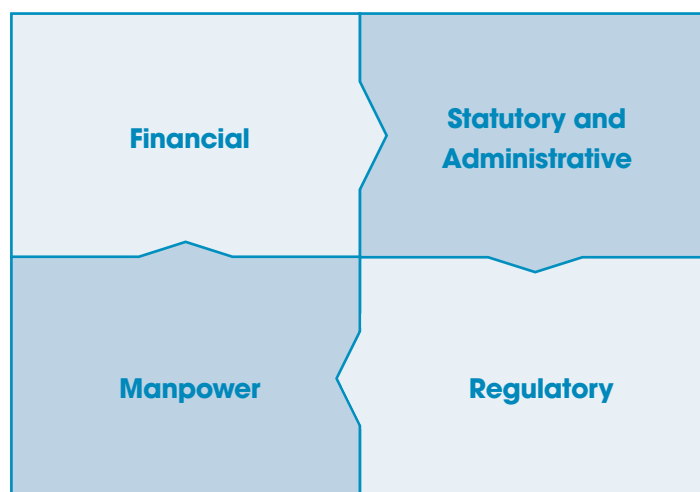
The Group Company Secretary is responsible for advising the Board on regulatory compliance matters and providing good information flow and comprehensive practical support to Directors, both as individuals and collectively, with particular emphasis on supporting the Non-Executive Directors in maintaining the highest standards of probity and corporate governance. The Group Company Secretary is 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 Group Company Secretary to facilitate the discharge of their duties.

The Group Company Secretary of Puncak Niaga is qualified to act under Section 235(2) of the Companies Act, 2016 and is a Fellow (Chartered Secretary and Chartered Governance Professional) of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA").

## 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 has been updated in September 2020 and is available online at [www.puncakniaga.com.my](http://www.puncakniaga.com.my).

The matters reserved for the Board's decision are:-



## Corporate Governance Overview Statement

### BOARD LEADERSHIP AND EFFECTIVENESS

#### BOARD MEETINGS AND ATTENDANCE

The composition of the Board and Board Committees is tabled below. The Board held five (5) meetings during the year, and the Board's attendance is set out below. For additional information on the activities of the Board, see page 84. All meetings were held at the Boardroom on the 12<sup>th</sup> Floor, Wisma Rozali, No. 4, Persiaran Sukan, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan.

#### 2020 BOARD MEETING CALENDAR

## 27 FEBRUARY

THURSDAY  
3.30 P.M.

## 18 MAY

MONDAY  
12.00 NOON

The details of the respective Director's attendance at the above Board Meetings held in 2020 are as follows:-

DIRECTORS	NO. OF BOARD MEETINGS ATTENDED	AUDIT COMMITTEE	REMUNERATION COMMITTEE	
<b>YBhg Tan Sri Rozali bin Ismail</b> Executive Chairman	5 out of 5	-	-	
<b>YBhg Dato' Abdul Jalil bin Abdul Karim</b> Managing Director	5 out of 5	-	-	
<b>YBhg Dato' Sri Adenan bin Ab. Rahman</b> Independent Non-Executive Director	5 out of 5	Chairman*	Chairman	
<b>YBhg Prof Emeritus Datuk Dr Marimuthu A/L Nadason</b> Independent Non-Executive Director	5 out of 5	Member	Member	
<b>YBhg Datuk Sr Haji Johari bin Wahab</b> Independent Non-Executive Director (appointed on 10 February 2020)	5 out of 5	Member	Member	
<b>YM Tengku Loreta binti Tengku Dato' Setia Ramli Alhaj</b> Independent Non-Executive Director (appointed on 10 February 2020)	5 out of 5	Member	Member	
<b>Encik Noor Faiz bin Hassan</b> Independent Non-Executive Director (appointed on 1 October 2020)	1 out of 1	Member	Member	
<b>Encik Azlan Shah bin Tan Sri Rozali</b> Alternate Director to YBhg Tan Sri Rozali bin Ismail	5 out of 5	-	-	
<b>Dr Haji Badrul Hisham bin Mohd Yusoff</b> Former Independent Non-Executive Director (appointed on 10 February 2020 and retired on 9 July 2020)	2 out of 3	Past Chairman	Past Member	
<b>YBhg Dato' Yusof bin Badawi</b> Former Executive Director, Operations Division (resigned on 31 July 2020)	2 out of 3	-	-	

Note:

\* Appointed Chairman of the Committee on 9 July 2020.

## Corporate Governance Overview Statement

**30 JUNE**TUESDAY  
11.40 A.M.**26 AUGUST**WEDNESDAY  
11.50 A.M.**26 NOVEMBER**THURSDAY  
11.50 A.M.**TOTAL : 5 MEETINGS**

	NOMINATION COMMITTEE	CICR COMMITTEE	EXCO
	-	-	Chairman
	-	-	Alternate Chairman/ Member
	Member	Chairman*	-
	Chairman	Member	-
	Member	Member	-
	Member	Member	-
	Member	Member	-
	-	-	Member
	Past Member	Past Chairman	-
	-	-	Member

**INDEPENDENCE**

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

Furthermore, as at the end of the financial year under review, our Independent Non-Executive Directors ("INED") comprise more than half of the Board's composition as recommended under MCGG 2017 at 71.43%. The composition was subsequently revised to 62.5% on 28 February 2021. This enables the necessary checks and balances on the decision-making process of the Board. Our 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 debates on important issues and promotes active participation among the Board members at the Board Meetings and Board Committee Meetings.

**CONFLICTS**

The Company requires that members of the Board make a declaration of interests in the event that any of them have conflicts, if any, 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.

## Corporate Governance Overview Statement

## BOARD LEADERSHIP AND EFFECTIVENESS

## BOARD ACTIVITIES IN 2020

In the financial year 2020, the Board primarily focused on strategic matters, in particular, various matters relating to the Group's businesses and finances. Significant time was spent on financial, business performance and sustainability as well as assessing and deliberating on the strategic direction of the Company and new appointments to the Board and Board Committees of the Company and Group. During the year, the Board approved two new policies, namely, Puncak Niaga's Anti-Corruption Policy And Procedures which was implemented within the Group on 1 June 2020 and the Policy On Reporting Of Beneficial Ownership Of Shares In The Company which will be implemented on 1 January 2021 onwards.

Due to the COVID-19 pandemic, the Board ensured compliance to the Standard Operating Procedures on, inter alia, temperature checks, physical distancing, hand sanitisers, face masks at the Board Meetings and Board Committee Meetings as the new normal for the Board.

## TRAINING AND CONTINUING PROFESSIONAL DEVELOPMENT

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 in the past year and the training needs of the Directors for the current year.

The Board recognises the importance of continuous training programmes at the Board level in order to broaden their perspectives and to keep abreast with the developments in the market place and changes in new statutory requirements to ensure that the Board members are able to effectively discharge and fulfill their roles on the Board and the various Board Committees and contribute positively 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 better insight into the Group's businesses and management capability.

During the financial year, the Directors attended the following courses:

No.	Name	Course
1	YBhg Tan Sri Rozali bin Ismail	<ul style="list-style-type: none"> <li>Directors' Training: "Strategies for Managing Through the Economics Crisis - Driving Long Term Business Sustainability"</li> <li>Fraud Risk Management Workshop</li> </ul>
2	YBhg Dato' Abdul Jalil bin Abdul Karim	<ul style="list-style-type: none"> <li>Malaysian Water Association: Minister's Dialogue with Water Industry "New Direction &amp; New Strategies"</li> <li>Directors' Training: "Strategies for Managing Through the Economics Crisis - Driving Long - Term Business Sustainability"</li> </ul>
3	YBhg Dato' Sri Adenan bin Ab. Rahman	<ul style="list-style-type: none"> <li>MIA Webinar Series - Corporate Liability : The Ins and Outs of Section 17A of the MACC Act 2009</li> <li>Directors' Training: "Strategies for Managing Through the Economics Crisis - Driving Long - Term Business Sustainability"</li> </ul>
4	YBhg Prof Emeritus Datuk Dr Marimuthu A/L Nadason	<ul style="list-style-type: none"> <li>MIA Webinar Series: Mastering Cyber Security to Mitigate Fraud</li> <li>Directors' Training: "Strategies for Managing Through the Economics Crisis - Driving Long - Term Business Sustainability"</li> </ul>



## Corporate Governance Overview Statement

No.	Name	Course
5	YBhg Datuk Sr Haji Johari bin Wahab	<ul style="list-style-type: none"> <li>The Mandatory Accreditation Programme ("MAP")</li> <li>Directors' Training: "Strategies for Managing Through the Economics Crisis - Driving Long - Term Business Sustainability"</li> </ul>
6	YM Tengku Loreta binti Tengku Dato' Setia Ramli Alhaj	<ul style="list-style-type: none"> <li>The Mandatory Accreditation Programme ("MAP")</li> <li>Directors' Training: "Strategies for Managing Through the Economics Crisis - Driving Long - Term Business Sustainability"</li> <li>Quiet Transformation of Corporate Governance</li> </ul>
7	Encik Noor Faiz bin Hassan	<ul style="list-style-type: none"> <li>Directors' Training: "Strategies for Managing Through the Economics Crisis - Driving Long - Term Business Sustainability"</li> <li>The Mandatory Accreditation Programme ("MAP")</li> </ul>
8	Encik Azlan Shah bin Tan Sri Rozali (Alternate Director to YBhg Tan Sri Rozali bin Ismail)	<ul style="list-style-type: none"> <li>Directors' Training: "Strategies for Managing Through the Economics Crisis - Driving Long - Term Business Sustainability"</li> <li>Quiet Transformation of Corporate Governance</li> </ul>

## 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 sent electronically to the Directors several days before 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 above procedures are likewise practised at the various Board Committee Meetings.

The Group Company Secretary organises and attends all Board Meetings and Board Committee Meetings (except for the CICR Meeting whose Secretary is the Head of Internal Audit Department) 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 Group Company Secretary 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 Group Company Secretary.

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.

## Corporate Governance Overview Statement

## BOARD LEADERSHIP AND EFFECTIVENESS

## NOMINATION COMMITTEE REPORT

MEMBERS	Attendance
<b>YBhg Prof Emeritus Datuk Dr Marimuthu A/L Nadason</b> Chairman	2 / 2
<b>YBhg Dato' Sri Adenan bin Ab. Rahman</b> Member	2 / 2
<b>YBhg Datuk Sr Haji Johari bin Wahab</b> Member (appointed on 10 February 2020)	1 / 1
<b>YM Tengku Loreta binti Tengku Dato' Setia Ramli Alhaj</b> Member (appointed on 10 February 2020)	1 / 1
<b>Encik Noor Faiz bin Hassan</b> Member (appointed on 1 October 2020)	N/A
<b>Dr Haji Badrul Hisham bin Mohd Yusoff</b> Past Member (appointed on 10 February 2020 and retired on 9 July 2020)	1 / 1

The members of the Nomination Committee ("NC") comprise wholly of the 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, Executive Directors 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:-

- To annually review the overall composition of the Board in terms of required mix of the expertise, skills, knowledge and experience and other qualities, including core competencies and adequacy of balance between Executive Directors and Independent Non-Executive Directors.
- To annually review the overall composition of the Board to achieve the best composition for diversity in terms of skills, experience, gender, age, professional background and cultural background to meet the needs of the Company. In this regards, the NC is to assist the Board in establishing a policy on Boardroom diversity.
- To assess and recommend to the Board, candidates for all directorships to be filled and to annually evaluate and appraise the Board taking into consideration the time required of the directors to fulfill their duties.

In identifying Board candidates, the NC may rely on recommendation from the existing Board members, the Management or major shareholders. The NC may also consider to utilise independent sources to identify suitably qualified candidates, as appropriate.

- To assess and recommend to the Board, candidates for the re-election of directors under the annual re-election provisions or retirement, as the case may be.
- To assess and recommend to the Board, Directors to fill the seats on Board Committees, in consultation with the Chairman of those committees or with the Board, in the case of the Chairman's position.
- To annually assess the effectiveness of the Board as a whole, the committees of the Board and for assessing the contribution of each individual Director.
- To examine the size of the Board with a view to determining the impact of the number upon its effectiveness.

## Corporate Governance Overview Statement

- In the case of persons for the position of Independent Non-Executive Director, to evaluate the persons' ability to spend sufficient time to fulfill their duties to discharge such responsibilities/functions as expected from Independent Non-Executive Directors, in particular, for those who have served on the Board beyond nine years, to assess and evaluate whether the Independent Non-Executive Director should remain independent or be re-designated or be replaced.
- To determine annually whether a Director is independent as may be defined in the Bursa Securities MMLR and to recommend suitable Independent Non-Executive Director for the role of Senior Independent Non-Executive Director.
- To review matters relating to the continuation in office of any director at any time.
- To ensure that all Directors receive appropriate induction and continuous training programmes in order to broaden their perspectives and to keep abreast with developments in the market place and changes in new statutory requirements.
- To periodically assess and recommend to the Board on succession planning for the board, chairman, directors and key management personnel.
- To recommend to the Board the removal of a Director if he is ineffective, errant or negligent in discharging his responsibilities.
- To review and recommend to the Board corporate governance principles and best practices to be implemented for PNHB Group, in compliance with the Malaysian Code of Corporate Governance.
- To assess and recommend to the Board, the terms of reference of Board Committees and to review the adequacy of the structure of Board Committees.

The NC's terms of reference can be found at [www.puncakniaga.com.my](http://www.puncakniaga.com.my).

**MATTERS DELIBERATED DURING THE YEAR**

1. Appointment of 4 Independent Non-Executive Directors of the Company.
2. Summary on the Evaluation of Board Effectiveness for Year 2019.
3. Summary on the Evaluation of Audit Committee and Compliance, Internal Control and Risk Policy Committee Effectiveness For Year 2019 and Performance and Effectiveness of the Internal Audit Functions of the Company.
4. Summary on the Evaluation of the Independence of the Independent Directors for Year 2019.
5. Re-election of Directors Retiring (By Rotation and Casual Vacancy) at the Forthcoming Twenty-Third Annual General Meeting.
6. Assessment on 2019 Directors' Training and 2020 Directors' Training Needs.
7. Appointment of Chairman of Audit Committee and Chairman of the Compliance, Internal Control and Risk Policy Committee of the Company.
8. Proposed Amendments to the Company's Board Charter and Proposed Amendments to the Terms of Reference of the Audit Committee, Nomination Committee, Remuneration Committee, Compliance, Internal Control and Risk Policy Committee and Directors' Remuneration Policy.

## 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 115 to 116 of this Annual Report.

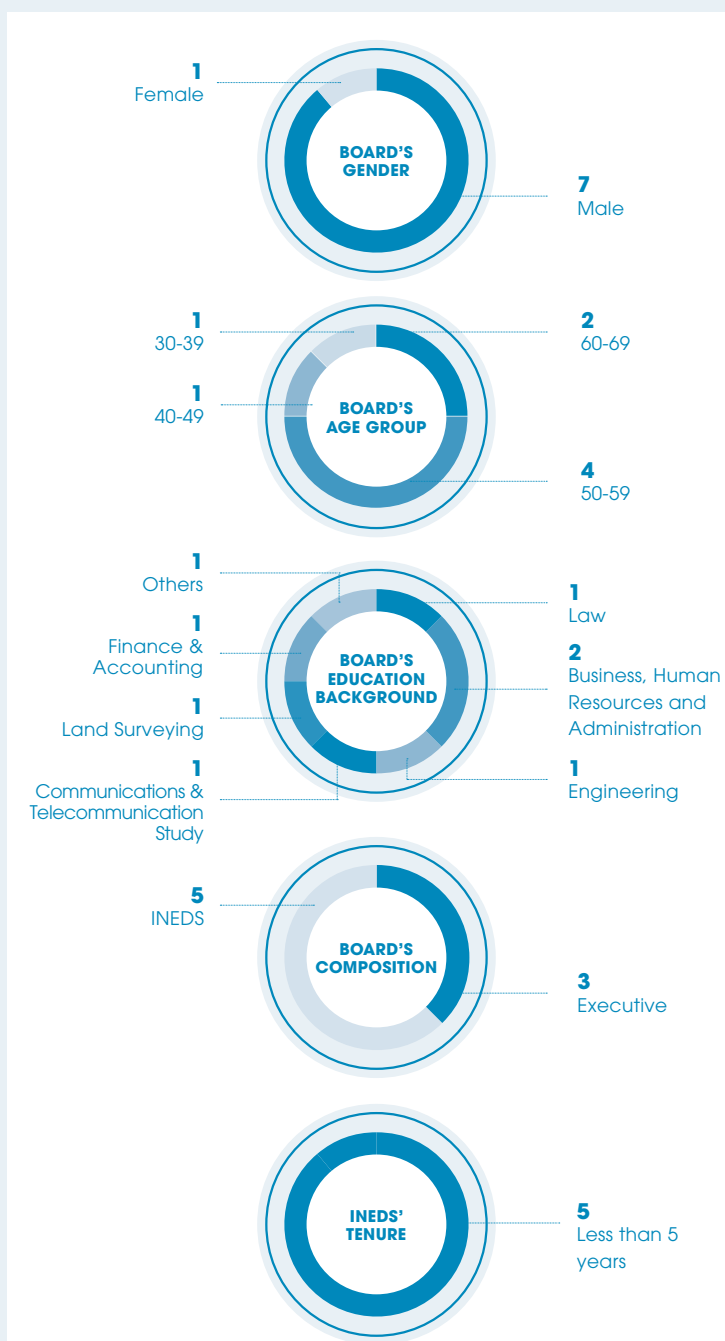
## Policy Statement

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: As at 30 March 2021



## Corporate Governance Overview Statement

## BOARD CHANGES

In 2020, several Board changes took place:-

- YBhg Datuk Sr Haji Johari bin Wahab and YM Tengku Loreta binti Tengku Dato' Setia Ramli Alhaj were appointed as Independent Non-Executive Directors of the Company on 10 February 2020.
- Dr Haji Badrul Hisham bin Mohd Yusoff was appointed as an Independent Non-Executive Director of the Company on 10 February 2020 and retired on 9 July 2020.
- YBhg Dato' Yusof bin Badawi resigned as a Director of the Company and ceased as the Executive Director, Operations Division of the Company on 31 July 2020 after having served on our Board since 1 June 2018. He remains in the Company's employment as Executive Director, Special Functions of the Company.
- Encik Noor Faiz bin Hassan was appointed as an Independent Non-Executive Director of the Company on 1 October 2020.

In 2021, several Board changes took place on 28 February 2021:-

- YBhg Dato' Abdul Jalil bin Abdul Karim resigned as a Director/Managing Director of the Company after having served on our Board since 15 October 2019.
- Encik Azlan Shah bin Tan Sri Rozali was appointed as a Director/Managing Director of the Company and ceased to be the Alternate Director to YBhg Tan Sri Rozali bin Ismail.
- Encik Faizal bin Othman was appointed as a Director/Executive Director, Operation Divisions of the Company.

As at 28 February 2021, the INEDs comprise 62.5% of the Board's composition.

## RE-ELECTION OF DIRECTORS

The following Directors of the Company shall retire at the forthcoming 24<sup>th</sup> AGM of the Company and being eligible, had offered themselves for re-election:-

## Rule 100

- YBhg Tan Sri Rozali bin Ismail
- YBhg Prof Emeritus Datuk Dr Marimuthu A/L Nadason

## Rule 105

- Encik Noor Faiz bin Hassan
- Encik Azlan Shah bin Tan Sri Rozali
- Encik Faizal bin Othman

## EVALUATION OF THE BOARD

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

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

The 2020 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.

## Questionnaires

The comprehensive questionnaires 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 of Board Effectiveness Form
- Independent Director Evaluation Form
- Audit Committee and Compliance, Internal Control and Risk Policy Committee Self-Assessment Form
- Audit Committee's Evaluation of the Performance and Effectiveness of the Internal Audit Functions of the Company

## Evaluation and Reporting

The Group Company Secretary 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 MCG 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
<b>YBhg Dato' Sri Adenan bin Ab. Rahman</b> Chairman	2 / 2
<b>YBhg Prof Emeritus Datuk Dr Marimuthu A/L Nadason</b> Member	2 / 2
<b>YBhg Datuk Sr Haji Johari bin Wahab</b> Member (appointed on 10 February 2020)	1 / 1
<b>YM Tengku Loreta binti Tengku Dato' Setia Ramli Alhaj</b> Member (appointed on 10 February 2020)	1 / 1
<b>Encik Noor Faiz bin Hassan</b> Member (appointed on 1 October 2020)	N/A
<b>Dr Haji Badrul Hisham bin Mohd Yusoff</b> Past Member (appointed on 10 February 2020 and retired on 9 July 2020)	1 / 1

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.
- To review the fees and benefits payable to the Directors including any compensation for loss of employment of a director or a former director.
- 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](http://www.puncakniaga.com.my).

## Corporate Governance Overview Statement

**MATTERS DELIBERATED DURING THE YEAR**

1. Remuneration Package for New Independent Non-Executive Directors of the Company:-

- a) Dr Haji Badrul Hisham bin Mohd Yusoff
- b) YBhg Datuk Sr Haji Johari bin Wahab
- c) YM Tengku Loreta binti Tengku Dato' Setia Ramli Alhaj

2. Review of Remuneration Package of the Independent Non-Executive Directors of the Company.

3. Remuneration Package for New Independent Non-Executive Director of the Company.

**REMUNERATION POLICY**

The Company has a formal procedure to determine the remuneration of each Board member which is reviewed, from time to time, against market practices. In the case of the Executive Directors, their remuneration are structured so as to link reward 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 attended.

The Directors' Remuneration Policy was updated recently in September 2020 and can be found at [www.puncakniaga.com.my](http://www.puncakniaga.com.my).

The Remuneration Committee is responsible for recommending the remuneration packages of the Directors to the Board. 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 2020 are set out in Note 28 of the Audited Financial Statements of the Company on pages 215 to 217 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 33 of the Audited Financial Statements of the Company on pages 238 to 240 of this Annual Report.

## Corporate Governance Overview Statement

## 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 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 117 of this Annual Report.

## RELATIONSHIP WITH EXTERNAL AUDITORS

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 (4) out of five (5) 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 on matters related to External Auditors' audit and audit findings.

The Audit Committee has considered the provision of non-audit services by the External Auditors and their affiliated companies for audit/assurance services rendered to the Group (inclusive of the Company) and the Company which amounted to RM16,500 and RM12,000 respectively 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 94 to 97 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 are tabled to the Audit Committee for review and deliberation.

The Group's Statement on Risk Management and Internal Control is set out on pages 99 to 107 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 99 to 107 of this Annual Report.



## Corporate Governance Overview Statement

## 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 communication with its shareholders and stakeholders, attend to shareholders' and investors' e-mails and phone calls enquiries and during the Company's General Meetings and other events. The Notice for the Company's AGM 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](http://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 our various stakeholders. Information on the Group is also accessible via the Company's website, [www.puncakniaga.com.my](http://www.puncakniaga.com.my).

The Company's Investor Relations Policy & Report is set out on pages 112 to 113 of this Annual Report and is also posted at the Investor Relations link - Corporate Governance at the Company's website, [www.puncakniaga.com.my](http://www.puncakniaga.com.my).

## AGM

In view of the COVID-19 pandemic and as part of the safety measures, the Company's Twenty-Third AGM held on 9 July 2020 was conducted entirely through live streaming from the Broadcast Venue at the Boardroom, 12<sup>th</sup> Floor, Wisma Rozali, No. 4, Persiaran Sukan, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan and online remote voting using the Remote Participation and Voting ("RPV") facilities in the manner prescribed by Securities Commission Malaysia's Guidance on the Conduct of General Meetings for Listed Issuers.

At the AGM of the Company, no substantive resolutions were put forth for the shareholders' approval, except for the routine resolutions pertaining to receiving the annual audited financial statements, re-appointment and re-election of Directors of the Company and re-appointment of Auditors of the Company and all resolutions were voted on by poll by shareholders via the RPV provided by Tricor Investor & Issuing House Services Sdn Bhd except for the resolution on the re-election of Dr Haji Badrul Hisham bin Mohd Yusoff which was withdrawn since he subsequently withdrew the offer for re-election as a Director of the Company.

For year 2021, the resolutions set out in the Notice of the Company's Twenty-Fourth AGM will also be conducted via poll voting as mandated in Paragraph 8.29A of the MMLR of Bursa Securities using the RPV.

This Corporate Governance Overview Statement has been approved by the Board of Puncak Niaga on 30 March 2021.

# 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 2020.**

## 1. MEMBERSHIP AND MEETINGS

The Audit Committee comprises wholly of the Independent Non-Executive Directors of the Company. The composition of the Audit Committee as at 31 December 2020 is as follows:

Audit Committee Composition		
<b>YBhg Dato' Sri Adenan bin Ab. Rahman</b> Independent Non-Executive Director/Chairman <i>(appointed as Chairman on 9 July 2020)</i>	<b>YBhg Prof Emeritus Datuk Dr Marimuthu A/L Nadason</b> Independent Non-Executive Director/Member	<b>YBhg Datuk Sr Haji Johari bin Wahab</b> Independent Non-Executive Director/Member <i>(appointed on 10 February 2020)</i>
	<b>YM Tengku Loreta binti Tengku Dato' Setia Ramli Alhaj</b> Independent Non-Executive Director/Member <i>(appointed on 10 February 2020)</i>	<b>Encik Noor Faiz bin Hassan</b> Independent Non-Executive Director/Member <i>(appointed on 1 October 2020)</i>

The composition of the Audit Committee and their attendance at the Audit Committee Meetings for the year 2020 were as follows:

Composition of Audit Committee	Attendance / Number of Meetings held	Percentage (%)
<b>YBhg Dato' Sri Adenan bin Ab. Rahman<sup>1</sup></b> Independent Non-Executive Director/Chairman	5 / 5	100
<b>YBhg Prof Emeritus Datuk Dr Marimuthu A/L Nadason</b> Independent Non-Executive Director/Member	5 / 5	100
<b>YBhg Datuk Sr Haji Johari bin Wahab<sup>2</sup></b> Independent Non-Executive Director/Member	5 / 5	100
<b>YM Tengku Loreta binti Tengku Dato' Setia Ramli Alhaj<sup>2</sup></b> Independent Non-Executive Director/Member	5 / 5	100
<b>Encik Noor Faiz bin Hassan<sup>3</sup></b> Independent Non-Executive Director/Member	1 / 1	100
<b>Dr Haji Badrul Hisham bin Mohd Yusoff<sup>4</sup></b> Former Independent Non-Executive Director/Past Chairman	1 / 1	100

1. YBhg Dato' Sri Adenan bin Ab. Rahman was appointed as Chairman on 9 July 2020.

2. YBhg Datuk Sr Haji Johari bin Wahab and YM Tengku Loreta binti Tengku Dato' Setia Ramli Alhaj were appointed as Members on 10 February 2020.

3. Encik Noor Faiz bin Hassan was appointed as Member on 1 October 2020.

4. Dr Haji Badrul Hisham bin Mohd Yusoff who was appointed as a Director of Puncak Niaga on 10 February 2020 retired on 9 July 2020, and concurrently ceased to be the Chairman of the CICR on 9 July 2020.

During the financial year, the Managing Director, Chief Financial Officer, relevant Managing Directors/Executive Directors of the subsidiaries and Head of Internal Audit Department 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 Secretary to the Audit Committee is the Company Secretary.

## 2. TERMS OF REFERENCE

During the financial year ended 31 December 2020, the terms of reference of the Audit Committee was revised via a Directors' Circular Resolution dated 8 September 2020. The terms of reference of the Audit Committee can be viewed at Puncak Niaga's website, [www.puncakniaga.com.my](http://www.puncakniaga.com.my) under the Investor Relations link.

## 3. SUMMARY OF AUDIT COMMITTEE'S ACTIVITIES

During the financial year ended 31 December 2020, 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:

### 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 requirement 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 reporting matters affecting the Puncak Niaga Group, namely:
  - i. Due to the COVID-19 pandemic and the Movement Control Order ("MCO") and subsequent Conditional Movement Control Order ("CMCO") imposed by the Government, Bursa Malaysia Securities Berhad granted an extension of time for public listed companies to submit their quarterly reports due by 30 April 2020 to 31 May 2020 and to submit their Annual Reports by 30 June 2020 whereas the Companies Commission of Malaysia ("CCM") granted an extension time of 90 days for companies to convene their Annual General Meetings ("AGMs"). Discussion on the quarterly results for the quarter ended 31 March 2020 was held at the 113<sup>th</sup> Audit Committee Meeting on 18 May 2020.
  - ii. Cash flow position of the Company/Group and the Management's strategy to address the related matters at the 115<sup>th</sup> Audit Committee Meeting held on 26 August 2020.

### 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 2020. The details of the risk management activities are as set out in the Statement on Risk Management and Internal Control in pages 99 to 107 of the Annual Report.

## Audit Committee Report

### EXTERNAL AUDIT

- Reviewed and discussed the external auditors' audit report and key audit matters for the financial year ended 31 December 2019 at the 112<sup>nd</sup> Audit Committee Meeting held on 27 February 2020 before recommending to the 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 re-appoint the external auditors, Messrs. Grant Thornton Malaysian PLT at the 113<sup>rd</sup> Audit Committee Meeting held on 18 May 2020 before recommending to the Board for approval.
- Reviewed the external auditors' scope of work, audit plan and audit focus areas for the financial year ended 31 December 2020 prior to the commencement of the 2020 Annual Audit at the 115<sup>th</sup> Audit Committee Meeting held on 26 August 2020.
- Held two (2) informal discussions with the External Auditors without the presence of the Management of the Company at the 113<sup>rd</sup> and 116<sup>th</sup> Audit Committee Meeting held on 18 May 2020 and 26 November 2020 respectively.
- Reviewed the extent of the assistance rendered by the Management to the External Auditors.

### INTERNAL AUDIT

- Approved the revised Annual Internal Audit Plan for 2020 at the 114<sup>th</sup> Audit Committee Meeting held on 30 June 2020 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 2020 and approved the 2021 Annual Internal Audit Plan at the 116<sup>th</sup> Audit Committee Meeting held on 26 November 2020. The Internal Audit Department is manned by competent professionals from auditing, plantation and construction management disciplines 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 2020 Audit Plan.

### WORKING SITE VISIT

- Due to the COVID-19 pandemic and the MCO, CMCO and Recovery Movement Control Order ("RMCO") imposed by the Government since 18 March 2020 and which lasted throughout the year and the subsequent re-imposition of the MCO by the Government in January 2021 until the first quarter of 2021, the Audit Committee was unable to conduct any physical visits to the Group's projects/operations in Peninsula Malaysia and in Sarawak in year 2020.

### RELATED PARTY TRANSACTIONS

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

### REPORTING

- Reviewed the Statement on Risk Management and Internal Control and Audit Committee Report for the financial year ended 31 December 2019 and recommended the same for the Board's approval at the 108<sup>th</sup> Audit Committee Meeting held on 18 May 2020.



#### 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, Ruzitamazni Arshad who is a Chartered Member of Malaysian Institute of Internal Auditors ("CMIIA"), Certified Internal Auditor ("CIA"), Certification in Risk Management Assurance ("CRMA"), Certification in Control Self-Assessment, Certified Enterprise Risk Governance ("CERG"). She possesses more than twenty three (23) years of auditing, risk management, governance and entrepreneurship experience. The Internal Audit Department has a total of three (3) 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 two (2) man-days of training in 2020 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 2020 was approximately RM471,000.

#### 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 2020 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 fourteen (14) audit assignments including ad hoc audit assignments requested by the Senior Management in the financial year ended 31 December 2020. All audits were performed in-house.

Key areas audited during the year included the following:

- Checkroll and Wages of Danum Sinar Sdn Bhd
- Back-up System and Disaster Recovery Plan of Information & Communication Technology Department
- Traffic Management Plan and Health, Safety and Environment of Kuantan Project
- Timely Completion of Z1P3 Project
- Procurement of TRIplic FMS Sdn Bhd (Z1P 2 Project)
- MSPO Surveillance Audit of Danum Sinar Sdn Bhd
- Effectiveness of Risk Management Practice of Puncak Niaga Group

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 2020,

- (a) The audit fee payable to the external auditors, Grant Thornton Malaysia PLT and their affiliated companies for services rendered to the Group (inclusive of the Company) and Company amounted to RM308,000 and RM60,000 respectively; and
- (b) The non-audit fee payable to the external auditors, Grant Thornton Malaysia PLT and their affiliated companies for audit/assurance services rendered to the Group (inclusive of the Company) and Company amounted to RM16,500 and RM12,000 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 2020.

### (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 2020 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 on-going 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.**

## 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

## Statement On Risk Management And Internal Control

### 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 pages 101 to 102 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 Non-Executive Directors of Puncak Niaga and the composition of the CICR as at 31 December 2020 is as follows:

#### CICR COMPOSITION

**YBhg Dato' Sri Adenan bin Ab. Rahman**

Independent Non-Executive Director/  
Chairman  
(appointed as Chairman on 9 July 2020)

**YBhg Prof Emeritus Datuk Dr Marimuthu A/L Nadason**

Independent Non-Executive Director/  
Member

**YBhg Datuk Sr Haji Johari bin Wahab**

Independent Non-Executive Director/  
Member  
(appointed on 10 February 2020)

**YM Tengku Loreta binti Tengku Dato' Setia Ramli Alhaj**

Independent Non-Executive Director/  
Member  
(appointed on 10 February 2020)

**Encik Noor Faiz bin Hassan**

Independent Non-Executive Director/  
Member  
(appointed on 1 October 2020)



Statement On Risk Management  
And Internal Control

The CICR Members and their attendance at the CICR Meetings for the year 2020 are as follows:

Members	Number Of Meetings Attended In 2020
<b>YBhg Dato' Sri Adenan bin Ab. Rahman<sup>1</sup></b> Independent Non-Executive Director/ Chairman	4 / 4
<b>YBhg Prof Emeritus Datuk Dr Marimuthu A/L Nadason</b> Independent Non-Executive Director/ Member	4 / 4
<b>YBhg Datuk Sr Haji Johari bin Wahab<sup>2</sup></b> Independent Non-Executive Director/ Member	3 / 4
<b>YM Tengku Loreta binti Tengku Dato' Setia Ramli Alhaj<sup>3</sup></b> Independent Non-Executive Director/ Member	4 / 4
<b>Encik Noor Faiz bin Hassan<sup>3</sup></b> Independent Non-Executive Director/ Member	1 / 1
<b>Dr Haji Badrul Hisham bin Mohd Yusoff<sup>4</sup></b> Former Independent Non-Executive Director/Past Chairman	1 / 1

1. YBhg Dato' Sri Adenan bin Ab. Rahman was appointed as Chairman on 9 July 2020.
2. YBhg Datuk Sr Haji Johari bin Wahab and YM Tengku Loreta binti Tengku Dato' Setia Ramli Alhaj were appointed as Members on 10 February 2020.
3. Encik Noor Faiz bin Hassan was appointed as Member on 1 October 2020.
4. Dr Haji Badrul Hisham bin Mohd Yusoff who was appointed as a Director of Puncak Niaga on 10 February 2020 retired on 9 July 2020, and concurrently ceased to be the Chairman of the CICR on 9 July 2020.

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 the 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](http://www.puncakniaga.com.my) under the Investor Relations link.

**COMPLIANCE, INTERNAL CONTROL AND RISK POLICY COMMITTEE ACTIVITIES**

During the year 2020, the CICR held a total of four 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 2019 which was prepared by the Secretary of CICR at the 131<sup>th</sup> CICR Meeting held on 18 February 2020.

## Statement On Risk Management And Internal Control

- iii) The Top Ten (10) Enterprise-Wide Risks Facing Puncak Niaga Group for the Year 2020 which included its risks rankings, risks descriptions and key controls at the 131<sup>st</sup> CICR Meeting held on 18 February 2020. Subsequently, the risk profile was updated as Top Eight (8) Enterprise-Wide Risks Facing Puncak Niaga Group based on the latest updates and assessments at the 134<sup>th</sup> CICR Meeting held on 18 November 2020.
- iv) Fraud and Corruption Risk and the related controls were registered by the respective Risk Scorecards for the quarter ended 30 September 2020 in line with Section 17A MACC Act 2018 which came into effect on 1 June 2020 and Bursa Malaysia Securities Berhad's Listing Requirements and Ministerial Guidelines on Adequate Procedures, Principle II: Risk Assessment.
- v) The Risk Scorecard of Kuantan Project which was newly created during the year to record the Kuantan Project's operational risks at the 133<sup>rd</sup> CICR Meeting held on 18 August 2020.
- Special review on the key risk exposures arising from the COVID-19 pandemic focused on ensuring adequate business continuity process and amongst the activities undertaken by Puncak Niaga Group to mitigate this risk include:
  - i) Establishment and activation of the Anti-COVID-19 Committee on 2 May 2020 which developed Puncak Niaga's procedures and guidelines in accordance with those prescribed by the World Health Organisation, Ministry of Health, Ministry of International Trade and Industry, 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 Movement Control Order ("MCO")/Conditional Movement Control Order ("CMCO")/Recovery Movement Control Order ("RMCO") imposed by the Government since 18 March 2020 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 period 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.

In year 2021, 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.

### **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 2021, 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 2021 to deliberate on the risks highlighted by the respective Companies, Divisions and Business segments of Puncak Niaga Group and to determine Puncak Niaga Group's Enterprise-Wide Risks Profile for the year 2021.

## Statement On Risk Management And Internal Control

The deliberations of the RMSWG Meeting were reviewed by the CICR at the 135<sup>th</sup> CICR Meeting held on 18 February 2021. Subsequently, a Board Paper on the Group's "Top Ten (10) Enterprise Wide Risk Facing Puncak Niaga Group for the Year 2021" was tabled at the 120<sup>th</sup> Board of Directors' Meeting held on 25 February 2021.

The strategic risks which have an impact on Puncak Niaga's Group's operations for 2021 are:-

KEY RESULT AREA	STRATEGIC RISKS	MITIGATION
Managing cash flow efficiently	Depleting Cash Flow Position of Puncak Niaga Group	<b>Measures include:</b> <ol style="list-style-type: none"> <li>1. Enhance cost control measure to minimise operating cost.</li> <li>2. Raise financing of new business ventures.</li> <li>3. The monetisation of the Group's assets to raise cash.</li> </ol>
Ensure the sustainability of Puncak Niaga Group	Challenges and Difficulties in Securing New Projects and Tenders	<b>Measures include:</b> <ol style="list-style-type: none"> <li>1. Review businesses which we can secure based on past track records.</li> <li>2. Competitive pricing and efficient design in project proposals and tender submissions.</li> <li>3. Enhanced network and keep abreast of the latest business opportunities.</li> <li>4. Conduct detailed analysis to secure good and sustainable business.</li> </ol>
	Managing Financial Obligations and Sustainability of Danum Sinar Sdn Bhd	<b>Measures include:</b> <ol style="list-style-type: none"> <li>1. To secure new financing facilities for future requirements.</li> <li>2. Proposed issuance of financing instrument for working capital requirements.</li> </ol>
Driving Operational Excellence	Challenges To Complete D44 Project Within The Budgeted Cost (to Ensure No Cost Overruns) and Approved EOT No. 3	<b>Measures include:</b> <ol style="list-style-type: none"> <li>1. Explore alternative design to reduce cost and implement cost savings measures.</li> <li>2. Close monitoring and control of the project expenses to ensure they are within the approved limits.</li> <li>3. Close monitoring of the project's physical progress and performances of the appointed subcontractors.</li> </ol>

The year 2020 was a challenging year with a more challenging operating environment due to the unexpected outbreak of the COVID-19 pandemic that has severely affected countries globally, including Malaysia. The COVID-19 pandemic caused enormous disruption of economic activities and significantly impacted the national economy due to the impositions of the MCO, CMCO and RMCO by the Government from 18 March 2020 and subsequent re-imposition of the MCO by the Government in January 2021 till March 2021. In view of the circumstances, the Group will remain cautious and the Board will continuously assess the Group's strategic risks and deliberating actions in managing this new risk.

## 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:

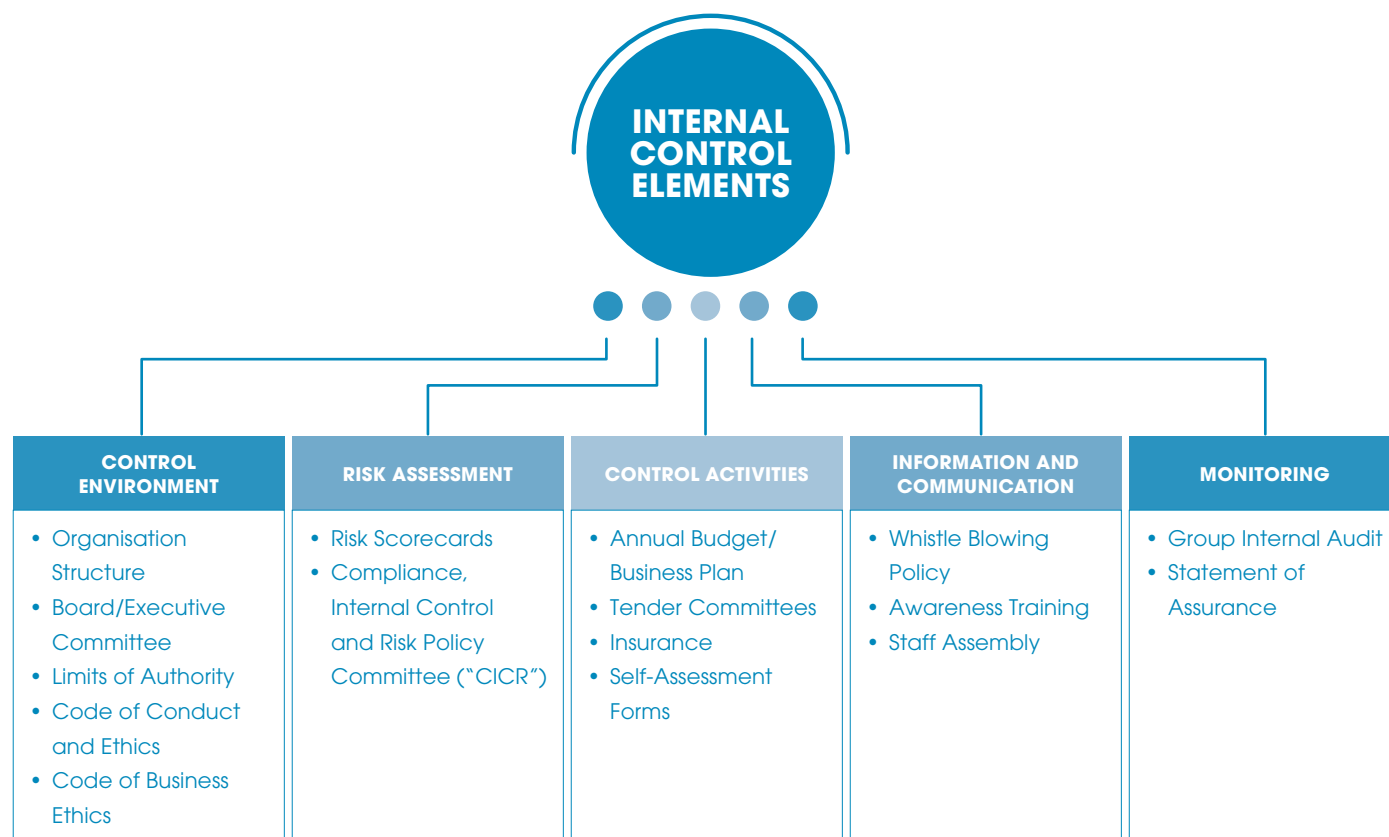


Figure 2: Internal Control System

### 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.



## Statement On Risk Management And Internal Control

- 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.
- 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.
- Puncak Niaga's Anti-Corruption Policy of Zero Tolerance Towards Corruption And Corrupt Practices within and outside Puncak Niaga and Puncak Niaga Group which was established on 1 June 2020 are founded on the Five Adequate Procedures Principles: TRUST as laid out in the Guidelines on Adequate Procedures issued by the Malaysian Anti-Corruption Commission ("MACC") pursuant to Section 17A of the MACC Act.

### 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.

## Statement On Risk Management And Internal Control

- TRIpIc Berhad and its subsidiaries, TRIpIc Resources Sdn Bhd and TRIpIc 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 TRIpIc Berhad's ISO Committee.
- 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 is monitored by the MSPO Committee of the Plantation Division. The certification for 2020 was continued on 24 September 2020.
- 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 2020, approximately 86% 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 14% 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 is 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.

### Monitoring

- The Internal Audit Department independently reviewed the control processes implemented by the Management according to the 2020 Annual Audit Plan and reported on its findings and recommendations to the Audit Committee of Puncak Niaga five times in 2020. 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.

Statement On Risk Management  
And Internal Control**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 30 March 2021.

**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 2020 and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

- (a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor
- (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**

**DATO' SRI ADENAN BIN AB. RAHMAN**

**Chairman**

**Compliance, Internal Control and Risk Policy Committee**

30 March 2021

## 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.



## Investor Relations Policy &amp; Report

The Board of Puncak Niaga is pleased to report on the Company's investor relations activities in 2020 as follows:

**INVESTORS' ACCESS TO INFORMATION**

In line with our Investor Relations Policy (as set out on page 112 of this Annual Report), 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](mailto:investors@puncakniaga.com.my) and access the Group's information and corporate announcements at our website, [www.puncakniaga.com.my](http://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, the Group had adopted and implemented the Puncak Niaga Corporate Disclosure Policy (as set out on page 108 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.

**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 2020 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 2021 AGM will be conducted entirely through live streaming from the broadcast venue at the Boardroom, 12<sup>th</sup> Floor, Wisma Rozali, No 4, Persiaran Sukan, Seksyen 13, 40100, Shah Alam, Selangor Darul Ehsan on Tuesday, 25 May 2021 at 10.00am. The Notice of 24<sup>th</sup> AGM is enclosed with this Annual Report. The results of all resolutions proposed at the 2021 AGM will be posted on Bursa Securities' website and the Company's website on the evening of 25 May 2021.

**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](mailto:investors@puncakniaga.com.my) or by mail at Investor Relations Unit, c/o Secretarial Department, Puncak Niaga Holdings Berhad, 10<sup>th</sup> 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 2020 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.

Please refer to Statements of Profit or Loss and Other Comprehensive Income on page 129.

### 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 2020.

Please refer to Statements of Financial Position on pages 127 to 128.

### 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).

Please refer to Statements of Cash Flows on pages 133 to 136.

## Approaching Our Financial Statements



Cash Flow



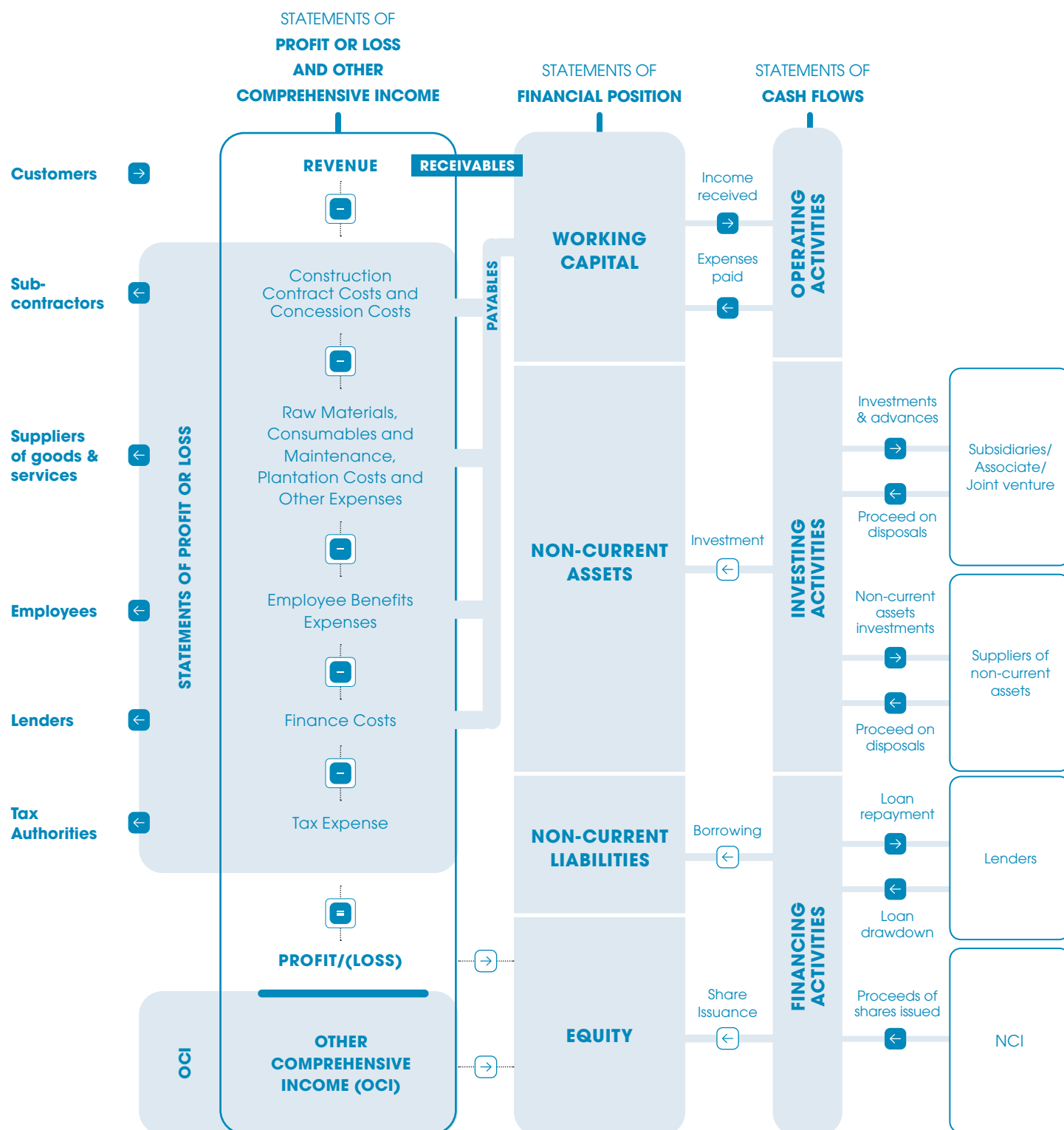
Accounting Flow



Minus



Equates



## 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 2020:

<b>"Bursa Securities"</b>	<b>Bursa Malaysia Securities Berhad</b>
<b>"CGU"</b>	<b>Cash Generating Unit</b>
<b>"CLMSB"</b>	<b>Corporate Line (M) Sdn. Bhd.</b>
<b>"Company"</b>	<b>Puncak Niaga Holdings Berhad</b>
<b>"CPMSB"</b>	<b>Central Plus (M) Sdn. Bhd.</b>
<b>"DSSB"</b>	<b>Danau Semesta Sdn. Bhd.</b>
<b>"Danum Sinar"</b>	<b>Danum Sinar Sdn. Bhd.</b>
<b>"Federal Government"</b>	<b>Government of Malaysia</b>
<b>"Genbina"</b>	<b>Genbina Sdn. Bhd.</b>
<b>"GOM Resources"</b>	<b>GOM Resources Sdn. Bhd.</b>
<b>"GRL"</b>	<b>GOM Resources Limited</b>
<b>"Group"</b>	<b>Puncak Niaga Holdings Berhad and its subsidiaries</b>
<b>"KGL"</b>	<b>KGL Ltd.</b>
<b>"KHEC"</b>	<b>Kris Heavy Engineering &amp; Construction Sdn. Bhd.</b>
<b>"MESB"</b>	<b>Murni Estate Sdn. Bhd.</b>
<b>"NCI"</b>	<b>Non-controlling interests</b>
<b>"PASSB"</b>	<b>Pengurusan Air Selangor Sdn. Bhd.</b>
<b>"PNCBSB"</b>	<b>Puncak Niaga Construction Sdn. Bhd.</b>

## Definitions

<b>“PNHB” or “Puncak”</b>	<b>Puncak Niaga Holdings Berhad</b>
<b>“PNIPPL”</b>	<b>Puncak Niaga Infrastructures &amp; Projects Private Limited</b>
<b>“PNMSSB”</b>	<b>Puncak Niaga Management Services Sdn. Bhd.</b>
<b>“PBSB”</b>	<b>Pujian Bayu Sdn. Bhd.</b>
<b>“PNSB”</b>	<b>PNSB Water Sdn. Bhd.</b>
<b>“POG”</b>	<b>Puncak Oil &amp; Gas Sdn. Bhd.</b>
<b>“PRCSB”</b>	<b>Puncak Research Centre Sdn. Bhd.</b>
<b>“RM”</b>	<b>Ringgit Malaysia</b>
<b>“SINO”</b>	<b>Sino Water Pte. Ltd.</b>
<b>“State Government”</b>	<b>The State Government of Selangor</b>
<b>“SYABAS”</b>	<b>Syarikat Bekalan Air Selangor Sdn. Bhd.</b>
<b>“TRIpIc”</b>	<b>TRIpIc Berhad</b>
<b>“TRIpIc Group”</b>	<b>TRIpIc Berhad and its subsidiaries</b>
<b>“USD”</b>	<b>United States Dollar</b>

# Directors' Report

for the year ended 31 December 2020

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

## PRINCIPAL ACTIVITIES

The 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
Profit for the year	3,097	4,076
Profit attributable to:		
Owners of the Company	6,853	4,076
Non-controlling interests	(3,756)	-
	3,097	4,076

## 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 2020 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

Azlan Shah bin Rozali (Appointed as Managing Director on 28 February 2021; Ceased as Alternate Director to Tan Sri Rozali bin Ismail on 28 February 2021)

Dato' Sri Adenan bin Ab. Rahman

Prof Emeritus Datuk Dr Marimuthu Nadason

YM Tengku Loreta binti Tengku Dato Setia Ramli Alhaj (Appointed on 10 February 2020)

Datuk Sr Haji Johari bin Wahab (Appointed on 10 February 2020)

Noor Faiz bin Hassan (Appointed on 1 October 2020)

Faizal bin Othman (Appointed on 28 February 2021)

Dr Haji Badrul Hisham bin Mohd Yusoff (Resigned on 9 July 2020)

Dato' Yusof bin Badawi (Resigned on 31 July 2020)

Dato' Abdul Jalil bin Abdul Karim (Resigned on 28 February 2021)



## Directors' Report

for the year ended 31 December 2020

### 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	1.1.2020	Acquired/ Conversion	Sold/ Conversion	31.12.2020
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
Datuk Sr Haji Johari bin Wahab ***	1,050	-	-	1,050

\* 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.

\*\*\* Deemed interest by virtue of shares held in his brother'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 2020 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 Note 28 to 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.

## Directors' Report

for the year ended 31 December 2020

### OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

### INDEMNITY AND INSURANCE COSTS

During the 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 of the Company was RM121,910.

### 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.

## Directors' Report for the year ended 31 December 2020

### 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 2020 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 4.3 - Revaluation of freehold land, leasehold land and buildings
- Note 5.1 - Fair value of investment properties
- Note 8.3 - Impairment loss on investment in subsidiaries
- Note 12.1 - Fair value of fresh fruit bunches
- Note 14.6 - Impairment of amounts due from subsidiaries
- Note 20 - Provision for foreseeable loss
- Note 21 - Revenue
- Note 30.4 - Provision for expected credit losses

### 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 (Resigned on 14 March 2021)  
Chan Yit Hwa  
Tan Sri Datuk Ling Chiong Ho  
Wong Ko Hock  
Dato' Matlisa bin Hitam (Resigned on 31 December 2020)  
Ar Mohd Khalid bin Mohammed Yusuf (Resigned on 31 December 2020)  
Dato' Jamaludin bin Buyong (Appointed on 28 February 2021)  
Faizal bin Zaharudin (Appointed on 28 February 2021)  
Mohammad Shahree bin Shamsuddin (Appointed on 28 February 2021)  
Lim Mun Lee (Appointed on 28 February 2021)  
Mohd Sukrie bin Mat Zin (Appointed on 28 February 2021)  
Syed Badli Shah bin Syed Mansoor (Appointed on 28 February 2021)  
Kamaruzaman bin Budin (Appointed on 28 February 2021)  
Zaidi bin Mohamed Noor (Appointed on 28 February 2021)  
Azini bin Omar (Appointed on 28 February 2021)  
Taufik Afendy bin Othman (Appointed on 28 February 2021)  
T. Anandan  
Lim Hock Thye (Appointed on 14 March 2021)

## Directors' Report

for the year ended 31 December 2020

### SIGNIFICANT EVENTS

Significant events are disclosed in Note 34 to the financial statements.

### AUDITORS

The auditors, Grant Thornton Malaysia PLT, have indicated their willingness to accept re-appointment.

The Company has agreed to indemnify the Auditors, Grant Thornton Malaysia PLT, as permitted under Section 289 of the Companies Act 2016. No payment has been made to indemnify Grant Thornton Malaysia PLT for the financial year ended 31 December 2020.

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

.....  
**Azlan Shah bin Rozali**

Director

Shah Alam

Date: 30 March 2021

# Statements of Financial Position

as at 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	510,968	510,956	1	4
Investment properties	5	818,925	852,297	273,200	305,757
Bearer biological assets	6	312,629	311,504	-	-
Concession asset	7	5,368	5,768	-	-
Investment in subsidiaries	8	-	-	887,194	872,577
Investment in associate	9	10	9	23	20
Deferred tax assets	10	25,551	25,062	-	-
Trade and other receivables	14	832,579	724,652	-	-
		2,506,030	2,430,248	1,160,418	1,178,358
<b>Current assets</b>					
Inventories	11	4,301	3,637	-	-
Fresh fruits bunches	12	5,549	4,015	-	-
Contract assets	13	9,623	22,204	-	-
Trade and other receivables	14	184,759	89,529	165,754	145,774
Short-term investments	15	123,157	135,695	21,782	32,522
Tax recoverable		4,497	5,751	-	-
Cash and cash equivalents	16	304,779	443,752	69,711	59,049
		636,665	704,583	257,247	237,345
<b>Total assets</b>		<b>3,142,695</b>	<b>3,134,831</b>	<b>1,417,665</b>	<b>1,415,703</b>



## Statements of Financial Position

as at 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Equity and liabilities</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital		554,663	554,663	554,663	554,663
Treasury shares		(5,941)	(5,941)	(5,941)	(5,941)
Reserves		95,190	106,384	1,656	16,305
Retained earnings		673,605	651,700	839,105	820,380
	17	1,317,517	1,306,806	1,389,483	1,385,407
Non-controlling interests	8.4	29,971	33,727	-	-
<b>Total equity</b>		<b>1,347,488</b>	<b>1,340,533</b>	<b>1,389,483</b>	<b>1,385,407</b>
<b>Non-current liabilities</b>					
Loans and borrowings	18	1,057,579	1,053,262	-	-
Concession liability	7	105,485	110,190	-	-
Trade and other payables	19	5,040	10,000	-	-
Deferred tax liabilities	10	169,119	182,425	20,292	22,419
		1,337,223	1,355,877	20,292	22,419
<b>Current liabilities</b>					
Loans and borrowings	18	200,997	189,867	-	-
Trade and other payables	19	210,708	195,366	7,890	7,842
Contract liabilities	13	1,324	1,788	-	-
Provision for foreseeable loss	20	43,962	48,029	-	-
Tax payable		993	3,371	-	35
		457,984	438,421	7,890	7,877
<b>Total liabilities</b>		<b>1,795,207</b>	<b>1,794,298</b>	<b>28,182</b>	<b>30,296</b>
<b>Total equity and liabilities</b>		<b>3,142,695</b>	<b>3,134,831</b>	<b>1,417,665</b>	<b>1,415,703</b>

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

# Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Revenue</b>	21	<b>384,344</b>	474,720	-	-
Other income		<b>12,980</b>	8,331	<b>4,149</b>	156
Finance income		<b>12,647</b>	21,786	<b>10,118</b>	14,591
<b>Items of expense</b>					
Raw materials, consumables and maintenance		<b>(2,158)</b>	(5,529)	-	-
Construction contract costs		<b>(119,697)</b>	(143,616)	-	-
Plantation costs		<b>(33,876)</b>	(30,262)	-	-
Concession costs		<b>(136,495)</b>	(211,171)	-	-
Employee benefits expense	22	<b>(34,966)</b>	(46,137)	<b>(1,955)</b>	(1,413)
Impairment losses		-	(523)	<b>(383)</b>	-
Net gain/(loss) on impairment of financial instruments and contract assets		<b>1,969</b>	(17,169)	<b>7,442</b>	(4,017)
Reversal for foreseeable loss	20	<b>4,067</b>	23,358	-	-
Depreciation and amortisation expense		<b>(24,162)</b>	(24,983)	<b>(3)</b>	(20)
Other expenses		<b>(25,842)</b>	(30,870)	<b>(17,446)</b>	(21,813)
Finance costs	23	<b>(48,090)</b>	(75,032)	<b>(8)</b>	(12)
Share of results of equity accounted entities		<b>(103)</b>	(193)	-	-
<b>(Loss)/Profit before tax</b>	24	<b>(9,382)</b>	(57,290)	<b>1,914</b>	(12,528)
Tax credit/(expense)	25	<b>12,479</b>	(4,836)	<b>2,162</b>	5,273
<b>Profit/(Loss) for the year</b>		<b>3,097</b>	(62,126)	<b>4,076</b>	(7,255)
<b>Other comprehensive income/(expense)</b>					
<b>Item that will not be reclassified subsequently to profit or loss</b>					
Revaluation of land and buildings, net of tax	26	<b>3,834</b>	-	-	-
<b>Item that is or may be reclassified subsequently to profit or loss</b>					
Foreign currency translation	26	<b>24</b>	1,477	-	-
<b>Total comprehensive income/(expense) for the year</b>		<b>6,955</b>	(60,649)	<b>4,076</b>	(7,255)
<b>Profit/(Loss) attributable to:</b>					
Owners of the Company		<b>6,853</b>	(57,216)	<b>4,076</b>	(7,255)
Non-controlling interests	8.4	<b>(3,756)</b>	(4,910)	-	-
		<b>3,097</b>	(62,126)	<b>4,076</b>	(7,255)
<b>Total comprehensive income/(expense) attributable to:</b>					
Owners of the Company		<b>10,711</b>	(55,739)	<b>4,076</b>	(7,255)
Non-controlling interests		<b>(3,756)</b>	(4,910)	-	-
		<b>6,955</b>	(60,649)	<b>4,076</b>	(7,255)
<b>Basic earnings/(loss) per ordinary share (sen per share):</b>					
Basic/Diluted	27	<b>1.53</b>	(12.79)		

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

# Statements of Changes in Equity

for the year ended 31 December 2020

		Attributable to owners of the Company		
		Non-distributable		
Group	Note	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000
<b>At 1 January 2019</b>		554,663	(5,941)	(610)
Foreign currency translation		-	-	1,477
Total other comprehensive income		-	-	1,477
Loss for the year		-	-	-
Total comprehensive income/(expense)		-	-	1,477
<i>Total transaction with owners of the Company:</i>				
Subscription of shares by NCI in a subsidiary	8.1	-	-	-
<b>Total transaction with owners of the Company</b>		-	-	-
<b>At 31 December 2019</b>		554,663	(5,941)	867
<b>At 1 January 2020</b>		<b>554,663</b>	<b>(5,941)</b>	<b>867</b>
Foreign currency translation		-	-	24
Revaluation of land and buildings, net of tax		-	-	-
Total other comprehensive income		-	-	24
Profit/(Loss) for the year		-	-	-
Total comprehensive income/(expense)		-	-	24
Realisation of revaluation arising from disposal of assets		-	-	-
<b>At 31 December 2020</b>		<b>554,663</b>	<b>(5,941)</b>	<b>891</b>

# Statements of Changes in Equity

for the year ended 31 December 2020

## 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)	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
<b>125,531</b>	<b>(20,014)</b>	<b>651,700</b>	<b>1,306,806</b>	<b>33,727</b>	<b>1,340,533</b>
-	-	-	<b>24</b>	-	<b>24</b>
<b>3,834</b>	-	-	<b>3,834</b>	-	<b>3,834</b>
<b>3,834</b>	-	-	<b>3,858</b>	-	<b>3,858</b>
-	-	<b>6,853</b>	<b>6,853</b>	<b>(3,756)</b>	<b>3,097</b>
<b>3,834</b>	-	<b>6,853</b>	<b>10,711</b>	<b>(3,756)</b>	<b>6,955</b>
<b>(15,052)</b>	-	<b>15,052</b>	-	-	-
<b>114,313</b>	<b>(20,014)</b>	<b>673,605</b>	<b>1,317,517</b>	<b>29,971</b>	<b>1,347,488</b>

# Statements of Changes in Equity for the year ended 31 December 2020

		Attributable to owners of the Company				
		Non-distributable			Distributable	
Company	Note	Share capital RM'000	Treasury shares RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total equity RM'000
<b>At 1 January 2019</b>		554,663	(5,941)	16,305	827,635	1,392,662
Total comprehensive expense for the year		-	-	-	(7,255)	(7,255)
<b>At 31 December 2019</b>		<b>554,663</b>	<b>(5,941)</b>	<b>16,305</b>	<b>820,380</b>	<b>1,385,407</b>
Total comprehensive income for the year		-	-	-	<b>4,076</b>	<b>4,076</b>
Realisation of revaluation arising from disposal of assets		-	-	<b>(14,649)</b>	<b>14,649</b>	-
<b>At 31 December 2020</b>		<b>554,663</b>	<b>(5,941)</b>	<b>1,656</b>	<b>839,105</b>	<b>1,389,483</b>

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



# Statements of Cash Flows

for the year ended 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Cash flows from operating activities</b>					
Receipts from customers		258,722	221,579	-	-
Other income		1,214	3,721	105	157
Payments for operating expenses		(121,808)	(101,160)	(8,737)	(6,492)
Payments to contractors		(245,789)	(323,033)	-	-
Payment of management fee to a subsidiary		-	-	(10,519)	(16,444)
<b>Cash used in operations</b>		<b>(107,661)</b>	<b>(198,893)</b>	<b>(19,515)</b>	<b>(22,779)</b>
Tax (paid)/refunded		(3,639)	(4,964)	-	185
Interest income		13,452	26,040	2,065	3,967
<b>Net cash used in operating activities</b>		<b>(97,848)</b>	<b>(177,817)</b>	<b>(17,086)</b>	<b>(18,627)</b>
<b>Cash flows from investing activities</b>					
Investment in ordinary/redeemable preference shares of a subsidiary		-	-	(15,000)	(4,500)
Redemption of Junior Term Note		-	(37,700)	-	-
Acquisition of investment properties	(ii)	(1,135)	-	-	-
Acquisition of property, plant and equipment	(iii)	(6,951)	(1,484)	-	-
Additions of bearer biological assets	(iv)	(8,007)	(8,858)	-	-
Net advances to subsidiaries		-	-	(4,592)	(17,024)
Net advance to associate		(3)	(3)	(3)	(3)
Net advance to joint venture		-	(192)	-	(191)
<b>Cash flows used in investing activities carried forward</b>		<b>(16,096)</b>	<b>(48,237)</b>	<b>(19,595)</b>	<b>(21,718)</b>

## Statements of Cash Flows

for the year ended 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Cash flows used in investing activities brought forward</b>		<b>(16,096)</b>	(48,237)	<b>(19,595)</b>	(21,718)
Net proceeds/(Additions) from short-term investments		<b>12,553</b>	285,814	<b>10,741</b>	(16,615)
Proceeds from disposal of investment properties		<b>36,602</b>	-	<b>36,602</b>	-
Proceeds from disposal of property, plant and equipment		<b>229</b>	474	-	-
<b>Net cash from/(used in) investing activities</b>		<b>33,288</b>	238,051	<b>27,748</b>	(38,333)
<b>Cash flows from financing activities</b>					
Proceeds from issuance of MTN		-	171,746	-	-
Proceeds from loans and borrowings		<b>106,300</b>	37,442	-	-
Interest paid		<b>(83,385)</b>	(75,681)	-	-
Increase/(Decrease) in pledged deposit		<b>27,210</b>	(39,989)	-	-
Repayment of loans and borrowings		<b>(94,433)</b>	(45,305)	-	-
Repayment of lease liabilities		<b>(3,078)</b>	(3,713)	-	-
<b>Net cash (used in)/from financing activities</b>		<b>(47,386)</b>	44,500	-	-
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(111,946)</b>	104,734	<b>10,662</b>	(56,960)
Effects of exchange rate changes on cash held		<b>(6)</b>	(51)	-	(1)
Cash and cash equivalents at 1 January		<b>397,680</b>	292,997	<b>59,049</b>	116,010
<b>Cash and cash equivalents at 31 December</b>	(i)	<b>285,728</b>	397,680	<b>69,711</b>	59,049

### (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		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deposits with licensed banks	16	<b>190,531</b>	367,141	<b>63,614</b>	57,840
Cash and bank balances	16	<b>114,248</b>	76,611	<b>6,097</b>	1,209
		<b>304,779</b>	443,752	<b>69,711</b>	59,049
Less:					
Cash and bank balances pledged	16	<b>(16,251)</b>	(43,461)	-	-
Bank overdraft	18	<b>(2,800)</b>	(2,611)	-	-
		<b>285,728</b>	397,680	<b>69,711</b>	59,049

## Statements of Cash Flows

for the year ended 31 December 2020

### (ii) Acquisition of investment properties

During the financial year, the Group has made the following cash payments to acquire investment properties:

	Note	Group	
		2020 RM'000	2019 RM'000
Purchase of investment properties	5	1,500	-
Balance cash payment in year 2021		(365)	-
Cash payments on purchase of investment properties		1,135	-

### (iii) Acquisition of property, plant and equipment

During the financial year, the Group has made the following cash payments to acquire property, plant and equipment:

	Note	Group	
		2020 RM'000	2019 RM'000
Purchase of property, plant and equipment	4	11,351	2,363
Financed by lease agreements		(3,026)	(820)
Other non-cash adjustment		(1,374)	(59)
Cash payments on purchase of property, plant and equipment		6,951	1,484

### (iv) Additions of bearer biological assets

During the financial year, the Group has made the following cash payments to acquire bearer biological assets:

	Note	Group	
		2020 RM'000	2019 RM'000
Addition of bearer biological assets		10,098	14,673
Depreciation of property, plant and equipment	6.1	(877)	(1,878)
Payment made to finance cost	6.1	(1,422)	(1,951)
Other non-cash adjustment		208	(1,986)
Cash payments on addition of bearer biological assets		8,007	8,858

## Statements of Cash Flows

for the year ended 31 December 2020

### (v) Reconciliation between movements of liabilities to cash flows arising from financing activities

	At 1 January 2019 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	Net changes (used in) /from financing cash flows RM'000	Other non-cash flow changes RM'000	At 31 December 2020 RM'000
<b>Group</b>							
Tawarruq term loan	138,674	(1,458)	-	<b>137,216</b>	<b>(5,833)</b>	-	<b>131,383</b>
Revolving credit facility	69,900	38,900	-	<b>108,800</b>	<b>40,500</b>	-	<b>149,300</b>
Term loan	62,559	(37,805)	-	<b>24,754</b>	<b>(2,800)</b>	298	<b>22,252</b>
Medium Term Notes	177,425	171,746	(19,314)	<b>329,857</b>	<b>(20,000)</b>	780	<b>310,637</b>
Junior Note	29,877	(20,000)	(9,877)	-	-	-	-
Senior Sukuk Murabahah	612,871	-	2,407	<b>615,278</b>	-	2,416	<b>617,694</b>
Bank overdraft	2,283	-	328	<b>2,611</b>	<b>189</b>	-	<b>2,800</b>
Lease liabilities	15,282	(3,713)	544	<b>12,113</b>	<b>(3,078)</b>	2,997	<b>12,032</b>
Cashline-I	-	12,500	-	<b>12,500</b>	-	(22)	<b>12,478</b>
	1,108,871	160,170	(25,912)	<b>1,243,129</b>	<b>8,978</b>	6,469	<b>1,258,576</b>

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

# 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

10<sup>th</sup> 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 2020 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 2020 do not include any other entities.

The principal activity of the Company is investment holding whilst the principal activities of the other Group entities are as disclosed in Note 8 to the financial statements. There has been no significant change in the nature of the principal activities.

These financial statements were authorised for issue by the Board of Directors on 30 March 2021.

## 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 2020.

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 2021***

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2



## Notes to the Financial Statements

**1. BASIS OF PREPARATION (CONTINUED)****(a) Statement of compliance (continued)**

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 (continued):

***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022***

- Amendments to MFRS 3, Business Combinations – Reference to the Conceptual Framework
- Amendments to MFRS 116, Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets – Onerous Contract – Cost of Fulfilling a Contract
- Annual Improvements to MFRS Standards 2018-2020

***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023***

- MFRS 17, Insurance Contracts
- Amendments to MFRS 17, Insurance Contracts
- Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current And Disclosure of Accounting Policies
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

***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 2021, 1 January 2022 and 1 January 2023 for those accounting standards, interpretations and amendments, that are effective for annual periods beginning on or after 1 January 2021, 1 January 2022 and 1 January 2023.

The initial application of the above accounting standards, interpretations or amendments are not expected to have any material financial impacts to the future period of the 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.

**(c) Functional and presentation currency**

These financial statements are presented in RM, which is the Group's and the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

## Notes to the Financial Statements

**1. BASIS OF PREPARATION (CONTINUED)****(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 4.3 - Revaluation of freehold land, leasehold land and buildings
- Note 5.1 - Fair value of investment properties
- Note 8.3 - Impairment loss on investment in subsidiaries
- Note 12.1 - Fair value of fresh fruit bunches
- Note 14.6 - Impairment of amounts due from subsidiaries
- Note 20 - Provision for foreseeable loss
- Note 21 - Revenue
- Note 30.4 - Provision for expected credit losses

**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.

**(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.

## Notes to the Financial Statements

**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.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(a) Basis of consolidation (continued)****(v) Associates (continued)**

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.

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 accounts 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.

## Notes to the Financial Statements

**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.



**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(b) Foreign currency (continued)****(ii) Operations denominated in functional currencies other than RM**

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.

## Notes to the Financial Statements

**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)).

**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.

## Notes to the Financial Statements

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(c) Financial instruments (continued)****(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.

**(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 buildings 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.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(d) Property, plant and equipment (continued)****(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.

**(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
• 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

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



## Notes to the Financial Statements

**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.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(f) Investment properties (continued)****(i) Investment properties carried at fair value (continued)**

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.

**(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.

## Notes to the Financial Statements

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(i) Leases****(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.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(i) Leases (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.

## Notes to the Financial Statements

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(i) Leases (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 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

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 investment 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)).



**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(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.

**(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 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 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 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 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.

## Notes to the Financial Statements

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(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.

**(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.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(o) Impairment (continued)****(i) Financial assets (continued)**

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.

**(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.

## Notes to the Financial Statements

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(o) Impairment (continued)****(ii) Other assets (continued)**

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.

**(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.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(q) Employee benefits (continued)****(i) Short-term employee benefits (continued)**

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.

**(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.



## Notes to the Financial Statements

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(s) Revenue and other income (continued)****(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.

**(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.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(u) Income tax (continued)**

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.

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.

**(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.

## Notes to the Financial Statements

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(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.

**(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, TRIplic Ventures Sdn. Bhd. ("TVSB"), entered into the CA-Z1P2 Concession 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, TRIplic 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 and 10 months starting from 11 April 2017; 3 years and 10 months for construction and 22 years for asset management services.

TMSB was granted an extension of time ("EoT No.1") from 10 April 2020 to 10 October 2020 and a further extension of time ("EoT No.2") till 1 February 2021 to complete the CA-Z1P3 construction works. TMSB completed the construction works on time and successfully handed over on 1 February 2021 upon receipt of the Certificate of Acceptance ("COA") by UiTM. Accordingly, the Asset Management Services Period and the payment of the 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) of the Concession Agreement had commenced on 1 February 2021 over the next twenty two (22) years.

## Notes to the Financial Statements

### 4. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Buildings RM'000	Plantation buildings RM'000	Infrastructure RM'000	Plant and machinery RM'000
	At valuation		At cost		
<b>Group</b>					
<b>Cost/Valuation</b>					
At 1 January 2019	-	43,636	9,605	102,218	1,682
Additions	-	-	35	820	2
Reclassification	2,550	(2,550)	2,068	290	305
Disposal	-	-	-	-	-
Written off	-	-	-	-	-
At 31 December 2019	<b>2,550</b>	<b>41,086</b>	<b>11,708</b>	<b>103,328</b>	<b>1,989</b>
Additions	-	-	211	1,377	423
Revaluation	-	2,801	-	-	-
Reclassification	-	-	-	-	-
Disposal	-	-	-	-	-
Written off	-	-	-	-	-
Elimination of accumulated depreciation on revaluation	-	(2,587)	-	-	-
At 31 December 2020	<b>2,550</b>	<b>41,300</b>	<b>11,919</b>	<b>104,705</b>	<b>2,412</b>

## Notes to the Financial Statements

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
27,105	5,940	37,887	16,980	4,357	370,424	619,834
185	30	-	101	1,190	-	2,363
-	-	1	-	(4,403)	1,739	-
(9)	-	(2,661)	-	-	(85)	(2,755)
(298)	-	(160)	-	-	-	(458)
<b>26,983</b>	<b>5,970</b>	<b>35,067</b>	<b>17,081</b>	<b>1,144</b>	<b>372,078</b>	<b>618,984</b>
<b>161</b>	<b>91</b>	<b>7,001</b>	<b>656</b>	<b>1,260</b>	<b>171</b>	<b>11,351</b>
-	-	-	-	-	<b>2,243</b>	<b>5,044</b>
-	-	<b>178</b>	<b>810</b>	<b>(810)</b>	<b>(178)</b>	-
<b>(32)</b>	-	<b>(1,229)</b>	-	-	<b>(1,197)</b>	<b>(2,458)</b>
<b>(137)</b>	-	<b>(296)</b>	-	-	-	<b>(433)</b>
-	-	-	-	-	<b>(1,567)</b>	<b>(4,154)</b>
<b>26,975</b>	<b>6,061</b>	<b>40,721</b>	<b>18,547</b>	<b>1,594</b>	<b>371,550</b>	<b>628,334</b>



## Notes to the Financial Statements

### 4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land RM'000	Buildings RM'000	Plantation buildings RM'000	Infrastructure RM'000	Plant and machinery RM'000
	← At valuation →		← At cost →		
Group (continued)					
Accumulated depreciation					
At 1 January 2019	-	689	811	2,941	679
Charge for the year	-	1,064	117	1,961	52
Disposal	-	-	-	-	-
Written off	-	-	-	-	-
At 31 December 2019	-	1,753	928	4,902	731
Charge for the year	-	834	244	2,112	430
Reclassification	-	-	-	-	-
Disposal	-	-	-	-	-
Written off	-	-	-	-	-
Elimination of accumulated depreciation on revaluation	-	(2,587)	-	-	-
At 31 December 2020	-	-	1,172	7,014	1,161
Carrying amounts					
At 31 December 2019	2,550	39,333	10,780	98,426	1,258
At 31 December 2020	2,550	41,300	10,747	97,691	1,251

## Notes to the Financial Statements

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
24,749	4,865	27,861	16,151	-	13,661	92,407
1,132	469	3,519	341	-	9,567	18,222
(2)	-	(2,190)	-	-	(69)	(2,261)
(266)	-	(74)	-	-	-	(340)
<b>25,613</b>	<b>5,334</b>	<b>29,116</b>	<b>16,492</b>	<b>-</b>	<b>23,159</b>	<b>108,028</b>
<b>647</b>	<b>438</b>	<b>5,023</b>	<b>276</b>	<b>-</b>	<b>6,062</b>	<b>16,066</b>
-	-	<b>3,092</b>	-	-	<b>(3,092)</b>	-
<b>(9)</b>	-	<b>(1,225)</b>	-	-	<b>(932)</b>	<b>(2,166)</b>
<b>(112)</b>	-	<b>(296)</b>	-	-	-	<b>(408)</b>
-	-	-	-	-	<b>(1,567)</b>	<b>(4,154)</b>
<b>26,139</b>	<b>5,772</b>	<b>35,710</b>	<b>16,768</b>	<b>-</b>	<b>23,630</b>	<b>117,366</b>
1,370	636	5,951	589	1,144	348,919	510,956
<b>836</b>	<b>289</b>	<b>5,011</b>	<b>1,779</b>	<b>1,594</b>	<b>347,920</b>	<b>510,968</b>

## 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 →		
<b>Company</b>			
<b>Cost</b>			
At 1 January 2019/31 December 2019/ 31 December 2020	876	1,928	2,804
<b>Depreciation</b>			
At 1 January 2019	852	1,928	2,780
Depreciation for the year	20	-	20
At 31 December 2019	<b>872</b>	<b>1,928</b>	<b>2,800</b>
Depreciation for the year	<b>3</b>	<b>-</b>	<b>3</b>
At 31 December 2020	<b>875</b>	<b>1,928</b>	<b>2,803</b>
<b>Carrying amounts</b>			
At 31 December 2019	4	-	4
At 31 December 2020	<b>1</b>	<b>-</b>	<b>1</b>

## Notes to the Financial Statements

**4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)****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				
<b>Group</b>						
<b>Cost/Valuation</b>						
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	<b>48,365</b>	<b>293,144</b>	<b>5,160</b>	<b>1,740</b>	<b>23,669</b>	<b>372,078</b>
Additions	-	-	-	-	171	171
Revaluation	<b>2,243</b>	-	-	-	-	<b>2,243</b>
Reclassification	-	-	-	-	(178)	(178)
Disposal	-	-	-	-	(1,197)	(1,197)
Elimination of accumulated depreciation on revaluation	<b>(1,567)</b>	-	-	-	-	<b>(1,567)</b>
At 31 December 2020	<b>49,041</b>	<b>293,144</b>	<b>5,160</b>	<b>1,740</b>	<b>22,465</b>	<b>371,550</b>
<b>Accumulated Depreciation</b>						
At 1 January 2019	458	4,522	1,044	-	7,637	13,661
Charge for the year	567	4,000	502	174	4,324	9,567
Disposal	-	-	-	-	(69)	(69)
At 31 December 2019	<b>1,025</b>	<b>8,522</b>	<b>1,546</b>	<b>174</b>	<b>11,892</b>	<b>23,159</b>
Charge for the year	<b>542</b>	<b>3,448</b>	<b>516</b>	-	<b>1,556</b>	<b>6,062</b>
Reclassification	-	-	-	-	(3,092)	(3,092)
Disposal	-	-	-	-	(932)	(932)
Elimination of accumulated depreciation on revaluation	<b>(1,567)</b>	-	-	-	-	<b>(1,567)</b>
At 31 December 2020	-	<b>11,970</b>	<b>2,062</b>	<b>174</b>	<b>9,424</b>	<b>23,630</b>

## Notes to the Financial Statements

### 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				
Group (continued)						
Carrying amounts						
At 31 December 2019	47,340	284,622	3,614	1,566	11,777	348,919
At 31 December 2020	49,041	281,174	3,098	1,566	13,041	347,920

#### 4.2 Breakdown of depreciation charge for the year, are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Recognised in profit or loss	<b>15,189</b>	16,344	<b>3</b>	20
Capitalised in bearer biological assets (Note 6.1)	<b>877</b>	1,878	-	-
Depreciation charged for the year	<b>16,066</b>	18,222	<b>3</b>	20

#### 4.3 Revaluation of freehold land, leasehold land and buildings

In the financial year ended 31 December 2020, the freehold land, 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 freehold land, 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)****4.3 Revaluation of freehold land, 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
<b>Comparison approach:</b>		
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	
	2020 RM'000	2019 RM'000
<b>Buildings at 31 December:</b>		
Cost	31,903	31,903
Accumulated depreciation	(6,135)	(5,793)
Carrying amount	25,768	26,110
<b>Right-of-use asset Land at 31 December:</b>		
Cost	17,969	17,969
Accumulated depreciation	(3,698)	(3,525)
Carrying amount	14,271	14,444
	40,039	40,554



## Notes to the Financial Statements

### 4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### 4.4 Security

- (a) As at the end of the reporting period, the carrying amount of the plantation land, plantation buildings and infrastructure of the Group of RM389,612,000 (2019: RM393,828,000) has been charged to secure the banking facilities granted to a sub-subsidiary of the Company as disclosed in Note 18.2.1(a) to the financial statements.
- (b) As at the end of the reporting period, the carrying amount of the leasehold land and buildings of the Group of RM65,000,000 (2019: RM61,184,000) has been charged to secure the banking facility granted to a subsidiary of the Company as disclosed in Note 18.2.2(b) to the financial statements.

### 5. INVESTMENT PROPERTIES

	Group RM'000	Company RM'000
<b>At 1 January 2020/31 December 2019</b>	<b>852,297</b>	<b>305,757</b>
Fair value (loss)/gain recognised during the year	(2,227)	88
Additions during the year	1,500	-
Disposals during the year	(32,645)	(32,645)
<b>At 31 December 2020</b>	<b>818,925</b>	<b>273,200</b>

Included in the above are:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>At fair value</b>				
Freehold land	3,290	3,265	-	-
Buildings	33,590	37,765	7,000	11,500
	<b>36,880</b>	41,030	<b>7,000</b>	11,500

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>At fair value</b>				
<b>Right-of-use assets</b>				
Long-term leasehold land	782,045	811,267	266,200	294,257

## Notes to the Financial Statements

**5. INVESTMENT PROPERTIES (CONTINUED)****5.1 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
<p><b>Comparison approach:</b></p> <p>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.</p>	Adjusted market value per square foot.	The estimated fair value would increase/ (decrease) if adjusted market value per square foot were higher/(lower).

## Notes to the Financial Statements

### 5. INVESTMENT PROPERTIES (CONTINUED)

#### 5.2 The following are recognised in profit or loss in respect of investment properties:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Rental income	785	1,023	38	60
Direct operating expenses				
- income generating investment properties	(1,040)	(964)	(76)	(76)
- non-income generating investment properties	(364)	(257)	(124)	(166)

#### 5.3 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 (2019: 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 of RM153,900,000 (2019: RM153,900,000) have been charged as security for term loan facility granted to the Group as disclosed in Note 18.1(ii) and Note 18.6(b)(i) financial statements.

### 6. BEARER BIOLOGICAL ASSETS

	Note	Matured area RM'000	Oil palm Immature area RM'000	Total RM'000
<b>Group</b>				
<b>Cost</b>				
At 1 January 2019		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
Reclassification		32,529	(32,529)	-
Additions	6.1	-	10,098	10,098
At 31 December 2020		300,475	35,551	336,026

## Notes to the Financial Statements

**6. BEARER BIOLOGICAL ASSETS (CONTINUED)**

	<b>Note</b>	<b>Matured area RM'000</b>	<b>Oil palm Immature area RM'000</b>	<b>Total RM'000</b>
<b>Group (continued)</b>				
<b>Accumulated amortisation</b>				
At 1 January 2019		5,785	-	5,785
Charge for the year		8,639	-	8,639
At 31 December 2019		<b>14,424</b>	-	<b>14,424</b>
Charge for the year		<b>8,973</b>	-	<b>8,973</b>
At 31 December 2020		<b>23,397</b>	-	<b>23,397</b>
<b>Net book value</b>				
At 31 December 2019		253,522	57,982	311,504
At 31 December 2020		<b>277,078</b>	<b>35,551</b>	<b>312,629</b>

**6.1 Included in the additions during the year are as follows:**

	<b>Note</b>	<b>Group</b>	
		<b>2020 RM'000</b>	<b>2019 RM'000</b>
Finance cost*	23	<b>1,422</b>	1,951
Depreciation of property, plant and equipment	4.2	<b>877</b>	1,878

\* Finance cost is capitalised at the borrowing cost rates range within 4.25% to 5.40% (2019: 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 18.2.1). 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.

## Notes to the Financial Statements

**7. CONCESSION ASSET/(LIABILITY)**

	Note	Group	
		2020 RM'000	2019 RM'000
Concession asset	7.1	5,368	5,768
Concession liability	7.2	(105,485)	(110,190)

**7.1 Concession asset**

The concession asset represents the fair value adjustment on CA-Z1P2 concession pursuant to the acquisition of TRIpIc Berhad and its subsidiaries. During the current financial year, a total of RM400,000 (2019: RM400,000) 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 TRIpIc Berhad and its subsidiaries. During the current financial year, a total of RM4,705,000 (2019: RM4,706,000) 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	
	2020 RM'000	2019 RM'000
<b>Cost</b>		
Unquoted shares	1,205,351	1,190,351
Less: Accumulated impairment losses	(318,157)	(317,774)
	887,194	872,577

## Notes to the Financial Statements

**8. INVESTMENT IN SUBSIDIARIES (CONTINUED)**

Details of the subsidiaries are as follows:

		Effective ownership interest and voting interest	
		2020	2019
Name	Principal activities	%	%
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.*	Dormant	100	100
MESB	Investment holding and oil palm plantation business	100	100
TRIpIc	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
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
Principal place of business/ Incorporated in Singapore			
SINO	Ceased operations	98.65	98.65
Principle place of business/ Incorporated in India			
PNIPPL*	Dormant	100	100
Principal place of business/ Incorporated in Hong Kong			
Jadekind Ltd*	Development, manufacturing and distribution of supplement product in PRC.	50^	50^



## Notes to the Financial Statements

### 8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows (continued):

		Effective ownership interest and voting interest	
		2020	2019
Name	Principal activities	%	%
Principal place of business/ Incorporated in Malaysia			
Subsidiaries of TRIpIc			
TRIpIc Medical Sdn. Bhd.	Concession relates to design, development, construction and completion of the facilities and infrastructure and asset management services activities	100	100
TRIpIc Ventures Sdn. Bhd.	Concession relates to design, development, construction and completion of the facilities and infrastructure and maintenance works activities	100	100
TRIpIc Resources Sdn. Bhd.	Property construction and related activities	100	100
TRIpIc FMS Sdn. Bhd.	Provision of facilities management services and related activities	100	100
Central Challenger (M) Sdn. Bhd.	Property development, provision of project management services and property management	100	100
TRIpIc 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 TRIpIc Group	100	100

## Notes to the Financial Statements

**8. INVESTMENT IN SUBSIDIARIES (CONTINUED)**

Details of the subsidiaries are as follows (continued):

		Effective ownership interest and voting interest	
		2020	2019
Name	Principal activities	%	%
Subsidiaries of POG			
GOM Resources	Ceased operations	100	100
KGL	Ceased operations	100	100
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.

**8.1 Increase in investment of subsidiaries**

During the financial year, the Company subscribed Redeemable Preference Shares ("Preference A") of RM10,500,000 and Musharakah Redeemable Preference Shares of RM4,500,000 ("Preference B") in MESB with cash payment of RM15,000,000. The additional capital injection into MESB was used by MESB for the subscription of Class A Cumulative Convertible Redeemable Preference Shares ("CCRPS-A") of RM9,000,000 and Class A Musharakah Cumulative Convertible Redeemable Preference Shares ("Musharakah CCRPS-A") of RM4,500,000 (both "Preference A") and Class B Cumulative Convertible Redeemable Preference Shares ("CCRPS-B") of RM1,500,000 ("Preference B") in DSSB.

In the previous financial year, the Company subscribed Redeemable Preference Shares ("Preference A") 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 CCRPS-A ("Preference A") in DSSB.

## Notes to the Financial Statements

**8. INVESTMENT IN SUBSIDIARIES (CONTINUED)****8.2 Decrease in investment of subsidiaries**

In the previous financial year, the following occurred:

- (a) Puncak Niaga (India) Sdn. Bhd. ("PN India") had on 13 February 2019, been struck off from the Register of Companies Commission of Malaysia pursuant to Section 550 of the Companies Act 2016. Accordingly, PN India ceased to be a subsidiary of the Company on 13 February 2019.
- (b) The members' voluntary winding-up of GOM Resources Limited ("GRL") had 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") had on 7 March 2019, been 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. Accordingly, PNOC has ceased to be a subsidiary of the Company on 7 March 2019.
- (d) The voluntary dissolution of Sino Water Shanghai upon receipt of the notice from the regulatory authority of People's Republic of China ("PRC") on 11 March 2019. Accordingly, Sino Water Shanghai ceased to be a sub-subsidiary of the Company.

**8.3 Impairment loss on investment in subsidiaries**

During the financial year, at Company level, the impairment loss amounting to RM383,000 (2019: RMNil) was mainly attributable to a subsidiary that is in the other segment.

## 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:

	2020		
		Other subsidiaries with immaterial	
	DSSB RM'000	NCI RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	10%		
Carrying amount of NCI	31,141	(1,170)	29,971
Loss allocated to NCI	(3,682)	(74)	(3,756)
<b>Summarised financial information before intra-group elimination</b>			
<b>As at 31 December 2020</b>			
Non-current assets	719,935		
Current assets	21,571		
Non-current liabilities	(238,107)		
Current liabilities	(161,988)		
Net assets	341,411		
<b>Year ended 31 December 2020</b>			
Revenue	27,083		
Loss and comprehensive expense for the year	(36,823)		
Cash flows used in operating activities	(20,217)		
Cash flows used in investing activities	(13,188)		
Cash flows from financing activities	31,937		
Net decrease in cash and cash equivalents	(1,468)		

## Notes to the Financial Statements

### 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):

	2019		
	DSSB	Other subsidiaries with immaterial NCI	Total
	RM'000	RM'000	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)

#### 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 used in operating activities	(31,077)
Cash flows used in investing activities	(9,950)
Cash flows from financing activities	45,442
Net increase in cash and cash equivalents	4,415

## Notes to the Financial Statements

## 9. INVESTMENT IN ASSOCIATE

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Advances to associate	23	20	23	20
Share of post-acquisition reserves	(13)	(11)	-	-
	10	9	23	20

Name	Principal activities	Effective ownership interest and voting interest	
		2020	2019
		%	%
<b>Principal place of business/ Incorporated in Malaysia</b>			
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.



## Notes to the Financial Statements

### 10. DEFERRED TAX ASSETS/(LIABILITIES)

#### Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Group</b>						
Property, plant and equipment	-	-	(92,254)	(97,004)	(92,254)	(97,004)
Bearer biological assets	-	610	(74,901)	(74,233)	(74,901)	(73,623)
Investment properties	-	-	(53,773)	(56,096)	(53,773)	(56,096)
Trade receivables	-	-	(26,003)	(16,001)	(26,003)	(16,001)
Unutilised tax losses	19,718	8,028	-	-	19,718	8,028
Unabsorbed capital allowances	5	-	-	-	5	-
Unabsorbed agriculture allowances	51,947	48,872	-	-	51,947	48,872
Concession asset/(liability)	25,316	26,446	(1,288)	(1,384)	24,028	25,062
Other temporary differences	7,724	3,458	(59)	(59)	7,665	3,399
Net tax assets/(liabilities)	104,710	87,414	(248,278)	(244,777)	(143,568)	(157,363)
<b>Company</b>						
Investment properties	-	-	(20,292)	(22,419)	(20,292)	(22,419)
Net tax liabilities	-	-	(20,292)	(22,419)	(20,292)	(22,419)

## Notes to the Financial Statements

**10. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)****Recognised deferred tax assets/(liabilities) (continued)**

Movement in temporary differences:

	As at 1 January 2019 RM'000	Recognised in profit or loss in 2019 (Note 25) RM'000	As at 31 December 2019 RM'000	Recognised in profit or loss in 2020 (Note 25) RM'000	Recognised in other comprehensive income in 2020 (Note 26) RM'000	Deferred tax realised on disposal of assets (Note 17) RM'000	As at 31 December 2020 RM'000
<b>Group</b>							
<b>Deferred tax (liabilities)/assets</b>							
Property, plant and equipment	(93,201)	(3,803)	(97,004)	<b>5,948</b>	<b>(1,210)</b>	<b>12</b>	<b>(92,254)</b>
Bearer biological assets	(70,277)	(3,346)	(73,623)	<b>(1,278)</b>	-	-	<b>(74,901)</b>
Investment properties	(58,746)	2,650	(56,096)	<b>2,323</b>	-	-	<b>(53,773)</b>
Trade receivables	(15,501)	(500)	(16,001)	<b>(10,002)</b>	-	-	<b>(26,003)</b>
Unutilised tax losses	8,028	-	8,028	<b>11,690</b>	-	-	<b>19,718</b>
Unabsorbed capital allowances	-	-	-	<b>5</b>	-	-	<b>5</b>
Unabsorbed agriculture allowances	42,338	6,534	48,872	<b>3,075</b>	-	-	<b>51,947</b>
Concession asset/ (liability)	26,698	(1,636)	25,062	<b>(1,034)</b>	-	-	<b>24,028</b>
Other temporary differences	669	2,730	3,399	<b>4,266</b>	-	-	<b>7,665</b>
	(159,992)	2,629	(157,363)	<b>14,993</b>	<b>(1,210)</b>	<b>12</b>	<b>(143,568)</b>
<b>Company</b>							
<b>Deferred tax liabilities</b>							
Investment properties	(27,751)	5,332	(22,419)	<b>2,127</b>	-	-	<b>(20,292)</b>

## Notes to the Financial Statements

### 10. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

#### Recognised deferred tax assets/(liabilities) (continued)

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>Presented after appropriate offsetting as follows:</b>				
Deferred tax assets	25,551	25,062	-	-
Deferred tax liabilities	(169,119)	(182,425)	(20,292)	(22,419)
	(143,568)	(157,363)	(20,292)	(22,419)

#### Unrecognised deferred tax assets

Deferred tax assets have not been recognised for the following items (stated at net):

	Group	
	2020	2019
	RM'000	RM'000
Unabsorbed tax losses	161,178	147,420
Unabsorbed capital allowances	3,461	2,992
Other temporary differences	22,601	23,749
	187,240	174,161

With effect from the Year of Assessment ("YA") 2019, the ability to carry forward unutilised tax losses is restricted to a maximum period of seven consecutive YAs.

The unabsorbed tax losses of the Group are available for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidance issued by the tax authority as follows (net of tax):

	Group	
	2020	2019
	RM'000	RM'000
Utilisation period		
Indefinite	26,062	26,741
Within 7 years from unabsorbed tax losses	161,178	147,420
	187,240	174,161

## Notes to the Financial Statements

## 11. INVENTORIES

	Group	
	2020 RM'000	2019 RM'000
<b>Cost</b>		
Stores and consumables	3,432	3,021
Others	869	616
	<b>4,301</b>	<b>3,637</b>

During the year, the amount of inventories recognised in the profit or loss of the Group was RM6,974,000 (2019: RM14,602,000) 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	
	2020 RM'000	2019 RM'000
<b>Fair value less cost to sell</b>		
Fresh fruit bunches	5,549	4,015

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
<b>Income approach:</b>		
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).

## Notes to the Financial Statements

### 12. FRESH FRUIT BUNCHES (CONTINUED)

#### 12.1 Fair value of fresh fruit bunches (continued)

The following table shows a reconciliation of the fair value of fresh fruit bunches:

	Group	
	2020 RM'000	2019 RM'000
At 1 January	4,015	3,248
Change in fair value recognised in profit or loss	1,534	767
At 31 December	5,549	4,015

### 13. CONTRACT BALANCES

	Group	
	2020 RM'000	2019 RM'000
Contract assets	9,623	22,204
Contract liabilities	(1,324)	(1,788)

#### 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.

## Notes to the Financial Statements

## 14. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Non-current Trade</b>					
Receivables from concession customer	14.1	<b>827,170</b>	706,992	-	-
<b>Non-trade</b>					
Other receivables	14.2	-	11,375	-	-
Prepayments	14.3	<b>5,409</b>	6,285	-	-
		<b>5,409</b>	17,660	-	-
		<b>832,579</b>	724,652	-	-
<b>Current Trade</b>					
Trade receivables	14.4	<b>21,743</b>	20,115	-	-
Receivables from concession customer	14.1	<b>49,919</b>	111	-	-
Advances to subcontractors	14.5	<b>4,796</b>	4,799	-	-
		<b>76,458</b>	25,025	-	-
<b>Non-trade</b>					
Amounts due from subsidiaries	14.6	-	-	<b>165,233</b>	145,155
Prepayments	14.3	<b>70,280</b>	30,995	<b>25</b>	99
Other receivables		<b>22,814</b>	16,782	<b>486</b>	510
Deposits	14.7	<b>15,207</b>	16,727	<b>10</b>	10
		<b>108,301</b>	64,504	<b>165,754</b>	145,774
		<b>184,759</b>	89,529	<b>165,754</b>	145,774
		<b>1,017,338</b>	814,181	<b>165,754</b>	145,774



## 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, TRIplic Ventures Sdn. Bhd. ("TVSB"), a wholly-owned sub-subsidiary of the Company 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 the 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.

**(b) Concession Agreement ("CA-Z1P3")**

On 18 February 2016, TRIplic Medical Sdn. Bhd. ("TMSB"), a wholly-owned sub-subsidiary of the Company 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 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 (collectively referred to as the "Concession") as disclosed in Note 3(b) to the financial statements.

**14. TRADE AND OTHER RECEIVABLES (CONTINUED)****14.1 Receivables from concession customer (continued)****(b) Concession Agreement ("CA-Z1P3") (continued)**

The principal terms of the CA-Z1P3 are as follows:

- (i) the concession granted is for a period of twenty five (25) years and 10 months ("Concession Period") which consists of three (3) years and 10 months 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 had commenced on 1 February 2021 upon completion of the construction works and expiring on the last date of the Concession Period ("Asset Management Services Period");
- (iii) throughout the Asset Management Services Period, UiTM shall pay TMSB the Availability Charges for the availability of the Facilities and Infrastructure and the Asset Management Services Charges for the provision of maintenance services and asset replacement programme; and
- (iv) On 22 May 2020, TMSB was granted an extension of time ("EoT No.1") from 10 April 2020 to 10 October 2020 and on 6 October 2020, a further extension of time ("EoT No.2") till 1 February 2021 to complete the CA-Z1P3 construction works. TMSB completed the construction works on time and successfully handed over UiTMZ1P3 on 1 February 2021 upon receipt of the Certificate of Acceptance ("COA") by UiTM.

The receivables from the 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**

The non-current other receivables of the Group represents the financial assets from CA-Z1P3 project.

**14.3 Prepayments**

- (a) Included in prepayments of the Group is prepaid guarantee premium fees of RM3,028,000 (2019: RM3,689,000) in respect of the Medium Term Notes, prepaid guarantee premium fees and prepaid interest expense of RM19,469,000 (2019: RM9,288,000) and RM44,946,000 (2019: RM16,157,000) respectively in respect of the Senior Sukuk Murabahah.
- (b) Included in prepayment of the Group is prepaid interest expense of RM6,285,000 (2019: RM7,155,000) paid on the redemption of Junior Term Note issued by TVSB.

**14.4 Trade receivables**

Trade receivables are non-interest bearing and are generally on a range of 30 to 90 days (2019: 30 to 90 days) terms. Credit terms are assessed and approved on a case-by-case basis.

## Notes to the Financial Statements

**14. TRADE AND OTHER RECEIVABLES (CONTINUED)****14.5 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.

**14.6 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 2.18% - 3.34% per annum (2019: 2.91% - 4.10% per annum).

The net reversal of impairment loss of RM7,433,000 during the financial year of the Company was mainly arising from repayment from PNCSB to the Company. In the previous financial year, the increase in impairment loss of RM4,017,000 of the Company was mainly arising from advances to PNCSB.

**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 (2019: RM7,199,000) and deposits of the net adjudicated amount of RM6,315,000 (2019: 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 35(IV) to the financial statements.

**15. SHORT-TERM INVESTMENTS**

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Short-term investments	15.1	23,974	30,388	21,782	28,248
Fixed deposits placed with licensed banks	15.2	99,183	105,307	-	4,274
		123,157	135,695	21,782	32,522

**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.

**15.2 Fixed deposits placed with licensed banks**

The fixed deposits placed with licensed banks have maturity of more than three (3) months and are measured at amortised cost.

## Notes to the Financial Statements

**15. SHORT-TERM INVESTMENTS (CONTINUED)****15.2 Fixed deposits placed with licensed banks (continued)**

Included in the Group's short-term investments are restricted monies amounting to RM1,396,000 (2019: RM13,438,000) 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)(iv) to the financial statements.

Included in the Group's short-term investments are restricted monies amounting to RM65,142,000 (2019: RM81,611,000) held under Disbursement Account, Revenue Account, Senior Sukuk Finance Service Reserve Account, Senior Sukuk TRA and Junior Sukuk TRA representing securities pledged, 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)(ii),(iii) and (iv) to the financial statement.

Included in the Group's short-term investments are restricted monies amounting to RM32,355,000 (2019: RM5,636,000) held under the Proceeds Account Debt Service Reserve Account ("DSRA"), Liquidity Reserve Account ("LRA") and Trustee Reimbursement Account ("TRA"), representing securities assigned and charged with Security Trustee for the Medium Term Note as disclosed in Note 18.3.2(d)(iv) to the financial statements.

**16. CASH AND CASH EQUIVALENTS**

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks	<b>190,531</b>	367,141	<b>63,614</b>	57,840
Cash and bank balances	<b>114,248</b>	76,611	<b>6,097</b>	1,209
	<b>304,779</b>	443,752	<b>69,711</b>	59,049

- (a) Included in the cash and cash equivalents of the Group is an amount of RM638,000 (2019: RM809,000) 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 to the financial statements.
- (b) Included in the cash and cash equivalents of the Group is an amount of RM13,248,000 (2019: RM40,287,000) 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 (2019: RM2,365,000) held under the Group's Escrow Account pledged with a licensed bank to secure the loan facilities as disclosed in Note 18.2.1(c) to the financial statement.
- (d) Included in the cash and cash equivalents of the Group is an amount of RM19,044,000 (2019: RM9,027,000) held under the Group's Revenue Account, Operating Account 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 (2019: 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 is an amount of RM95,842,000 (2019: RM267,000,000) held under the Group's Disbursement Account, Revenue Account, Operating Account, Senior Sukuk Finance Service Reserve Account ("Senior Sukuk FSRA"), Junior Sukuk Finance Service Reserve Account ("Junior Sukuk FSRA"), Senior Sukuk TRA and Junior Sukuk TRA. The Group has pledged, 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			
	2020		2019	
	Amount RM'000	Number of shares '000	Amount RM'000	Number of shares '000
Ordinary shares, issued and fully paid with no par value:				
At 1 January/31 December	554,663	449,285	554,663	449,285

**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.

**17.2 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 2020, the Company held 2,036,800 (2019: 2,036,800) of the Company's ordinary shares as treasury shares, amounting to RM5,941,000 (2019: 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.

## Notes to the Financial Statements

**17. CAPITAL AND RESERVES (CONTINUED)****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:

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January, gross	<b>138,152</b>	138,152	<b>17,162</b>	17,162
Add:				
Revaluation surplus of land and buildings, recognised in other comprehensive income	<b>5,044</b>	-	-	-
Less:				
Realisation of revaluation arising from disposal of assets	<b>(15,064)</b>	-	<b>(14,649)</b>	-
At 31 December, gross	<b>128,132</b>	138,152	<b>2,513</b>	17,162
At 1 January, deferred tax	<b>(12,621)</b>	(12,621)	<b>(857)</b>	(857)
Less:				
Recognised in other comprehensive income for revaluation surplus of land and buildings	<b>(1,210)</b>	-	-	-
Less:				
Realisation of deferred tax arising from disposal of assets	<b>12</b>	-	-	-
At 31 December, deferred tax	<b>(13,819)</b>	(12,621)	<b>(857)</b>	(857)
At 31 December, net	<b>114,313</b>	125,531	<b>1,656</b>	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	
		2020 RM'000	2019 RM'000
<b>Non-current</b>			
Term loan	18.1	18,502	-
Tawarruq term loan	18.2	122,733	119,716
Medium Term Notes	18.3	291,080	310,396
Junior Note	18.3	-	-
Senior Sukuk Murabahah	18.4	617,694	615,278
Lease liabilities	30.5	7,570	7,872
		<b>1,057,579</b>	<b>1,053,262</b>
<b>Current</b>			
Term loan	18.1	3,750	24,754
Tawarruq term loan	18.2	8,650	17,500
Medium Term Notes	18.3	19,557	19,461
Bank overdraft	18.5	2,800	2,611
Revolving credit facility	18.2	149,300	108,800
Cashline-I	18.6	12,478	12,500
Lease liabilities	30.5	4,462	4,241
		<b>200,997</b>	<b>189,867</b>
		<b>1,258,576</b>	<b>1,243,129</b>

#### 18.1 Term loan

TRIpIc Berhad has on August 2019 obtained Term loan amount of RM25 million. The purpose of the loan is for TRIpIc Berhad to acquire the MTN totaling RM25 million issued by Pujian Bayu Sdn. Bhd. and was drawdown on September 2019.

The Term loan amount of RM25 million is repayable as follows:

- by 20 quarterly principal instalments of RM1.25 million each. The first (1st) repayment commenced on 1 October 2020 which is the first (1st) day of 13th month following the date of the loan drawdown, or
- from the proceeds of disposal of the MTNs.

The Term loan is secured by:

- first assignment and charge over all the Designated Accounts of TRIpIc Berhad;
- legal charge over a land of the Group as disclosed in Note 5.3(b) to the financial statements;
- assignment of the construction profits accruing to TRIpIc Berhad from the construction component of the development of CA-Z1P2 of at least RM5 million; and
- assignment and charge on Medium Term Note of RM25 million issued by Pujian Bayu Sdn. Bhd.

The Term loan bears effective interest at a rate of 5.43% (2019: 6.22%) per annum.

**18. LOANS AND BORROWINGS (CONTINUED)****18.2 Tawarruq term loan and revolving credit facility****18.2.1 Tawarruq term loan and revolving credit facility I**

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 drawdown in November 2017. The principal is repayable by ninety-six (96) monthly instalments, commencing on the 25<sup>th</sup> month end from the date of initial drawdown. The profit is payable on a monthly basis at a profit rate of Islamic Cost of Fund plus margin of 1.1% 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 at the end of each Profit Period at a profit rate of Islamic Cost of Fund plus margin of 1.1% per annum.

The facilities were secured via the following:

- (a) first charge on plantation land, plantation buildings and infrastructure as disclosed in Note 4.4(a) 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's 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.

**18.2.2 Tawarruq revolving credit facility II**

The Tawarruq revolving credit facility was granted to Puncak Niaga Construction Sdn. Bhd. for working capital purposes and operating expenses related to the Kuantan Project.

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 at the end of each Profit Period at a profit rate of Islamic Cost of Fund plus margin of 1.15% per annum.

## Notes to the Financial Statements

### 18. LOANS AND BORROWINGS (CONTINUED)

#### 18.2 Tawarruq term loan and revolving credit facility (continued)

##### 18.2.2 Tawarruq revolving credit facility II (continued)

The facility was secured via the following:

- (a) assignment of all rights, title and interests in the proceeds from the project under a Designated Account maintained with the bank;
- (b) third party first legal charge on leasehold land and buildings as disclosed in Note 4.4(b) to the financial statements;
- (c) a charge over the Designated Account maintained by the Main Contractor of the project with the bank; and
- (d) corporate guarantee by PNHB.

#### 18.3 Medium Term Notes and Junior Note

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Medium Term Notes</b>		
At beginning of the financial year	<b>335,000</b>	180,000
Issued during the financial year	-	175,000
Repayment during the financial year	<b>(20,000)</b>	(20,000)
At end of the financial year	<b>315,000</b>	335,000
<b>Accretion of discount</b>		
At beginning of the financial year	<b>5,143</b>	2,575
Add: Addition during the year	-	3,253
Less: Recognised in profit or loss	<b>(780)</b>	(685)
At end of the financial year	<b>4,363</b>	5,143
	<b>310,637</b>	329,857
<i>Represented as:</i>		
Current	<b>19,557</b>	19,461
Non-current	<b>291,080</b>	310,396
	<b>310,637</b>	329,857
<b>Junior Note</b>		
At beginning of the financial year	-	35,000
Less: Redeemed by the Group	-	(35,000)
At end of the financial year	-	-
<b>Accretion of discount</b>		
At beginning of the financial year	-	5,123
Less: Recognised in profit or loss	-	(529)
Less: Redeemed by the Group	-	(4,594)
At end of the financial year	-	-
	-	-
<i>Represented as:</i>		
Non-current	-	-

**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 3.00% 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 TRIpIc Berhad;
  - (v) charge over investment in a sub-subsidiary, TVSB with a carrying amount of RM26,650,000 (2019: RM26,650,000);
  - (vi) undertaking by the Company and TRIpIc Berhad;
  - (vii) assignment and charged all rights, title, interests and benefits in and under the Junior Note Debts Service Ratio Account ("JN DSRA");

## 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)**

- (d) Medium Term Note I is secured by the Financial Guarantee Insurance ("FGI") facility. The FGI facility and Junior Note are secured by (continued):

(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 TRIplic 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.
- (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

**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 (continued):
- (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 TRIpIc 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 TRIpIc Berhad to partially repay the term loan facility to part finance the construction costs of the CA-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.



## Notes to the Financial Statements

**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 TRIpIc 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 TRIpIc Berhad in favour of Malaysian Trustees Berhad as Security Agent in respect of the TVSB MTN and Junior Note;
- (ii) an assignment by TRIpIc 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 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 TRIpIc Berhad pursuant to the advance granted to TRIpIc 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 Medium Term Note II.

## Notes to the Financial Statements

**18. LOANS AND BORROWINGS (CONTINUED)****18.4 Senior Sukuk Murabahah**

	Group	
	2020 RM'000	2019 RM'000
At beginning at the financial year/At end of the financial year	<b>639,000</b>	639,000
<b>Accretion of discount</b>		
At beginning at the financial year	<b>23,722</b>	26,129
Less: Recognised in profit or loss	<b>(2,416)</b>	(2,407)
At end of the financial year	<b>21,306</b>	23,722
	<b>617,694</b>	615,278

- (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 (4<sup>th</sup>) 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.

## Notes to the Financial Statements

### 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:
- (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-ZIP3;
  - (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 TRIpIc Berhad; and
  - (xi) undertaking by TRIpIc 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 of up to RM105,000,000 granted to TRIpIc Berhad as disclosed in Note 18.1 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 TRIpIc Berhad, a wholly-owned subsidiary of the Company is secured by:
  - (i) a third party first legal charge over a leasehold land as disclosed in Note 5.3(a) to the financial statements; and
  - (ii) pledged of first party fixed deposit of RM290,000 (2019: RM282,000).
- (b) Bank overdraft of the Group bears interest at a rate of 6.57% (2019: 8.07%) per annum.

**18.6 Cashline-I facility**

- (a) TRIpIc Berhad, a wholly-owned subsidiary of the Company obtained the approval from the lender for a Cashline-I facility of RM12.5 million to finance the partial repayment of Term loan in the previous financial year. The RM12.5 million was drawdown on 4 December 2019.
- (b) The Cashline-I Facility bears effective interest at a rate of 5.43% (2019: 7.64%) per annum.

The facility is secured by:

- (i) 3<sup>rd</sup> party second land charge over a leasehold land as disclosed in Note 5.3(b) to the financial statements;
- (ii) 1<sup>st</sup> 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) 3<sup>rd</sup> party second legal assignment and charge over the principal Construction Contract of Zone 1 Phase 3 Project ("CA-Z1P3");
- (v) 3<sup>rd</sup> party second legal assignment and charge over the construction profit under the Construction Contract of CA-Z1P3;
- (vi) 3<sup>rd</sup> party second legal assignment and charge over the Designated Accounts of CA-Z1P3;
- (vii) 1<sup>st</sup> party second charge over existing Designated Escrow Accounts of TRIpIc Berhad;
- (viii) A legal assignment over the rights and interest to the dividends to be declared by TMSB to TRIpIc Berhad, shall be at least RM20 million or sufficient amount to fully settle the facility;
- (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 TRIpIc Berhad.

## Notes to the Financial Statements

### 19. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Non-current</b>					
<b>Trade</b>					
Trade payable	19.1	5,040	10,000	-	-
<b>Current</b>					
<b>Trade</b>					
Trade payables	19.2	157,136	137,876	-	-
Advances from contract customers		-	1,076	-	-
		157,136	138,952	-	-
<b>Non-trade</b>					
Other payables and accruals	19.3	53,572	56,414	2,131	2,083
Amount due to subsidiaries		-	-	5,759	5,759
		210,708	195,366	7,890	7,842
		215,748	205,366	7,890	7,842

#### 19.1 Non-current trade payable

Non-current trade payable represents an advance from a third party in respect of a construction project in the construction operating segment. This amount is non-interest bearing and it shall be recouped progressively 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 (2019: 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-ZIP2 amounting to RM159,000 (2019: RM595,000), RM12,134,000 (2019: RM11,407,000) and RM18,340,000 (2019: RM15,611,000) respectively.

Included in other payables and accruals is an amount owing to a Director of the Company of RM5,306,000 (2019: 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**

	Group	
	2020 RM'000	2019 RM'000
At 1 January	48,029	71,387
Provision utilised during the year	(4,067)	(23,358)
At 31 December	43,962	48,029

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.

The provision for foreseeable loss that was utilised during the year reflects the actual work that was realised upon revenue and cost recognition.

**21. REVENUE**

	Group	
	2020 RM'000	2019 RM'000
<b>Revenue from contracts with customers</b>	<b>381,855</b>	472,699
<b>Other revenue</b>		
- Others	2,489	2,021
	<b>384,344</b>	474,720



## Notes to the Financial Statements

### 21. REVENUE (CONTINUED)

#### 21.1 Disaggregation of revenue

Group	Construction			Plantation			Concession			Other revenue			Total	
	2020 RM'000	2019 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2020 RM'000	2019 RM'000
<b>Primary geographical markets</b>														
Malaysia	<b>131,922</b>	129,334		<b>27,083</b>	18,824		<b>225,274</b>	321,297		<b>65</b>	5,265	<b>384,344</b>	474,720	
<b>Major products and service lines</b>														
Construction contracts	<b>131,922</b>	129,334		-	-	-	-	-	-	-	-	<b>131,922</b>	129,334	
CA-Z1P2	-	-		-	-	44,247	<b>43,653</b>	44,247	-	-	-	<b>43,653</b>	44,247	
CA-Z1P3 – construction contracts	-	-		-	-	277,050	<b>14,902</b>	277,050	-	-	-	<b>14,902</b>	277,050	
CA-Z1P3 – supply of medical equipment	-	-		-	-	-	<b>146,264</b>	-	-	-	-	<b>146,264</b>	-	
CA-Z1P3 – supply of furniture	-	-		-	-	-	<b>20,455</b>	-	-	-	-	<b>20,455</b>	-	
Sale of fresh fruits bunches	-	-		<b>24,659</b>	16,865	-	-	-	-	-	-	<b>24,659</b>	16,865	
Others	-	-		<b>2,424</b>	1,959	-	-	-	-	<b>65</b>	5,265	<b>2,489</b>	7,224	
	<b>131,922</b>	129,334		<b>27,083</b>	18,824		<b>225,274</b>	321,297		<b>65</b>	5,265	<b>384,344</b>	474,720	
<b>Timing of recognition</b>														
At a point in time	-	-		<b>27,083</b>	18,824	-	<b>166,719</b>	-	-	<b>65</b>	5,265	<b>193,867</b>	24,089	
Over time	<b>131,922</b>	129,334		-	-	321,297	<b>58,555</b>	321,297	-	-	-	<b>190,477</b>	450,631	
	<b>131,922</b>	129,334		<b>27,083</b>	18,824		<b>225,274</b>	321,297		<b>65</b>	5,265	<b>384,344</b>	474,720	
<b>Revenue from contract with customers</b>														
	<b>131,922</b>	129,334		<b>24,659</b>	16,865		<b>225,274</b>	321,297		-	-	<b>381,855</b>	467,496	
<b>Other revenue</b>	-	-		<b>2,424</b>	1,959	-	-	-	-	<b>65</b>	5,265	<b>2,489</b>	7,224	
<b>Total revenue</b>	<b>131,922</b>	129,334		<b>27,083</b>	18,824		<b>225,274</b>	321,297		<b>65</b>	5,265	<b>384,344</b>	474,720	

## 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-ZIP2					
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-ZIP3					
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.

## Notes to the Financial Statements

### 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.
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	2021 to 2022	225,907
Concession segment		
- CA-Z1P2 – Availability charges	2021 to 2034	324,896
- CA-Z1P2 – Maintenance service	2021 to 2034	195,267
- CA-Z1P3 – Construction contract with supplying of medical equipment and furniture	2021	58,484
- CA-Z1P3 – Availability Charges	2021 to 2043	914,199
- CA-Z1P3 – Asset management services	2021 to 2043	836,604
		2,555,357

**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.

## Notes to the Financial Statements

**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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Wages, salaries and bonuses	26,526	36,744	1,234	873
Defined contribution plan	3,979	4,820	110	68
Other staff related expenses	4,461	4,573	611	472
	34,966	46,137	1,955	1,413

Included in employee benefits expense of the Group is the Executive Directors' remuneration (excluding benefits-in-kind) amounting to RM3,920,000 (2019: RM5,105,000) as further disclosed in Note 28 to the financial statements.

## Notes to the Financial Statements

**23. FINANCE COSTS**

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revolving credit interest	<b>6,048</b>	4,901	-	-
Tawarruq term loan interest	<b>6,221</b>	7,468	-	-
Senior Sukuk Murabahah	<b>16,466</b>	36,982	-	-
Term loan	<b>1,436</b>	3,488	-	-
Junior Note interest	<b>870</b>	2,377	-	-
Medium Term Notes interest	<b>11,239</b>	4,863	-	-
Guarantee fees	<b>5,395</b>	15,068	-	-
Overdraft interest	<b>186</b>	226	-	-
Cashline-I interest	<b>848</b>	76	-	-
Lease liabilities interest	<b>435</b>	813	-	-
Facility fee	<b>300</b>	320	-	-
Bank charges	<b>49</b>	61	<b>8</b>	12
Commitment fees	<b>19</b>	340	-	-
	<b>49,512</b>	76,983	<b>8</b>	12
Recognised in profit or loss	<b>48,090</b>	75,032	<b>8</b>	12
Capitalised in bearer biological assets (Note 6.1)	<b>1,422</b>	1,951	-	-
	<b>49,512</b>	76,983	<b>8</b>	12



## Notes to the Financial Statements

### 24. (LOSS)/PROFIT BEFORE TAX

(Loss)/Profit before tax from continuing operations is arrived at:

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>After charging:</b>					
Auditors' remunerations	24.1	430	489	83	83
Short-term lease payment for:					
- buildings		461	494	-	29
- motor vehicle		-	51	-	-
Lease payment for low-value asset:					
- photocopier machine		268	315	-	-
Impairment loss on investment in subsidiaries	8.3	-	-	383	-
Impairment loss on expected credit loss		-	17,169	-	4,017
Loss on disposal of property, plant and equipment		-	20	-	-
Property, plant and equipment written off		25	118	-	-
Realised foreign exchange loss (net)		156	2,245	-	-
Fair value loss on investment properties	5	2,227	-	-	-
<b>and after crediting:</b>					
Gain on disposal of property, plant and equipment		220	-	-	-
Gain on disposal of investment properties		3,957	-	3,957	-
Fair value gain on investment properties	5	-	-	88	-
Net reversal of impairment loss on expected credit loss		1,969	-	7,442	-
Gain on disposal of short-term investment		23	-	-	-
Fair value gain on short-term investment		550	25	533	477
Fair value gain on fresh fruit bunches	12	1,534	767	-	-
Finance income		12,074	21,761	1,531	3,491
Finance income charged on amount due from subsidiaries		-	-	8,054	10,623
Unrealised foreign exchange gain (net)		10	-	7	-
Amortisation of concession assets and liabilities	7	4,305	4,306	-	-
Reversal of foreseeable loss	20	4,067	23,358	-	-

## Notes to the Financial Statements

**24. (LOSS)/PROFIT BEFORE TAX (CONTINUED)****24.1 Auditors' remunerations**

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Grant Thornton Malaysia PLT				
- Statutory audit	308	360	60	60
- Other non-audit services	17	12	12	12
Other auditors				
- Statutory audit	83	95	6	6
- Other non-audit services	22	22	5	5
	430	489	83	83

**25. TAX (CREDIT)/EXPENSE****Recognised in profit or loss**

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Total income tax (credit)/expense	(12,479)	4,836	(2,162)	(5,273)
Major components of income tax expense include:				
Current income tax				
- Current financial year	6,106	9,189	-	-
- (Over)/Under provision in respect of prior years	(3,592)	(1,732)	(35)	51
- Foreign income tax	-	8	-	8
	2,514	7,465	(35)	59
Deferred income tax				
- Origination and reversal of temporary differences	(6,839)	1,388	(2,127)	-
- Overprovision in respect of prior years	(8,154)	(4,017)	-	(5,332)
	(14,993)	(2,629)	(2,127)	(5,332)
Total income tax (credit)/expense	(12,479)	4,836	(2,162)	(5,273)

## Notes to the Financial Statements

### 25. TAX (CREDIT)/EXPENSE (CONTINUED)

#### Reconciliation of tax (credit)/expense

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
(Loss)/Profit before tax	(9,382)	(57,290)	1,914	(12,528)
Taxation at Malaysian statutory tax rate of 24%	(2,252)	(13,750)	459	(3,007)
Income not subject to tax	(13,112)	-	(1,114)	-
Expenses not deductible for tax purposes	3,679	15,077	655	3,015
(Over)/Under provision of current tax expenses in prior years	(3,592)	(1,732)	(35)	51
Over provision of deferred tax in prior years	(8,154)	(4,017)	-	(5,332)
Movement of deferred tax liabilities arising from disposal of investment properties	(2,127)	-	(2,127)	-
Movement of deferred tax assets not recognised	13,079	9,258	-	-
Income tax (credit)/expense recognised in profit or loss	(12,479)	4,836	(2,162)	(5,273)

### 26. OTHER COMPREHENSIVE INCOME/(EXPENSE)

	2020			2019		
	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
<b>Items that will not be reclassified subsequently to profit or loss</b>						
Revaluation of land and building, net of tax	5,044	(1,210)	3,834	-	-	-
<b>Items that are or may be reclassified subsequently to profit or loss</b>						
Foreign currency translation differences for foreign operations						
- Gain arising during the year	24	-	24	1,477	-	1,477
	5,068	(1,210)	3,858	1,477	-	1,477

## Notes to the Financial Statements

**27. EARNINGS/(LOSS) PER ORDINARY SHARE****Basic earnings/(loss) per ordinary share**

The calculation of basic earnings or loss per ordinary share for the year ended 31 December 2020 was based on the profit or loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2020	2019
Profit/(Loss) attributable to ordinary shareholders (RM'000)	<b>6,853</b>	(57,216)
Weighted average number of ordinary shares ('000)	<b>447,248</b>	447,248
Basic earnings/(loss) per ordinary share (sen)	<b>1.53</b>	(12.79)

**Diluted earnings or loss per ordinary share**

The calculation of diluted earnings or loss per ordinary share at 31 December 2020 was based on profit or 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 earnings or loss per ordinary share has not been disclosed as it does not have dilutive potential ordinary shares.

**28. DIRECTORS' REMUNERATION**

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Executive Directors:</b>				
Wages, salaries and bonuses	<b>2,495</b>	3,350	<b>420</b>	89
Defined contribution plan	<b>605</b>	740	<b>70</b>	15
Other emoluments	<b>820</b>	1,015	<b>49</b>	10
Total Executive Directors' remuneration (excluding benefits-in-kind)	<b>3,920</b>	5,105	<b>539</b>	114
Estimated money value of benefits-in-kind	<b>178</b>	183	<b>19</b>	3
Total Executive Directors' remuneration (including benefit-in-kind)	<b>4,098</b>	5,288	<b>558</b>	117
<b>Non-Executive Directors:</b>				
Other emoluments	<b>447</b>	421	<b>447</b>	421
Total Non-Executive Directors' remuneration	<b>447</b>	421	<b>447</b>	421
Estimated money value of benefits-in-kind	<b>6</b>	-	<b>6</b>	-
Total Non-Executive Directors' remuneration (including benefit-in-kind)	<b>453</b>	421	<b>453</b>	421
Total Directors' remuneration (including benefits-in-kind)	<b>4,551</b>	5,709	<b>1,011</b>	538

## Notes to the Financial Statements

### 28. DIRECTORS' REMUNERATION (CONTINUED)

	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
<b>2020</b>						
<b>Executive Directors</b>						
Tan Sri Rozali bin Ismail	2,594	118	2,712	-	-	-
Azlan Shah bin Rozali	401	27	428	-	-	-
Dato' Abdul Jalil bin Abdul Karim	539	19	558	539	19	558
Dato' Yusof bin Badawi	386	14	400	-	-	-
	3,920	178	4,098	539	19	558
<b>Non-Executive Directors</b>						
Dato' Sri Adenan bin Ab. Rahman	106	1	107	106	1	107
Prof Emeritus Datuk Dr Marimuthu A/L Nadason	106	1	107	106	1	107
Tengku Loreta binti Tengku Dato' Setia Ramli Alhaj	87	2	89	87	2	89
Noor Faiz bin Hassan	21	-	21	21	-	21
Datuk Sr Haji Johari bin Wahab	85	2	87	85	2	87
Dr Haji Badrul Hisham bin Mohd Yusoff	42	-	42	42	-	42
	447	6	453	447	6	453
	4,367	184	4,551	986	25	1,011

\* Includes defined contribution plan and meeting allowances

## Notes to the Financial Statements

**28. DIRECTORS' REMUNERATION (CONTINUED)**

	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
<b>2019</b>						
<b>Executive Directors</b>						
Tan Sri Rozali bin Ismail	2,589	94	2,683	-	-	-
Azlan Shah bin Rozali	412	26	438	-	-	-
Dato' Abdul Jalil bin Abdul Karim	114	3	117	114	3	117
Dato' Yusof bin Badawi	535	16	551	-	-	-
Dato' Zainal Abidin bin Salleh	677	26	703	-	-	-
Ng Wah Tar	778	18	796	-	-	-
	5,105	183	5,288	114	3	117
<b>Non-Executive Directors</b>						
Dato' Sri Adenan bin Ab. Rahman	110	-	110	110	-	110
Prof Emeritus Datuk Dr Marimuthu A/L Nadason	110	-	110	110	-	110
Tengku Dato' Rahimah binti Almarhum Sultan Mahmud	70	-	70	131	-	131
Tan Sri Dato' Ahmad Fuzi bin Haji Abdul Razak	131	-	131	70	-	70
	421	-	421	421	-	421
	5,526	183	5,709	535	3	538

\* Includes defined contribution plan and meeting allowances



## Notes to the Financial Statements

### 29. OPERATING SEGMENTS

The Group has three 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:

- Construction Includes construction activities.
- Plantation Includes oil palm plantation activities
- Concession Includes construction and maintenance related activities relating to the concession agreements between TRIpIc, UiTM and the Government.

Other non-reportable segments comprise mainly investment holding and management-related activities, and water-related services in financial year 2019.

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.

## Notes to the Financial Statements

## 29. OPERATING SEGMENTS (CONTINUED)

	Construction			Plantation			Concession			Total	
	2020 RM'000	2019 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2020 RM'000	2019 RM'000
Revenue from external customers	131,922	129,334		27,083	18,824		225,274	321,297	384,279	469,455	
Finance income	800	515		46	13		7,540	17,404	8,386	17,932	
Other income	2	1,228		952	195		102	76	1,056	1,499	
Fair value gain on fresh fruit bunches	-	-		1,534	767		-	-	1,534	767	
Operating expenses	132,724	131,077		29,615	19,799		232,916	338,777	395,255	489,653	
Provision for foreseeable loss	(123,294)	(164,428)		(40,280)	(38,291)		(150,057)	(229,052)	(313,631)	(431,771)	
Depreciation and amortisation	4,067	23,358		-	-		-	-	4,067	23,358	
	(281)	(566)		(19,098)	(17,239)		(338)	(329)	(19,717)	(18,134)	
Segment results	13,216	(10,559)		(29,763)	(35,731)		82,521	109,396	65,974	63,106	
Finance costs	(4,085)	(5,916)		(10,911)	(11,025)		(40,194)	(64,355)	(55,190)	(81,296)	
<b>Profit/(Loss) before tax</b>	<b>9,131</b>	<b>(16,475)</b>		<b>(40,674)</b>	<b>(46,756)</b>		<b>42,327</b>	<b>45,041</b>	<b>10,784</b>	<b>(18,190)</b>	
<b>Assets and liabilities</b>											
<b>Segment assets</b>	<b>113,347</b>	<b>90,883</b>		<b>744,425</b>	<b>746,403</b>		<b>1,297,137</b>	<b>1,278,546</b>	<b>2,154,909</b>	<b>2,115,832</b>	
Included in the measure of segment assets are:											
Additions to non-current assets other than financial instruments and deferred tax assets	10	24		19,271	7,942		981	-	20,262	7,966	
<b>Segment liabilities</b>	<b>(340,295)</b>	<b>(332,540)</b>		<b>(340,700)</b>	<b>(312,514)</b>		<b>(1,112,470)</b>	<b>(1,131,270)</b>	<b>(1,793,465)</b>	<b>(1,776,324)</b>	

## Notes to the Financial Statements

### 29. OPERATING SEGMENTS (CONTINUED)

#### Reconciliations of reportable segment revenue, profit or loss, assets, liabilities and other material items

	2020 RM'000	2019 RM'000
<b>Profit or loss</b>		
Total profit or loss for reportable segments	<b>10,784</b>	(18,190)
Other non-reportable segments and elimination	<b>(19,035)</b>	(31,720)
Unallocated expenses	<b>(1,131)</b>	(7,380)
Loss before tax	<b>(9,382)</b>	(57,290)

	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
<b>2020</b>							
Total reportable segments	<b>384,279</b>	<b>(19,717)</b>	<b>(55,190)</b>	<b>8,386</b>	<b>2,154,909</b>	<b>20,262</b>	<b>(1,793,465)</b>
Other non-reportable segments	<b>10,584</b>	<b>(4,445)</b>	<b>(954)</b>	<b>12,321</b>	<b>2,038,552</b>	-	<b>(365,750)</b>
Elimination of inter-segment transactions or balances	<b>(10,519)</b>	-	<b>8,054</b>	<b>(8,060)</b>	<b>(1,080,814)</b>	-	<b>534,117</b>
Unallocated assets	-	-	-	-	<b>30,048</b>	-	-
Unallocated liabilities	-	-	-	-	-	-	<b>(170,109)</b>
<b>Consolidated total</b>	<b>384,344</b>	<b>(24,162)</b>	<b>(48,090)</b>	<b>12,647</b>	<b>3,142,695</b>	<b>20,262</b>	<b>(1,795,207)</b>
<b>2019</b>							
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)
<b>Consolidated total</b>	<b>474,720</b>	<b>(24,983)</b>	<b>(75,032)</b>	<b>21,786</b>	<b>3,134,831</b>	<b>8,360</b>	<b>(1,794,298)</b>

## Notes to the Financial Statements

**29. 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.

Geographical information	Group	
	External revenue RM'000	Non-current assets RM'000
<b>2020</b>		
Malaysia	384,344	2,506,030
<b>2019</b>		
Malaysia	474,720	2,430,248

**Major customers**

The following are major customers with revenue more than 10% of the Group's total revenue:

	Revenue		Segment
	2020 RM'000	2019 RM'000	
All common control companies of:			
- Customer A	123,092	123,847	Construction
- Customer B	225,274	321,297	Concession

## Notes to the Financial Statements

**30. FINANCIAL INSTRUMENTS****30.1 Categories of financial instruments**

The table below provides an analysis of financial instruments as at 31 December 2020 categorised as follows:

- (a) Amortised cost ("AC")
- (b) Fair value through profit or loss ("FVTPL")
  - Designated upon initial recognition ("DUIR")

2020	Carrying amount RM'000	AC RM'000	FVTPL- DUIR RM'000
<b>Group</b>			
<b>Financial assets</b>			
Trade and other receivables	936,853	936,853	-
Short-term investments	123,157	66,539	56,618
Cash and cash equivalents	304,779	304,779	-
	<b>1,364,789</b>	<b>1,308,171</b>	<b>56,618</b>
<b>Financial liabilities</b>			
Trade and other payables	(215,748)	(215,748)	-
Loans and borrowings	(1,246,544)	(1,246,544)	-
	<b>(1,462,292)</b>	<b>(1,462,292)</b>	<b>-</b>
<b>Company</b>			
<b>Financial assets</b>			
Other receivables	165,729	165,729	-
Short-term investments	21,782	21,782	-
Cash and cash equivalents	69,711	69,711	-
	<b>257,222</b>	<b>257,222</b>	<b>-</b>
<b>Financial liability</b>			
Other payables	(7,890)	(7,890)	-

## Notes to the Financial Statements

**30. FINANCIAL INSTRUMENTS (CONTINUED)****30.1 Categories of financial instruments (continued)**

The table below provides an analysis of financial instruments as at 31 December 2019 categorised as follows:

- (a) Amortised cost ("AC")
- (b) Fair value through profit or loss ("FVTPL")
  - Designated upon initial recognition ("DUIR")

	Carrying amount RM'000	AC RM'000	FVTPL- DUIR RM'000
<b>2019</b>			
<b>Group</b>			
<b>Financial assets</b>			
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
<b>Financial liabilities</b>			
Trade and other payables	(205,366)	(205,366)	-
Loans and borrowings	(1,231,016)	(1,231,016)	-
	(1,436,382)	(1,436,382)	-
<b>Company</b>			
<b>Financial assets</b>			
Other receivables	145,675	145,675	-
Short-term investments	32,522	32,522	-
Cash and cash equivalents	59,049	59,049	-
	237,246	237,246	-
<b>Financial liability</b>			
Other payables	(7,842)	(7,842)	-

## Notes to the Financial Statements

### 30. FINANCIAL INSTRUMENTS (CONTINUED)

#### 30.2 Net gains/(losses) arising from financial instruments

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>Net gains/(losses) on:</b>				
Financial assets at fair value through profit or loss:				
<i>Designated upon initial recognition</i>	<b>573</b>	25	<b>533</b>	477
Financial assets at amortised cost	<b>13,994</b>	4,531	<b>17,015</b>	10,085
Financial liabilities at amortised cost	<b>(49,444)</b>	(76,582)	-	-
	<b>(34,877)</b>	(72,026)	<b>17,548</b>	10,562

#### 30.3 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.

#### 30.4 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.



**30. FINANCIAL INSTRUMENTS (CONTINUED)****30.4 Credit risk (continued)****30.4.1 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 (2019: four) 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

### 30. FINANCIAL INSTRUMENTS (CONTINUED)

#### 30.4 Credit risk (continued)

##### 30.4.1 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 2020 which are grouped together as they are expected to have similar risk nature.

Group	2020			2019		
	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	911,571	(9,345)	902,226	741,098	(7,234)	733,864
Not past due	10,563	(25)	10,538	11,258	(45)	11,213
1-30 days past due	-	-	-	8,545	(85)	8,460
	922,134	(9,370)	912,764	760,901	(7,364)	753,537
<b>Credit impaired</b>						
More than 90 days past due	565	(78)	487	715	(31)	684
Individually impaired	10,346	(10,346)	-	13,976	(13,976)	-
	933,045	(19,794)	913,251	775,592	(21,371)	754,221
Trade receivables	908,246	(9,414)	898,832	738,046	(10,828)	727,218
Advances to subcontractors	15,048	(10,252)	4,796	15,049	(10,250)	4,799
Contract assets	9,751	(128)	9,623	22,497	(293)	22,204
	933,045	(19,794)	913,251	775,592	(21,371)	754,221

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 RM'000	Total RM'000
	Lifetime ECL RM'000	Credit impaired RM'000		
Balance at 1 January 2019	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
Net remeasurement of loss allowance	1,878	(3,290)	(165)	(1,577)
Balance at 31 December 2020	9,242	10,424	128	19,794

**30. FINANCIAL INSTRUMENTS (CONTINUED)****30.4 Credit risk (continued)****30.4.2 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.

**30.4.3 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 of the Company are represented by the carrying amounts in the statements 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.

**30.4.4 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 are represented by their carrying amounts in the statements 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

### 30. FINANCIAL INSTRUMENTS (CONTINUED)

#### 30.4 Credit risk (continued)

##### 30.4.4 Other receivables (continued)

The movements in the allowance for impairment in respect of other receivables during the year are shown below.

	<b>Lifetime ECL Other receivables RM'000</b>
<b>Group</b>	
Balance at 1 January 2019	6,899
Net remeasurement of loss allowance	1,336
Balance at 31 December 2019	<b>8,235</b>
Net remeasurement of loss allowance	<b>(392)</b>
Balance at 31 December 2020	<b>7,843</b>
<b>Company</b>	
Balance at 1 January 2019	38
Net remeasurement of loss allowance	(2)
Balance at 31 December 2019	<b>36</b>
Net remeasurement of loss allowance	<b>(9)</b>
Balance at 31 December 2020	<b>27</b>

##### 30.4.5 Inter-company loans and advances

*Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured loans and advances to the 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.

## Notes to the Financial Statements

**30. FINANCIAL INSTRUMENTS (CONTINUED)****30.4 Credit risk (continued)****30.4.5 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 2020.

<b>Company</b>	<b>Gross carrying amount RM'000</b>	<b>Impairment loss allowance RM'000</b>	<b>Net balance RM'000</b>
<b>2020</b>			
Low credit risk	160	-	160
Significant increase in credit risk	166,962	(1,969)	164,993
Credit impaired	335,615	(335,535)	80
	<b>502,737</b>	<b>(337,504)</b>	<b>165,233</b>
<b>2019</b>			
Low credit risk	4,577	(8)	4,569
Significant increase in credit risk	142,307	(1,721)	140,586
Credit impaired	343,208	(343,208)	-
	<b>490,092</b>	<b>(344,937)</b>	<b>145,155</b>

## Notes to the Financial Statements

**30. FINANCIAL INSTRUMENTS (CONTINUED)****30.4 Credit risk (continued)****30.4.5 Inter-company loans and advances (continued)***Recognition and measurement of impairment loss (continued)*

The movement in the allowance for impairment in respect of the subsidiaries' loans and advances during the year is as follows:

<b>Company</b>	<b>Lifetime ECL RM'000</b>	<b>Credit Impaired RM'000</b>	<b>Total RM'000</b>
Balance at 1 January 2019	1,544	339,374	340,918
Net remeasurement of loss allowance	185	3,834	4,019
Balance at 31 December 2019	<b>1,729</b>	<b>343,208</b>	<b>344,937</b>
Net remeasurement of loss allowance	<b>240</b>	<b>(7,673)</b>	<b>(7,433)</b>
Balance at 31 December 2020	<b>1,969</b>	<b>335,535</b>	<b>337,504</b>

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.

**30.4.6 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.

*Exposure to credit risk, credit quality and collateral*

The maximum exposure to credit risk amounts to RM676,273,000 (2019: RM666,890,000) 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.

**30. FINANCIAL INSTRUMENTS (CONTINUED)****30.4 Credit risk (continued)****30.4.6 Financial guarantees (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. 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.

**30.5 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

### 30. FINANCIAL INSTRUMENTS (CONTINUED)

#### 30.5 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
<b>2020</b>						
<b>Financial liabilities</b>						
Tawarruq term loan	131,383	4.25% - 5.40%	152,517	14,142	97,000	41,375
Medium Term Notes	310,637	3.00% - 6.70%	413,703	30,668	130,076	252,959
Cashline-I	12,478	6.39% - 7.64%	12,478	12,478	-	-
Senior Sukuk Murabahah	617,694	4.75% - 5.90%	946,172	33,814	282,925	629,433
Term loan	22,252	5.43% - 6.54%	22,252	3,750	18,502	-
Revolving credit facility	149,300	4.25% - 5.40%	149,300	149,300	-	-
Bank overdraft	2,800	6.57%	2,800	2,800	-	-
Lease liabilities	12,032	2.51% - 6.63%	13,158	5,018	8,140	-
Trade and other payables	215,748	-	215,748	210,708	5,040	-
Total undiscounted financial liabilities	1,474,324		1,928,128	462,678	541,683	923,767
<b>2019</b>						
<b>Financial liabilities</b>						
Tawarruq term loan	137,216	5.40%	165,990	24,436	88,142	53,412
Medium Term Notes	329,857	3.00% - 6.70%	410,276	31,846	130,340	248,090
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	24,754	6.38%	24,754	24,754	-	-
Revolving credit facility	108,800	5.40% - 5.50%	108,800	108,800	-	-
Bank overdraft	2,611	8.07%	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	1,448,495		1,923,481	439,021	553,525	930,935

## Notes to the Financial Statements

**30. FINANCIAL INSTRUMENTS (CONTINUED)****30.5 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
<b>2020</b>				
<b>Financial liability</b>				
Other payables	7,890	-	7,890	7,890
Total undiscounted financial liability	7,890		7,890	7,890
Financial guarantees	-		676,273	676,273
<b>2019</b>				
<b>Financial liability</b>				
Other payables	7,842	-	7,842	7,842
Total undiscounted financial liability	7,842		7,842	7,842
Financial guarantees	-		666,890	666,890

**30.6 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.

**30.6.1 Currency risk**

The Group is 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

**30. FINANCIAL INSTRUMENTS (CONTINUED)****30.6 Market risk (continued)****30.6.1 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:

	<b>Denominated in USD RM'000</b>
<b>Group</b>	
<b>As at 31 December 2020</b>	
Cash and cash equivalents	<b>665</b>
Trade and other receivables	<b>9</b>
Trade and other payables	<b>(668)</b>
	<b>6</b>
<b>As at 31 December 2019</b>	
Cash and cash equivalents	749
Trade and other receivables	83
Trade and other payables	(695)
	137
<b>Company</b>	
<b>As at 31 December 2020</b>	
Cash and cash equivalents	<b>66</b>
<b>As at 31 December 2019</b>	
Cash and cash equivalents	75

*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.

## Notes to the Financial Statements

**30. FINANCIAL INSTRUMENTS (CONTINUED)****30.6 Market risk (continued)****30.6.2 Interest rate risk**

*Risk management objectives, policies and processes for managing the risk*

The Group's and the Company'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:

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Fixed rate instruments</b>				
Financial assets	<b>257,070</b>	462,255	<b>63,614</b>	57,840
Financial liabilities	<b>(940,363)</b>	(957,248)	-	-
	<b>(683,293)</b>	(494,993)	<b>63,614</b>	57,840
<b>Floating rate instruments</b>				
Financial assets	<b>56,618</b>	40,581	<b>21,782</b>	32,522
Financial liabilities	<b>(318,213)</b>	(285,881)	-	-
	<b>(261,595)</b>	(245,300)	<b>21,782</b>	32,522

The Group's and the Company's income and operating cash flows on fixed interest rate instruments are substantially independent on changes in market interest rates.

## Notes to the Financial Statements

### 30. FINANCIAL INSTRUMENTS (CONTINUED)

#### 30.6 Market risk (continued)

##### 30.6.2 Interest rate risk (continued)

###### *Fair value sensitivity analysis for fixed rate instruments*

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in 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 profit/(loss) would have been RM3,182,000 (2019: RM2,859,000) higher. 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 profit/(loss) would have had equal but opposite effect.

#### 30.7 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 2020 RM'000	Fair value 2020 RM'000	Carrying amount 2019 RM'000	Fair value 2019 RM'000
<b>Financial liabilities</b>				
Loans and borrowings				
- Revolving credit	(149,300)	(149,300)	(108,800)	(108,800)
- Term loan	(22,252)	(22,252)	(24,754)	(24,754)
- Tawarruq term loan	(131,383)	(131,383)	(137,216)	(137,216)
- Medium Term Notes	(310,637)	(310,637)	(329,857)	(329,857)
- Senior Sukuk Murabahah	(617,694)	(617,694)	(615,278)	(615,278)
- Cashline-I	(12,478)	(12,478)	(12,500)	(12,500)
- Bank overdraft	(2,800)	(2,800)	(2,611)	(2,611)

Short-term investments (comprise of unit trust and cash fund) of the Group amounted to RM123,157,000 (2019: RM135,695,000) while short-term investments of the Company amounted to RM21,782,000 (2019: RM32,522,000). These short-term investments which are carried at fair value are categorised under Level 2 of the fair value hierarchy.

**30. FINANCIAL INSTRUMENTS (CONTINUED)****30.7 Fair value information (continued)**

Fair values of financial guarantees of the Company amounted to RM676,273,000 (2019: RM666,890,000) 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 (2019: 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.

## Notes to the Financial Statements

**31. 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 RM1,258,576,000 (2019: RM1,243,129,000) and a total capital of RM2,576,093 (2019: RM2,549,935,000) giving rise to a gearing ratio of approximately 49% (2019: 49%).

There was no change in the Group's approach to capital management during the financial year.

**32. CAPITAL AND OTHER COMMITMENTS**

Capital expenditure as at the reporting date is as follows:

	Group	
	2020 RM'000	2019 RM'000
<b>Contracts approved and contracted for</b>		
- Property, plant and equipment	2,918	969
- Bearer biological asset	252	741
	<b>3,170</b>	1,710

**33. 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.



## Notes to the Financial Statements

**33. 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 Notes 14 and 19 to the financial statements.

		<b>Company</b>	
		<b>2020</b>	<b>2019</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>A</b>	<b>Subsidiaries</b>		
	Commission income charged to PNCSB	-	94
	Interest income charged on amount due from subsidiaries	8,054	10,623
	Management fees charged by PNMSSB	(10,519)	(16,444)
		<b>Group</b>	
		<b>2020</b>	<b>2019</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>B.</b>	<b>Key management personnel</b>		
	Employee benefits	5,790	6,923
	Defined contribution plan	1,090	1,297
	Other staff related expenses	1,519	1,741
	Estimated money value of benefits-in-kind	317	337
		8,716	10,298
	Included in the total key management personnel are:		
	Directors' remuneration	4,551	5,709

## Notes to the Financial Statements

**33. 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	Ar Mohd Khalid bin Mohammed Yusuf	Tan Bee Lian	Wong Ley Chan	Dato' Abdul Jalil bin Abdul Karim
<b>2020</b>					
RM550,001 to RM600,000					√
RM600,001 to RM650,000				√	
RM700,001 to RM750,000			√		
RM900,001 to RM950,000		√			
RM2,700,001 to RM2,750,000	√				

Range of remuneration	Tan Sri Rozali bin Ismail	Ng Wah Tar	Dato' Zainal Abidin bin Salleh	Tan Bee Lian	Ar Mohd Khalid bin Mohammed Yusuf
<b>2019</b>					
RM600,001 to RM650,000					√
RM700,001 to RM750,000			√	√	
RM750,001 to RM800,000		√			
RM2,650,001 to RM2,700,000	√				

## 34. SIGNIFICANT EVENTS

### (i) COVID-19

On 11 March 2020, the World Health Organisation declared the Coronavirus ("COVID-19") outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government imposed the Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the COVID-19 outbreak in Malaysia. The COVID-19 outbreak also resulted in travel restrictions, lockdowns and other precautionary measures imposed in various countries. The emergence of the COVID-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Group operates.

The Group has assessed that it has not been significantly affected by the COVID-19 pandemic for the financial year ended 31 December 2020. As at the date of authorisation of the financial statements, the scale and duration of the economic uncertainties arising from the COVID-19 pandemic, could not be reasonably estimated. The Group is closely monitoring the evolving situation of the COVID-19 pandemic and its related financial effects, if any, on the financial statements of the Group will be reflected in the annual financial statements for the current financial year ending 31 December 2021.

The Group had temporarily shut down its premises from 18 March 2020 in line with the Government's MCO Policy. The Group's operations resumed gradually from early April 2020 with proper Standard Operating Procedures put in place and achieved full operations in early May 2020. The disruption of its operations during the financial year due to MCO and the relevant financial impact had been taken into account in the financial results of the Company.

The Government of Malaysia re-imposed the MCO and Conditional Movement Control Order ("CMCO") for selected states which are severely affected by COVID-19 pandemic since 13 January 2021 and the Malaysia King declared a state of emergency for the country until 1 August 2021 to curb the spread of COVID-19 on 12 January 2021.

The restrictions imposed have not, however, negatively impacted the Group's financial performance.

As at the date of authorisation of the financial statements, the COVID-19 pandemic situation has got to be fully contained even as vaccines have begun to be given to the country's frontliners in end of February 2021 to be followed by Malaysia citizens. The Group will continue to actively monitor and manage its funds and operations to minimise any impact arising from the COVID-19 pandemic.

## Notes to the Financial Statements

**34. SIGNIFICANT EVENTS (CONTINUED)**

- (ii) TRIplc Medical Sdn. Bhd. ("TMSB"), a wholly-owned sub-subsidiary of Puncak, 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 Teaching Hospital and Medical Academic Centre at Universiti Teknologi Mara ("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 Malaysia represented by Ministry of Higher Education, UiTM and TMSB ("Concession Agreement"). The concession is for a period of 25 years commencing 11 April 2017; comprising 3 years for construction ("CA-Z1P3 Construction Contract of the Concession Agreement") and 22 years for asset management services.

Subsequent to the first and second extension of time ("EOT No. 1" and "EOT No. 2") granted by UiTM vide its letters dated 22 May 2020 and 6 October 2020 respectively, TMSB had completed the CA-Z1P3 Construction Contract of the Concession Agreement on 1 February 2021 upon receipt of the Certificate of Acceptance by UiTM on 1 February 2021. Accordingly, the Asset Management Services Period and the payment of the 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) of the Concession Agreement had commenced on 1 February 2021 over the next twenty two (22) years.

- (iii) Puncak Niaga Construction Sdn. Bhd. ("PNCSB" or "Principal Sub-Contractor") had on 21 July 2020 entered into a Supplemental Agreement to the Principal Sub-Contract Agreement dated 2 May 2018 with Jalur Cahaya Sdn. Bhd. ("JCSB" or "Main Contractor") in respect of the Kuantan Project (both PNCSB and JCSB are collectively referred to as "the Parties") for the Parties to vary the Principal Sub-Contract Agreement dated 2 May 2018 by revising the Contract Sum from RM489,932,000.00 only (inclusive 6% GST) to RM432,655,640.00 ("Revised Contract Sum") with effect from 21 July 2020. The Revised Contract Sum arose due to a downwards revision of the Kuantan Project's contract sum between the Main Contractor and the client, Jabatan Perkhidmatan Pembetungan, Kementerian Alam Sekitar dan Air (previously known as Kementerian Air, Tanah dan Sumber Asli).

On 13 January 2021, PNCSB entered into a Second Supplemental Agreement with JCSB whereby JCSB had granted an extension of time of 114 days to PNCSB due to the 2020 Movement Control Order ("MCO") imposed by the Government of Malaysia and accordingly, for both parties to revise the Completion Date of the Kuantan Project from 19 February 2022 to 13 June 2022. All other terms and conditions of the Principle Sub-Contract Agreement and the First Supplemental Agreement remain unchanged.

**35. 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"), had 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.

Arising from the arbitration proceedings initiated by KHEC, both KHEC and the Consortium had each appointed a qualified civil engineer as their arbitrator respectively, and both arbitrators had 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 had 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 was subsequently 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, was also 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.

## Notes to the Financial Statements

### 35. MATERIAL LITIGATIONS (CONTINUED)

#### (I) KHEC (continued)

##### (i) The First Arbitration Proceedings (continued)

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.

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 was 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 was submitted by the counsel of the Consortium to the Panel for consideration and decision.

**35. MATERIAL LITIGATIONS (CONTINUED)****(I) KHEC (continued)****(i) The First Arbitration Proceedings (continued)**

On 20 April 2016, the name of the replacement Arbitrator was 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.

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 due to health reasons. The remaining Panel was 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.



## Notes to the Financial Statements

### 35. MATERIAL LITIGATIONS (CONTINUED)

#### (I) KHEC (continued)

##### (i) The First Arbitration Proceedings (continued)

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.

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 2018 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.

## Notes to the Financial Statements

**35. MATERIAL LITIGATIONS (CONTINUED)****(I) KHEC (continued)****(i) The First Arbitration Proceedings (continued)**

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
	<b>Final Arbitration Award amount</b>	<b>50,51,786</b>

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 sought advice from its solicitors in India on the next course of action.

On 8 June 2020, the Claimant's counsel served on the counsel for the JV, a copy of the Petition filed at the Madras High Court to appeal against the decision of the Arbitration Panel dated 13 November 2019.

On 12 August 2020, the Claimant's Petition filed at the Madras High Court to appeal against the decision of the Arbitration Panel dated 13 November 2019 was returned by the Registrar pending the Claimant's representation with compliance. The hearing of the appeal was adjourned to 9 September 2020 and did not proceed as scheduled as it was not listed at the Madras High Court. A new hearing date has yet to be fixed by the Madras High Court.

The Claimant's appeal against the decision of the Arbitration Panel dated 13 November 2019 in respect of the First Arbitration Proceedings and the Claimant's appeal against the decision of the Arbitrator dated 29 March 2013 in respect of the Second Arbitration Proceedings will be heard together by the Madras High Court.

**(ii) The Second Arbitration Proceedings**

KHEC had commenced a second arbitration proceedings against the PNHB-Lanco members of the Consortium ("the Second Arbitration Proceedings") 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).

## Notes to the Financial Statements

### 35. MATERIAL LITIGATIONS (CONTINUED)

#### (I) KHEC (continued)

##### (ii) The Second Arbitration Proceedings (continued)

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 was heard by a single arbitrator was completed wherein the parties submitted their respective written submissions on 1 December 2012.

On 1 April 2013, PNH-B-Lanco members of the Consortium received the Arbitrator's Final Award dated 29 March 2013 wherein the PNH-B-Lanco members of the Consortium are to pay interest for the delayed payment of enabling cost of Rs58 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 Rs58 Lakhs amounting to Rs14,62,503 to KHEC.

KHEC had on 4 November 2013 served the PNH-B-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 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.

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.

**35. MATERIAL LITIGATIONS (CONTINUED)****(I) KHEC (continued)****(ii) The Second Arbitration Proceedings (continued)**

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 adjourned the hearing to a later date to be advised in due course.

On 24 April 2019, the Madras High Court adjourned the hearing to a later date to be advised in due course.

On 12 June 2019, the Madras High Court fixed the next hearing on 26 June 2019.

On 26 June 2019, the Madras High Court adjourned the hearing to a later date to be advised in due course.

The Claimant's appeal against the decision of the Arbitration Panel dated 13 November 2019 in respect of the First Arbitration Proceedings and the Claimant's appeal against the decision of the Arbitrator dated 29 March 2013 in respect of the Second Arbitration Proceedings will be heard together by the Madras High Court.

**(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 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.

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.

## Notes to the Financial Statements

### 35. 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 (continued):

- (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 PASSB'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 filed and served their affidavit in replies to oppose the said application by PASSB on 17 July 2017.

**35. 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.

## Notes to the Financial Statements

### 35. 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 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.

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 was fixed for final case management on 8 October 2018 before the Deputy Registrar of the Court of Appeal, and the appeal was 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 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 was appealing the Court of Appeal's decision dated 8 January 2019 in respect of the Disqualification Application.



**35. 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 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 was 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 was 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.

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 filed an application to amend the Amended Statement of Claim and the said application was 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 2019 were 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 2019 were 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 2019 were maintained.

On 4 November 2019, the Court vacated the trial dates scheduled on 4 November 2019 to 6 November 2019 because the Judge was on medical leave.

## Notes to the Financial Statements

### 35. 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 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 were taken off.

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 was 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 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.

The trial dates on 11 August 2020 to 13 August 2020 were vacated by the High Court as the Judge was unwell.

The trial proceeded as scheduled in September 2020 and October 2020 except for the trial dates on 22 September 2020 to 24 September 2020, 6 October 2020 to 8 October 2020 and 13 October 2020 to 15 October 2020 which were vacated by the Court.

The trial date on 2 November 2020 was subsequently vacated due to the extended Conditional Movement Control Order ("CMCO").

The next trial dates will be on 4 January 2021 and 5 January 2021.

The Shah Alam High Court vacated the trial dates fixed on 14 January 2021, 18 January 2021, 2 February 2021 and 3 February 2021.

**35. 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 next trial dates for the Suit are on 8 March 2021, 9 March 2021, 13 April 2021, 14 April 2021, 3 May 2021 to 6 May 2021, 11 June 2021 and 14 June 2021.

The trial proceeded on 4 January 2021, 5 January 2021, 8 March 2021, and 9 March 2021 respectively. The trial dates fixed on 13 April 2021 and 14 April 2021 were vacated because the trial judge will be transferred with effect on 5 April 2021 and the parties need to wait for further directions from the Shah Alam High Court with regards to the continued trial. The Shah Alam High Court fixed a case management on 13 April 2021.

On 19 March 2021, the Company announced that the trial will be continued before the current trial judge on 4 May 2021 to 6 May 2021. The Shah Alam High Court vacated the case management fixed on 13 April 2021 and vacated the trial date fixed on 3 May 2021.

**(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. ("PASSB"); and
- (ii) Loss of business opportunities (local and foreign) totalling RM13,496,009,000.

## Notes to the Financial Statements

### 35. 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)**

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:-

- (i) Tan Sri Khalid's Striking out Application is fixed for decision on 23 January 2018.
- (ii) The next case management before the Judge for parties to comply with pre-trial case management directions is on 12 February 2018.
- (iii) 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.

**35. 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 gave 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 were 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 was 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 was 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 was 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.

## Notes to the Financial Statements

### 35. 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)**

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.

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 were 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 had been brought forward to 6 December 2019 at the Court of Appeal.

**35. 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)**

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.

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.

The Hearing of Puncak’s appeals at the Court of Appeal on 22 June 2020 was vacated and in lieu thereof, a case management was held. The Court of Appeal fixed another case management date on 8 July 2020 for the re-scheduling of the Hearing of Puncak’s appeals.

The Hearing of Puncak’s appeals in the Court of Appeal was scheduled on 11 February 2021.

At the Hearing of Puncak’s appeals at the Court of Appeal on 11 February 2021, the Court of Appeal decided as follows:-

- (i) The appeal against Tan Sri Khalid and the Selangor State Government were allowed with costs in the cause. The matter was remitted for trial at the Shah Alam High Court. A case management was fixed on 18 February 2021.
- (ii) The appeal against Dato’ Seri Azmin was dismissed with costs of RM10,000.00.

On 18 February 2021, the case management of Puncak’s claim at the Shah Alam High Court against Tan Sri Khalid and the Selangor State Government was vacated and re-scheduled to 5 March 2021.

At the case management of Puncak’s claim at the Shah Alam High Court on 5 March 2021, the Shah Alam High Court fixed the next case management on 8 April 2021 for Tan Sri Khalid and the Selangor State Government to update the Shah Alam High Court on the status of their respective Defences and Tan Sri Khalid’s intended appeal to the Federal Court.

Tan Sri Khalid subsequently filed an application for leave at the Federal Court to appeal against the Court of Appeal’s decision dated 11 February 2021 in allowing Puncak’s appeal. The leave application is fixed for case management on 8 April 2021.



## Notes to the Financial Statements

### 35. MATERIAL LITIGATIONS (CONTINUED)

#### (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**

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 Pembetulan 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 accepted the appointment to act as Adjudicator in respect of the Notice of Adjudication dated 11 February 2020.

On 4 August 2020, the Adjudicator delivered the Adjudication Decision dated 4 August 2020 wherein PNCSB was required to pay Mersing RM2,578,346.30 only (inclusive of fees and costs). PNCSB sought legal advice on the next course of action available to it with regards to the outcome of the Adjudication Decision.

On 18 August 2020, PNCSB filed an application to the Kuala Lumpur High Court to set aside and to stay the Adjudication Decision dated 4 August 2020 ("Setting Aside Application"). The matter was fixed for case management on 4 September 2020 and 6 October 2020.

The case management on 6 October 2020 was subsequently vacated by the Kuala Lumpur High Court and the next case management was fixed on 30 October 2020.

On 30 October 2020, the Kuala Lumpur High Court fixed the hearing of the Setting Aside Application on 26 November 2020.

At the hearing on 26 November 2020, the Kuala Lumpur High Court reserved its decision to be delivered on 24 December 2020.

On 24 December 2020, the Kuala Lumpur High Court dismissed the Setting Aside Application and consequently enforced the Adjudication Decision dated 4 August 2020 in favour of Mersing with cumulative costs of RM10,000.00 to Mersing.

On 12 January 2021, PNCSB's solicitors had, on behalf of PNCSB, filed an appeal on the Kuala Lumpur High Court's Decision on Setting Aside Application, at the Court of Appeal ("PNCSB's Appeal on Kuala Lumpur High Court's Decision on Setting Aside Application").

On 2 February 2021, the Court of Appeal fixed the case management on PNCSB's Appeal on Kuala Lumpur High Court's Decision on Setting Aside Application on 4 March 2021.

**35. MATERIAL LITIGATIONS (CONTINUED)****(IV) PNCSB (continued)****Notice of Adjudication issued under the Construction Industry Payment & Adjudication Act 2012, ("CIPAA") to the Company's wholly-owned subsidiary, PNCSB (continued)****(1) Notice of Adjudication dated 11 February 2020 issued under CIPAA to PNCSB (continued)**

On 4 March 2021, the Court of Appeal fixed the next case management on PNCSB's Appeal on Kuala Lumpur High Court's Decision on Setting Aside Application on 5 May 2021.

**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 instructed its solicitor to contest the matter.

On 18 July 2016, PNCSB 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 instructed its solicitor to contest the matter.

On 18 July 2016, PNCSB 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.

## Notes to the Financial Statements

### 35. 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**

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
- (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 counterclaim 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 and the three (3) separate arbitrations initiated by PNCSB had been 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.

The arbitral tribunal has confirmed the hearing dates for the arbitration on 24 May 2021, 25 May 2021, 27 May 2021, 28 May 2021 and 31 May 2021.

**35. MATERIAL LITIGATIONS (CONTINUED)****(IV) PNCSB (continued)****Notice of Adjudication dated 11 February 2020 issued under the Construction Industry Payment & Adjudication Act 2012 ("CIPAA") to PNCSB**

PNCSB, a wholly-owned subsidiary of Puncak, had on 2 June 2020 received six Notices of Adjudication dated 2 June 2020 from its sub-contractor, PDP Utek (M) Sdn. Bhd. ("PDP Utek") to refer disputes arising from six payment claims under Sections 7 & 8 under the Construction Industry Payment & Adjudication Act 2012, ("CIPAA") for the combined sum of RM9,654,955.20 for the project "Pakej D44-Pembinaan Rangkaian Paip Pembetungan Di Bonus, Kuala Lumpur (Reka Dan Bina)" ("D44 Project") together with interest, cost and/or any other relief against PNCSB in relation to the payment claims as may be appropriate. PNCSB instructed its solicitors to contest the matter.

On 15 March 2021, the adjudicator appointed by the Director of the Asian International Arbitration Centre ("AIAC"), accepted the appointment to act as the Adjudicator in respect of the Notices of Adjudication dated 2 June 2020.

**Notice of Adjudication dated 17 July 2020 issued under the Construction Industry Payment & Adjudication Act 2012 ("CIPAA") to PNCSB**

PNCSB, a wholly-owned subsidiary of Puncak, had on 21 July 2020 received a Notice of Adjudication dated 17 July 2020 from its sub-contractor, City Tunneling Sdn. Bhd. ("CTSB") to refer disputes arising from six payment claims under Sections 7 & 8 under the Construction Industry Payment & Adjudication Act 2012, ("CIPAA") for the combined sum of RM1,335,237.34 for the project "Pakej D44-Pembinaan Rangkaian Paip Pembetungan Di Bonus, Kuala Lumpur (Reka Dan Bina)" ("D44 Project") together with interest, cost and/or any other relief against PNCSB in relation to the payment claims as may be appropriate. PNCSB instructed its solicitors to contest the matter.

On 21 December 2020, PNCSB was notified that the adjudicator appointed by the Director of the Asian International Arbitration Centre ("AIAC") had on 18 December 2020 accepted the appointment to act as Adjudicator in respect of the Notice of Adjudication dated 17 July 2020.

On 25 March 2021, the Adjudicator delivered the Adjudication Decision dated 25 March 2021 wherein PNCSB is required to pay CTSB RM1,241,348.85 (excluding interests and costs). PNCSB is seeking legal advice on the next course of action available to it with regards to the outcome of the Adjudication Decision.

**Notice of Arbitration dated 26 October 2020 issued under AIAC in accordance with the Arbitration Act 2005 and Arbitration (Amendment) Act 2011 to Mersing Construction and Engineering Sdn. Bhd.**

PNCSB, a wholly-owned subsidiary of Puncak had on 26 October 2020 issued a Notice of Arbitration dated 26 October 2020 against one of its sub-contractors for the D44 Project, Mersing Construction and Engineering Sdn. Bhd. ("Mersing"), to refer disputes relating to the true value of works carried out by Mersing up to 30 September 2020 as well as the value of PNCSB's entitlement to backcharges and/or deductions to be determined by the arbitral tribunal.

## Notes to the Financial Statements

**35. MATERIAL LITIGATIONS (CONTINUED)****(IV) PNCSB (continued)****Notice of Arbitration dated 26 October 2020 issued under AIAC in accordance with the Arbitration Act 2005 and Arbitration (Amendment) Act 2011 to Mersing Construction and Engineering Sdn. Bhd. (continued)**

The details of the Notice of Arbitration issued by PNCSB are as follows:-

- (i) To seek a determination of the true value of work carried out by Mersing up to 30 September 2020, to determine the value of PNCSB's entitlement to backcharges and/or deductions, a declaration that Mersing is not entitled to any payment as determined in the adjudication decision dated 4 August 2020 ("Adjudication Decision") together with damages, interest and costs; and
- (ii) Further to the above and in the event any payment has been made pursuant to the Adjudication Decision, that such payment (or any sum thereto) shall be refunded to PNCSB.

PNCSB had subsequently issued a commencement request to the Asian International Arbitration Centre ("AIAC") to commence the arbitration on 27 October 2020 and had also applied to the Kuala Lumpur High Court to stay the Adjudication Decision dated 4 August 2020 pending final determination of the dispute between PNCSB and Mersing by arbitration ("Stay Application").

The Stay Application was fixed for case management on 30 October 2020.

On 30 October 2020, the Kuala Lumpur High Court fixed the hearing of the Stay Application on 26 November 2020.

At the hearing on 26 November 2020, the Kuala Lumpur High Court reserved its decision to be delivered on 24 December 2020.

On 24 December 2020, the Kuala Lumpur High Court dismissed the Stay Application with costs of RM5,000.00 to Mersing.

On 12 January 2021, PNCSB's solicitors had, on behalf of PNCSB, filed an appeal on the Kuala Lumpur High Court's Decision on Stay Application, at the Court of Appeal ("PNCSB's Appeal on Kuala Lumpur High Court's Decision on Stay Application").

On 2 February 2021, the Court of Appeal fixed the case management on PNCSB's Appeal on Kuala Lumpur High Court's Decision on Stay Application on 4 March 2021.

On 4 March 2021, the Court of Appeal fixed the next case management on PNCSB's Appeal on Kuala Lumpur High Court's Decision on Stay Application on 5 May 2021.

**35. MATERIAL LITIGATIONS (CONTINUED)****(IV) PNCSB (continued)****Two (2) Notices of Assessment issued by the Inland Revenue Board (“IRB”) in accordance with the Income Tax Act 1967 (“ITA”) to PNCSB**

On 3 December 2020, a wholly-owned subsidiary of Puncak, PNCSB filed a judicial review application at the Kuala Lumpur High Court (“Judicial Review Application”) to challenge the notices of assessment known as Form G which PNCSB received from the IRB on 23 November 2020 for the Years of Assessment 2017 and 2018 amounting to RM2,292,182.64 and RM1,988,472.96 respectively (hereinafter referred to as “Notices”). These Notices were issued by the IRB under Section 44A(9) of the ITA consequent to the IRB’s decision to disallow the losses surrendered by PNCSB to another related company which is also a wholly-owned subsidiary of Puncak, namely PNMSSB under the group relief scheme.

Based on the legal advice obtained from its tax solicitors, PNCSB is of the view that it has good basis in law to contend that the Notices were erroneously and arbitrarily raised by the IRB. Accordingly, PNCSB had commenced the legal avenues available to challenge the Notices including the Judicial Review Application which commenced on 3 December 2020 against the Minister of Finance.

On 16 December 2020, the Kuala Lumpur High Court fixed PNCSB’s Judicial Review Application for leave hearing on 7 January 2021.

On 7 January 2021, the Kuala Lumpur High Court fixed PNCSB’s Judicial Review Application for hearing on 2 March 2021. The Kuala Lumpur High Court also granted an interim stay of enforcement of the Form G on PNCSB until the hearing date on 2 March 2021. In the meantime, no taxes are payable by PNCSB since the interim stay had been granted.

The hearing of PNCSB’s Judicial Review Application which was initially fixed on 2 March 2021 at the Kuala Lumpur High Court was vacated. The Kuala Lumpur High Court granted an interim stay of the enforcement on the Form G on PNCSB until the hearing of PNCSB’s Judicial Review Application and the case management for the Inland Revenue Board’s application to intervene on 20 April 2021. In the meantime, no taxes are payable by PNCSB since the interim stay had been granted.

**(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 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.

## Notes to the Financial Statements

### 35. 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)

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.

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.

At the case management on 17 June 2020, the Court maintained the interim stay previously granted by Court of all further proceedings including the enforcement and effect of the Bill of Demand dated 21 October 2019 as the Application is currently put on hold pending the disposal of the other Application against RMCD for the two (2) Bills of Demand dated 18 December 2019.

At the case management on 7 October 2020, the Court fixed the next case management of the Application on 18 January 2021.

At the case management on 18 January 2021, the Court fixed the case management of the Application on 8 March 2021.

On 8 March 2021, the Court fixed the next case management of the Application on 3 June 2021.

##### (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.

On 30 December 2019, PNMSSB filed a judicial review application ("Application") against RMCD to set aside the Bill of Demand.



**35. 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)**

- (ii) Bills of Demand dated 18 December 2019 issued under RMCD in accordance with the GST Act 2014 to PNMSSB (continued)

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 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 the Government due to the COVID-19 outbreak, the Court subsequently fixed the case management on 4 June 2020.

At the case management on 4 June 2020, the Registrar directed the parties to attend another case management on 17 June 2020 for the parties to fix a hearing date for the Application.

At the case management on 17 June 2020, the Court fixed the hearing of the Application on 28 August 2020. The interim stay of all further proceedings including the enforcement and effect of the Bills of Demand previously granted by the Court remain in force pending the disposal of the Application.

The Court had subsequently vacated the hearing date of the Application on 28 August 2020 and fixed a new hearing date on 24 September 2020. The interim stay of all further proceedings including the enforcement and effect of the Bills of Demand previously granted by the Court remain in force pending the disposal of the Application.

On 24 September 2020, the Court fixed the next case management of the Application on 7 October 2020.

## Notes to the Financial Statements

### 35. MATERIAL LITIGATIONS (CONTINUED)

#### (V) Puncak Niaga Management Services Sdn. Bhd. ("PNMSSB") (continued)

##### **Two (2) Notices of Assessment issued by the Inland Revenue Board ("IRB") in accordance with the Income Tax Act 1967 ("ITA") to PNMSSB (continued)**

At the case management on 7 October 2020, the Court renewed the interim order to stay the enforcement and effect of the two (2) Bills of Demand dated 18 December 2019 which was previously granted on 24 September 2020. The Court fixed the next case management of the Application on 18 January 2021. In the meantime, the interim stay order will be renewed every two (2) weeks until the hearing date.

At the case management on 18 January 2021, the Court fixed the case management of the Application on 8 March 2021.

On 8 March 2021, the Court fixed the next case management of the Application on 3 June 2021.

##### **Two (2) Notices of Assessment issued by the Inland Revenue Board ("IRB") in accordance with the Income Tax Act 1967 ("ITA") to PNMSSB**

On 3 December 2020, a wholly-owned subsidiary of Puncak, PNMSSB filed a judicial review application at the Kuala Lumpur High Court ("Judicial Review Application") to challenge the notices of assessment known as Form J which PNMSSB received from the IRB for the Years of Assessment 2017 and 2018 amounting to RM2,292,182.64 and RM1,988,472.96 respectively (hereinafter referred to as "Notices"). These Notices were issued by the IRB under Section 44A(9) of the ITA consequent to the IRB's decision to disallow the losses claimed by Puncak under the group relief scheme. The losses were surrendered by one of Puncak's wholly-owned subsidiary, PNCSB, which is a related company of PNMSSB, to PNMSSB.

Based on the legal advice obtained from its tax solicitors, PNMSSB was of the view that it has good basis in law to contend that the Notices were erroneously and arbitrarily raised by the IRB. Accordingly, PNMSSB commenced the legal avenues available to challenge the Notices including the Judicial Review Application which commenced on 3 December 2020 against the Minister of Finance.

On 10 December 2020, the Kuala Lumpur High Court fixed PNMSSB's Judicial Review Application for case management on 16 December 2020.

At the case management on 16 December 2020, the Kuala Lumpur High Court granted PNMSSB an interim stay until the next mention date on 13 January 2021.

At the case management on 13 January 2021, the Kuala Lumpur High Court granted an interim stay of the enforcement of the Form J on PNMSSB until the next case management on 18 January 2021. In the meantime, no taxes are payable by PNMSSB since the interim stay had been granted.

At the case management on 18 January 2021 on PNMSSB's Judicial Review Application, the Kuala Lumpur High Court granted an interim stay of enforcement of the Form J on PNMSSB until the hearing of the IRB's application to intervene on 6 May 2021. In the meantime, no taxes are payable by PNMSSB since the interim stay had been granted.

## Statement by Directors

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

In the opinion of the Directors, the financial statements set out on pages 127 to 268 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2020 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....  
**Tan Sri Rozali bin Ismail**  
Director

.....  
**Azlan Shah bin Rozali**  
Director

Shah Alam

Date: 30 March 2021

## Statutory Declaration

pursant 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 127 to 268 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 provisions 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 30 March 2021.

.....  
**Wong Ley Chan**

Before me:

# Independent Auditors' Report

to the Members of Puncak Niaga Holdings Berhad  
(Incorporated 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 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 127 to 268.

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 2020, 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' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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.

## Report on the Audit of the Financial Statements (continued)

### Key Audit Matters (continued)

Key Audit Matter	How the matter was addressed in the audit
<b>1) Revenue Recognition</b>	
<p><b>Construction revenue</b></p> <p>As at 31 December 2020, The Group recognised RM131.9million of revenue from construction division.</p> <p>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.</p>	<p>Our audit procedures included, among others:</p> <p><b>Construction revenue:</b></p> <ul style="list-style-type: none"> <li>Performed site visits for individually significant on-going projects to arrive at an overall assessment towards stage of completion.</li> <li>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.</li> <li>Selected samples of estimated costs and compared them with contracts or letter of awards.</li> <li>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.</li> <li>Re-assessed the foreseeable losses had been recognised in accordance with the requirements of the accounting standards.</li> </ul>
<p><b>Concession revenue</b></p> <p>As at 31 December 2020, the Group recognised RM225.3million 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.</p>	<p><b>Concession revenue:</b></p> <ul style="list-style-type: none"> <li>Reviewed the agreements and assessed whether these agreements had been appropriately identified to be service concession agreements within the scope of MFRS 15.</li> <li>Evaluated the appropriateness of discount rates applied in discounting the receivables from the customers.</li> <li>Assessed the Group's estimate on budgeted costs to be incurred including comparison of historical budgets with actual costs incurred.</li> <li>Assessed the Group's estimate on total costs to completion through enquires and inspected documentation to support the cost estimates.</li> </ul>

**Independent Auditors' Report**  
to the Members of Puncak Niaga Holdings Berhad  
(Incorporated 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
<b>2) Impairment assessments of cost of investment in subsidiaries and amounts due from subsidiaries</b>	
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.	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> <li>Challenged the assessment for indications of impairment performed by the Company by considering whether it had factored or considered relevant internal and external information.</li> <li>Compared the impairment assessment performed by the Company with the requirements of the accounting standards.</li> <li>Challenged the recoverable amounts determined by the Company by evaluating the key assumptions made by the Company.</li> </ul>

### 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.

## 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 of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- 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 direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



## Independent Auditors' Report

to the Members of Puncak Niaga Holdings Berhad  
(Incorporated 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 (continued)*

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

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

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

#### *Report on Other Legal and Regulatory Requirements*

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

#### *Other Matter*

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**  
(201906003682 & LLP0022494-LCA)  
CHARTERED ACCOUNTANTS (AF 0737)

Kuala Lumpur

30 March 2021

**ANTONY LEONG WEE LOK**  
(NO: 03381/06/2022 J)  
CHARTERED ACCOUNTANT

# Analysis On Securities Of Company

as at 30 March 2021

## 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	: 11,616

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders						No. of Issued Shares Held					
	Malaysian		Foreigner		Total		Malaysian		Foreigner		Total	
	No.	%*	No.	%*	No.	%*	No.	%*	No.	%*	No.	%*
<b>Less than 100</b>	536	4.62	5	0.04	541	4.66	12,853	*	204	*	13,057	*
<b>100-1,000</b>	1,647	14.18	17	0.15	1,664	14.33	1,137,549	0.26	11,250	*	1,148,799	0.26
<b>1,001-10,000</b>	6,362	54.77	60	0.52	6,422	55.29	28,765,822	6.43	272,387	0.06	29,038,209	6.49
<b>10,001-100,000</b>	2,553	21.98	49	0.42	2,602	22.40	82,444,715	18.44	1,700,480	0.38	84,145,195	18.82
<b>100,001-22,362,386</b> (less than 5% of the issued share capital)	372	3.20	13	0.11	385	3.31	173,814,547	38.86	7,459,200	1.67	181,273,747	40.53
<b>22,362,387 and above</b> (5% and above of the issued share capital)	2	0.01	0	0	2	0.01	151,628,749	33.90	0	0	151,628,749	33.90
<b>TOTAL</b>	<b>11,472</b>	<b>98.76</b>	<b>144</b>	<b>1.24</b>	<b>11,616</b>	<b>100.00</b>	<b>437,804,235</b>	<b>97.89</b>	<b>9,443,521</b>	<b>2.11</b>	<b>447,247,756</b>	<b>100.00</b>

### Notes:

\* Negligible

# Excluding a total of 2,036,800 Puncak Niaga Shares bought back by Puncak Niaga and retained as treasury shares as at 30 March 2021.

## Analysis On Securities Of Company as at 30 March 2021

### 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.	Kenanga Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Goh Tai Siang)	7,496,700	1.68
6.	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Tee Kim Hew (E-KLG/BTG))	3,670,000	0.82
7.	Lee Kuang Chong	3,528,000	0.79
8.	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Teh Koon Chai (E-KTN/JBH))	3,387,600	0.76
9.	Kalayarasu A/L Subramaniam	3,032,500	0.68
10.	Goh Tai Siang	2,718,300	0.61
11.	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Wong Sui Yuing (E-BTL))	2,674,400	0.60
12.	Lin Thean Fatt	2,599,000	0.58
13.	Lee Chee Beng	2,534,200	0.57
14.	RHB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Chua Meng Keat)	2,100,000	0.47
15.	Maybank Securities Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Zulkifli Bin Ismail)	2,000,000	0.45

Analysis On Securities Of Company  
as at 30 March 2021**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.	Central Plus (M) Sdn Bhd	1,912,075	0.43
17.	Rozali bin Ismail	1,901,900	0.43
18.	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Tan Pet Huan (E-PKG))	1,710,000	0.38
19.	Lim Teik Hoe	1,479,000	0.33
20.	Lim Mok Leng	1,435,000	0.32
21.	Cartaban Nominees (Asing) Sdn Bhd (Exempt An For Barclays Capital Securities Ltd (SBL/PB))	1,403,100	0.31
22.	Goh Teck Yiew	1,351,100	0.30
23.	CGS-CIMB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Ng Chai Hock (MY0972))	1,220,000	0.27
24.	Lee Jie Yang	1,220,000	0.27
25.	Zainul Abideen bin Fazle Abbas	1,200,000	0.27
26.	Khoo Kim Hong	1,123,400	0.25
27.	Ng Choi	1,100,700	0.25
28.	Khor Keng Saw @ Khaw Ah Soay	1,070,700	0.24
29.	Lim Kian Huat	1,045,000	0.23
30.	CGS-CIMB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Lau Buong Liong (MQ0175))	1,008,600	0.23
<b>Total</b>		<b>237,750,024</b>	<b>53.17</b>

\* Excluding 2,036,800 Puncak Niaga Shares bought back by Puncak Niaga and retained as treasury shares as at 30 March 2021.

## Analysis On Securities Of Company as at 30 March 2021

### DIRECTORS' INTEREST IN ORDINARY SHARES AS PER THE REGISTER OF THE DIRECTORS' SHAREHOLDINGS

No.	Name of Director	No. Of Issued Shares Held In The Company			
		Direct Interest	% <sup>#</sup>	Indirect Interest	% <sup>#</sup>
1.	YBhg Tan Sri Rozali bin Ismail	1,901,900	0.43	175,140,824 <sup>+</sup>	39.16 <sup>+</sup>
2.	Encik Azlan Shah bin Rozali	389,400	0.09	-	-
3.	YBhg Dato' Sri Adenan bin Ab Rahman	-	-	-	-
4.	YBhg Prof Emeritus Datuk Dr Marimuthu A/L Nadason	-	-	-	-
5.	YBhg Datuk Sr Haji Johari bin Wahab	-	-	1,050	*^^
6.	YM Tengku Loreta binti Tengku Dato' Setia Ramli Alhaj	-	-	-	-
7.	Encik Noor Faiz bin Hassan	-	-	-	-
8.	Encik Faizal bin Othman	-	-	-	-

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 brother's name.

# Excluding a total of 2,036,800 Puncak Niaga Shares bought back by Puncak Niaga and retained as treasury shares as at 30 March 2021.

### 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	% <sup>#</sup>	Indirect Interest	% <sup>#</sup>
1.	YBhg Tan Sri Rozali bin Ismail	1,901,900	0.43	175,140,824 <sup>+</sup>	39.16 <sup>+</sup>
2.	YBhg Puan Sri Faridah binti Idris	-	-	175,140,824 <sup>++</sup>	39.16 <sup>++</sup>
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 30 March 2021.

## List Of Properties

as at 31 December 2020

Description & Location	Date of Acquisition /Date of Valuation (V)	Land Area/ Built-up Area	Net Book Value (RM'000) 31.12.2020	Tenure	Remaining Leasehold (Expiry Date)	Existing Use
<b>Property, Plant and Equipment</b>						
<b>Building &amp; Adjacent Land</b>						
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) 31/12/2020 (V)	12,952 sq.m	65,000	99 years Leasehold	82 years expiring on 22/01/2102	Office Premises and Land
<b>3 Storey Building</b>						
No. 31, Jalan Temoleh 8/7 Precinct 8 62250 Putrajaya	09/11/2016 31/12/2017 (V) 31/12/2020 (V)	387 sq.m	4,150	Freehold	N/A	Premises
<b>Plantation Land and Building</b>						
Lot 43, 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)	36,864 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.	291,920	99 years Leasehold	83 years expiring in 2103  96 years expiring in 2116	Plantation
<b>Land &amp; Building</b>						
PN 10340, Lot No. 267, Mukim of Seriting 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) 31/12/2020 (V)	231,704 sq.m	23,740	99 years Leasehold	73 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.

## List Of Properties

as at 31 December 2020

Description & Location	Date of Acquisition /Date of Valuation (V)	Land Area/ Built-up Area	Net Book Value (RM'000) 31.12.2020	Tenure	Remaining Leasehold (Expiry Date)	Existing Use
<b>Investment properties</b>						
<b>Freehold Land</b>						
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) 31/12/2020 (V)	2,058 sq.m	1,425	Freehold	N/A	Vacant
<b>Land &amp; Building</b>						
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) 31/12/2020 (V)	164 sq.m	2,200	Freehold	N/A	Vacant
<b>Land &amp; Building</b>						
No. 8, Jalan Presiden U1/F Accentra Business Park Glenmarie, Seksyen U1 40150 Shah Alam	24/7/2020	164 sq.m	1,500	Freehold	N/A	Vacant
<b>Leasehold Land</b>						
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) 31/12/2020 (V)	159,996 sq.m	56,400	99 years Leasehold	75 years expiring on 01/12/2095	Vacant
<b>Land &amp; Building</b>						
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) 31/12/2020 (V)	331,438 sq.m 213,092 sq.m 229,299 sq.m 229,733 sq.m	462,300	99 years Leasehold	81 years expiring on 24/10/2101	Partly rented out Vacant Partly rented out Vacant
# Include a single storey building complete with parking facilities						
<b>4 Storey Shophouse</b>						
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) 31/12/2020 (V)	238 sq.m	2,500	99 years Leasehold	72 years expiring on 21/10/2092	Partly rented out



List Of Properties  
as at 31 December 2020

Description & Location	Date of Acquisition /Date of Valuation (V)	Land Area/ Built-up Area	Net Book Value (RM'000) 31.12.2020	Tenure	Remaining Leasehold (Expiry Date)	Existing Use
<b>Investment properties</b>						
<b>5 Storey Shophouse</b>						
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) 31/12/2020 (V)	1,014 sq.m	4,750	99 years Leasehold	89 years expiring on 21/3/2109	Vacant
<b>Office Lots</b>						
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) 31/12/2020 (V)	86 sq.m	7,000	99 years Leasehold	80 years expiring on 01/01/2100	Vacant
<b>Building</b>						
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) 31/12/2020 (V)	331 sq.m	5,600	99 years Leasehold	82 years expiring on 6/11/2102	Partly rented out
<b>3 Storey Shophouse</b>						
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) 31/12/2020 (V)	140 sq.m	1,155	99 years Leasehold	19 years expiring on 31/12/2039	Rented out
<b>Leasehold Land</b>						
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) 31/12/2020 (V)	84,130 sq.m	41,900	99 years Leasehold	87 years expiring on 11/05/2107	Vacant
<b>3 Storey Shophouse</b>						
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) 31/12/2020 (V)	312 sq.m	2,000	99 years Leasehold	75 years expiring on 10/06/2095	Vacant
<b>3 Storey Shophouse</b>						
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) 31/12/2020 (V)	327.04 sq.m	2,200	99 years Leasehold	79 years expiring on 03/04/2099	Partly rented out

<b>PUNCAK NIAGA HOLDINGS BERHAD</b>	About Us	Our Year At A Glance	Our Organisation's D.N.A.	Our Strategic Context
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## List Of Properties as at 31 December 2020

Description & Location	Date of Acquisition /Date of Valuation (V)	Land Area/ Built-up Area	Net Book Value (RM'000) 31.12.2020	Tenure	Remaining Leasehold (Expiry Date)	Existing Use
<b>Investment properties</b>						
<b>Leasehold Land</b>						
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) 31/12/2020 (V)	3.625 acres	7,000	99 years Leasehold	79 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.
<b>Leasehold Land</b>						
State alieneated 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) 31/12/2020 (V)	25.65 acres (gross)	41,340	99 years Leasehold	96 years expiring on 19/02/2117	A parcel of land approved for commercial development.
<b>Leasehold Land</b>						
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;	01/11/2016 (V) 31/5/2018 (V) 31/12/2018 (V) 31/12/2019 (V) 31/12/2020 (V)	50,263 sq.m	25,770	99 years Leasehold	85 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.
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.						
<b>Leasehold Land</b>						
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	01/11/2016 (V) 31/5/2018 (V) 31/12/2018 (V) 31/12/2019 (V) 31/12/2020 (V)	338.67 acres (gross)	153,885	99 years Leasehold	79 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.
(ii) PT Nos. 1489, 1490, 1533, 1673, 1771, 1833, 2360 Mukim of Serendah, District of Ulu Selangor together with public facilities and amenities areas						

# GRI G4 Content Index

for 'In Accordance' Option – Core

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for 'In Accordance' Option – Core

### General Standard Disclosures

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G4-26	Organisation's approach to stakeholder engagement	-	Stakeholder Engagement	42 - 43
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns	-	Stakeholder Engagement	42 - 43
<b>Report Profile</b>				
G4-28	Reporting period	-	About This Report	5
G4-29	Date of most recent previous report	-	About This Report	5
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G4-31	Contact point for questions regarding the report or its contents	-	About This Report	5
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G4-33	Organisation's policy and current practice with regard to seeking external assurance for the report	-	Statement On Directors' Responsibility For Preparation of Financial Statements, Independent Auditors Report	117, 270 - 274
<b>Governance</b>				
G4-34	Governance structure of the organisation	-	Organisation Structure, Corporate Governance Overview Statement	15, 78 - 93
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G4-56	Organisation's values, principles, standards and norms of behaviour	-	Puncak Vision & Mission And Values, Public Policy	3, 41 - 42

### SPECIFIC STANDARD DISCLOSURES – CORE OPTION

#### Specific Standard Disclosures

Material Aspects	Description	Omissions	Reference	DMA And Indicators
<b>Category: Economic</b>				
Indirect Economic Impacts	Disclosure Management Approach	-	Sustainability Performance On Material Issues – Creating Economic Value Sustainability Performance On Material Issues – Value To Our Communities	G4-DMA: Indirect Economic Impacts: 44 - 47, 60 - 61
	Development and impact of infrastructure investments and services supported	-	Sustainability Performance On Material Issues – Creating Economic Value	G4-EC7: 44 - 47
	Significant indirect economic impacts, including the extent of impacts	-	Sustainability Performance On Material Issues – Creating Economic Value	G4-EC8: 44 - 47
Procurement Practices	Disclosure Management Approach	-	Supply Chain	G4-DMA: Procurement Practices: 47
	Proportion of spending on local suppliers at significant locations of operation	-	Supply Chain	G4-EC9: 47

GRI G4 Content Index  
for 'In Accordance' Option – Core

## Specific Standard Disclosures

Material Aspects	Description	Omissions	Reference	DMA And Indicators
<b>Category: Environmental</b>				
Energy	Disclosure Management Approach	-	Sustainability Performance On Material Issues – Environmental Value	G4-DMA: Energy: 50
	Energy consumption within the organisation	-	Reducing Our Internal Environmental Footprint	G4-EN3: 52
Water	Disclosure Management Approach	-	Sustainability Performance On Material Issues – Environmental Value	G4-DMA: Water: 51
	Total withdrawal by source	-	Water Management	G4-EN8: 51
Effluents and Waste	Disclosure Management Approach	-	Sustainability Performance On Material Issues – Environmental Value	G4-DMA: Effluents and Waste: 51
	Total weight of waste by type and disposal method	Currently unavailable for total weight of hazardous waste produced by disposal methods.	Waste Management Practices	G4-EN23: 51
Biodiversity	Disclosure Management Approach	-	Conserving Biodiversity	G4-DMA: Biodiversity: 48 - 49
	Conserving Biodiversity -- Protection of High Conservation Value ("HCV"), High Carbon Stock ("HCS") and peat areas -- through the following measures: • Soil conservation • Maintaining riparian buffer zones • Treatment of wastewater before discharge	-	Conserving Biodiversity	G4-EN11: 48 - 49
<b>Category: Social</b>				
<b>Sub-category: Labour Practices and Decent Work</b>				
Employment	Disclosure Management Approach	-	Sustainability Performance On Material Issues – Value To Our Employees	G4-DMA: Employment: 53 - 59
	Total number and rates of new employee hires and employee turnover by age group, gender, and region	-	Workplace Diversity	G4-LA1: 54 - 55
	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	-	Benefits And Compensation	G4-LA2: 57
Occupational Safety And Health	Disclosure Management Approach	-	Sustainability Performance On Material Issues – Value To Our Employees	G4-DMA: Occupational Health and Safety: 57 - 59
	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	-	Occupational Safety And Health	G4-LA6: 57 - 59

<b>PUNCAK NIAGA HOLDINGS BERHAD</b>	About Us	Our Year At A Glance	Our Organisation's D.N.A.	Our Strategic Context	
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## GRI G4 Content Index

for 'In Accordance' Option – Core

Specific Standard Disclosures				
Material Aspects	Description	Omissions	Reference	DMA And Indicators
<b>Category: Social</b>				
<b>Sub-category: Labour Practices and Decent Work</b>				
Training and Education	Disclosure Management Approach	-	Sustainability Performance On Material Issues – Value To Our Employees	G4-DMA: Training and Development: 55 - 56
	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.	Training And Development	G4-LA9: 55 - 56
Diversity and Equal Opportunity	Disclosure Management Approach	-	Sustainability Performance On Material Issues – Value To Our Employees	G4-DMA: Diversity and Equal Opportunity: 53 - 55
	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity	-	Workplace Diversity	G4-LA12: 54 - 55
Labour Practices Grievance Mechanisms	Disclosure Management Approach	-	Sustainability Performance On Material Issues – Value To Our Employees	G4-DMA: Labour Practices Grievance Mechanism: 54
	Number of grievances about labour practices filed, addressed, and resolved through formal grievance mechanism	-	Grievance Mechanism	G4-LA16: 54
<b>Sub-Category: Human Rights</b>				
Child Labour	Disclosure Management Approach	-	Sustainability Performance On Material Issues – Value To Our Employees	G4-DMA: Child Labour: 54
	Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour	-	Human Rights	G4-HR5: 54
Forced or Compulsory Labour	Disclosure Management Approach	-	Sustainability Performance On Material Issues – Value To Our Employees	G4-DMA: Forced or Compulsory Labour: 54
	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour	-	Human Rights	G4-HR6: 54
Security Practices	Disclosure Management Approach	-	Sustainability Performance On Material Issues – Value To Our Employees	G4-DMA: Security Practices: 59
	Percentage of security personnel trained in the organisation's human rights policies or procedures that are relevant to operations	-	Security Practices	G4-HR7: 59
Indigenous Rights	Disclosure Management Approach	-	Sustainability Performance On Material Issues – Value To Our Communities	G4-DMA: Indigenous Rights: 61
	Total number of incidents of violations involving rights of indigenous peoples and actions taken	-	Local Communities	G4-HR8: 60 - 61

# Notice of 24<sup>th</sup> Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT the Twenty-Fourth (24<sup>th</sup>) 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, 12<sup>th</sup> Floor, Wisma Rozali, No. 4, Persiaran Sukan, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan ("Broadcast Venue") on Tuesday, 25 May 2021 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 2020 together with the Reports of the Directors and Auditors thereon.
2. To re-elect the following Directors of the Company who retire by rotation pursuant to Rule 100 of the Company's Constitution:
 

(a) YBhg Tan Sri Rozali bin Ismail	<b>Resolution 1</b>
(b) YBhg Prof Emeritus Datuk Dr Marimuthu A/L Nadason	<b>Resolution 2</b>
3. To re-elect the following Directors of the Company who retire pursuant to Rule 105 of the Company's Constitution:
 

(a) Encik Noor Faiz bin Hassan	<b>Resolution 3</b>
(b) Encik Azlan Shah bin Tan Sri Rozali	<b>Resolution 4</b>
(c) Encik Faizal bin Othman	<b>Resolution 5</b>
4. To approve the Independent Non-Executive Directors' remuneration with effect from 25 May 2021 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**
6. 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)**

**Secretary**

Shah Alam  
26 April 2021



## Notice of 24<sup>th</sup> Annual General Meeting

### 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 24<sup>th</sup> 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 24<sup>th</sup> 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 24<sup>th</sup> AGM which is posted on our website at [www.puncakniaga.com.my](http://www.puncakniaga.com.my) and take note of Notes (2) to (15) 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 18 May 2021**. 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. Member(s), proxy(ies), corporate representative(s) or attorney(s) to participate at this AGM via RPV are required to register at **TIIH Online** website at <https://tiih.online> as a user first and then pre-register their attendance for the 24<sup>th</sup> AGM for verification of their eligibility to attend the 24<sup>th</sup> AGM using the RPV on the **Record of Depositors as at 18 May 2021**. **Please follow the Procedures for RPV in the Information for Shareholders on 24<sup>th</sup> AGM as set out in [www.puncakniaga.com.my](http://www.puncakniaga.com.my)**

Notice of 24<sup>th</sup> Annual General Meeting

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 twenty-four (24) 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
    - a) 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.
    - b) By fax at 03-2783 9222 or e-mail to [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com)
  - (ii) In electronic form via TIH Online

The proxy form can be electronically lodged with the Share Registrar of the Company via TIH Online at <https://tih.online>. Kindly refer to the Information For Shareholders on the procedures for electronic lodgement of proxy form via TIH 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 **Monday, 24 May 2021 at 10.00 a.m.**
10. Members may submit questions in relation to the agenda items for the 24<sup>th</sup> AGM prior to the meeting via TIH Online at <http://tih.online> by selecting "e-Services" to login, pose questions and submit electronically no later than **Monday, 17 May 2021**. The Board will endeavour to address the questions received at the 24<sup>th</sup> AGM.
 

Members may use the **Query Box** facility to ask questions real time (in the form of typed text) during the meeting. The Chairman/ Board will endeavour to respond to questions submitted by remote participants during the 24<sup>th</sup> AGM.
11. 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 24<sup>th</sup> AGM will be put to vote by poll. The Company has appointed Tricor Investor & Issuing House Services Sdn. Bhd. as the Poll Administrator to conduct the poll by way of electronic voting and Coopers Professional Scrutineers Sdn. Bhd. as the Independent Scrutineers to verify the poll results and as the Independent Observer of the Questions & Answers Session of the 24<sup>th</sup> AGM.

## Notice of 24<sup>th</sup> Annual General Meeting

### 12. **Audited Financial Statements of the Group and of the Company for the financial year ended 31 December 2020**

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.

### 13. **Resolutions 1 and 2 : Agenda 2 - Re-election of Directors who retire by rotation in accordance with Rule 100 of the Company's Constitution**

Rule 100 of the Company's Constitution provides that at each annual general meeting, one-third of the Directors for the time being, or, if their number is not a multiple of three, the number nearest to one-third with a minimum of one, shall retire from office. A Director retiring at a meeting shall retain office until the close of the meeting, whether adjourned or not.

For the purpose of determining the eligibility of the Directors to stand for re-election at the 24<sup>th</sup> AGM, the Board through the Nomination Committee's recommendations, had approved that the Directors who retire by rotation in accordance with Rule 100 of the Company's Constitution namely, YBhg Tan Sri Rozali bin Ismail and YBhg Prof Emeritus Datuk Dr Marimuthu A/L Nadason are eligible to stand for re-election. These two (2) retiring Directors had abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant Board and Nomination Committee Meetings.

### **Resolutions 3, 4 and 5 : Agenda 3 - Re-election of Directors who retire pursuant to Rule 105 of the Company's Constitution**

Rule 105 of the Company's Constitution provides that the Directors shall have power at any time and from time to time, to appoint any person to be a Director either to fill a casual vacancy or as an additional Director, but so that the total number of Directors shall not at any time exceed the maximum number fixed by or in accordance with these presents. Any Director so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

Based on the above, the Board had approved the Nomination Committee's recommendations that the Directors who retire in accordance with Rule 105 of the Company's Constitution namely, Encik Noor Faiz bin Hassan, Encik Azlan Shah bin Tan Sri Rozali and Encik Faizal bin Othman are eligible to stand for re-election. These three (3) retiring Directors had abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant Board and Nomination Committee Meetings.

Notice of 24<sup>th</sup> Annual General Meeting14. **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 the payment of the Independent Non-Executive Directors' (“INEDs”) remuneration up to the next Annual General Meeting in 2022.

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	<b>Audit Committee</b>				
	Chairman	N/A	24,000	-	
	Member	N/A	N/A	-	
	<b>Remuneration Committee, Nomination Committee and Compliance, Internal Control &amp; Risk Policy Committee</b>				
	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. The corporate golf club membership was extended to the INEDs after the 23<sup>rd</sup> AGM in 2020.
- \* 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 RM670,000.00 for the period from 25 May 2021 to the next Annual General Meeting (“AGM”) in 2022 based on the assumption of the projected number of Board and Board Committee Meetings in 2021/2022 to the next AGM.

15. **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 24<sup>th</sup> 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.

## Statement Accompanying The Notice of 24<sup>th</sup> Annual General Meeting

### **STATEMENT ACCOMPANYING THE NOTICE OF 24<sup>TH</sup> 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 Tan Sri Rozali bin Ismail, YBhg Prof Emeritus Datuk Dr Marimuthu A/L Nadason, Encik Noor Faiz bin Hassan, Encik Azlan Shah bin Tan Sri Rozali and Encik Faizal bin Othman at this forthcoming 24<sup>th</sup> 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 24<sup>th</sup> Annual General Meeting are set out in the Board of Directors' Profile section on pages 66, 69, 72, 67 and 73 respectively of the Company's Annual Report 2020.



PUNCAK NIAGA HOLDINGS BERHAD  
[199701000591 (418087-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-Fourth Annual General Meeting (24<sup>th</sup> AGM) of Puncak Niaga Holdings Berhad which will be conducted entirely through live streaming from the broadcast venue at the Boardroom, 12<sup>th</sup> Floor, Wisma Rozali, No. 4, Persiaran Sukan, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan ("Broadcast Venue") on Tuesday, 25<sup>th</sup> May 2021 at 10.00 a.m. and at any adjournment thereof, as indicated below:

NO.	RESOLUTION	FOR	AGAINST
1	<b>ORDINARY BUSINESSES</b>		
2	To re-elect YBhg Tan Sri Rozali bin Ismail as a Director of the Company.		
3	To re-elect YBhg Prof Emeritus Datuk Dr Marimuthu A/L Nadason as a Director of the Company.		
4	To re-elect Encik Noor Faiz bin Hassan as a Director of the Company.		
5	To re-elect Encik Azlan Shah bin Tan Sri Rozali as a Director of the Company.		
6	To re-elect Encik Faizal bin Othman as a Director of the Company.		
7	To approve the Independent Non-Executive Directors' remuneration with effect from 25 May 2021 until the next Annual General Meeting of the Company.		
8	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.		

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 \_\_\_\_\_ 2021

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 24<sup>th</sup> 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 24<sup>th</sup> AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its **TIH Online** website at <https://tih.online>. **Please follow the Procedures for RPV in the Information for Shareholders on 24<sup>th</sup> AGM** which is posted on our website at [www.puncakniaga.com.my](http://www.puncakniaga.com.my) and take note of **Notes (2) to (15)** below in order to participate remotely via RPV.

- 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 18 May 2021**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.
- 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.
- 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:-
  - 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.
  - 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.

- Member(s), proxy(ies), corporate representative(s) or attorney(s) to participate at this AGM via RPV are required to register at **TIH Online** website at <https://tih.online> as a user first and then pre-register their attendance for the 24<sup>th</sup> AGM for verification of their eligibility to attend the 24<sup>th</sup> AGM using the RPV on the **Record of Depositors as at 18 May 2021**. **Please follow the Procedures for RPV in the Information for Shareholders on 24<sup>th</sup> AGM as set out in [www.puncakniaga.com.my](http://www.puncakniaga.com.my)**
- 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.
- 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.
- 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 twenty-four (24) hours before the time appointed for holding this AGM or adjourned general meeting at which the person named in the appointment proposes to vote:
  - 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.
    - By fax at 03-2783 9222 or e-mail to [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com)
  - In electronic form via TIH Online**

The proxy form can be electronically lodged with the Share Registrar of the Company via TIH Online at <https://tih.online>. Kindly refer to the Information For Shareholders on the procedures for electronic lodgement of proxy form via TIH 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 **Monday, 24 May 2021 at 10.00 a.m.**

10. Members may submit questions in relation to the agenda items for the 24<sup>th</sup> AGM prior to the meeting via TIH Online at <http://tih.online> by selecting "e-Services" to login, pose questions and submit electronically no later than **Monday, 17 May 2021**. The Board will endeavour to address the questions received at the 24<sup>th</sup> AGM.

Members may use the **Query Box** facility to ask questions real time (in the form of typed text) during the meeting. The Chairman/ Board will endeavour to respond to questions submitted by remote participants during the 24<sup>th</sup> AGM.

11. 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 24<sup>th</sup> AGM will be put to vote by poll. The Company has appointed Tricor Investor & Issuing House Services Sdn. Bhd. as the Poll Administrator to conduct the poll by way of electronic voting and Coopers Professional Scrutineers Sdn. Bhd. as the Independent Scrutineers to verify the poll results and as the Independent Observer of the Questions & Answers Session of the 24<sup>th</sup> AGM.
12. **Audited Financial Statements of the Group and of the Company for the financial year ended 31 December 2020.**

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.

13. **Resolutions 1 and 2 : Agenda 2 - Re-election of Directors who retire in accordance with Rule 100 of the Company's Constitution**

Rule 100 of the Company's Constitution provides that at each annual general meeting, one-third of the Directors for the time being, or, if their number is not a multiple of three, the number nearest to one-third with a minimum of one, shall retire from office. A Director retiring at a meeting shall retain office until the close of the meeting, whether adjourned or not.

For the purpose of determining the eligibility of the Directors to stand for re-election at the 24<sup>th</sup> AGM, the Board through the Nomination Committee's recommendations, had approved that the Directors who retire in accordance with Rule 100 of the Company's Constitution namely, YBhg Tan Sri Rozali bin Ismail and YBhg Prof Emeritus Datuk Dr Marimuthu A/L Nadason are eligible to stand for re-election. These two (2) retiring Directors had abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant Board and Nomination Committee Meetings.

**Resolutions 3, 4 and 5 : Agenda 3 - Re-election of Directors who retire by rotation pursuant to Rule 105 of the Company's Constitution**

Rule 105 of the Company's Constitution provides that the Directors shall have power at any time and from time to time, to appoint any person to be a Director either to fill a casual vacancy or as an additional Director, but so that the total number of Directors shall not at any time exceed the maximum number fixed by or in accordance with these presents. Any Director so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

Based on the above, the Board had approved the Nomination Committee's recommendations that the Directors who retire in accordance with Rule 105 of the Company's Constitution namely, Encik Noor Faiz bin Hassan, Encik Azlan Shah bin Tan Sri Rozali and Encik Faizal bin Othman are eligible to stand for re-election. These three (3) retiring Directors had abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant Board and Nomination Committee Meetings.

14. **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.

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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 Company is seeking the shareholders' approval on the payment of the Independent Non-Executive Directors' ("INEDs") remuneration up to the next Annual General Meeting in 2022.

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	
Board Committees	<b>Audit Committee</b>				
	Chairman	N/A	24,000	-	
	Member	N/A	N/A	-	
	<b>Remuneration Committee, Nomination Committee and Compliance, Internal Control &amp; Risk Policy Committee</b>				
	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. The corporate golf club membership was extended to the INEDs after the 23<sup>rd</sup> AGM in 2020.

\* 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 RM670,000.00 for the period from 25 May 2021 to the next Annual General Meeting ("AGM") in 2022 based on the assumption of the projected number of Board and Board Committee Meetings in 2021/2022 to the next AGM.

15. **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 24<sup>th</sup> 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.





## 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-Fourth 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**  
10<sup>th</sup> Floor, Wisma Rozali  
No. 4, Persiaran Sukan  
Seksyen 13, 40100 Shah Alam  
Selangor Darul Ehsan  
Attention: Madam Tan Bee Lian,  
Executive Director,  
Corporate Services Division/  
Group Company Secretary

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 Empat 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: Puan Tan Bee Lian,  
Pengarah Eksekutif,  
Bahagian Perkhidmatan Korporat/  
Setiausaha Syarikat Kumpulan

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,  
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Tel: +603 5522 8589 Fax: +603 5522 8598  
Email Investors: [investors@puncakniaga.com.my](mailto:investors@puncakniaga.com.my)  
General: [pr@puncakniaga.com.my](mailto:pr@puncakniaga.com.my)  
[www.puncakniaga.com.my](http://www.puncakniaga.com.my)