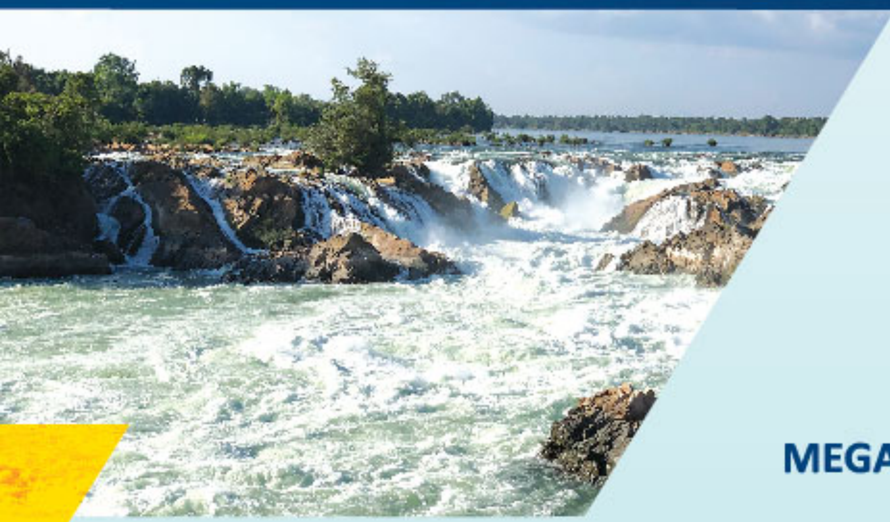
ANNUAL REPORT 2020



MFCB

MEGA FIRST CORPORATION BERHAD

Reg. No. 196601000210 (6682-V)

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CORPORATE INFORMATION

Executive Chairman

Goh Nan Kioh

Non-Independent Non-Executive Deputy Chairman

Mr Tay Kheng Chiong

Executive Directors

Goh Nan Yang
(Also Alternate to Goh Nan Kioh)

Khoo Teng Keat

Goh Mei Sze

Senior Independent Director

Dato' Koh Hong Sun

Independent Directors

Yeow See Yuen

Datuk Hj. Pengiran Saifuddin bin Pengiran Tahir, JP

Jesper Bjorn Madsen

Professor Dato' Dr. Tan Hui Meng

Datin Jeyanthini a/p M. Kannaperan

AUDIT COMMITTEE

Yeow See Yuen (Chairman)
Datuk Hj. Pengiran Saifuddin bin Pengiran Tahir, JP
Jesper Bjorn Madsen

REMUNERATION COMMITTEE

Jesper Bjorn Madsen (Chairman)
Dato' Koh Hong Sun
Datin Jeyanthini a/p M. Kannaperan

NOMINATING COMMITTEE

Dato' Koh Hong Sun (Chairman)
Datin Jeyanthini a/p M. Kannaperan
Yeow See Yuen

EMPLOYEES' SHARE OPTION COMMITTEE

Goh Nan Kioh (Chairman)
Yeow See Yuen
Dato' Koh Hong Sun

COMPANY SECRETARY

Foo Wen Yunn
SSM PC No. 201908000440
(MAICSA 7057965)

REGISTERED OFFICE

A-12-01, Level 12
Block A, PJ8
23 Jalan Barat
Seksyen 8
46050 Petaling Jaya
Tel : +603-7960 8818
Fax : +603-7960 7818
E-mail : mfcb@mega-first.com

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

Boardroom Share Registrars Sdn Bhd *199601006647 (378993-D)*
11th. Floor, Menara Symphony,
No. 5 Jalan Prof. Khoo Kay Kim, Seksyen 13
46200 Petaling Jaya, Selangor Darul Ehsan
Helpdesk : +603-7890 4700
Fax No. : +603-7890 4670
E-mail address : BSR.Helpdesk@boardroomlimited.com

AUDITORS

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

STOCK EXCHANGE LISTING

Main Market,
Bursa Malaysia Securities Berhad
Stock Code : 3069
Stock Name : MFCB
Sector : Utilities

WEBSITE ADDRESS

www.mega-first.com

PROFILE OF DIRECTORS

GOH NAN KIOH

Malaysian, Male, Aged 67

Executive Chairman
Chairman of the Employees' Share Option Committee

Mr Goh Nan Kioh joined the Board on 1 February 2003 as a Non-Independent Non-Executive Director. He was appointed as Chairman of the Board on 29 July 2003 and as Executive Chairman on 1 July 2011. Mr Goh holds a Bachelor of Economics (Honours) degree from the University of Malaya. He has wide and varied business investments in many countries.

Mr Goh Nan Kioh and his wife's siblings namely Dr Lim Thian Soo, Mr Lim Thiam Cheok and Ms Lim Yam Poh, are substantial shareholders of the Company. Mr Goh is also the brother of Mr Goh Nan Yang and the father of Ms Goh Mei Sze.

TAY KHENG CHIONG

Malaysian, Male, Aged 57

Non-Independent Non-Executive Deputy Chairman

Mr Tay Kheng Chiong joined the Board as a Non-Independent Non-Executive Director on 1 June 2006. Mr Tay was redesignated as Non-Independent Non-Executive Deputy Chairman on 26 February 2021. He holds a Bachelor of Engineering (Honours) degree majoring in Electrical and Electronics from the University of Sunderland, England. He also holds a Master of Business Administration degree from the University of Stratchclyde, Scotland and is a Chartered Engineer with The Institution of Engineering and Technology, United Kingdom. Mr Tay has more than 30 years' experience in the semiconductor industry. He joined a multinational semiconductor company upon graduation in 1989 as Development Engineer and was promoted to Director of Manufacturing in 1999. During 2001 to 2005, he was the Managing Director of Dominant Opto Technologies Sdn Bhd.

Mr Tay is presently the Group Managing Director of D&O Green Technologies Berhad ("D&O") which is listed on Bursa Malaysia. He is deemed to be interested in certain transactions between MFCB Group and D&O Group by virtue of his common directorships.

GOH NAN YANG

Malaysian, Male, Aged 57

Executive Director and Alternate Director to Mr Goh Nan Kioh

Mr Goh Nan Yang joined the Board on 13 March 2003 as the alternate director to Mr Goh Nan Kioh, who is his brother. He was appointed as Executive Director on 26 November 2004. Mr Goh graduated from the University of Toledo with a Bachelor of Science honours degree in Engineering. He joined a public listed company after graduation, during which period he was involved in several major infrastructure and housing projects. In the mid-1990s, he left employment and started his own business in property development and manufacturing activities in Melbourne, Australia. Since then, his business has diversified into hospitality and student education ventures.

Mr Goh Nan Yang is an uncle of Ms Goh Mei Sze. Mr Goh Nan Yang is a non-executive director and deemed substantial shareholder of D&O Green Technologies Berhad ("D&O"), a company listed on Bursa Malaysia. He is deemed to be interested in various transactions between MFCB Group and D&O Group by virtue of his common directorships and substantial shareholding in D&O.

KHOO TENG KEAT

Malaysian, Male, Aged 50

Executive Director

Mr Khoo Teng Keat joined the Board on 6 September 2011 as Executive Director. He holds a Bachelor of Commerce (Actuarial Science) honours degree from University of Melbourne, Australia. Prior to joining the Company, Mr Khoo has more than 14 years experience as an equity analyst and has held senior positions with several reputable international investment banks.

GOH MEI SZE

Malaysian, Female, Aged 32

Executive Director

Ms Goh Mei Sze joined the Board on 16 November 2020 as Executive Director. She holds a Bachelor of Commerce degree from University of Melbourne, Australia. Ms Goh Mei Sze started her career in Ernst & Young from 2010 to 2012 in Audit and Assurance. She joined Mega First Corporation Berhad in 2013, in which she is the Personal Assistant to the Executive Chairman since then.

She is a daughter of Mr Goh Nan Kioh, and a niece of Mr Goh Nan Yang.

DATO’ KOH HONG SUN

Malaysian, Male, Aged 68

Senior Independent Director
Chairman of the Nominating Committee, Member of the Remuneration Committee and the Employees’ Share Option Committee

Dato’ Koh Hong Sun joined the Board as an Independent Director on 1 December 2010. He holds a Master degree in Strategic and Security Studies from Universiti Kebangsaan Malaysia.

Dato’ Koh had a distinguished career with the Royal Malaysian Police (RMP) for almost 40 years, having joined RMP as a Probationary Inspector in 1971 and retired in October 2010 as the Director of Commercial Crime Investigation Department. During the period as an officer of the RMP, he has held various important command posts including as Commandant of The Police Training Centre in Kuala Lumpur, Assistant Director NCB-Interpol, Officer-in-Charge of Brickfields Police District, Federal Traffic Chief, Deputy Chief Police Officer of Johor, Chief Police Officer of Penang and Commissioner of Police as Director of Commercial Crime Investigation Department.

Dato’ Koh is also a Director of Genting Malaysia Berhad.

YEOW SEE YUEN

Malaysian, Male, Aged 53

Independent Director
Chairman of the Audit Committee, Member of the Nominating Committee and the Employees’ Share Option Committee

Mr Yeow See Yuen joined the Board as an Independent Director on 10 May 2006. He holds a first class honours degree in Accountancy from the National University of Singapore. Mr Yeow started his career in 1991 with Coopers & Lybrand, Singapore Office in the audit division. He left the firm in 1994 to join Deutsche Securities Asia Limited (“Deutsche Securities”) where he spent 9 years working in the Equity Research Department. During that period, he progressed through a series of positions including Deputy Head of Indonesia Research, Head of Malaysian Research and Head of Consumer Research Asia. Since leaving Deutsche Securities in 2003, he has been actively involved in investment banking related work, including investor relations corporate advisory and research consultancy.

Mr Yeow is also a Director of D&O Green Technologies Berhad (“D&O”) which is listed on Bursa Malaysia. He is deemed to be interested in certain transactions between MFCB Group and D&O Group by virtue of his common directorships.

DATUK HJ. PENGIRAN SAIFUDDIN BIN PENGIRAN TAHIR, JP

Malaysian, Male, Aged 63

Independent Director
Member of Audit Committee

Datuk Hj. Pengiran Saifuddin bin Pengiran Tahir joined the Board on 15 August 2014 as Independent Director. He holds a Law Degree from University of London, England and a Master Degree in Business Administration from Universiti Malaysia Sabah. Datuk Hj. Pengiran was admitted to the High Court of Borneo in 1988 and his career in the legal field included the appointment as a Senior Legal Officer in the Sabah State Attorney General Department from 1994 until 1996. Embarking into the corporate management field, he joined a fleet management services company, Angkatan Hebat Sdn Bhd as its Deputy Chief Executive Officer in 1996. A year later, he took up a similar position in K.K.I.P., the developer of Sabah's premier integrated industrial estate, and served in that capacity for over 13 years. Datuk Hj. Pengiran Saifuddin was appointed Managing Director of Sabah Urban Development Corporation Sdn Bhd in 2010 before moving on to Sabah Economic Development Corporation (SEDCO) to take up his current position as Group General Manager in December 2013.

JESPER BJORN MADSEN

Danish, Male, Aged 67

Independent Director
Chairman of the Remuneration Committee and Member of the Audit Committee

Mr Jesper Bjorn Madsen joined the Board as an Independent Director on 30 November 2016. He holds a Master degree in Law from Copenhagen University, Denmark and later studied Scottish/English Law at the University of Edinburgh, Scotland. Mr Madsen has worked in the legal field for 4 years before joining Carlsberg A/S Group in 1984 and retired in 2009. During his 25 years working for Carlsberg A/S Group, he has held positions as Vice-President responsible for overseas investments and markets, General Manager and Managing Director of Carlsberg Brewery Hong Kong Ltd, Chief Operating Officer of Carlsberg Asia Pte Ltd, Senior Vice-President of Carlsberg Breweries A/S with responsibility for Asia, among other markets. He was also a non-executive Chairman or Vice-Chairman in a number of Carlsberg's subsidiaries in Asia.

Mr Madsen is also a Director of D&O Green Technologies Berhad (listed on Bursa Malaysia) and the Independent and Non-Executive Chairman of Tibet Water Resources Ltd (listed on Hong Kong Stock Exchange).

Mr Madsen is deemed to be interested in certain transactions between MFCB Group and D&O Group by virtue of his common directorships.

PROFESSOR DATO' DR. TAN HUI MENG

Malaysian, Male, Aged 66
Independent Director

Professor Dato' Dr. Tan Hui Meng joined the Board on 20 March 2017. He is a Consultant Urologist in a private hospital in Malaysia. He is also an Adjunct Professor in University of Malaya and the University of Pennsylvania, and a member of 21 learned societies. He is the Honorary President of the Asia Pacific Society and Japan ASEAN Council for Men's Health and Aging. He is currently an Executive Member of the International Society of Men's Health, World Chinese Urological Associations (USA), Asian Society of Endourology and the International Society for Study of the Aging Males.

His research interest includes urolithiasis (stone diseases) prostate cancer, bladder dysfunction, erectile dysfunction and hormonal changes in the ageing male. He has published 239 articles and abstracts in peer-reviewed international journal and 14 books on men's health and sexual medicine. Dato' Prof. Tan has been on the editorial boards of at least 10 journals. He has been a consultant and panelist for the past three WHO Sponsored Consultations in Sexual Medicine in 1999, 2003 and 2009, as well the WHO affiliated the International Consultation of Urological Disease (ICUD)-Men's Health and Infertility in 2015/2016. Prof Dato' Dr Tan was bestowed the Outstanding Urologist Award by the World Chinese Urological Association (WCUA), an affiliate of the American Urological Association (AUA) in 2010.and also by the Society for Men's Health, Singapore in 2019.

DATIN JEYANTHINI A/P M. KANNAPERAN

Malaysian, Female, Aged 60
Independent Director
Member of Nominating Committee and Remuneration Committee

Datin Jeyanthini a/p M. Kannaperan joined the Board on 4 August 2020. Datin Jeyanthini is a partner of Shearn Delamore & Co, heading the Litigation Practice. She has a busy litigation practice and appears regularly at hearings, trial and appeals at the High Court and the Appellate Courts. Datin Jeyanthini's principal areas of practice are banking, restructuring and insolvency, regulatory and compliance, land, commercial and corporate, landlord and tenancy disputes. Apart from acting in such disputes, she provides strategic legal advice on these matters, where necessary, working with teams from other practice group within the Firm. She has acted in a number of important cases that have been reported in the law journals. She also leads teams of lawyers from within and outside the Firm in many court appearances at the High Court and Appellate Courts.

Datin Jeyanthini who holds an LLB degree from the University of London was called to the Bar of England and Wales before returning home to Malaysia and pupillage in Shearn Delamore. She was admitted to partnership in 1997 and her years in practice are testament to her rich experience in the area of banking (including Islamic or Syariah banking and finance) trade finance and insolvency; enforcement of loan, security instruments and instruments of payments; receiverships; foreclosures; as well as liquidation, restructuring, rescue mechanisms and schemes of arrangement and in the area of commercial and corporate disputes.

NOTE: Save as disclosed above, the Directors have no family relationship with any Director and/or major shareholder of the Company, have no conflict of interest with the Company and have not been convicted for any offence within the past 5 years.

PROFILE OF KEY SENIOR MANAGEMENT

CHU BENG HAN

Malaysian, Male, Aged 56

Head, Resources Division

Mr Chu Beng Han is the Head of the Resources Division. He joined Rock Chemical Industries (Malaysia) Berhad on 1 July 2004 as Group Operations Manager and later promoted as Executive Director on 26 November 2004. He was re-designated as Head of the Resources Division in March 2012.

Mr Chu obtained a Bachelor of Engineering (Civil) degree from National University of Singapore. Prior to joining the Group, he has over 8 years of working experience in an international building and structural forensic consultancy firm and another 7 years in a senior management position in a public listed company involved in cement and ready-mixed concrete business.

He is the nephew of Mr Goh Nan Kioh and Mr Goh Nan Yang.

IR. YEONG CHEE MENG

Malaysian, Male, Aged 68

Head, Don Sahong Hydropower Project

Mr Yeong Chee Meng is the Head of the Don Sahong Hydropower Project. He joined the Company in April 2008 as Project Director for the Don Sahong Hydropower Project in Lao PDR. He is in charge of the overall development and operations of the Don Sahong Hydropower Project including operations and maintenance and future expansion plans.

Mr Yeong obtained a Bachelor of Engineering (Civil) honours degree from University Malaya. He also holds a Master of Applied Science in Project Management degree from University of South Australia. Upon graduation in 1978, he spent 22 years with the Public Works Department of Malaysia ("PWD"). During that period, he progressed through a series of positions including District Engineer – Sabak Bernam, Selangor, Assistant Director (Roads) – Penang State, Deputy Director – Negeri Sembilan State and Head of Computer/IT Centre – Kuala Lumpur Headquarters. Over the next 14 years, his career progressed to several senior management positions such as General Manager (Construction) with KL International Airport Berhad, Managing Director of Sarawak Hidro Sdn Bhd, Project Director for Alfaisal University in Saudi Arabia and Senior General Manager (Non-Revenue Water Division) with SYABAS.

SIM SEE SHENG

Malaysian, Male, Aged 63

Chief Resident Engineer, Don Sahong Power Company Ltd

Mr Sim See Sheng joined Don Sahong Power Company Ltd as the Chief Resident Engineer for the Don Sahong Hydropower Project in Lao PDR. He is responsible for the on site management and future expansion work on the Don Sahong Hydropower Project.

Mr Sim holds a Bachelor of Science (Honours) Degree from University of Birmingham, England (1982). He has more than 37 years of experience in construction supervision and engineering management as owner's engineer, consultant engineer and contractor's project in mega and small hydropower projects, dam construction, general civil and building works. He is specialised in project implementation and supervision management of mega hydropower projects which includes feasibility studies, due diligence of hydro plants, project feasibility design and construction supervision of concrete buttress dam, earth blanket, clay core and concrete face rockfill dams, RCC dam, tunnels, power intake structures, low level outlets, canal headworks, spillway, storage ponds, surge tank, low & high pressure pipe line conduit, power house, foundation engineering, plinth grouting, dam instrumentation and reservoir impoundment procedures.

He started his career in Sarawak Electricity Supply Corporation as the Senior Civil Engineer. Thereafter, he held several senior engineering positions in various companies in Asia, Eurasia and Europe, before joined Don Sahong Power Company Ltd.

NEO HONG CHEE

Malaysian, Male, Aged 48

Financial Controller,
Mega First Corporation Berhad

Mr Neo Hong Chee is the Financial Controller of the Company. He joined the Company in October 2007 and is responsible for the finance and treasury function within the Group.

Mr Neo began his career in Crowe Horwath in the audit and assurance department, before moving on to a multinational corporation, where he held various roles including finance manager and international business development manager. He also has experience in cross-border joint venture, project management and HR processes. He has obtained a pass in the Certificate Stage examinations of the Association of Chartered Certified Accountants.

GOH CHIN SAN

Malaysian, Male, Aged 27

Business Development Manager,
Mega First Corporation Berhad

Mr Goh Chin San holds a Bachelor of Arts degree in Mathematics and Economics from University of Pennysylvania. Mr Goh started his career with Pricewaterhouse Coopers Singapore specialising in Mergers and Acquisitions Strategy from year 2016 to 2018. He then left and is currently a Business Development Manager with Mega First Corporation Berhad. He is also a Non-Independent and Non-Executive Director of D&O Green Technologies Berhad ("D&O") which is listed on Bursa Malaysia.

He is a son of Mr Goh Nan Kioh, brother of Ms Goh Mei Sze and nephew of Mr Goh Nan Yang.

NOTE: Save as disclosed above, the key senior management staff have no family relationship with any Director and/or major shareholder of the Company, have no directorship in public companies and listed issuers, have no conflict of interest with the Company and have not been convicted for any offence within the past 5 years.

KEY MILESTONES

1966 - Incorporated in Malaysia under the name of Mega (Chemicals) Sendirian Berhad.

1990 - Adopted present name, Mega First Corporation Berhad ("MFCB") on 15 March 1990. MFCB's principal businesses then were quarrying of limestone and trading and distribution of industrial, agro and petroleum based products.

1991 - Acquired Mamut Copper Mine, an open pit copper mine in Ranau, Sabah.

Re-listed on Kuala Lumpur Stock Exchange (now known as Bursa Malaysia).

1992 - Rock Chemical Industries (Malaysia) Berhad ("RCI") became part of the MFCB Group.

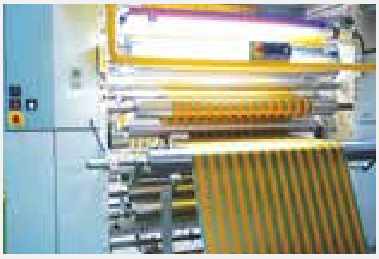
1996 - The Group's first power plant (36MW MFO-fired power plant in Tawau, Sabah) commenced commercial operation on 2 December 1996 ("Tawau Power Plant").

Ventured into China with a 60% stake in Shaoxing Mega Heat & Power Co. Ltd to operate a coal-fired heat and power plant in Shaoxing, Zhejiang ("Shaoxing Power Plant").

1999 - Mamut Copper Mine ceased operations.

2004 - Invested in a mixed development project – PJ8.

Ventured into the packaging businesses.



2008 - Signed the Project Development Agreement with the Government of Laos to develop, build, own and operate a 260MW run-of-river hydropower plant in Laos ("Don Sahong Hydropower Project").

2012 - Completed the privatisation and de-listing of RCI from Bursa Malaysia on 29 June 2012.

2013

2013 - Obtained a land concession in Mondulkiri, Cambodia primarily for agricultural development and cultivation.

2014

2014 - Expanded into a new segment – flexible packaging products under the Packaging Division.

2015

2015 - Signed the Concession Agreement for the Don Sahong Hydropower Project on 15 September 2015. Signed the Power Purchase Agreement for the Don Sahong Hydropower Project on 1 October 2015.

2017

2017 - The joint venture agreement for the Shaoxing Power Plant expired on 22 October 2017 and was not extended by the Group. The Power Purchase Agreement for the Tawau Power Plant expired on 2 December 2017. The Group made the strategic decison to focus on renewable energy projects moving forward.

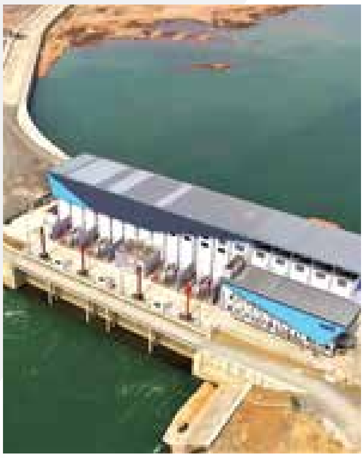
2018

2018 - Commenced development activities on Mondulkiri land after obtaining approval of master plan.

2019

2019 - Expanded the Group's renewable energy business by venturing into the commercial and industrial ("C&I") solar investment projects.

2020



2020 - The Don Sahong hydropower plant went into full commercial operation on 7 January 2020.

2021

2021 - To date, the Group has secured 15MW of C&I solar projects, including 9MW solar carport which is the largest under the Net Energy Metering Scheme in Malaysia.

CORPORATE STRUCTURE

MEGA FIRST CORPORATION BERHAD

RENEWABLE ENERGY DIVISION

- 100% Mega First Investments (L) Limited
- 100% Don Sahong Holdings Limited
- 80% Don Sahong Power Company Ltd
- 100% Mega First Power Industries Sdn Bhd
- 100% Mega First C&I Solar Sdn Bhd
- 55% MFP Solar Sdn Bhd
- Other Subsidiaries

PACKAGING DIVISION

- 52.4% Hexachase Corporation Sdn Bhd
- 62.9% Hexachase Flexipack Sdn Bhd
- 65.8% Hexachase Labels Sdn Bhd
- 41.9% Hexachase Packaging Sdn Bhd
- Other Subsidiary

RESOURCES DIVISION

- 100% Rock Chemical Industries (Malaysia) Sdn Berhad
- 100% RCI Lime Sdn Bhd
- 100% Batamas Sdn Berhad
- 100% Mega First Resources Sdn Bhd
- 100% Anting Sendirian Berhad
- 99.6% Cheng Sun Industries Sdn Bhd
- 99.6% Syarikat Cheng Sun Quarry Sdn Bhd
- Other Subsidiaries

INVESTMENT HOLDING AND OTHERS

PROPERTY

- 100% Mega First Housing Development Sdn Bhd
- 100% Gombak Land Sdn Bhd
- 65% Idaman Harmoni Sdn Bhd
- 60% Paya Emas Sdn Bhd
- 100% Greentown Parking Sdn Bhd
- Other Subsidiaries

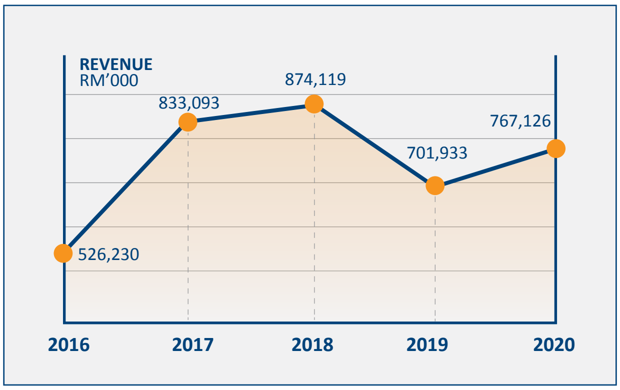
PLANTATION

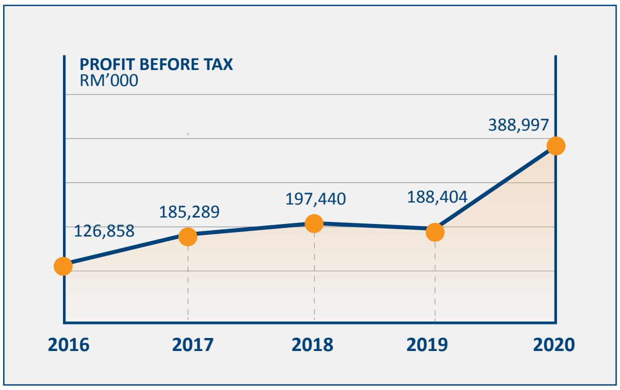
- 100% Mega First Plantation (Cambodia) Limited

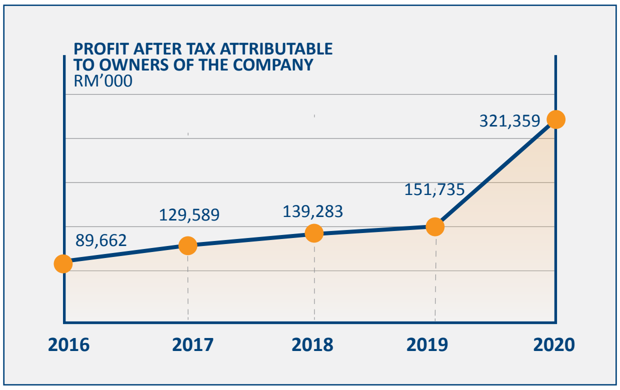
OTHER BUSINESSES

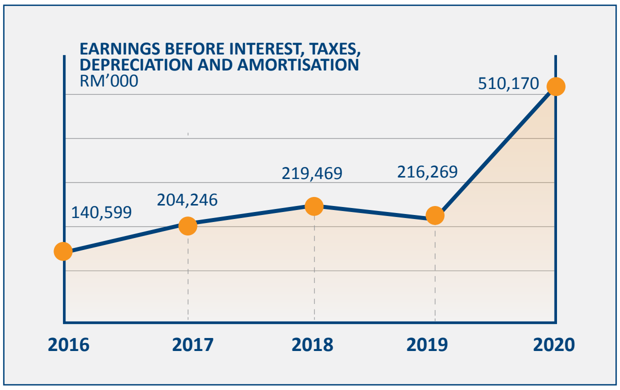
- 100% Authentic Excellence Sdn Bhd
- 100% Bloxwich International Sdn Bhd
- 100% Bloxwich (Malaysia) Sdn Bhd
- 100% Geo-Mobile Asia Sdn Bhd
- Other Subsidiaries

FINANCIAL HIGHLIGHTS

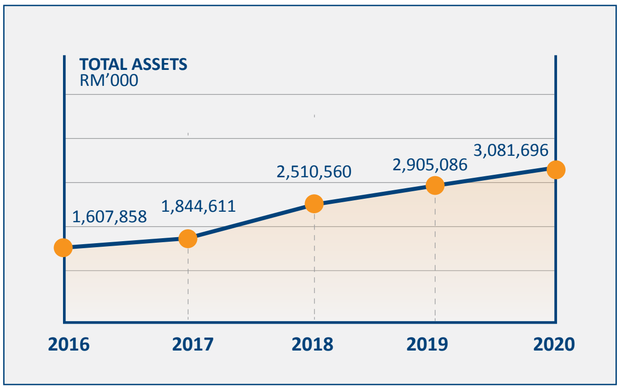


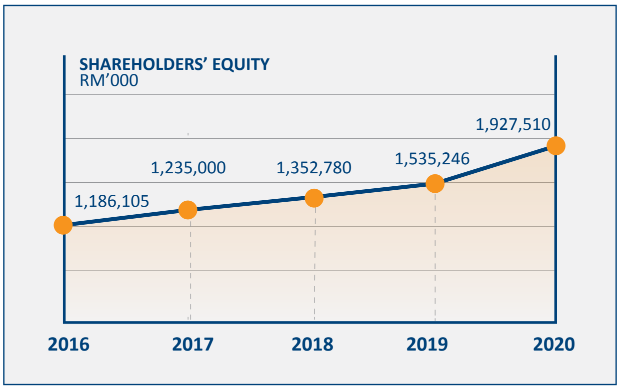


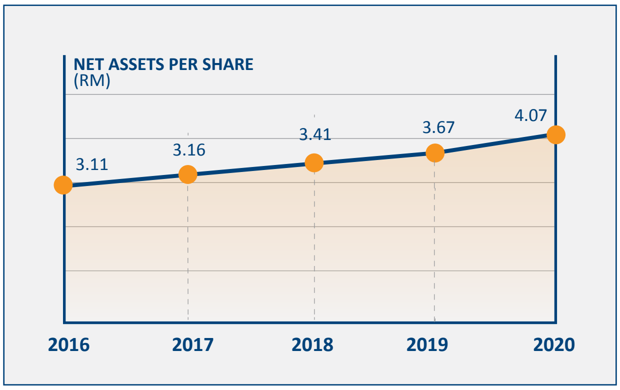


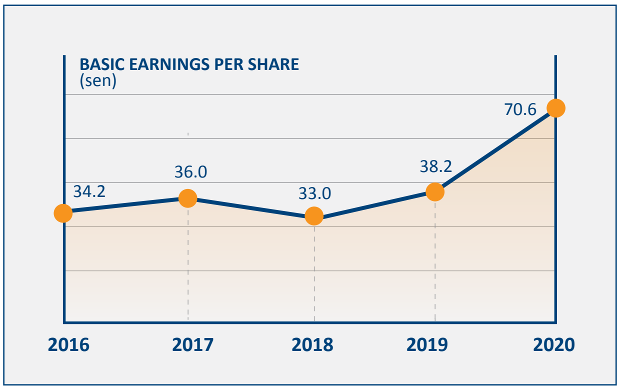


Financial Year Ended 31 December **CONTINUING OPERATIONS**	**2016** RM'000	**2017** RM'000	**2018** RM'000	**2019** RM'000	**2020** RM'000
Consolidated Statements of Profit or Loss and Other Comprehensive Income					
Revenue	526,230	833,093	874,119	701,933	767,126
Earnings before interest, taxes, depreciation and amortisation	140,599	204,246	219,469	216,269	510,170
Profit before tax	126,858	185,289	197,440	188,404	388,997
Profit after tax	107,003	151,934	159,532	176,420	378,210
Profit after tax attributable to owners of the Company	89,662	129,589	139,283	151,735	321,359
Additional Information					
Finance costs	6,083	6,759	7,743	8,433	22,331
Depreciation and amortisation	11,722	15,290	16,327	21,093	102,947





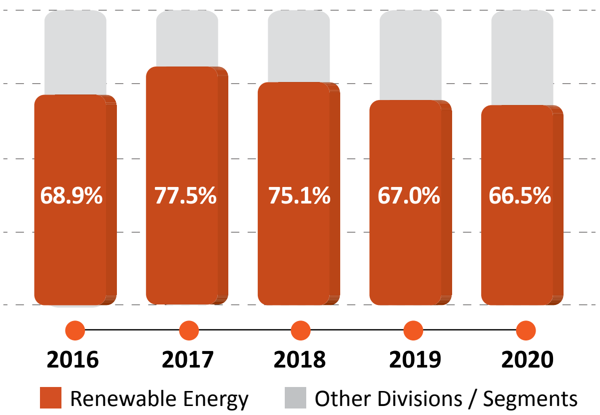


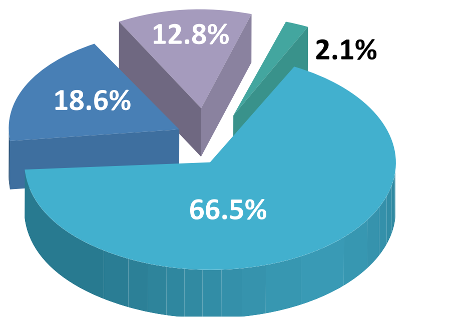


Financial Year Ended 31 December	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
Consolidated Statements of Financial Position					
Total assets	1,607,858	1,844,611	2,510,560	2,905,086	3,081,696
Total borrowings	88,631	221,177	598,695	746,140	657,875
Shareholders' equity	1,186,105	1,235,000	1,352,780	1,535,246	1,927,510
Bank balances and deposits	291,326	138,750	130,508	91,031	93,607
Financial Indicators					
Return on equity (%)	10.2%	11.2 %	9.6 %	10.0 %	16.7 %
Return on total assets (%)	7.5%	7.5 %	5.1 %	5.3 %	10.4 %
Gearing ratio (%)	7.5%	17.9 %	44.3 %	48.6 %	34.1 %
Net assets per share (RM)	3.11	3.16	3.41	3.67	4.07
Dividend per share (sen)	5.0	4.0	4.0	6.0	12.5
Gross dividend yield (%)	2.3%	1.1 %	1.3 %	1.2 %	1.8 %
Interest cover (times)	33.4	30.8	25.5	23.4	18.4
Basic earnings per share (sen)	34.2	36.0	33.0	38.2	70.6
Price earning ratio (times)	6.3	10.2	9.4	13.4	9.8
Share price as at the financial year end (RM)	2.15	3.67	3.10	5.11	6.90

Financial Year Ended 31 December CONTINUING OPERATIONS	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
Revenue					
Renewable Energy	362,444	645,441	656,228	470,375	510,214
Resources	98,538	119,945	142,249	143,624	142,819
Packaging	39,582	51,211	57,433	68,427	97,775
Subtotal	500,564	816,597	855,910	682,426	750,808
Investment Holding and Others	25,666	16,496	18,209	19,507	16,318
Total	526,230	833,093	874,119	701,933	767,126
Profit before Tax					
Renewable Energy	95,911	172,795	177,058	182,482	372,086
Resources	15,026	19,295	18,606	16,460	18,766
Packaging	2,614	740	(4)	(501)	9,461
Subtotal	113,551	192,830	195,660	198,441	400,313
Investment Holding and Others	13,307	(7,541)	1,780	(10,037)	(11,316)
Total	126,858	185,289	197,440	188,404	388,997
Included in investment holding and others are:					
Fair value gain on investment properties	8,616	6,316	6,375	-	-
Gain / (loss) on foreign exchange	14,411	3,309	1,907	1,432	(1,480)
ESOS expense	(2,783)	(13,982)	(388)	-	-

Revenue

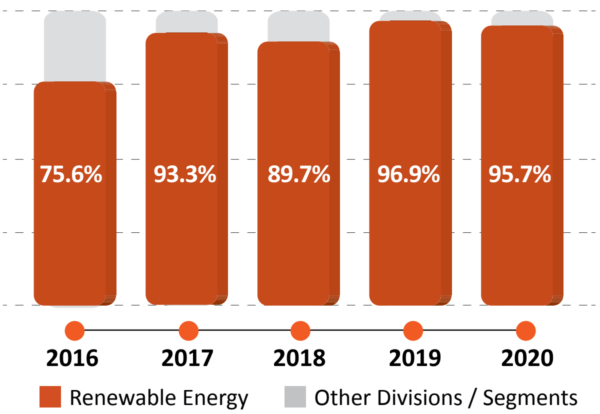


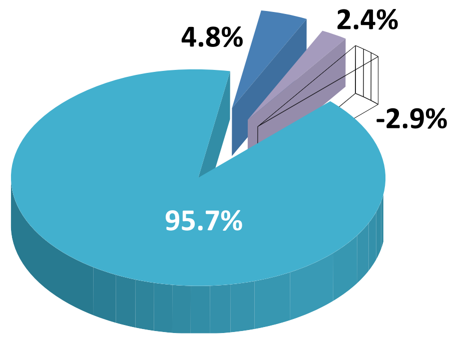


2020 Revenue

Renewable Energy · Packaging · Resources · Investment Holding and Others

Profit Before Tax





2020 Profit Before Tax

Renewable Energy · Packaging · Resources · Investment Holding and Others

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors and Management of Mega First Corporation Berhad, I am pleased to present to you our annual report and audited financial statements for the financial year ended 31 December 2020.

Overview of the Group's Financial Performance

The financial year 2020 was a milestone year for the Group. Despite the Coronavirus Disease 2019 ("COVID-19") outbreak wreaking havoc across the local and global economies, the Group recorded a 9.3% increase in revenue to RM767.1 million (2019: RM701.9 million) and a 106.5% increase in profit before tax to RM389.0 million (2019: RM188.4 million), its highest profit before tax on record since its listing in 1970.

The growth in revenue and profit before tax was mainly attributable to the Don Sahong Hydropower Project ("Don Sahong") contributing its first full year of energy sales amounting to RM510.0 million (2019: RM35.1 million) and profit before tax of RM372.1 million (2019: RM25.0 million). No construction revenue and profit was recorded from Don Sahong this financial year (2019: Construction revenue of RM435.3 million, Construction profit of RM157.5 million).

The Group's other two core divisions namely the Resources and the Packaging Divisions weathered the unprecedented challenges imposed by the COVID-19 outbreak unscathed. While revenue from the Resources Division was 0.6% lower at RM142.8 million (2019: RM143.6 million), profit before tax increased 14.0% to RM18.8 million (2019: RM16.5 million). The Packaging Division on the other hand performed very well with revenue increasing by 42.9% to RM97.8 million (2019: RM68.4 million), while profit before tax reversed from a RM0.5 million loss in 2019 to a profit of RM9.5 million in 2020.

Please refer to the Management's Discussion and Analysis in this Annual Report for further details on the Group's financial performance.

PROSPECTS AND FUTURE PLANS

Renewable Energy Division

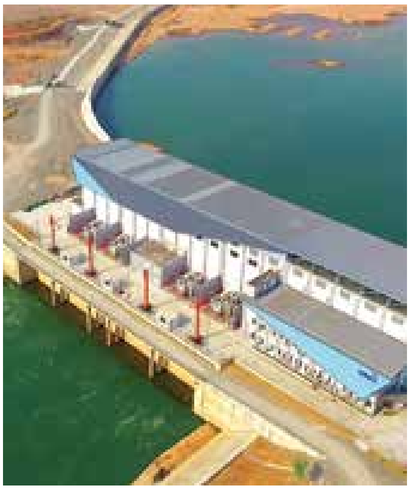
The Renewable Energy Division (formerly known as the Power Division) is the largest contributor to the Group's income, contributing an overall 95.7% (2019: 96.9%) to the Group's total profit before tax. The Group is committed on growing this division with a focus on the development of projects in Malaysia as well as the ASEAN region.

The Group has been anticipating a shift towards Renewable Energy ("RE") for a while amidst concerns over global climate change. The adoption of the 17 Sustainable Development Goals ("SDG") promulgated by the United Nations Development Programme ("UNDP") in 2015 further cemented our decision to focus on RE. In particular, SDG 7 calls for greater "access to affordable, reliable, sustainable and modern energy for all" by shifting away from fossil fuel energy source towards cleaner and more efficient energy sources. Accordingly, we have since 2017 taken steps towards achieving this goal, by declining to extend our concessions in the coal and medium fuel oil power plants in Shaoxing, China and Tawau, Sabah respectively.

We believe that there are many upcoming project opportunities in the region with the endorsement of the ASEAN Plan of Action for Energy Cooperation Phase II (2021-2025) in November 2020 which set a new target to achieve a 23% share of RE in total primary energy supply and 35% RE share in ASEAN's installed power capacity by 2025. The Group is well positioned to take advantage of these opportunities given its strong track record in developing power projects as well as having a sizeable recurring income from Don Sahong.

During the year, the Ministry of Energy and Mines of Laos confirmed that Don Sahong commenced commercial operations on 1 October 2020 and the concession will end on 30 September 2045. Don Sahong recorded its first full year of income generation in 2020, achieving an Energy Availability Factor ("EAF") of 86.4% that translated into a revenue generation of RM510.0 million. Based on the higher water levels recorded in the first two months of 2021 and a better power distribution plan following the completion of EDL's 500KV transmission line from Laos to Cambodia in November 2020, we expect that the average EAF will be higher and therefore revenue to be higher in 2021 assuming no adverse foreign exchange movements between the MYR and USD.

On the project front, the Group has been working on the following during the year:



i. Planning for the fifth turbine plant expansion on Don Sahong

This plan has been delayed due to the COVID-19 pandemic and the ensuing travel restrictions. At the earliest, construction can only start in the dry season in late 2021.

ii. Adding projects to our Commercial & Industrial ("C&I") rooftop solar photovoltaic portfolio

The Group has so far secured 15MW of projects and are currently in final negotiations to secure another 7.5MW project by the end of the first half of 2021. We intend to continuously add new projects in Malaysia and the region.

It is of note that these projects are being financed by a Multi-tranche Green Term Loan Facility that has been assigned a "Gold" assessment by Malaysian Rating Corporation Berhad ("MARC"), the highest assessment on MARC's scale for green financing instruments. This is the first "Gold" green loan assessed by MARC in Malaysia and demonstrates our commitment to SDG 7.

Don Sahong won the Silver award for the Hydro Power Project of the Year at the Asian Power Awards 2020 recognising the most outstanding companies with groundbreaking projects and trailblazing initiatives in Asia's power sector and this is testament to our capabilities to successfully carry out large scale projects from start to finish.

The Group is actively seeking and continuously assessing projects that come our way but as of now, many have not met our stringent risk assessment and return requirements. While Don Sahong is delivering substantial income, we will always take a calculated approach and are mindful not to commit to new projects without thorough evaluation to safeguard our recurring income and shareholder interests.

Resources Division

Despite the various business interruptions caused by the COVID-19 pandemic, the Resources Division performed reasonably well with profit before tax increasing 14.0% from the previous year. This is the combined result of securing a large contract during the year that offset lower orders from existing customers, lower fuel costs as well as effective cost control and improved plant efficiency.

Moving into 2021, we anticipate that economic conditions are likely to remain volatile. The division is also expected to encounter operational challenges such as higher freight rates, rising fuel and packaging costs as well as unpredictable movements in the foreign currency exchange rates, notably between MYR and the US Dollar. Nonetheless, we are cautiously optimistic that orders from our existing customers will slowly start to pick up as industries start to recover from the COVID-19 pandemic.

The main aim on the division right now is to focus its sales and marketing efforts on securing more customers across a more diversified pool of industries and countries in order to provide a stable revenue stream in the event of any drastic drop in sales orders from a specific economic activity or geographical sector due to logistics interruptions.

We remain confident that the division will be able to manage the potentially volatile market conditions given its success in navigating the business turmoil wreaked by the COVID-19 pandemic. Barring any unforeseen circumstances, the division is expected to perform satisfactorily in 2021.

Packaging Division

The Packaging Division recorded its best financial results yet due to an increase in sales from both domestic and overseas customers as well as improved cost control from various production efficiency and waste control initiatives.

The division's main packaging products, namely paper bags and flexible plastic packaging products are facing increasing demand as consumers become more environmentally conscious and look towards more sustainable forms of packaging materials. The demand for the Group's packaging products is expected to remain robust in 2021.

Production for both products have reached near capacity levels after three consecutive quarters of strong growth. To cope with customer demand, the division has embarked on a major expansion plan that is currently underway. By the end of the 3rd quarter of 2021, the production capacity of paper bags and flexible packaging will be increased by 200% and 100% respectively. We intend to continue to aggressively add capacity as the plant capacities gets filled up.

The division is expected to face multiple cost pressures and some margin compression in 2021 as a result of rising raw material prices, higher freight charges and higher logistics costs. However, we believe these cost pressures are an industry wide phenomenon and we expect we will be able to manage these cost pressures effectively. Overall, we expect 2021 earnings to be significantly better than 2020.

Plantation Division

The development of our plantation in Mondulkiri, Cambodia is progressing satisfactorily despite some logistics and labour disruptions caused by the COVID-19 pandemic. The main crops planted are coconuts and macadamia nuts and we forecast that these will start bearing fruit in stages in the next 3 to 5 years. We expect to process these two crops into downstream products that will promote our consumer focused lifestyle division that focuses on health foods. Upon completion of development of this plantation, we expect to be one of the largest coconut and macadamia plantations on a single site in the world.

SHAREHOLDER VALUE CREATION

The Board of Directors and management are mindful that shareholder value creation is the top priority of all shareholders. Our existing divisions are independently managed by experienced teams who are specialists the industries they are in. They manage their own division's performance and have laid the groundwork for long term sustainable growth each year. In terms of new opportunities, we consider long term profitability and sustainability to be of utmost importance and remain prudent in evaluating any opportunities that arise.

The Group won two awards during the year at The Edge Billion Ringgit Club 2020 awards. The two awards were Highest Return to Shareholders over three years as well as Highest Growth in Profit after Tax over three years. This is in line with our consistent track record of delivering shareholder value as evidenced by the steady growth in our shareholders equity position and market capitalisation each year.

With the commencement of Don Sahong's operations, the Group will generate a healthy stream of recurring cash flow for the next 25 years. Management will continue to manage the Group's future cash flow prudently. In the short term, this cash will be used mainly to defray the debt incurred on Don Sahong, to fund the Group's expansion plans, to fund any new projects and to pay out dividends to shareholders.

The Board of Directors is pleased to highlight that it has declared a total dividend of 12.5 sen per ordinary share for the financial year ended 31 December 2020, a 108% increase from 6.0 sen in 2019.

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board of Directors, I would like to express my sincere appreciation to all our management team and employees. The COVID-19 pandemic has thrown many challenges your way and despite it all, everyone has worked together to deliver a solid financial performance that we are all proud of.

I would also like to thank all our bankers, customers, suppliers and business associates for their support throughout the year.

To my fellow Board Members, I have enjoyed working with you and hope that we continue to have fruitful discussions to guide the future direction of the Group.

Finally, I would like to thank all our shareholders for their continued support and confidence. Your confidence in us is not misplaced and we look forward to continue having you with us on our journey of growth ahead.

The Don Sahong Hydropower Project is a 260MW run-of-river hydropower project capable of generating about 2,000GWh of electricity per year.

MANAGEMENT'S DISCUSSION & ANALYSIS

FINANCIAL RESULTS

The following table sets forth a summary of the results of the Group's continuing operations for the financial years ended 31 December 2020 and 2019:

	2020 RM'000	2019 RM'000	Changes RM'000	Changes %
Revenue	767,126	701,933	65,193	9.3%
Other expenses, net	(10,075)	(6,892)	(3,183)	46.2%
Operating profit	411,339	196,837	214,502	109.0%
Earnings before interest, tax, depreciation and amortisation	510,170	216,269	293,901	135.9%
Profit before tax	388,997	188,404	200,593	106.5%
Profit after tax	378,210	176,420	201,790	114.4%
Profit after tax attributable to owners of the Company	321,359	151,735	169,624	111.8%
Revenue				
Renewable Energy	510,214	470,375	39,839	8.5%
Resources	142,819	143,624	(805)	-0.6%
Packaging	97,775	68,427	29,348	42.9%
Sub-total	750,808	682,426	68,382	10.0%
Investment holding & others	16,318	19,507	(3,189)	-16.3%
Total revenue	767,126	701,933	65,193	9.3%
Profit before tax				
Renewable Energy	372,086	182,482	189,604	103.9%
Resources	18,766	16,460	2,306	14.0%
Packaging	9,461	(501)	9,962	1988.4%
Sub-total	400,313	198,441	201,872	101.7%
Investment holding & others	(11,316)	(10,037)	(1,279)	12.7%
Total profit before tax	388,997	188,404	200,593	106.5%

The Group's revenue expanded 9.3% to RM767.1 million in 2020 from RM701.9 million recorded a year ago. The increase in revenue was mainly attributable to higher energy sales revenue of RM510.2 million (2019: RM35.1 million) and higher revenue contribution from the Packaging Division of RM97.8 million (2019: RM68.4 million). These increases were partially offset by the absence of construction revenue in 2020 upon completion of construction on the Don Sahong Hydropower Plant ("Don Sahong") (2019: RM435.3 million).

Group profit before tax increased by a record 101.7% to RM389.0 million (2019: RM188.4 million) on the back of higher profits across all core divisions. These profits were driven mainly by a 1,389.8% increase in energy sales to RM372.1 million (2019: RM25.0 million), followed by the Packaging Division turning into the black with a profit of RM9.5 million (2019: loss of RM0.5 million) and a 14.0% increase in profit contribution from the Resources Division of RM18.8 million (2019: RM16.5 million). All these increases were partially offset by the absence of construction profit in 2020 upon completion of Don Sahong (2019: RM157.5 million).

Renewable Energy Division

	2020 RM'000	2019 RM'000	Changes RM'000	%
Revenue				
- Energy	510,214	35,086	475,128	1354.2%
- Construction	-	435,289	(435,289)	-100.0%
	510,214	470,375	39,839	8.5%
Profit before tax				
- Energy	372,086	24,976	347,110	1389.8%
- Construction	-	157,506	(157,506)	-100.0%
	372,086	182,482	189,604	103.9%

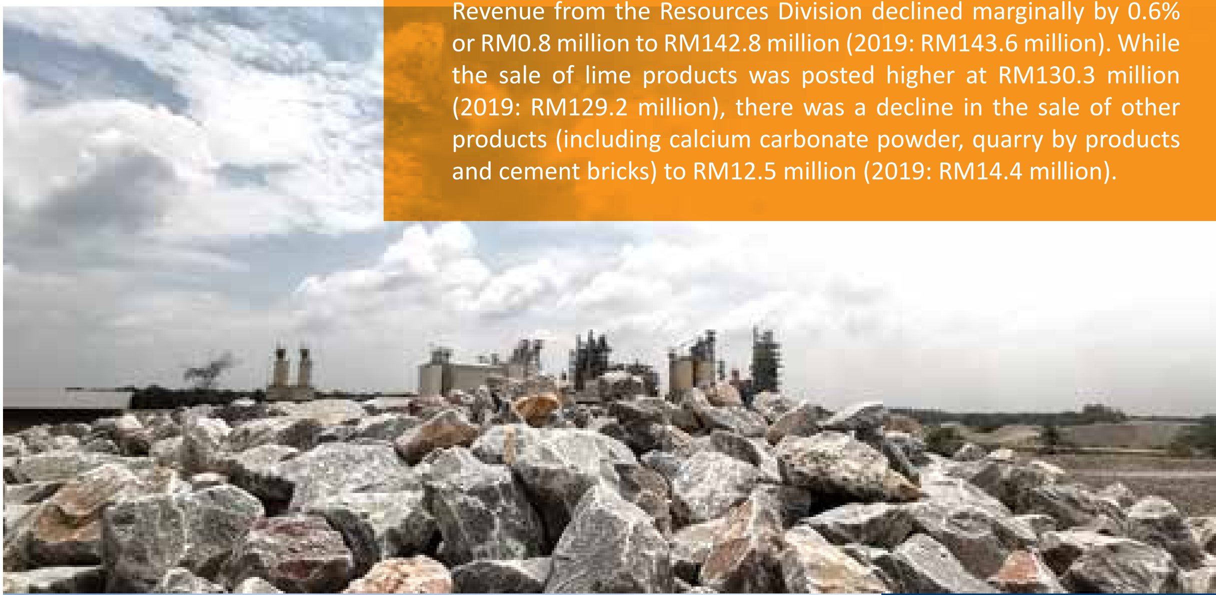
The Renewable Energy Division posted a record revenue of RM510.2 million in 2020 consisting of Don Sahong's first full year of hydropower energy sales of RM510.0 million (2019: RM35.1 million) and RM0.2 million (2019: Nil) in solar energy sales from the Group's first 1.5 MW industrial solar project that was commissioned in August 2020.

The Renewable Energy Division posted a 103.9% increase in profit before tax to RM372.1 million (2019: RM182.5 million). This increase was solely attributable to energy sales whereas in the prior year, RM157.5 million of profit before tax was derived from construction profit and RM25.0 million was from energy sales.

Don Sahong was fully commissioned on 7 January 2020 after a 4-year construction period and thus no construction revenue was recorded during the year (2019: RM435.3 million). On the whole, total revenue of the Renewable Energy Division registered an 8.5% year-on-year increase.

Resources Division

Revenue from the Resources Division declined marginally by 0.6% or RM0.8 million to RM142.8 million (2019: RM143.6 million). While the sale of lime products was posted higher at RM130.3 million (2019: RM129.2 million), there was a decline in the sale of other products (including calcium carbonate powder, quarry by products and cement bricks) to RM12.5 million (2019: RM14.4 million).



The sales volume of lime products increased by 5.1%, driven by higher volume to new contracted customers which more than offset the slower offtake by existing customers impacted by the COVID-19 pandemic. The average selling price of lime products was 4.0% lower on changes in the customer sales mix.

Despite this slight dip in revenue, profit before tax profit increased by 14.0% to RM18.8 million (2019: RM16.6 million) due to lower production costs that was led by lower fuel cost as well as lower finance costs.

Packaging Division

The Packaging Division's revenue increased 42.9% to RM97.8 million (2019: RM68.4 million) and this was mainly the result of increase in overall orders by both existing and new customers in the paper bag and flexible packaging segments.

Profit before tax was 20 times higher than the previous year at RM9.5 million (2019: loss of RM0.5 million) on account of significantly higher revenue as well as various cost reduction and production optimisation initiatives.

FINANCIAL POSITION

Assets and Liabilities

Changes in key assets and liabilities during the financial year 2020 are explained below:

Asset / Liability Items	As At 31.12.2020 RM'000	As At 31.12.2019 RM'000	Changes RM'000	Explanation
Intangible asset	1,932,044	2,048,137	(116,093)	Decrease was due to RM81.7 million amortisation charge for the financial year and foreign currency translation loss of RM34.4 million.
Property, plant and equipment ("PPE")	250,229	222,770	27,459	Increase was due to RM44.5 million capital expenditure, comprising mainly: (a) RM19.1 million on plantation development in Cambodia; (b) RM15.7 million on solar photovoltaic power projects; (c) RM5.0 million on facility improvement for Resources Division; and (d) RM4.5 million to expand production capacity of Packaging Division. Partially offset by RM15.7 million depreciation charge for the financial year and foreign currency translation losses.
Right-Of-Use ("ROU") Assets	104,298	95,989	8,309	Increase was due to RM14.0 million capital expenditure, mainly consist of: (a) RM8.4 million on facility improvement for Resources Division; and (b) RM4.4 million to expand production capacity of Packaging Division. Partially offset by RM5.6 million depreciation charge for the financial year.
Investment properties	177,212	177,212	-	No movement in the current financial year.
Inventories (non-current)	43,443	43,443	-	No movement in the current financial year.
Investment in quoted shares	98,790	49,385	49,405	Increase was mainly due to fair value gain in quoted securities during the financial year.
Inventories (current)	61,802	66,974	(5,172)	Decrease was mainly due to a lower inventory level held by the Resources Division.

Asset / Liability Items	As At 31.12.2020 RM'000	As At 31.12.2019 RM'000	Changes RM'000	Explanation
Receivables	306,995	97,347	209,648	Increase was mainly due to a RM188.7 million increase in trade receivables from Electricite Du Laos ("EDL") which in turn was due to higher energy sales and a momentary increase in receivable turnover from the normal 3-4 months to 4-5 months. Trade receivable turnover however has normalised to 3-4 months as at mid-February 2021.
Deferred tax liabilities	100,536	95,935	4,601	Increase was mainly due to deferred tax liability provided on intangible asset following a change in the income tax rate from 20% to 24%.
Payables (current)	125,055	314,899	(189,844)	Decrease was mainly due to RM190.3 million partial settlement of amount owing to Don Sahong's EPCC (Engineering, Procurement, Construction and Commissioning) contractor.

Group Borrowings and Debt Securities

As at 31 December 2020, total borrowings (excluding lease liabilities) declined RM88.2 million to RM657.9 million (2019: RM746.1 million). The table below sets out the salient information on the Group's bank borrowings:

	Long-term		Short-term		Total
	USD RM'000	RM RM'000	USD RM'000	RM RM'000	As At 31.12.2020 RM'000
Secured					
Bankers' acceptances	-	-	-	14,693	14,693
Term loans	-	28,262	-	9,370	37,632
Revolving credits	-	-	-	3,000	3,000
	-	28,262	-	27,063	55,325
Unsecured					
Term loan	506,142	-	96,408	-	602,550
Total borrowings	506,142	28,262	96,408	27,063	657,875

The decrease in total borrowings was primarily attributable to loan repayments using cash flow from operations and the proceeds from the issue of new shares from the exercise of ESOS options and warrant conversion.

Interest rate on the Group's bank borrowings is floating in nature.

The Group has no debt securities as at 31 December 2020.

CASH FLOW ANALYSIS

The Group generated RM294.5 million cash from its operating activities during the financial year, a marked increase from RM41.9 million reported in the previous year. This increase was mainly due to the commencement of commercial operation of Don Sahong and the corresponding revenue collections from EDL.

The Group raised RM124.0 million in new capital in 2020 from the issue of new ordinary shares arising from the exercise of ESOS options and Warrants 2016/2020 conversion.

The funds generated from operating activities and new equity during the financial year were mainly applied in the following areas:

1. RM190.3 million partial settlement of amount owing to Don Sahong's EPCC contractor;
2. RM102.5 million for interests and principal repayment (net) of borrowings;
3. RM60.9 million to defray capital expenditure incurred for the purchase of PPE and ROU assets; and
4. RM59.2 million as dividend payments.

Accordingly, the Group's cash and cash equivalents for the financial year ended at RM89.9 million (2019: RM88.0 million).

FOREIGN CURRENCY EXPOSURE

The Group's main exposure to foreign currency exchange fluctuation is from Don Sahong since the Group's results are reported in Ringgit Malaysia while the functional currency of Don Sahong is the US Dollar.

The Group has benefitted from a stronger US Dollar in terms of reported earnings for financial year 2020. The average RM:USD exchange rate for the year was 4.20 (2019: 4.14).

DIVIDEND POLICY

The Company does not maintain a fixed long-term dividend policy. In deciding the dividend payout for each year, the Board considers the strength of the Group's cash flow from operating activities, the cash outlay commitments and future plans of the Group. For the financial year under review, the Company has declared a total dividend of 12.5 sen per ordinary share, a 6.5 sen increase from 6.0 sen for the financial year ended 31 December 2019.

FORWARD-LOOKING STATEMENT

The Group's prospects and future plans can be found in the Chairman's Statement.

Sustainability

is at the core of all the Group's business activities.

SUSTAINABILITY REPORT

MESSAGE FROM EXECUTIVE CHAIRMAN

Dear Stakeholders,

The importance of sustainability, in particular sustainable development is more pressing today than ever before. Climate change is wreaking havoc on the world and its effects are wide ranging – impacting the physical environment, ecosystems and human societies. Extreme weather events are occurring with increasing frequency and a warming climatic system is expected to impact the availability of basic necessities such as fresh water, food security and energy. The links between climate change and sustainable development are strong and the United Nations ("UN") found that poor and developing countries are among the most adversely affected and the least able to cope with the anticipated shocks to their social, economic and natural systems.

As responsible corporate citizens, we recognise that it is crucial for us to take steps to protect our planet from further degradation and to preserve the earth's resources for the future generations. We also recognise that we have a part to play in championing social justice and reducing income inequality in all the markets we operate in.

The concept of sustainable development is not something new to the Group. Even as far back as 15 years ago, we took the first step of plotting a change in the Group's highest income generating power division by shifting away from non-clean energy to renewable energy. Having started the feasibility study of the Don Sahong Hydropower Project ("Don Sahong") in 2006, we eventually signed the Power Purchase Agreement with Electricite Du Laos in 2015. When the agreements to operate the Shaoxing and Tawau plants were due for renewal in 2017, the Group made a bold decision not to seek extensions for them given that these two plants utilised pollutive and high carbon emission fuels which were not in line with the Group's long term aspirations.

Don Sahong is just the first step towards the Group's sustainable future. On the onset of planning for Don Sahong, our goal was clear – we wanted to not only build an economically viable and environmentally friendly project, but also one that embraced sustainable development principles while providing the infrastructure, opportunity and assistance for socioeconomic development.

Sustainability is at the core of all the Group's business activities. Please refer to Appendix 1 for further details.

For instance, according to the UN, energy is by far the main contributor to climate change and it accounts for 73% of human-caused greenhouse gases. The Renewable Energy Division is providing not only an essential service that is life sustaining and critical to any country's health and economic wellbeing, especially in developing countries but also provides a safe and reliable electricity supply that is free from greenhouse gas emissions. Similarly, our commercial and industrial solar photovoltaic investment activities involve providing cost effective and environmentally friendly energy solutions to various companies to reduce their energy costs and carbon footprint.

The Group's contribution towards global climate change mitigation and social justice is not limited to producing renewable energy alone. The Resources Division produces lime products, an essential green chemical that is used to treat pollutants in water, soil, and air scrubbers to reduce emissions of harmful waste and laden exhausts to the atmosphere. Both quicklime and hydrated lime are widely used in many industries to help them treat their waste streams by facilitating chemical and biochemical reactions that convert contaminants and toxic chemicals into more benign derivatives.

The Packaging Division manufactures reusable and/or recyclable packaging materials that are aimed at reducing the use of plastic and hydrocarbon based packaging materials that contribute to major environmental issues.

The Plantation Division currently centers around the cultivation of coconuts and macadamia trees with the goal of producing healthy products for the consumer market. As we develop this plantation, social value creation and participation are at the forefront of our plans as we engage with the underprivileged local community and provide them with jobs and technical skills to lift them out of extreme poverty. As development progresses, we intend to engage more workers, contractors, growers and suppliers to build a green supply chain and promote a circular economy in order to produce valuable cash produce to improve their livelihood.

The journey towards achieving our vision of sustainability will require the combined effort of every level of our organisation. Please refer to Section 6 for further details on our sustainability strategy.

I would like to reiterate that the Group is committed to adopt a holistic approach to business management that takes into consideration the economic, environmental and social risks and opportunities. We strongly believe that by doing so, we will be able to not only generate long term value creation for all stakeholders but also to chart a sustainable future for our future generations.

1 INTRODUCTION

We are pleased to present our Sustainability Report which has been prepared in accordance with the Sustainable Reporting Guide issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia").

This report has been prepared to provide stakeholders with important information on the Group's sustainability efforts and initiatives on a strategic as well as operational front. It will detail how sustainability has been at the forefront of the Group's decisions and operations in the past and present and explain our sustainability strategy for the future.

It is our hope that this report addresses the requirements of our various stakeholders who are interested to know more about the Group's sustainability efforts and our drive to create a better sustainable future.

1.1 Corporate Profile

The Group is a diversified group of companies that operates in various industries namely, renewable energy, resources, packaging, property and plantation as follows:

Division	Principal Activities
Renewable Energy	Operates the 260MW run-of-river Don Sahong Hydropower Project ("Don Sahong") in Pakse, Laos and undertakes commercial and industrial solar photovoltaic ("C&I solar") investment activities in the region.
Resources	Engaged in the quarrying of limestone, manufacturing and trading of lime products, calcium carbonate powder and bricks.
Packaging	Manufactures a wide range of printed labels and stickers, paper bags and flexible packaging products.
Property	Engaged mainly in property investment activities.
Plantation	Development of 6,420 hectares of land for the planting of coconuts and macadamia nuts in Mondulkiri, Cambodia.

The Group has undergone a series of transformations over the years. We started off as a quarrying and manufacturer of lime products, to an operator of one of the largest copper mines in Sabah from 1991 to 1999, and then becoming an independent power producer owning two power plants in Shaoxing, China (coal fired) and Tawau, Sabah (medium fuel oil) from 1996 to 2017. Today, the Group is predominantly a renewable energy company with 95% of profits coming from the Renewable Energy Division.

Please refer to the key milestones on pages 10 and 11 for the Group's gradual change in business activities over the years.

1.2 Our Sustainability Vision and Mission

Our vision is for the Group to be a leading Malaysian company with a strong commitment to sustainable development in all our businesses and to achieve long term value creation to the benefit of all our stakeholders.

Our vision is aligned with that of the United Nations Sustainable Development Goals that calls for action to end poverty, protect the planet and ensure all people enjoy peace and prosperity by 2030. We believe that all of us must take steps and contribute in any way we can to make sure we create a better planet for future generations.

This vision serves as our guiding principle in the way we do business and we are on a mission to implement sustainable initiatives across our entire organisation with an emphasis on sustainable production, social accountability and sound environmental management practices.

2 SCOPE

The Group is a Malaysian-based conglomerate with operations domestically as well as overseas in Laos and Cambodia.

Due to the diverse nature of the Group's businesses, we are mindful that there is a wide range of stakeholders who are interested in various topics across different divisions and geographical areas. Hence, it should be noted that the Group's sustainability themes will vary across its business operations.

Our focus this year is to continue to streamline our key sustainability risks and opportunities through a group-wide materiality assessment exercise in collating baseline data for relevant material issues that will chart our sustainability journey and use them to expand our scope into other divisions in future sustainability reporting. Please refer to Section 6 for details on material sustainability matters.

In line with the 2020 Annual Report, the information presented in this Report is in respect of the period beginning 1 January 2020 until 31 December 2020 (unless otherwise stated) and where applicable, comparative data from the preceding year(s) has been included.

3 GOVERNANCE PRINCIPLE AND STRUCTURE

3.1 Governance Principle

Our Group's governance principles can be broadly described in the following phases:

(a) Strategy planning;

(b) Oversee the conduct of the Group's business operations against the economic, environmental and social performance;

(c) Identify principal risks affecting the Group's businesses and maintain a sound system of internal controls;

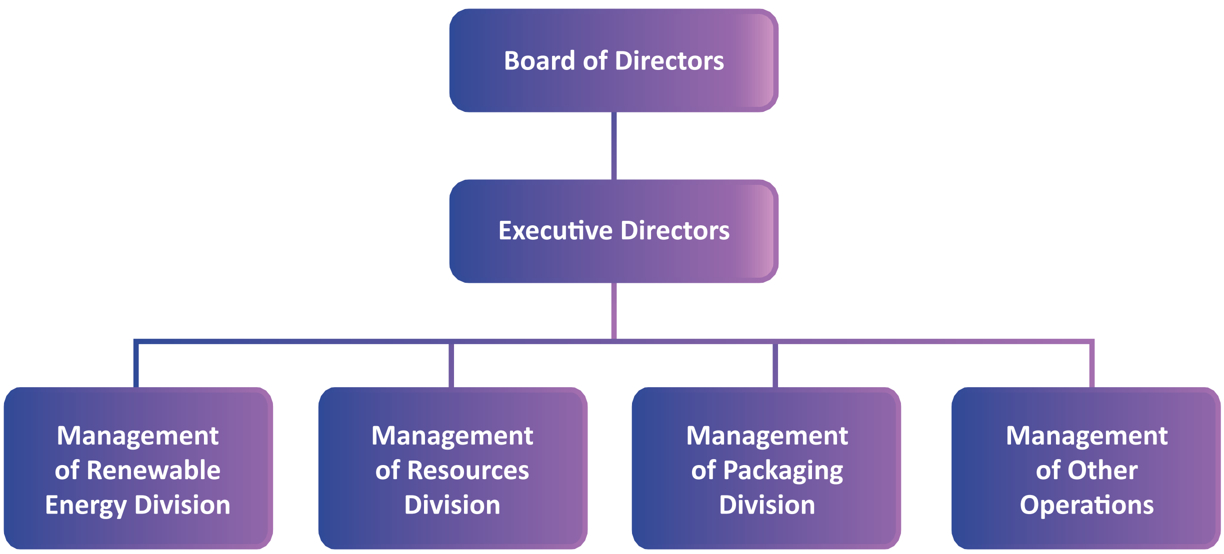
(d) Stakeholders engagement; and

(e) Review the adequacy and integrity of systems, policies and procedures that are in place.

3.2 Governance Structure

Sustainability is embedded in our organisation's culture and is led from the top. The Group's governance structure supports and drives the sustainable development journey. We are guided by our code of conduct and ethics which promotes healthy corporate culture and drives the conduct of our various business activities.

Currently, our sustainability initiatives are led by the Executive Directors, who report directly to the Board and provide stewardship towards incorporating sustainability into the Group's business strategies with the participation from management of respective division or business unit, as illustrated below:



4 MATERIALITY PROCESS

Our Management has sought to deliver value to our stakeholders through adoption of suitable business strategies and operational activities. In relation to this, an internal review and evaluation on key operations was carried out to gain feedback from heads of divisions/business units on how sustainability within the organisation can be better managed and achieved.

A list of sustainability matters was first generated with inputs from directors and key management personnel of the Don Sahong Hydropower Project and the Resources Division, with considerations of stakeholders' expectations and regulatory framework. To identify matters that are most significant to our stakeholders and business operations, we conducted a materiality assessment during the financial year ended 31 December 2020 using the following methodology:

(a) Step 1: Identification

A list of materiality matters was identified in accordance with Bursa Malaysia's Guide. The following factors were also taken into consideration:

- Changing global and local trends
- The direction of the energy market
- Regulatory changes
- Our strategies and internal policies

(b) Step 2: Prioritisation

Material matters were prioritised by taking into account internal and external stakeholder opinions and their importance to our Group. Meetings and discussions with representatives from operational and corporate functional departments of each business division were conducted.

(c) Step 3: Validation

The list of prioritised material matters, was verified through discussions with management and/or relevant stakeholders on the subject matters.

Determining materiality helps us to identify and prioritise which issues to focus our efforts on. We define material issues as those that would be more likely to have a significant impact to the Group and are relevant to our key stakeholders.

Accordingly, the list of sustainability matters which are relevant to our Group's business operations have been systematically assessed based on their importance. Material sustainability matters identified are disclosed in Appendix 1.

We will continue to conduct materiality assessment and engage with key external stakeholders where the results and analysis will be updated in our next report.

5 STAKEHOLDER ENGAGEMENT

The Group understands that as a conglomerate with diverse business operations across various geographical locations, we have a wide range of stakeholders who are interested in various topics. In this report, we will endeavour to provide all related material information to meet the needs and expectations of all stakeholders.

Our key stakeholders such as regulatory bodies, employees, customers, suppliers, investors, financial institutions and communities are essential elements to our success. Our business would not thrive without the equitable treatment of these stakeholders and thus, stakeholder engagement is important to us. It allows us to have meaningful conversations to better understand our stakeholder concerns so that we can better prioritise and address these concerns.

Communication channels with stakeholders are listed below:

Stakeholder	Engagement Methods	Frequency	Areas of Stakeholder Concern
Government and Regulators	• Official meetings and briefings • Compliance report • Site visits • Direct contacts • Industry events and seminars	Annually Quarterly Monthly Ongoing	• Compliance with rules and regulations • Opportunities for business investment • Community investment
Financial Institutions	• Meetings and visits • Annual Report • Corporate website • Analyst briefing • Announcement to Bursa Malaysia • Media release	Annually Quarterly Ongoing	• Organisation growth • Economic performance • Business strategy and direction
Investors	• Shareholders' Annual General Meeting • Corporate website • Analyst and investors briefing and updates • Announcement to Bursa Malaysia • Media release	Annually Quarterly Ongoing	• Business strategy and direction • Economic performance • Organisational growth
Employees	• Interview • Outreach programmes • Surveys	Annually Ongoing	• Workplace health and safety • Reward and recognition • Training and career development • Welfare and benefits • Respect of human rights and ethics
Local Community	• Direct contact • CSR programmes	Annually Monthly Ongoing	• Social welfare • Charitable contributions • Investment and development • Business activities carried out in an environmental and responsible manner
Suppliers	• Meetings and site visits • Evaluation form	Annually Ongoing	• Compliance with rules and regulations • Fair treatment of suppliers/business partners • Opportunities for business collaboration
Customers	• Website and social media • Direct contact • Emails, phone calls	Annually Ongoing	• Products and services quality • Competitive pricing • Prompt delivery
Non-Governmental Organisations	• Environmental report • Outreach programmes	Ongoing	• Environmental protection

6 SUSTAINABILITY STRATEGY

The Group's primary objective is to integrate sustainability considerations in all our businesses to help identify, evaluate and manage material economic, environmental and social risks and opportunities. We expect that doing so will create long term sustainable value for all stakeholders.

We will develop a five-year plan and embark on a structured schedule within the organisation to revamp and align all operations to be more sustainability conscious and redefine our focus towards businesses that contribute and lead towards the ideals of achieving the United Nations' 17 Sustainable Development Goals.

We believe that in order to achieve these objectives, we will need to instill this same belief and culture in all our employees, regardless of position and rank in order for them to adopt it in their daily work routine.

The three broad priority areas of our sustainability strategy are:

(a) Code of conduct and ethics;
(b) Environmental consciousness; and
(c) Wellbeing of local communities.

6.1 Code of Conduct and Ethics

We strongly believe that there is no contradiction between economic success and environmentally or socially responsible behavior. Irresponsible decisions and reckless behavior not only affect the Group's bottom line and reputation but also the employees of the company and its stakeholders at large, for every action has its consequences.

We recognise that a strong corporate governance culture is vital to the success of our businesses and therefore, we believe that a value-based compliance culture and effective risk management framework will influence the way in which we conduct our businesses in a sustainable manner. Please refer to Section 3 for details on the Group's governance principle and governance structure.

In addition to the strong corporate governance, it is important that our employees demonstrate responsible behaviour and act with a high level of integrity in their daily dealings with each other and in business relationships. These are important components of our compliance with corporate guidelines. We are committed to conduct business in an ethical and honest manner and will continue to implement and strengthen our risk management systems to deter bribery and corruption. The Group has zero-tolerance for corruption activities and is committed to act professionally, fairly and with integrity in all business dealings and relationships.

The Group complies with Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 and the Anti-Bribery and Corruption Policy has been developed as part of the Anti-Bribery Management System designed to align with the requirements set out in the ISO 37001:2016.

6.2 Environmental Consciousness

As a group, we are very conscious about the impacts our businesses have on the environment as expressed in each division's environment policy. Our objective is to identify, evaluate and manage all potential impacts our businesses have on the environment since environmental degradation is one the largest contributors to climate change.

As demonstrated in the Message from our Executive Chairman, environmental concerns are at the heart of our sustainability efforts across all business divisions.

We have in 2017 discontinued the operations of two power plants due to their high carbon emissions and ventured into the renewable energy space with a hydropower plant as well as the C&I solar space.

The lime products that the Resources Division produces are critical chemical used to mitigate pollutants produced in the heavy industry space such as mining, steel mills, waste water treatment plants etc.

The Packaging Division's products aim to manufacture reusable and/or recyclable packaging to reduce stress on the environment.

The plantation in Mondulkiri is being developed with the aim of having minimal adverse impact to the local environment and ecosystem.

Please refer to Appendix 1 for more comprehensive details on the efforts made to ensure environment monitoring efforts made by each division.

6.3 Wellbeing of Local Communities

The Group recognises that we have a part to play in contributing to the wellbeing of all the local communities we operate in. This includes providing them with jobs and equipping them with technical skills to improve their livelihood, building infrastructure such as roads and bridges to improve access to remote areas and setting up schools and clinics to provide access to healthcare and education to all. We hope that all our efforts will contribute to a better and more sustainable future for these communities.

Please refer to Appendix 1 for further details on the Group's contribution to the local communities it operates in.

APPENDIX 1

This appendix describes the efforts of each division in meeting the Group's sustainability goals and strategy, with a focus on the three broad priority areas listed in Section 6 that is – Code of Conduct and Ethics, Environmental Consciousness and Wellbeing of Local Communities.

RENEWABLE ENERGY DIVISION

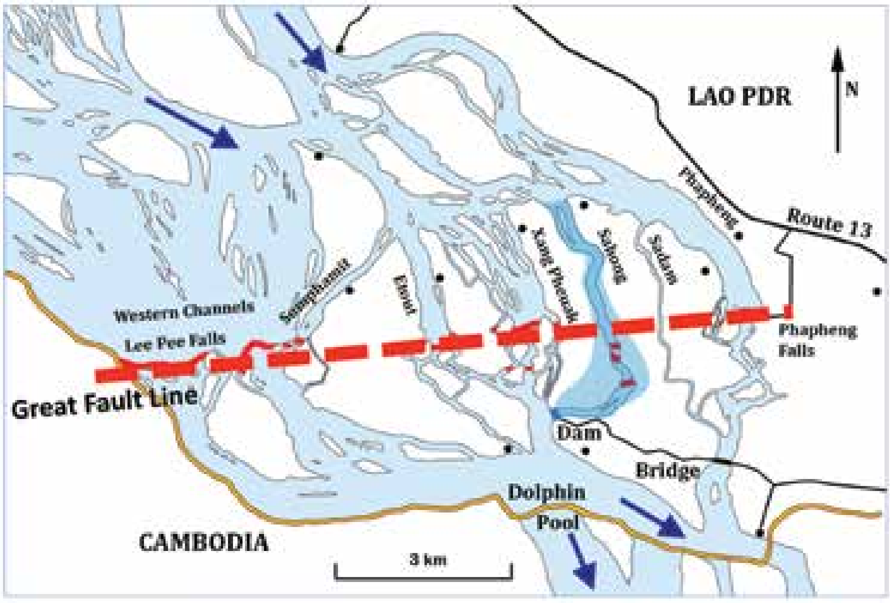
The Renewable Energy Division aims to provide a cost effective and reliable source of electricity supply that is free from greenhouse gas emissions. The efforts of the division to integrate sustainability into its entire business operations are as follows:

Don Sahong

When the Group first assessed this project, what interested us the most was its unique location and small footprint, which means the environmental and social impact would be relatively benign. The project is located on Hou Sahong, a 100 metre wide channel within the Mekong river area known as Siphandone (Four Thousand Islands), where the main river is 10 kilometers wide. More importantly, Hou Sahong, is only one of more than ten channels, which braid the Siphandone area. That means the project does not block the entire Mekong river and would utilise up to only 15% of the total Mekong flow. Don Sahong is a run-of-river project with a tiny reservoir that relies on the natural fall of approximately 20m across a geological feature called the "Great Fault Line" to provide the potential and kinetic energy for power generation. Having a tiny reservoir means that environmental and social impacts on the community were greatly minimised.

The development of the project started in 2006 as we undertook a number of comprehensive feasibility studies as well as a whole host of environmental and social impact assessments and action plans in accordance to the laws of the Laos, all of which are available on our website. It took no less than ten years of effort and investment to ensure that the project design is properly prepared while ensuring minimal environmental and social impact. We had engaged numerous international technical and environmental consultants to ensure that the project is developed and implemented in a sustainable and responsible manner.

Together with the Government of Laos ("GOL") , we have undertaken and completed several protracted consultation processes with stakeholders, including various local, regional and international Non-Governmental Organisations ("NGO"s) prior to the commencement of the project. Throughout these consultation processes, information was freely available in the Mekong River Commission website and a number of site visits by representatives of international organisations, foreign countries as well as NGOs and general public to the project were undertaken.



Due to the relatively large scale of this project, various stakeholders have highlighted several major concerns which we have addressed as follows:

I) Fisheries

From the onset, there were concerns that the project would have impacts on the fish migration in the area as the Sahong Channel was considered an important pathway for fish migration. Therefore since 2009, we have engaged numerous international and local fisheries experts to learn more about the fisheries and fish migration around the project area.

We have done numerous studies and channel improvements over the past 12 years and have developed an adaptive management strategy called the Fisheries Monitoring and Action Plan ("FishMAP") to mitigate any potential negative impacts of the project on fish and fisheries through management and monitoring measures. Monitoring aims to assess the success of the fish passage improvements, as well as to quantify changes in fish catches and fisheries, which will reflect the success of fisheries management and fish passage measures. We also aim to reduce fishing pressure in the adjacent channels and provide alternative livelihoods to the villagers within the vicinity directly affected by the closure of Hou Sahong, particularly those who would not be able to put up fish traps. Specifically, we have carried out the following activities over the past 12 years:

- Management - Measures to improve fish passage via alternative natural channels. We have made physical improvements to no less than ten major and minor channels adjacent to Sahong Channel to ensure more efficient fish migration. Large illegal fishtraps which obstructed fish passages along other channels were also removed; and

- Monitoring - To assess the success of the fish passage improvements, as well as to quantify changes in fish catches and fisheries, which will reflect the success of fisheries management and fish passage measures.

The results of these initial efforts were encouraging and anecdotal evidence showed that the fish population has not only has remained intact, but has increased. We are confident that over time, food security will improve as well as the livelihood of those who rely on fishing as a source of income. You may refer to our findings on our website at http://dshpp.com/.

The results of our activities are being constantly monitored by the Don Sahong Fisheries Management Committee that was established in 2016 to improve fisheries management at Khone Falls in southern Laos by a formal process which followed the Laos Fisheries Law 2009. The committee consists of government officials as well as people from the local communities and is funded by Don Sahong Power Company Ltd. ("DSPC"). The committee operates independently of DSPC who does not interfere in their decisions or operations. As of today, the six main activities of the committee are as follows:

(a) Enforcement involving training of fishery inspectors, field inspections and removal of large illegal gears as mentioned above, as well as the control of destructive fishing (electrofishing, bombing and poisoning), and market inspections.

(b) Education including preparation of materials, meetings with stakeholders, hosting classes on fisheries in schools and erection of signage for designated areas.

(c) Support for aquaculture and stocking at local hatcheries, with fingerlings provided to villagers and fish also released into the Mekong during annual events.

(d) Fish habitat improvement including stabilising river banks and replanting riparian vegetation in key areas, especially fish passages.

(e) Identification, mapping and demarcation of conservation zones, protected areas, spawning grounds and important habitats.

(f) Training of technical staff on the committee including field inspections at other hydropower sites in Thailand and Lao PDR.

The committee is operating effectively and is now well-established, engaging hundreds of local people in education and field work to improve fisheries management which provides sustainable benefits across the community. Moving forward, the committee will also address and monitor other environmental issues which affect fisheries productivity, such as pollution and disposal of wastes into rivers.

II) Sedimentation

Sedimentation was another concern brought up by some stakeholders and we addressed these issues during the feasibility and design stage of the project by working closely with world renowned engineers and consultants such as AECOM, SMEC and Norconsult to build a project that would have the least impact on the environment.

In doing that, we sized the plant capacity based on water availability during the dry season and designed the turbine with sluicing capability to ensure sediment was able to be flushed through the turbine with minimal environmental impact. As of today, hydraulic erosion and sedimentation studies have shown that there have been little adverse impacts to the river and its surroundings.

III) Impact on Water Flow

There is a misconception that the project has a large dam and reservoir with substantial water retention capabilities that could cause flooding upstream and insufficient water downstream. However, given that the project is run-of-river with a small reservior, flooding upstream is not likely and there may be a localised redistribution of flow between channels, but there will be no change in the total Mekong River flow downstream.

Since 2008, we have been running a hydrological data collection program whereby extensive bathymetric surveys were conducted on the upstream and downstream of the project site (which covered water flows conditions that are experienced at 16 different locations over the full range of Mekong River) which was then used to measure and understand the complex hydraulic characteristics within the project area and to confirm the extent of backwater and downstream effects. As of today, the hydraulic flow pattern remains relatively unchanged.

IV) Displacement of Villagers

There was minimal displacement of villagers given that the project is run-of-river with a small headpond that inundated only 125 hectares of land in a sparsely populated area. Only a total of 14 families were displaced and a resettlement village was completed 2km away from their original homes in 2016, prior to the start of construction. This village comes complete with access to electricity, clean water and sanitation facilities.

Since 2010, DPSC has a dedicated Environmental and Social Management Office ("ESMO") that monitors and manages all environmental and social aspects of the project. With regards to the environment, the team has undertaken a number of initiatives. The main ones are listed below for information:

1. Ensuring Fisheries Sustainability

One of the key activities of ESMO is to implement the FishMAP, which is an adaptive approach to ensure fisheries sustainability in and around the project area. Some of the activities of FishMAP include:

(a) Fish Monitoring and Tagging

The team implements a Fish Monitoring Programme CPUE (Catch Per Unit Effort) sampling and Household Catch to monitor the daily quantity of fish. The daily catch weight and composition of 60 households from 6 villages at over 140 fishing locations in the project area are recorded regularly. In addition, location specific fish trapping, tag and recapture, and larval drift surveys have been undertaken. The combination of this data has given a strong understanding of the species and size composition, migration periods, accumulation zones, natural and artificial barriers to migration, and distribution in the various channels surrounding the site.

(b) Fish Passage Improvements

The team has carried out fish passage study and made physical improvements to more than 10 identified locations to improve the fish passages especially for dry season fish migration.

The physical improvement works include removal or flattening of barriers, increasing the water flow through the channels and creating bypass to go around the barriers. The location and channels that have been physically improved include Sadam, Xang Pheuak, Xang Pheuak Noi, Sompordan, Hou Wai, Khone Larn, Som Yai, Etout and Phapheng.

(C) Underwater Video Monitoring and Recording of Fish Movements and Fish Count

All this data is shared with the government in the spirit of full transparency and accountability.

2. Water Quality Monitoring

Water quality monitoring is carried out by the ESMO at various locations and flow conditions to provide comprehensive baseline data for the water quality monitoring program.

Water quality is monitored to ensure that DSPC is not causing any contamination to the river and community water and also to ensure the provision of safe drinking water for our employees as required under the occupational health and safety plan. Accordingly, the environmental monitoring summary of water quality status recorded by Don Sahong are summarised below:

Table 1: Environmental Monitoring Summary of Water Quality

Environmental Monitoring Results for			
Year	**Waste Water #1**	**Waste Water #2**	**Waste Water #3**
2018	No major issue	No major issue	No major issue
2019	No major issue	No major issue	No major issue
2020	No major issue	No major issue	No major issue

#1 Continue monitoring wastewater discharge from worker camps observed to be in compliance with the requirements under the Environmental and Social Management and Monitoring Plan for Construction Phase and will continue during the operation phase to ensure any risks to water quality are identified with remedial action taken as soon as risks identified throughout the life of the project.

#2 Samples of portable water were collected from various camps and sent to Food and Drug's Laboratory for testing of full parameters where results are satisfactorily recorded.

#3 Surface water monitoring has been conducted with physical monitoring on site and samples collected for bacteria, oil & grease testing in Department of Natural Resources and Environment Laboratory and the testing revealed no negative impact.

3. Solid Waste Management

Solid waste categorised as hazardous such as lubrication oils and grease are used in the construction and operations and maintenance activities of Don Sahong. The waste oil is mainly stored in drums and handled as hazardous materials secured with proper labeling prior to being collected and sent for recycling offsite by authorised contractors.

It can be observed in the table below that there was no solid waste produced post completion of construction in 2020.

Table 2: Solid Waste Management

	2018	2019	2020
General solid waste produced (kg)	39,424	43,568	-
Hazardous waste produced (litre)	5,000	4,000	-
Hazardous waste recycled off site (litre)	4,000	-	-

We will continue to monitor the solid waste management to ensure and prevent any detrimental effects to the environment.

4. Costs Attributable to Environmental Compliance Management

The total amount spent by the ESMO in implementing its environmental initiatives and monitoring plans as well as environmental compliance costs over the years are as follows:

Table 3: Costs Expended for Environmental Compliance Management

	2017 and before	2018	2019	2020	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
Environmental Compliance Costs	1,592	142	106	98	1,938

Laos is a country that is still in the least developed countries list of the United Nations with the lowest indicators of socioeconomic development. DSPC has taken the initiative to improve the wellbeing of the local community as follows:

1. Infrastructure and Social Development Projects

(a) All weather access road and permanent bridge linking the mainland to two islands providing vital access to more than a thousand people at a cost of USD7.5 million.

(b) 10km of village access and internal roads for Hua Sadam, Hang Sadam, Don Sahong and Don Exom villages. These compacted crushed rocks roads have improved the accessibility and riding comfort for both wet and dry season for the villagers as well as providing an elevated evacuation route during emergency situation.

(c) Island Irrigation Scheme. To enable the villagers on Don Sadam and Don Sahong to plant rice and other agriculture products during the dry season, the company fund and implemented irrigation schemes on the islands of Don Sadam and Don Sahong. The total cost of the two schemes was USD850,000.

(d) New Don Sadam Secondary School. The company has replaced an old depilated timber school with a new permanent concrete school on a new 2 hectares land with full facilities including 4 classrooms, 1 staff room and office, 1 library room, separate toilets block, water supply, electricity supply, sanitation, football field, perimeter fencing, gate and flag post.

(e) Community Health Centre. A fully equipped community health centre or clinic was built by the company for the benefits and wellbeing of the local community. The clinic has wards for 5 beds, dispensary, delivery room, treatment room, sterilising room, offices for doctor and nurse, restaurant, laundry room, reception and waiting area, kitchen and toilets. The community health centre was officially opened by the District Governor in the presence of Resettlement & Livelihood Restoration Committee, Champasak province public health officials, Khong District officials, 6 village heads and villagers.

(f) Community Market. An all-weather community market was built by the company for the use of the local community to serve as local market place. The market was opened on the same day as the community health centre.

(g) School Restoration/Refurbishment. Over the years, the company has funded and assisted schools in six villages annually for restoration and refurbishment works. The villages are Hang Sadam, Hang Khone, Don Sahong, Hua Sadam, Don Exom and Khone Phapheng.

(h) New forest temple and improvement of existing Hua Sadam temple. A new forest temple was built for the use of the Hua Sadam temple monks before the start of the project construction and the Hua Sadam temple was renovated after the project completion for the benefits of the local residents.

2. Livelihood Restoration and Livelihood Improvement Projects

As part of our efforts to uplift the income levels of the local community, DSPC has implemented a Livelihood Restoration Programme for the Resettlement Village and 6 villages that are located within vicinity of the project. The six villages are Hang Sadam, Hang Khong, Don Sahong, Hua Sadam, Don Exom and Khone Phapheng. The notable programmes which we have and will continue to implement are as follows:

(a) Microfinancing

DSPC has contributed over USD40,000 for the setting up of a revolving fund for livelihood and income restoration projects for the 6 target villages as well as other communities.

(b) Livestock Rearing

Selected households were given financial assistance and technical guidance on domestic livestock rearing to enable them to make a sustainable living and increase in household income. The number of households involved are summarised and as tabulated below.

Table 4: Sustainable Living Initiatives Carried Out to Improve Household Income

Livestock	Number of Households	Financial Assistance (USD'000)
Cow	27	59
Goat	7	11
Pig	9	10
Chicken & Duck	20	19
Buffalo	5	10

(c) Rice Production

After the completion of the DSPC funded irrigation projects in November 2019 and the success of the first dry-season rice production which have created more income for participating villagers on both Don Sadam and Don Sahong, more households at both villages are now interested to join the 2021 dry-season rice production activity as means to create additional income and improve their livelihood. In summary, the number of households who have opted for 2021 dry season rice production has increased 47% and rice-field areas involved has increased 95% as compared to the previous year.

(d) Growing of Cash Crops

Selected households were given financial assistance and free saplings for the commercial farming and growing of cash crops such as casher nut, sugar cane, banana, mushroom and organic vegetables to enhance their livelihood and income. The number of households involved in the growing of the three crops are listed in Table 5 below.

Table 5: Sustainable Initiatives and Financial Assistance Carried Out by MFCB Group

Cash Crop	Number of Households	Financial Assistance (USD’000)
Casher Nut	12	13
Sugar Cane	5	4
Banana	1	1
Mushroom	1	1
Organic Vegetables	2	2

Apart from the above, DSPC has also funded many other livelihood improvement projects such as aquaculture, retail shop establishment, restaurant, motorcycle repair and drinking water bottling business just to name a few.

3. Community Development Fund

In 2015, DSPC made a commitment to the GOL under the Concession Agreement that we will contribute USD1 million every year for 25 years after commercial operation date is achieved. The contribution will be utilised for community development programme, under the management of a joint committee established by the GOL and comprising representatives of the project affected, district authorities responsible for the area within which the Project is located and a representative from DSPC. The activities for which the community development programme budget can be utilised shall include education, scholarships, health, irrigation, basic infrastructure needs and similar matters of long term value to the local communities. Since achieving commercial operation, we have funded a project to build a 22kV transmission line in Nong Ping Village together with earth road and related infrastructure amounting to about USD135,000.

Table 6, summarising the total amount spent on infrastructure improvements and livelihood programmes for Don Sahong is shown below.

Table 6: Infrastructure Improvements Carried Out by MFCB Group at Don Sahong Hydropower Project

	2017 and before	2018	2019	2020	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
Total spent on resettlement, livelihood restoration and community development	11,368	373	804	14	12,559

Collaboration with Governments

DSPC has made significant contribution to the GOL through various fees and contributions as follows:

Table 7: Collaboration and Contribution to Laos Government

	2017 and before	2018	2019	2020	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
Fees and Contribution to Government of Laos	4,139	1,746	1,908	1,377	9,170

Biodiversity – Protection and Restoration of Marine Habitats

The following Table 8 summarises the amount spent by DSPC on protection, restoration and promotion of marine habitats.

Table 8: Sustainable Initiatives to Protect and Restore Marine Habitats Carried Out by MFCB Group

	2017 and before	2018	2019	2020	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
Fishery Monitoring & Fish Passage Costs	2,159	247	214	151	2,771

RESOURCES DIVISION

The Resource Division aims to provide customers with all their essential needs while operating in an environmentally conscious and socially responsible manner.

The Resource Division's lime products have a wide application that are essential to large industries to neutralise their waste and pollutant byproducts. The major applications of lime products are in the following industries:

- Mining
- Steel
- Sugar
- Paper
- Aluminium Refineries
- Water and Wastewater treatment plants
- Leather & textile
- Paint
- Hazardous and Radioactive wastes
- Cement Bricks, AAC Blocks and other construction Industries

Without lime products, large industries would not be able to neutralise contaminants, waste and pollutant byproducts. Lime is truly an effective and efficient "green compound" that is critical for sustaining environmental wellbeing.

The Division is conscious of the environmental and social impact of its operations and monitors the following key indicators:

1. Water Quality

Water quality in the vicinity of the plants are assessed and monitored periodically. As part of their compliance requirements, the plant and quarry sites, groundwater, river water and/or general water quality analysis are monitored on a quarterly basis by an accredited external consultant approved by Department of Environment ("DOE") Malaysia.

Accordingly, Table 9 shows the summary of compliance status achieved by the Division for its water discharge quality and that the effluent meets the regulatory standards. Details of the monitoring data submitted to the regulatory authorities of all the parameters monitored are available.

Table 9: Summary of Key Effluent Environmental Parameters Monitored at RCI Lime Sdn. Bhd. ("RCI")

Year	Results of Environmental for Water as Discharge Effluent					
	TSS		BOD		COD	
	Discharge from Sedimentation Pond	Outfall Discharge to Stream	Discharge from Sedimentation Pond	Outfall Discharge to Stream	Discharge from Sedimentation Pond	Outfall Discharge to Stream
2018	Passed	Passed	Passed	Passed	Passed	Passed
2019	Passed	Passed	Passed	Passed	Passed	Passed
2020	Passed	Passed	Passed	Passed	Passed	Passed

2. Air Emissions

The Division's plant operates 8 kilns and complied with the air emission limits set by local authority during the financial year under review. Similarly, all the Division's plants continue to monitor their air emission quality closely through improvements in manufacturing facilities and operational procedures to ensure that the national air quality standards are consistently met. Specifically, air pollution control system (or commonly known as bag filter/house) in the production line are installed, regularly checked and maintained as a usual practice to ensure dust emission compliance and their compliance status are summarised in Table 10 below. The detailed monitoring data submitted to the DOE on a quarterly basis are also available.

Table 10: Summary of Emission Compliance Status of Stacks

Year	Results of Average Emission of SOx & NOx in mg/m3							
	Kiln 1	Kiln 2	Kiln 3	Kiln 4	Kiln 5	Kiln 6	Kiln 7	Kiln 8
2018	Passed	Passed	Passed	Passed	Passed	Passed	Passed	na
2019	Passed	Passed	Passed	Passed	Passed	Passed	Passed	Passed
2020	Passed	Passed	Passed	Passed	Passed	Passed	Passed	Passed

Similarly, the monitoring of Total Suspended Particles ("TSP") emitted to the air were rigorously monitored in 2020, and Table 11 below summarises the compliance status of isokinetic stack emission monitoring for parameter TSP emitted to the atmosphere over the years. The results also showed full compliance with the TSP limits set by Environmental Quality (Clean Air) Regulations.

Table 11: Summary of Compliance Status of Isokinetic Stack Emission Monitoring for Parameter TSP Emitted to the Atmosphere

Year	% of Improvement from TSP (in mg/m3) Emitted to Atmosphere							
	Kiln 1	Kiln 2	Kiln 3	Kiln 4	Kiln 5	Kiln 6	Kiln 7	Kiln 8
2018*	Passed	Passed	Passed	Passed	Passed	Passed	Passed	#
2019^	Passed	Passed	Passed	Passed	Passed	Passed	Passed	Passed
2020^	Passed	Passed	Passed	Passed	Passed	Passed	Passed	Passed

* TSP limit based on Malaysia Environmental Quality (Clean Air) Regulations 1978.

^ TSP limit based on Malaysia Environmental Quality (Clean Air) Regulations 2014 (Total PM limit – 50 mg/m3).

Not applicable as Kiln 8 was a newly built kiln that commissioned in December 2018.

3. Occupational Health and Safety – Workplace Noise

Due to the nature of their work environment, workplace noise had been identified as a potential occupational hazard. Hence the use of proper Personal Protection Equipment (PPE) had been made mandatory in the relevant areas. In addition to that the company also carries out regular (annual) audiometric tests to monitor and identify if any of the staff are impacted with any impairment due to this noise hazard. Table 12 summarises the results of the annual Audiometric Testing.

Table 12: Summary of Annual Audiometric Test Results

	2018	2019	2020
Diagnosed with hearing impairment:			
- triggered the criteria for audiomedic test	64	18	69
- diagnosed with hearing attempt:			
(a) None	45	11	45
(b) Mild ^	13	2	14
(c) Moderate ^^	5	1	2
(d) Severe #	1	4	8
	64	18	69

^ Not subject to repeat audit metric testing as hearing conditions are acceptable.

^^ Hearing conditions improved after repeated audit metric test within 3 months.

(i) 1 (since 2018) employee hearing loss not due to work related condition as per audiologist assessment.
(ii) 4 (since 2019) employees with hearing impairment were reassigned to different working environment which is lesser expose to hazardous noise.
(iii) RCI recruited 3 employees with existing hearing impairment.

As stated above the details of the elaborate monitoring program are available from the Divisional HSE Departments that maintain records and carry out analyses of the results and ascertain and verify compliance to the relevant environmental laws and regulations. Any incidences that exceed the target levels will be investigated and rectified by the corresponding operational units. The Standard Operating Procedures (SOP) that regulates the operation and monitors their performance are being reviewed and, if necessary modified and upgraded to ensure that compliance is achieved all the time.

PACKAGING DIVISION

The Packaging Division manufactures reusable and/or recyclable packaging materials that will reduce stress on the environment by reducing the use of plastic and hydrocarbon-based packaging materials.

This operation is considered a "green" operation as most of our raw materials are sourced from recycled products and/or are recyclable. As consumers become more aware of the impacts of plastics on the environment, our R&D department is constantly innovating new products to meet the changing needs of consumers.

The Division has obtained many local and international recognition and listings for quality, hygiene and good environmental practices. They include the following certifications relevant to the products manufactured as follows:

I) Paper Bags

- ISO 22000:2018 (Food Safety Management System)
- BRC Global Standard (Packaging and Packaging Materials Issue 6 : August 2019)
- Codex Alimentarius Commission (HACCP (Hazard Analysis and Critical Control Points) System)
- FSC-STD-40-004 V3-0; FSC-STD-50-001 V2-0 (FSC (Forest Stewardship Council) Chain of Custody)

II) Flexible Packaging Products

- ISO 9001:2015 (Quality Management System)
- ISO 14001:2015 (Environmental Management System)
- Food Safety System Certification 22000 FSSC 22000 (Version 5) (Food Safety Management System)

III) Labels and Stickers

- ISO 9001:2015 (Quality Management System)
- ISO 14001:2015 (Environmental Management System)
- ISO 22000:2005 (Food Safety Management System)
- GMP Codex Alimentarius (Good Manufacturing Practices)

We note that the Division observes regulatory environmental compliance and occupational health and safety regulations and guidelines promulgated by the Departments of Environment and Occupational Health and Safety Department. The Malaysian legislation, regulations and guidelines are very comprehensive to ensure companies are operated responsibly and do not cause adverse environmental and safety issues.

PLANTATION DIVISION

The Group aims to develop its concession land in Mondulkiri, Cambodia in the most sustainable and environmentally friendly manner. The plantation's location is characterised by distinct dry and wet seasons and the development plan has taken into consideration these weather conditions. The design of the plantation is such that construction of drainage facilities is plotted to avoid the detrimental impacts of floods during the monsoon season and to conserve and supplement the water supply during the dry season.

We recognise that social value creation and community participation is integral to the plantation's sustainability and success. The symbiotic relationship between the plantation and the underdeveloped local population must be looked together and we intend to support the local population by providing employment, transferring of skills and know-how and generating supporting economic activities. This uplifting of the entire local economy will ultimately benefit the underprivileged population in the area.

Ultimately, the carbon footprint of the plantation will be a positive contribution to the Group. Moving forward, the Group's Sustainability Strategy will form the basis of future development, operations and sales plans.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board is committed to ensuring that good corporate governance practices are applied throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and to improve its financial performance. This overview statement provides an overview of the Group's practices and applications of the Recommended Practices under the Malaysian Code on Corporate Governance 2017 ("MCCG") throughout the financial year ended 31 December 2020.

The details on how the Company has applied each Practice set out in the MCCG during the financial year ended 31 December 2020 are disclosed in the Corporate Governance Report 2020 ("CG Report"), which is available on the Company's website, www.mega-first.com. This overview statement is to be read together with the CG Report.

PRINCIPLE A

Board Leadership and Effectiveness

I. BOARD RESPONSIBILITIES

The Board takes full responsibility for the oversight and overall performance of the Company and of the Group. In discharging its functions and responsibilities, the Board is guided by the Board Charter, which outlines the duties and responsibilities of and matters reserved for the Board. Prior approval from the Board is required for material capital expenditure, projects, acquisitions or divestitures. Additionally, the Directors are expected to act in a professional manner and to observe high ethical business standards, honesty and integrity at all times and thereby protect and promote the reputation and performance of the Company.

In order to discharge their duties and responsibilities effectively, all directors have unrestricted access to senior management personnel and the Company Secretary. Further details regarding Board meetings' agenda and Board papers containing information for deliberation at the Board meetings are furnished on a timely manner to the Board to accord sufficient time for the Directors to review the Board papers. The Board is also informed of the decision and significant issues deliberated by the Board Committees via the reporting of the Chairman of the respective Board Committees.

Board Committees, namely Audit Committee, Remuneration Committee, Nominating Committee and Employees' Share Option Committee have also been established by the Board to assist them in the discharge of its stewardship role. All the committees have written terms of reference and, where applicable, comply with the recommendations of the MCCG. These Board Committees examine specific issues within their respective terms of reference as approved by the Board and report to the Board with their recommendations. The Board receives reports of the Committees' proceedings and deliberations. The ultimate responsibility for decision making, however, lies with the Board.

The Board has adopted the Board Charter since 2014. The Company also adopts the Employee Code of Conduct and Disciplines which set out the standard of conduct and culture required for all employees of the Group. The Group has also established a Whistleblowing Policy. All documents are available at the Company's website, www.mega-first.com.

The Executive Chairman essentially functions as Chief Executive Officer and Chairman of the Board. He leads the Board and ensures that appropriate discussion takes place and relevant opinions among Board members are forthcoming. In addition, the Chairman represents the Board to the shareholders to ensure orderly conduct and proceedings of general meetings and shareholders have adequate opportunity to air their views and obtain answers to their queries. The Executive Chairman also oversees the business affairs of the Group and is responsible for leading the Management in the execution of broad policies and strategies approved by the Board. The fact that the Executive Chairman is also the single largest shareholder, there is the advantage of shareholder leadership and a natural alignment of interests. He has shown tremendous commitment and had played an integral role in the stewardship of the Group.

To strengthen the Board structure, Mr Tay Kheng Chiong, was re-designated as Non-Independent Non-Executive Deputy Chairman with effect from 26 February 2021. Mr Tay has built a successful leading global technology company and brings vast business and management experience to the Board. He will be assisting the Executive Chairman in discharging his duties.

The Executive Chairman is assisted by the Deputy Chairman and Executive Directors in ensuring the smooth and effective running of the Group. The Executive Directors are assisted by the head of each division in implementing and running the Group's day-to-day business activities. The head of division with their "hands-on" knowledge and expertise in operational issues is responsible for formulating strategic plans to accommodate changes swiftly.

The Board is comfortable that there is no undue risk of potential conflict of interest as all related party transactions are disclosed and strictly dealt with in accordance with the MMLR. In addition, the Independent Directors who constitute a majority of the Board, provides for effective oversight over management and ensures that there is independence of judgement.

II. BOARD COMPOSITION

The Board, led by an experienced Executive Chairman, is made up of eleven (11) members of whom four (4) are Executive Directors, six (6) are Independent Directors and one (1) Non-Independent Non-Executive Director. Independent Directors form more than half of the Board, thus fulfilling the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad for ensuring that minority shareholders' interests are adequately represented.

The Board recognises the advantages of maintaining a diverse Board in terms of background, knowledge, experience, expertise, skills, ethnicity, age, and gender when appointing new Directors. The composition of the Board consists of individuals with a wide range of experience, industry knowledge and skills. The Board also comprises individuals of different age group, ethnicity and gender.

A brief profile of the Directors is presented in this Annual Report.

At present, there is no fixed limit to the term for its Independent Directors to remain as Independent Directors on the Board. The Board is of the view that an Independent Director should be judged on his calibre, experience and knowledge of the Group as well as his or her ability to act independently in the best interest of the Group. Nonetheless an annual shareholders' approval will be sought for the retention of two (2) Independent Directors who have served the Board for more than 9 years. In the case of an Independent Director who has served the Board for more than 12 years, shareholders' approval will be sought through a two-tier voting. The Nominating Committee shall assess the independence of the Independent Director and thereafter proposes to the Board to recommend to shareholders for their approval to retain the Independent Director.

In respect of the year ended 31 December 2020, the Board believes that its current composition and size is adequate and provide for sufficient diversity taking into account the scope and nature of the Group's operations.

Directors' Training

All Directors have successfully completed the mandatory accreditation programme prescribed by the MMLR.

The Directors are mindful that they should receive appropriate continuous training in order to broaden their perspectives and to keep abreast with new developments for the furtherance of their duties. Each Director also evaluate his own training needs on a continuous basis that would best enable them to enhance their knowledge and contributions to the Board. The Board, through the Nominating Committee, oversees the training needs of its Directors. The Company Secretary compiles training programmes including those conducted by Bursa Malaysia, which are available to the Directors for their selection and participation.

The Directors are encouraged to visit the Group's operating centres to have an insight into the Group's various operations which would assist the Board to make effective decisions relating to the Group.

The programmes that were attended by the Directors during the year under review includes the following:-

Name	Programmes
Goh Nan Kioh	• Amendments to Main Market Listing Requirements and Effective of Internal Audit Function by Bursa Malaysia Securities Berhad
Goh Nan Yang	• Amendments to Main Market Listing Requirements and Effective of Internal Audit Function by Bursa Malaysia Securities Berhad
Goh Mei Sze	• Mandatory Accreditation Programme
Khoo Teng Keat	• Amendments to Main Market Listing Requirements and Effective of Internal Audit Function by Bursa Malaysia Securities Berhad
Dato' Koh Hong Sun	• Briefing on New Era of Corporate Liability under Malaysian Anti Bribery laws • Cyber Awareness • Preparing for Corporate Liability Provision (New Section 17A of MACC Act 2009 (Amendment 2018) • Establishing an Empowered Audit Committee • Directors' Guide to Governance, Risk and Compliance
Tay Kheng Chiong	• Amendments to Main Market Listing Requirements and Effective of Internal Audit Function by Bursa Malaysia Securities Berhad
Yeow See Yuen	• Amendments to Main Market Listing Requirements and Effective of Internal Audit Function by Bursa Malaysia Securities Berhad • Fraud Risk Management Workshop
Datuk Hj. Pengiran Saifuddin bin Pengiran Tahir	• World Islamic Economic Forum (WIFE) Roundtable (Economic Rejuvenation – The Path to Growth) • The Economic Landscape & Business Model
Jesper Bjorn Madsen	• Amendments to Main Market Listing Requirements and Effective of Internal Audit Function by Bursa Malaysia Securities Berhad
Professor Dato' Dr. Tan Hui Meng	• Urofair Virtual 2020 • SIU 2020 • 18th UAA Congress 2020 • 29th Malaysia Urological Conference MUC 2020
Datin Jeyanthini a/p M. Kannaperan	• Mandatory Accreditation Programme

Nominating Committee ("NC")

The NC consists wholly of Non-Executive Directors and is chaired by the Senior Independent Director. The composition of the NC is set out in the Corporate Information section of this Annual Report.

The NC's role includes assessing and recommending candidature of directors, succession plans and training programs, boardroom diversity, board composition, annual assessment of directors, Board and Board Committees. The NC meets as and when required, but at least once a year.

The activities undertaken by the NC in the year under review includes assessing the candidature for appointments to the Board and reviewing the results of the annual assessment on the Board, Board Committees and individual Directors, the effectiveness of the Board as a whole, training for Directors as well as the independence of two (2) Independent Directors whose tenure have exceeded nine (9) years. The possibility of replacing Executive Directors and senior management will be addressed when circumstances require.

III. REMUNERATION

The Remuneration Committee is responsible to implement the Remuneration Policy by reviewing and recommending matters relating to remuneration of Board and Senior Management. It is designed to ensure the transparency in determining the levels and components of remuneration package which continues to retain dedicated directors and senior management. The Terms of Reference of Remuneration Committee is available at the Company's website, www.mega-first.com.

PRINCIPLE B

Effective Audit and Risk Management

I. AUDIT COMMITTEE ("AC")

The AC comprises three (3) Independent Non-Executive Directors and is chaired by Mr Yeow See Yuen.

The AC plays an active role in helping the Board discharge its governance responsibilities. The AC works within the purview of the terms of reference. The AC reviews issues of accounting policy and presentation for external financial reporting, monitors the internal audit function and ensures an objective and professional relationship is maintained with the external auditors. Its principal function is to assist the Board in maintaining a sound system of internal controls and governance.

The AC member has full access to the auditors, both internal and external, who in turn have access at all times to the Chairman of the AC. The Report of the AC, including its composition, duties and activities, is presented in the Audit Committee Report section of this Annual Report.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board acknowledges its overall responsibility for maintaining the system of risk management and internal controls to safeguard shareholders' investment and the Company's assets. The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Group's objectives and activities are aligned with those risks and opportunities. The business unit head identifies and communicates with the Executive Directors of the Company the critical business risks and the management action plan to manage the risks. Such approaches are to mitigate and manage rather than eliminate risks and provide only reasonable assurance against misstatement or loss.

The Board is assisted by the AC to review and evaluate the adequacy and effectiveness of the internal control system through deliberation of Internal Audit Reports. A Risk Assessment Team was established to oversee the risk management activities of the Group, oversees the effective communication and implementation of the Group's risk tolerance and other related issues.

The details of the Risk Management and Internal Control Framework is disclosed in the Statement on Risk Management and Internal Control of this Annual Report.

PRINCIPLE C

Integrity In Corporate Reporting and Meaningful Relationship With Stakeholders

I. COMMUNICATION WITH STAKEHOLDERS

The Board acknowledges the need for shareholders and stakeholders to be informed of all material business matters affecting the Company. They are kept well informed of developments and performances of the Company through timely announcements and disclosures made to the Bursa Malaysia, including the release of financial results on a quarterly basis. The Company's annual report which contains all the necessary disclosures in addition to facts and figures about the Group and the Company is released within four months after the financial year end. In addition, efforts have been made to ensure that the report is user friendly so that shareholders have a good understanding about the Company and its operations. All announcements and disclosures made to Bursa Malaysia, including the annual report, are also accessible from the Company's website, www.mega-first.com.

II. CONDUCT OF GENERAL MEETINGS

Annual General Meetings ("AGM") is an important forum for communicating with the Shareholders. Members of the Board, the Financial Controller and external auditors were present to answer questions raised at the 54th AGM held on 2 July 2020. The Chairman presented the overall performance and progress of business activities of the Group. Shareholders were able to participate and provided with opportunity to raise queries in relation to the Company's business activities and all queries were answered by the Directors appropriately.

The voting of all resolutions at the AGM was conducted through e-polling system to facilitate good participation of shareholders. The Board endeavours to comply with the good practice in the upcoming AGM and other future General Meetings of the Company.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board is pleased to present the following Statement on Risk Management and Internal Control, which outlines the key features of the Group's risk management framework and internal control system and its integration into business processes and activities to assist the Group to meet its business objectives while safeguarding shareholders' interests and the Group's assets. The framework remains agile and is adjusted, when needed, to meet the ongoing changes in the business and regulatory requirements.

The Statement is prepared pursuant to Chapter 15 – Paragraph 15.26 (b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), Principle B – Chapter II of the Malaysian Code on Corporate Governance ("MCCG"), Practices 9.1 and 9.2 of the MCCG, together with guidance from Bursa Malaysia's "Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers".

Responsibilities and Accountabilities

At Board Level

The Board acknowledges its overall responsibility in establishing a sound system of risk management and internal control as well as reviewing its adequacy and effectiveness.

The Group has an established Internal Audit Department that reports to the Audit Committee. The Audit Committee is responsible for undertaking regular review of the risk management practices and internal control processes in order to provide the Board with independent and objective assurance that the risk management and internal control system is adequate and effective in addressing the risks identified. The Board recognises that such system is designed to manage, rather than to eliminate, the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

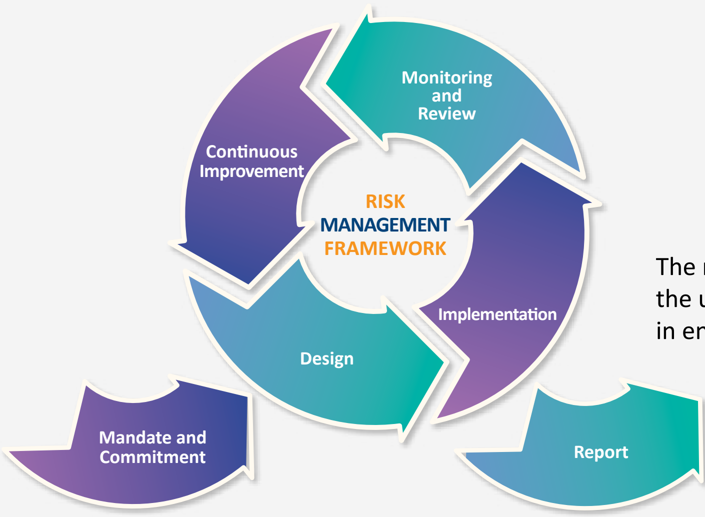
The Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Group for the financial year under review, and the process has been in place during the financial year and up to the date of approval of the Annual Report. This process is an integral part of the Group's risk management and internal control system.

At Management Level

Management is accountable to the Board for risk management and internal control and has implemented processes to identify, evaluate, manage and report risks and controls.

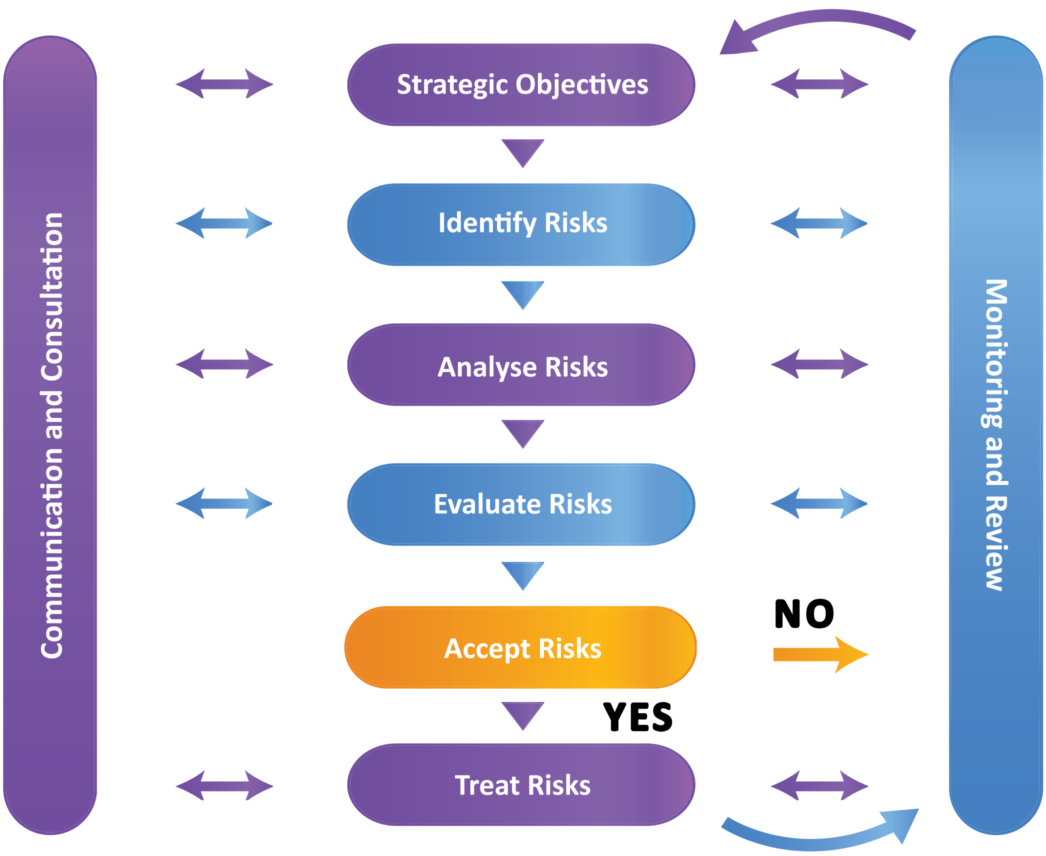
Business plans and business strategies are formulated by Executive Directors and presented to the Board for review to ensure proposed plans and strategies are in line with the Group's risk appetite. On the day-to-day operations, the respective Head of Division/Business Unit are responsible for managing the risk of their division/business unit. Changes in the key business risks faced by the Group or emergence of new business risks and the corresponding internal controls to mitigate the risks are discussed during management meetings.

Risk Management Framework



The risk management framework starts with the understanding of the strategic objectives in ensuring that key risks are identified.

The Group's risk management process is illustrated below:



The Group recognises that an embedded risk management framework within the Group's operations is an integral part of good corporate governance as it enhances accountability, provide insights, and improves decision-making and outcomes.

The Framework, which was reviewed in 2020, sets out the structured process to continuously identify, evaluate, respond and monitor the risks that might affect the Group's business objectives. It adopts both the "top-down strategic" and "bottom-up operational" approach and spans the entire organisation to address all areas of significant risk for the Group. Through such structure, material risks are consolidated from operation level to Management, escalated up to the Risk Assessment Team ("RAT") and finally to the Board.

The Group defines risk as any event that may impact upon its business objectives. It is measured in terms of likelihood and consequences. Business risks arise as much from the likelihood of loss opportunities as it does from uncertainties and hazards.

Risk Profile

The Group's risk profile is updated and reported on a yearly basis, or as and when required. The RAT, headed by an Executive Director, is established to oversee the risk management activities of the Group. The RAT also oversees the effective communication and implementation of the Group's risk tolerance and other related issues.

Risk Management Process

The key aspects of the risk management process are as follows:

(a) Identify Risk

Risks are primarily identified and assessed by segments, functions and countries. Risk identification involves examining all sources of potential risk and the perception of all stakeholders, both internal and external, which may impact the achievement of the business objectives. All identified risks are documented in Key Risk Records after assessing its possibilities and causes of occurrence as well as implications with treatment and ongoing monitoring.

(b) Analyse Risk

The identified risks are analysed to determine their risk levels, which are determined by the relationship between the likelihood and the consequences if the risk occurs. The likelihood and consequences are assessed by taking into account the adequacy and enforcement of existing controls. The Group uses a five-level scale for probability and a set of scales to measure different aspects of the impact. Risks are then scored in a qualitative risk matrix.

Risks are categorised into four levels – low, moderate, high and extreme.

Likelihood	Consequence				
	Insignificant	Minor	Moderate	Major	Extreme
Rare	Low	Low	Moderate	High	High
Unlikely	Low	Low	Moderate	High	Extreme
Possible	Low	Moderate	High	Extreme	Extreme
Likely	Moderate	High	High	Extreme	Extreme
Almost Certain	High	High	Extreme	Extreme	Extreme

Risk Level	Action to be Taken
Low	Managed by routine procedures and low level delegations, unlikely to consider specific application of resources.
Moderate	Managed by specific monitoring or response procedures within line management delegations.
High	Executive management accountability with senior management responsibility.
Extreme	Immediate action must be taken to reduce the risk. If it is not possible to reduce the risk immediately, it must be referred to the Executive Chairman.

(c) Evaluate Risk

The evaluation takes into account the degree of control over each identified risk and the cost impact, benefits and opportunities presented by the risk. The significance of the risk, and the importance of the policy, program, process or activity, are considered in deciding if a risk is acceptable or otherwise. Risks with “High” or “Extreme” will be given high priority while risks that are beyond the control of the Group will be monitored closely with no specific action plan.

(d) Treat Risk

Risks are treated in different ways depending on their nature. The intention of a risk treatment is to reduce the expected level of an unacceptable risk. There are a number of options available for treating risks. These should be considered in the light of cost and benefit for implementing action.

Where risks are identified as unavoidable or no suitable treatment plans are available, the management has accepted them. Other treatment options include avoiding the risk by not taking the activity that is likely to trigger the risk, reducing the risk by implementing preventive or reactive controls and transferring the risk by outsourcing the activity or purchasing insurance for insurable risks.

(e) Monitor and Review Risk

Review of the risk profiles, control procedures and status of the action plans are carried out on a regular basis by the respective Head of Division/Business Unit. This is to ensure that appropriate actions are taken to address issues reported on a timely basis or within agreed timelines in addition to keeping abreast of changes in the business and operating environment.

The Key Risk Records from the core divisions/business units are reviewed by the RAT, and the status of mitigation plans are communicated to the Board.

Under the Group's Risk Management Framework, sources of risk can be categorised into the following headings, with different strategies to mitigate each:

(a) Strategic and Business Risks

The Group voluntarily accepts some risks in order to generate high expected returns. The first task in risk management is to establish whether the Group has a vision of the direction it wants to take. The Group takes on risks through its research and development activities and in-depth discussion at the Board level.

(b) Operational Risks

The management of the Group's day-to-day operational risks is mainly decentralised at the division/business unit level and guided by standard operating procedures. Operational risks that cut across the Group are coordinated centrally.

(c) Financial and Commercial Risks

The Group is exposed to various financial and commercial risks relating to credit, liquidity, interest rates, foreign currency exchange rates and commodity prices. The Group's risk management objectives and policies coupled with the required quantitative and qualitative disclosures relating to these risks are set out in notes to the financial statements.

(d) Governance and Compliance Risks

The Group operates in diverse geographical locations and as such is exposed to compliance risks of the laws and regulations in the various countries the Group operates, and compliance with the various certifications. The responsibility and oversight of compliance is delegated to department heads. They have sufficient subject-specific knowledge and are familiar with the policies, procedures and practices outlined in the manual of standard operating procedures.

(e) Corruption Risks

The Group has zero-tolerance for corruption activities and is committed to act professionally, fairly and with integrity in all business dealings and relationships. Corruption risks are often treated differently than other risks as there is a moral dimension to corruption and great reputational risks involved for the organisation.

Internal Control System

The Board and Management have taken various steps to establish a control environment that covers integrity and ethical values of the Group, the governance structure that would allow the discharge of their respective duties and assignment of authority and responsibility, as well as the process and procedure to ensure reporting to shareholders and other stakeholders on a timely basis.

(a) The Group takes its ethical and legal responsibilities seriously and is committed to conduct business professionally and honestly, and in compliance with all applicable laws in all the jurisdiction in which the Group operates. The Group has reinforced its commitment on ethical conduct with the following policies, which have been updated and approved for implementation by the Board:

- Whistleblowing Policy;
- Employees' Code of Conduct and Discipline; and
- Anti-Bribery and Corruption Policy.

The soft copy of these policies can be obtained from the Company's corporate website.

(b) The Group has an organisational structure that is aligned with its business and operational requirements, with clear and formally defined approving authority limits and authorisation procedures, which is the primary instrument that governs and manages the business decision making process within the Group.

(c) Standard Operating Procedures that set out the policies, procedures and practices to be adopted by all companies in the Group, to ensure clear accountabilities and control procedures are in place for all divisions/business units.

(d) Annual budgets that include business plans and strategies are presented to, and approved by the Board. Monthly results are then monitored against budgets and key performance indicators by the Management, focusing on variances and important operational issues, and the findings discussed with the Head of Division/Business Unit.

(e) The Group has in place management information systems that capture, compile, analyse and report relevant data, which enable the Management to make business decisions in an accurate and timely manner. Management and financial reports are generated regularly to facilitate financial and operating reviews of the various divisions/business units by the Board and Management.

(f) Adequate insurance and physical security of major assets are in place to ensure that assets are safeguarded and sufficiently covered against disaster that will result in material losses to the Group.

(g) On a quarterly basis, the Board reviews and discusses a comprehensive Quarterly Review Report, covering the Group's performance. In addition, the Board also deliberates on the appropriateness of key business strategies adopted by the divisions/business units in the light of any significant shifts in risk profiles. In this manner, the Board is not only kept well informed on current issues facing the Group but also participates in risk management.

(h) The Group has an in-house Internal Audit Department that has been tasked to provide independent, reasonable and objective assurance, as well as internal consulting services to improve the overall efficiency of the Group's operations. This team assists the Group to achieve its objectives by bringing a systematic and disciplined approach in evaluating the effectiveness of the risk management, control and governance processes.

An audit plan, which is approved by the Audit Committee prior to the commencement of audit, is regularly reviewed, and if necessary, revised. The reports outlining all significant audit observations and follow-up actions are submitted to the Audit Committee. The Audit Committee reviews the findings with the management at its quarterly meetings and updates the Board on significant issues for the Board's attention and action. These, together with the External Auditors' reports, provide additional assurance that control procedures are in place, and being followed.

The internal audit function and activities can be found in the Audit Committee Report.

(i) The Group's risk management framework and internal control system applies to the Company and its subsidiaries only. Joint venture is excluded as it is relatively immaterial. However, the Group's interest in its joint venture is served through representation on the Board of the joint venture, receipt and review of management accounts, and enquiries thereon. Such representation also provides the Board with information for timely decision making on the continuity of the Group's investment based on the joint venture's performance.

Assurance to the Board

The Executive Directors and Financial Controller are responsible for ensuring that the Group's risk management framework and internal control system are assessed and continuous improvements scrutinised by means of independent and objective evaluations. The Board has been assured by the Executive Directors and Financial Controller that these processes are adequately established and effectively implemented, and nothing has come to their attention which may render the financial results presented and information provided to be false and misleading in any material respect.

Board's Commitment and Option

The Board is mindful that the development of the Risk Management Framework is an ongoing process and the Management continues to take steps to improve the risk management and internal control processes. During the financial year under review, some internal control weaknesses were identified but were not considered significant to be mentioned in this Statement as none had materially impacted the business operations of the Group. Nevertheless, remedial actions and corrective measures have been or are being taken to address them.

The Board is of the view that the Group's risk management and internal control system is reasonably adequate in mitigating risks. However, the Board recognises the fact that it requires continuous review to meet the changing and challenging business environment as well as to safeguard shareholders' interests and the Group's assets. Therefore, the Board is committed towards maintaining an effective risk management and internal control system throughout the Group and where necessary putting in place appropriate plans to further enhance the Group's risk management and internal control system.

Review of this Statement by External Auditors

As required by Paragraph 15.23 of the MMLR of Bursa Malaysia, the external auditors, Crowe Malaysia PLT, have reviewed this Statement on Risk Management and Internal Control for inclusion in this Annual Report for the financial year ended 31 December 2020.

Their limited assurance review was performed in accordance with Malaysian Approved Standard on Assurance Engagements ISAE3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information as well as Audit and Assurance Practice Guide 3 ("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.

AAPG 3 does not require the external auditors to, and they did not, consider whether this Statement 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. It also does not require the external auditors to consider whether the processes to deal with material internal control aspects of any significant problems will, in fact, remedy the problems.

Based on their review, nothing had come to their attention that caused them to believe that the Statement on Risk Management and Internal Control set out above was not prepared, in all material aspects, 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 was factually inaccurate.

AUDIT COMMITTEE REPORT

A. COMPOSITION AND MEETINGS

The Committee comprises three (3) members, all of whom satisfy the independence requirements of the Listing Requirements. The composition and details of attendance of each member at the Audit Committee meetings during the financial year ended 31 December 2020 ("the financial year") were as follows:-

Name of Members	Meeting Attendance	Percent
Yeow See Yuen Chairman (Independent Director)	5/5	100
Jesper Bjorn Madsen (Independent Director)	4/5	80
Datuk Hj. Pengiran Saifudin bin Pengiran Tahir, JP (Appointed: 15.09.2020) (Independent Director)	1/1	100
Dato' Tan Ang Meng (Resigned: 30.6.2020) (Independent Director)	3/3	100

The Committee met 5 times during the financial year. The Head of the Internal Audit Department and the Company Secretary were in attendance at all the meetings. The Financial Controllers were present by invitation at all the meetings whilst an Executive Director was present by invitation at certain meetings. In addition, the Committee had met twice with the External Auditors, Crowe Malaysia PLT without the presence of management, to discuss any matters which the External Auditors may wish to discuss.

B. TERMS OF REFERENCE

In performing its statutory duties and responsibilities, the Committee is guided by the terms of reference which can be viewed on the Company's website at www.mega-first.com. The terms of reference was last reviewed in March 2018 to address the new requirements of Malaysian Code on Corporate Governance 2017.

C. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The Committee carried out its duties and responsibilities as set out in the terms of reference and carried out the activities as follow:

1. Financial Statement and Reporting Review

1.1 Reviewed and discussed the quarterly management report and accounts on the unaudited results of the Group. The review had included the comparative quarterly and year-to-date results.

1.2 Reviewed the adequacy and appropriateness of disclosure of unaudited quarterly financial statements before recommendation to the Board of Directors for consideration and approval and release to Bursa Malaysia. When reviewing these financial statements, the Committee had obtained reasonable assurance that the condensed interim financial statements were prepared in accordance with the applicable financial reporting standards and the Bursa Malaysia Listing Requirements.

1.3 Reviewed the audited financial statements of the Group and of the Company as well as the statutory auditors' report thereon prior to the submission the Board for their consideration and approval, upon being satisfied that, inter alia, the financial statements were drawn up in accordance with the applicable Malaysian Financial Reporting Standards and International Financial Reporting Standards issued by the Malaysian Accounting Standards Board and the Companies Act, 2016. The Committee's review has included an intelligent scrutiny of the statutory financial statements based on an analytical approach whilst at the same time obtaining assurance from management and the external auditors that the financial statements were in compliance with the relevant statutory requirements, accounting standards and Malaysian Financial Reporting Standards to ensure it presented a true and fair view of the Company's financial performance.

1.4 Reviewed the disclosure statements of published annual report of the Company which encompasses the Corporate Governance Overview Statement, Corporate Governance Report, Statement on Risk Management and Internal Control and other documents as set out in Part A of Appendix 9C of the Listing Requirements.

2. Matters Relating to External Audit

2.1 Reviewed and discussed with the external auditors their 2020 Audit Planning Memorandum before commencement of the annual audit. The External Auditors had briefed the Audit Committee on their 2020 Audit Planning Memorandum covering inter alia, audit approach, significant events, areas of audit emphasis and timeline.

2.2 Reviewed and discussed with the external auditors their Audit Review Memorandum upon completion of the annual audit, covering significant audit findings, internal control points, status of audit and accounting issues and on the matter of independence of the external auditors.

2.3 Met with the external auditors twice during the year without the presence of executive Board members and management, to discuss issues, if any, arising out of the annual audit or any other matters the external auditors may wish to discuss with the Committee. There were no major issue raised during both meetings.

2.4 Assessed and evaluated the performance and conduct of the audit undertaken by the external auditors for their re-appointment as auditors of the Company. The Committee had in March 2021 conducted an annual assessment of the quality of services provided, quality of interaction, objectivity and professionalism of external auditor in the form of assessment questionnaires. The Committee also obtained feedbacks from the management who had contact with the audit engagement team. The assessments encompassed the following areas:

a. Objectivity and Independence

The external auditors provide a written assurance to the Committee confirming that they were not aware of any relationship which be thought to impair their independence, and they were continuously complied with the relevant ethical and regulatory requirements.

The external auditors' independence was further enhanced by the By-Laws of Malaysian Institute of Accountants (on professional ethics, conduct and practice) as well as Crowe Malaysia PLT's internal policy, which requires the audit engagement partner to be rotated every five (5) years. The audit engagement partner responsible for the Group audit was rotated since 2017.

The provision of non-audit services rendered by external auditors was also reviewed by the Committee to assess reasonableness of fees charged and whether such services will impair their independence. The non-audit services rendered for the financial year ended 31 December 2020 were in relation to tax compliance services and the annual review of the Statement on Risk Management and Internal Control. The Committee opines that the services have not impaired the independence of external auditors.

b. Communications and Quality of Services

The Committee deliberated on the effectiveness of external auditors having regards to areas encompassing technical competency, availability of resources and quality of services. The lead audit engagement partner and engagement teams have also demonstrated openness, objectivity and professionalism in communication with Audit Committee through discussions at private meetings.

3. Matters Relating to Internal Audit

3.1 Reviewed and approved the Audit Planning Memorandum of the internal auditors for the financial year ending 31 December 2021 to ensure adequate scope and resources of the internal audit function and coverage on the activities of the Group taking into consideration the assessment of key risk areas.

3.2 Reviewed and discussed the internal audit reports prepared by the Internal Audit Department which consists of the findings, recommendations and the corrective actions committed by the Management to ensure that all key risks will be addressed and adequate controls put in place on a timely basis.

3.3 Reviewed the progress of action plans committed by the Management for the key findings highlighted in previous Internal Audit Reports issued until all material findings have been fully rectified.

3.4 Reviewed with the assistance of the Internal Audit Department on a quarterly basis to determine the presence of any related party transaction to ensure transactions are fair and reasonable which complied with the internal procedures and the Listing Requirements.

4. Other Matters Considered by The Committee

4.1 Reported to the Board on significant issues and concerns discussed during the Committee meetings together with applicable recommendations. Minutes of meetings were made available to all Board members.

4.2 Discussed and noted the updates on regulatory requirements issued by regulatory, statutory and professional bodies, and business news articles published by the mass media which may be of interest to the Committee and the Board.

D. INTERNAL AUDIT FUNCTION AND ACTIVITIES

The internal audit function of the Company is performed in-house by its Internal Audit Department. The Committee is assisted by the Internal Audit Department in discharging its duties and responsibilities. The Internal Audit function is independent of the activities they audit. The Head of Internal Audit reports directly to the Committee and has unrestricted access to the Committee members on all matters. The Internal Audit Department expenses in respect of the financial year ended 31 December 2020 was RM364,998.

The primary roles of the Internal Audit Department are to undertake regular and systematic reviews of the risk management process, effectiveness of internal controls and governance practices of the Company and of the Group. Internal Audit Department provides independent and reasonable assurance to the Board and Management that the internal controls are operating satisfactorily and effective.

The Internal Audit Department performed routine audit and reviews on all business segments of the Group in accordance with the approved Audit Planning Memorandum. Audit reports were issued to the Management and the Committee with detailed findings, recommendations and management's responses on the findings. The Head of Internal Audit attends all meetings of the Committee and presents the quarterly work progress report on the status of completion of planned audit assignment including the findings on audit reports, updates on implementation of corrective actions on past key audit findings and the review of the quarterly related party transactions. During the financial year under review, 5 internal audit assignments were completed covering operating units on resources, property and other investment holdings within the Group. The audit activities encompassed operational and compliance audits of operations to ascertain adequacy and effectiveness of their system of internal control as well as determine the reliability and integrity of financial and operational information.

The Internal Audit Department also assisted the Committee to prepare the Report of the Audit Committee for inclusion in the Company's Annual Report, and reviewed the appropriateness of the Corporate Governance Overview Statement, Corporate Governance Report and the Statement on Risk Management and Internal Control in regard to the compliance with the Malaysian Code on Corporate Governance 2017, paragraph 15.15 of the Main Market Listing Requirements and Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers as well as that processes adopted by Management were consistent with the Internal Audit function's understanding of the Group's risk management and internal control systems and corporate governance practices.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Group and Company as at 31 December 2020 and of the results and cash flows of the Group and Company for the financial year ended on that date.

The Directors are pleased to announce that in preparing the financial statements for the financial year ended 31 December 2020, the Directors have:

- Adopted appropriate accounting policies and applied them consistently;
- Made adjustments and estimates that are reasonable and prudent; and
- Prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and Company keep accounting records which disclose the financial position of the Group and Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the Companies Act 2016.

The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and Company, and to detect and prevent fraud and other irregularities.

ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

(Financial Year Ended 31 December 2020)

1. Utilisation of Proceeds Raised from Corporate Proposals

No proceeds were raised by the Company from any corporate exercise during the financial year.

2. Material Contracts with Related Parties

There was no material contract entered into by the Group involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2020 or entered into since the end of the previous financial year.

3. Audit Fees and Non-audit Fees for External Auditors

The amount of audit fees incurred by MFCB and MFCB Group amounted to approximately RM85,000 and RM529,000 respectively.

The amount of group non-audit fees payable to MFCB's external auditors and their affiliated firm or corporation companies for the financial year ended 31 December 2020 amounted to approximately RM47,000.

4. Employees' Share Option Scheme

The Employees' Share Option Scheme of the Company ("ESOS") was implemented on 1 August 2010 and was in force for a period of ten (10) years from 1 August 2010. The ESOS expired on 31 July 2020.

The total number of options granted, exercised and outstanding under the ESOS, are set out in the table below:-

Description	Number of Options (Since commencement of ESOS to 31 July 2020)	
	Grand Total	Directors
(a) Granted	30,150,846	19,450,288
(b) Exercised	28,204,823	18,470,288
(c) Lapsed	1,946,023	980,000
(c) Outstanding	0	0

Percentages of options applicable to Directors and Senior Management under the ESOS:-

Directors and Senior Management	During the financial year 2020	Since commencement up to 31 July 2020
(a) Aggregate maximum allocation	50%	50%
(b) Actual granted	1.0%	34.5%

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors of **MEGA FIRST CORPORATION BERHAD** 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 activities of the Company are that of investment holding and provision of management services. The principal activities of the subsidiaries are set out in Note 42 to the financial statements.

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

RESULTS OF OPERATIONS

The results of the operations of the Group and of the Company for the financial year are as follows:-

	GROUP RM'000	COMPANY RM'000
Continuing operations		
Profit before tax	388,997	102,648
Tax expense	(10,787)	(145)
Profit after tax from continuing operations	378,210	102,503
Discontinued operations		
Loss after tax from discontinued operations	(30)	-
Profit after tax for the financial year	378,180	102,503
Attributable to:-		
Owners of the Company	321,290	102,503
Non-controlling interests	56,890	-
	378,180	102,503

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIRECTORS' REPORT (Cont'd)

DIVIDENDS

Since the end of the previous financial year, the Company paid:-

(a) final single-tier dividend of 6.0 sen per ordinary share amounted to RM28,420,725 in respect of the financial year ended 31 December 2019 on 25 August 2020.

(b) first interim single-tier dividend of 6.0 sen per ordinary share amounting to RM28,420,725 for the financial year ended 31 December 2020 on 2 December 2020.

On 26 February 2021, the Company declared a final single-tier dividend of 6.5 sen per ordinary share in respect of the current financial year. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2021. The final dividend will be paid on 19 April 2021 to the Depositors who are registered in the Record of Depositors at the close of business on 8 April 2021.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) the Company increased its issued and paid-up share capital from RM593,586,443 to RM743,121,276 by way of:-

  (i) an issuance of 32,945,337 new ordinary shares for cash of RM73,138,737 at the price of RM2.22 from warrants conversion, with transfer of RM9,061,744 from Warrants Reserve; and

  (ii) an issuance of 22,888,411 new ordinary shares for cash of RM50,882,333 at prices of RM1.34, RM2.00, RM2.41, RM2.89, RM3.40 and RM3.45 pursuant to the exercise of options under the Employees' Share Option Scheme, with concurring transfer of RM16,452,019 from ESOS Reserve.

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

(b) there was no debenture issued by the Company.

TREASURY SHARES

The information on the treasury shares is disclosed in Note 26(iii) and Note 27 to the financial statements.

EMPLOYEES' SHARE OPTION SCHEME

The Employees' Share Option Scheme ("ESOS") was approved by shareholders of the Company at an Extraordinary General Meeting held on 20 May 2010. The Scheme was implemented on 1 August 2010 and was in force for a period of 10 years. The ESOS was expired on 31 July 2020 and there are no share options granted to the Group's employees and directors which remained outstanding as at 31 December 2020.

The details of the Company's 2010/2020 ESOS are set out in Note 28.1 to the financial statements.

WARRANTS

The Company's Warrants 2016/2020 ("Warrants") expired on 8 April 2020. The details of the Warrants are set out in Note 28.4 to the financial statements.

The movement in Warrants 2016/2020 ("Warrants") of the Company during the financial year is as follows:-

	2020 **'000**	**2019** **'000**
As at 1 January	33,534	52,852
Converted during the financial year	(32,945)	(19,318)
Lapsed during the financial year	(589)	-
As at 31 December	-	33,534

OTHER FINANCIAL INFORMATION

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made up, the Directors took reasonable steps:-

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables; and

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

At the date of this report, the Directors are not aware of any circumstances:-

(a) which would require the further writing off of bad debts or the additional amount of allowance for impairment losses on receivables in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or

DIRECTORS' REPORT (Cont'd)

OTHER FINANCIAL INFORMATION (CONT'D)

(c) 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

(d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

The contingent liability is disclosed in Note 37 to the financial statements. At the date of this report, there does not exist:-

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

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

In the opinion of the Directors:-

(a) no contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and

(b) no item, transaction or event of a material and unusual nature has arisen during the financial year or in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

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

- Goh Nan Kioh
- Goh Nan Yang (Also alternate to Goh Nan Kioh)
- Khoo Teng Keat
- Tay Kheng Chiong
- Dato' Koh Hong Sun
- Yeow See Yuen
- Datuk Hj. Pengiran Saifuddin Bin Pengiran Tahir
- Jesper Bjorn Madsen
- Professor Dato' Dr. Tan Hui Meng
- Datin Jeyanthini A/P M.Kannaperan (Appointed on 4 August 2020)
- Goh Mei Sze (Appointed on 16 November 2020)
- Dato' Tan Ang Meng (Resigned on 30 June 2020)

DIRECTORS' INTERESTS

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

	Number of ordinary shares			
	Balance as at 1.1.2020/ At date of appointment	Converted/ Exercised/ Acquired	Disposed	Balance as at 31.12.2020
SHARES IN THE COMPANY				
Goh Nan Kioh				
- Direct	2,163,120	5,252,408	-	7,415,528
- Deemed	146,026,784	3,796,357	-	149,823,141
Goh Nan Yang				
- Direct	1,717,000	4,580,377	-	6,297,377
Khoo Teng Keat				
- Direct	340,000	1,998,688	-	2,338,688
Tay Kheng Chiong				
- Direct	220,900	357,831	(200,000)	378,731
Dato' Koh Hong Sun				
- Direct	503,869	100,000	(150,000)	453,869
Yeow See Yuen				
- Direct	1,427,000	3,437,977	(150,000)	4,714,977
- Deemed	44,200	7,800	-	52,000
Professor Dato' Dr. Tan Hui Meng				
- Direct	76,100	355,900	-	432,000
- Deemed	874,000	50,000	-	924,000
Goh Mei Sze				
- Direct	1,000,000	-	-	1,000,000
Datuk Hj. Pengiran Saifuddin Bin Pengiran Tahir	-	300,000	(300,000)	-
Jesper Bjorn Madsen	-	300,000	-	300,000

DIRECTORS' REPORT (Cont'd)

DIRECTORS' INTERESTS (CONT'D)

	Number of warrants 2016/2020			
	Balance as at 1.1.2020	**Acquired**	**Converted/ Disposed**	**Balance as at 31.12.2020**
WARRANTS IN THE COMPANY				
Goh Nan Kioh				
- Direct	264,080	-	(264,080)	-
- Deemed	3,358,557	-	(3,358,557)	-
Goh Nan Yang				
- Direct	303,000	-	(303,000)	-
Khoo Teng Keat				
- Direct	60,000	-	(60,000)	-
Tay Kheng Chiong				
- Direct	8,100	-	(8,100)	-
Yeow See Yuen				
- Direct	586,571	-	(586,571)	-
- Deemed	7,800	-	(7,800)	-
Professor Dato' Dr. Tan Hui Meng				
- Deemed	50,000	-	(50,000)	-

DIRECTORS' INTERESTS (CONT'D)

In addition to the above, the following Directors who were in office at the end of the financial year are deemed to have interests in the shares of the Company to the extent of the options granted to them pursuant to the ESOS of the Company:-

	Exercise Price	Balance as at 1.1.2020	Exercised	Balance as at 31.12.2020
Goh Nan Kioh	RM2.00*	3,188,328	(3,188,328)	-
	RM2.41	1,800,000	(1,800,000)	-
Goh Nan Yang	RM2.00*	2,277,377	(2,277,377)	-
	RM2.41	2,000,000	(2,000,000)	-
Khoo Teng Keat	RM2.00*	1,138,688	(1,138,688)	-
	RM2.41	800,000	(800,000)	-
Tay Kheng Chiong	RM1.34*	135,862	(135,862)	-
	RM2.00*	113,869	(113,869)	-
	RM2.41	100,000	(100,000)	-
Dato' Koh Hong Sun	RM2.41	100,000	(100,000)	-
Yeow See Yuen	RM2.00*	1,366,426	(1,366,426)	-
	RM2.41	1,400,000	(1,400,000)	-
Datuk Hj. Pengiran Saifuddin Bin Pengiran Tahir	RM3.45	300,000	(300,000)	-
Jesper Bjorn Madsen	RM2.89	300,000	(300,000)	-
Professor Dato' Dr. Tan Hui Meng	RM2.89	300,000	(300,000)	-

In accordance with Section 8 of the Companies Act 2016, Goh Nan Kioh, by virtue of his interest in the shares of the Company, is deemed to have interests in the shares of all subsidiary companies within the Group to the extent of the Company's interests.

Other than as stated above, none of the Directors of the Company who were in office at the end of the financial year had any other interests in the shares or options over unissued shares of the Company or of its related corporations during the financial year.

DIRECTORS' REPORT (Cont'd)

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors of the Company has received or become entitled to receive any benefit (other than those disclosed as Directors' remuneration section of our report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which a Director has substantial financial interest as disclosed in Note 44 to the financial statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby Directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' REMUNERATION

The details of the Directors' remuneration are disclosed in Note 43 to the financial statements.

INDEMNITY AND INSURANCE COST

The Directors and officers of the Group and of the Company are covered by Directors and Officers Liability Insurance ("D&O Insurance") for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The total amount of indemnity coverage for the Directors and Officers of the Group was RM10,000,000. The insurance premium for the D&O Insurance paid during the financial year amounted to RM17,000. No indemnity was given to or insurance effected for auditors of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Notes 18 and 42 to the financial statements.

SIGNIFICANT EVENTS

The significant events occurring during the financial year and after the reporting period are disclosed in Note 38 to the financial statements.

AUDITORS

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

The details of the auditors' remuneration are disclosed in Notes 6 and 9(a) to the financial statements.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS

GOH NAN YANG

KHOO TENG KEAT

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MEGA FIRST CORPORATION BERHAD
(INCORPORATED IN MALAYSIA) (REGISTRATION NUMBER: 196601000210 (6682-V))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Mega First Corporation 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 93 to 207.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Independent Auditors' Report (Cont'd)

TO THE MEMBERS OF MEGA FIRST CORPORATION BERHAD
(INCORPORATED IN MALAYSIA) (REGISTRATION NUMBER: 196601000210 (6682-V))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

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

Don Sahong Hydropower Project - Intangible Asset Refer to Note 14 to the financial statements	
Key Audit Matter	**How our audit addressed the key audit matter**
The carrying amount of the intangible asset as at 31 December 2020 is RM1.932 billion. The Group has carried out the impairment assessment on the intangible asset and concluded that there is no indication of impairment on the intangible asset by comparing the recoverable amount of the intangible asset to its carrying amount. The Group estimated the recoverable amount of the intangible asset using the value-in-use ("VIU") method. Estimating the VIU involves discounting to its present value the estimated future cash inflows and outflows that will be derived from the intangible asset using an appropriate discount rate. The intangible asset is considered a key audit matter due to the magnitude of the balances and risk of material misstatement due to significant judgement being applied in its impairment assessment.	The audit of intangible asset was undertaken by component auditor ("CA"). Our procedures included:- (a) Assessed the objectivity, independence and expertise of the CA; (b) Performed enquiry and obtained explanations from management to corroborate the audit evidence obtained by the CA; and (c) Evaluated and assessed the following in relation to the VIU of the intangible asset:- • Key assumptions used in the computation of the VIU; • Discount rate used in the computation of the VIU; and • Sensitivity analysis of the key assumptions used.

Impairment assessment of trade receivables Refer to Note 23 to the financial statements	
Key Audit Matter	**How our audit addressed the key audit matter**
As at 31 December 2020, trade receivables amounted to approximately RM272.57 million. The details of trade receivables and its credit risks are disclosed in Note 40.1(b)(iii) to the financial statements. The management applied assumptions in assessing the level of allowance for impairment losses on trade receivables based on the following:- • customers' payment profiles of past sales and corresponding historical credit losses; • specific known facts or circumstances on customers' ability to pay; or • by reference to past default experience. The impairment assessment involves significant judgements and there is inherent uncertainty in the assumptions applied by the management to determine the level of allowance. This is considered a key audit matter due to the inherent subjectivity that is involved in making judgement in relation to the recoverability of trade receivables.	Our procedures included, amongst others:- (a) Obtained an understanding of:- • the Group's control over the receivable collection process; • how the Group identifies and assesses the impairment of receivables; and • how the Group makes the accounting estimates for impairment; (b) Reviewed the ageing analysis of receivables and testing the reliability thereof; (c) Reviewed subsequent cash collections for major receivables and overdue amounts; (d) Made inquiries of management regarding the action plans to recover overdue amounts; (e) Examined other evidence including customers' correspondences, proposed or existing settlement plans, repayment schedules, etc; and (f) Evaluating the reasonableness and adequacy of the allowance for impairment loss recognised.

INDEPENDENT AUDITORS' REPORT (Cont'd)

TO THE MEMBERS OF MEGA FIRST CORPORATION BERHAD
(INCORPORATED IN MALAYSIA) (REGISTRATION NUMBER: 196601000210 (6682-V))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

<table>
<tr><td colspan="2">Idaman Harmoni Sdn. Bhd. ("IHSB") – dispute over additional taxes and penalties imposed by Inland Revenue Board of Malaysia ("IRBM")
Refer to Note 37 to the financial statements</td></tr>
<tr><td>Key Audit Matter</td><td>How our audit addressed the key audit matter</td></tr>
<tr><td>The Company's subsidiary, Idaman Harmoni Sdn Bhd ("IHSB"), has been imposed with additional taxes and penalties amounting to RM26.3 million by Inland Revenue Board of Malaysia ("IRBM").

IHSB has disputed the additional taxes and penalties imposed by IRBM, after taking into consideration advises from its solicitors that there are strong and valid grounds for the disputes. Accordingly, IHSB assessed that no provision is required as at 31 December 2020.

This is a key audit matter due to the risk of material misstatement arising from the dispute.</td><td>Our audit procedures included :-

(a) Assessed the appropriateness of management's basis in disputing the additional taxes and penalties imposed;
(b) Obtained the views from tax and legal advisors appointed by IHSB;
(c) Discussed the merits of the dispute with the legal advisor;
(d) Assessed the status of the dispute including legal proceedings to appeal against the additional taxes and penalties; and
(e) Assessed adequacy of disclosures with regard to the contingent liabilities arising from the dispute.</td></tr>
</table>

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Responsibilities of the Directors for the Financial Statements (Cont'd)

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT (Cont'd)

TO THE MEMBERS OF MEGA FIRST CORPORATION BERHAD
(INCORPORATED IN MALAYSIA) (REGISTRATION NUMBER: 196601000210 (6682-V))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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

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 42 to the financial statements.

OTHER MATTERS

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

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

Lee Kok Wai
02760/06/2022 J
Chartered Accountant

Kuala Lumpur

25 March 2021

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		GROUP		COMPANY	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Continuing Operations					
Revenue	5	767,126	701,933	116,099	79,121
Cost Of Sales		(316,334)	(471,783)	-	-
Gross Profit		450,792	230,150	116,099	79,121
Other Income		7,447	6,111	174	64
Administrative And Distribution Expenses		(29,378)	(26,421)	(7,055)	(7,091)
Other Expenses		(17,522)	(13,003)	(3,467)	(9,365)
Profit From Operations	6	411,339	196,837	105,751	62,729
Finance Costs	7	(22,331)	(8,433)	(3,103)	(6,223)
Share Of Loss In Associates		(11)	-	-	-
Profit Before Tax		388,997	188,404	102,648	56,506
Tax Expense	8	(10,787)	(11,984)	(145)	(73)
Profit After Tax From Continuing Operations		378,210	176,420	102,503	56,433
Discontinued Operations					
Loss After Tax From Discontinued Operations	9	(30)	(1,311)	-	-
Profit After Tax For The Financial Year		378,180	175,109	102,503	56,433
Other Comprehensive Income/(Expenses)	10	10,532	(12,242)	1,897	1,230
Total Comprehensive Income For The Financial Year		388,712	162,867	104,400	57,663

The accompanying Notes on pages 106 to 207 form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	GROUP 2020 RM'000	GROUP 2019 RM'000	COMPANY 2020 RM'000	COMPANY 2019 RM'000
Profit After Tax Attributable To:					
- Owners Of The Company					
(i) continuing operations		321,359	151,735	102,503	56,433
(ii) discontinued operations		(69)	1,933	-	-
		321,290	153,668	102,503	56,433
- Non-controlling Interests					
(i) continuing operations		56,851	24,685	-	-
(ii) discontinued operations		39	(3,244)	-	-
		56,890	21,441	-	-
		378,180	175,109	102,503	56,433
Total Comprehensive Income Attributable To:					
- Owners Of The Company					
(i) continuing operations		336,094	140,631	104,400	57,663
(ii) discontinued operations		(69)	1,933	-	-
		336,025	142,564	104,400	57,663
- Non-controlling Interests					
(i) continuing operations		52,648	23,547	-	-
(ii) discontinued operations		39	(3,244)	-	-
		52,687	20,303	-	-
		388,712	162,867	104,400	57,663
Earnings Per Share (sen):	11				
- Continuing Operations		70.60	37.72		
- Discontinued Operations		(0.02)	0.48		
		70.58	38.20		

The accompanying Notes on pages 106 to 207 form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

		GROUP		COMPANY	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
ASSETS					
Non-Current Assets					
Property, Plant And Equipment	13	250,229	222,770	8,053	7,293
Intangible Asset	14	1,932,044	2,048,137	-	-
Investment Properties	15	177,212	177,212	-	-
Inventories	16	43,443	43,443	-	-
Right-Of-Use Assets	17	104,298	95,989	12,193	12,762
Subsidiaries	18	-	-	1,027,700	930,839
Associates	19	3,988	4,000	-	-
Joint Venture	20	-	-	-	-
Investment In Quoted Shares	21	98,790	49,385	2,333	2,665
Investment In Unquoted Shares		524	335	-	-
Goodwill On Consolidation	22	8,357	8,357	-	-
		2,618,885	2,649,628	1,050,279	953,559
Current Assets					
Inventories	16	61,802	66,974	-	-
Contract Assets		404	104	-	-
Receivables	23	306,995	97,347	70,729	49,261
Bank Balances And Deposits	24	93,607	91,031	3,616	5,247
		462,808	255,456	74,345	54,508
Assets Classified As Held For Sale	25	3	2	-	-
		462,811	255,458	74,345	54,508
TOTAL ASSETS		3,081,696	2,905,086	1,124,624	1,008,067

The accompanying Notes on pages 106 to 207 form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION (Cont'd)

AS AT 31 DECEMBER 2020

	Note	GROUP 2020 RM'000	GROUP 2019 RM'000	COMPANY 2020 RM'000	COMPANY 2019 RM'000
EQUITY AND LIABILITIES					
Share Capital	26	743,121	593,586	743,121	593,586
Treasury Shares	27	(30,046)	(30,046)	(30,046)	(30,046)
Reserves	28	1,214,435	971,706	343,685	321,640
Equity Attributable To Owners Of The Company		1,927,510	1,535,246	1,056,760	885,180
Non-controlling Interests	18(b)	238,102	176,642	-	-
Total Equity		2,165,612	1,711,888	1,056,760	885,180
Non-Current Liabilities					
Payables	32	492	444	-	-
Long-Term Borrowings	29	534,404	27,929	-	-
Lease Liabilities	30	9,004	9,711	17	277
Deferred Tax Liabilities	31	100,536	95,935	-	-
		644,436	134,019	17	277
Current Liabilities					
Payables	32	126,063	315,810	67,587	84,782
Short-Term Borrowings	33	123,471	718,211	-	37,500
Derivative Liability	34	-	4,391	-	-
Lease Liabilities	30	5,464	4,117	260	328
		254,998	1,042,529	67,847	122,610
Liabilities Classified As Held For Sale	25	16,650	16,650	-	-
		271,648	1,059,179	67,847	122,610
Total Liabilities		916,084	1,193,198	67,864	122,887
TOTAL EQUITY AND LIABILITIES		3,081,696	2,905,086	1,124,624	1,008,067
Net Assets Per Ordinary Share (RM)	35	4.07	3.67		

The accompanying Notes on pages 106 to 207 form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

GROUP	Share Capital RM'000	Treasury Shares RM'000	ESOS Reserve RM'000	Translation Reserve RM'000	Fair Value Reserve RM'000	Capital Reserve RM'000	Warrant Reserve RM'000	Hedge Reserve RM'000	Distributable Retained Profits RM'000	Attributable To Owners Of The Company RM'000	Non-controlling Interests RM'000	Total Equity RM'000
Balance at 1 January 2019	540,667	(30,046)	17,597	(6,811)	(15,673)	-	14,583	647	831,816	1,352,780	172,756	1,525,536
Profit after taxation for the financial year	-	-	-	-	-	-	-	-	153,668	153,668	21,441	175,109
Other comprehensive (expenses)/income for the financial year:												
- Fair value changes of equity investments	-	-	-	-	6,134	-	-	-	-	6,134	-	6,134
- Foreign currency translation difference	-	-	-	(12,200)	-	-	-	-	-	(12,200)	(1,138)	(13,338)
- Cash flow hedge	-	-	-	-	-	-	-	(5,038)	-	(5,038)	-	(5,038)
Total comprehensive (expenses)/income for the financial year	-	-	-	(12,200)	6,134	-	-	(5,038)	153,668	142,564	20,303	162,867
Contributions by and distributions to owners of the Company:-												
Dividends paid to:												
- shareholders of the Company (Note 12)	-	-	-	-	-	-	-	-	(7,999)	(7,999)	-	(7,999)
- subsidiaries' non-controlling interests	-	-	-	-	-	-	-	-	-	-	(2,751)	(2,751)
Issuance of ordinary shares pursuant to:												
- Warrants	48,215	-	-	-	-	-	(5,329)	-	-	42,886	-	42,886
- ESOS options	4,704	-	(1,145)	-	-	-	-	-	-	3,559	-	3,559
Total transactions with owners of the Company	52,919	-	(1,145)	-	-	-	(5,329)	-	(7,999)	38,446	(2,751)	35,695
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	(1,117)	(1,117)	(11,543)	(12,660)
Additional subscription of shares in a subsidiary	-	-	-	-	-	-	-	-	-	-	450	450
Transfer to legal reserve	-	-	-	-	-	12,867	-	-	(10,294)	2,573	(2,573)	-
Balance at 31 December 2019	593,586	(30,046)	16,452	(19,011)	(9,539)	12,867	9,254	(4,391)	966,074	1,535,246	176,642	1,711,888

The accompanying Notes on pages 106 to 207 form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

GROUP	Share Capital RM'000	Treasury Shares RM'000	ESOS Reserve RM'000	Translation Reserve RM'000	Fair Value Reserve RM'000	Capital Reserve RM'000	Warrant Reserve RM'000	Hedge Reserve RM'000	Distributable Retained Profits RM'000	Attributable To Owners Of The Company RM'000	Non-controlling Interests RM'000	Total Equity RM'000
Balance at 1 January 2020	593,586	(30,046)	16,452	(19,011)	(9,539)	12,867	9,254	(4,391)	966,074	1,535,246	176,642	1,711,888
Profit after taxation for the financial year	-	-	-	-	-	-	-	-	321,290	321,290	56,890	378,180
Other comprehensive (expenses)/income for the financial year:												
- Fair value changes of equity investments	-	-	-	-	44,123	-	-	-	-	44,123	-	44,123
- Foreign currency translation difference	-	-	-	(33,779)	-	-	-	-	-	(33,779)	(4,203)	(37,982)
- Cash flow hedge	-	-	-	-	-	-	-	4,391	-	4,391	-	4,391
Total comprehensive (expenses)/income for the financial year	-	-	-	(33,779)	44,123	-	-	4,391	321,290	336,025	52,687	388,712
Contributions by and distributions to owners of the Company:-												
Dividends paid to:												
- shareholders of the Company (Note 12)	-	-	-	-	-	-	-	-	(56,841)	(56,841)	-	(56,841)
- subsidiaries' non-controlling interests	-	-	-	-	-	-	-	-	-	-	(2,318)	(2,318)
Issuance of ordinary shares pursuant to:												
- Warrants	82,201	-	-	-	-	-	(9,062)	-	-	73,139	-	73,139
- ESOS options	67,334	-	(16,452)	-	-	-	-	-	-	50,882	-	50,882
Warrants lapsed	-	-	-	-	-	-	(192)	-	192	-	-	-
Total transactions with owners of the Company	149,535	-	(16,452)	-	-	-	(9,254)	-	(56,649)	67,180	(2,318)	64,862
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	(8,416)	(8,416)	8,566	150
Gain on sale of equity investments transferred to retained profits	-	-	-	-	(629)	-	-	-	629	-	-	-
Transfer to legal reserve	-	-	-	-	-	14,527	-	-	(17,052)	(2,525)	2,525	-
Balance at 31 December 2020	743,121	(30,046)	-	(52,790)	33,955	27,394	-	-	1,205,876	1,927,510	238,102	2,165,612

The accompanying Notes on pages 106 to 207 form an integral part of the financial statements.

Statements Of Changes In Equity (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

COMPANY	Share Capital RM'000	Treasury Shares RM'000	ESOS Reserve RM'000	Fair Value Reserve RM'000	Warrant Reserve RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
Balance at 1 January 2019	540,667	(30,046)	17,597	(5,736)	14,583	252,006	789,071
Profit after taxation for the financial year	-	-	-	-	-	56,433	56,433
Other comprehensive income for the financial year:							
- Fair value changes of equity investments	-	-	-	1,230	-	-	1,230
Total comprehensive income for the financial year	-	-	-	1,230	-	56,433	57,663
Contributions by and distributions to owners of the Company:							
Dividends (Note 12)	-	-	-	-	-	(7,999)	(7,999)
Issuance of ordinary shares pursuant to:							
- Warrants	48,215	-	-	-	(5,329)	-	42,886
- ESOS options	4,704	-	(1,145)	-	-	-	3,559
Total transactions with owners of the Company	52,919	-	(1,145)	-	(5,329)	(7,999)	38,446
Balance at 31 December 2019	593,586	(30,046)	16,452	(4,506)	9,254	300,440	885,180

The accompanying Notes on pages 106 to 207 form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

COMPANY	Share Capital RM'000	Treasury Shares RM'000	ESOS Reserve RM'000	Fair Value Reserve RM'000	Warrant Reserve RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
Balance at 1 January 2020	593,586	(30,046)	16,452	(4,506)	9,254	300,440	885,180
Profit after taxation for the financial year	-	-	-	-	-	102,503	102,503
Other comprehensive income for the financial year:							
- Fair value changes of equity investments	-	-	-	1,897	-	-	1,897
Total comprehensive income for the financial year	-	-	-	1,897	-	102,503	104,400
Contributions by and distributions to owners of the Company:							
Dividends (Note 12)	-	-	-	-	-	(56,841)	(56,841)
Issuance of ordinary shares pursuant to:							
- Warrants	82,201	-	-	-	(9,062)	-	73,139
- ESOS options	67,334	-	(16,452)	-	-	-	50,882
Warrants lapsed	-	-	-	-	(192)	192	-
Total transactions with owners of the Company	149,535	-	(16,452)	-	(9,254)	(56,649)	67,180
Loss on sale of equity investments recycled to retained profits	-	-	-	1,056	-	(1,056)	-
Balance at 31 December 2020	743,121	(30,046)	-	(1,553)	-	345,238	1,056,760

The accompanying Notes on pages 106 to 207 form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

GROUP	**Note**	**2020 RM'000**	**2019 RM'000**
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax:			
- Continuing operations		388,997	188,404
- Discontinued operations		268	590
		389,265	188,994
Adjustments for:			
Allowance for impairment losses on:			
- Receivables, net	6(a)	8,284	2,074
Amortisation of intangible asset		81,675	-
Depreciation of property, plant and equipment		15,658	14,979
Depreciation of right-of-use assets		5,614	6,114
Impairment loss of:			
- Property, plant and equipment		80	-
- Right-of-use assets		-	535
Finance Costs:			
- Interest on lease liabilities		992	768
- Interest on other bank borrowings		16,729	5,523
- Others		4,610	2,142
Fair value loss on cash flow hedge recycled from other comprehensive income		9,546	-
Property, plant and equipment written off		-	1,381
Provision for retirement benefits		48	48
Share of loss in associates		11	-
Unrealised loss on foreign exchange, net		481	283
Write-down in value of inventories		1,754	547
Construction profit		-	(157,506)
Dividend income from equity investments at fair value through other comprehensive income		(1,000)	(1,060)
Gain on disposal of property, plant and equipment		(115)	(12)
Interest income		(4,200)	(1,756)
Operating Profit Before Working Capital Changes		529,432	63,054

The accompanying Notes on pages 106 to 207 form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

GROUP	**Note**	**2020 RM'000**	**2019 RM'000**
Operating Profit Before Working Capital Changes		529,432	63,054
Changes in Working Capital:			
- Decrease/(Increase) in inventories		3,417	(3,293)
- Increase in receivables		(220,987)	(14,481)
- (Increase)/Decrease in contract assets		(300)	1,734
- Decrease in payables		(11,991)	(3,443)
Cash From Operations		299,571	43,571
Income tax paid		(5,051)	(1,669)
Net Cash From Operating Activities		294,520	41,902
CASH FLOWS FOR INVESTING ACTIVITIES			
Interest received		4,200	1,756
Dividends received		1,000	1,060
Cash outflow for Don Sahong Hydropower Project		(190,335)	(223,414)
Acquisition of additional interest of a subsidiary		-	(12,690)
Proceeds from disposal of:			
- Property, plant and equipment		119	50
- Quoted shares		4,398	-
Payments for purchase of:			
- Property, plant and equipment	39(a)	(52,280)	(26,702)
- Right-of-use assets		(8,605)	(991)
- Quoted shares		(9,869)	-
Net Cash For Investing Activities		(251,372)	(260,931)
Balance Carried Forward		43,148	(219,029)

The accompanying Notes on pages 106 to 207 form an integral part of the financial statements.

Statements Of Cash Flows (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

GROUP	Note	2020 RM'000	2019 RM'000
Balance Brought Forward		43,148	(219,029)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES			
Finance costs paid:			
- Interest expenses	39(b)	(17,721)	(6,192)
- Others		(4,610)	(2,142)
Dividends paid to:			
- Shareholders of the Company		(56,841)	(7,999)
- Subsidiaries' non-controlling interests		(2,318)	(2,751)
Net drawdown/(repayment) of:			
- Bankers' acceptances and revolving credits	39(b)	(707,957)	619,162
- Lease liabilities	39(b)	(4,718)	(4,425)
- Term loans	39(b)	632,514	(457,333)
Proceeds from issuance of shares arising from:			
- Conversion of Warrants		73,139	42,886
- Exercise of ESOS options		50,882	3,559
Proceeds from issuance of shares by a subsidiary to non-controlling interests		150	480
Placement of deposits pledged to licensed bank or with original maturity period of more than 3 months		(2,003)	(50)
Net Cash (For)/From Financing Activities		(39,483)	185,195
EFFECT OF FOREIGN EXCHANGE TRANSLATION		(1,670)	(330)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,995	(34,164)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		87,954	122,118
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	24	89,949	87,954

The accompanying Notes on pages 106 to 207 form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

COMPANY	2020 RM'000	2019 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Profit before tax	102,648	56,506
Adjustments for:		
Depreciation of:		
- Equipment	39	28
- Right-of-use assets	569	2,063
Finance costs:		
- Interest on lease liabilities	21	21
- Interest on other borrowings	2,697	5,841
- Others	385	361
Property, plant and equipment written off	-	556
Dividend income	(114,024)	(77,260)
Interest income:		
- Advances to subsidiaries	(452)	(228)
- Deposits with financial institutions	(25)	(5)
Unrealised loss on foreign exchange difference	2,348	5,813
Operating Loss Before Working Capital Changes	(5,794)	(6,304)
Decrease in receivables	237	490
(Decrease)/Increase in payables	(297)	132
Cash For Operations	(5,854)	(5,682)
Income tax (paid)/refunded	35	11
Net Cash For Operating Activities	(5,819)	(5,671)

The accompanying Notes on pages 106 to 207 form an integral part of the financial statements.

Statements Of Cash Flows (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

COMPANY	**Note**	**2020 RM'000**	**2019 RM'000**
Net Cash For Operating Activities		(5,819)	(5,671)
CASH FLOWS FOR INVESTING ACTIVITIES			
Interest received		477	233
Dividends received		114,024	77,260
Subscription of shares in subsidiaries:			
- Redeemable preference shares		(992)	(76,220)
- Equity shares		(98,196)	(12,000)
Advances to subsidiaries		(21,847)	(7,855)
Payments for purchase of:			
- Equipment	39(a)	(799)	(1,043)
- Right-of-use assets		-	(69)
Proceed from disposal of quoted investment		2,229	-
Net Cash For Investing Activities		(5,104)	(19,694)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance costs paid:			
- Interest on bank borrowings	39(b)	(198)	(1,444)
- Interest on advances from subsidiaries		(2,520)	(4,418)
- Others		(385)	(361)
Dividends paid		(56,841)	(7,999)
Net repayment of:			
- Revolving credits	39(b)	(37,500)	(2,500)
- Lease liabilities	39(b)	(328)	(310)
(Repayment to)/Advances from subsidiaries		(16,957)	1,321
Proceeds from issuance of shares arising from:			
- Conversion of Warrants		73,139	42,886
- Exercise of ESOS options		50,882	3,559
Net Cash From Financing Activities		9,292	30,734
EFFECT OF FOREIGN EXCHANGE TRANSLATION		-	(7)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,631)	5,362
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		5,247	(115)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	24	3,616	5,247

The accompanying Notes on pages 106 to 207 form an integral part of the financial statements.

NOTES TO THE
FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company is a public company limited by shares, incorporated and domiciled in Malaysia. The Company is listed on the Main Market of the Bursa Malaysia Securities Berhad. The registered office and principal place of business of the Company is located at A-12-01 Level 12, Block A, PJ8, No. 23 Jalan Barat, Seksyen 8, 46050 Petaling Jaya, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 25 March 2021.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and provision of management services. The principal activities of the subsidiaries are set out in Note 42 to the financial statements. There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

3. BASIS OF PREPARATION

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

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)
Amendment to MFRS 3: Definition of a Business
Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108: Definition of Material
Amendments to References to the Conceptual Framework in MFRS Standards

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

3. BASIS OF PREPARATION (CONT'D)

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	**Effective Date**
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: COVID-19 - Related Rent Concessions	1 June 2020
Amendments to MFRS 17 Insurance Contacts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022

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

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of Consolidation

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

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Basis of Consolidation (Cont'd)

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

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

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

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

(b) Non-controlling Interests

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

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

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

(d) Loss of Control

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Basis of Consolidation (Cont'd)

(d) Loss of Control (Cont'd)

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

4.2 Goodwill

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequent if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

In respect of equity-accounted associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates and joint ventures.

4.3 Financial Instruments

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Financial Instruments (Cont'd)

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

Fair value adjustments on shareholder's loans and advances at initial recognition are added to the carrying value of the investments in the financial statements of the Company.

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

(a) Financial Assets

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

<u>Debt Instruments</u>

Subsequent measurement of debt instruments depends on the Group's business model for managing the financial asset and the cash flow characteristics of the asset. There are 3 measurement categories into which the Group classifies its debt instruments:-

(i) Amortised Cost

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

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

(ii) Fair Value through Other Comprehensive Income

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Financial Instruments (Cont'd)

(a) Financial Assets (Cont'd)

Debt Instruments (Cont'd)

(iii) Fair Value through Profit or Loss

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

Equity Instruments

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

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

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

(b) Financial Liabilities

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

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss except for the amount of change in the fair value that is attributable to changes in the credit risk of that liability is recognised directly in other comprehensive income and is not subsequently reclassified to profit or loss upon the derecogntion of the financial liability.

(ii) Other Financial Liabilities

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Financial Instruments (Cont'd)

(c) Equity Instruments

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

(i) Ordinary Shares

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

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

(ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Where treasury shares are reissued by resale, the difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity. Where treasury shares are cancelled, their costs are transferred to retained profits.

(d) Derivative Financial Instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives during the reporting period, other than those accounted for under hedge accounting, are recognised directly in profit or loss.

Any derivative embedded in a financial asset is not accounted for separated. Instead, the entire hybrid contract is classified and subsequently measured as either amortised cost or fair value as appropriate.

An embedded derivative is recognised separately from the host contract which is a financial liability as a derivative if, and only if, its risks and characteristics are not closely related to those of the host contract and the host contract is not measured at fair value through profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Financial Instruments (Cont'd)

(e) Derecognition

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

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

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

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

(g) Hedge Activities

The Group enters into a derivative financial instrument to manage its exposure to interest rate risk, namely interest rate swap.

The Group designates the derivative as hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges).

(i) Hedge Accounting

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as a fair value hedge or cash flow hedge, whichever applicable.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Financial Instruments (Cont'd)

(g) Hedge Activities (Cont'd)

(i) Hedge Accounting (Cont'd)

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

(ii) Cash Flow Hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in equity under the cash flow hedge reserve, limited to the lower of cumulative gain or loss on the hedging instrument and cumulative change in fair value of the hedged item, from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affects profit or loss. If the hedged item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, the loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss immediately.

Hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated, or exercised, or when a hedge no longer meets the criteria for hedge accounting. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument and the cost of hedge reserve remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss in the hedging reserve and the cost of hedging reserve are reclassified to profit or loss immediately.

4.4 Functional and Foreign Currencies

(a) Functional and Presentation Currency

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

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

4. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

4.4 Functional and Foreign Currencies (Cont'd)

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the financial period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss except for differences arising from the translation of available-for-sale equity instruments which are recognised in other comprehensive income.

(c) Foreign Operations

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate and joint venture that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion that related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in an associate and joint venture that includes a foreign operation while retaining significant influence, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

4. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

4.4 Functional and Foreign Currencies (Cont'd)

(c) Foreign Operations (Cont'd)

The principal closing rates used in the translation of foreign currencies are as follows:-

	2020 RM	2019 RM
1 United States Dollar	4.017	4.093
1 Singapore Dollar	3.040	3.041
1 Australian Dollar	3.096	2.867
1 Chinese Renminbi	0.614	0.588

4.5 Impairment

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income, trade receivables and contract assets, as well as on financial guarantee contracts.

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

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

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

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

4. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

4.5 Impairment (Cont'd)

(b) Impairment of Non-Financial Assets

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

An impairment loss is recognised in profit or loss immediately.

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

4.6 Joint Arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements returns.

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangement and determined it to be joint venture.

A joint venture is a joint arrangement whereby the Group has rights only to the net assets of the arrangement.

The investment in a joint venture is accounted for in the consolidated financial statements using the equity method, based on the financial statements of the joint venture made up to 31 December 2020. The Group's share of the post-acquisition profits and other comprehensive income of the joint venture is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that joint control commences up to the effective date when the investment ceases to be a joint venture or when the investment is classified as held for sale. The Group's investment in the joint venture is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in a joint venture, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation. The interest in the joint venture is the carrying amount of the investment in the joint venture determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the joint venture.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 Joint Arrangements (Cont'd)

Unrealised gains on transactions between the Group and the joint venture are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are eliminated unless cost cannot be recovered.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture or when the investment is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that joint venture to profit or loss when the equity method is discontinued. However, the Group will continue to use the equity method when an investment in a joint venture becomes an investment in an associate. Under such change in ownership interest, the retained investment is not remeasured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the joint venture will be reclassified to profit or loss where appropriate. All dilution gains or losses arising in investments in joint ventures are recognised in profit or loss.

4.7 Investments in Associates

An associate is an entity in which the Group has a long-term equity interest and where it exercises significant influence over the financial and operating policies.

The investment in an associate is accounted for in the consolidated financial statements using the equity method based on the financial statements of the associate made up to 31 December 2020. The Group's share of the post acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's investment in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation. The interest in the associate is the carrying amount of the investment in the associate determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate.

Unrealised gains or losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 Property, Plant and Equipment

Property, plant and equipment, other than freehold land and buildings, are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land is not depreciated.

Power plant assets are depreciated to profit or loss on the straight-line basis over the period when the assets are available for use until the expiry of the power purchase agreement term.

Other property, plant and equipment, other than construction-in-progress, are depreciated to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line basis to write off the cost of each asset over its estimated useful life. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual depreciation rates are:-

Buildings	2.0% to 6.5%
Plant, machinery and equipment (other than power plant)	5.0% to 50%
Vehicles	20% to 33%

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Construction-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Construction-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use. Cost of construction-in-progress includes preliminary expenses, direct costs, related expenditure and interest cost on borrowings taken to finance the construction or acquisition of the assets to the date that the assets are completed and put into use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 Property, Plant and Equipment (Cont'd)

4.8.1 Bearer Plants

Bearer plants are living plants used in the production or supply of agricultural produce; are expected to bear produce for more than one period; and have a remote likelihood of being sold as agricultural produce.

Bearer plants mainly include mature and immature coconut and other crops plantations. Immature plantations are stated at acquisition cost which includes costs incurred for field preparation, planting, fertilising and maintenance, capitalisation of borrowing costs incurred on loans used to finance the developments of immature plantations and an allocation of other indirect costs based on planted hectares. Mature plantations are stated at acquisition cost less accumulated depreciation and impairment.

Mature plantations are depreciated on a straight line basis and over its estimated useful life, upon commencement of commercial production.

Interest on borrowings to finance the acquisition and construction of bearer plants is capitalised during the period of time that is required to complete and prepare the bearer plant for its intended use. All other borrowing costs are expensed.

The carrying values of bearer plants are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits.

A bearer plant is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the bearer plant is included in the income statement in the year the bearer plant is derecognised.

Produce that grows on mature plantations are measured at fair value less estimated point-of-sale costs. Point-of-sale costs include all costs that would be necessary to sell the produce.

4.9 Leases

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 Leases (Cont'd)

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

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

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

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

Variable rents that linked to future performance or usage of the underlying asset are not included in the measurement of the lease liability and the right-of-use asset. Instead, these payments are recognised as an expense in the period in which the performance or use occurs.

4.10 Investment Properties

Investment properties are properties which are owned or right-of-use assets held either 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 initially measured at cost. Cost includes expenditures that are directly attributable to the acquisition of 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 its intended use. The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets.

Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 Investment Properties (Cont'd)

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property or inventories, the fair value at the date of change becomes the cost for subsequent accounting purposes. If owner-occupied property becomes an investment property, such property shall be accounted for in accordance with the accounting policy for property, plant and equipment up to the date of change in use.

4.11 Service Concession Arrangement

A service concession arrangement is an arrangement involving an operator constructing and/or upgrading, operating and maintaining infrastructure used to provide a public service for a specified period of time. The operator is paid for its services over the period of the arrangement. The arrangement is governed by a contract that sets out performance standards, mechanisms for adjusting prices and arrangements for arbitrating disputes. The grantor controls (through ownership, beneficial entitlement or otherwise) any significant residual interest in the infrastructure at the end of the term of the arrangement.

The Group provides construction services to the grantor in exchange for the concession assets, the construction revenue is recognised at the fair value using the output method as guided under Note 4.21(c) to the financial statements, with corresponding entry recorded as an intangible asset (service concession asset) in the consolidated statement of financial position. The service concession asset represents the Group's rights (license) to charge the grantor, based on usage of the public service for the construction of assets.

Provision for anticipated loss on the construction project will be made in the financial statements as soon as the possibility of loss is ascertained.

Where an indication of impairment exists, the carrying amount of the service concession asset is assessed and written down immediately to its recoverable amount.

4.12 Intangible Asset (Service Concession Asset)

Intangible asset recognised as a result of the service concession arrangement are measured at cost, which are the fair value of the consideration received or receivable for the construction services provided and is amortised on a straight-line basis over the period when it is available for use until the end of 25 years, starting from commercial operation date ("COD").

The Group estimate the fair value of the consideration received or receivable for the construction services provided to be equal to the projected project costs plus a margin. Project costs comprise all costs incurred during the development and construction phase of the Project and borrowing costs. Development costs include preliminary site works, environmental and social, project development and management, professional fees and insurance costs. Costs during the construction phase include Engineering, Procurement, Construction and Commissioning Contract ("EPCC Contract") and construction of Transmission Facility.

The costs of day-to-day servicing of the intangible asset are recognised in profit or loss when incurred.

Where an indication of impairment exists, the carrying amount of the intangible asset is assessed and written down immediately to its recoverable amount.

4. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

4.13 Inventories

(a) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle is classified as non-current. The carrying amount of such land classified as inventory under non-current assets is carried at the lower of cost and net realisable value.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Land held for property development is reclassified as property development costs under current assets at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(b) Property under development

Properties under development are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses and the anticipated costs to completion, or by management estimates based on prevailing marketing conditions.

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately. Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value. On completion, sold properties are recognised in profit or loss and unsold properties are transferred to developed properties held for sale.

(c) Developed properties held for sale

Units of development properties Completed and held for sale are stated at the lower of cost and net realisable value. Cost is determined by the specific identification method and consist of costs associated with the acquisition of land including all related costs incurred subsequent to the acquisition necessary to prepare the land for its intended use, direct costs, appropriate proportions of common costs attributable to developing the properties to completion and borrowing costs.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 Inventories (Cont'd)

(d) Other inventories

Other inventories are stated at the lower of cost (determined on a weighted average or first-in first-out method, as applicable) and net realisable value after making due allowance for any obsolete or slow-moving items. The cost of raw materials includes the original purchase price and the incidental expenses incurred in bringing the inventories to their present location and condition. The cost of work-in-progress and finished goods includes the cost of raw materials, direct labour and an appropriate proportion of overheads.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

4.14 Contract Costs

(a) Incremental Costs of Obtaining A Contract

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

(b) Costs to Fulfil A Contract

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

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

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

4.15 Contract Asset and Contract Liability

Contract asset represents (i) Group's right to consideration for construction work completed on construction contracts but not yet billed as at the reporting date or (ii) contract of which incurred construction costs exceed calculated construction costs, and costs of project of which revenue have not yet been recognised.

Contract liability 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.

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.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 Cash and Cash Equivalents

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

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

4.17 Subsidiaries

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

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

4.18 Capitalisation of Borrowing Costs

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

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

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

4.19 Provisions

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

(a) Dismantling, Removal and Restoration Costs

A provision is recognised when the Group has an obligation to dismantle and remove structures on identified sites and restore these sites to an acceptable condition under the contract. The provision is measured at the present value of the compounded future expenditure at current prices.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.20 Contingent Liabilities and Contingent Assets

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

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

A contingent asset is a probable asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

A contingent asset is not recognised but is disclosed in the notes to the financial statements. When its inflow of economic benefit is virtually certain, then the related asset is recognised in the statements of financial position.

4.21 Revenue From Contracts With Customers

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract.

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

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:-

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.21 Revenue From Contracts With Customers (Cont'd)

(a) Revenue from the sale of goods

Revenue from the sale of goods is measured at fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of goods and services tax, returns, cash and trade discounts.

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

The Group's obligation to repair or replace faulty products under the standard terms is recognised as a provision.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(b) Revenue from energy sale

Revenue from the sale of energy is recognised upon invoiced value of electricity generated, net of billing adjustments and indirect taxes (whichever applicable) because the customer receives and uses the benefits simultaneously.

Customers are invoiced on a monthly basis and consideration is payable when invoiced.

(c) Revenue from service concession arrangement

Construction revenue from service concession arrangement is recognised for operator services provided under the terms of a service concession arrangement and receives payment for its services over the period of the arrangement. This typically involves the operator constructing or upgrading infrastructure which is used to provide a public service and then being responsible for operating and maintaining that infrastructure for a specified period of time.

Revenue from construction services is recognised over time in the period in which the services are rendered using the output method, by reference to the construction progress based on the physical proportion of construction work assessed by the project engineers. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

An intangible asset is recognised when the construction services are rendered. If the construction services rendered exceed the payment received, a contract asset is recognised. If the payments exceed the construction services rendered, a contract liability is recognised.

Revenue and costs of the operator relating to the construction or upgrade services and revenue and costs relating to the operation services are accounted for as described in Note 4.11 Service Concession Arrangement.

NOTES TO THE
FINANCIAL STATEMENTS (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.21 Revenue From Contracts With Customers (Cont'd)

(d) Revenue from property development

The revenue from property development is measured at the fixed transaction price agreed under the sales and purchase agreement.

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group and the Company will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer.

Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's and the Company's performance do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group recognise revenue over time based on the stage of completion method as determined by the proportion of the units sold attributable to the percentage of development work where the outcome of the projects can be reliably estimated. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

The promised properties are specifically identified by its plot, lot and parcel number and its attributes (such as its size and location) as in the attached layout plan in the sale and purchase agreements. The purchasers could enforce its rights to the promised properties if the Group and the Company seek to sell the unit to another purchaser. The contractual restriction on the Group's and the Company's ability to direct the promised property for another use is substantive and the promised properties sold to the purchasers do not have an alternative use to the Group and the Company. The Group and the Company have the right to payment for performance completed to date, is entitled to continue to transfer to the customer the development units promised, and has the rights to complete the construction of the properties and enforce its rights to full payment.

The Group recognises sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers and it is probable that the Group and the Company will collect the consideration to which it will be entitled to in exchange for the assets sold.

4.22 Revenue From Other Sources And Other Operating Income

(a) Dividend Income

Dividend income from subsidiaries and other investments are recognised when the shareholders' right to receive is established.

4. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

4.22 Revenue From Other Sources And Other Operating Income (Cont'd)

(b) Interest income

Interest income on short-term deposits and advances are recognised on an accrual basis based on effective interest method.

(c) Provision of management services

Revenue from the provision of management services is recognised based on services rendered.

(d) Rental income

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

(e) Government Grant

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

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

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

4.23 Income Tax

(a) Current Tax

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

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

(b) Deferred Tax

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.23 Income Tax (Cont'd)

(b) Deferred Tax (Cont'd)

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

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

Where investment properties are carried at their fair value, 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 embodies in the property over time, rather than through sale.

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

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

4.24 Employee Benefits

(a) Short-Term Benefits

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

Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.24 Employee Benefits (Cont'd)

(b) Defined Contribution Plans

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

(c) Share-Based Payment Transactions

The Group operates an equity-settled share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments of the Company (known as "share options").

At grant date, the fair value of the share options is recognised as an expense on a straight-line method over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding credit to employees' share option reserve in equity. The amount recognised as an expense is adjusted to reflect the actual number of the share options that are expected to vest. Service and non-market performance conditions attached to the transaction are not taken into account in determining the fair value.

In the Company's separate financial statements, the grant of the share options to the subsidiaries' employees is not recognised as an expense. Instead, the fair value of the share options measured at the grant date is accounted for as an increase to the investment in subsidiary undertaking with a corresponding credit to the employees' share option reserve.

Upon expiry of the share option, the employees' share option reserve is transferred to retained profits.

When the share options are exercised, the employees' share option reserve is transferred to share capital or share premium if new ordinary shares are issued, or to treasury shares if the share options are satisfied by the reissuance of treasury shares.

(d) Termination Benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for those benefits.

4.25 Earnings Per Ordinary Share

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.26 Operating Segments

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

Segment assets include all assets used by a segment. Most segment assets can be directly attributed to the segments on a reasonable basis. Segment assets do not include tax assets, whilst segment liabilities do not include tax liabilities.

Segment revenue, expenses and results include transfers between segments. These transfers are eliminated on consolidation.

4.27 Non-Current Assets Held For Sale and Discontinued Operations

Non current assets (or disposal group comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the non-current assets (or the disposal group) are remeasured in accordance with the Group's accounting policies. Upon classification as held for sale, the non-current assets (the disposal group) are not depreciated and are measured at the lower of their previous carrying amount and fair value less cost to sell. Any differences are recognised in profit or loss.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

4.28 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. However, this basis does not apply to share-based payment transactions.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.28 Fair Value Measurement (Cont'd)

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

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

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

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

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

4.29 Accounting Estimates and Judgements

The outbreak of the COVID-19 has brought unprecedented challenges and added economic uncertainties in Malaysia and markets in which the Group operates. While the Group has considered the potential financial impact of the COVID-19 pandemic in the preparation of these financial statements, the full financial impact to the Group remains uncertain. Accordingly, there is a possibility that factors not currently anticipated by management could occur in the future and therefore affect the recognition and measurement of the Group's assets and liabilities at the reporting date.

Key Sources of Estimation Uncertainty

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

(a) Depreciation and Amortisation of Property, Plant and Equipment, Intangible Asset and Right-Of-Use Assets

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.29 Accounting Estimates and Judgements (Cont'd)

Key Sources of Estimation Uncertainty (Cont'd)

(b) Valuation of Investment Properties

Investment properties of the Group are reported at fair value which is based on valuations performed by independent professional valuers by reference to the selling prices of recent transactions and asking prices of similar properties of nearby location and where necessary, adjusting for factors such as tenure, location, size, market trends. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuations.

The independent professional valuers have exercised judgement in determining discount rates, estimates of future cash flows, capitalisation rate, terminal value, market rental, and other factors used in the valuation process. Also, judgement has been applied in estimating prices for less readily observable external parameters. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting fair value.

(c) Impairment of Property, Plant and Equipment, Intangible Asset, Right-Of-Use Assets and Investment Properties

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

(d) Classification between Investment Properties and Owner-Occupied Properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independent of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.29 Accounting Estimates and Judgements (Cont'd)

Key Sources of Estimation Uncertainty (Cont'd)

(e) Lease terms

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

(f) Impairment of Trade Receivables and Contract Assets

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group develops the expected loss rates based on the payment profiles of past sales (including changes in the customer payment profile in response to the COVID-19 pandemic) and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables and contract assets. The carrying amount of trade receivables as at the reporting date is disclosed in Note 23 to the financial statements.

(g) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting period. The carrying amounts of other receivables and amounts owing by subsidiaries as at the reporting date are disclosed in Note 23 to the financial statements.

(h) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.29 Accounting Estimates and Judgements (Cont'd)

Key Sources of Estimation Uncertainty (Cont'd)

(i) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the year in which such determination is made.

(j) Share-based Payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity investments at the date at which they are granted. The estimating of the fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option volatility and dividend yield and making assumptions about them.

(k) Contingent Liabilities

The recognition and measurement for contingent liabilities is based on management's view of the expected outcome on contingencies after consulting legal counsel for litigation cases and experts, for matters in the ordinary course of business.

5. REVENUE

	GROUP 2020 RM'000	GROUP 2019 RM'000	COMPANY 2020 RM'000	COMPANY 2019 RM'000
Continuing operations				
Construction revenue (Note 14)	-	435,289	-	-
Energy sale	510,214	35,086	-	-
Sale of goods	249,562	220,955	-	-
Sale of properties	-	2,550	-	-
Dividend income	84	227	114,024	77,260
Interest income	25	5	477	233
Rental income	7,241	7,821	-	-
Management fee	-	-	1,598	1,628
	767,126	701,933	116,099	79,121

The information on the disaggregation of revenue is disclosed as follows:-

	GROUP 2020 RM'000	GROUP 2019 RM'000	COMPANY 2020 RM'000	COMPANY 2019 RM'000
Revenue recognised:				
- At point of time	767,126	266,644	116,099	79,121
- Over time	-	435,289	-	-
	767,126	701,933	116,099	79,121
Represented by geographical markets:				
- Lao PDR	509,966	470,375	-	-
- Malaysia	126,792	130,340	116,099	79,121
- Other countries	130,368	101,218	-	-
	767,126	701,933	116,099	79,121

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

6. PROFIT FROM OPERATIONS - CONTINUING OPERATIONS

This is arrived at:-

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
After crediting:				
Dividend income from equity investments at fair value through other comprehensive income	1,000	1,060	114,024	77,260
Gain on disposal of property, plant and equipment	115	4	-	-
Gain on foreign exchange:				
- Realised	378	2,562	-	-
- Unrealised	1	158	-	-
Interest income on financial assets that are not at fair value through profit or loss:				
- Advances to subsidiaries	-	-	452	228
- Deposits with financial institutions	4,105	1,661	25	5
Rental income	8,283	8,668	-	-
After charging:				
Amortisation of intangible asset	81,675	-	-	-
Auditors' remuneration:				
- Audit fees:				
- For the financial year	596	565	85	85
- Underprovision in previous financial years	10	120	-	60
- Non-audit fees:				
- Auditors of the Company	47	49	47	49
Depreciation of:				
- Property, plant and equipment	15,658	14,979	39	28
- Right-of-use assets	5,614	6,114	569	2,063
Direct operating expenses arising from investment properties	2,261	2,794	-	-
Directors' remuneration:				
- Fees	436	443	436	443
- Salary, bonus and other remuneration	958	824	958	824
- Defined contribution plan	115	87	115	87
- Other emoluments	28	26	28	26
Fair value loss on cash flow hedge recycled from other comprehensive income (Note 10)	9,546	-	-	-
Impairment loss on:				
- Property, plant and equipment	80	-	-	-
- Right-of-use assets	-	535	-	-
Loss on foreign exchange:				
- Realised	1,377	847	372	31
- Unrealised	482	441	2,348	5,813
Property, plant and equipment written off	-	1,381	-	556
Share of loss in associates	11	-	-	-
Staff costs:				
- Defined contribution plan	2,287	2,172	454	413
- Salaries, wages, bonuses and allowances	29,924	28,247	3,833	3,521
- Other benefits	1,498	2,107	133	152
Write-down in value of inventories	1,754	557	-	-

There was no monetary value of benefits-in-kind received by Directors of the Group and of the Company for the financial years ended 31 December 2020 and 31 December 2019.

6. PROFIT FROM OPERATIONS - CONTINUING OPERATIONS (CONT'D)

(a) Details of net impairment loss on financial assets included in profit from operations are as follows:-

	GROUP		COMPANY	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
After charging:				
Net impairment loss on financial assets during the financial year:				
- Individually impaired	6,864	-	-	-
- Additions under MFRS 9	1,509	2,074	-	-
- Writeback of impairment losses	(89)	-	-	-
	8,284	2,074	-	-

7. FINANCE COSTS

	GROUP		COMPANY	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Continuing operations				
Interest on financial liabilities that are not at fair value through profit or loss:				
- Bank overdrafts	78	220	5	122
- Revolving credits	7,366	3,185	172	1,301
- Amount owing to subsidiaries	-	-	2,520	4,418
- Term loans	8,850	1,590	-	-
- Lease liabilities	992	768	21	21
- Bankers' acceptances	435	528	-	-
Interest rate swap expense	2,532	-	-	-
Others	2,078	2,142	385	361
	22,331	8,433	3,103	6,223

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

8. TAX EXPENSE

	GROUP 2020 RM'000	GROUP 2019 RM'000	COMPANY 2020 RM'000	COMPANY 2019 RM'000
Current tax:				
- Current financial year	4,966	5,755	144	78
- Under/(Over)provision in the previous financial year	7	(198)	1	(5)
	4,973	5,557	145	73
Deferred tax (Note 31):				
- Relating to originating and recognition of temporary differences	3,973	22,363	-	-
- Overprovision in the previous financial years	(273)	(63)	-	-
- Remeasurement of deferred tax on intangible asset arising from change in Lao PDR's corporate tax rate	2,412	(13,972)	-	-
	6,112	8,328	-	-
	11,085	13,885	145	73
Represented by				
Tax expenses on:				
- continuing operations	10,787	11,984	145	73
- discontinued operations (Note 9)	298	1,901	-	-
Total tax expense	11,085	13,885	145	73

Malaysia Income Tax Act 1967

Domestic income tax is calculated at the statutory tax rate of 24% (2019: per actual rate of tax computation for certain subsidiaries of the Company in Malaysia) on the estimated assessable profit for the year.

The unused tax losses and unabsorbed reinvestment allowances are allowed to be utilised for 7 consecutive years of assessment while unabsorbed capital allowances and unabsorbed investment tax allowances are allowed to be carried forward indefinitely and utilised against income from the same business source, provided there is no substantial change in the shareholders of the subsidiaries.

8. TAX EXPENSE (CONT'D)

Other Tax Jurisdictions

The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdictions, as follows:-

a) Lao PDR - maximum rate of 24% (2019: 20%)

b) Kingdom of Cambodia ("Cambodia") - 20% (2019: 20%)

The subsidiary in the Lao People's Democratic Republic ("Lao PDR") is exempted from income tax during the period starting from the date of incorporation until the end of the 5th anniversary of the concession plant's commercial operation date ("COD"). Thereafter, the subsidiary in Lao PDR would be subjected to the prevailing corporate income tax rate.

The unused tax losses of the subsidiary in the Cambodia in any year of assessment can only be carried forward for a maximum period of 5 consecutive years of assessment immediately following that year of assessment.

A reconciliation of tax expense applicable to profit before tax at the Malaysia statutory tax rate to tax expense at the effective tax rate of the Group and of the Company is as follows:-

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit before tax:				
- Continuing operations	388,997	188,404	102,648	56,506
- Discontinued operations	268	590	-	-
	389,265	188,994	102,648	56,506
Tax at Malaysian statutory rate of 24%	93,424	45,359	24,636	13,561
Tax effects of:				
- Effect of change in corporate income tax rate in:				
- Lao PDR	2,412	(13,972)	-	-
- Non-taxable/Tax exempted income	(86,834)	(23,744)	(27,384)	(18,542)
- Expenses not deductible	4,345	8,160	2,892	5,059
- Deferred tax assets not recognised during the financial year	980	1,191	-	-
- Utilisation of deferred tax asset not recognised previously	(519)	-	-	-
- Utilisation of reinvestment allowances	(2,457)	(2,848)	-	-
- Under/(Over)provision in previous financial years:				
- Current tax	7	(198)	1	(5)
- Deferred tax	(273)	(63)	-	-
Tax expense for continuing and discontinued operations	11,085	13,885	145	73

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

8. TAX EXPENSE (CONT'D)

No deferred tax assets are recognised in respect of the following items:-

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Unutilised tax losses	10,781	8,156	-	-
Unabsorbed capital allowances	5,046	5,057	-	-
Others	4,930	5,623	-	-
	20,757	18,836	-	-

Deferred tax assets have not been recognised in respect of the unutilised tax losses and unabsorbed capital allowances as they arose from the subsidiaries that have a history of losses and it is not probable that there will be future taxable profits available for offset in the foreseeable future.

As at 31 December 2020, subject to agreement with the Inland Revenue Board, apart from the unutilised tax losses and unabsorbed capital allowances, the Group has unutilised reinvestment allowances of approximately RM19,384,000 (2019: RM19,169,000) available to be carried forward to be offset against future taxable income.

9. DISCONTINUED OPERATIONS

The Group's discontinued operations relate to the power plant in Tawau, Sabah operated by 51%-owned Serudong Power Sdn Bhd ("SPSB"). The Power Purchase Agreement ("PPA") expired on 2 December 2017. Accordingly, the Group has presented and disclosed in the financial statements the results of SPSB in accordance to MFRS 5 (Non-current Assets Held for Sale and Discontinued Operations). The results of the discontinued operations are presented below:-

		GROUP	
	Note	2020 RM'000	2019 RM'000
Revenue		-	-
Cost of sales		(38)	(168)
Gross loss		(38)	(168)
Other income		1,294	1,898
Administrative expenses		(988)	(1,140)
Profit before tax	9(a)	268	590
Tax expense	9(b)	(298)	(1,901)
Loss after tax/Total comprehensive expenses		(30)	(1,311)
Profit/(Loss) after tax/Total comprehensive income/(expenses) attributable to:			
- Owners of the Company		(69)	1,933
- Non-controlling interests		39	(3,244)
		(30)	(1,311)

9. DISCONTINUED OPERATIONS (CONT'D)

(a) Included in profit before tax are the following items:-

	GROUP	
	2020	**2019**
	RM'000	**RM'000**
After crediting:		
Gain on disposal of plant and equipment	-	8
Interest income:		
- Deposits with financial institutions	95	95
- Ultimate holding company	1,198	1,774
After charging:		
Audit fee:		
- Current financial year	18	30
- (Over)/Underprovision in the previous financial year	(13)	6
Staff costs:		
- Defined contribution plan	-	15
- Salaries, wages, bonuses and allowances	19	142
- Other benefits	-	13
Writeback in value of inventories	-	(10)

(b) Tax expense consists of:-

	GROUP	
	2020	**2019**
	RM'000	**RM'000**
Current tax:		
- Current financial year	321	2,121
- Overprovision in previous financial years	(23)	(220)
	298	1,901

(c) The cash flows attributable to the discontinued operations are as follows:-

	2020	**2019**
	RM'000	**RM'000**
Net cash for operating activities	(2,145)	(4,178)
Net cash (for)/from investing activities	^1(13,434)	3,499
Net cash for financing activities^2	(4,732)	(5,614)
Net cash for discontinued operations	(20,311)	(6,293)

^1 - *Comprised interest-bearing advances of RM14.7 million made to ultimate holding company.*
^2 - *In respect of dividend paid to shareholders.*

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

10. OTHER COMPREHENSIVE INCOME/(EXPENSES)

	GROUP 2020 RM'000	GROUP 2019 RM'000	COMPANY 2020 RM'000	COMPANY 2019 RM'000
Continuing operations				
Items that will be reclassified subsequently to profit or loss				
Foreign currency translation:				
- Changes during the financial year	(37,982)	(13,338)	-	-
Cash flow hedge:				
- Changes during the financial year	(5,155)	(5,038)	-	-
- Recycled to profit or loss upon termination of hedge contract (Note 6)	9,546	-	-	-
	4,391	(5,038)	-	-
	(33,591)	(18,376)	-	-
Items that will not be reclassified subsequently to profit or loss				
Fair value of equity instruments				
- Changes during the financial year	44,123	6,134	1,897	1,230
Other comprehensive income/(expenses) from continuing operations	10,532	(12,242)	1,897	1,230

11. EARNINGS PER SHARE

	GROUP 2020	GROUP 2019
Profit after tax for the financial year attributable to owners of the Company (RM'000):		
- Continuing operations	321,359	151,735
- Discontinued operations	(69)	1,933
	321,290	153,668
Weighted average number of ordinary shares ('000):-		
Issued ordinary shares on 1 January	438,342	417,364
Effect of new ordinary shares issued pursuant to:		
- ESOS options	11,415	636
- Warrants	25,935	4,778
Effect of treasury shares held	(20,497)	(20,497)
Weighted average number of ordinary shares for the financial year	455,195	402,281
Basic earnings per share (sen):		
- Continuing operations	70.60	37.72
- Discontinued operations	(0.02)	0.48
	70.58	38.20

11. EARNINGS PER SHARE (CONT'D)

11.1 The basic earnings per share is calculated by dividing the Group's profit after tax attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the financial year excluding treasury shares held by the Company.

11.2 The diluted earnings per share is equal to the basic earnings per share as there is no outstanding dilutive equity instrument issued by the Company as at end of reporting period.

12. DIVIDENDS

	COMPANY	
	2020 **RM'000**	**2019** **RM'000**
Final tax-exempt dividend of 2.0 sen per ordinary share in respect of the financial year ended 31 December 2018	-	7,999
Final single-tier dividend of 6.0 sen per ordinary share in respect of the financial year ended 31 December 2019	28,420	-
First interim single-tier dividend of 6.0 sen per ordinary share in respect of the financial year ended 31 December 2020	28,421	-
	56,841	7,999

On 26 February 2021, the Board has declared a final single-tier dividend of 6.5 sen per ordinary share for the financial year ended 31 December 2020 (2019: final single-tier dividend of 6.0 sen). Such dividend will be accounted in equity as an appropriation of retained profits in the financial year ending 31 December 2021. The final dividend will be paid on 19 April 2021 to the Depositors who are registered in the Record of Depositors at the close of business on 8 April 2021.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

13. PROPERTY, PLANT AND EQUIPMENT

GROUP	Freehold Land and Buildings RM'000	Plant and Machinery RM'000	Bearer Plants RM'000	Equipment, Vehicles and Construction-in-Progress RM'000	Total RM'000
Cost					
At 1 January 2019	53,253	319,565	20,228	28,998	422,044
Additions	2,724	6,653	12,621	4,704	26,702
Disposals/Write-offs	(2,911)	(528)	(286)	(837)	(4,562)
Transfer to assets held for sale (Note 25)	-	(103,941)	-	(2,843)	(106,784)
Translation differences	(10)	(8)	(282)	(64)	(364)
At 31 December 2019/1 January 2020	53,056	221,741	32,281	29,958	337,036
Additions	3,808	8,261	17,206	15,255	44,530
Disposals/Write-offs	-	(320)	-	(20)	(340)
Translation differences	(22)	(23)	(1,192)	(166)	(1,403)
At 31 December 2020	56,842	229,659	48,295	45,027	379,823
Impairment Losses					
At 1 January 2019	-	(10,392)	-	(79)	(10,471)
Transfer to assets held for sale (Note 25)	-	10,392	-	79	10,471
At 31 December 2019/1 January 2020	-	-	-	-	-
Additions	(80)	-	-	-	(80)
At 31 December 2020	(80)	-	-	-	(80)
Accumulated Depreciation					
At 1 January 2019	(11,068)	(170,629)	-	(17,013)	(198,710)
Depreciation charges	(965)	(11,658)	-	(2,356)	(14,979)
Disposals/Write-offs	2,088	486	-	569	3,143
Reclassification	189	(43)	-	(146)	-
Transfer to assets held for sale (Note 25)	-	93,549	-	2,764	96,313
Translation differences	(16)	1	-	(18)	(33)
At 31 December 2019/1 January 2020	(9,772)	(88,294)	-	(16,200)	(114,266)
Depreciation charges	(834)	(12,094)	-	(2,730)	(15,658)
Disposals/Write-offs	-	318	-	18	336
Translation differences	4	7	-	63	74
At 31 December 2020	(10,602)	(100,063)	-	(18,849)	(129,514)
Net Book Value					
At 31 December 2020	46,160	129,596	48,295	26,178	250,229
At 31 December 2019	43,284	133,447	32,281	13,758	222,770

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

COMPANY	Bearer Plants RM'000	Equipment and Vehicles RM'000	Total RM'000
Cost			
At 1 January 2019	6,775	2,763	9,538
Additions	942	101	1,043
Write-offs	(556)	-	(556)
At 31 December 2019/1 January 2020	7,161	2,864	10,025
Additions	793	6	799
Write-offs	-	(2)	(2)
At 31 December 2020	7,954	2,868	10,822
Accumulated Depreciation			
At 1 January 2019	-	(2,704)	(2,704)
Depreciation charges	-	(28)	(28)
At 31 December 2019/1 January 2020	-	(2,732)	(2,732)
Depreciation charges	-	(39)	(39)
Write-offs	-	2	2
At 31 December 2020	-	(2,769)	(2,769)
Net Book Value			
At 31 December 2020	7,954	99	8,053
At 31 December 2019	7,161	132	7,293

Property, plant and equipment of the Group with net book value of RM38,235,000 (2019: RM36,284,000) have been charged as security for banking facilities granted to certain subsidiaries.

NOTES TO THE
FINANCIAL STATEMENTS (Cont'd)

14. INTANGIBLE ASSET

	GROUP	
	2020 RM'000	2019 RM'000
Cost		
At 1 January	2,048,137	1,635,027
Additions during the financial year (Note 5)	-	435,289
Translation differences	(38,031)	(22,179)
At 31 December	2,010,106	2,048,137
Accumulated Amortisation		
At 1 January	-	-
Amortisation during the financial year	(81,675)	-
Translation differences	3,613	-
At 31 December	(78,062)	-
Net carrying amount as at 31 December	1,932,044	2,048,137

Don Sahong Hydropower Project

On 13 February 2008, the Group had signed the Project Development Agreement with the Government of Lao PDR to develop, build, own and operate the Don Sahong Hydropower Project in the Khong District, Champassak Province, Lao PDR.

On 15 September 2015, the Group entered into a Concession Agreement ("CA") with Lao PDR, whereby the Lao PDR had granted on a build, operate and transfer basis, the concession rights to the Group for the development of the Don Sahong Hydropower Project. The Project is a 260MW run-of-river hydropower project capable of generating about 2,000 GWh of electricity per year.

At the expiration of the concession period or upon the early termination of the CA by either Party, the Group shall transfer the Project Assets to the Lao PDR, in accordance with the terms and conditions of the CA including the Group's obligations with respect to Prudent Utility Practices and in compliance with the Lao PDR Law, together with all data and information required to be provided to the Lao PDR.

On 1 October 2015, the Group entered into a Power Purchase Agreement ("PPA") with Electricité Du Laos ("EDL") for the sale by its subsidiary and the purchase by EDL of all electricity generated by the Project on a take-or-pay basis. The construction works on the Don Sahong Hydropower Project which commenced in the fourth quarter of 2015 was completed at the end of 2019.

The Group received a certificate from the Ministry of Energy and Mines of Laos confirming the Project has achieved the Commercial Operation Date ("COD") on 1 October 2020. The concession period shall end on the date occurring twenty-five (25) years after the COD, which is on 30 September 2045.

In the previous financial year, the Group recognised revenue in respect of its construction services under a service concession arrangement with the corresponding entry in the statement of financial position under intangible asset, which arose because of its concession right in the CA.

Included in intangible asset in the previous financial year was RM25,289,000 capitalised interest from term loan and revolving credit.

The Group has assessed the recoverable amount of the intangible asset and determined that no impairment is required.

15. INVESTMENT PROPERTIES

	GROUP 2020 RM'000	2019 RM'000
Leasehold land and buildings, at fair value	177,212	177,212

The details of the Group's investment properties that are carried at fair values are analysed as follows:-

Group	Level 2 RM'000	Level 3 RM'000	Total RM'000
2020			
Leasehold land and buildings	171,542	5,670	177,212
2019			
Leasehold land and buildings	171,542	5,670	177,212

The level 2 fair value of the leasehold land and buildings has been derived using the market comparison approach with reference to sales price of comparable properties in close proximity, adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties. There has been no change to the valuation technique during the financial year.

The level 3 fair value of the leasehold land and buildings has been determined based on the following significant unobservable input:-

Unobservable Input	Relationship of Unobservable Input to Fair Value
Future rental cash inflows at gross rental yield ranges from 6.5% to 8% (2019: 8%).	The higher the rental income, the higher the fair value.

Investment property of a subsidiary with carrying value of approximately RM121,109,000 (2019: RM121,109,000) has been charged as security for revolving credit facilities granted to the Company and a subsidiary.

Certain investment properties of the Group are leased to customers under operating leases with rentals payable monthly. Each of the lease contains an initial non-cancellable period and the subsequent renewals are negotiated separately on a contract by contract basis.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

15. INVESTMENT PROPERTIES (CONT'D)

The Group does not require a financial guarantee on its lease arrangements. Instead, the Group requires 3 months of advanced rental deposit from the customers. The leases do not include residual value guarantee and variable lease payments. The undiscounted operating lease payments receivable are as follows:-

	GROUP	
	2020	**2019**
	RM'000	**RM'000**
Within 1 year	5,294	6,859
Between 1 and 2 years	1,868	4,613
Between 2 and 3 years	132	1,529
Between 3 and 4 years	52	80
At end of financial year	7,346	13,081

16. INVENTORIES

	GROUP	
	2020	**2019**
	RM'000	**RM'000**
Non-Current		
(i) Land held for property development		
- Freehold land	3,093	3,093
- Leasehold land	24,141	24,141
	27,234	27,234
(ii) Property development costs	16,209	16,209
	43,443	43,443
Current		
(iii) Completed properties for sale	9,845	9,845
(iv) Other inventories		
- Finished goods and work-in-progress	22,024	10,165
- Materials, spare parts and consumables	29,933	46,964
	51,957	57,129
	61,802	66,974
Recognised in profit or loss		
Inventories recognised as cost of sales	201,225	187,683
Write-down in value of inventories	1,754	547

Notes To The Financial Statements (Cont'd)

17. RIGHT-OF-USE ASSETS

GROUP	Leasehold Land and Land Use Right RM'000	Plant and Equipment RM'000	Total RM'000
Cost			
At 1 January 2019	101,412	16,310	117,722
Additions	824	3,321	4,145
Translation differences	10	-	10
At 31 December 2019/1 January 2020	102,246	19,631	121,877
Additions	10,395	3,647	14,042
Translation differences	(122)	-	(122)
At 31 December 2020	112,519	23,278	135,797
Accumulated Depreciation			
At 1 January 2019	(16,793)	(2,447)	(19,240)
Depreciation charges	(4,021)	(2,093)	(6,114)
Translation differences	1	-	1
At 31 December 2019/1 January 2020	(20,813)	(4,540)	(25,353)
Depreciation charges	(3,183)	(2,431)	(5,614)
Translation differences	3	-	3
At 31 December 2020	(23,993)	(6,971)	(30,964)
Impairment Losses			
At 1 January 2019	-	-	-
Addition	(535)	-	(535)
At 31 December 2019/1 January 2020	(535)	-	(535)
Addition	-	-	-
At 31 December 2020	(535)	-	(535)
Net Book Value			
At 31 December 2020	87,991	16,307	104,298
At 31 December 2019	80,898	15,091	95,989

NOTES TO THE
FINANCIAL STATEMENTS (Cont'd)

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

COMPANY	Leasehold Land and Land Use Right RM'000	Plant and Equipment RM'000	Total RM'000
Cost			
At 1 January 2019	13,654	859	14,513
Additions	-	369	369
At 31 December 2019/1 January 2020	13,654	1,228	14,882
Additions	-	-	-
At 31 December 2020	13,654	1,228	14,882
Accumulated Depreciation			
At 1 January 2019	-	(57)	(57)
Depreciation charges	(1,830)	(233)	(2,063)
At 31 December 2019/1 January 2020	(1,830)	(290)	(2,120)
Depreciation charges	(323)	(246)	(569)
At 31 December 2020	(2,153)	(536)	(2,689)
Net Book Value			
At 31 December 2020	11,501	692	12,193
At 31 December 2019	11,824	938	12,762

The Group leases certain pieces of leasehold land, machineries and motor vehicles of which the leasing activities are summarised below:-

(i) Leasehold Land and Land Use Rights

The Group leases certain pieces of leasehold land and land use right through entering of various agreements (which is non-cancellable operating lease in nature) for the use of the land. The lease period ranges from 25 to 99 years.

(ii) Plant and Equipment

The Group has leased certain machineries and motor vehicles under hire purchase arrangements with lease terms ranging from 3 to 5 years. At the end of the lease term, the ownership of the assets would be transferred to the Group. The lease liabilities bear effective interest rates ranging from 3.78% to 6.81% and are secured by the above leased assets.

The right-of-use assets of the Group with net book value of approximately RM23,308,000 (2019: RM22,180,000) are pledged as security for bank borrowings and lease liabilities of certain subsidiaries as disclosed in Notes 29, 30 and 33 to the financial statements.

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

Included in the cost of leasehold land and land use right is an amount of RM12,889,000 related to initial sum paid to acquire leasehold land for plantation activities in Cambodia as detailed in ensuing paragraphs.

On 31 July 2013, the Company obtained approval from the Royal Government of Cambodia for the concession of a plot of land measuring 9,477 hectares situated in the Namlear Wildlife Sanctuary Zone, Mondulkiri Province, Kingdom of Cambodia primarily for agricultural development and cultivation (the "ELC Agreement"). The originally granted area is gross and inclusive of the relevant protected area, land reserved for public infrastructure, and land parcels affected by authorised occupation by the local villagers.

On 9 February 2018, Mega First Plantation (Cambodia) Ltd, a 100% owned subsidiary of the Company, entered into an amendment to the ELC Agreement with the Ministry of Agriculture, Forestry and Fisheries, whereby the size of the land in the ELC Agreement has been revised to the registered land area of 6,419.93 hectares and the term of the concession has been reduced from 90 years to 50 years, commencing from 29 April 2013.

In the previous financial year, the Group carried out a review of the recoverable amount of its leasehold land and an impairment loss of RM535,000, representing the write-down of the right-of-use assets to the recoverable amount, was recognised in profit or loss, as disclosed in Note 6 to the financial statements. The Group has assessed the recoverable amounts of its right-of-use assets and determined that no impairment is required in current financial year.

18. SUBSIDIARIES

		COMPANY 2020 RM'000	COMPANY 2019 RM'000
i)	Unquoted ordinary shares in Malaysia		
	At cost	1,139,390	436,661
	Less: Accumulated impairment losses	(283,371)	(283,371)
		856,019	153,290
ii)	Unquoted equity shares outside Malaysia, at cost	171,681	150,837
iii)	Unquoted preference shares in Malaysia, at cost		
	At 1 January	626,712	556,298
	Additions during the financial year	992	76,220
	Redemption during the financial year	(625,377)	-
	Translation differences	(2,327)	(5,806)
	At 31 December	-	626,712
	Net carrying amount as at 31 December	1,027,700	930,839

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

18. SUBSIDIARIES (CONT'D)

The subsidiaries are listed in Note 42 to the financial statements.

(a) During current financial year,

(i) The Group has incorporated and acquired two subsidiaries, namely MFP Solar (Cambodia) Co. Ltd. and MF Solar Sdn Bhd, respectively, as detailed in Note 38(a) to the financial statements;

(ii) The Group has increased its effective equity stake in:-

1. Bayangan Sutera Sdn. Bhd. ("BSSB") from 80% to 100% following acquisition of 2 ordinary shares held by non-controlling interests in BSSB at purchase consideration of RM2.00;

2. Hexachase Labels Sdn. Bhd. ("HLSB") from 47.14% to 65.71% following acquisition of 175,506 ordinary shares held by non-controlling interests in HLSB for a purchase consideration of approximately RM6,669,000;

3. Hexachase Flexipack Sdn. Bhd. ("HFSB") from 55.24% to 62.88% through subscription of additional 5,820,000 ordinary shares in HFSB for RM11,640,000. Concurrently, HFSB had on 9 November 2020 entered into a Call Option Agreement ("COA") with its director, Chai Min Piau ("Option Holder") whereby HFSB has granted the Option Holder an irrevocable option ("Call Option") to subscribe for up to 764,706 new ordinary shares in HFSB ("Option Shares"), within a period of 5 years from the date of the COA, at RM2.00 for each Option Share.

   Other shareholders have unconditionally waived any pre-emptive right of first refusal or option or rights to subscribe for the Option Shares.

(iii) The Company has fully converted 13.5% redeemable convertible preference shares ("RCPS") held in its wholly-owned subsidiary, Mega First Investments (L) Limited Ltd. ("MFIL") into ordinary shares in MFIL at the transaction value of approximately RM625,377,000.

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

	GROUP	
	2020	**2019**
	RM'000	**RM'000**
Don Sahong Power Company Ltd. ("DSPC")	152,519	101,983
Idaman Harmoni Sdn. Bhd. ("IHSB")	40,593	39,470
Hexachase Corporation Sdn. Bhd. and its subsidiaries ("HCSB Group")	16,369	3,865
Serudong Power Sdn. Bhd. ("SPSB")	7,822	10,179
Other individually immaterial subsidiaries	20,799	21,145
Total	238,102	176,642

18. SUBSIDIARIES (CONT'D)

(c) The summarised financial information (before intra-group elimination) for subsidiaries that have non-controlling interests and are material to the Group is as follows:-

	DSPC RM'000	IHSB RM'000	HCSB Group RM'000
At 31 December 2020			
Non-current assets	1,932,714	89,352	52,750
Current assets	243,445	5,298	48,530
Non-current liabilities	(1,265,592)	(5,910)	(23,036)
Current liabilities	(147,970)	(7,410)	(45,280)
Net assets	762,597	81,330	32,964
Financial year ended 31 December 2020			
Revenue	509,966	6,852	97,775
Profit after tax	261,073	2,488	7,316
Total comprehensive income	228,169	2,488	7,316
Total comprehensive income attributable to non-controlling interests	48,011	1,122	4,011
Net cash flows from operating activities	247,523	2,159	6,844
Net cash flows (for)/from investing activities	(187,775)	30,334	(9,797)
Net cash flows (for)/from financing activities	(58,089)	(32,500)	8,764

	DSPC RM'000	IHSB RM'000	SPSB RM'000
At 31 December 2019			
Non-current assets	2,048,788	91,206	*
Current assets	47,400	34,894	43,964
Non-current liabilities	(1,308,823)	(7,036)	-
Current liabilities	(264,586)	(40,222)	(23,191)
Net assets	522,779	78,842	20,773
Financial year ended 31 December 2019			
Revenue	470,375	7,202	-
Profit/(Loss) after tax	130,222	1,607	(6,616)
Total comprehensive income/(expenses)	124,533	1,607	(6,616)
Total comprehensive income/(expenses) attributable to non-controlling interests	24,907	1,208	(3,242)
Dividends paid to non-controlling interests	-	-	(2,751)
Net cash flows (for)/from operating activities	(3,983)	1,861	(4,524)
Net cash flows (for)/from investing activities	(186,044)	1,951	3,489
Net cash flows from/(for) financing activities	182,656	(3,500)	(5,614)

* - *Negligible*

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

19. ASSOCIATES

	GROUP 2020 RM'000	GROUP 2019 RM'000
Unquoted shares in Malaysia, at cost		
At 1 January	4,000	4,000
Share of post-acquisition losses	(12)	*
At 31 December	3,988	4,000

* - *Negligible*

The details of the associates incorporated in Malaysia are as follows:-

Company	Principal Activities	Percentage of Issued Share Capital Held by Parent 2020	Percentage of Issued Share Capital Held by Parent 2019
Golden Blue Capital Sdn. Bhd. ("GB")	Investment holding	40%	40%
Other associate	Dormant	40%	-

(a) The Group recognised its share of results in associates based on the unaudited financial statements drawn up to the most recent reporting date, which is 31 December 2020.

(b) The summarised unaudited financial information (after fair value adjustment at acquisition date and/or alignment for the Group's accounting policies) for the associate is not presented as its results are immaterial to the Group.

(c) The Group has not recognised losses relating to other associate where its share of loss exceeds the Group's interest in this associate. The Group's cumulative share of unrecognised loss at the end of the reporting period was approximately RM1,000 (2019: Nil). The Group has no obligation in respect of this loss.

20. JOINT VENTURE

	GROUP 2020 RM'000	GROUP 2019 RM'000
Unquoted shares in Malaysia		
- At cost	*	*
- Share of post-acquisition loss	*	*
At 31 December	-	-

* - *Negligible*

The details of the joint venture are as follows:-

Company	Principal Activities	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2020	Percentage of Issued Share Capital Held by Parent 2019
Merchant Commodities Pty. Ltd. ("MC")	Distributor of limestone products	Australia	50%	50%

(a) The Group's involvement in joint arrangements are structured through separate vehicles which provide the Group rights to the net assets of the entities. Accordingly, the Group has classified the investment in MC as joint venture.

(b) The Group recognised its share of results in MC based on the unaudited financial statements drawn up to the most recent reporting date, which is 31 December 2020.

(c) The summarised unaudited financial information (after fair value adjustment at acquisition date and/ or alignment for the Group's accounting policies) for the joint venture is not presented as its results are immaterial to the Group.

(d) The Group has not recognised losses relating to MC where its share of losses exceeds the Group's interest in this joint venture. The Group's cumulative share of unrecognised loss at the end of the reporting period was approximately RM3,246,000 (2019: RM2,114,000). The Group has no obligation in respect of these losses.

NOTES TO THE
FINANCIAL STATEMENTS (Cont'd)

21. INVESTMENT IN QUOTED SHARES

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Equity investments at fair value through other comprehensive income	98,790	49,385	2,333	2,665

The Group designated its investment in quoted shares to be measured at fair value through other comprehensive income because the Group intends to hold the investments for long-term.

22. GOODWILL ON CONSOLIDATION

The carrying amount of goodwill allocated to each cash-generating unit ("CGU") is as follows:-

	GROUP	
	2020 RM'000	2019 RM'000
Resources segment	4,582	4,582
Packaging segment	2,785	2,785
Others	990	990
	8,357	8,357

The Group has assessed the recoverable amounts of goodwill allocated and determined that no impairment is required. The recoverable amounts of the cash-generating units are determined using value-in-use approach which is derived from the present value of the future cash flows from the operating segments computed based on the financial projections approved by management covering a period of 1 year. The key assumptions used in the determination of the recoverable amounts of goodwill arising from the following operating segments are as follows:-

	Average Growth Rate		Discount Rate	
	2020	2019	2020	2019
Resources segment	28%	8%	11.7%	8.7%
Packaging segment	93%	52%	11.7%	8.7%

Growth rate is based on the expected projected growth rates of the resources segment and packaging segment. Discount rate reflects specific risks relating to the relevant operating segment/business.

23. RECEIVABLES

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Trade receivables				
Third parties	289,983	85,384	-	-
Joint venture	5,536	4,922	-	-
	295,519	90,306	-	-
Less: Allowance for impairment losses				
- At 1 January	(14,978)	(12,911)	-	-
- Additions	(8,373)	(2,074)	-	-
- Writeback	89	-	-	-
- Write-offs	37	7	-	-
- Translation differences	278	-	-	-
- At 31 December	(22,947)	(14,978)	-	-
	272,572	75,328	-	-
Other receivables				
Sundry receivables (net)	14,200	9,926	276	513
Refundable deposits	4,132	2,689	381	381
Prepayments	14,789	7,569	-	-
Contract costs	-	708	-	-
Current tax assets	1,302	1,127	-	121
Amount owing by subsidiaries				
Amount owing	-	-	70,366	48,540
Less: Allowance for impairment losses	-	-	(294)	(294)
	-	-	70,072	48,246
	306,995	97,347	70,729	49,261

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

23. RECEIVABLES (CONT'D)

The credit periods granted for trade receivables range from 21 to 120 days. Amount owing by joint venture is subject to credit term of 60 days.

Amount owing by sundry receivables is interest-free, unsecured and receivable on demand. At the end of the reporting period, there was no indication that amounts owing by third parties are not recoverable.

Included in prepayments of the Group as at end of the reporting period are amounts of approximately RM7,750,000 paid for future purchase of properties, plant and equipment.

Contract costs primarily relate to costs incurred by the Group for work performed in developing tooling equipment for identified customers who have control over such equipment which will be used for production of goods in fulfilling customers' orders.

Included in the amount owing by subsidiaries is a principal sum of RM9,600,000 (2019: Nil) which is non-trade in nature, unsecured, bears interests rates ranging from 2.60% to 5.15% (2019: Nil) per annum and is receivable on demand. The amount owing is to be settled in cash.

24. BANK BALANCES AND DEPOSITS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash and bank balances	52,094	58,271	3,616	5,247
Deposits with financial institutions	41,367	32,615	-	-
Housing Development Accounts	146	145	-	-
	93,607	91,031	3,616	5,247

The deposits with financial institutions of the Group and of the Company earn interest at rates ranging from 0.05% to 4.00% (2019: 0.05% to 4.20%) per annum. The deposits have maturity periods ranging from 1 to 365 days (2019: 1 to 730 days).

The Housing Development Accounts are maintained by certain subsidiaries in accordance with Section 7(A) of the Housing Developers (Control and Licensing) Act 1966. These accounts consist of monies received from purchasers to be utilised for property development projects after which, the surplus monies, if any, will accrue to the said subsidiaries upon the completion of the property development projects.

Included in bank balances and deposits of the Group are RM3,658,000 (2019: RM1,655,000) deposits pledged to licensed banks as security for banking facilities granted to certain subsidiaries as disclosed in Notes 29 and 33 to the financial statements.

24. BANK BALANCES AND DEPOSITS (CONT'D)

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Bank balances and deposits	93,607	91,031	3,616	5,247
Bank overdrafts (Note 33)	-	(1,422)	-	-
Less:				
- Deposits pledged to banks	(3,658)	(1,655)	-	-
	89,949	87,954	3,616	5,247

25. ASSETS/(LIABILITIES) CLASSIFIED AS HELD FOR SALE

A subsidiary of the Company, Serudong Power Sdn Bhd ("SPSB") had on 11 November 2019 entered into an Assets Sale Agreement with Reliable Power Resources Sdn Bhd ("RPR") for the disposal of buildings (and structures erected on land located at District of Tawau, Sabah) and plant assets (i.e. facilities, equipment, plant, machinery, spare parts and fuels) at a total consideration of RM3,000,000.

At the end of the current reporting period, the assets and liabilities associated to the above buildings and plant assets have been presented in the consolidated statement of financial position as "Assets classified as held for sale" and "Liabilities classified as held for sale", as disclosed below:-

	GROUP	
	2020 RM'000	2019 RM'000
Assets classified as held for sale		
a) Property, plant and equipment		
- Cost	106,784	106,784
- Accumulated depreciation	(96,313)	(96,313)
- Accumulated impairment loss	(10,471)	(10,471)
- Net book value as at 31 December	*	*
b) Inventories	3	2
	3	2
Liabilities classified as held for sale		
Provisions	(16,650)	(16,650)

* - *Negligible*

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

25. ASSETS/(LIABILITIES) CLASSIFIED AS HELD FOR SALE (CONT'D)

Provisions comprised mainly an estimated cost of RM16.65 million to restore the discontinued power plant site in Tawau to an acceptable condition to the landlord upon expiry of the lease term. The estimate is reviewed regularly for indication of any material change.

The disposal of buildings and plant assets has yet to complete as at 31 December 2020 and subsequent to the reporting period, the aforesaid disposal transaction has been aborted following mutual termination between SPSB and RPR as detailed in Note 38(f) to the financial statements.

26. SHARE CAPITAL

The movements in the issued and paid-up share capital of the Company are as follows:-

	GROUP/COMPANY			
	Number of Shares		Amount	
	2020 ’000	2019 ’000	2020 RM’000	2019 RM’000
Ordinary Shares				
At 1 January	438,342	417,364	593,586	540,667
New shares issued pursuant to:				
- ESOS options	22,889	1,660	67,334	4,704
- Warrants	32,945	19,318	82,201	48,215
At 31 December	494,176	438,342	743,121	593,586

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

(ii) During the financial year, the Company issued:-

(a) 32,945,337 new ordinary shares for cash of RM73,138,737 at the price of RM2.22 from warrants conversion, with transfer of RM9,061,744 from Warrant Reserve; and

(b) 22,888,411 new ordinary shares for cash of RM50,882,333 at prices of RM1.34, RM2.00, RM2.41, RM2.89, RM3.40 and RM3.45 pursuant to the exercise of options under the Employees’ Share Option Scheme, with concurring transfer of RM16,452,019 from ESOS Reserve.

All the above-mentioned ordinary shares rank pari passu with the then ordinary shares of the Company.

(iii) Of the total 494,176,051 (2019: 438,342,263) issued and fully paid-up ordinary shares as at 31 December 2020, 20,497,300 (2019: 20,497,300) ordinary shares were held as treasury shares by the Company. The number of outstanding ordinary shares in issue and fully paid-up as at 31 December 2020 was therefore 473,678,751 (2019: 417,844,963).

27. TREASURY SHARES

None of the treasury shares were resold or cancelled during the financial year.

28. RESERVES

		GROUP		COMPANY	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-distributable reserves					
ESOS reserve	28.1	-	16,452	-	16,452
Translation reserve	28.2	(52,790)	(19,011)	-	-
Fair value reserve	28.3	33,955	(9,539)	(1,553)	(4,506)
Warrant reserve	28.4	-	9,254	-	9,254
Hedge reserve	28.5	-	(4,391)	-	-
Capital reserve	28.6	27,394	12,867	-	-
		8,559	5,632	(1,553)	21,200
Distributable reserve					
Retained profits		1,205,876	966,074	345,238	300,440
		1,214,435	971,706	343,685	321,640

28.1 ESOS reserve

The ESOS reserve in the previous financial year represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

The ESOS is governed by ESOS By-Laws as approved by shareholders on 20 May 2010 and subsequently modified upon approval by shareholders on 21 May 2014. The ESOS tenure is 10 years effective from 1 August 2010 which expired on 31 July 2020. There are no share options granted to the Group's employees and directors which remained outstanding as at 31 December 2020.

The main features of the ESOS are as follows:-

(a) The employees eligible to participate in the ESOS must be employed for a continuous period of at least one (1) year by the Company and/or a subsidiary within the Group;

(b) The non-executive directors eligible to participate in the ESOS must have been a member of the Board or its subsidiaries for at least one (1) year;

(c) No eligible employee or director shall participate at any time in more than one (1) employees' share option scheme implemented by any company within the Group;

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

28. RESERVES (CONT'D)

28.1 ESOS reserve (Cont'd)

(d) The entitlement under the ESOS for the Directors of the Company and persons connected to them is subject to the approval of the shareholders of the Company in a general meeting;

(e) The ESOS shall be in force for a period of ten (10) years from its commencement on 1 August 2010 unless otherwise terminated in accordance with the By-Laws;

(f) No employee or director shall be granted options for less than 100 ordinary shares and not more than 50% of the MFCB Shares available under the ESOS shall be allocated, in aggregate, to Directors and senior management of the MFCB Group, and not more than 10% of the MFCB Shares available under the ESOS shall be allocated to any individual eligible participant, who, either singly or collectively through persons connected with him/her, holds 20% or more of the issued and paid-up share capital of the Company (excluding treasury shares);

(g) The new ordinary shares in the Company allotted upon any exercise of options under the scheme will upon allotment, rank pari passu in all respects with the then existing ordinary shares in the Company, except that the new ordinary shares so issued will not rank for any dividends or other distribution declared or paid to shareholders prior to the date of allotment of such new ordinary shares, and will be subject to all the provisions of the Article of Association of the Company; and

(h) The subscription price shall be at a discount of not more than 10% on the weighted average market price of the Company's shares for the five (5) market days immediately preceding the date of offer, but shall in no event be less than the par value of the shares.

The movement in the number of options granted, exercised and lapsed during the financial year is as follows:-

			Number of Options Over Ordinary Shares			
Grant date	Exercise price RM	Balance as at 1.1.2020 '000	Movements during the financial year Granted '000	Exercised '000	Lapsed '000	Balance as at 31.12.2020 '000
24.8.2010	1.34 *^	136	-	(136)	-	-
5.5.2015	2.00 *#	11,834	-	(11,834)	-	-
21.2.2017	2.41	9,898	-	(9,898)	-	-
22.5.2017	3.45	300	-	(300)	-	-
23.6.2017	3.40	120	-	(120)	-	-
4.4.2019	2.89	600	-	(600)	-	-
		22,888	-	(22,888)	-	-

28. RESERVES (CONT'D)

28.1 ESOS reserve (Cont'd)

Grant date	Exercise price RM	Balance as at 1.1.2019 '000	Number of Options Over Ordinary Shares — Movements during the financial year Granted '000	Exercised '000	Lapsed '000	Balance as at 31.12.2019 '000
24.8.2010	1.34 *^	286	-	(150)	-	136
5.5.2015	2.00 *#	12,621	-	(787)	-	11,834
21.2.2017	2.41	10,582	-	(684)	-	9,898
22.5.2017	3.45	300	-	-	-	300
23.6.2017	3.40	160	-	(40)	-	120
4.4.2019	2.89	600	-	-	-	600
		24,549	-	(1,661)	-	22,888

* Arising from the Rights Issue with Warrants and in accordance with the ESOS By-Laws, adjustments were made to both the number of options and the subscription price of options.

^ Options are exercisable on or after 21 May 2014. The ESOS expired on 31 July 2020.

Options are exercisable on or after 31 March 2017. The ESOS expired on 31 July 2020.

The fair values of the share options granted were estimated using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The fair values of the share options measured at grant date and the assumptions used are as follows:-

Grant date	**24.8.2010**	**5.5.2015**	**21.2.2017**	**22.5.2017**	**23.6.2017**	**4.4.2019**
Fair value of share options (RM)	1.70	2.46	0.76	1.12	0.95	0.65
Weighted average share price (RM)	1.67	2.45	2.72	4.00	3.74	3.23
Exercise price (RM)	1.34*	2.00*	2.41	3.45	3.40	2.89
Expected volatility (%)	24.54	28.88	29.69	26.79	26.86	19.41
Risk free rate (%)	3.87	3.84	4.16	4.08	3.88	3.95
Expected dividend yield (%)	4.41	3.25	1.84	1.25	1.34	1.24

* - *Adjusted for the alteration in the capital structure of the Company during the option period.*

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

28. RESERVES (CONT'D)

28.2 Translation reserve

The translation reserve arose from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from the Group's presentation currency. This reserve is not distributable by way of dividends.

28.3 Fair value reserve

The fair value reserve represents the cumulative fair value changes (net of tax, where applicable) of fair value through other comprehensive income financial assets until they are disposed of. This reserve is not distributable by way of dividends.

28.4 Warrant reserve

Warrant holders are not entitled to vote in any general meeting of the Company or to participate in any distribution and/or offer of further securities in the Company unless and until the Warrant holder becomes a shareholder of the Company by exercising the Warrants. The Company's 2016/2020 Warrants expired on 8 April 2020. There are no outstanding Warrants in issue as at 31 December 2020.

28.5 Hedge reserve

The hedge reserve in the previous financial year comprised the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred. The hedge contract was terminated during current financial year.

28.6 Capital reserve

The capital reserve relates to compulsory legal reserve created in accordance with the Law on Enterprise (Revision) No.46/NA in the Lao PDR whereby the subsidiary company in Lao PDR is required to provide compulsory legal reserve at the rate 10% of profit after deducting accumulated losses, subject to a 50% limit of the subsidiary company's registered capital.

29. LONG-TERM BORROWINGS

The Group's long-term borrowings are analysed as follows:-

	GROUP	
	2020 RM'000	2019 RM'000
Term loan from a major shareholder	602,550	-
Other term loans with financial institutions	37,632	41,568
	640,182	41,568
Less: Current liabilities (Note 33)	(105,778)	(13,639)
	534,404	27,929

<u>Term loan from a major shareholder</u>

In the current financial year, the Group obtained a USD loan from a major shareholder mainly to redeem the outstanding Short-Term Revolving Credit ("STRC") facility as further described in Note 33 to the financial statements.

The loan from a major shareholder is unsecured and bears floating interest rate, determined with reference to LIBOR plus margin (which ranges from 2.20% to 2.45%) over the loan tenure. The loan is repayable over 5 years from the date of first disbursement.

<u>Other term loans with financial institutions</u>

The interest rate of other term loans are floating in nature. During the financial year, they ranged between 2.17% and 7.85% (2019: 4.20% to 7.85%) per annum, and are secured by:-

(a) Legal charges over properties, leasehold land and machineries of certain subsidiaries, as disclosed in Notes 13, 15 and 17 to the financial statements;

(b) A debenture covering fixed and floating charges over all present and future assets of certain subsidiaries;

(c) A pledge of certain subsidiaries' fixed deposit accounts with banks, as disclosed in Note 24 to the financial statements;

(d) Corporate guarantee given by certain subsidiaries of the Company;

(e) Joint and several guarantees given by certain directors of certain subsidiaries of the Company; and

(f) Guarantee coverage by the Government of Malaysia under the Working Capital Guarantee Scheme.

NOTES TO THE
FINANCIAL STATEMENTS (Cont'd)

30. LEASE LIABILITIES

The lease liabilities are analysed as follows:-

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current liabilities	9,004	9,711	17	277
Current liabilities	5,464	4,117	260	328
	14,468	13,828	277	605

31. DEFERRED TAX LIABILITIES

The movement of deferred tax liabilities during the financial year is analysed as follows:-

	GROUP	
	2020 RM'000	2019 RM'000
At beginning of financial year	95,935	88,342
Recognised in profit or loss (Note 8)	6,112	8,328
Effect of foreign exchange translation	(1,511)	(735)
At end of financial year	100,536	95,935

The deferred tax liabilities represent the tax effects of:-

	GROUP	
	2020 RM'000	2019 RM'000
Intangible asset	72,707	69,024
Accelerated capital allowances over depreciation on qualifying costs of property, plant and equipment	17,661	16,517
Fair value gain on investment properties	10,949	10,949
Others	(781)	(555)
	100,536	95,935

32. PAYABLES

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current				
Provision for retirement benefits	492	444	-	-
Current				
Trade payables	88,251	278,193	-	-
Other payables and accruals				
- Other payables	13,283	15,158	93	93
- Accruals	17,576	15,562	1,558	1,796
	30,859	30,720	1,651	1,889
Deferred income	5,945	5,986	5,927	5,986
Current tax liabilities	1,008	911	59	-
Amount owing to subsidiaries	-	-	59,950	76,907
	126,063	315,810	67,587	84,782

A subsidiary of the Group operates an unfunded, non-contributory defined benefit retirement scheme ("the Scheme") for its eligible employees. Under the Scheme, eligible employees are entitled to retirement contribution at agreed basis for each completed year of service on attainment of the retirement age of 56, without cessation of employment prior to age 56. The movement of provision for retirement benefits in the current financial year is as follows:-

	GROUP	
	2020 RM'000	2019 RM'000
At beginning of financial year	444	396
Recognised in profit or loss:		
- Current service cost	36	36
- Interest cost	12	12
At end of financial year	492	444

The principal assumptions used in computing the estimated contributions based on the Projected Unit Credit Method are as follows:-

	GROUP	
	2020	2019
Discount rate	4%	4%
Expected rate of salary increases	7%	7%

The credit period granted to the Group's trade payables ranges from 30 to 120 days.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

32. PAYABLES (CONT'D)

Deferred income is in respect of a Feasibility Study Grant received from Malaysia External Trade Development Corporation for the Company's power project, in the form of reimbursement of approved actual expenses. Deferred income is recognised in profit or loss over the concession period of 25 years, starting from Project's commercial operation date.

Included in the amount owing to subsidiaries is a principal sum of RM32,353,000 (2019: RM23,130,000) which is non-trade in nature, unsecured, bears interest at rate of 2.60% (2019: 4.00%) per annum and is repayable on demand. The amount owing is to be settled in cash.

33. SHORT-TERM BORROWINGS

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revolving credits:				
- Secured	3,000	686,950	-	32,500
- Unsecured	-	5,000	-	5,000
	3,000	691,950	-	37,500
Term loans (Note 29):				
- Secured	9,370	13,639	-	-
- Unsecured	96,408	-	-	-
	105,778	13,639	-	-
Bankers' Acceptances:				
- Secured	14,693	11,200	-	-
Bank overdrafts (Note 24):				
- Secured	-	1,422	-	-
	123,471	718,211	-	37,500

The effective interest rates of the short-term borrowings, other than term loans disclosed in Note 29 to the financial statements, are as follows:-

(a) The revolving credits of the Group bear interest rate of 2.90% per annum whereas the Company's revolving credits in the previous financial year bore interest rates of 4.13% to 4.55% per annum.

(b) The bankers' acceptances of the Group bear interest rates ranging from 2.06% to 3.08% (2019: 4.10% to 5.37%) per annum.

(c) The bank overdrafts of the Group in the previous financial year bore interest rate of 7.61% per annum.

Short-term borrowings (other than Short-Term Revolving Credit, as detailed below) were secured by legal charges over certain investment properties of a subsidiary and other collaterals relating to term loans as detailed in Note 29 to the financial statements.

33. SHORT-TERM BORROWINGS (CONT'D)

Short-Term Revolving Credit ("STRC")

Revolving credits in the previous financial year included a USD150 million STRC that was secured to redeem a USD150 million club-deal facilities. The club-deal facilities were secured in 2017 to partly finance the construction of the Don Sahong Hydropower Project. The STRC:

(a) bore a floating interest rate based on the Lenders' Cost of Funds ("COF") plus margin. The Lenders' COF was made up of LIBOR and liquidity premium;

(b) was secured by way of a third party cash deposit, an assignment and charge over designated accounts of a subsidiary; and

(c) was partially hedged by an interest rate swap ("IRS") as disclosed in Note 34 to the financial statements.

34. DERIVATIVE LIABILITY

	Contract/ Notional Amount		Carrying Amount	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest rate swap	-	286,510	-	4,391

The IRS in the previous financial year was executed with credit-worthy financial institution in order to partially hedge against potential increases in the LIBOR arising from the STRC, as disclosed in Note 33 to the financial statements.

With the IRS, it effectively swaps out the LIBOR with a fixed interest rate of 2.5% per annum. The IRS has the same maturity terms as the underlying principal instrument and is settled every month which is consistent with the latter's interest repayment schedule.

The IRS was measured at fair value based on a bank quote. The fair value changes on the effective portion of the IRS which qualify as cash flow hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised in profit or loss.

During the financial year,

(a) a fair value loss of RM5,155,000 (2019: RM5,038,000) is recognised in other comprehensive income; and

(b) The Group fully redeemed the STRC and settled the above LIBOR-pegged US Dollar facility and the IRS was terminated concurrently. Accordingly, the cumulative cash flow hedge reserve in respect of the derivative liability balance up to termination date of RM9,546,000 is transferred to profit or loss.

NOTES TO THE
FINANCIAL STATEMENTS (Cont'd)

35. NET ASSETS PER ORDINARY SHARE

The net assets per ordinary share has been calculated based on the Group's shareholders' funds as at end of reporting period of approximately RM1,927,510,000 (2019: RM1,535,246,000) on 473,678,751 (2019: 417,844,963) ordinary shares in issue, net of treasury shares.

36. CAPITAL COMMITMENTS

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Property, plant and equipment	93,544	7,797	-	-

37. CONTINGENT LIABILITY

On 5 October 2016, Idaman Harmoni Sdn. Bhd. ("IHSB"), an indirect 65%-owned subsidiary of the Company, was served with the following notices of assessment showing additional taxes and penalties totalling RM22,795,912:-

(i) Notice of Additional Assessment dated 20 September 2016 for Year of Assessment ("YA") 2010 whereby additional tax (inclusive of penalty of 50%) of RM37,763.50 has been imposed by the Inland Revenue Board of Malaysia ("IRBM") ("Form JA").

(ii) Notice of Reduced Assessment dated 23 September 2016 for YA 2009 whereby tax of RM35,429.00 has been reduced by IRBM ("Form JR").

(iii) Notice of Assessment dated 23 September 2016 for YA 2009 whereby tax (inclusive of penalty of 100%) of RM22,793,577.50 has been imposed by IRBM ("Form J").

There will be a late payment penalty imposition of up to 15.5% on the above unpaid taxes and penalties.

The abovementioned taxes and penalties imposed by IRBM are in relation to a joint venture entered into by IHSB as the landowner with a property developer for the construction of an office and residential property known as PJ8 pursuant to an agreement dated 23 April 2004.

The IRBM has taken the view that there is a deemed disposal of the PJ8 property by IHSB which is subject to income tax. This transaction was treated by IHSB as a capital transaction which was liable to Real Property Gains Tax in Year 2004. IHSB is a property investment company and has not disposed of any of its PJ8 properties since completion.

On 1 September 2020, SCIT has dismissed IHSB's appeals. IHSB has been advised by its solicitors that there are strong and valid grounds for an appeal to be made against the SCIT's decision. IHSB has registered the appeal with the High Court on 15 September 2020. The Court has fixed the hearing on 21 June 2021.

By virtue of the consent judgment with the Government dated 5 October 2018, IHSB does not have to pay the taxes imposed by IRBM under the Assessments until IHSB's appeal to the High Court (and any appeal to the Court of Appeal, if any) has been finally determined.

38. SIGNIFICANT EVENTS

(a) Incorporation and Acquisition of New Subsidiaries

The following subsidiaries were incorporated and acquired with the objective to undertake solar photovoltaic investment business activities, as part of the Group's plans and strategy to grow the renewable energy within its Renewable Energy Division.

(i) On 2 March 2020, a wholly-owned subsidiary of the Company, MFP Solar International Limited (formerly known as Goleman Limited) incorporated a wholly-owned subsidiary, namely MFP Solar (Cambodia) Co. Ltd ("MFPSC") with a registered capital of 140,000,000 Riels (equivalent to USD35,000); and

(ii) On 16 July 2020, MFP Solar Sdn Bhd ("MFP Solar"), an indirect 55%-owned subsidiary of MFCB acquired 100 ordinary shares representing the entire issued and paid-up share capital of MF Solar Sdn Bhd ("MFS") for a total cash consideration of RM100.

(b) Coronavirus Disease 2019 ("COVID-19")

The outbreak of COVID-19 in early 2020 has affected the business and economic environment of the Group. Different measures taken by the governments and various private corporations to prevent the spread of the virus such as travel bans, closures of non-essential services, social distancing and home quarantine requirements had impacted consumers' spending pattern and the Group's operations directly or indirectly.

Nevertheless, the COVID-19 outbreak and the various governmental measures to contain the spread of the virus in Malaysia and elsewhere in the world did not have a significant adverse impact to the Group's financial statements for the current financial year.

(c) Supplemental Agreement to the Option Agreement dated 13 August 2019

On 30 August 2020, Bayangan Sutera Sdn Bhd ("BSSB"), an indirect wholly-owned subsidiary of the Company, entered into a Supplemental Agreement with Menteri Besar Incorporated (Perak) ("MB Inc") to vary the terms and conditions of the Option Agreement dated 13 August 2019 between the same parties.

The variations were made to enable and accommodate the participation of BSSB and Pekat Teknologi Sdn Bhd ("PTSB") in the fourth bidding exercise for the development of large scale solar photovoltaic plant in Malaysia ("LSS 4"). The salient variations are as follows:

(i) Extension of the Option Period

The expiry of the Option Period was extended from 31 December 2020 to 30 June 2021.

(ii) Variation to Option to Lease

The Option to Lease was changed from "the whole, a part or parts of the Land" to "Portion A and/or Portion B" of the Land as delineated in the Supplemental Agreement.

(iii) Right to Assign the Option to Lease

BSSB will be permitted to assign the Option to Lease on either Portion A or Portion B of the Land to PTSB in the event that PTSB is successful in its LSS 4 bid. Such assignment was prohibited under the Option Agreement.

NOTES TO THE
FINANCIAL STATEMENTS (Cont'd)

38. SIGNIFICANT EVENTS (CONT'D)

(d) Commercial Operation Date for Don Sahong Hydropower Plant

The Company's subsidiary, Don Sahong Power Company Ltd ("DSPC") has on 4 November 2020 received a certificate from the Ministry of Energy and Mines of Laos confirming that the Don Sahong Hydropower Project has achieved Commercial Operation Date ("COD") on 1 October 2020. The concession period shall end on the date occurring twenty-five (25) years after the COD, which is on 30 September 2045.

(e) Proposed Share Split

On 26 February 2021, the Company via its appointed banker, Maybank Investment Bank Berhad ("Maybank IB") announced that it proposes to undertake a share split involving the subdivision of every 1 existing ordinary share in the Company held into 2 subdivided Company's Shares ("Proposed Share Split") on an entitlement date to be determined and announced at a later date. The Proposed Share Split is aimed at:-

(i) to further enhancing the marketability and trading liquidity of the Company's shares on the Main Market of Bursa Securities, thus potentially appealing to a wider group of public investors to participate in the growth of the Company; and

(ii) enabling the entitled shareholders to hold a larger number of MFCB Shares at no cost while maintaining their percentage of equity interest in the Company.

Based on the Company's 494,176,051 (including 20,497,300 MFCB Shares held as treasury shares) issued ordinary shares as at 31 December 2020 and upon completion of the Proposed Share Split, the resultant issued share capital of the Company will increase to 988,352,102 Subdivided Shares.

The Proposed Share Split is subject to the approval from Shareholders of the Company at an extraordinary general meeting to be convened.

(f) Termination of Assets Sale Agreement

Serudong Power Sdn Bhd ("SPSB"), a subsidiary of the Company, and Reliable Power Resources Sdn Bhd mutually agreed on 25 February 2021 to terminate the Assets Sale Agreement ("Agreement") after failing to meet Condition Precedent set out in the Agreement. Accordingly, each party hereby irrevocably and unconditionally discharges and releases the other party from further performance under the Agreement and from all liabilities, claims and demands howsoever arising after this termination.

Management will continue to explore other options in its effort to dispose SPSB's Plant Assets.

(g) Voluntary Winding Up of Subsidiary

An indirect wholly-owned subsidiary of the Company, Public Ventures Management Sdn Bhd ("PVM") has on 9 March 2021 commenced member's voluntary winding up pursuant to Section 439(b(i) of the Companies Act 2016 and a liquidator is appointed on the even date for the purpose of the winding up.

39. CASH FLOW INFORMATION

(a) During the financial year, the Group and the Company made the following payment to purchase property, plant and equipment:-

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cost of property, plant and equipment purchased	44,530	26,702	799	1,043
Prepayments for future purchases	7,750	-	-	-
Cash disbursed for purchase of property, plant and equipment	52,280	26,702	799	1,043

(b) The reconciliation of liabilities arising from financing activities are as follows:-

GROUP	Term Loans RM'000	Lease Liabilities RM'000	Other Short-term Borrowings RM'000	Total RM'000
2020				
At 1 January	41,568	13,828	703,150	758,546
<u>Changes in Financing Cash Flows</u>				
Proceeds from drawdown	641,738	-	6,493	648,231
Repayment of principal	(9,224)	(4,718)	(714,450)	(728,392)
Net drawdown/(repayment)	632,514	(4,718)	(707,957)	(80,161)
Repayment of interest	(8,850)	(992)	(7,879)	(17,721)
Acquisition of new lease	-	5,437	-	5,437
<u>Non-cash Changes</u>				
Interest expense recognised in profit or loss (Note 7)	8,850	992	7,879	17,721
Foreign exchange adjustments	(33,900)	(79)	22,500	(11,479)
At 31 December	640,182	14,468	17,693	672,343

NOTES TO THE
FINANCIAL STATEMENTS (Cont'd)

39. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliation of liabilities arising from financing activities are as follows (Cont'd):-

GROUP	Term Loans RM'000	Lease Liabilities RM'000	Other Short-term Borrowings RM'000	Total RM'000
2019				
At 1 January	498,901	15,000	93,009	606,910
Changes in Financing Cash Flows				
Proceeds from drawdown	25,861	-	625,225	651,086
Repayment of principal	(483,194)	(4,425)	(6,063)	(493,682)
Net (repayment)/drawdown	(457,333)	(4,425)	619,162	157,404
Repayment of interest	(1,590)	(669)	(3,933)	(6,192)
Acquisition of new lease	-	3,154	-	3,154
Non-cash Changes				
Interest expense recognised in profit or loss (Note 7)	1,590	768	3,933	6,291
Foreign exchange adjustments	-	-	(9,021)	(9,021)
At 31 December	41,568	13,828	703,150	758,546

COMPANY	Lease Liabilities RM'000	Other Short-term Borrowings RM'000	Total RM'000
2020			
At 1 January	605	37,500	38,105
Changes in Financing Cash Flows			
Repayment of principal	(328)	(37,500)	(37,828)
Repayment of interest	(21)	(177)	(198)
Non-cash Changes			
Interest expense recognised in profit or loss (Note 7)	21	177	198
At 31 December	277	-	277

39. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliation of liabilities arising from financing activities are as follows (Cont'd):-

COMPANY	Lease Liabilities RM'000	Other Short-term Borrowings RM'000	Total RM'000
2019			
At 1 January	615	40,000	40,615
Changes in Financing Cash Flows			
Repayment of principal	(310)	(2,500)	(2,810)
Repayment of interest	(21)	(1,423)	(1,444)
Acquisition of new lease	300	-	300
Non-cash Changes			
Interest expense recognised in profit or loss (Note 7)	21	1,423	1,444
At 31 December	605	37,500	38,105

40. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

40.1 Financial Risk Management Policies

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country, in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

The Group's foreign operations of various functional currencies when translated into its parent's reporting currency based on closing rates (for assets and liabilities) and average transaction rates (for income and expenses) at consolidation, gives rise to foreign currency translation gain or loss that will be recognised in other comprehensive income. Intragroup transactions with foreign operations involving monetary financial instruments will also result in foreign currency translation gain or loss that cannot be eliminated on consolidation, but has to be recognised either in profit or loss or in other comprehensive income. However, non-monetary financial items translated at historical exchange rates will not give rise to foreign currency risk.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Resulting from its net investment in foreign operations, the Group's current and future profit stream in various foreign currencies will also be exposed to foreign currency risk.

In general, currency exposure from foreign investments and borrowings is managed centrally at the Group level, whilst currency exposure arising from transactions or contractual obligations is managed at the respective entity or business unit's level.

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar ("USD") and Singapore Dollar ("SGD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

The Group's exposure to foreign currency (a currency which is other than the functional currency of the entities within the Group) is as follows:-

GROUP 2020	AUSTRALIAN DOLLAR RM'000	UNITED STATES DOLLAR RM'000	SINGAPORE DOLLAR RM'000	CHINESE RENMINBI RM'000	OTHERS RM'000	TOTAL RM'000
<u>Financial assets</u>						
Investment in quoted shares	-	-	15,092	-	180	15,272
Receivables	395	16,852	1,832	-	2,021	21,100
Bank balances and deposits	-	14,554	4	-	158	14,716
	395	31,406	16,928	-	2,359	51,088
<u>Financial liabilities</u>						
Payables (current)	-	(1,886)	(4)	-	(487)	(2,377)
Bankers' acceptance	-	(6,158)	-	-	-	(6,158)
	-	(8,044)	(4)	-	(487)	(8,535)
Net financial assets	395	23,362	16,924	-	1,872	42,553
Less: Net financial liabilities denominated in the respective entity's functional currency	-	(23,362)	-	-	(1,987)	(25,349)
Currency exposure	395	-	16,924	-	(115)	17,204

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency (a currency which is other than the functional currency of the entities within the Group) is as follows (Cont'd):-

GROUP 2019	AUSTRALIAN DOLLAR RM'000	UNITED STATES DOLLAR RM'000	SINGAPORE DOLLAR RM'000	CHINESE RENMINBI RM'000	OTHERS RM'000	TOTAL RM'000
Financial assets						
Investment in quoted shares	-	-	16,952	-	217	17,169
Receivables	1,962	8,740	1,427	-	-	12,129
Bank balances and deposits	-	2,041	152	-	437	2,630
	1,962	10,781	18,531	-	654	31,928
Financial liabilities						
Payables (current)	-	(788)	(21)	(3,477)	(193)	(4,479)
Bankers' acceptance	-	(2,199)	-	-	-	(2,199)
	-	(2,987)	(21)	(3,477)	(193)	(6,678)
Net financial assets	1,962	7,794	18,510	(3,477)	461	25,250
Less: Net financial liabilities denominated in the respective entity's functional currency	-	(7,794)	-	-	(141)	(7,935)
Currency exposure	1,962	-	18,510	(3,477)	320	17,315

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Company's exposure to foreign currency is as follows:-

COMPANY	**UNITED STATES DOLLAR RM'000**
2020	
Financial asset	
Bank balances and deposits	1,688
2019	
Financial assets	
Investment in unquoted preference shares	626,712
Bank balances and deposits	113
Currency exposure	626,825

Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period, with all other variables held constant:-

	GROUP	
	2020 RM'000	**2019 RM'000**
Effects on profit after taxation and equity		
AUD/RM:		
- strengthened by 5%	15	75
- weakened by 5%	(15)	(75)
RMB/RM:		
- strengthened by 5%	-	(132)
- weakened by 5%	-	132
USD/RM:		
- strengthened by 5%	888	296
- weakened by 5%	(888)	(296)
SGD/RM:		
- strengthened by 5%	643	703
- weakened by 5%	(643)	(703)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign currency risk sensitivity analysis (Cont'd)

A 5% (2019 - 5%) strengthening of the RM/USD at the end of the reporting period would have increased the Company's profit after taxation by RM64,000 (2019 - RM23,819,000). A 5% (2019 - 5%) weakening in the said foreign currency exchange rate would have had an equal but opposite effect on the Company's profit after taxation.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available by maintaining a balanced portfolio mix of fixed and floating rate borrowings. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

The Group actively reviews its debt portfolio, taking into account the nature and requirements of its businesses as well as the current business and economic environment. This strategy allows it to achieve an optimum cost of capital whilst locking in long term funding rates for long term investments.

The Group's fixed rate borrowings and deposits with financial institutions are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither the carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:-

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Effects on profit after taxation and equity				
Increase of 25 basis points (bp)	(1,222)	(1,356)	-	(71)
Decrease of 25 bp	1,222	1,356	-	71

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The Group manages its exposure to equity price risks by maintaining a portfolio of equities with different risk profiles.

<u>Equity price risk sensitivity analysis</u>

The following table details the sensitivity analysis to a reasonably possible change in the prices of the quoted investments as at the end of the reporting period, with all other variables held constant:-

	GROUP		COMPANY	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Effects on equity				
Increase of 5%	4,939	2,469	117	133
Decrease of 5%	(4,939)	(2,469)	(117)	(133)

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments, cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) <u>Credit risk concentration profile</u>

The Group's major concentration of credit risk relates to the amounts owing by a debtor which constituted approximately 83% of its total trade receivables at the end of the reporting period.

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

(i) Credit risk concentration profile (Cont'd)

The exposure of credit risk for trade receivables by geographical region is as follows:-

	GROUP	
	2020	**2019**
	RM'000	**RM'000**
Lao PDR	226,862	38,135
Malaysia	24,671	25,094
Australia	1,382	3,104
Others	19,657	8,995
	272,572	75,328

(ii) Exposure to credit risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the 'Maturity Analysis' of item (c) below, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition were not material.

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of financial assets at amortised cost, contract assets are credit impaired.

The gross carrying amounts of those financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite they are still subject to enforcement activities.

Trade Receivables and Contract Assets

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

NOTES TO THE
FINANCIAL STATEMENTS (Cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contract Assets (Cont'd)

The Group considers any receivables having significant balances and more than 90 days overdue are deemed credit impaired.

The expected loss rates are based on the payment profiles of sales from the measurement date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

For construction contracts, the Group assessed the expected credit loss of each customer individually based on their financial information and past trends of payments.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for both trade receivables and contract assets are summarised below:-

GROUP	GROSS AMOUNT RM'000	LOSS ALLOWANCE RM'000	CARRYING AMOUNT RM'000
2020			
Current (not past due)	117,818	-	117,818
1 to 90 days past due	142,803	-	142,803
91 to 180 days past due	17,204	(6,034)	11,170
Past due more than 180 days	1,185	-	1,185
	279,010	(6,034)	272,976
Credit impaired:			
- individually impaired	16,913	(16,913)	-
	295,923	(22,947)	272,976
2019			
Current (not past due)	64,428	-	64,428
1 to 90 days past due	9,609	(362)	9,247
91 to 180 days past due	3,592	(1,854)	1,738
Past due more than 180 days	2,732	(2,713)	19
	80,361	(4,929)	75,432
Credit impaired:			
- individually impaired	10,049	(10,049)	-
	90,410	(14,978)	75,432

The movement in the loss allowances in respect of trade receivables is disclosed in Notes 23 to the financial statements.

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Other Receivables

Other receivables are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial and hence, it is not provided for.

Bank Balances and Deposits

The Group considers these banks have low credit risks. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Amount Owing By Subsidiaries

The Company applies the general approach to measuring expected credit losses for all inter-company balances. Generally, the Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

The Company determines the probability of default for these loans and advances individually using internal information available.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for amount owing by subsidiaries are summarised below:-

	Gross Amount RM'000	Loss Allowance RM'000	Carrying Amount RM'000
COMPANY			
2020			
Low credit risk	69,999	-	69,999
Significant increase in credit risk	367	(294)	73
Credit impaired	-	-	-
	70,366	(294)	70,072
2019			
Low credit risk	48,173	-	48,173
Significant increase in credit risk	367	(294)	73
Credit impaired	-	-	-
	48,540	(294)	48,246

NOTES TO THE
FINANCIAL STATEMENTS (Cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (Cont'd)

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	EFFECTIVE INTEREST RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 - 5 YEARS RM'000	OVER 5 YEARS RM'000
GROUP						
2020						
Payables:						
- Non-current	-	492	492	-	-	492
- Current	-	119,110	119,110	119,110	-	-
Liabilities classified as Held for sale	-	16,650	16,650	16,650	-	-
Lease liabilities	3.78 to 9.00	14,468	19,839	6,065	6,868	6,906
Term loans	2.17 to 7.85	640,182	687,828	121,458	557,149	9,221
Bankers' acceptances	2.06 to 3.08	14,693	14,693	14,693	-	-
Revolving credits	2.92	3,000	3,000	3,000	-	-
		808,595	861,612	280,976	564,017	16,619
2019						
Payables:						
- Non-current	-	444	444	-	-	444
- Current	-	308,913	308,913	308,913	-	-
Liabilities classified as Held for sale	-	16,650	16,650	16,650	-	-
Lease liabilities	3.8 to 6.8	13,828	19,159	5,108	7,428	6,623
Term loans	4.2 to 7.85	41,568	47,133	15,893	24,310	6,930
Bankers' acceptances	4.1 to 5.37	11,200	11,200	11,200	-	-
Revolving credits	2.8 to 4.55	691,950	691,950	691,950	-	-
Bank overdrafts	7.61	1,422	1,422	1,422	-	-
		1,085,975	1,096,871	1,051,136	31,738	13,997

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (Cont'd)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

	EFFECTIVE INTEREST RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 - 5 YEARS RM'000	OVER 5 YEARS RM'000
COMPANY						
2020						
Lease Liabilities	3.75 to 4.57	277	295	277	18	-
Payables:						
- Current	-	61,601	61,601	61,601	-	-
Financial guarantee contract*	-	-	2,623	-	-	2,623
		61,878	64,519	61,878	18	2,623
2019						
Revolving credits	4.13 to 4.45	37,500	37,500	37,500	-	-
Lease liabilities	3.75 to 4.57	605	644	349	295	-
Payables:						
- Current	-	78,796	78,796	78,796	-	-
Financial guarantee contract*	-	-	613,950	613,950	-	-
		116,901	730,890	730,595	295	-

* - *The contractual undiscounted cash flows represent the outstanding credit facility of a subsidiary at the end of the reporting period. The financial guarantee has not been recognised in since its fair value on initial recognition was not material.*

NOTES TO THE
FINANCIAL STATEMENTS (Cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.2 Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Total equity includes equity attributable to the owners of the parent and non-controlling interest.

The debt-to-equity ratio of the Group at the end of the reporting period was as follow:-

	GROUP	
	2020	**2019**
	RM'000	**RM'000**
Term loans (Note 29)	640,182	41,568
Revolving credits (Note 33)	3,000	691,950
Lease liabilities (Note 30)	14,468	13,828
Bankers' acceptances (Note 33)	14,693	11,200
	672,343	758,546
Less: Cash and cash equivalents (Note 24)	(89,949)	(87,954)
Net debt	582,394	670,592
Total equity	2,165,612	1,711,888
Debt-to-equity ratio (times)	0.27	0.39

There was no change in the Group's approach to capital management during the financial year.

40. FINANCIAL INSTRUMENTS (CONT'D)

40.3 Classification Of Financial Instruments

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Financial assets				
Designated at Fair Value Through Other Comprehensive Income Upon Initial Recognition				
Investment in quoted shares	98,790	49,385	2,333	2,665
Investment in unquoted shares	524	335	-	-
	99,314	49,720	2,333	2,665
Amortised Cost				
Investment in unquoted preference shares	-	-	-	626,712
Receivables and deposits	290,904	87,943	657	894
Bank balances and deposits	93,607	91,031	3,616	5,247
Amount owing by subsidiaries	-	-	70,072	48,246
	384,511	178,974	74,345	681,099
Financial liabilities				
At fair value through profit or loss liabilities				
Derivative liability	-	4,391	-	-
Amortised Cost				
Payables:				
- Non-current	492	444	-	-
- Current	119,110	308,913	1,651	1,889
Liabilities classified as held for sale	16,650	16,650	-	-
Lease liabilities	14,468	13,828	277	605
Term loans	640,182	41,568	-	-
Revolving credits	3,000	691,950	-	37,500
Bankers' acceptances	14,693	11,200	-	-
Bank overdrafts	-	1,422	-	-
Amount owing to subsidiaries	-	-	59,950	76,907
	808,595	1,085,975	61,878	116,901

40. FINANCIAL INSTRUMENTS (CONT'D)

40.4 Fair Value Information

Other than those disclosed below, the fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments. The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period.

	Fair Value of Financial Instruments Carried At Fair Value			Fair Value of Financial Instruments Not Carried At Fair Value			Total Fair Value	Carrying Amount
GROUP	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**		
2020	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Financial Assets								
Other investments:								
- Quoted shares	98,790	-	-	-	-	-	98,790	98,790
- Unquoted shares	-	524	-	-	-	-	524	524
Financial Liability								
Term loans	-	-	-	-	640,182	-	640,182	640,182
2019								
Financial Assets								
Other investments:								
- Quoted shares	49,385	-	-	-	-	-	49,385	49,385
- Unquoted shares	-	335	-	-	-	-	335	335
Financial Liabilities								
Term loans	-	-	-	-	41,568	-	41,568	41,568
Derivative liability	-	4,391	-	-	-	-	4,391	4,391

40. FINANCIAL INSTRUMENTS (CONT'D)

40.4 Fair Value Information (Cont'd)

(a) The fair values of financial instruments carried at fair value have been determined using the following basis:-

(i) The fair values of quoted investments are measured at their quoted closing bid prices at the end of the reporting period.

(ii) The fair value of unquoted equity investment is determined to approximate the net assets of the investee as it's immaterial in the context of the financial statements.

In regard to financial instruments carried at fair value, there were no transfer between level 1 and level 2 during the financial year.

(b) The fair values of financial instruments not carried at fair value, which are for disclosure purposes, have been determined using the following basis:-

(i) The fair values of the Group's term loans that carry floating interest rates approximated to their carrying amounts as they are repriced to market interest rate on near the reporting date.

(ii) The fair value of term loans that carry fixed interest rates are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period.

41. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Executive Committee as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

In current financial year, the Group has changed the structure and reporting of its internal segmental results and presentation format to better reflect its earnings profile which has caused the composition of its reportable segments to change.

The Packaging Division which was previously reported under Investment Holding & Others is now separately disclosed as a reportable segment given its growing earnings contribution to the Group. This division manufactures a wide range of printed labels and stickers, paper bags and flexible materials for multiple industries and for both the domestic and export markets.

The Property Division which was previously designated as a reportable segment, comprising mainly rental income is now folded into Investment Holding & Others in view of its stable but insignificant earnings contribution to the Group.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

41. OPERATING SEGMENTS (CONT'D)

Following a change in the composition of its reportable segments, the Group's had restated the corresponding information and items of segment information presented in the previous financial year. Accordingly, the Group is now organised into three (3) core business segments, as follows:-

Business segments	**Summary description**
Renewable Energy	Build, own and operate renewable power plants.
Resources	Quarrying of limestone, manufacturing and trading of lime products, calcium carbonate powder and bricks.
Packaging	Manufacturing and distribution of packaging and labels products.

The Group Executive Committee assesses the performance of the operating segments based on operating profit or loss which is measured differently from those disclosed in the consolidated financial statements.

Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly investments and related income, loans and borrowings and related expenses, corporate assets (primarily the Company's headquarters) and head office expenses.

Transfer prices between operating segments are at arm's length basis in a manner similar to transactions with third parties.

41. OPERATING SEGMENTS (CONT'D)

GROUP 2020	Renewable Energy RM'000	Resources RM'000	Packaging RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External revenue	510,214	142,819	97,775	16,318	-	767,126
Inter-segment revenue	-	-	-	116,554	(116,554)	-
Consolidated revenue	510,214	142,819	97,775	132,872	(116,554)	767,126
Represented by revenue recognised:						
- At a point of time	510,214	142,819	97,775	16,318	-	767,126
Results						
Profit from operations						
- Continuing operations	389,897	19,977	11,718	106,836	(117,089)	411,339
- Discontinued operations	-	-	-	268	-	268
	389,897	19,977	11,718	107,104	(117,089)	411,607
Finance costs						(22,331)
Share of results in associates						(11)
Profit before tax						389,265
Income tax expense						(11,085)
Profit after tax						378,180

NOTES TO THE
FINANCIAL STATEMENTS (Cont'd)

41. OPERATING SEGMENTS (CONT'D)

Included in the profit after tax for the financial year are the following items:-

GROUP 2020	Renewable Energy RM'000	Resources RM'000	Packaging RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
Income						
Dividend income	-	94	-	114,930	(114,024)	1,000
Gain/(Loss) on foreign exchange, net:						
- Realised	(305)	(106)	(210)	(378)	-	(999)
- Unrealised	-	(440)	(20)	(2,348)	2,327	(481)
Interest income	4,987	218	33	2,027	(3,065)	4,200
Expense						
Allowance for impairment losses on:						
- Receivables, net	6,314	2,051	(89)	8	-	8,284
Amortisation of intangible asset	81,675	-	-	-	-	81,675
Depreciation of:						
- Property, plant and equipment	157	10,413	3,621	1,467	-	15,658
- Right-of-use assets	29	2,509	2,099	977	-	5,614
Assets						
Segment assets	2,223,838	314,561	101,252	440,743	-	3,080,394
Inter-segment assets	32,403	7,510	-	121,415	(161,328)	-
	2,256,241	322,071	101,252	562,158	(161,328)	3,080,394
Current tax assets						1,302
Consolidated total assets						3,081,696
Liabilities						
Segment liabilities	683,036	42,511	63,994	24,999	-	814,540
Inter-segment liabilities	12,760	7,500	2,066	134,344	(156,670)	-
	695,796	50,011	66,060	159,343	(156,670)	814,540
Deferred tax liabilities						100,536
Current tax liabilities						1,008
Consolidated total liabilities						916,084

41. OPERATING SEGMENTS (CONT'D)

GROUP 2020	Renewable Energy RM'000	Resources RM'000	Packaging RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
Other segment items						
Addition to non-current assets other than financial instruments:						
- Property, plant and equipment	15,717	5,046	4,472	19,323	(28)	44,530
- Right-of-use assets	-	8,386	4,355	1,301	-	14,042
2019						
Revenue						
External revenue	470,375	143,624	68,427	19,507	-	701,933
Inter-segment revenue	-	-	-	177,189	(177,189)	-
Consolidated revenue	470,375	143,624	68,427	196,696	(177,189)	701,933
Represented by revenue recognised:						
- At a point of time	35,086	143,624	68,427	19,507	-	266,644
- Over time	435,289	-	-	-	-	435,289
	470,375	143,624	68,427	19,507	-	701,933
Results						
Profit from operations						
- Continuing operations	183,726	18,394	1,972	172,379	(179,634)	196,837
- Discontinued operations	-	-	-	590	-	590
	183,726	18,394	1,972	172,969	(179,634)	197,427
Finance costs						(8,433)
Profit before tax						188,994
Income tax expense						(13,885)
Profit after tax						175,109

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

41. OPERATING SEGMENTS (CONT'D)

Included in the profit after tax for the financial year are the following items:-

GROUP 2019	Renewable Energy RM'000	Resources RM'000	Packaging RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
Income						
Dividend income	-	102	-	78,218	(77,260)	1,060
Gain/(Loss) on foreign exchange, net:						
- Realised	(40)	(741)	66	2,430	-	1,715
- Unrealised	(48)	(235)	(43)	(5,762)	5,805	(283)
Interest income	2,079	260	13	4,185	(4,781)	1,756
Expense						
Allowance for impairment losses on:						
- Receivables, net	-	2,008	59	7	-	2,074
Depreciation of:						
- Property, plant and equipment	67	10,484	3,331	1,097	-	14,979
- Right-of-use assets	20	2,305	1,664	2,125	-	6,114
Assets						
Segment assets	2,140,327	310,018	78,468	375,146	-	2,903,959
Inter-segment assets	23,155	5,058	-	1,367,544	(1,395,757)	-
	2,163,482	315,076	78,468	1,742,690	(1,395,757)	2,903,959
Current tax assets						1,127
Consolidated total assets						2,905,086
Liabilities						
Segment liabilities	277,708	50,297	55,639	712,708	-	1,096,352
Inter-segment liabilities	1,245,157	6,131	8,650	136,112	(1,396,050)	-
	1,522,865	56,428	64,289	848,820	(1,396,050)	1,096,352
Deferred tax liabilities						95,935
Current tax liabilities						911
Consolidated total liabilities						1,193,198

41. OPERATING SEGMENTS (CONT'D)

GROUP 2019	Renewable Energy RM'000	Resources RM'000	Packaging RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
Other segment items						
Addition to non-current assets other than financial instruments:						
- Property, plant and equipment	85	4,844	7,009	14,764	-	26,702
- Intangible asset	435,289	-	-	-	-	435,289
- Right-of-use assets	-	591	2,952	602	-	4,145

Geographical information

The information on the disaggregation of revenue based on geographical region is summarised below:-

	At A Point Of Time		Over Time		Group	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Continuing operations						
Malaysia	126,792	130,340	-	-	126,792	130,340
Lao PDR	509,966	35,086	-	435,289	509,966	470,375
Other ASEAN countries	29,976	19,780	-	-	29,976	19,780
India	26,331	34,803	-	-	26,331	34,803
Papua New Guinea	36,392	11,996	-	-	36,392	11,996
Australia	15,886	22,216	-	-	15,886	22,216
Other countries	21,783	12,423	-	-	21,783	12,423
	767,126	266,644	-	435,289	767,126	701,933
Discontinued operations	-	-	-	-	-	-
	767,126	266,644	-	435,289	767,126	701,933

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

41. OPERATING SEGMENTS (CONT'D)

Geographical information (Cont'd)

The analysis of the Group's non-current assets by geographical region is summarised as follow:-

	Non-current Assets	
	2020	**2019**
	RM'000	**RM'000**
Continuing operations		
Malaysia	618,603	551,474
Lao PDR	1,932,714	2,048,137
Cambodia	67,568	50,017
	2,618,885	2,649,628
Discontinued operations	-	-
	2,618,885	2,649,628

Major customer

The following is the major customer with revenue equal to or more than 10% of the Group's revenue:-

	Division	**Revenue**	
		2020	**2019**
		RM'000	**RM'000**
Customer A	Renewable Energy	509,966	470,375^

^ - *Relates to construction revenue from Don Sahong Hydropower Project.*

Notes To The Financial Statements (Cont'd)

42. SUBSIDIARIES

The principal activities of the subsidiaries, their place of incorporation and the effective interest of the Group are shown below:-

Company	Principal Activities	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2020 %	2019 %
Subsidiaries of the Company				
Authentic Excellence Sdn. Bhd. ("AESB")	Investment holding	Malaysia	100	100
Bloxwich International Sdn. Bhd. ("BISB")	Investment holding and provision of management services	Malaysia	100	100
Cheng Sun Industries Sdn. Bhd. ("CSI")	Investment holding	Malaysia	99.6	99.6
Don Sahong Holdings Limited[@] ("DSH")	Investment holding	Malaysia^	14.97	100
Geo-Mobile Asia Sdn. Bhd.	Investment holding	Malaysia	100	100
MFP Solar International Limited or MFPSI (formerly known as Goleman Limited)[@]	Dormant	Malaysia^	-	100
Gombak Land Sdn. Bhd. ("GLSB")	Investment holding and property development	Malaysia	100	100
Hexachase Corporation Sdn. Bhd. ("HXC")	Investment holding	Malaysia	52.4	52.4
Mamut Copper Mining Sdn. Bhd. ("MCM")	Dormant	Malaysia	100	100
Mega First Housing Development Sdn. Bhd.	Property development	Malaysia	100	100
Mega First Industries Sdn. Bhd. ("MFI")	Investment holding	Malaysia	100	100
Mega First Investments (L) Limited[&]	Investment holding	Malaysia[#]	100	100

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

42. SUBSIDIARIES (CONT'D)

Company	Principal Activities	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2020 %	2019 %
Subsidiaries of the Company (Cont'd)				
Mega First Mining Sdn. Bhd.	Investment holding	Malaysia	100	100
Mega First Plantation (Cambodia) Ltd[&]	Plantation development	Kingdom of Cambodia	100	100
Mega First Power Industries Sdn. Bhd. ("MFPI")	Investment holding and provision of management services to its subsidiaries	Malaysia	100	100
Mega First Resources Sdn. Bhd. ("MFR")	Investment holding	Malaysia	100	100
Propera Sdn. Bhd.	Dormant	Malaysia	100	100
Subsidiary of AESB				
Rock Chemical Industries (Malaysia) Sdn. Berhad ("RCI")	Investment holding and provision of management consultancy services	Malaysia	100	100
Subsidiary of BISB				
Bloxwich (Malaysia) Sdn. Bhd.	Engineering, designing and manufacturing of automotive components	Malaysia	100	100
Subsidiary of CSI				
Syarikat Cheng Sun Quarry Sdn. Bhd.	Quarrying of limestone and production of fine calcium carbonate powder	Malaysia	99.6	99.6
Subsidiaries of MFIL				
Don Sahong Holdings Limited[@] ("DSH")	Investment holding	Malaysia^	85.03	-

Notes To The Financial Statements (Cont'd)

42. SUBSIDIARIES (CONT'D)

Company	Principal Activities	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2020 %	2019 %
Subsidiaries of DSH				
Ground Roses Limited[@] ("GRL")	Investment holding	Malaysia^	100	100
Silver Acreage Limited[@]	Investment holding	Malaysia^	100	100
Subsidiary of GRL				
Don Sahong Power Company Ltd*	Develop and operate hydroelectric power plant	Lao People's Democratic Republic	80	80
Subsidiaries of GLSB				
Community Consortium Sdn. Bhd.	Property development	Malaysia	100	100
Idaman Harmoni Sdn. Bhd.	Property investment	Malaysia	65	65
Kinta Ceria Sdn. Bhd.	Property investment	Malaysia	100	100
Megah Harmonik Property Management Sdn. Bhd.	Property management	Malaysia	100	100
Paya Emas Sdn. Bhd.	Property development	Malaysia	60	60
Public Ventures Management Sdn. Bhd.[!]	Dormant	Malaysia	100	100
Subsidiaries of HXC				
Hexachase Flexipack Sdn. Bhd.	Manufacturing of flexible packaging products	Malaysia	62.9	55.2
Hexachase Labels Sdn. Bhd. ("HLSB")	Manufacturing of labels and printed products	Malaysia	65.8	47.1
Hexachase Packaging Sdn. Bhd.	Manufacturing of packaging products	Malaysia	41.9	41.9

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

42. SUBSIDIARIES (CONT'D)

Company	Principal Activities	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2020 %	2019 %
Subsidiary of HLSB				
Hexachase Marketing & Trading Sdn. Bhd.	Dormant	Malaysia	47.1	47.1
Subsidiary of MCM				
Geo-Mobile Asia (HK) Limited*	Dormant	Hong Kong	100	100
Subsidiary of MFI				
Greentown Parking Sdn. Bhd.	Car park operator	Malaysia	100	100
Subsidiaries of MFR				
Anting Sendirian Berhad	Quarry operator	Malaysia	100	100
Sri Anting Sdn. Bhd.	Operating quarries	Malaysia	100	100
Subsidiaries of MFPI				
Mega First C&I Solar Sdn. Bhd. (formerly known as MF Solar Sdn. Bhd.)	Investment holding	Malaysia	100	-
Mega First Power Services Sdn. Bhd.	Contractor for operation and maintenance of a power plant	Malaysia	100	100
Serudong Power Sdn. Bhd.	Ceased business	Malaysia	51	51
Bayangan Sutera Sdn. Bhd.	Dormant	Malaysia	100	80
MFP Solar Sdn. Bhd.	Solar photovoltaic Investment	Malaysia	-	55

42. **SUBSIDIARIES (CONT'D)**

Company	Principal Activities	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2020 %	2019 %
Subsidiaries of MF C&I Solar Sdn Bhd				
MFP Solar Sdn. Bhd.	Solar photovoltaic Investment	Malaysia	55	-
MFP Solar International Limited or MFPSI (formerly known as Goleman Limited)[@]	Investment holding	Malaysia^	100	-
MFP Solar (Cambodia) Co., Ltd	Solar photovoltaic Investment	Kingdom of Cambodia	100	-
Subsidiaries of RCI				
Batamas Sdn. Berhad ("BSB")	Manufacturing and selling of bricks	Malaysia	100	100
Identiti Jitu Sdn. Bhd.	Sand mining	Malaysia	55	55
Melewar Jutamas Sdn. Bhd.	Property investment	Malaysia	100	100
RCI Lime Sdn. Bhd.	Manufacture and sale of lime products and limestone quarry operator	Malaysia	100	100
RCI Marketing Sdn. Bhd.	Temporarily ceased operation	Malaysia	100	100
RCI Minerals Sdn. Bhd. ("RCIM")	Investment holding	Malaysia	100	100
RCI Ventures Sdn. Bhd.	Investment in quoted securities	Malaysia	100	100
Runding Kualiti Sdn.Bhd. ("RKSB")	Investment holding	Malaysia	60	60
Teratai Kembara Sdn. Bhd. ("TKSB")	Investment holding	Malaysia	77.8	77.8
Premier Capacity Sdn. Bhd. ("PCSB")	Sand mining	Malaysia	50.25	50.25

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

42. SUBSIDIARIES (CONT'D)

Company	Principal Activities	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2020 %	2019 %
Subsidiary of BSB				
Usaha Takzim Sdn. Bhd.	Property investment	Malaysia	100	100
Subsidiary of RCIM				
Mesrasasi Sdn. Bhd.	Quarry operator	Malaysia	100	100
Subsidiary of RKSB				
Runding ANR Sdn. Bhd.	Pre-operating	Malaysia	60	60
Subsidiary of TKSB				
Teratai ANR Sdn. Bhd.	Pre-operating	Malaysia	66	66

[*] *Subsidiary companies audited by other firms of chartered accountants.*

[&] *Subsidiary company audited by a member firm of Crowe Global of which Crowe Malaysia PLT is a member.*

[@] *Not required to be audited under the laws of the country of incorporation.*

[^] *These subsidiary companies are incorporated in British Virgin Islands.*

[#] *The subsidiary company is incorporated in Labuan, Malaysia.*

[!] *The subsidiary has commenced members' voluntary winding up petition on 9 March 2021.*

43. DIRECTORS' REMUNERATION

The aggregate amount of remuneration received and receivable by the Directors of the Group and of the Company during the financial year is as follows:-

	GROUP/COMPANY	
	2020	2019
	RM'000	RM'000
Executive Directors		
- Salary, bonus and other remuneration	1,073	911
Non-Executive Directors		
- Fees	436	443
- Other emoluments	28	26
	1,537	1,380

The details of Directors' remuneration received and receivable (excluding share options to Directors) for the financial year in bands of RM50,000 are as follows:-

	GROUP/COMPANY	
	2020	2019
	Number of Directors	
Executive Directors		
Below RM50,000	1	1
RM50,001 – RM100,000	1	-
RM100,001 – RM150,000	-	-
RM150,001 – RM200,000	-	-
RM200,001 – RM250,000	-	-
RM250,001 – RM300,000	-	-
RM300,001 – RM350,000	-	-
RM350,001 – RM400,000	-	-
RM400,001 – RM450,000	1	1
RM450,001 – RM500,000	-	1
RM500,001 – RM550,000	-	-
RM550,001 – RM600,000	1	-
Non-Executive Directors		
Below RM50,000	2	-
RM50,001 – RM100,000	6	7

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

44. RELATED PARTY DISCLOSURES

For the purpose of the financial statements, the Group and the Company have related party relationships with its subsidiaries (as disclosed in Note 42 to the financial statements), associates, joint venture and key management personnel.

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed elsewhere in the financial statements whereas the transactions that the Group and the Company carried out with such parties during the financial year are disclosed below:

(a) Subsidiaries

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Dividend income received and receivable	-	-	114,024	77,260
Management fee received and receivable	-	-	1,598	1,628
Interest income received and receivable	-	-	452	228
Interest expense paid and payable	-	-	(2,520)	(4,418)
Rental received and receivable	-	-	310	310
Rental paid and payable	-	-	(480)	(480)

(b) Joint Venture

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Sales of lime products	689	5,402	-	-

(c) A Major Shareholder of the Company

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Term loan received	602,550	-	-	-
Interest expense	7,435	-	-	-

44. RELATED PARTY DISCLOSURES (CONT'D)

(d) Person Connected to Directors

	GROUP		COMPANY	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Proceed from disposal of shares in a subsidiary	150	-	-	-

(e) The remuneration of key management personnel is as follows:-

	GROUP		COMPANY	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Directors' fees	436	443	436	443
Salary, bonus and other remuneration, including benefits-in-kind (gross)	5,755	5,853	2,544	2,416

The movement in share options granted to key management personnel is as follows:-

	GROUP/COMPANY	
	2020 '000	**2019 '000**
At 1 January	21,293	21,931
Exercised	(21,293)	(638)
At 31 December	-	21,293

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, **GOH NAN YANG** and **KHOO TENG KEAT**, being two of the Directors of **MEGA FIRST CORPORATION BERHAD** state that, in the opinion of the directors, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2020 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the Directors dated 25 March 2021

GOH NAN YANG

KHOO TENG KEAT

STATUTORY DECLARATION

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

I, **NEO HONG CHEE,** the officer primarily responsible for the financial management of **MEGA FIRST CORPORATION BERHAD**, do solemnly and sincerely declare that the accompanying financial statements, are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
the abovenamed **NEO HONG CHEE**
at Petaling Jaya
on 25 March 2021

Before me,

SELVARAJAH A/L SIVALINGAM
COMMISSIONER FOR OATHS

LIST OF PROPERTIES
HELD AS AT 31 DECEMBER 2020

No.	Description	Location	Approximate Age (years)	Total Area (sq. metre)	Tenure	Year of Acquisition	Year of Last Valuation	Carrying Amount RM'000
1	Quarry and limestone hill	HS (D) KA 46712 PT 3997 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	24	193,300	Leasehold 45 years (Expire in 2065)	1996	1996	3,316
2	Building, office, guardhouse and warehouse	Lot 45158 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	23	22,600	Freehold	1997	1997	3,472
3	Warehouse	Lot 45156 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	9	2,970	Freehold	2011	n/a	804
4	Warehouse	Lot 45158 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	11	864	Freehold	2009	n/a	439
5	Integrated lime kiln and hydration plant	Lot 45155 Geran 58731 Mukim of Kampar 31600 Gopeng Perak Darul Ridzuan	11	22,384	Freehold	2009	n/a	584
6	Integrated lime kiln and hydration plant	Lot 45157 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	24	18,700	Freehold	1996	1996	163
7	Stockyard	Lot 9479 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	7	64,547	Freehold	2013	2012	1,408
8	Stockyard	Lot 21487 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	24	10,600	Freehold	1996	1996	40
9	Stockyard	Lot 312555, 312556, 312557 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	6	62,290	Freehold	2014	2014	2,376
10	Stockyard	Lot 45137, 45138, 45139 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	7	87,817	Freehold	2013	2013	4,793
11	Stockyard	Lot 45156 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	14	16,415	Freehold	2006	2006	386

LIST OF PROPERTIES (Cont'd)

HELD AS AT 31 DECEMBER 2020

No.	Description	Location	Approximate Age (years)	Total Area (sq. metre)	Tenure	Year of Acquisition	Year of Last Valuation	Carrying Amount RM'000
12	Stockyard	Lot 45160 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	8	25,040	Freehold	2012	2012	1,279
13	Road access	Lot 6252, 6671, 6251, 6738, 13693 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	8	64,041	Freehold	2012	2012	3,564
14	Road access	Lot 23358 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	5	5,893	Freehold	2015	2015	186
15	Road access	Lot 45159 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	2	5,893	Freehold	2019	2019	921
16	Road access	Lot 26294 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	1	6,829	Freehold	2020	2011	183
17	Quarry and limestone hill	Lot 45152 Mukim Kampar Daerah Kampar Perak Darul Ridzuan	14	16,010	Freehold	2007	n/a	467
18	Quarry and limestone hill	PT 1491 Mukim Kampar 31600 Gopeng Perak Darul Ridzuan	13	58,474	Leasehold 45 years (Expire in 2065)	2007	n/a	2,420
19	Quarry and limestone hill	PT 3962 Mukim Kampar 31600 Gopeng Perak Darul Ridzuan	13	28,328	Leasehold 45 years (Expire in 2065)	2007	n/a	485
20	Agricultural land	Lot 320491 Mukim Teja Daerah Kampar Perak Darul Ridzuan	6	343,980	Leasehold (Expire in 2073)	2015	n/a	11,549
21	Industrial land	PN 397963 Lot 321568 Mukim Teja, Daerah Kampar Perak Darul Ridzuan	3	469,400	Leasehold 45 years (Expire in 2065)	2017	2017	20,081
22	Office and warehouse	Lot 28 Jalan Pengacara U1/48 Temasya Industrial Park Selangor Darul Ehsan	21	892	Freehold	2000	2000	530
23	Industrial land	Lot 4510 Mukim Bastari Jaya Kuala Selangor Selangor Darul Ehsan	22	77,080	Freehold	1997	n/a	1,595

List of Properties (Cont'd)

No.	Description	Location	Approximate Age (years)	Total Area (sq. metre)	Tenure	Year of Acquisition	Year of Last Valuation	Carrying Amount RM'000
24	Factory building	Lot 15588 Mukim Sungai Raia 31300 Simpang Pulai Kinta District, Perak Darul Ridzuan	7	n/a	Leasehold	2013	n/a	288
25	Factory land and buildings	Lot 138321, Jalan Changkat Larang P.O. Box 15 31007 Batu Gajah Perak Darul Ridzuan	38	42,576	Leasehold (Expire in 2045)	1982	1985	227
26	Double storey terrace house	HS (D) 353154 PT 355802 Mukim Hulu Kinta, Daerah Kinta Perak Darul Ridzuan	12	121	Leasehold (Expire in 2103)	2009	n/a	103
27	Industrial land	HS (D) 198575 PT 37292 Mukim Sungai Terap Kinta District, Perak Darul Ridzuan	8	7,174	Leasehold 60 years (Expire in 2071)	2012	2012	656
28	Agricultural land	HS (D) 198576 PT 37293 Mukim Sungai Terap Kinta District, Perak Darul Ridzuan	8	14,636	Leasehold 60 years (Expire in 2071)	2012	2012	1,337
29	Factory land and buildings	Lot PT 839 Mukim of Sg. Raia Kinta District, Perak Darul Ridzuan	33	28,850	Leasehold 45 years (Expire in 2065)	1987	n/a	3,100
30	Quarrying limestone hill	Lot PT 23156 Mukim of Sg. Raia Kinta District, Perak Darul Ridzuan	39	36,422	Leasehold 45 years (Expire in 2065)	1981	n/a	937
31	Industrial land	Lot PT 1109 Mukim of Sg. Raia Kinta District, Perak Darul Ridzuan	28	8,099	Leasehold 45 years (Expire in 2065)	1992	n/a	153
32	Agricultural land	Lot 22974 GRN 46180 Mukim of Sg. Raya Kinta District, Perak Darul Ridzuan	8	33,336	Freehold	2012	2011	2,160
33	Quarry land	HS (D) 3238 PT 1008 Mukim of Sg. Raya Kinta District, Perak Darul Ridzuan	8	40,467	Leasehold 45 years (Expire in 2065)	2012	2011	4,413

LIST OF PROPERTIES (Cont'd)

HELD AS AT 31 DECEMBER 2020

No.	Description	Location	Approximate Age (years)	Total Area (sq. metre)	Tenure	Year of Acquisition	Year of Last Valuation	Carrying Amount RM'000
34	Quarry land	PN 283888 Lot 303752 Mukim of Sg. Raya Kinta District, Perak Darul Ridzuan	8	60,710	Leasehold 45 years (Expire in 2065)	2012	2011	8,184
35	Agricultural land and buildings	Lot 15588 GRN 11527 Mukim of Sg. Raya Kinta District, Perak Darul Ridzuan	8	68,796	Freehold	2012	2011	3,326
36	Agricultural land	Lot 22993 GRN 49450 Mukim of Sg. Raya Kinta District, Perak Darul Ridzuan	8	7,664	Freehold	2012	2011	355
37	Industrial land	PN 70403 Lot 158432 Mukim of Sg. Raya Kinta District, Perak Darul Ridzuan	8	7,522	Leasehold 45 years (Expire in 2065)	2012	2011	584
38	Industrial land	PN 71751 Lot 187404 Mukim of Sg. Raya Kinta District, Perak Darul Ridzuan	8	16,180	Leasehold 45 years (Expire in 2065)	2012	2011	1,261
39	Industrial land	PN 71752 Lot 197220 Mukim of Sg. Raya Kinta District, Perak Darul Ridzuan	8	12,132	Leasehold 45 years (Expire in 2065)	2012	2011	948
40	Corporate office tower and office suite	PJ8, Seksyen 8 46050 Petaling Jaya Selangor Darul Ehsan	14	19,104	Leasehold 99 years (Expire in 2106)	2006	2019	121,109
41	Car park	PJ8, Seksyen 8 46050 Petaling Jaya Selangor Darul Ehsan	14		Leasehold 99 years (Expire in 2106)	2006	2018	6,375
42	Car park	PT 147622 Greentown, Ipoh Perak Darul Ridzuan	10	11,621	Leasehold 99 years (Expire in 2094)	2010	2019	12,500
43	Car park	Block A, B, C & D Greentown Business Centre Greentown, Ipoh	14 - 21	4,499	Leasehold 99 years (Expire in 2094)	1999 - 2006	2017	3,500

List of Properties (Cont'd)

No.	Description	Location	Approximate Age (years)	Total Area (sq. metre)	Tenure	Year of Acquisition	Year of Last Valuation	Carrying Amount RM'000
44	6-storey shop office	Wisma MFCB A-1-16, A1-12, A-1-10, A2-10 A-2-01B, A-2-02 Greentown, Ipoh Perak Darul Ridzuan	3	7,785	Leasehold 99 years (Expire in 2094)	2017	2017	1,533
45	4-storey shop office	Lot 8A, 8B, 16, 16A - 16C, 24C, 29B 39B, 40, 40A, 40B Greentown Avenue, Ipoh Perak Darul Ridzuan	3	20,093	Leasehold 99 years (Expire in 2094)	2017	2017	5,432
46	2-storey shop office	PT 1323, 1339, 1340 Mukim of Paya Rumput Daerah Melaka Tengah, Melaka	3	459	Freehold	2017	2017	968
47	Low cost flat	PN 38656 Mukim Batu Berendam, Daerah Melaka Tengah, Melaka	3	4,030	Leasehold 99 years (Expire in 2100)	2017	2017	2,170
48	3-storey shop office	PT 1126, 1129, 1130, 1175, 1183 Mukim Dengkil, Daerah Sepang Selangor Darul Ehsan	3	1,053	Leasehold 99 years (Expire in 2096)	2017	2017	2,968
49	Vacant land	PN 147624, 295228 Greentown, Ipoh Perak Darul Ridzuan	15	16,188	Leasehold 99 years (Expire in 2094)	2005	n/a	20,657
50	Vacant land held for development	PT 2388, 2397, 2401 Mukim Setapak Wilayah Persekutuan Kuala Lumpur	33	2,787	Leasehold 99 years (Expire in 2086)	1987	n/a	337
51	Vacant land held for development	PT 134914 Greentown, Ipoh Perak Darul Ridzuan	25	2,982	Leasehold 99 years (Expire in 2103)	1995	n/a	999
52	Vacant land held for development	Lot 277 to 279 Mukim of Paya Rumput Daerah Melaka Tengah, Melaka	27	201,616	Freehold	1993	n/a	9,699

LIST OF PROPERTIES (Cont'd)

HELD AS AT 31 DECEMBER 2020

No.	Description	Location	Approximate Age (years)	Total Area (sq. metre)	Tenure	Year of Acquisition	Year of Last Valuation	Carrying Amount RM'000
53	Vacant land held for development	Lot 3887-4068, 4070 PT 1135-1166, 1184-1199 Mukim Dengkil, Daerah Sepang Selangor Darul Ehsan	24	214,645	Leasehold 99 years (Expire in 2097)	1996	n/a	32,408
54	Factory land and building	PT 2620 & PT 2621 Lot 31 Seri Iskandar Technology Park Mukim Bota Daerah Perak Tengah 32600 Bota, Perak Darul Ridzuan	24	12,565	Leasehold 99 years (Expire in 2095)	1996	n/a	2,208
55	Factory and office (Building A)	PN 20204 Lot 4915 20, Jalan TTC 26 Taman Teknologi Cheng 75250 Melaka	4	4,940	Leasehold 99 years (Expire in 2096)	2016	2020	3,649
56	Factory and office (Building B)	PN 20204 Lot 4915 20, Jalan TTC 26 Taman Teknologi Cheng 75250 Melaka	2	4,126	Leasehold 99 years (Expire in 2096)	2018	2020	1,729
57	Factory and office	PN 20205 Lot 4916 18, Jalan TTC 26 Taman Teknologi Cheng 75250 Melaka	7	4,961	Leasehold 99 years (Expire in 2096)	2013	2020	4,175
58	Factory and office	Lot 4788-4789, Jalan TTC 29 Taman Perindustrian Cheng Taman Teknologi Cheng 75250 Melaka	10	3,916	Leasehold 99 years (Expire in 2096)	2009	2016	2,400
59	Factory and office	PN 47679 Lot 8821 5A, Jalan TTC 30 Taman Teknologi Cheng 75250 Melaka	2	4,993	Leasehold 99 years (Expire in 2096)	2018	2018	7,045

n/a - Not applicable

STATISTICS OF SHAREHOLDINGS

AS AT 30 MARCH 2021

Total Number of Issued Shares	:	494,176,051 shares
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share on a poll

ANALYSIS OF HOLDINGS

Size of Holding	No. of Holders	No. of Shares Held	% of Shareholdings^
Less than 100	573	27,579	0.01
100 to 1,000	3,905	3,130,375	0.66
1,001 to 10,000	5,143	19,375,895	4.09
10,001 to 100,000	1,190	38,230,280	8.07
100,001 to less than 5% of issued shares	360	278,719,281	58.84
5% and above of issued shares	2	134,195,341	28.33
Total	11,173	473,678,751	100.00

(^) - Excludes 20,497,300 treasury shares retained by the Company as reflected in the Record of Depositors.

TOP 30 SECURITIES ACCOUNT HOLDERS

No.	Name of Securities Account Holder	No. of Shares held	% of Total Issued Shares
1)	Rubber Thread Industries (M) Sdn Berhad	95,810,000	19.39
2)	Citigroup Nominees (Asing) Sdn Bhd *UBS AG Singapore for Keen Capital Investments Limited*	38,385,341	7.77
3)	Mega First Corporation Berhad *Share Buy-Back Account No. 1*	20,497,300	4.15
4)	Cartaban Nominees (Asing) Sdn Bhd *BBH and Co Boston for Fidelity Low-Priced Stock Fund (Prin AllSec Sub)*	18,300,045	3.70
5)	Perbadanan Pembangunan Ekonomi Sabah (SEDCO)	14,787,480	2.99
6)	PRT Capital Pte Ltd	11,605,600	2.35
7)	Kah Hin Loong Sdn Bhd	10,378,200	2.10
8)	Goh Nan Kioh	7,415,528	1.50

STATISTICS OF SHAREHOLDINGS (Cont'd)

AS AT 30 MARCH 2021

TOP 30 SECURITIES ACCOUNT HOLDERS (CONT'D)

No.	Name of Securities Account Holder	No. of Shares held	% of Total Issued Shares
9)	Shoptra Jaya (M) Sdn Bhd	7,220,000	1.46
10)	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board (Amundi)*	6,750,000	1.37
11)	Goh Nan Yang	6,297,377	1.27
12)	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board (Nomura)*	6,067,400	1.23
13)	Grand Terrace Sdn Bhd	5,903,320	1.19
14)	Zulkifli bin Hussain	5,549,900	1.12
15)	Andrew Lim Cheong Seng	4,650,000	0.94
16)	Lanai Etika Sdn Bhd	3,854,400	0.78
17)	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board (F Templeton)*	3,722,300	0.75
18)	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Susy Ding (CEB)*	3,260,800	0.66
19)	Cartaban Nominees (Asing) Sdn Bhd *BBH (Lux) SCA for Fidelity Funds Asean*	3,130,800	0.63
20)	Citigroup Nominees (Tempatan) Sdn Bhd *Exempt An for AIA Bhd*	3,033,500	0.61
21)	HSBC Nominees (Asing) Sdn Bhd *JPMCB for Vanguard Emerging Markets Stock Index Fund*	2,894,100	0.59
22)	Lim Soo Kiow	2,783,400	0.56
23)	HLIB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Yeow See Yuen*	2,766,426	0.56
24)	HSBC Nominees (Asing) Sdn Bhd *TNTC for GIC Private Limited*	2,409,900	0.49
25)	Cartaban Nominees (Asing) Sdn Bhd *Exempt An for State Street Bank & Trust Company (West CLT 0D67)*	2,398,300	0.49

Statistics of Shareholdings (Cont'd)

TOP 30 SECURITIES ACCOUNT HOLDERS (CONT'D)

No.	Name of Securities Account Holder	No. of Shares held	% of Total Issued Shares
26)	RHB Nominees (Tempatan) Sdn BHd *Pledged Securities Account for Wong Yee Hui*	2,290,700	0.46
27)	Maybank Nominees (Tempatan) Sdn Bhd *MTrustee Berhad for Tenaga Nasional Berhad Retirement Benefit Fund (RB-TNB-Nomur)(419513)*	2,058,070	0.42
28)	Affin Hwang Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Yeow See Yuen*	1,948,571	0.39
29)	Tokio Marine Life Insurance Malaysia Bhd *As Beneficial Owner*	1,942,000	0.39
30)	HLIB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Khoo Teng Keat*	1,938,688	0.39
	Total	300,049,446	60.72

SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

		Direct Interest		Deemed Interest	
No.	Name of Substantial Shareholder	Shares	% ^	Shares	% ^
1)	Goh Nan Kioh	7,415,528	1.57	150,398,141 [a]	31.75
2)	Rubber Thread Industries (M) Sdn Berhad	95,810,000	20.23	3,854,400 [b]	0.81
3)	Keen Capital Investments Limited	38,385,341	8.10	-	-
4)	Camasia Limited	742,800	0.16	99,664,400 [c]	21.04
5)	Laju Riang Sdn Bhd	-	-	99,664,400 [c]	21.04
6)	Kema Development Sdn Bhd	-	-	99,664,400 [c]	21.04
7)	Cam Property (Malaysia) Sdn Bhd *(formerly known as Cambrew (Malaysia) Sdn Bhd)*	-	-	99,664,400 [c]	21.04
8)	Dr. Lim Thian Soo	10,000	*	99,664,400 [c]	21.04
9)	Lim Thiam Cheok	10,000	*	99,664,400 [c]	21.04
10)	Lim Yam Poh	-	-	99,664,400 [c]	21.04

STATISTICS OF SHAREHOLDINGS (Cont'd)

AS AT 30 MARCH 2021

DIRECTORS' DIRECT AND DEEMED INTERESTS IN SHARES IN THE COMPANY

	Director	Direct Interest Shares	Direct Interest % ^	Deemed Interest Shares	Deemed Interest % ^
1)	Goh Nan Kioh	7,415,528	1.57	150,398,141 [(a)]	31.75
2)	Goh Nan Yang	6,297,377	1.33	-	-
3)	Goh Mei Sze	1,000,000	0.21	-	-
4)	Khoo Teng Keat	2,338,688	0.49	-	-
5)	Yeow See Yuen	4,714,997	1.00	52,000 [(d)]	0.01
6)	Dato' Koh Hong Sun	453,869	0.10	-	-
7)	Tay Kheng Chiong	378,731	0.08	-	-
8)	Datuk Haji Pengiran Saifuddin bin Pengiran Tahir, JP	-	-	-	-
9)	Jesper Bjorn Madsen	300,000	0.06	-	-
10)	Professor Dato' Dr. Tan Hui Meng	432,000	0.09	1,067,100 [(e)]	0.23
11)	Datin Jeyanthini a/p M. Kannaperan	-	-	-	-
	Total	23,331,190	4.93	151,517,241	31.99

Notes:

* *Less than 0.01%.*

^ *Based on the 494,176,051 issued shares minus 20,497,300 treasury shares retained by the Company as reflected in the Record of Depositors.*

(a) *Deemed interest by virtue of his interest in Rubber Thread Industries (M) Sdn Berhad, Lanai Etika Sdn Bhd, Keen Capital Investments Limited, PRT Capital Pte Ltd and Camasia Limited pursuant to Section 8 of the Companies Act, 2016 ("the Act").*

(b) *Deemed interest by virtue of its interest in Lanai Etika Sdn Bhd pursuant to Section 8 of the Act.*

(c) *Deemed interest by virtue of his/her/its interest in Rubber Thread Industries (M) Sdn Berhad and Lanai Etika Sdn Bhd pursuant to Section 8 of the Act.*

(d) *Deemed interest by virtue of his mother's shareholdings in the Company.*

(e) *Deemed interest by virtue of his spouse's and children's shareholdings in the Company.*

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 55th Annual General Meeting ("AGM") of Mega First Corporation Berhad ("MFCB" or "the Company") will be conducted in a fully virtual manner through live streaming from the broadcast venue at Conference Room, A-12-01, Level 12, Block A, PJ8, 23 Jalan Barat, Seksyen 8, 46050 Petaling Jaya, Selangor Darul Ehsan on Thursday, 27 May 2021 at 10:00 a.m. for the following purposes:-

AGENDA

1. To receive and consider the Directors' Report and Audited Financial Statements for the year ended 31 December 2020. ***(Please refer to Note B below)***

2. To approve the payment of Directors' remuneration (including Directors' fees) to the Non-Executive Directors in respect of the financial ending 31 December 2021, up to an aggregate amount of RM650,000, from 28 May 2021 until the next AGM of the Company. ***(Resolution 1)***

3. To re-elect the following Directors who retire by rotation pursuant to Clause 119 of the Company's Constitution and who being eligible, offer themselves for re-election:-

   a) Mr Goh Nan Kioh ***(Resolution 2)***
   b) Dato' Koh Hong Sun ***(Resolution 3)***
   c) Datuk Hj. Pengiran Saifuddin bin Pengiran Tahir ***(Resolution 4)***

4. To re-elect the following Directors who are retiring pursuant to Clause 123 of the Company's Constitution and who being eligible, offer themselves for re-election:-

   a) Datin Jeyanthini a/p M. Kannaperan ***(Resolution 5)***
   b) Ms Goh Mei Sze ***(Resolution 6)***

5. To re-appoint Crowe Malaysia PLT as auditors of the Company and to authorise the Board of Directors to fix their remuneration. ***(Resolution 7)***

   Special Business

   To consider and if thought fit, to pass the following Ordinary Resolutions with or without modifications :

6. **Ordinary Resolution**
   Retention of Dato' Koh Hong Sun as Independent Director

   "THAT Dato' Koh Hong Sun who has served for a cumulative term of more than 9 years be and is hereby retained as Independent Director of the Company until the conclusion of the next AGM in accordance with the Malaysian Code on Corporate Governance." ***(Resolution 8)***

7. **Ordinary Resolution**
   Retention of Mr Yeow See Yuen as Independent Director

   "THAT Mr Yeow See Yuen who has served for a cumulative term of more than 12 years be and is hereby retained as Independent Director of the Company until the conclusion of the next AGM in accordance with the Malaysian Code on Corporate Governance." ***(Resolution 9)***

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

8. **Ordinary Resolution**
   Authority to issue shares pursuant to Section 75 of the Companies Act, 2016

   "THAT, subject always to the Companies Act, 2016 ("the Act") and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered and authorised, pursuant to Section 75 of the Act, to issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person/ persons or party/parties whomsoever the Directors may deem fit provided that the aggregate nominal value of shares to be issued during the preceding 12 months does not exceed ten percent of the total number of shares in issue (excluding treasury shares) at the point of issuance of shares and that such authority shall continue in force until the conclusion of the next annual general meeting." ***(Resolution 10)***

9. **Ordinary Resolution**
   Renewal of Share Buy-Back Authority

   "THAT, subject always to the Companies Act, 2016 ("the Act"), rules, regulations and orders made pursuant to the Act, and the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("BMSB") and any applicable laws, rules, regulations and guidelines for the time being in force, the Directors of the Company be and are hereby authorised to :- ***(Resolution 11)***

   i) purchase shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their discretion deem fit, provided that the aggregate number of shares bought pursuant to this resolution does not exceed ten percent of the total number of shares as quoted on BMSB at the point of purchase and the total funds allocated shall not exceed the total retained earnings of the Company which would otherwise be available for dividends;
   ii) retain the shares so purchased as treasury shares or cancel them or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or to distribute the shares as dividend, and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the MMLR of BMSB and any other relevant authority for the time being in force; and
   iii) take all such steps as are necessary or expedient to implement or to effect the purchase of the shares,

   AND THAT the authority conferred by this resolution shall commence immediately and continue to be in force until the conclusion of the next annual general meeting of the Company, unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting or upon the expiration of the period within which the next annual general meeting is required by law to be held, whichever occurs first."

10. To transact any other business that may be transacted at an annual general meeting, due notice of which shall have been previously given in accordance with the Companies Act, 2016 and the Company's Constitution.

By Order of the Board
MEGA FIRST CORPORATION BERHAD

Foo Wen Yunn
SSM PC No. 201908000440 (MAICSA 7057965)
Company Secretary

Petaling Jaya
28 April 2021

Notice of Annual General Meeting (Cont'd)

NOTES:

A) IMPORTANT NOTICE

(1) *In light of the Coronavirus Disease 2019 ("COVID-19") pandemic and Government of Malaysia's official guidance on social distancing, the 55th AGM of the Company will be conducted on fully virtual manner through live streaming and online remote voting via the Remote Participation and Electronic Voting ("RPEV") Facilities at https://web.lumiagm.com.*

Please read and follow the procedures as set out in the Administrative Guide for the AGM which can be viewed and downloaded from the website of the Company at www.mega-first.com in order to register, participate and vote remotely via the RPEV Facilities.

(2) *The Broadcast Venue of the AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairperson of the AGM to be present at the main venue of the AGM. Shareholders/Proxies/Corporate Representatives WILL NOT BE ALLOWED to attend the AGM in person at the Broadcast Venue on the day of the AGM*

(3) *Depositors whose names appear in the Record of Depositors as at 20 May 2021 shall be regarded as members of the Company entitled to attend the AGM or to appoint proxies to attend on their behalf.*

(4) *A member of the Company entitled to attend and vote at the AGM is entitled to appoint a proxy or proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.*

(5) *In the case of a corporate member, the instrument appointing a proxy or proxies shall be (a) under its common seal; or (b) under the hand of its attorney, and in the case of (b), be supported by a certified true copy of the resolution appointing such officer or certified true copy of the power of attorney.*

(6) *A member shall, subject to paragraph (7) below, be entitled to appoint no more than 2 proxies to attend and vote at the AGM. Where a member appoints 2 proxies to attend and vote at the AGM, such appointment shall not be valid unless the member specifies the proportion of his/her shareholding to be represented by each proxy.*

(7) *Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("**SICDA**") which holds MFCB Shares for multiple beneficial owners in 1 securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where a member of the Company is an authorised nominee as defined under the SICDA, it may appoint at least 1 proxy in respect of each securities account it holds with MFCB Shares standing to the credit of the said securities account.*

(8) *A member or his/her proxy or proxies must register himself/herself to participate in the AGM for the RPV Facilities via Boardroom Smart Investor Portal at https://boardroomlimited.my by 10.00 a.m. on 25 May 2021. Procedures for registration can be found in the Administrative Guide for the AGM.*

(9) *The instrument appointing a proxy may be made in hard copy form or by electronic means in the following manner and must be received by the Company not less than 48 hours before the time appointed for holding the AGM or at any adjournment thereof:*

In hard copy form

In the case of an appointment is made in hard copy form, the Form of Proxy must be deposited at the registered office of the Company situated at A-12-01, Level 12, Block A, PJ8, 23 Jalan Barat, Seksyen 8, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

By electronic means

In the case of an appointment is made by electronic means, the Form of Proxy must be electronically deposited via Boardroom Smart Investor Portal at https://boardroomlimited.my. Please refer to the Procedure for Electronic Lodgement of Form of Proxy stated in the Administrative Guide for the AGM.

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

B) Audited Financial Statements

The agenda is meant for discussion as the provisions of the Companies Act, 2016 do not require a formal approval of the shareholders on the audited financial statements. Hence, the matter will not be put for voting.

EXPLANATORY NOTES TO SPECIAL BUSINESS

1) **Ordinary Resolution 1 - Directors' Remuneration**

The Shareholders' approval is being sought under Resolution 2 for the payment of the Remuneration to Non-Executive Directors in respect of the financial year ending 31 December 2021, from 28 May 2021 up till the next AGM of the Company.

3) **Ordinary Resolution 8 - Retention of Dato' Koh Hong Sun as Independent Director**

Dato' Koh Hong Sun has served the Company as Independent Director for more than 9 years. The Board of Directors, vide the Nominating Committee has assessed the independence of Dato' Koh Hong Sun.

The Nominating Committee and the Board are satisfied that Dato' Koh Hong Sun remains unbiased, objective and independent in expressing his opinions and in participating in the decision making of the Board. He possesses tremendous insights and in-depth knowledge of the Company's business and affairs. The length of his services on the Board has not in any way interfered with his objective and independent judgment in carrying out his role as a member of the Board and relevant Committees. With his skills and vast experience in the industry, Dato' Koh Hong Sun would be able to contribute during deliberations or discussions of the Board and Board Committees. He has also devoted sufficient attention to his responsibilities as an Independent Director and in carrying out his duty in the best interest of the Company and its shareholders. The Board believes that Dato' Koh Hong Sun should be retained as Independent Director. The Board therefore recommends for shareholders' approval to retain Dato' Koh Hong Sun as Independent Director.

4) **Ordinary Resolution 9 - Retention of Mr Yeow See Yuen as Independent Director**

Mr Yeow See Yuen has served the Company as Independent Director for more than 12 years. The Board of Directors, vide the Nominating Committee has assessed the independence of Mr Yeow See Yuen.

The Nominating Committee and the Board are satisfied that Mr Yeow See Yuen remains unbiased, objective and independent in expressing his opinions and in participating in the decision making of the Board. He possesses tremendous insights and in-depth knowledge of the Company's business and affairs. The length of his services on the Board has not in any way interfered with his objective and independent judgment in carrying out his role as a member of the Board and relevant Committees. With his skills and vast experience in business, accounting, finance and management, Mr Yeow See Yuen would be able to contribute during deliberations or discussions of the Board and Board Committees. He has also devoted sufficient attention to his responsibilities as an Independent Director and in carrying out his duty in the best interest of the Company and its shareholders. The Board believes that Mr Yeow See Yuen should be retained as Independent Director. The Board therefore recommends for shareholders' approval to retain Mr Yeow See Yuen as Independent Director.

In line with the Practice 4.2 of the Malaysian Code on Corporate Governance 2017 ("MCCG"), the approval of the shareholders will be sought through two-tier voting process as described in the Guidance to Practice 4.2 of the MCCG.

Notice of Annual General Meeting (Cont'd)

5) **Ordinary Resolution 10 - Authority to issue shares pursuant to Section 75 of the Companies Act, 2016**

Resolution 10, if passed, will empower the Directors to issue new shares up to 10% of the issued share capital (excluding treasury shares) of the Company at the time of issuance, for purposes of funding future investment projects, working capital, acquisitions and so forth. The approval is a renewed general mandate and is sought to provide flexibility and avoid any delay and cost in convening a general meeting for such issuance of shares for fund raising activities, including placement of shares. The authorisation, unless revoked or varied by the Company at a general meeting, will expire at the next AGM. The Company has not issued any new shares under the general authority given at the last AGM.

6) **Ordinary Resolution 11 - Renewal of Share Buy-Back Authority**

Resolution 11, if passed, will give the Company the authority to purchase its own ordinary shares of up to 10% of the total number of shares as quoted on Bursa Malaysia Securities Berhad at the point of purchase ("Share Buy-Back"). This authority, unless renewed or revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM after that date is required by law to be held, whichever occurs first.

For further information, please refer to the Share Buy-back Statement dated 28 April 2021.

Statement Accompanying Notice of Annual General Meeting
Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

The profiles of the Directors who are standing for re-election under Agenda 3 and 4 of the Notice of 55th AGM are found on the Profile of Directors section of this Annual Report 2020.

DIRECTORY

No.	Company Name & Email Address	Address	Telephone No.	Facsimile No.	Person-to-Contact
1.	Mega First Corporation Berhad mfcb@mega-first.com	A-12-01, Level 12, Block A, PJ8, No. 23 Jalan Barat, Seksyen 8, 46050 Petaling Jaya, Selangor Darul Ehsan.	+603-7960 8818	+603-7960 7818	Mr. Khoo Teng Keat
2.	Mega First Investments (L) Limited mfil@mega-first.com	A-12-01, Level 12, Block A, PJ8, No. 23 Jalan Barat, Seksyen 8, 46050 Petaling Jaya, Selangor Darul Ehsan.	+603-7960 8818	+603-7960 7818	Mr. Khoo Teng Keat
3.	Don Sahong Power Company Ltd. contact@dshpp.com	Lao-Thai Friendship Avenue, 374/15, Vat Nak Village, Sisattanak District, Vientiane, Lao PDR.	+856-2135 3532	+856-2135 3532	Mr. Khoo Teng Keat
4.	Rock Chemical Industries (Malaysia) Sdn. Berhad info@rci.com.my	Lot 45157 & 45158, Gunung Panjang, 31600 Gopeng, Perak Darul Ridzuan.	+605-359 3188	+605-359 3228	Mr. John Chu
5.	Batamas Sdn. Berhad batamasmy@yahoo.com	Lot 138321, Jalan Changkat Larang, P.O. Box 15, 31007 Batu Gajah, Perak Darul Ridzuan.	+605-366 1654 +605-366 3500	+605-366 3555	Mr. John Chu
6.	Anting Sendirian Berhad antingsb@hotmail.com	Lot 15588, Mukim Sungai Raya, 31300 Simpang Pulai, Ipoh, Perak Darul Ridzuan.	+605-357 4105	+605-357 6472	Mr. John Chu
7.	Syarikat Cheng Sun Quarry Sdn. Bhd. csquarry@yahoo.com.my	Lot 67887, Mukim Sg. Raia, 31300 Keramat Pulai, Perak Darul Ridzuan.	+605-357 1502 +605-357 1503 +605-357 1505	+605-357 1504	Mr. John Chu
8.	Mega First Housing Development Sdn. Bhd. Gombak Land Sdn. Bhd. Idaman Harmoni Sdn. Bhd. Paya Emas Sdn. Bhd. mfcb.property@mega-first.com	A-12-01, Level 12, Block A, PJ8, No. 23 Jalan Barat, Seksyen 8, 46050 Petaling Jaya, Selangor Darul Ehsan.	+603-7960 8818	+603-7960 7818	Mr. Khoo Teng Keat
9.	Greentown Parking Sdn. Bhd. mfcb.property@mega-first.com	No. 15A Persiaran Greentown 4A, Greentown Avenue, 30450 Ipoh, Perak Darul Ridzuan.	+605-243 3092	+605-243 3094	Mr. Khoo Teng Keat
10.	Hexachase Labels Sdn. Bhd. hcsb@hexachase.com	No. 20, Jalan TTC 26, Taman Teknologi Cheng, 75250 Melaka.	+606-335 7461 +606-335 7472	+606-335 7429	Mr. Danny Yeo
11.	Hexachase Flexipack Sdn. Bhd. hcsb@hexachase.com	No. 18, Jalan TTC 26, Taman Teknologi Cheng, 75250 Melaka.	+606-335 8299	+606-335 0009	Mr. Danny Yeo
12.	Hexachase Packaging Sdn. Bhd. pkgcs@hexachase.com	Lot 4788 & 4789, Jalan TTC 29, Kawasan Perindustrian Cheng, Taman Teknologi Cheng, 75250 Melaka.	+606-337 1201 +606-337 1202	+606-337 1200	Mr. Deric Sim
13.	Bloxwich (Malaysia) Sdn. Bhd. admin@bloxwich.com.my	Lot 31, Seri Iskandar Technology Park, Mukim Bota, Daerah Perak Tengah, 32600 Bota, Perak Darul Ridzuan.	+605-371 1516 +605-371 2859	+605-371 1520	Mr. Ong Hock Kheng
14.	MFP Solar Sdn. Bhd. enquiry@mfpsolar.com	A-12-01, Level 12, Block A, PJ8, No. 23 Jalan Barat, Seksyen 8, 46050 Petaling Jaya, Selangor Darul Ehsan.	+603-7960 8818	+603-7960 7818	Mr. Goh Chin San

No. of MFCB shares held:
CDS Account Number:

MFCB

MEGA FIRST CORPORATION BERHAD
Reg. No. 196601000210 (6682-V)
(Incorporated in Malaysia)

FORM OF PROXY

(To be completed in block letters)

I/We ____

(Full Name as per NRIC/Certificate of Incorporation in block letters)

Company No. / NRIC No. ____

of ____

(Full address)

being a member of MEGA FIRST CORPORATION BERHAD ("the Company") hereby appoint:-

Full Name (in Block Letters)	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of MFCB Shares	**%**
Address:			
Email Address:			
Tel No:			

AND / OR

Full Name (in Block Letters)	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of MFCB Shares	**%**
Address:			
Email Address:			
Tel No:			

as my/our proxy/proxies to attend and, on a poll, to vote for me/us on my/our behalf at the 55th Annual General Meeting of the Company, to be conducted in a fully virtual manner through live streaming from the broadcast venue at Conference Room, A-12-01, Level 12, Block A, PJ8, 23 Jalan Barat, Seksyen 8, 46050 Petaling Jaya, Selangor Darul Ehsan on Thursday, 27 May 2021 at 10:00 a.m. and at any adjournment thereof, in the manner indicated below.

RESOLUTIONS		For	Against	Abstain
1.	Payment of Directors' remuneration.			
2.	Re-elect Mr Goh Nan Kioh as Director.			
3,	Re-elect Dato' Koh Hong Sun as Director			
4.	Re-elect Datuk Hj. Pengiran Saifuddin bin Pengiran Tahir as Director.			
5.	Re-elect Datin Jeyanthini a/p M. Kannaperan as Director			
6.	Re-elect Ms Goh Mei Sze as Director			
7.	Re-appoint Crowe Malaysia PLT as auditors and authorise the Board of Directors to fix their remuneration.			
8.	Retention of Dato' Koh Hong Sun as Independent Director.			
9.	Retention of Mr Yeow See Yuen as Independent Director.			
10.	Authority to issue shares pursuant to Section 75 of the Companies Act 2016.			
11.	Renewal of Share Buy-Back Authority.			

(Please indicate with an (X) in the space provided as to how you wish your vote to be cast. If no indication is given, my/our proxy shall vote or abstain as he/she thinks fit).

Date:
Contact Number

____

Signature/Common Seal of Shareholder

NOTES:

(1) In light of the Coronavirus Disease 2019 ("COVID-19") pandemic and Government of Malaysia's official guidance on social distancing, the 55th AGM of the Company will be conducted on fully virtual manner through live streaming and online remote voting via the Remote Participation and Electronic Voting ("RPEV") Facilities at https://web.lumiagm.com.

Please read and follow the procedures as set out in the Administrative Guide for the AGM which can be viewed and downloaded from the website of the Company at www.mega-first.com in order to register, participate and vote remotely via the RPV Facilities.

(2) The Broadcast Venue of the AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairperson of the AGM to be present at the main venue of the AGM. Shareholders/Proxies/Corporate Representatives WILL NOT BE ALLOWED to attend the AGM in person at the Broadcast Venue on the day of the AGM

(3) Depositors whose names appear in the Record of Depositors as at 20 May 2021 shall be regarded as members of the Company entitled to attend the AGM or to appoint proxies to attend on their behalf.

(4) A member of the Company entitled to attend and vote at the AGM is entitled to appoint a proxy or proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

(5) In the case of a corporate member, the instrument appointing a proxy or proxies shall be (a) under its common seal; or (b) under the hand of its attorney, and in the case of (b), be supported by a certified true copy of the resolution appointing such officer or certified true copy of the power of attorney.

(6) A member shall, subject to paragraph (7) below, be entitled to appoint no more than 2 proxies to attend and vote at the AGM. Where a member appoints 2 proxies to attend and vote at the AGM, such appointment shall not be valid unless the member specifies the proportion of his/her shareholding to be represented by each proxy.

(7) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which holds MFCB Shares for multiple beneficial owners in 1 securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where a member of the Company is an authorised nominee as defined under the SICDA, it may appoint at least 1 proxy in respect of each securities account it holds with MFCB Shares standing to the credit of the said securities account.

(8) A member or his/her proxy or proxies must register himself/herself to participate in the AGM for the RPEV Facilities via Boardroom Smart Investor Portal at https://boardroomlimited.my by 10.00 a.m. on 25 May 2021. Procedures for registration can be found in the Administrative Guide for the AGM.

(9) The instrument appointing a proxy may be made in hard copy form or by electronic means in the following manner and must be received by the Company not less than 48 hours before the time appointed for holding the AGM or at any adjournment thereof:

In hard copy form

In the case of an appointment is made in hard copy form, the Form of Proxy must be deposited at the registered office of the Company situated at A-12-01, Level 12, Block A, PJ8, 23 Jalan Barat, Seksyen 8, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

By electronic means

In the case of an appointment is made by electronic means, the Form of Proxy must be electronically deposited via Boardroom Smart Investor Portal at https://boardroomlimited.my. Please refer to the Procedure for Electronic Lodgement of Form of Proxy stated in the Administrative Guide for the AGM.

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Affix
Postage
Stamp

The Company Secretary
MEGA FIRST CORPORATION BERHAD
A-12-01 Level 12 Block A PJ8
No. 23 Jalan Barat
Sekyen 8
46500 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Please fold here

MFCB

MEGA FIRST CORPORATION BERHAD Reg. No. 196601000210 (6682-V)

A-12-01, Level 12, Block A, PJ8, 23 Jalan Barat, Seksyen 8, 46050 Petaling Jaya, Selangor Darul Ehsan.

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