ASCENDING FROM A SOLID START

Aneka Jaringan Holdings Berhad

(Registration No. 201801030681 (1292707-D))

ANNUAL REPORT **2020**

ABOUT ANEKA JARINGAN HOLDINGS BERHAD

Aneka Jaringan is a group of construction companies specialised in basement and foundation construction. Combining valuable work experiences and technical knowledge, Aneka Jaringan is fully committed to providing a total innovative solution to our client's needs, proven with our 20-year track record.

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Basement Construction

Considered specialised works, basement constructions are carried out deep below the ground in adverse conditions such as high ground water, mud and limited working space.

INSIDE THIS REPORT

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Foundation Construction

Bored Piling

One of our core specialties is bored piling, which is the preferred foundation works method for high-rise buildings and large structures. It produces minimal noise, vibration, and disturbances to adjacent structures during construction.

Foundation Construction

Retaining Wall Construction

Our expertise in retaining wall construction includes diaphragm walls, contiguous bored pile (CBP) walls, secant pile walls and other types of support systems for deep excavations, such as construction of multilevel basement car parks and underground tunnels.

In 2001, Aneka Jaringan Sdn Bhd was incorporated with initial business activity in foundation construction, namely bored piling.

OUR MILESTONES

2001

Incorporation and commencement of Aneka Jaringan Sdn Bhd with initial business activity in foundation construction namely bored piling.

Our first bored piling project was for infrastructure development namely a bridge in Kajang, Selangor.

2002

We were registered as a Grade G5 contractor for civil engineering works with CIDB through Aneka Jaringan. Subsequently in 2004, Aneka Jaringan became a Grade G7 contractor for piling and general construction works for building and civil engineering projects with no tender limitation on the size or value of the project.

2003

We secured our first bored piling project based on our alternative design for the foundation construction for the Kuala Lumpur Courts Complex.

2004

Incorporation and commencement of Aneka Geotechnics Sdn Bhd mainly to provide construction machinery and equipment to support Aneka Jaringan's foundation and basement construction.

We extended our areas of specialisation in foundation by constructing our first diaphragm wall for Pavilion KL.

2005

We secured a diaphragm wall project for the Attorney General Chambers of Malaysia.

OUR MILESTONES

2007

We secured a major foundation construction project amounting to approximately RM71 million for Damansara City, a mixed development in Damansara Heights, Kuala Lumpur. Our scope of work included construction of CBP wall and raft foundation.

2008

We secured our first basement construction project for Menara Felda, Platinum Park. Our scope of work included earthworks, bored piling works, diaphragm wall construction, basement excavation and strutting system, basement RC works and M&E works.

2009

We secured a basement construction project for Naza Tower and Menara TH within Platinum Park using a top-down basement construction method.

We secured our first bored piling project for rail infrastructure, namely the Seremban – Gemas double tracking project.

2010

We secured a bored piling project for the Besraya Expressway Eastern Extension in Kuala Lumpur. During the same year, we continued to secure 2 more packages of bored piling projects as well as construction of a CBP wall for the said expressway and the last package was completed in 2013.

2012

We secured foundation construction for MRT 1 including, among others, bored piling works for the said project in Kuala Lumpur.

We secured a design and build contract for the construction of diaphragm wall with temporary steel strutting system and ground anchor for Da Men Mall, a shopping mall in Subang Jaya in Selangor.

In FYE 2012, we achieved the RM100 million revenue milestone.

OUR MILESTONES

2013

We installed one of our largest bored piles with a 2.8-metre diameter bore for Stonor 214. This project also included the construction of diaphragm walls and the installation of plunge-in columns.

2014

We expanded to Jakarta, Indonesia through the incorporation of PT Aneka Jaringan Indonesia, which is involved in foundation construction.

We secured one of our largest diaphragm wall construction projects for the Merdeka 118 Project in Kuala Lumpur. It was approximately 8 times larger in terms of total excavation volume compared to the first diaphragm wall that we constructed in 2004. This project serves as a significant milestone for our Group as well as a testament to our capabilities.

2015

Incorporation of Aneka Jaringan & Persis Waja JV Sdn Bhd to carry out foundation construction namely bored piling in the eastern side of the Merdeka 118 Project in Kuala Lumpur.

We secured our first bored piling project in Indonesia for building namely Menteng Park as well as for infrastructure namely JORR Project, both located in Jakarta, Indonesia.

2016

We continued to secure projects in Indonesia including bored piling projects for a residential tower at the Kemayoran Athlete Village in Jakarta as well as the Bocimi Toll Road (Section 1) in West Java, Indonesia.

We secured our first secant pile wall project for UOB Tower 2. The project also included construction of CBP wall as well as bored piling works.

OUR MILESTONES

2017

We secured a project involving basement construction for Sentral Suites. As part of our engineering design, we used a free-standing retaining wall system consisting of an integrated diaphragm wall with a buttress wall to support excavation works.

We secured foundation construction projects for BBCC where we were involved in bored piling works for Parcels 1, 4 and 5 and construction of diaphragm walls for Parcels 4 and 5. We constructed one of our deepest bored piles of 103 metres in depth for this project.

2018

We secured a foundation construction project for infrastructure such as tunnels, flyover and pedestrian bridge for Merdeka 118 Project in Kuala Lumpur.

We moved into our head office in Bukit Jalil City.

In FYE 2018, we achieved the RM200 million revenue milestone.

2019

We secured a foundation construction project for the renovation of Istiqlal Mosque where we were involved in the bored piling works for a new car park development within the compound of the mosque in Jakarta, Indonesia.

We continued to secure diaphragm wall construction project for the Belfield Tunnel.

2020

We registered a branch office in Singapore as part of our expansion plans.

Aneka Jaringan Holdings Berhad is listed on the ACE Market of Bursa Malaysia Securities Berhad.

Incorporation of Sunway Aneka Pertama Geotechnics (PH) Inc to undertake the design and construction of foundation, retaining, substructure and ground improvement works in Philippines.

CORPORATE INFORMATION

Board of Directors

Name	Designation
Dato' Ir. Tan Gim Foo	Independent Non-Executive Chairman
Pang Tse Fui	Managing Director
Chong Ngit Sooi	Executive Director
Loke Kien Tuck	Executive Director
Dato' Noraini binti Abdul Rahman	Independent Non-Executive Director
Wee Kee Hong	Independent Non-Executive Director

Audit and Risk Management Committee

Name	Designation
Wee Kee Hong	Chairman
Dato' Ir. Tan Gim Foo	Member
Dato' Noraini binti Abdul Rahman	Member

Remuneration Committee

Name	Designation
Dato' Ir. Tan Gim Foo	Chairman
Dato' Noraini binti Abdul Rahman	Member
Wee Kee Hong	Member

Nomination Committee

Name	Designation
Dato' Noraini binti Abdul Rahman	Chairman
Dato' Ir. Tan Gim Foo	Member
Wee Kee Hong	Member

Company Secretaries

Tan Fong Shian @ Lim Fong Shian	MAICSA 7023187
Liew Chak Hooi	MAICSA 7055965

CORPORATE INFORMATION

REGISTERED OFFICE

Suite 11.1A, Level 11
Menara Weld
76, Jalan Raja Chulan
50200 Kuala Lumpur
Telephone No. : (03) 2031 1988
Facsimile No. : (03) 2031 9788

HEAD OFFICE

K-2-1, Pusat Perdagangan
Bandar Bukit Jalil
Persiaran Jalil 2
57000 Kuala Lumpur
Telephone No. : (03) 8657 5150
Facsimile No. : (03) 2771 3827
Email : info@ajgroup.my
Website : www.anekajaringan.com

AUDITORS

Baker Tilly Monteiro Heng PLT (201906000600)
(LLP0019411-LCA & AF 0117)
Baker Tilly Tower, Level 10
Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Telephone No. : (03) 2297 1000
Facsimile No. : (03) 2282 9980

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor
Telephone No. : (03) 7890 4700
Facsimile No. : (03) 7890 4670

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad
11, Jalan Kenari 5
Bandar Puchong Jaya
47100 Puchong, Selangor
Telephone No. : (03) 8075 9185
Facsimile No. : (03) 8075 9200

CIMB Bank Berhad
1st Floor,
12 & 13 Jalan Kenari 1
Bandar Puchong Jaya
47100 Puchong
Selangor
Telephone No. : (03) 5891 6838
Facsimile No. : (03) 5891 6843

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia Securities Berhad
Stock Name : ANEKA
Stock Code : 0226

SPONSOR

Alliance Investment Bank Berhad
Level 3, Menara Multi Purpose
Capital Square
8 Jalan Munshi Abdullah
50100 Kuala Lumpur
Telephone No. : (03) 2604 3333
Facsimile No. : (03) 2691 9028

CORPORATE STRUCTURE

Aneka Jaringan Holdings Berhad
(201801030681 (1292707-D))

100%

Aneka Jaringan Sdn Bhd
(200101005876 (541632-M))

100%

Aneka Geotechnics Sdn Bhd
(200401004974 (643477-P))

55%

PT Aneka Jaringan Indonesia
(NIB 8120001741315)

55%

Aneka Jaringan & Persis Waja JV Sdn Bhd
(201501021213 (1146549-A))

42%

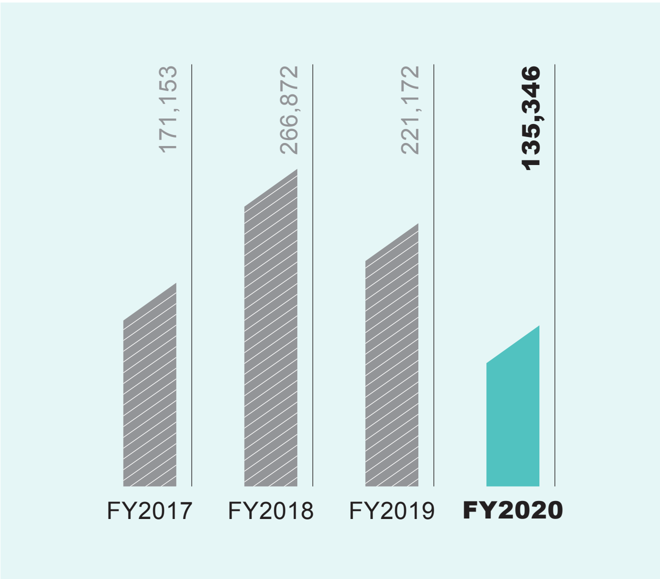
Sunway Aneka Pertama Geotechnics (PH) Inc.*
(2020110003734-08)

* *Incorporated subsequent to the financial year 2020.*

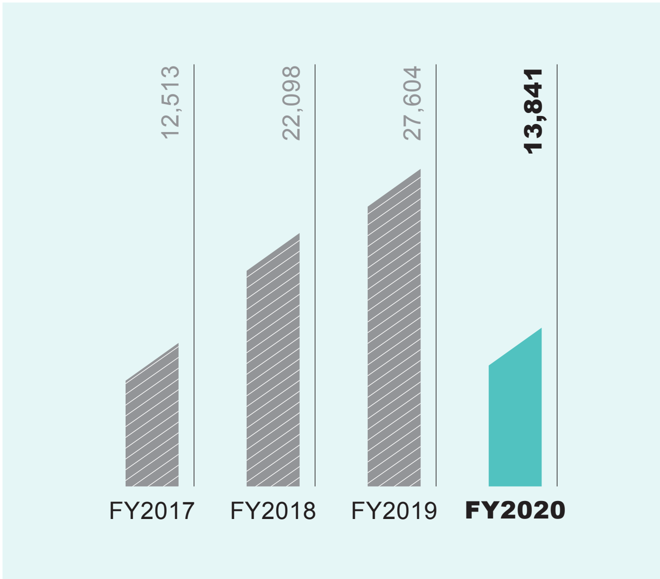
FINANCIAL HIGHLIGHTS

	FY2017 RM'000	FY2018 RM'000	FY2019 RM'000	FY2020 RM'000
Revenue	171,153	266,872	221,172	**135,346**
Profit Before Tax (PBT)	12,513	22,098	27,604	**13,841**
Profit After Tax (PAT)	8,563	14,821	20,134	**10,804**
Profit after Tax and Minority Interest (PATAMI)	6,356	13,424	18,439	**10,043**

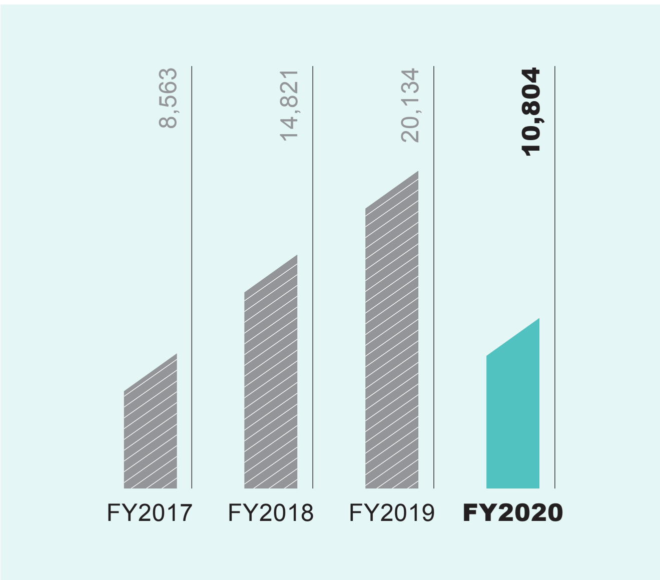
Revenue (RM'000)



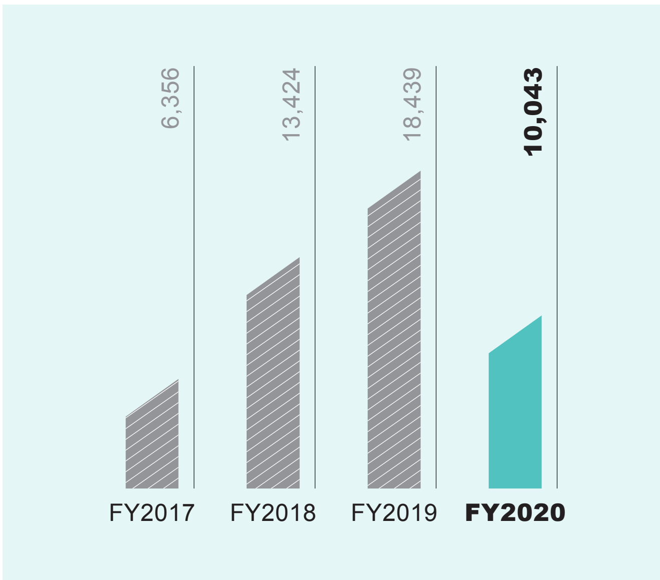
PBT (RM'000)



PAT (RM'000)



PATAMI (RM'000)



BOARD OF DIRECTORS' PROFILES

Dato' Ir. Tan Gim Foo

Independent Non-Executive Chairman

Age: 62

Gender: Male

Nationality: Malaysian

Dato' Ir. Tan Gim Foo, a Malaysian aged 62, Male, is our Independent Non-Executive Chairman. He was appointed to our Board on 15 January 2020. He serves as the Chairman of the Remuneration Committee and is a member of the Audit and Risk Management Committee and Nomination Committee.

He graduated with a Bachelor of Engineering (Civil) from University of Malaya in 1983, followed by a Master of Business Administration from the Charles Sturt University of New South Wales, Australia in 2005. He is a corporate member of the Institution of Engineers, Malaysia and a Professional Engineer registered with the Board of Engineers Malaysia.

He began his career as a Site Engineer in Mudajaya Construction Sdn Bhd in 1983. His responsibilities included assisting site supervisors in monitoring and managing site technical activities. In 1986, following the completion of acquisition of Mudajaya Construction Sdn Bhd by IJM Engineering & Construction Sdn Bhd (currently known as IJM Corporation Berhad) ("IJM Corporation"), he was redesignated as Planning & Design Engineer of IJM Corporation where he was primarily involved in monitoring on-site activities and ensuring project specifications are met. He assumed the role of Deputy Project Manager in IJM Construction Sdn Bhd, a wholly-owned subsidiary of IJM Corporation, in 1990 and was responsible for assisting the Project Manager in supervising the construction projects.

He was promoted to Project Manager in 1991. His responsibilities included managing day-to-day work of projects in construction phases. In 1994, he was promoted to Senior Manager and was responsible for supervising construction projects at all stages and liaising with other subcontractors and consultants for construction works. He was promoted to Project Director in 1998 and was responsible for the overall planning and implementation of construction projects. In 2005, he was appointed as Executive Director, and subsequently as Managing Director of IJM Construction Sdn Bhd in 2010 to head the Construction Division of the IJM Corporation group of companies. His responsibilities included setting targets and objectives for the company and managing daily operations of the company.

He was also the Vice President of Master Builders Association Malaysia ("MBAM") and the Chairman of the Contracts & Practices Committee of MBAM from 2008 to 2013.

Between 2011 and 2013, in addition to his role in IJM Construction Sdn Bhd, he concurrently held the positions of Deputy Chief Executive Officer and Deputy Managing Director of IJM Corporation. His responsibilities included assisting the Chief Executive Officer and Managing Director in implementing policies to achieve commercial objectives, short-term and long-term goals. In 2013, he retired from his positions in IJM Corporation group of companies. He has been a director of ICE Far East Sdn Bhd and an Independent Non-Executive Director of Hume Industries Berhad from 2014.

BOARD OF DIRECTORS' PROFILES

Age: 55

Gender: Male

Nationality: Malaysian

Pang Tse Fui

Managing Director

Pang Tse Fui, a Malaysian aged 55, Male, is our Managing Director. He was appointed to our Board on 24 August 2018 and is responsible for overseeing the business growth direction, strategic business planning, business development and operations of our Group. He graduated with a Bachelor of Civil Engineering from Universiti Teknologi Malaysia in 1989.

He started his career as a Site Engineer in Pilecon Engineering Berhad group of companies in 1989 upon graduation. As a Site Engineer, he was responsible for assisting the site supervisor in monitoring and managing site technical activities. During his tenure with the group, he was involved in coordinating various foundation and substructure works including bored piling and diaphragm wall works for projects in Malaysia and Singapore.

Subsequently, he left Pilecon Engineering Berhad group to join Bachy Soletanche (M) Sdn Bhd as a Project Manager in 1991 whereby he was in charge of monitoring and facilitating the overall planning of on-site operations. In 1994, he was promoted to Senior Project Manager, responsible for managing the overall site technical and operational activities which included coordinating and supervising the progress of foundation and substructure work projects. In 1996, he left Bachy Soletanche (M) Sdn Bhd to join Geopancar Sdn Bhd as General Manager and was responsible for the overall operational matters of the company, overseeing the tender process for all the projects and negotiating with subcontractors in the tendering of projects.

In 2002, he joined Aneka Jaringan Sdn Bhd ("Aneka Jaringan") as a shareholder and Executive Director where he was responsible for the company's overall operational matters. He assumed his current position as Managing Director of Aneka Jaringan Holdings Berhad ("Aneka Holdings") in 2018. He brings with him more than 30 years of experience in the construction industry, with over 17 years of experience with our Group.

BOARD OF DIRECTORS' PROFILES

Chong Ngit Sooi

Executive Director

Age: 55

Gender: Male

Nationality: Malaysian

Chong Ngit Sooi, a Malaysian aged 55, Male, is our Executive Director. He was appointed to our Board on 24 August 2018 and is responsible for overseeing our Group's overall construction operations in Malaysia and Indonesia. He graduated with a Bachelor of Engineering (Civil) from University of Malaya in 1990.

He started his career with Hume Industries (M) Berhad group of companies as a Sales Engineer in 1990 upon graduation where he was responsible for the sales and marketing of concrete products for the northern region of Peninsular Malaysia. In 1992, he assumed the position of Product Engineer where he was responsible for design calculations and liaising with factory, customers and local authorities for matters relating to the production of concrete products.

In 1994, he left Hume Industries (M) Berhad group to join Kien Sinar Sdn Bhd as a Project Manager where he was responsible for the daily execution and supervision of substructure projects including bored piling and basement construction works. In 1995, he joined Nuhito Sdn Bhd as a Project Manager where he was mainly involved in managing projects relating to construction works for upgrading of factory facilities and provision of project management services to property developer clients.

After leaving Nuhito Sdn Bhd in 1996, he founded Tepat Jaya Construction, an enterprise firm involved in the provision of reinforced concrete piling works. After the cessation of operations of Tepat Jaya Construction in 1997, he was the General Manager of Geomech (M) Sdn Bhd from 1997 to 2001 and was responsible for overseeing the day-to-day operations of the company. He was also involved in securing substructure work projects and supervising site operational matters pertaining to bored piling works for buildings and bridges.

In 2001, he joined Aneka Jaringan as General Manager where he was responsible for its overall operations as well as business development and planning. In 2003, he became a shareholder of Aneka Jaringan and was subsequently appointed as a Director of Aneka Jaringan in 2004. He assumed his current position as Executive Director of Aneka Holdings in 2018. He brings with him more than 29 years of experience in the construction industry, with over 18 years of experience with our Group.

BOARD OF DIRECTORS' PROFILES

Loke Kien Tuck

Executive Director

Age: 59

Gender: Male

Nationality: Malaysian

Loke Kien Tuck, a Malaysian aged 59, Male, is our Executive Director. He was appointed to our Board on 24 August 2018. He is responsible for the overall management of our construction machinery and equipment and he also advises on the organisation and planning of our on-site construction activities. He completed his Higher School Certificate Examination with Tunku Abdul Rahman College in 1980.

Upon completion of his studies, he joined Pilecon Engineering Berhad (then known as Pilecon Engineering Sdn Bhd) group of companies as a Site Clerk in 1981 where he was responsible for clerical and administrative support duties including preparation of piling records and invoice processing. He was promoted to Junior Site Supervisor in 1982 and Site Supervisor in 1983 and was responsible for assisting the Senior Site Supervisor in on-site operational matters including supervision and coordination of substructure works. Subsequently in 1991, he was promoted to Senior Site Supervisor with the responsibilities of overseeing and coordinating on-site construction activities and managing on-site administrative matters.

In 1991, he left Pilecon Engineering Berhad group of companies to join Bachy Soletanche (M) Sdn Bhd as an Executive Supervisor. During his tenure with the company, he was responsible for the daily on-site operational matters and organising site works to meet job targets which include site safety measurements and execution of on-site activities. In 1996, he left the company to join Geopancar Sdn Bhd as a Plant Manager and was tasked with supervising the Plant and Machinery Division. He was responsible for project procurement, maintenance and repairing services of plant, machinery and equipment as well as on-site coordination for site activities to ensure projects are completed within the stipulated timeframe and funding parameters.

In 2002, he joined Aneka Jaringan as a shareholder and Director where he was mainly responsible for the overall management of construction machinery and equipment including deployment planning and maintenance scheduling. He assumed his current position as Executive Director of Aneka Holdings in 2018. He brings with him more than 38 years of experience in the construction industry, with over 17 years of experience with our Group.

BOARD OF DIRECTORS' PROFILES

Dato' Noraini binti Abdul Rahman

Independent Non-Executive Director

Age: 69

Gender: Female

Nationality: Malaysian

Dato' Noraini binti Abdul Rahman, a Malaysian aged 69, Female, is our Independent Non-Executive Director. She was appointed to our Board on 15 January 2020. She serves as the Chairman of the Nomination Committee and is a member of the Audit and Risk Management Committee and Remuneration Committee.

She graduated with a Bachelor of Laws from the Queen Mary College, University of London, England in 1974. She has over 30 years of experience in the Judicial and Legal Service of Malaysia which she served from 1975 to 2008, and she was also a High Court Judge of Malaya from 2011 to 2017. Her scope of work throughout her judicial and legal career included supervising trial procedures and settling legal disputes.

In 1975, she started her career as a Legal Officer at the High Court Kuala Lumpur and she spent the subsequent 10 years from 1975 to 1985 serving in various judicial and legal capacities in government service including as President of Sessions Court, Departmental Solicitor in the Department of Public Trustee and Assistant Parliamentary Draftsman. From 1985 to 1990, she was a Senior Federal Counsel with the Attorney General's Chambers of Malaysia ("AGC") where her roles involved advising the Malaysian Government and representing the Malaysian Government in civil proceedings as well as representing the Attorney General in matters of public interest.

In 1990, she was appointed as the Deputy Head of Advisory and International Division of the AGC where her involvement included providing legal advice on all areas of law and drafting or vetting legal documents. She subsequently became the Deputy Head of Civil Division of the AGC in 1994 and the Commissioner of Law Revision and Law Reform Division of the AGC in 1995. In 1996, she was appointed as the Director General of the Judicial and Legal Training Institute (ILKAP) under Prime Minister's Department, overseeing the organisation tasked with enhancing the knowledge, expertise and quality of judicial, legal and law enforcement officers in public service, statutory bodies and local authorities through systematic and planned training. She subsequently served as the Deputy Head of Advisory and International Division of the AGC in 2001, later as Director, Certificate in Legal Practice ("CLP") Examination of the Legal Profession Qualifying Board from 2002 to 2007 heading the office entrusted with all matters pertaining to the CLP Examination. She served as Consultant of the Legal Profession Qualifying Board from 2007 to 2008.

In 2008, she was appointed as a Judicial Commissioner of the High Court of Malaya and 3 years later in 2011, she was appointed as a High Court Judge of Malaya. During her tenure as a High Court Judge of Malaya, she presided over civil and family cases. She retired from her position as High Court Judge of Malaya in 2017.

BOARD OF DIRECTORS' PROFILES

Wee Kee Hong

Independent Non-Executive Director

Age: 53

Gender: Male

Nationality: Malaysian

Wee Kee Hong, a Malaysian aged 53, Male, is our Independent Non-Executive Director. He was appointed to our Board on 15 January 2020. He serves as the Chairman of the Audit and Risk Management Committee and is a member in the Remuneration Committee and Nomination Committee.

He graduated with a Diploma in Commerce (Management Accounting) from Tunku Abdul Rahman College in 1990. In 1993, he was admitted as an associate of the Chartered Institute of Management Accountants, United Kingdom, and subsequently was admitted as a Chartered Accountant with the Malaysian Institute of Accountants ("MIA") in 1995. He is currently a member of the MIA.

Upon graduation in 1990, he commenced his career as an audit executive with Boon & Co. In 1991, he joined IJM Corporation as Assistant Accountant cum Project Accountant where he was mainly responsible for assisting in preparing financial projections and project feasibility appraisals, as well as coordinating project accounting for construction projects and monthly consolidation of all project accounts. In 1993, he was promoted to the position of Accountant where he continued his involvement in the accounting functions of the company.

In 1996, he assumed the role of Assistant Finance Manager, and later as Finance Manager from 1999 to 2003, where he was mainly responsible for the finance and treasury functions including liquidity and funding management, fund raising and supporting the construction division in project tender, implementation and execution. He was also involved in the start-up of the company's water concession business in Vietnam and power plant operations in India.

In 2003, he was promoted to the position of Senior Manager (Accounts & Finance). While he continued to be in-charge of IJM Corporation group of companies' finance and treasury functions, his job responsibilities also included heading the accounting functions of the group's construction division and overseeing the group's overseas investments.

In May 2007, he left IJM Corporation to join Ireka Development Management Sdn Bhd as Chief Investment Officer where he was mainly responsible for managing the investment property portfolio of the company's client. He left the company in October 2007 for a career break.

Since 2009, he has been a director and shareholder of Esteemile Sdn Bhd, a company which is a commission agent for land acquisition transactions. In 2014, he was appointed as an Independent Non-Executive Director of Lysaght Galvanized Steel Berhad until 2015.

Family Relationships

None of the Directors has any family relationship with any Directors and/or major shareholders of the Company nor any conflict of interests with the Company.

Others

The Directors have no convictions for offences, other than traffic offences (if any), within the past five (5) years nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

KEY SENIOR MANAGEMENT PROFILES

Ooi Chong Ping

General Manager

Age: 49

Gender: Male

Nationality: Malaysian

Ooi Chong Ping, a Malaysian aged 49, is our General Manager. He oversees our Group's Operations Department, Technical Department and Contract Department and is responsible for the overall administration of our construction operations in Malaysia. He graduated with a Bachelor of Civil Engineering in 1995 from University of Technology Malaysia. He is a member of the Institution of Engineers, Malaysia and a Professional Engineer registered with the Board of Engineers Malaysia.

On 15 March 2007, he joined Aneka Jaringan as a Senior Project Manager and was responsible for the design and construction for ground engineering works. He assumed his current position as General Manager on 1 July 2012. He brings with him more than 24 years of experience in the construction industry, with over 12 years of experience with our Group.

Steven Koh

Chief Financial Officer

Age: 55

Gender: Male

Nationality: Malaysian

Steven Koh, a Malaysian aged 55, is our CFO. He is responsible for overseeing our Group's Finance, Purchasing, and Human Resource Departments. He graduated with a Bachelor of Business (Accountancy) from Charles Sturt University, Australia in 1993. He has been a member of MIA since 1996 and a Chartered Accountant registered with MIA since 2008. His background in finance includes experiences in banking, manufacturing, oil & gas, trading, retail and fast-moving consumer goods industries.

On 1 June 2018, he joined Aneka Jaringan as our CFO. He is responsible for our Group's overall finance, purchasing and human resource related matters, and is tasked with overseeing and managing our Group's statutory reporting, internal management reporting and cash flow planning functions as well as corporate finance related matters. He brings with him more than 26 years of experience in finance, accounting and internal audit.

Tham Kai How

Contract Manager

Age: 44

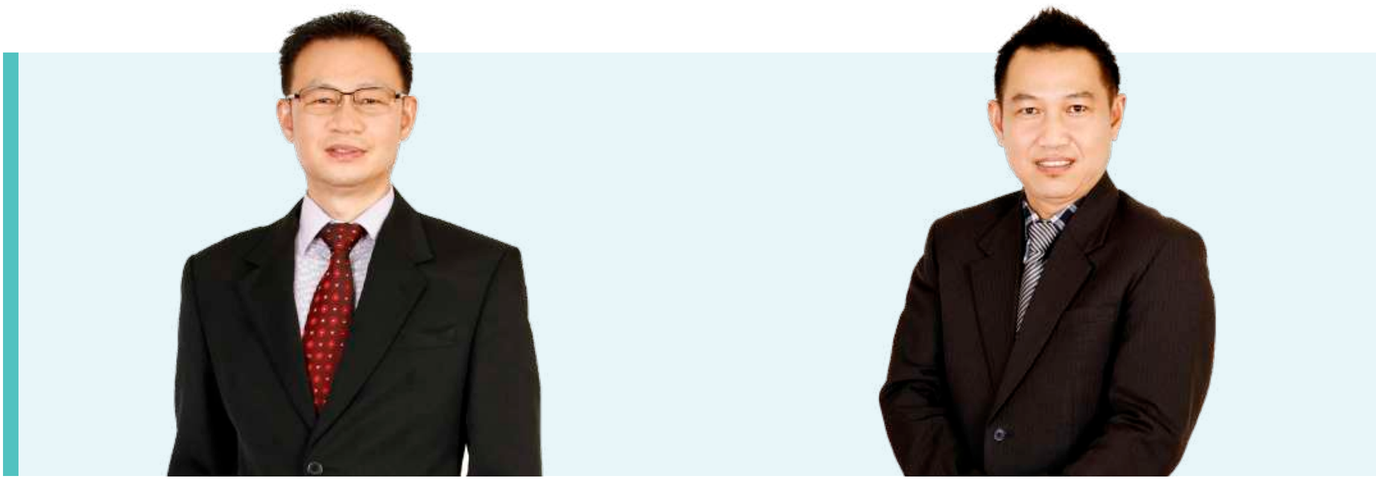
Gender: Male

Nationality: Malaysian

Tham Khai How, a Malaysian aged 44, is our Contract Manager. He is responsible for overseeing our Contract Department. He graduated with a Certificate in Technology (Architecture) in 1997 from Tunku Abdul Rahman College. He has experience as Site Supervisor and Quantity Surveyor within the construction industry.

He joined Aneka Jaringan as a Senior Quantity Surveyor in 2006, and was promoted to his current position as Contract Manager on 29 June 2011. He is responsible for overseeing our contract administration functions including tender preparation and submission, project cost management, and contract work evaluation for progress claim and payment purposes. He brings with him over 22 years of experience in the construction industry, with over 13 years of experience with our Group.

KEY SENIOR MANAGEMENT PROFILES



Tung Sin Thian

President Director - PT ANEKA

Age: 46

Gender: Male

Nationality: Indonesian

Tung Sin Thian, an Indonesian aged 46, is our President Director – PT Aneka. He is responsible for the strategic business planning, business development activities and overall operations of PT Aneka in Indonesia. He graduated with a Bachelor of Civil Engineering in 1999 from Borobudur University, Jakarta, Indonesia. He is a member of the Indonesian Society for Geotechnical Engineering. He is also a registered geotechnical engineer (Ahli Geoteknik - Madya) under the Construction Services Development Board, Indonesia. He has experience in design and site supervision of geotechnical projects within the construction industry.

On 31 March 2008, he joined Aneka Jaringan as a Civil Engineer - Project Manager where he was responsible for project design and scheduling, preparation of construction documents, planning and procurement of resources, and liaising with customers and consultants for diaphragm wall and bored piling works. Subsequently on 29 March 2014, he co-founded PT Aneka as a shareholder and assumed his current position as President Director – PT Aneka where he oversees the company's operations in Indonesia. He brings with him over 20 years of experience in the construction industry, with over 11 years of experience with our Group.

Ngoi Tong King

Director - PT ANEKA

Age: 46

Gender: Male

Nationality: Malaysian

Ngoi Tong King, a Malaysian aged 46, is our Director – PT Aneka. He is responsible for overseeing the construction operations of PT Aneka in Indonesia. He graduated with a Certificate in Technology (Building) from Tunku Abdul Rahman College in 1995. He has experience as Assistant Quantity Surveyor and Site Supervisor within the construction industry.

In 2008, he joined Aneka Jaringan as a Senior Site Supervisor and his responsibilities included day-to-day site management of geotechnical projects covering diaphragm walls, ground anchor works, earthworks and micro pile works. In 2012, he was promoted to Site Manager and was responsible for managing overall site operations.

Subsequently on 29 March 2014, he co-founded PT Aneka as a shareholder and assumed his current position as Director – PT Aneka where he is responsible for supervising all construction works of PT Aneka. He brings with him more than 24 years of experience in the construction industry, with over 11 years of experience with our Group.

Family Relationships

None of the Key Senior Management has any family relationship with any Directors and/or major shareholders of the Company nor any conflict of interests with the Company.

Others

The Key Senior Management have no convictions for offences, other than traffic offences (if any), within the past five (5) years nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS

I AM PLEASED TO SHARE ANEKA JARINGAN HOLDINGS BERHAD'S ("ANEKA HOLDINGS", OR "THE COMPANY") ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020 (FY2020). THIS MARKS OUR INAUGURAL ANNUAL REPORT FOLLOWING THE COMPANY'S LISTING ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BHD ON 20 OCTOBER 2020.

Despite the success of our stock market debut, which was preceded by the launch of our prospectus on 1 October 2020, the year was marred by the onset of the COVID-19 pandemic and its effects on the lives and livelihoods of Malaysians. Like other businesses, our Group was not spared from the impact of the crisis. The Movement Control Order (MCO) in March 2020 halted our operations for two months, with the subsequent economic spillover effects all but stopping our business plans in its tracks.

Nonetheless, we demonstrated resilience by placing emphasis on improving our efficiency. At the same time, we continued to safeguard the well-being of our employees, both financially and in terms of their health.

Additionally, while the crisis has delayed some of our regional expansion plans, we continued to forge ahead with the establishment of a joint venture (JV) company in the Philippines, Sunway Aneka Pertama Geotechnics (PH) Inc. (SAPGEO), with Sunway Geotechnics (M) Sdn Bhd and Pertama Crane & Engineering Sdn Bhd in November 2020.

In view of the on-going conditions, Aneka Jaringan Holdings Berhad and its subsidiaries ("the Group") achieved a commendable profit after tax (PAT) of RM10.8 million on revenue of RM135 million for FY2020, albeit lower than the PAT and revenue of RM20.13 million and RM221.17 million, respectively, recorded in FY2019.

RESILIENCE AMID CRISIS

The Group's financial performance was mainly affected by a three-month deferment of one of our largest projects, namely MET 5 @ KL Metropolis (Stage 2) pending finalisation of design change following the MCO. Amid the MCO, the Group did not generate revenue, except at PT Aneka Jaringan Indonesia, which continued to operate albeit at a slower pace as Indonesia implemented its own measures against the pandemic.

Our Indonesian operations also saw the postponement of some projects such as Axia South Tower and the Manggarai-Jatinegara double-track railway project, for which we are undertaking bored piling works for the elevated track structure of one of the lines. These projects were postponed due to the Indonesian government's reallocation of funding to fight the COVID-19 pandemic.

I am proud to note that amidst this difficult period, the Group did not institute any salary or allowance reductions for our staff. To further safeguard their well-being, we provided COVID-19 screening for all our employees upon our gradual recommencement of work from 4 May 2020 in Malaysia. In returning to work, we have ensured strict adherence to the relevant standard operating procedures (SOPs) issued by the government.

This includes conducting employee briefings to strengthen awareness on the risks of COVID-19 infection and the importance of preventive measures, daily temperature checks at the entrance of our construction sites and office premises as well as providing hand-washing facilities, face masks and sanitisers at our office premises and construction sites.

While our Indonesian operations have not been significantly affected by the pandemic, we have also adhered to the relevant COVID-19 health protocols, as instituted by the Indonesian government.

In prioritising the health of our employees, we bore the cost of these COVID-19 safety measures even as we undertook other cost cutting measures as we pursued efficiencies to shore up our resilience in confronting the prevailing conditions. We are also placing emphasis on strengthening our cashflow to support our expansion plans and will not be paying out dividends for the FY2020.

We have already made some headway into our planned expansion with the incorporation of our JV company SAPGEO. SAPGEO will undertake the design and/or construction of foundation, retaining, substructure and ground improvement works in the Philippines. The establishment of the JV marks our entry into the Philippines and is in line with our regional expansion plans. Our interest in the JV stands at 42%, with Sunway Geotechnics and Pertama Crane holding 43% and 15%, respectively.

Overall, we are pleased with the Group's performance during the year and believe it is on firmer footing to compete in the new economic landscape brought upon by the COVID-19 crisis. The Group has achieved significant growth since its incorporation in 2001, with the Company's listing this year marking a key milestone in its long-term sustainability.

CHAIRMAN'S STATEMENT

GEARED TOWARDS SUSTAINABILITY

The Company's initial public offering (IPO) of 139.89 million new shares at 33 sen a share, which raised RM46.16 million, played a key role in ensuring its sustainability in the long-term. With part of the proceeds from the IPO used to reduce our borrowings, we have been able to reduce our interest costs. This has provided us with a buffer amid this period of slower economic and business activity, affording us with a reserve of funding which we can draw upon to resume our business plans once the economy recovers.

As at 31 August 2020, our outstanding order book stands at RM102 million and we also have a tender book of RM1.0 billion in Malaysia and Indonesia. Notwithstanding the on-going pandemic, we are confident that the Group is well-placed to continuously deliver value for the years ahead.

In addition to the Group's financial position, we have also instituted appropriate governance measures to ensure the sustainability of our business. During the year, we adopted our Anti-Bribery and Corruption Policy which sets out zero tolerance for graft and unethical practices within our business. The Policy is in line with the enforcement of the corporate liability provision under Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009 (Amendment 2018), in June this year. We are committed to upholding the highest standards of corporate governance and are cognisant that integrity is a cornerstone for the delivery of sustainable value to all our stakeholders.

Furthermore, we continuously evaluate our risks with a view on addressing shortcomings to our business. Among these risks is our current focus on private sector projects. The onset of the COVID-19 crisis and the various movement controls put in place since March 2020 have shown that the private sector may be susceptible to external risks which can delay planned projects. Subsequently, we are now also targeting to participate in more government infrastructure projects to strengthen the stability of our revenue stream.

Initial Public Offering (IPO)
139.89 million
new shares at 33 sen a share

Outstanding Order Book
RM102 million
in 2020

Tender Book
RM1.0 billion
in Malaysia and Indonesia

MOVING FORWARD

While the year 2020 has posed considerable challenges, we believe the measures we have put in during this period have enabled us to continue to build value for the future. With the pandemic not yet behind us, and although there have been some signs of improvement in the economy, we expect the economy to only achieve a full recovery in the second half of 2021 at the earliest.

Against this backdrop, we will proceed with our IPO plans with cautious optimism. We intend to participate in new tenders, with the Malaysian government's capital expenditure plans, including the construction of the East Coast Rail Line, boding well for us.

Our Indonesian operations have also been receiving new orders on a regular basis in the recent months. Additionally, the Indonesian government has indicated that they will proceed with providing COVID-19 vaccinations by the end of 2020. This lifts prospects for the resumption of sizeable infrastructure projects there, including the building of its new capital in Borneo.

In the Philippines, we have already started bidding for projects under SAPGEO and will provide updates to our stakeholders when relevant.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I would like to express our appreciation to our Management team for their leadership amid this unprecedented period. I would also like to thank our staff for their dedication and perseverance in delivering their responsibilities during this difficult time. Personally, I must also reserve a word of thanks to my colleagues on the Board of Directors for the cooperation and stewardship. I am confident that with our collective efforts, Aneka Holdings will continue to soar to greater heights.

I would also like to convey our gratitude to the governments and relevant authorities in Malaysia and Indonesia for their advice and guidance. Our thanks also go to our vendors and partners for their support.

Finally, I would like to extend our appreciation to the shareholders of Aneka Holdings. While the Company entered the capital market during a time of extraordinary challenges, we believe it possesses the mettle and fundamentals to create meaningful shareholder value for years to come.

MANAGEMENT DISCUSSION & ANALYSIS

PANG TSE FUI
Managing Director

DEAR SHAREHOLDERS

"ANEKA JARINGAN HOLDINGS BERHAD ("ANEKA HOLDINGS", OR "THE COMPANY") HAS COME A LONG WAY SINCE THE INCORPORATION OF ITS FIRST SUBSIDIARY, ANEKA JARINGAN SDN BHD IN 2001, CULMINATING THUS FAR IN ITS LISTING ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD ON 20 OCTOBER 2020."

The past year has presented extraordinarily challenging economic and business conditions for most companies around the world, and Aneka Holdings is no exception. Yet with meticulous and diligent planning, the Company has emerged stronger, albeit recording lower profitability for the year.

MANAGEMENT DISCUSSION & ANALYSIS

Demonstrating its resilience, we were able to make some progress in expanding our regional footprint with the incorporation of a joint venture (JV) company, Sunway Aneka Pertama Geotechnics (PH) Inc. (SAPGEO Philippines Inc), in line with our growth plans. The Company's stock has also reached a high of 38 sen a share during its short time on the market, from its initial public offering (IPO) price of 33 sen a share. Hence, despite the prevailing headwinds dampening some of our plans for the year, we believe Aneka Holdings remains on track to deliver its long-term strategy and build value for our shareholders.

FINANCIAL PERFORMANCE

The COVID-19 crisis and the resulting implementation of various levels of movement controls starting from 18 March 2020 weighed down the Group's profitability for the year due to the suspension and postponement of projects.

Nonetheless, the Group was able to record a Profit After Tax (PAT) of RM10.80 million for FY2020, supported by RM135.35 million in revenue, against RM20.13 million and RM221.17 million in PAT and revenue, respectively, in Financial Year Ended 31 August 2019 ("FY2019").

In line with our expectations, our gross profit margin declined to 14.9% in FY2020 from 17.7% in FY2019 due to the impact of the costs incurred during the movement control restrictions implemented in Malaysia and Indonesia. The movement control restrictions also suspended our Malaysian operations under Aneka Jaringan Sdn Bhd (Aneka Jaringan) and slowed the progress of projects in Indonesia under PT Aneka Jaringan Indonesia, hampering our ability to recognise revenue for several months during the year. However, the reduction in profit margins and revenue were cushioned by higher revenue contributions of 8.28% from our Indonesian operations compared with 6.08% in FY2019.

MANAGEMENT DISCUSSION & ANALYSIS

Overall, the Group was able to register a commendable Profit after Tax and Minority Interests (PATAMI) of RM10.04 million versus RM18.44 million in FY2019.

We were also able to lower operational administrative expenses by 15.65%, or RM1.67 million, from the previous year. This was mainly due to no provision of impairment loss were recognised in FY2020, while the provision of RM310,000 for FY2019 was recovered as other income in FY2020. The decrease in administrative expenses was also a result of lower professional fees and bank charges due to less commissions charged from the issuance of banker's acceptances and bank guarantees, as well as reduced travelling and office expenses.

Furthermore, finance charges declined to RM3.16 million from RM3.74 million in FY2019 following lower financing costs from lower utilisation of trade facilities such as banker's acceptances, as well as due to some of our equipment leasing contracts were fully repaid during the year.

Total liabilities decreased to RM110.40 million in FY2020 from RM145.82 million in FY2019. Trade payables formed the majority of the reduction of RM29.86 million, whereas borrowings increased by only RM0.81 million due to purchases of new machinery.

The Group continued to build up its capacity as part of its strategic plans by purchasing three units of boring rigs, of which one was a replacement for an obsolete machine, and one crane. While these were financed through borrowings, the Group continues to closely monitor its gearing level to ensure healthy cashflow. As such, due to the impact of the COVID-19 pandemic, the Company will not pay any dividend for FY2020 to conserve cashflow in view of its business plan as outlined in the Company's prospectus. For information, we have yet to adopt a fixed dividend policy currently.

As a result of our prudence in managing the Group's financial performance, we are in a healthier position compared with FY2019, with total shareholders' equity at RM88.75 million against RM78.94 million in the previous year. This was supported by lower trade receivables as well as contract assets and higher cash and bank balances. As at 31 August 2020, the Group's cash and bank balances stood higher at RM15.89 million from RM12.74 million as at 31 August 2019.

PATAMI
RM10.04 million
in FY2020

Finance charges
RM3.16 million
in FY2020

Total liabilities
RM110.40 million
in FY2020

Total Shareholders' Equity
RM88.75 million
in FY2020

MANAGEMENT DISCUSSION & ANALYSIS

REVIEW OF OPERATIONS

Our business is currently focused on our operations in Malaysia and Indonesia where we are principally involved in foundation and basement construction. Both countries continue to demonstrate positive prospects, notwithstanding the interruption caused by the COVID-19 crisis. For FY2020, we have secured new projects valued at more than RM137 million, whilst our tender book and outstanding order book stood at RM1 billion and RM102 million, respectively as at 31 August 2020 in Malaysia and Indonesia.

While Malaysia's gross domestic product (GDP) is expected to contract between 3.5% and 5.5% in 2020, the economy had shown gradual improvement in the second half of the year. This was supported by key growth drivers including the continued improvement in global growth, trade and the technology cycle; the reopening of the domestic economy and higher consumer spending on better expectations on income and consumer sentiments; as well as the effects of the host of fiscal, monetary and financial stimulus measures introduced to arrest the economic slowdown brought upon by COVID-19.

The improvement in economic conditions is also expected to be contributed by construction-related activities such as the continuation of large-scale infrastructure projects, namely the Mass Rapid Transit (MRT) Line 2, Light Rail Transit (LRT) Line 3, the Pan Borneo Highway, East Coast Rail Link (ECRL), Johor Bahru-Singapore rapid transit system (RTS) and National Fiberisation and Connectivity Plan. In addition, the economy is expected to see a ramping up of upstream and downstream oil and gas projects as well as power generation projects.

Indonesia's Budget 2020 had estimated infrastructure spending of up to IDR423.3 trillion for the year. Some of the planned infrastructure developments in 2020 include the construction of a total of approximately 480 km of roads, 240 km of railway lines, 19 km of bridges, three new airports, 49 units of dams, 5,300 units of low-cost apartments and 2,000 units of special houses for the low income community. However, following the COVID-19 outbreak, the Ministry of Finance in Indonesia has instructed all ministries, institutions and local governments to review the budget with the view of refocusing on health funds and social assistance programmes.

In the face of these conditions, our Malaysian and Indonesian operations performed in line with expectations during the year.

MANAGEMENT DISCUSSION & ANALYSIS

Malaysia

> **ANEKA JARINGAN RECORDED REVENUE OF RM124.13 MILLION AND PAT OF RM3.18 MILLION, COMPARED WITH REVENUE OF RM207.13 MILLION AND PAT OF RM9.77 MILLION IN FY2019.**

As a result of the COVID-19 crisis, our Malaysian activities were suspended from 18 March 2020 to 4 May 2020 due to the Movement Control Order (MCO). Despite the earlier upliftment of the MCO, full operations only resumed in the middle of June 2020 due to continuing restrictions at some sites in the state of Selangor. One of our major projects in Malaysia, the MET 5 @ KL Metropolis (Stage 2) Project, was also suspended for three months after the MCO pending design changes, resulting in lower-than-expected revenue generated from the project. This project has since recommenced in September 2020.

Prior to the partial resumption of activities in May 2020, we spent RM123,000 on COVID-19 testing for all our workers and staff. We undertook this cost not only to ensure the health and safety of our employees, but also despite losses from other fixed overheads, staff costs and depreciation of machinery recorded during the year.

In addition to the COVID-19 testing, we have also put in place strict standard operating procedures (SOPs) to prevent the spread of the virus. With these measures in place, we resumed our business operations with a view of making up for lost time during the MCO. Following the delays in our on-going projects in Malaysia, we also sought for an extension of time from our customers where required, in accordance with the terms of our contracts. These include the Infrastructure for Merdeka 118 Project, MRT 2 Project, Belfield Tunnel Project, SUKE (Package CA2) Project, Sunway South Quay (Parcel CP2) Project and Agile Embassy Garden Project. We are currently pending approval from our customers for our applications for extension of time.

Since the resumption of our business operations in Malaysia in May 2020, we have not experienced any disruption to our supply chain that caused a material impact on the implementation of our on-going projects. We are, and will continue to be, in regular liaison with our suppliers and subcontractors to ensure that there is no material difficulty in delivering materials which have been ordered by us in a timely manner or carrying out subcontracted works which have been engaged by us according to schedule.

In addition, we have identified alternative suppliers and subcontractors to address any potential disruption to our supply chain arising from operational difficulties faced by our existing suppliers and subcontractors due to the COVID-19 pandemic. We have also identified outsourced labour suppliers to address any potential labour shortage for our construction projects in the event that any of our workers is infected with COVID-19.

MANAGEMENT DISCUSSION & ANALYSIS

Indonesia

PT ANEKA JARINGAN INDONESIA REGISTERED A REDUCTION IN REVENUE TO RM11.21 MILLION FROM RM13.46 MILLION AND LOWER PAT OF RM1.52 MILLION FROM RM2.81 MILLION IN THE PREVIOUS YEAR.

The weaker financial performance in Indonesia was due to the slower award of projects during the initial period of uncertainty surrounding the pandemic, as well as the slower-than-expected progression of one of our infrastructure projects.

Nonetheless, our Indonesian operations accounted for a higher share of revenue, of 8.28%, as our projects there were able to continue albeit at a slower pace in line with COVID-19 safety measures.

Despite the slower progress of projects to take into account COVID-19 prevention measures, our operations in Indonesia have not been significantly affected by the pandemic. The Central Government had implemented a national large-scale social restriction policy implemented on 31 March 2020, which was effective in Jakarta from 9 April 2020 to 4 June 2020, followed by a large-scale social restriction transition on 5 June 2020 to 10 September 2020, and the reimposition of the full large-scale social restriction policy on 14 September 2020 to 27 September 2020.

However, the construction services sector had been identified as an exempted service and was allowed to remain in full operation with adherence to COVID-19 health protocols. As a result, none of our on-going projects nor our business operations in Indonesia were suspended.

MANAGEMENT DISCUSSION & ANALYSIS

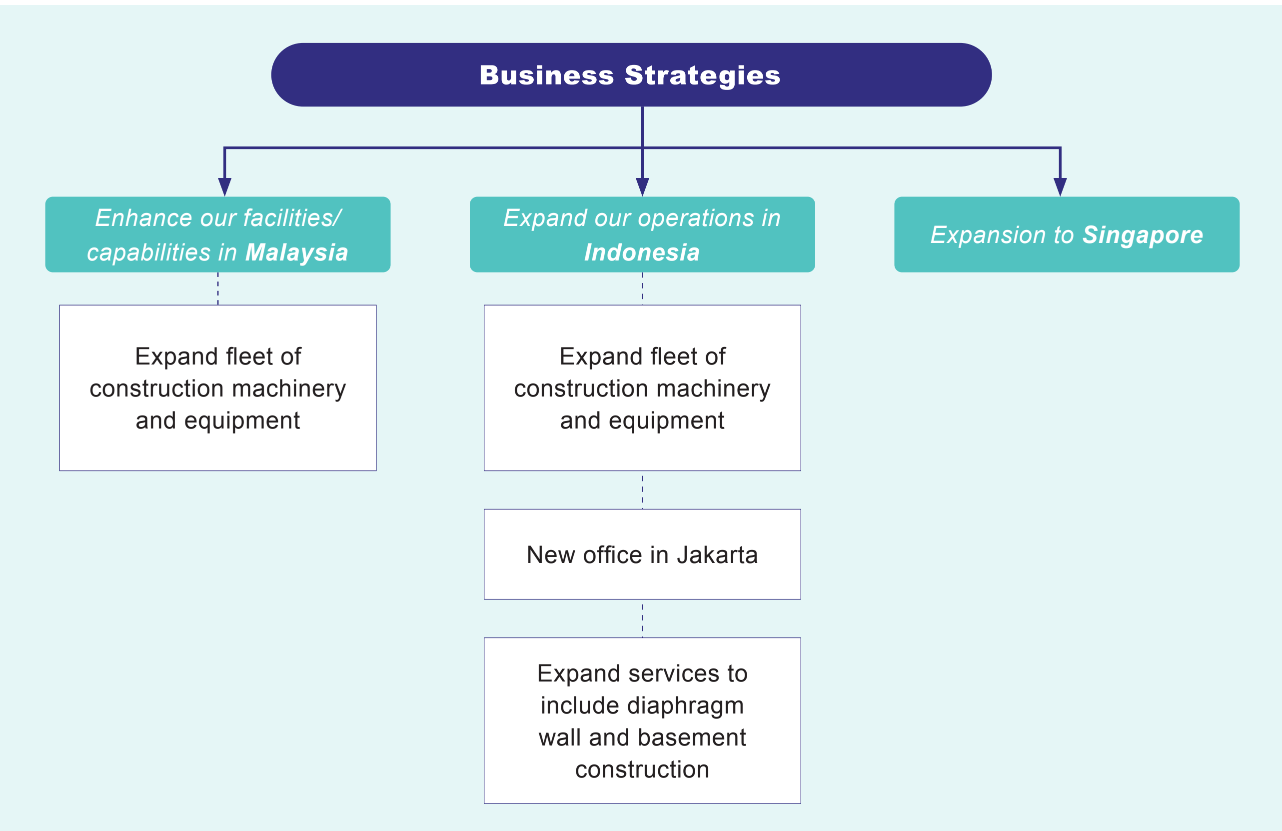
COMMITTED TO OUR STRATEGIES

Prior to our listing, we had set out clear business strategies aimed at strengthening our core competency in foundation and basement construction, as outlined in the diagram below. While we remain committed to implementing these strategies between 2021 and 2023, we expect some delays due to the COVID-19 crisis. We expect to incur capital expenditure of approximately RM31.2 million for the implementation of these strategies between 2021 and 2023.

As we were just listed in October 2020, we have not yet commenced with our plans to enhance our facilities and capabilities in Malaysia through the purchase of new machinery. The onset of the COVID-19 pandemic and the dampened business activities have also led us to exercise caution in expanding our fleet of machinery.

In Indonesia, while we have purchased new machinery, we have not expanded to Kalimantan as planned. Our growth to Kalimantan follows the Indonesian Government's plan to relocate its capital city there. However, the relocation has been suspended as the Government rechannelled funds to confront the pandemic.

Despite these conditions, we succeeded in expanding our presence in other regional markets. Subsequent to the financial year, we formed a JV company, SAPGEO Philippines Inc, with Sunway Geotechnics (M) Sdn Bhd ("Sunway Geotechnics") and Pertama Crane & Engineering Sdn Bhd ("Pertama Crane"). Aneka Jaringan, Sunway Geotechnics and Pertama Crane own 42%, 43% and 15% respectively of SAPGEO Philippines Inc., which will undertake design and/or construction of foundation, retaining, substructure and ground improvement works in the Philippines. In the face of the adverse business environment, the JV Company has already bid for jobs in the Philippines relating to the Clark Malolos Railway Project.



ADDRESSING OUR RISKS

The Group faces various business and industry risks which we will continue to monitor and assess to ensure adequate responses are taken to shield our business. Our risk management activities are overseen by our Audit and Risk Management Committee, which is responsible for:

- Reviewing the adequacy and effectiveness of the Group's risk management framework, policy, process and procedures as well as risk management controls in safeguarding the interests of all stakeholders;
- Identifying, evaluating, managing and responding to risks to achieve the Group's objectives; and
- Reviewing the Group's registry of risks.

In addition to the business and industry risks faced in the Group's ordinary course of business, we have also seen the emergence of a key risk from the slowdown of private sector projects due to the COVID-19 outbreak. In an effort to address this risk, we have increased our participation in tenders for public sector infrastructure projects, where we see stronger prospects due to the Governments' economic expansion plans in both Malaysia and Indonesia.

Coupled with our existing projects, tender book and order books in Malaysia and Indonesia, we remain cautiously optimistic that we are adequately prepared to address our current risks.

MOVING FORWARD

Although the COVID-19 pandemic has imposed new norms and created a deep effect in all aspects of our lives and business, we are of the view that its overall impact on the economic and operating environments is temporary.

We will continue to ensure strict adherence to health protocols to minimise the risk of workplace infection and any corresponding suspension of our business operations and construction projects. We therefore expect to maintain work on our projects barring any termination or suspension due to COVID-19 incidences. We will also closely monitor the progress of our on-going projects and developments of the pandemic to ensure timely and appropriate actions are taken.

Furthermore, we will persevere in actively bidding for projects in Malaysia and Indonesia to strengthen our order book and sustain our long-term growth. However, while we see the pandemic risks receding, especially with COVID-19 vaccines now in sight, we remain cognisant that our order book growth and in turn, our profit margins, may lag behind in recovery as our prospective customers maintain a cautious stance in commencing new projects.

Nonetheless, we remain positive on the long-term prospects in both Malaysia and Indonesia, which continue to focus on socioeconomic development programmes to advance their respective economies. In particular, we see the Malaysian Government's emphasis on affordable housing and transportation boding well for the construction industry, including the foundation and basement works which we provide. The trajectory of the Indonesian Government's focus on infrastructure development is also expected to resume post-COVID-19, further reinforcing our optimism on the Group's long-term prospects.

ACKNOWLEDGEMENTS

The Management team would like to express its appreciation to Aneka Holdings' Board of Directors for their wisdom and leadership in steering the Company, particularly towards its successful IPO this year. We also owe our gratitude to all our employees across our markets, for their perseverance and dedication in advancing the Group's growth ambitions.

We would also like to thank the Governments of Malaysia and Indonesia for their support and advice; our customers, suppliers and business partners as well as our valued shareholders for their trust in us.

SUSTAINABILITY STATEMENT

OUR SUSTAINABILITY STATEMENT PROFILE

Welcome to Aneka Jaringan's inaugural Sustainability Statement. Together with other sections of this Annual Report, this statement provides a clear, comprehensive and transparent representation of the Group's performance in managing the economic, social and environmental aspects of business operations.

SCOPE OF THE REPORT

Reporting period: 1 September 2019 to 31 August 2020

Reporting cycle: Annually

REFERENCE AND GUIDELINES

- Global Reporting Initiatives (GRI) Standards
- Bursa Malaysia Sustainability Reporting Guide

RELIABILITY OF INFORMATION DISCLOSED

Aneka Jaringan strives to improve the materiality and reliability of information presented and has adopted an approach that is aligned with the ISO 26000. This approach to sustainability is also widely endorsed by our stakeholders.

FEEDBACK

Any feedback and comments on this Sustainability Statement can be directed to:

Aneka Jaringan Holdings Berhad
K-2-1 Pusat Perdagangan Bandar Bukit Jalil,
Persiaran Jalil 2, 57000 Kuala Lumpur
Phone: 03-8657 5150
Fax: 03-2771 3827
Email: info@ajgroup.my

SUSTAINABILITY GOVERNANCE

Aneka Jaringan's sustainability governance model provides a solid foundation for developing and anchoring a sustainability strategy and targets. Sustainability is embedded into operations by tailoring initiatives to the relevant business areas. All units have their unique roles and duties to support the implementation of these programmes and strategies.

Aneka Jaringan's sustainability working group is represented by each function within the Group. The working group prepares sustainability issues related to policies, guidelines and strategy. Ultimately, the Board of Directors is responsible for sustainability management, general affairs, direction, performance and long-term success of the Group.

SUSTAINABILITY STATEMENT

SUSTAINABILITY FOCUS AREAS

We have established six focus areas that anchor our sustainability initiatives and area linked to our values. These areas are aligned with the 17 United Nations Sustainable Development Goals.

Sustainability Focus Areas	UNSDGs	Our Commitment
Environmental compliance	6 CLEAN WATER AND SANITATION	Aneka Jaringan is committed to minimising the environmental impact from its operations through green practices and innovation. We strictly comply with all environmental laws, regulations and other guidelines concerning business activities.
Innovation and advancement	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 17 PARTNERSHIPS FOR THE GOALS	Aneka Jaringan invests in innovation, infrastructure and technology to optimise workflows to ensure projects run smoothly. We work with industry experts to share ideas on innovative solutions that advance the industry.
Health and safety	3 GOOD HEALTH AND WELL-BEING	Maintaining a safe and healthy working environment is a top priority for Aneka Jaringan. Stringent safety procedures and policies help minimise risks and workplace incidents.
Ethical and sustainable operations	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 17 PARTNERSHIPS FOR THE GOALS	Aneka Jaringan operates with the highest ethics and integrity. We strive to be 100% compliant with laws and endeavour to conduct ourselves in a manner that is beyond reproach.
Empowered workforce	8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES	Aneka Jaringan strives to create a respectful, rewarding, diverse and inclusive work environment that brings out the best in all employees.
Engaged society	11 SUSTAINABLE CITIES AND COMMUNITIES	Aneka Jaringan is committed to creating a sustainable society by engaging with the local community and giving back to society whenever possible.

SUSTAINABILITY STATEMENT

STAKEHOLDERS AND MATERIALITY

Aneka Jaringan has dedicated channels for dialogue with each stakeholder group. This approach improves information exchanges and helps the Company adopt management methods that address the interests of all stakeholders.

Stakeholder Group	Method of engagement
Government and Authorities	• Site inspections
Shareholders and Investors	• Investor relations meetings • Quarterly reports • Annual general meetings • Extraordinary general meetings
Business Partners	• Progress reports and meetings • Tender meetings
Employees	• Employee engagement events • Dialogue with top management • Intranet and departmental meetings • Management meetings
Contractors, Suppliers and Subcontractors	• Supplier relationship management • Joint events • Dialogue and engagement
Professional Bodies	• Consultation and negotiations • Dialogue and engagement • Site visits • Training

FOCUSING ON ISSUES THAT MATTER MOST

Aneka Jaringan performed materiality analysis to gain a better understanding of topics relevant to both the business and its stakeholders. This analysis considers input from a broad range of stakeholders. Understanding the relevance of specific sustainability topics for stakeholders is of mutual interest and can also help the Company build its sustainability strategy. These issues are defined by the scale of impacts as a business and feedback received from key stakeholders as part of the reporting process and throughout the year.

ECONOMIC

Construction is a vast industry that impacts nearly every other industry around the globe. In Malaysia, this industry is one of the productive sectors that contributes significantly to the Malaysian economy as an enabler of growth to other industries. Although it accounts for less than 5% of Gross Domestic Product (GDP), construction is an essential growth enabler because of its extensive linkages with the rest of the economy. As urban populations are increasing each day, more housing and infrastructure are needed to keep abreast with demand.

ADVANCING THE INDUSTRY

The Group is expanding its fleet of construction machinery and equipment in Malaysia as part of its expansion plan. Opportunities to strengthen its foothold locally and internationally have been identified as one of only a few players in the niche market of piling and foundation construction.

Aneka Jaringan has been an active member of the Master Builders Association Malaysia (MBAM). Members meet regularly to discuss issues related to the construction industry including managing environmental impacts in the supply chain and protecting the human rights of local and foreign workers. Being part of MBAM demonstrates our dedication to promoting and developing the construction industry in Malaysia.

SUSTAINABLE SUPPLY CHAIN

Aneka Jaringan practises a transparent procurement process which is fair for all parties. Contractors, subcontractors, suppliers and consultants are evaluated annually to assess their responsibility and performance in support of future projects. Strong working relationships are nurtured with project teams through this evaluation process so that we can collectively improve our quality standards.

Evaluation of suppliers	Evaluation of contractors and subcontractors	Evaluation of consultants
Quality of materials	Quality of materials	Responsiveness
Delivery performance	Responsiveness	Design capability
After sales service	Professionalism	Professionalism
Responsiveness	Timely completion	Timely completion
Stock priority	Ability to meet requirements	Ability to meet requirements
Ability to meet requirements	Availability of resources	Availability of resources

We are pleased to report that 100% of our suppliers, contractors, subcontractors and consultants achieved a Grade C and above for the past two years. The majority of these were categorised as Grade B with less than 1% falling into the Grade C category.

Operating in the construction industry, Aneka Jaringan recognises the importance of incorporating aspects of safety, health and environment into its supply chain processes. Contractors must submit a Project Safety, Health and Environmental Compliance Plan (PSHECP) and Emergency Response Procedures (ERP). Environmental safety and health factors are also included in contractual agreements with supply chain partners and contractors must:

- Comply with all statutory requirements and clauses in the:
  - Occupational Safety and Health Act and Regulations 1994 (OSHA)
  - Factory and Machinery Act 1967 (FMA)
  - CIDB Guidelines on First-Aid Facilities in the Workplace

- Take the necessary precautions to overcome any nuisance and noise pollution resulting from their works on site.

- Carry out daily site housekeeping and clear all debris resulting from their work. Surplus of materials must be removed from the premises and disposed of properly.

SUSTAINABILITY STATEMENT

ENVIRONMENTAL

Construction can have a major impact on the environment, despite its crucial role in achieving national and international strategies for social and economic development.

Various environmental action plans have been introduced to minimise the environmental impact from operations.

Environmental Protection Measures Currently Practiced

Earth drain maintenance	**Silt trap maintenance**	**Dust control**
Construction debris and domestic debris control	**Scheduled waste management**	**Water and air quality monitoring**
Noise monitoring	**Diesel consumption monitoring**	**Environmental inspection**

Piling construction is one of the most complex activities in construction projects. Cost-effectiveness and sustainability are achieved by implementing good practices through adequate soil investigation, economic design and the efficient use of plant, materials and resources.

ENERGY

A proactive and collaborative approach is taken to addressing energy demand and climate change. Aneka Jaringan is committed to minimising emissions resulting from construction works by improving efficiency and minimising materials usage and wastage. Old machines, which cannot be repaired economically, are sold.

WASTE

Responsible waste management is an essential aspect of our sustainable operations. This consists of eliminating waste where possible, minimising where feasible and the proper handling of waste.

Scheduled waste →

- Scheduled waste is handled, stored and disposed of according to Environmental Quality (Scheduled Wastes) Regulations 1989
- Scheduled waste is separated from work activities with a proper fence, concrete bund, roofing and signage.
- Scheduled waste storage areas are equipped with emergency response equipment such as a fire extinguisher and spill kit.

Construction waste and other general waste →

- Collection facilities such as waste containers are provided for each type of general waste.
- Wastes are segregated and collected by a licensed third-party contractor on a daily basis.
- Waste is disposed of at an approved disposal site.

We are pleased to report that all of the Group's waste for the past three years, including from geotechnical and structural works, is significantly less than the maximum limit set.

SOCIAL: SOCIETY

Recognising its role as a corporate citizen, especially in areas close to its operations, Aneka Jaringan plays a vital role in developing the well-being of communities through giving. Various philanthropic contributions and donations are made to good causes. For example, the Company supported the MBAM Annual Golf Tournament by donating RM10,000 in FY2020.

We will continue to support community needs in any way we can, especially in challenging times such as these. During the year, Aneka Jaringan established a committee comprising volunteers from several different departments. These volunteers will contribute their time and effort in helping the community and several focus areas have been identified for the future.

SOCIAL: LABOUR PRACTICES AND DECENT WORK

Aneka Jaringan values its people and relies on their skills, ingenuity and dedication. Ongoing employee development is part of the Group's continuous responsibility.

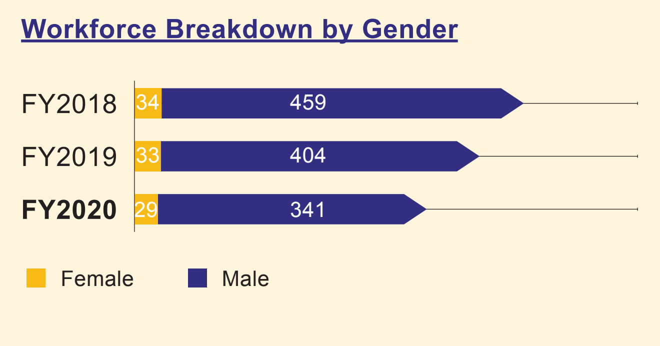
Aneka Jaringan relies on the contribution of its workforce, which includes foreign workers. As a responsible employer, adequate necessities are provided to safeguard the welfare of all workers.

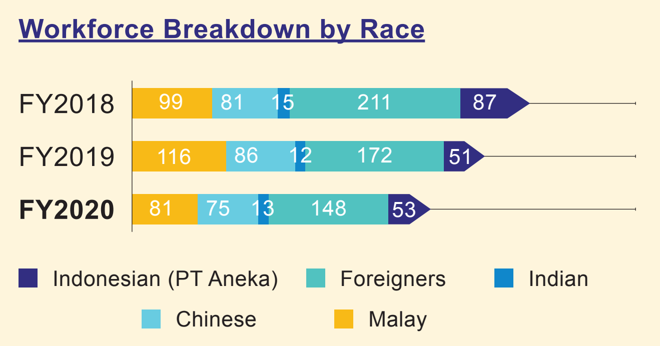
The employment of all foreign workers complies with the Immigration Act 1963 (Amendment 2002). The Company provides decent accommodation with good sanitation and basic necessities for its workers. All workers are paid fairly including overtime, wages and allowances.

DIVERSITY AND INCLUSION

The construction industry has always been male-dominated due to the manual nature of work. Hopefully, as the industry continues to evolve with the growth of technology and entrepreneurialism, a more balanced gender ratio will be achieved in the near future.

We hire the best talent and our recruitment and remuneration practices do not discriminate against any individuals. Equal opportunities ensure that employment decisions are based on merit and performance and are not influenced by race, religion, gender, age, nationality or disability.





The average percentage of women in management was **18.38%** for the past three years.

Aneka Jaringan continues to record a healthy employee turnover rate.

SUSTAINABILITY STATEMENT

TRAINING AND DEVELOPMENT

Aneka Jaringan offers a range of skills development programmes to help employees further their careers in the industry. The Group also encourages employees to attend external training conducted by industry experts to enhance their job-related skills. In FY2020, several training topics featured in our training programmes including scaffolding inspection, waterproofing technologies, finite element management (FEM) in geotechnical engineering, firefighting and lifting. Frequent safety and technical talks are also delivered to employees and contractors from time to time. Support staff attend training that covers the current budgetary, tax and human resource regulations.

The number of training hours reduced in 2020 due to COVID-19 restrictions. During this time, we continued to ensure that employees were up-to-date with all industry knowledge and requirements by maintaining open communication and discussing ongoing projects virtually.

Total Investment in Training

	FY2018	FY2019	FY2020
Total number of training hours	564	640	**266**
Average training hours per year per employee	11.75	9.55	**5.78**

SAFETY FIRST

Safety and health issues are very important as we strive to achieve zero life loss at all project work sites. A formalised set of best practices has been introduced to reduce construction risks in the workplace. This approach helps ensure that all risks arising due to the nature of our activities are mitigated and controlled as far as is reasonably practicable while meeting the statutory requirements. Aneka Jaringan conducts health and safety risk assessment for new and existing projects.

Safety and Health Initiatives
Policy reviews
Monthly audits
Weekly site walks
Monthly safety reports
Monthly inspections of equipment including lifting gear, fire extinguisher, generator set, air compressors and electrical tools
Weekly larviciding and thermal fogging

Safety Training and Awareness
Emergency Response Training
Safety campaign
Seminars by Department of Safety and Health (DOSH)
Safety harness training, working at height, safe excavation, fire extinguisher, first aid, safe handling chemical, scheduled waste and other training topics

Aneka Jaringan's safety committee is headed by Health and Safety Manager, Mr Basgaran Sukumaran. The Committee is represented by a chairman, a secretary and 20 members who include employers and employees' representatives.

Roles and Responsibilities of the ESH Committee

- Help develop safety and health rules and safe systems of work
- Investigate accidents, incidents, near misses, environmental impacts, dangerous occurrences and also conduct studies on the trends of accidents and incidents in the workplace
- Review the effectiveness of safety and health programmes
- Analyse, report and review any unsafe or unhealthy condition or practices together with recommendations for corrective actions
- Inspect the workplace to observe safety and health practices and noncompliance

SOCIAL: PRODUCT RESPONSIBILITY

Aneka Jaringan strives for excellence in its delivery being the specialists in foundation construction with an established track record. While still conforming to the building design codes, our technical knowledge and experience allow us to:

- Cater to clients' requirements;
- Provide alternative designs in foundation and basement construction; and
- Improve on the proposed original design.

The adoption of the Finite Element Analysis with Plaxis and SAFE Software demonstrates our commitment to sustainable operations.

QUALITY MANAGEMENT

Aneka Jaringan continues to introduce various checks and balances throughout the operations to effectively control quality.

Quality Certification

ISO9001:2015	→	- For the provision of design and construction of foundation and geotechnical services for construction of building and infrastructure works

Periodic quality assessments are also conducted internally. The internal auditor incentivises all employees to set international-grade quality and workmanship standards throughout all projects.

Seven internal quality audits are conducted each year on average. We are pleased that no non-conformance reports have been issued upon completion of the audits for the past three years.

ENSURING CLIENT SATISFACTION

Clients' satisfaction is of maximum importance and Aneka Jaringan ensures that clients' needs are met each and every time. All clients are frequently updated on the construction progress. Their perceptions are also monitored to ensure the requirements have been addressed.

Aneka Jaringan understands that customer feedback is invaluable for focusing on objectives and delivering quality services. We have developed a customer feedback form and asked clients to evaluate our performance.

Client Satisfaction Criteria

Service quality	*Materials quality*	*Technical capability*	*Contractual requirements*
Specifications and drawings	*Timely completion*	*Construction methods*	*Professionalism and responsiveness*

We are pleased to have scored above 80% for the past three years: 87.0% in FY2020; 84.8% in FY2019 and 83.8% in FY2018.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Aneka Jaringan Holdings Berhad is pleased to present the following report on the Company's application of Corporate Governance principles as set out in the Malaysian Code on Corporate Governance ("MCCG"). The Corporate Governance Report of the Company is available in the Company's website at www.anekajaringan.com.

BOARD OF DIRECTORS

The Board is responsible for the overall strategic direction and business performance of the Group and is responsible in promoting long-term shareholders value, and ensuring overall corporate governance with effective leadership and professionalism.

The Board has adopted a Board Charter to provide clear guidance on the roles, responsibilities, processes and operations of the Board.

BOARD COMPOSITION

The Board comprised of qualified individuals with varied specialisations, backgrounds, experiences, knowledge and competency so that they can provide checks and balances as well as objectivity, in the functioning of the Board. In complying with Rule 15.02 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements"), the Board comprises of three (3) Executive Directors and three (3) Independent Directors, as follows:

- Managing Director, Mr Pang Tse Fui
- Executive Director, Mr Chong Ngit Sooi
- Executive Director, Mr Loke Kien Tuck
- Independent Non-Executive Chairman, Dato' Ir Tan Gim Foo
- Independent Non-Executive Director, Dato' Noraini binti Abdul Rahman
- Independent Non-Executive Director, Mr Wee Kee Hong

The Independent Non-Executive Directors constituted 50% of the Board and will provide the necessary independent assessments and opinions to ensure that all proposals and strategies are deliberated thoroughly to ensure its robustness to safeguard minority shareholders' interests.

The Chairman is an independent non-executive member of the Board and he provides the leadership for the Board so that the Board can discharge its duties effectively. He sets the agenda, leads the Board meetings and discussions and encourages active participations as well as allowing dissenting views to be heard. The Chairman ensures good corporate governance is part of the culture of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Managing Director is assisted by the Executive Directors and management team in the day to day management of business of the Group. He is responsible for implementation of the strategic directions and Board's policies and decisions. He selects and appoints suitable and capable candidates to the management team to translate the Group's goals and business plans into quantifiable operational objectives. As the Managing Director, he is also responsible for the robustness of the risk management systems and internal controls within the Group.

The Board acknowledges that gender diversity is one of the key attributes to an effective and balanced board, and there is one (1) female member sitting on the Board at present.

BOARD RESPONSIBILITIES

The Board is responsible for providing the strategic directions, leadership and business performance of the Group to promote long-term shareholders' value. It is also responsible to ensure that good corporate governance is part of the Group's culture.

In setting the strategic directions of the Group, it will lay out the annual goals as well as the medium term targets of the Group via the annual budget and the business plans. These are revised and updated annually with the latest information to ensure its relevance. The setting of the annual goals and budget are discussed with the senior management team to ensure that they are realistic and achievable. These goals take into account the economic, environmental and social considerations to ensure sustainability.

The Board is also responsible for the implementation of these goals and plans; monitoring of the progress and reviewing the milestones and achievements and the necessary adjustments to maintain the relevance of the goals. These are done through the meeting(s)/briefing(s) or whenever the urgency necessitates it to be held. The Board is assisted and advised by the Audit and Risk Management Committee ("ARMC") on the monitoring and review of the financial and operational performances of the Company and its subsidiaries.

The Board is also to ensure the Group adhere to a culture of good corporate governance of ethical, prudent and professionalism. This is reinforced on a regular basis by the management team via monthly operational meetings, management meetings and departmental meetings.

The Board, with the assistance of the ARMC, is to ensure the Group's risk management and internal controls system are robust with continuous reviewing, monitoring and updating of the risk management framework. It ensures that the process to identify, analyse, evaluate, monitor and manage the financial and non-financial risks is effective and robust. The Board understands the principal risks the Group faced and recognises that business decisions involve taking risks as well. The Board also reviews the succession planning to ensure the business continuity and there are sufficient programmes in place to develop next level of leaders in case of any emergency or risk of loss of critical staff.

In discharge of its duties, the Board refers to and is assisted by the ARMC, Nomination Committee ("NC"), and Remuneration Committee ("RC"). The Board reviews recommendations and comments from each committee on their areas of expertise to ensure well-balanced operational excellence.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD OF DIRECTORS' MEETING

A total of two (2) Board of Directors' Meetings were conducted during the financial year ended 31 August 2020 with full attendance recorded, as follows:-

Directors	No. of meetings attended
Dato' Ir Tan Gim Foo	2/2
Mr Pang Tse Fui	2/2
Mr Chong Ngit Sooi	2/2
Mr Loke Kien Tuck	2/2
Dato' Noraini binti Abdul Rahman	2/2
Mr Wee Kee Hong	2/2

DIRECTORS' TRAINING

The Directors of the Company had attended the following training sessions during the financial year ended 31 August 2020:-

Name of Directors	Date of trainings	Subject
Dato' Ir Tan Gim Foo	9 March 2020	Adequate Procedures: The Director's Response to Individual Liability
	29 June 2020	Awareness on ISO 37001:2016 Anti-Bribery Management System (ABMS) for Top Management
Mr Pang Tse Fui Mr Chong Ngit Sooi Mr Loke Kien Tuck Dato' Noraini binti Abdul Rahman Mr Wee Kee Hong	20 - 22 July 2020	Mandatory Accreditation Programme

The Board acknowledges that continuous education is vital for the Board members to keep abreast with developments in the capital markets, relevant changes in rules and regulations and the business environment from time to time. The Board, with the assistance of the Nomination Committee, will evaluate their own training needs on a continuous basis and to determine the relevant programmes that will enhance their knowledge and enable them to discharge their duties effectively.

AUDIT AND RISK MANAGEMENT COMMITTEE

Chairman – Mr Wee Kee Hong
Member – Dato' Ir Tan Gim Foo
Member – Dato' Noraini binti Abdul Rahman

The ARMC was formed on 15 January 2020 and is guided by its Terms of Reference. The ARMC is responsible to ensure the effectiveness of the risk management and internal controls system within the Group, including reviewing the operational and financial positions of the Group. The ARMC is assisted by the External Auditors and the Internal Auditors and it is given authority to engage any external consultants to advise the committee in any areas where it deemed necessary to ensure that the committee is able to discharge its duties effectively.

The Chairman of the ARMC together with other members of the ARMC shall ensure among others that:-

(a) the ARMC is fully informed of the significant matters related to the Company's audit and its financial statements and addresses those matters;
(b) the ARMC communicates its insights, views and concerns about the relevant transactions and events to the Internal and External Auditors;
(c) the ARMC communicates its concerns on matters that may have an effect on the financial or audit of the Company to the External Auditors;
(d) there are coordination between the Internal and External Auditors.

All ARMC members have essential skills and expertise to perform their duties and responsibilities.

NOMINATION COMMITTEE ("NC")

Chairman – Dato' Noraini binti Abdul Rahman
Member – Dato' Ir Tan Gim Foo
Member – Wee Kee Hong

The NC is guided by its Terms of Reference and its main responsibilities include recommendation of the new candidate(s) to the Board for the appointment of new Board members based on the skills, knowledge, experience, integrity and ability whilst keeping in mind the gender and ethnic diversity and any potential conflict of interest. The NC also recommends to the Board the re-appointment/re-election of Directors and conduct the assessment of the Board, the Board committees and individual Directors annually.

In conducting the assessment of the Directors, the NC takes into account the experience, knowledge, credibility, effectiveness and contribution of the Directors in the discharge of their duties as a Board member. In terms of the Independent Directors, the assessment includes their independence as well. The NC reviews the succession plan of the Group taking into account the challenges and opportunities available to the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

REMUNERATION COMMITTEE ("RC")

Chairman – Dato' Ir Tan Gim Foo
Member – Wee Kee Hong
Member – Dato' Noraini binti Abdul Rahman

The main functions of the RC include among others, the development of a transparent remuneration policy and procedures framework for the Board and senior management. This includes the reviewing and recommending to the Board the remunerations of the Directors and senior management taking into consideration market best practise and the responsibilities, functions, performance, experience, and the Company's operating results. The NC has to ensure that the levels of remunerations are sufficiently attractive to retain, attract and motivate Directors and senior management to drive the Company's long-term goals.

The remuneration of the Directors for the financial year ended 31 August 2020 are as follows:-

The Company

Category	Fees RM'000	Salaries, Bonus and Allowance RM'000	Defined Contribution Plans RM'000	Other Benefits RM'000	Total RM'000
Executive Directors					
Pang Tse Fui	-	-	-	-	-
Chong Ngit Sooi	-	-	-	-	-
Loke Kien Tuck	-	-	-	-	-
Non-Executive Directors					
Dato' Ir Tan Gim Foo	29	-	-	3	32
Dato' Noraini binti Abdul Rahman	24	-	-	3	27
Wee Kee Hong	26	-	-	3	29

The Group

Category	Fees RM'000	Salaries, Bonus and Allowance RM'000	Defined Contribution Plans RM'000	Other Benefits RM'000	Total RM'000
Executive Directors					
Pang Tse Fui	-	336	65	-	401
Chong Ngit Sooi	-	336	65	-	401
Loke Kien Tuck	-	336	65	-	401
Non-Executive Directors					
Dato' Ir. Tan Gim Foo	29	-	-	3	32
Dato' Noraini binti Abdul Rahman	24	-	-	3	27
Wee Kee Hong	26	-	-	3	29

COMPANY SECRETARIES

The Board is supported by suitably qualified Company Secretaries to provide sound governance advices and adherence to regulatory requirements and sound corporate governance practices.

STAKEHOLDERS COMMUNICATION

The Board is aware of the importance of keeping the stakeholders informed of all material business events affecting the Company to ensure that they are able to make informed decisions. The announcements and quarterly results are released via Bursa Malaysia's website at www.bursamalaysia.com and are available at the Company's website at www.anekajaringan.com.

The Annual General Meeting ("AGM") is also a platform for dialogue between the Board and shareholders/ investors. The Board and senior management are to attend the AGM and the investors are encouraged to ask questions and/or to express their views about the Company's business and financials and any matters concerning their interests.

The Board Charter, Terms of Reference of the Board committees are available at the Company's website at www.anekajaringan.com.

This Corporate Governance Overview Statement was approved by the Board of Directors of Aneka Jaringan Holdings Berhad on 7 December 2020.

STATEMENT ON DIRECTORS' RESPONSIBILITIES

The Directors are required by the Companies Act 2016 (the "Act") to prepare financial statements for each financial year that were made in accordance with applicable approved accounting standards and which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year under review and the results and cash flows of the Group and of the Company for the financial year.

The Directors consider that, in preparing the financial statements, the Group and the Company have

- Applied the appropriate accounting policies consistently;
- Applied reasonable and prudent judgements and estimates;
- Ensured that financial statements are in compliance with all applicable Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Act and the Listing Requirements of Bursa Malaysia Securities Berhad; and
- Prepared the financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue operations for the foreseeable future.

The Directors are responsible for ensuring that the Group and the Company keep proper accounting records which disclose with reasonable accuracy the financial position of the Group and the Company.

The Directors are responsible for taking steps as are reasonably available to them to ensure that the internal controls are in place to safeguard the assets of the Group and of the Company and to prevent and detect fraud and other irregularities.

The above statement was reviewed and approved by the Board of Directors on 7 December 2020.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Audit and Risk Management Committee ("ARMC") of Aneka Jaringan Holdings Berhad is pleased to present the ARMC report for the financial year ended 31 August 2020 ("FYE 2020").

The ARMC was formed on 15 January 2020, comprised of the following directors:-

Chairman – Mr Wee Kee Hong *(Independent Non-Executive Director)*
Member – Dato' Ir Tan Gim Foo *(Independent Non-Executive Chairman)*
Member – Dato' Noraini binti Abdul Rahman *(Independent Non-Executive Director)*

Mr Wee Kee Hong is a member of the Malaysian Institute of Accountants and also an associate of the Chartered Institute of Management Accountants, United Kingdom. The ARMC is guided by its Terms of Reference which outline its composition, authorities, roles and responsibilities. The ARMC is to assist the Board to discharge its duties and responsibilities by providing an objective and independent view of the financials, operations and administrative processes and the assurance of the risk management and internal controls system robustness.

Our Group was listed on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 20 October 2020. There was no meeting held during the financial year ended 31 August 2020, which was prior to the listing of our Group. The first meeting of ARMC was held on 28 October 2020 where the ARMC had, among others, carried out the following activities in discharge of its duties and responsibilities:-

- Reviewed the unaudited consolidated quarterly report for the Group for the fourth quarter ended 31 August 2020 for recommendation to the Board for approval prior to submission to Bursa Securities. The review is to ensure that the quarterly report presents a true and fair view of the Group's financial positions and were prepared in accordance with the applicable accounting standards and requirements.

- Reviewed the proposals from the Internal Auditor for internal audit services for the financial year ending 31 August 2021 ("FYE 2021"), taking into consideration the relevant aspects including among others, the independence, competency, and resources prior to recommendation of the appointment of Internal Auditor to the Board for approval.

- Reviewed the Internal Audit Plan for FYE 2021 to ensure the adequacy of the audit coverage and scope of review.

- Reviewed the report from the External Auditors arising from the final audit for FYE 2020 and had private session with the External Auditors to discuss on any matters arising from the final audit and assistance provided by management to them during the course of audit.

- Reviewed the related party transactions of the Group.

- Reviewed the Related Party Transaction Policy prior to recommendation to the Board for approval.

- Reviewed and noted the Terms of Reference of ARMC and the Whistle-blowing Policy as adopted by the Company.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

INTERNAL AUDIT FUNCTION

The internal audit function of the Group has been outsourced to an independent professional consultancy firm, Sterling Business Alignment Consulting Sdn Bhd ("Sterling") which was appointed on 28 October 2020, to provide independent and systematic reviews on the system of internal control.

Sterling was the Group's appointed independent Internal Control Consultant reviewing the Group's internal controls and procedures adequacy for the IPO. In view that Sterling had done the review on the adequacy of the risk management and internal controls system previously for the listing and has an indepth knowledge of the existing risk management and internal controls system, the ARMC had decided to appoint Sterling to oversee the internal audit function to continue to assess the effectiveness and robustness of the said system and to report to the ARMC based on the approved internal audit plan.

This ARMC report was reviewed and approved by the Board on 7 December 2020.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("Board") of Aneka Jaringan Holdings Berhad is committed to ensure that a sound risk and internal control environment system is maintained to safeguard the Group's assets and all the shareholders' interests. In accordance to Rule 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements"), the Board is pleased to present the Statement on Risk Management and Internal Control for the Group for the financial year ended 31 August 2020.

BOARD RESPONSIBILITIES

The Board assumes the responsibilities of overseeing and maintaining a sound and effective internal control and risk management system on all aspects of the Group business not only in financial and compliance aspects but also in terms of operations as well. The Board shall be responsible for reviewing the adequacy and effectiveness of the risk management and internal control system to ensure its relevance in the changing business environment. The Board also acknowledges that even though the system will manage the risks but it cannot fully eliminate it and therefore it can only provide reasonable but not a comprehensive assurance against any misstatement, loss or fraud.

In carrying out its responsibilities, the Board will delegate its function to the Audit and Risk Management Committee ("ARMC") who meet every quarter to review, assess and ensure that the integrity of the risk management system is robust and effective. The ARMC has direct access to the External Auditors and shall meet at least once a year to understand and be promptly advised of any potential risks that the Group might be facing.

The ARMC also rely on the quarterly report from the Internal Auditors to review and assess the potential risks and internal controls issue that could arise and the recommendations to mitigate or remedial actions required for such risks and internal controls weaknesses. The ARMC will report to the Board on the findings and recommendations after reviewing the reports from the Internal Auditors. If there is a need that arises due to unforeseen exposure which is not within the ability of the management to resolve, the ARMC will consider engaging external consultants in the specific fields to review and mitigate such risks where necessary.

RISK MANAGEMENT FRAMEWORK

The Group has put in place a risk management policy which set out the procedures in identifying, evaluating and managing the different level and types of risks the Group faced in its business operations and performance. Risks are managed by the Group through the implementation of various controls, which include:

- Documented policies and procedures;
- Maintenance of risks registers;
- Implementation of risk based systems and processes;
- Ongoing monitoring of regulatory obligations;
- Checklists to guide activities and project plans to record actions; and
- Internal and external reporting.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Group's risk management policy outlines the following risk management framework:

- It sets out the responsibilities of the Managing Director, Board and the Senior Management in their capacities as risk owners on a daily basis in terms of the operational procedures and controls to ensure that adequacy and effectiveness of the risks and internal control management systems. It also sets out the channel by which a failure of the control process will be escalated from the owner of the risks to the Board for immediate remedial actions for approval by the Board.

- It sets out the risk management process via identification of the risks and documentation of the risks by the risk register owner via a risks register matrix; assess the net effects of the risks; plan the management response or remedial action to mitigate these risks; implementation of the responses and monitor and review the risk management system.

- The risks management process can be summarised as

  (a) **Communicate and consult**
  Communicate and consult with internal and external stakeholders as appropriate at each stage of the risk management process and concerning the process as a whole.

  (b) **Establish the context**
  Establish the external, internal and risk management context in which the rest of the process will take place – the criteria against which risk will be evaluated should be established and the structure of the analysis defined.

  (c) **Identify risks**
  Identify where, when, why and how events could prevent, degrade, delay or enhance the achievement of the Group's objectives.

  (d) **Record risks**
  Document the risks that have been identified in the risk register.

  (e) **Analyse risks**
  Identify and evaluate existing controls. Determine consequences and likelihood and hence the level of risk by analysing the range of potential consequences and how these could occur.

  (f) **Evaluate risks**
  Compare estimated levels of risk against the pre-established criteria and consider the balance between potential benefits and adverse outcomes. This enables decisions to be made about the extent and nature of treatments required and about priorities.

  (g) **Treat risks**
  Develop and implement specific cost-effective strategies and action plans for increasing potential benefits and reducing potential costs.

  (h) **Monitor and review**
  It is necessary to monitor the effectiveness of all steps of the risk management process. This is important for continuous improvement. Risks and effectiveness of treatment measures need to be monitored so that changing circumstances do not alter priorities.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to an external independent professional consultancy firm, Sterling Business Alignment Consulting ("Sterling"), as approved by the ARMC on 28 October 2020 to review the adequacy of the internal controls as well as to review the necessary risk assessments of the Group's operations and financial risk. Sterling is free from any relationships or conflicts of interest, which could impair their objectivity and independence of the internal audit function. Sterling does not have any direct operational responsibility or authority over the activities of the Group. The Group's internal audit function shall report directly to the ARMC every quarter on the findings of their review of the Group's operations and financial matters. The reports shall cover the assessment of the key areas of the processes and internal controls of the Group's operations and financials based on the internal audit plan approved by the ARMC. Sterling adopts a risk based approach in developing the internal audit plan which is then approved by the ARMC.

Sterling uses the Committee of Sponsoring Organisation of the Treadway Commission - Internal Control (COSO - IC) Integrated Framework as a basis for evaluating the effectiveness of the internal control system. Sterling also makes reference to the International Professional Practices Framework during the course of the assignments. The internal audit function shall highlight any key areas of weaknesses in the Group's risks and internal control management system to the ARMC and to include in their report the recommendations on the remedial actions to be taken to address the areas of weaknesses as highlighted for the ARMC's reviews and recommendations to the Board for implementation. In addition, Sterling shall perform follow-up reviews on the previously reported issues and provide an update to the ARMC on the status of the implementations.

As the Group was only listed on the 20 October 2020, Sterling has yet to start the audit work for the financial year ended 31 August 2020.

ANNUAL REVIEW

The Board, through the ARMC, has responsibility under its Charter to review and appraise the internal control and risk management system for the financial year ended 31 August 2020. The Managing Director and the Chief Financial Officer have given the assurance that the Group's risk management and internal control management system is operating adequately and effectively and there is no material weakness at the operations level of the Group.

BOARD ASSURANCE

For the financial year ended 31 August 2020, the Board is of the opinion that to the current risk management and internal control systems in place is adequate and there is no significant material weaknesses that would warrant any separate disclosure. Nevertheless, the Board together with the management will continue to take the necessary measures to ensure that all processes and procedures are being constantly reviewed and reinforced to ensure the robustness of the Group's risk management and internal control system.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

In accordance with Rule 15.23 of the Listing Requirements, the External Auditors have performed a limited assurance engagement on this Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 31 August 2020. Their engagement was performed in accordance with the Audit and Assurance Practice Guide 3 ("AAPG 3") issued by the Malaysian Institute of Accountants which does not require the auditors to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system. Based on their procedures performed, the External Auditors have reported that nothing has come to their attention that would cause them to believe that the Statement is not prepared, in all material respect, 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 is factually inaccurate.

This Statement was reviewed and approved by the Board of Directors on 7 December 2020.

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING ("IPO")

On 1 October 2020, the Company launched its Prospectus for IPO on the ACE Market of Bursa Malaysia Securities Berhad and the Company was listed on 20 October 2020. In conjunction with the listing, the Company undertook a public issue of 139,890,000 new ordinary shares at an issue price of RM0.33 per ordinary share. The Company raised gross proceeds of RM46.16 million from the listing.

The gross proceeds from the IPO amounting to RM46,163,700 shall be utilised in the following manner:

Purposes	Proposed Utilisation RM'000	Actual Utilisation[(1)] RM'000	Estimated timeframe for use from listing date[(2)]
Purchase of new rotary drilling rigs and crawler crane	17,300	-	Within 36 months
Repayment of borrowings	24,264	-	Within 3 months
Estimated listing expenses	4,600	-	Within 3 months
Total	46,164	-	

(1) *As at 31 August 2020, the Company had not received the IPO proceeds pending completion of the IPO.*
(2) *From the date of listing of the Company on the ACE Market of Bursa Malaysia Securities Berhad. The utilisation of proceeds disclosed should be read in conjunction with the Prospectus.*

AUDIT FEE AND NON-AUDIT FEE

Details of statutory audit, audited related and non-audit fees paid/payable to the External Auditors for the financial year ended 31 August 2020 are set out as follows:

	Fees paid / payable (RM)		
Description	Company	Subsidiaries	Total
Audit services rendered	30,000	78,000	108,000
Non-audit services rendered*	220,654	-	220,654
Total	250,654	78,000	328,654

* *Reporting Accountants' fees in relation to the IPO.*

MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests which were still subsisting as at the end of the financial year or which were entered into since the end of the previous financial year.

RECURRENT RELATED PARTY TRANSACTIONS ("RRPT")

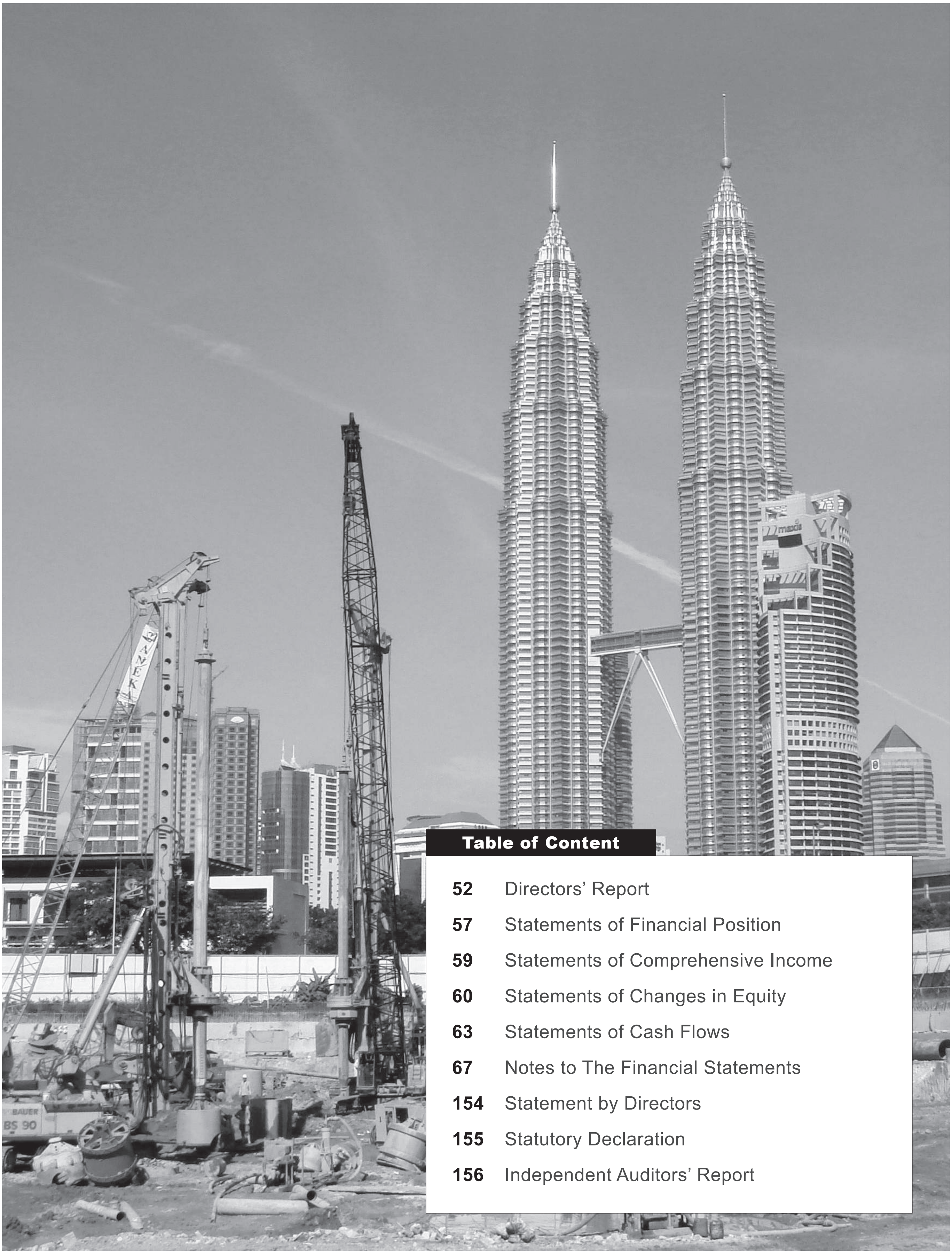
The RRPT of the Group have been entered into in the normal course of business.

Further details of the RRPT of a revenue or trading nature conducted during the financial year are disclosed in Note 32 to the financial statements of this Annual Report.

The RRPT during the financial year ended 31 August 2020 do not require shareholders' mandate.

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020



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DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 7 to the financial statements.

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

RESULTS

	Group RM	Company RM
Profit/(loss) for the financial year, net of tax	10,803,501	(134,419)
Attributable to:		
Owners of the Company	10,042,851	(134,419)
Non-controlling interests	760,650	-
	10,803,501	(134,419)

DIVIDENDS

No dividend had been paid or declared by the Company since the end of previous financial period.

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 August 2020.

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

(i) 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 liabilities of any other person; and

(ii) any contingent liabilities in respect of the Group and of the Company which has arisen since the end of the financial year.

In the opinion of the directors, 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 affect the ability of the Group and of the Company to meet its obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) no item, transaction or event of a material and unusual nature has arisen 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' REPORT

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company:

(i) issued 356,819,979 ordinary shares at a price of RM0.20 per ordinary share as the purchase consideration for the acquisition of the entire issued share capital of Aneka Jaringan Sdn. Bhd.; and

(ii) issued 41,390,000 ordinary shares at a price of RM0.20 per ordinary share as the purchase consideration for the acquisition of the entire issued share capital of Aneka Geotechnics Sdn. Bhd.

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

During the financial year, no debentures were issued by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Chong Ngit Sooi *	
Loke Kien Tuck *	
Pang Tse Fui *	
Dato' Ir. Tan Gim Foo	(Appointed on 15 January 2020)
Dato' Noraini binti Abdul Rahman	(Appointed on 15 January 2020)
Wee Kee Hong	(Appointed on 15 January 2020)

* *Director of the Company and certain subsidiaries*

Other than as stated above, the name of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of the report are:

Aziz bin Hassan
Ngoi Tong King
Tung Sin Thian

DIRECTORS' INTERESTS

According to the Register of Directors' shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporation during the financial year were as follows:

Interest in the Company

	Number of ordinary shares			
	At 1 September 2019	**Bought**	**Sold**	**At 31 August 2020**
Direct interests:				
Chong Ngit Sooi	-	99,552,500	-	99,552,500
Loke Kien Tuck	5	99,552,495	-	99,552,500
Pang Tse Fui	-	99,552,500	-	99,552,500
Indirect interests:				
Chong Ngit Sooi *	5	-	(5)	-
Pang Tse Fui **	5	-	(5)	-

* *Deemed interested by virtue of Section 8(4)(c) of the Companies Act 2016 through CNS Properties Sdn Bhd.*

** *Deemed interested by virtue of Section 8(4)(c) of the Companies Act 2016 through PTF Development Sdn Bhd.*

By virtue of the Directors' interests in the shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, they are deemed to have interest in the shares of subsidiaries to the extent that the Company has interests.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in shares of the Company during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by directors as disclosed in Note 25 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest other than any deemed benefit which may arise from transaction as disclosed in Note 32 to the financial statements.

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

DIRECTORS' REPORT

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, there was no indemnity given or insurance effected for the directors and officers of the Company.

SUBSIDIARIES

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the year are disclosed in Note 34 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of the significant events subsequent to the end of the financial year are disclosed in Note 35 to the financial statements.

AUDITORS' REMUNERATION

The details of the auditors' remuneration are disclosed in Note 24 to the financial statements.

INDEMNITY TO AUDITORS

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT, have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors.

………………………………………..	………………………………………..
PANG TSE FUI	**LOKE KIEN TUCK**
Director	Director

Date: 7 December 2020

STATEMENTS OF FINANCIAL POSITION

AS AT 31 AUGUST 2020

		Group		Company	
			Unaudited		
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
			(Note 36)		
ASSETS					
Non-current assets					
Property, plant and equipment	5	**54,922,228**	53,134,796	**-**	-
Investment properties	6	**4,647,075**	4,727,170	**-**	-
Investment in subsidiaries	7	**-**	-	**79,641,996**	-
Deferred tax assets	8	**-**	122,850	**-**	-
Trade and other receivables	9	**7,011**	5,821	**-**	-
Total non-current assets		**59,576,314**	57,990,637	**79,641,996**	-
Current assets					
Current tax assets		**1,790,162**	424,057	**-**	-
Trade and other receivables	9	**59,825,951**	84,001,229	**-**	-
Contract assets	10	**64,376,422**	72,885,032	**-**	-
Other current assets	11	**3,002,440**	1,472,091	**-**	-
Cash and short-term deposits	12	**15,889,417**	12,738,748	**919**	4
Total current assets		**144,884,392**	171,521,157	**919**	4
TOTAL ASSETS		**204,460,706**	229,511,794	**79,642,915**	4
EQUITY AND LIABILITIES					
Equity attributable to the owners of the Group					
Share capital	13	**79,642,000**	3,300,004	**79,642,000**	4
Reorganisation deficit	14	**(76,341,996)**	-	**-**	-
Retained earnings/Accumulated losses		**85,670,511**	75,631,802	**(153,577)**	(19,158)
Exchange reserve	15	**(221,304)**	11,093	**-**	-
		88,749,211	78,942,899	**79,488,423**	(19,154)
Non-controlling interests		**5,315,334**	4,748,215	**-**	-
TOTAL EQUITY		**94,064,545**	83,691,114	**79,488,423**	(19,154)

STATEMENTS OF FINANCIAL POSITION

AS AT 31 AUGUST 2020

		Group		Company	
			Unaudited		
		2020	2019	2020	2019
	Note	RM	RM (Note 36)	RM	RM
Non-current liabilities					
Loans and borrowings	16	**26,325,739**	20,708,071	**-**	-
Employee benefits	17	**793,997**	708,660	**-**	-
Deferred tax liabilities	8	**1,470,641**	1,942,829	**-**	-
Total non-current liabilities		**28,590,377**	23,359,560	**-**	-
Current liabilities					
Loans and borrowings	16	**40,758,225**	45,561,334	**-**	-
Provisions	19	**-**	3,760,000	**-**	-
Current tax liabilities		**800,171**	877,507	**-**	-
Trade and other payables	18	**40,129,584**	69,989,875	**154,492**	19,158
Contract liabilities	10	**117,804**	2,272,404	**-**	-
Total current liabilities		**81,805,784**	122,461,120	**154,492**	19,158
TOTAL LIABILITIES		**110,396,161**	145,820,680	**154,492**	19,158
TOTAL EQUITY AND LIABILITIES		**204,460,706**	229,511,794	**79,642,915**	4

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

		Group		Company	
	Note	1.9.2019 to 31.8.2020 RM	Unaudited 1.9.2018 to 31.8.2019 RM (Note 36)	1.9.2019 to 31.8.2020 RM	24.8.2018 (Date of incorporation) to 31.8.2019 RM
Revenue	20	**135,346,071**	221,171,756	**-**	-
Cost of sales	21	**(115,163,940)**	(182,023,792)	**-**	-
Gross profit		**20,182,131**	39,147,964	**-**	-
Other income	22	**5,839,469**	2,903,820	**-**	-
Administrative expenses		**(9,019,549)**	(10,692,670)	**(134,419)**	(19,158)
Operating profit/(loss)		**17,002,051**	31,359,114	**(134,419)**	(19,158)
Finance costs	23	**(3,161,083)**	(3,738,074)	**-**	-
Share of results of associates, net of tax		**-**	(17,642)	**-**	-
Profit/(loss) before tax	24	**13,840,968**	27,603,398	**(134,419)**	(19,158)
Income tax expense	26	**(3,037,467)**	(7,469,632)	**-**	-
Profit/(loss) for the financial year/period		**10,803,501**	20,133,766	**(134,419)**	(19,158)
Other comprehensive (loss)/income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit plan		**(7,530)**	(53,598)	**-**	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		**(422,540)**	462,595	**-**	-
Other comprehensive (loss)/income for the financial year/period	27	**(430,070)**	408,997	**-**	-
Total comprehensive income/(loss) for the financial year/period		**10,373,431**	20,542,763	**(134,419)**	(19,158)
Profit/(loss) attributable to:					
Owners of the Company		**10,042,851**	18,438,550	**(134,419)**	(19,158)
Non-controlling interests		**760,650**	1,695,216	**-**	-
		10,803,501	20,133,766	**(134,419)**	(19,158)
Total comprehensive income/(loss) attributable to:					
Owners of the Company		**9,806,312**	18,663,498	**(134,419)**	(19,158)
Non-controlling interests		**567,119**	1,879,265	**-**	-
		10,373,431	20,542,763	**(134,419)**	(19,158)
Earnings per share (sen)					
- Basic	28	**2.52**	4.63		
- Diluted	28	**2.52**	4.63		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

		Attributable to owners of the Company						
	Note	Share capital RM	Exchange reserve RM	Reorganisation deficit RM	Retained earnings RM	Sub-total RM	Non-controlling interests RM	Total equity RM
Group								
At 1 September 2019 (unaudited)		3,300,004	11,093	-	75,631,802	78,942,899	4,748,215	83,691,114
Total comprehensive income for the financial year								
Profit for the financial year		-	-	-	10,042,851	10,042,851	760,650	10,803,501
Other comprehensive loss for the financial year		-	(232,397)	-	(4,142)	(236,539)	(193,531)	(430,070)
Total comprehensive income		-	(232,397)	-	10,038,709	9,806,312	567,119	10,373,431
Transaction with owners								
Issuance of ordinary share	13	*	-	-	-	-	-	-
Issuance of shares for acquisition of subsidiaries	13	79,641,996	-	-	-	79,641,996	-	79,641,996
Reorganisation deficit	13,14	(3,300,000)	-	(76,341,996)	-	(79,641,996)	-	(79,641,996)
Total transactions with owners		76,341,996	-	(76,341,996)	-	-	-	-
At 31 August 2020		**79,642,000**	**(221,304)**	**(76,341,996)**	**85,670,511**	**88,749,211**	**5,315,334**	**94,064,545**

* RM0.20

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

		Attributable to owners of the Company				Non-	
	Note	Share capital RM	Exchange reserve RM	Retained earnings RM	Sub-total RM	controlling interests RM	Total equity RM
Group							
At 1 September 2018 (unaudited)		3,300,000	(258,468)	58,523,052	61,564,584	3,038,403	64,602,987
Total comprehensive income for the financial year							
Profit for the financial year		-	-	18,438,550	18,438,550	1,695,216	20,133,766
Other comprehensive income/(loss) for the financial year		-	254,427	(29,479)	224,948	184,049	408,997
Total comprehensive income		-	254,427	18,409,071	18,663,498	1,879,265	20,542,763
Transaction with owners							
Change in ownership interest in a subsidiary	7	-	15,134	(150,321)	(135,187)	(169,453)	(304,640)
Issuance of ordinary share upon incorporation	13	4	-	-	4	-	4
Dividends paid on shares	29	-	-	(1,150,000)	(1,150,000)	-	(1,150,000)
Total transactions with owners		4	15,134	(1,300,321)	(1,285,183)	(169,453)	(1,454,636)
At 31 August 2019 (unaudited)		3,300,004	11,093	75,631,802	78,942,899	4,748,215	83,691,114

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

		Attributable to owners of the Company		
	Note	**Share capital RM**	**Retained earnings RM**	**Total equity RM**
Company				
At 24 August 2018 (Date of incorporation)	13	4	-	4
Loss for the financial period, representing total comprehensive loss for the financial period		-	(19,158)	(19,158)
At 31 August 2019		4	(19,158)	(19,154)
Loss for the financial period, representing total comprehensive loss for the financial year		-	(134,419)	(134,419)
Transaction with owners				
Issuance of ordinary share	13	*	-	-
Issuance of shares for acquisition of subsidiaries	13	79,641,996	-	79,641,996
At 31 August 2020		**79,642,000**	**(153,577)**	**79,488,423**

* RM0.20

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

	Note	Group		Company	
		1.9.2019 to 31.8.2020 RM	Unaudited 1.9.2018 to 31.8.2019 RM (Note 36)	1.9.2019 to 31.8.2020 RM	24.8.2018 (Date of incorporation) to 31.8.2019 RM
Cash flows from operating activities					
Profit/(Loss) before tax:		**13,840,968**	27,603,398	**(134,419)**	(19,158)
Adjustments for:					
Depreciation of investment properties		**80,095**	129,647	**-**	-
Gain on disposal of investment properties		**-**	(70,808)	**-**	-
Bad debts written off		**100,900**	196,879	**-**	-
Bad debts recovered		**-**	(707,547)	**-**	-
Depreciation of property, plant and equipment		**16,174,724**	17,766,580	**-**	-
Gain on disposal of property, plant and equipment		**(950,878)**	(756,846)	**-**	-
Impairment loss on trade receivables		**-**	339,498	**-**	-
Reversal of impairment loss on trade receivable		**(310,000)**	-	**-**	-
Insurance claim		**(446)**	(306,569)	**-**	-
Share of results of associates, net of tax		**-**	17,642	**-**	-
Gain on disposal of an associate		**-**	(50,000)	**-**	-
Finance costs		**3,161,083**	3,738,074	**-**	-
Finance income		**(394,358)**	(413,171)	**-**	-
Employee benefits		**(7,530)**	(53,598)	**-**	-
Unrealised loss/(gain) on foreign exchange		**70,270**	(348,805)	**-**	-
Operating profit/(loss) before changes in working capital		**31,764,828**	47,084,374	**(134,419)**	(19,158)
Changes in working capital					
Trade and other receivables		**22,852,839**	663,840	**-**	-
Contract assets		**8,508,610**	(23,399,457)	**-**	-
Trade and other payables		**(29,936,068)**	9,385,194	**64,826**	7,000
Employee benefits		**85,337**	310,433	**-**	-
Provisions		**(3,760,000)**	-	**-**	-
Contract liabilities		**(2,154,600)**	(16,533,408)	**-**	-
Net cash generated from/(used in) operations		**27,360,946**	17,510,976	**(69,593)**	(12,158)
Income tax paid		**(4,830,246)**	(8,514,596)	**-**	-
Interests received		**394,358**	413,171	**-**	-
Interests paid		**(181,550)**	(57,020)	**-**	-
Net cash from/(used in) operating activities		**22,743,508**	9,352,531	**(69,593)**	(12,158)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

	Note	Group 1.9.2019 to 31.8.2020 RM	Group Unaudited 1.9.2018 to 31.8.2019 RM (Note 36)	Company 1.9.2019 to 31.8.2020 RM	Company 24.8.2018 (Date of incorporation) to 31.8.2019 RM
Cash flows from investing activities					
Purchase of property, plant and equipment	(a)	**(1,336,136)**	(2,943,813)	**-**	-
Purchase of investment properties	(b)	**-**	-	**-**	-
Proceeds from disposal of property, plant and equipment		**951,000**	2,437,023	**-**	-
Proceeds from disposal of an associate		**-**	50,000	**-**	-
Proceeds from insurance claim		**446**	306,569	**-**	-
Changes in pledged deposits		**1,352,466**	182,397	**-**	-
Changes in restricted cash		**(855,000)**	-	**-**	-
Net cash from investing activities		**112,776**	32,176	**-**	-
Cash flows from financing activities	(c)				
Interest paid		**(2,979,533)**	(3,681,054)	**-**	-
Proceeds from issuance of shares		*	4	*	-
Drawdown of term loans		**-**	6,000,000	**-**	-
Repayment of term loans		**(1,290,381)**	(4,626,976)	**-**	-
Payments of lease liabilities/finance lease liabilities		**(14,794,921)**	(21,033,906)	**-**	-
Drawdown of bankers' acceptances		**32,644,186**	48,457,570	**-**	-
Repayment of bankers' acceptances		**(29,341,178)**	(51,275,070)	**-**	-
Drawdown of invoice financing		**4,725,410**	3,541,397	**-**	-
Repayment of invoice financing		**(4,991,666)**	(2,157,801)	**-**	-
Drawdown of promissory notes		**31,566,831**	15,000,000	**-**	-
Repayment of promissory notes		**(31,281,902)**	(6,993,372)	**-**	-
Net change in amount owing (by)/to directors		**(215,154)**	215,154	**-**	-
Net change in amount owing to subsidiary		**-**	-	**70,508**	-
Net change in amount owing by related party		**-**	-	**-**	12,158
Dividends paid		**-**	(1,150,000)	**-**	-
Net cash (used in)/from financing activities		**(15,958,308)**	(17,704,054)	**70,508**	12,158

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

	Note	Group 1.9.2019 to 31.8.2020 RM	Group Unaudited 1.9.2018 to 31.8.2019 RM (Note 36)	Company 1.9.2019 to 31.8.2020 RM	Company 24.8.2018 (Date of incorporation) to 31.8.2019 RM
Net increase/(decrease) in cash and cash equivalents		**6,897,976**	(8,319,347)	**915**	-
Cash and cash equivalents at the beginning of the financial year/period		**481,858**	8,917,987	**4**	4
Effect of exchange rate changes on cash and cash equivalents		**156,183**	(116,782)	**-**	-
Cash and cash equivalents at the end of the financial year/period	12	**7,536,017**	481,858	**919**	4

* RM0.20

(a) Purchase of property, plant and equipment:

	Note	Group 1.9.2019 to 31.8.2020 RM	Group Unaudited 1.9.2018 to 31.8.2019 RM
Purchase of property, plant and equipment	5	**17,878,285**	13,031,827
Financed by way of finance lease arrangements		**(16,542,149)**	(10,088,014)
Cash payments on purchase of property, plant and equipment		**1,336,136**	2,943,813

During the year, the Group had total cash outflows for leases of RM16,201,536.

(b) Purchase of investment property

	Note	Group 1.9.2019 to 31.8.2020 RM	Group Unaudited 1.9.2018 to 31.8.2019 RM
Purchase of investment properties	6	**-**	238,900
Contra with trade debtors		**-**	(238,900)
Cash payments on investment property		**-**	-

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

(c) Reconciliation of liabilities arising from financing activities:

Group	**Unaudited 1.9.2019 RM Restated**	**Cash flows RM**	**Non-cash Others RM**	**31.8.2020 RM**
Term loans	10,334,675	(1,290,381)	-	**9,044,294**
Lease liabilities	29,198,494	1,747,228	-	**30,945,722**
Bankers' acceptances	13,950,569	3,303,008	-	**17,253,577**
Invoice financing	1,815,070	(266,256)	-	**1,548,814**
Promissory notes	8,006,628	284,929	-	**8,291,557**
Amount owing to directors	215,154	(215,154)	-	**-**
	63,520,590	3,563,374	-	**67,083,964**

Company	**1.9.2019 RM**	**Cash flows RM**	**Non-cash Others RM**	**31.8.2020 RM**
Amount owing to subsidiary	-	-	82,666	**82,666**
Amount owing to related party	12,158	-	(12,158)	**-**
	12,158	-	70,508	**82,666**

Group	**Unaudited 1.9.2018 RM**	**Cash flows RM**	**Non-cash Others RM**	**Unaudited 31.8.2019 RM**
Term loans	8,961,651	1,373,024	-	10,334,675
Lease liabilities	39,702,331	(10,945,892)	-	28,756,439
Bankers' acceptances	16,768,069	(2,817,500)	-	13,950,569
Invoice financing	431,474	1,383,596	-	1,815,070
Promissory notes	-	8,006,628	-	8,006,628
Amount owing to directors	-	-	215,154	215,154
	65,863,525	(3,000,144)	215,154	63,078,535

Company	**24.8.2018 (Date of incorporation) RM**	**Cash flows RM**	**Non-cash Others RM**	**31.8.2019 RM**
Amount owing to related party	-	-	12,158	12,158

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Aneka Jaringan Holdings Berhad (the "Company") is a public limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur. The principal place of business of the Company is located at K-2-1, Pusat Perdagangan Bandar Bukit Jalil, Persiaran Jalil 2, 57000 Kuala Lumpur.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 7.

There has been no significant change in the nature of its principal activity during the financial period.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 7 December 2020.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation ("IC Int")

The Group and the Company have adopted the following new MFRS, amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial year:

<u>New MFRS</u>

MFRS 16	Leases

<u>Amendments/Improvements to MFRSs</u>

MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 11	Joint Arrangements
MFRS 112	Income Taxes
MFRS 119	Employee Benefits
MFRS 123	Borrowing Costs
MFRS 128	Investments in Associates and Joint Ventures

<u>New IC Int</u>

IC Int 23	Uncertainty over Income Tax Treatments

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Int (continued)

The adoption of the above new MFRSs, amendments/improvements to MFRSs and new IC Int did not have any significant effect on the financial statements of the Group and the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies, except for those as discussed below:

MFRS 16 Leases

Effective 1 January 2019, MFRS 16 has replaced MFRS 117 *Leases* and IC Int 4 *Determining whether an Arrangement contains a Lease*.

Under MFRS 117 *Leases*, leases are classified either as finance leases or operating leases. A lessee recognises on its statements of financial position assets and liabilities arising from the finance leases. For operating leases, lease payments are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position except for short-term and low value asset leases.

The Group and the Company have applied MFRS 16 using the modified retrospective approach with any cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings at the date of initial application (i.e. 1 September 2019). As such, the comparative information was not restated and continues to be reported under MFRS 117 and IC Int 4.

Definition of a lease

MFRS 16 changes the definition of a lease mainly to the concept of control. MFRS 16 defines that a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group and the Company have elected the practical expedient not to reassess whether a contract contains a lease at the date of initial application. Accordingly, the definition of a lease under MFRS 16 was applied only to contracts entered or changed on or after 1 September 2019. Existing lease contracts that are still effective on 1 September 2019 will be accounted for as lease contracts under MFRS 16.

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Int (continued)

MFRS 16 Leases (continued)

Impact of the adoption of MFRS 16

The application of MFRS 16 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements as at the date of initial application. Other than the enhanced new disclosures relating to leases, which the Group and the Company have complied with in the current financial period, the application of this standard does not have any significant effect on the financial statements of the Group and the Company, except for those as discussed below.

(i) Classification and measurement

As a lessee, the Group and the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all the risks and rewards incidental to ownership of the underlying asset to the Group and the Company.

On adoption of MFRS 16, for all their leases other than short-term and low value asset leases, the Company:

- recognised the right-of-use assets and lease liabilities in the statement of financial position as at the date of initial application;
- recognised depreciation of right-of-use assets and interest on lease liabilities in profit or loss for the current financial period; and
- separated the total amount of cash paid into a principal and interest portions (presented within financing activities) the statement of cash flows for the current financial period.

<u>For leases that were classified as operating lease under MFRS 117</u>

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group’s and the Company’s incremental borrowing rate at the date of initial application.

The right-of-use assets are measured at their carrying amount as if MFRS 16 had been applied since the commencement date, discounted using the Group’s and the Company’s incremental borrowing rate at the date of initial application.

The Group and the Company also applied the following practical expedients wherein they:

(a) applied a single discount rate to a portfolio of leases with similar characteristics;
(b) applied the exemption not to recognise right-to-use assets and liabilities for leases which the lease term ends within 12 months of the date of initial application;
(c) excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and
(d) used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Int (continued)

MFRS 16 Leases (continued)

Impact of the adoption of MFRS 16 (continued)

(i) Classification and measurement (continued)

For leases that were classified as finance lease under MFRS 117

The Group and the Company recognised the carrying amount of the lease assets and finance lease liabilities under MFRS 117 immediately before transition as the carrying amount of the right-of-use assets and the lease liabilities at the date of initial application. The measurement requirements of MFRS 16 are applied after that date.

(ii) Short-term lease and low value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases of premise that has a lease term of 12 months or less and lease of low value assets based on the value of the underlying asset when new, such as metal rack. The Group and the Company recognises the lease payments associated with these leases as an expense on a straight-line basis over

The following is reconciliation of the financial statement line items from MFRS 117 to MFRS 16 at 1 September 2019:

Group	Carrying amount as at 31 August 2019 RM	Remeasurement RM	MFRS 16 carrying amount as at 1 September 2019 RM
Property, plant and equipments	53,134,796	442,055	53,576,851
Loans and borrowings	(66,269,405)	(442,055)	(66,711,460)

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 17	Insurance Contracts	1 January 2023
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of MFRSs	1 January 2022^/1 January 2023#
MFRS 3	Business Combinations	1 January 2020/1 January 2022/ 1 January 2023#
MFRS 4	Insurance Contracts	1 January 2021/1 January 2023
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2020/1 January 2021/ 1 January 2023#
MFRS 9	Financial Instruments	1 January 2020/1 January 2022^/ 1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 June 2020*/1 January 2021/ 1 January 2022^
MFRS 101	Presentation of Financial Statements	1 January 2020/1 January 2023/ 1 January 2023#
MFRS 107	Statements of Cash Flows	1 January 2023#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020
MFRS 116	Property, Plant and Equipment	1 January 2022/1 January 2023#
MFRS 119	Employee Benefits	1 January 2023#
MFRS 128	Investments in Associates and Joint Ventures	Deferred/1 January 2023#
MFRS 132	Financial instruments: Presentation	1 January 2023#
MFRS 136	Impairment of Assets	1 January 2023#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022/1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 139	Financial Instruments: Recognition and Measurements	1 January 2020/1 January 2021
MFRS 140	Investment Property	1 January 2023#
MFRS 141	Agriculture	1 January 2022^

^ The *Annual Improvements to MFRS Standards 2018-2020*

* *Earlier application is permitted, including in financial statements not authorised for issue at 28 May 2020*

Consequential amendments as a result of MFRS 17 Insurance Contracts

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)

(a) The Group and the Company plan to adopt the above applicable new MFRSs and amendments/ improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRSs and amendments/improvements to MFRSs are summarised below.

Annual Improvements to MFRS Standards 2018-2020

Annual Improvement to MFRS Standards 2018-2020 covers amendments to:

- MFRS 1 *First-time Adoption of Malaysia Financial Reporting Standards* – simplifies the application of MFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.
- MFRS 9 *Financial Instruments* – clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
- Illustrative Examples accompanying MFRS 16 *Leases* – deletes from Illustrative Example 13 the reimbursement relating to leasehold improvements in order to remove any potential confusion regarding the treatment of lease incentives.
- MRFS 141 *Agriculture* – removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in MFRS 141 with those in other MFRS Standards.

Amendments to MFRS 3 Business Combinations

The amendments clarify the definition of a business with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The distinction is important because an acquirer does not recognise goodwill in an asset acquisition.

The amendments, amongst others, clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments also add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The amendments update MFRS 3 by replacing a reference to an old version of the *Conceptual Framework for Financial Reporting* with a reference to the latest version which was issued by MASB in April 2018.

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investment in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirement in MFRS 10 and those in MFRS 128, in dealing with sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, MFRS 7 Financial Instruments: Disclosures, MFRS 4 Insurance Contracts and MFRS 16 Leases

The Interest Rate Benchmark Reform – Phase 2 amends some specific requirements in MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16, with respect to issues that affect financial reporting during the reform of an interest rate benchmark.

The amendments provides a practical expedient whereby an entity would not derecognise or adjust the carrying amount of financial instruments for modifications required by interest rate benchmark reform, but would instead update the effective interest rate to reflect the change in the interest rate benchmark. On hedging relationship, entities would be required to amend the formal designation of a hedging relationship to reflect the modifications and/or changes made to the hedged item and/or hedging instruments as a result of the reform. However, the modification does not constitute discontinuation of the hedging relationship nor the designation of a new hedging relationship.

Amendment to MFRS 16 Leases

The amendment exempt leases from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows leases to account for such rent concessions as if they were not lease modifications. It applies to COVID-19-related rent concessions that reduce lease payments due on or before 30 June 2021.

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)

Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Error

The amendments refine the definition by including 'obscuring information' in the definition of material to respond to concerns that the effect of including immaterial information should not reduce the understandability of a company's financial statements. The prior definition focuses only on information that cannot be omitted (material information) and does not also consider the effect of including immaterial information.

Other refinements to the definition include incorporating some existing working in MFRS 101 and the Conceptual Framework for Financial Reporting. Consequently, the amendments align the definition of material across MFRS Standards and other publications.

Amendments to MFRS 101 Presentation of Financial Statements

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

Amendments to MFRS 116 Property, Plant and Equipment

The amendments prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity shall recognise such sales proceeds and related cost in profit or loss.

Amendments to MFRS 137 Provision, Contingent Liabilities and Contingent Assets

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

(b) The initial application of the above applicable amendments/improvements to MFRSs is not expected to have any material impact on the prior and current periods financial statements.

2. BASIS OF PREPARATION (CONTINUED)

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate (the “functional currency”). The consolidated financial statements are presented in Ringgit Malaysia (“RM”), which is also the Company’s functional currency.

2.5 Basis of measurement

The financial statements of the Group and the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3.

2.6 Use of estimates and judgement

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group’s and the Company’s accounting policies. Although these estimates and judgement are based on the directors’ best knowledge of current events and actions, actual results may differ.

The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the Group’s and the Company’s financial statements are disclosed in Note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial period presented in the financial statements of the Company.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(a) Subsidiaries and business combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (continued)

(a) Subsidiaries and business combination (continued)

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

In connection with the Group's reorganisation scheme as a result of the initial public offering exercise, the Company acquired the entire share capital of Aneka Jaringan Sdn. Bhd. and Aneka Geotechnics Sdn. Bhd..

Acquisition of entities under a reorganisation scheme does not result in any change in economic substance. Accordingly, the consolidated financial statements of the Company are a continuation of the acquired entity and is accounted for as follows:

- the assets and liabilities of the acquired entity are recognised and measured in the consolidated financial statements at the pre-combination carrying amounts, without restatement to fair value;
- the retained earnings and other equity balances of acquired entity immediately before the business combination are those of the Group; and
- the equity structure, however, reflects the equity structure of the Company and the differences arising from the change in equity structure of the Group will be accounted for in other reserves.

For details on the reorganisation scheme, refer to Note 34(a).

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisitions-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (continued)

(a) Subsidiaries and business combination (continued)

The accounting policy for goodwill is set out in Note 3.8.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combinations occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiaries from the consolidated statements of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiaries, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture, an available-for-sale financial asset or held for trading financial asset.

Changes in the Group's ownership interest in a subsidiaries that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (continued)

(b) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statements of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(c) Associates

Associates are entities over which the Group has significant influence, but not control, to the financial and operating policies.

Investment in associates are accounted for in consolidated financial statements using equity method.

Under the equity method, the investment in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of an-available-for-sale financial asset or a held for trading financial asset. Any difference between the carrying amount if the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate decrease but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (continued)

(d) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised lossess are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries is measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment included transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.11(b).

3.3 Foreign currency transactions and operation

(a) Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities using the exchange rates prevailing at the transaction dates.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Company's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Foreign currency transactions and operation (continued)

(a) Translation of foreign currency transactions (continued)

The gain or loss arising on translation of non-monetary items are measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

(b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiaries, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests. For partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount in foreign exchange translation reserve is reclassified to profit or loss.

3.4 Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contract provisions of the financial instrument.

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract; it is a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

For the purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses upon derecognition
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group and the Company reclassify financial assets when and only when its business models for managing those assets change.

<u>Debt instruments</u>
Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and Company classify its debt instruments:

- **Amortised cost**
  Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.11(a). Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

(a) Subsequent measurement (continued)

The Group and the Company categorise the financial instruments as follows (continued):

(i) Financial assets (continued)

Debt instruments (continued)

- **Fair value through other comprehensive income (FVOCI)**
  Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment is in accordance with Note 3.11(a). Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

- **Fair value through profit or loss (FVPL)**
  Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

  Financial assets at FVPL are carried in the statement of financial position at fair value with net changes in fair value recognised in the profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

(a) Subsequent measurement (continued)

The Group and the Company categorise the financial instruments as follows (continued):

(i) Financial assets (continued)

Equity instruments
The Group and the Company subsequently measure all equity investments at fair value. Upon initial recognition, the Group and the Company can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

(ii) Financial liabilities

The Group and the Company classify its financial liabilities in the following measurement categories:

- Financial liabilities at FVPL
- Financial liabilities at amortised cost

Financial liabilities at FVPL
Financial liabilities at FVPL include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at FVPL are measured at fair value with the gain or loss recognised in profit or loss.

Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liability as at FVPL.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

(a) Subsequent measurement (continued)

The Group and the Company categorise the financial instruments as follows (continued):

(ii) Financial liabilities (continued)

Financial liabilities at amortised cost
Subsequent to initial recognition, other financial liabilities are measured at amortised cost using effective interest method. Gains and losses are recognised in profit or loss when the financial liablities are derecognised and through the amortisation process.

(b) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

(c) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company commit themselves to purchase or sell an asset).

Trade date accounting refers to:

(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when:

(i) the contractual rights to receive the cash flows from the financial asset expire; or
(ii) the Group and the Company have transferred their rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either
  (a) the Group and the Company have transferred substantially all the risks and rewards of the asset; or
  (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

The Group and the Company evaluate if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

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

(e) Offsetting of financial instruments

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

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(b).

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.16.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

(b) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

(c) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated. Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

All property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	Useful lives (years)
Leasehold land	78 - 88 years
Excavator, crane, plant and machinery	5 - 8 years
Tools, equipment and container	4 - 10 years
Motor vehicles	4 - 5 years
Computer and office equipment	4 - 5 years
Furniture and fittings	4 - 10 years
Renovation	10 years
Right-of-use asset	1 - 72 years

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Property, plant and equipment

(d) Derecognition

An item of property, plant and equipment 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 asset is recognised in profit or loss.

3.6 Leases

(a) Definition of lease

Accounting policies applied from 1 September 2019
At inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset;
- the Group and the Company have the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group and the Company have the right to direct the use of the asset.

Accounting policies applied until 31 August 2019
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease is fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

(b) Lessee accounting

Accounting policies applied from 1 September 2019
At the lease commencement date, the Group and the Company recognise a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases (continued)

(b) Lessee accounting (continued)

Accounting policies applied from 1 September 2019 (continued)

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

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the Group and the Company expect to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(b).

Lease liability
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 and the Company use their incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases (continued)

(b) Lessee accounting (continued)

Accounting policies applied from 1 September 2019 (continued)

Lease liability (continued)
The Group and the Company remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line “other expenses” in the statements of comprehensive income.

The Group and the Company have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Short-term leases and leases of low value assets
The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases (continued)

(b) Lessee accounting (continued)

Accounting policies applied until 31 August 2019
If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognised the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property, plant and equipment or investment property.

For operating leases, the Group and the Company do not capitalise the leased asset or recognise the related liability. Instead the lease payments under an operating lease are recognise as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

(c) Lessor accounting

Accounting policies applied from 1 September 2019
A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership. All other leases that do not meet this criterion are classified as operating leases.

If an entity in the Group and the Company is a lessor in a finance lease, it deregconises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit and loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases (continued)

(c) Lessor accounting (continued)

Accounting policies applied until 31 August 2019

If an entity in the Group is a lessor in a finance lease, it deregconises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is more diminished.

3.7 Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated amortisation or depreciation.

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property. The cost of a self-constructed investment property includes the cost of material, direct labour and any other direct attributable costs. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.16.

An investment property is derecognised on its disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gains and losses arising from derecognition of the asset is recognised in the profit or loss.

Transfers are made to or from investment property only when there is a change in use.

3.8 Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initially recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(b).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Goodwill (continued)

In respect of equity-accounted associates, goodwill is included in the carrying amount of the investment and is not tested for impairment individually. Instead, the entire carrying amount of the investment is tested for impairment as a single asset when there is objective evidence of impairment.

3.9 Contract assets/(liabilities)

Contract asset is the right to consideration for goods or services transferred to the customers when that right is conditioned on something other than passage of time (for example, the Company's future performance).

The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(a).

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or has billed the customer.

3.10 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits and other short-term, highly liquid investment with a maturity of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change of value.

3.11 Impairment of assets

(a) Impairment of financial assets and contract assets

Financial assets measured at amortised cost, financial assets measured at FVOCI, lease receivables, contract assets or a loan commitment and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit loss is the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit loss, except for the following, which are measured as 12-month expected credit loss:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Impairment of assets (continued)

(a) Impairment of financial assets and contract assets (continued)

For trade receivables, contract assets and lease receivables, the Group and the Company apply the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 120 days past due.

The Group and the Company consider a financial asset to be in default when:

- the counter party is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 120 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Impairment of assets (continued)

(a) Impairment of financial assets and contract assets (continued)

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default of past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The amount of impairment losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for amount due from customers for contract work and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount is estimated at each reporting date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Impairment of assets (continued)

(b) Impairment of non-financial assets (continued)

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGU").

The recoverable amount of an asset of a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceeds the recoverable amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit of groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.12 Share capital

Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Employee benefits

(a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group.

(b) Defined contribution plans

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

(c) Defined benefit plans

The Group operates defined benefit pension plan (unfunded) to employees as provided in the employment agreements between a company in the Group and its employees.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related defined benefit obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability) and the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in other comprehensive income. Remeasurements are not reclassified to profit or loss in subsequent periods.

The net interest is calculated by applying the discount to the net balance of the defined benefit obligation and fair value of plan assets.

The Group recognises the following costs in profit or loss:

- Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Provisions

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

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

3.15 Revenue and other income

The Group and the Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expects to be entitled in exchange for those goods or services.

The Group and the Company measures revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties such as sales and service tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the standalone selling price is not directly observable, the Group and the Company estimate it by using the costs plus margin approach.

Revenue from contract with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customers is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group and the Company have assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Revenue and other income (continued)

(a) Construction contracts

The Group and the Company are involved in foundation and basement construction works including bored piling works, retaining wall construction and basement construction under long-term and short-term contracts with customers. Construction service contracts comprise multiple deliverables that require significant integration service and therefore accounted as a single performance obligation.

Under the terms of contracts, control of the infrastructure is transferred over time as the Group and the Company create or enhance an asset that the customer controls as the asset is created or enhanced. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of construction costs incurred for work performed to date bear to the estimated total construction costs (an input method).

Billings are made with a credit term of 30 to 60 days, which is consistent with market practice, therefore, no element of financing is deemed present. The Group and the Company become entitled to invoice customers for construction projects based on achieving a series of performance-related milestones.

The Group and the Company recognised a contract asset for any excess of revenue recognised to date over the billings-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when invoice is issued or timing for billing is due to passage of time. If the milestone billing exceeds the revenue recognised to date and any deposit or advances received from customers then the Group recognises a contract liability for the difference.

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Rental income

Rental income is recognised on a straight-line basis over the term of the lease. Lease incentive granted are recognised as an integral part of the total rental income, over the term of the lease.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Borrowing costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

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 qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

3.17 Income tax

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

(a) Current tax

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

(b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amount in the statement of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Income tax (continued)

(b) Deferred tax (continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches, associates and interests in joint ventures, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is 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 tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Income tax (continued)

(c) Sales and services tax

Revenue, expenses and assets are recognised net of the amount of sales and services tax except:

- where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

3.18 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.19 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Managing Director of the Group, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision maker that makes strategic decisions.

3.20 Fair value measurement

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.20 Fair value measurement (continued)

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

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

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

3.21 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial period include the following:

4.1 Impairment of financial assets and contract assets

The impairment provisions for financial assets and contract assets are based on assumptions about risk of default and expected loss rate. The Group and the Company use judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's and the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The assessment of the correlation between historical observed default rates, forward-looking estimates and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and forecast of economic conditions over the expected lives of the financial assets and contract assets. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the impairment losses on the Group's and the Company's financial assets are disclosed in Note 30(b).

4.2 Construction revenue and expenses

The Group and the Company recognised construction revenue and expenses in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgement is required in determining the stage of completion, the extent of the construction costs incurred, the estimated total construction revenue and expenses, as well as the recoverability of the construction projects. In making the judgement, the Group and the Company evaluate based on past experience and by relying on the work of specialists.

The carrying amounts of contract assets and contract liabilities are disclosed in Note 10.

5. PROPERTY, PLANT AND EQUIPMENT

Group 2020	Freehold land RM	Leasehold land RM	Freehold building RM	Excavators, cranes, plant and machinery RM	Tools, equipment and containers RM	Motor vehicles RM	Computers and office equipment RM	Furniture and fittings RM	Renovation RM	Capital work in progress RM	Right-of-use assets RM	Total RM
Cost												
At 1 September 2019												
- As previously stated	2,627,257	2,121,865	3,940,885	98,984,448	17,293,046	1,978,420	702,944	840,062	3,100	498,204	-	128,990,231
- Effect of adoption of MFRS 16	-	(2,121,865)	-	(52,547,857)	(4,308,383)	(831,654)	-	-	-	-	60,251,814	442,055
Adjusted balances as at 1 September 2019	2,627,257	-	3,940,885	46,436,591	12,984,663	1,146,766	702,944	840,062	3,100	498,204	60,251,814	129,432,286
Additions	-	-	-	-	82,389	-	129,051	5,754	-	235,987	17,425,104	17,878,285
Disposal	-	-	-	(492,799)	-	(3,660)	-	-	-	-	-	(496,459)
Transfer from/(to)	-	-	-	12,089,549	1,891,113	215,417	-	-	-	-	(14,196,079)	-
Exchange difference	-	-	-	(184,059)	(17,063)	(8,178)	(2,140)	(778)	-	(26,666)	(267,743)	(506,627)
At 31 August 2020	2,627,257	-	3,940,885	57,849,282	14,941,102	1,350,345	829,855	845,038	3,100	707,525	63,213,096	146,307,485

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group 2020	Freehold land RM	Leasehold land RM	Freehold building RM	Excavators, cranes, plant and machinery RM	Tools, equipment and containers RM	Motor vehicles RM	Computers and office equipment RM	Furniture and fittings RM	Renovation RM	Capital work in progress RM	Right-of-use assets RM	Total RM
Accumulated depreciation												
At 1 September 2019												
- As previously stated	-	254,652	236,452	64,123,911	9,221,465	1,442,362	460,804	115,531	258	-	-	75,855,435
- Effect of adoption of MFRS 16	-	(254,652)	-	(20,417,245)	(1,950,779)	(338,970)	-	-	-	-	22,961,646	-
Adjusted balances as at 1 September 2019	-	-	236,452	43,706,666	7,270,686	1,103,392	460,804	115,531	258	-	22,961,646	75,855,435
Depreciation charge for the financial year	-	-	78,818	2,004,082	1,485,323	40,434	96,319	84,419	310	-	12,385,019	16,174,724
Disposal	-	-	-	(492,799)	-	(3,538)	-	-	-	-	-	(496,337)
Transfer from/(to)	-	-	-	8,339,744	1,418,335	160,775	-	-	-	-	(9,918,854)	-
Exchange difference	-	-	-	(78,779)	(8,787)	(7,982)	(1,407)	(555)	-	-	(51,055)	(148,565)
At 31 August 2020	-	-	315,270	53,478,914	10,165,557	1,293,081	555,716	199,395	568	-	25,376,756	91,385,257
Carrying amount												
At 1 September 2019 (Adjusted)	2,627,257	-	3,704,433	2,729,925	5,713,977	43,374	242,140	724,531	2,842	498,204	37,290,168	53,576,851
At 31 August 2020	2,627,257	-	3,625,615	4,370,368	4,775,545	57,264	274,139	645,643	2,532	707,525	37,836,340	54,922,228

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group Unaudited 2019	Freehold land RM	Leasehold land RM	Freehold building RM	Excavators, cranes, plant and machinery RM	Tools, equipment and containers RM	Motor vehicles RM	Computers and office equipment RM	Furniture and fittings RM	Renovation RM	Capital work in progress RM	Total RM
Cost											
At 1 September 2018	2,627,257	2,121,865	3,940,885	89,373,022	15,631,100	6,769,639	592,204	267,036	-	-	121,323,008
Additions	-	-	-	9,936,336	1,642,722	269,220	108,279	589,306	3,100	482,864	13,031,827
Disposal	-	-	-	(810,000)	-	(5,086,411)	-	(17,202)	-	-	(5,913,613)
Exchange difference	-	-	-	485,090	19,224	25,972	2,461	922	-	15,340	549,009
At 31 August 2019	2,627,257	2,121,865	3,940,885	98,984,448	17,293,046	1,978,420	702,944	840,062	3,100	498,204	128,990,231
Accumulated depreciation											
At 1 September 2018	-	227,913	157,634	50,116,628	7,140,541	4,134,848	374,061	48,027	-	-	62,199,652
Depreciation charge for the financial year	-	26,739	78,818	14,530,915	2,074,239	898,877	85,304	71,430	258	-	17,766,580
Disposal	-	-	-	(621,000)	-	(3,607,870)	-	(4,516)	-	-	(4,233,386)
Exchange difference	-	-	-	97,368	6,685	16,507	1,439	590	-	-	122,589
At 31 August 2019	-	254,652	236,452	64,123,911	9,221,465	1,442,362	460,804	115,531	258	-	75,855,435
Carrying amount											
At 1 September 2018	2,627,257	1,893,952	3,783,251	39,256,394	8,490,559	2,634,791	218,143	219,009	-	-	59,123,356
At 31 August 2019	2,627,257	1,867,213	3,704,433	34,860,537	8,071,581	536,058	242,140	724,531	2,842	498,204	53,134,796

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Assets under finance lease

The carrying amount of assets under finance lease arrangements are as follows:

	Group Unaudited 2019 RM
Excavators, cranes, plant and machinery	32,130,611
Tools, equipment and containers	2,357,604
Motor vehicles	492,685
	34,980,900

(b) Assets pledged as security

	Group	
		Unaudited
	2020 RM	2019 RM
Freehold land	**2,627,257**	2,627,257
Leasehold land	**1,880,628**	1,867,213
Freehold building	**3,625,615**	3,704,433
	8,133,500	8,198,903

Freehold land, leasehold land and freehold building have been pledged as security to secure term loan of the Group as disclosed in Note 16(a).

Leased assets are pledged as security for the related finance lease liabilities as disclosed in Note 16(b).

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(c) Right-of-use assets

The Group leases several assets including leasehold land, excavators, cranes, plant and machineries, tools, equipment and containers, motor vehicles and hostel and office.

Information about leases for which the Group is a lessee is presented below:

	Group					
	Leasehold land RM	**Excavators, cranes, plant and machinery RM**	**Tools, equipment and containers RM**	**Motor vehicles RM**	**Hostel and office RM**	**Total RM**
Carrying amount						
At 1 September 2019 (unaudited)	1,867,213	32,130,611	2,357,604	492,685	442,055	37,290,168
Additions	40,310	16,492,934	872,448	-	19,412	17,425,104
Depreciation	(26,895)	(10,948,742)	(927,071)	(178,540)	(303,771)	(12,385,019)
Transfer to	-	(3,749,805)	(472,778)	(54,642)	-	(4,277,225)
Exchange difference	-	(212,077)	-	(6,334)	1,723	(216,688)
At 31 August 2020	**1,880,628**	**33,712,921**	**1,830,203**	**253,169**	**159,419**	**37,836,340**

The Group leases land for its warehouse. The leases for land has remaining lease term of 72 years.

The Group leases apartments, house and shoplot for the use of the hostel and office. The leases are mainly for an initial lease of one (1) to two (2) years with options to renew for another one (1) year.

The Group also has leased excavators, cranes, plant and machinery, tools, equipment and containers, and motor vehicle with the lease term three (3) to five (5) years and have options to purchase the assets at the end of the contract term.

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6. INVESTMENT PROPERTIES

	Freehold land RM	Leasehold land RM	Freehold building RM	Leasehold building RM	Building under construction RM	Total RM
Group						
2020						
Cost						
At 1 September 2019/ 31 August 2020	**377,446**	**1,687,532**	**566,170**	**2,531,297**	**-**	**5,162,445**
Accumulated depreciation						
At 1 September 2019	**-**	**108,875**	**22,646**	**303,754**	**-**	**435,275**
Depreciation charge for the financial year	**-**	**18,146**	**11,323**	**50,626**	**-**	**80,095**
At 31 August 2020	**-**	**127,021**	**33,969**	**354,380**	**-**	**515,370**
Carrying amount						
At 1 September 2019	**377,446**	**1,578,657**	**543,524**	**2,227,543**	**-**	**4,727,170**
At 31 August 2020	**377,446**	**1,560,511**	**532,201**	**2,176,917**	**-**	**4,647,075**
Unaudited						
2019						
Cost						
At 1 September 2018	613,606	1,687,532	920,410	2,531,297	3,943,881	9,696,726
Additions	-	-	-	-	238,900	238,900
Transfer to/(from)	1,673,112	-	2,509,669	-	(4,182,781)	-
Disposal	(1,909,272)	-	(2,863,909)	-	-	(4,773,181)
At 31 August 2019	377,446	1,687,532	566,170	2,531,297	-	5,162,445
Accumulated depreciation						
At 1 September 2018	-	90,729	32,578	253,129	-	376,436
Depreciation charge for the financial year	-	18,146	60,876	50,625	-	129,647
Disposal	-	-	(70,808)	-	-	(70,808)
At 31 August 2019	-	108,875	22,646	303,754	-	435,275
Carrying amount						
At 1 September 2018	613,606	1,596,803	887,832	2,278,168	3,943,881	9,320,290
At 31 August 2019	377,446	1,578,657	543,524	2,227,543	-	4,727,170

6. INVESTMENT PROPERTIES (CONTINUED)

The Group's investment properties comprise a number of properties that are leased to third parties. Each lease contains an initial non-cancellable period of one (1) or two (2) years with option to renew for subsequent years. Subsequent renewals are negotiated with the lessee.

Investment properties of the Group with an aggregate carrying amount of RM4,647,075 (2019: RM4,727,170) have been pledged as security to secure banking facilities granted to the Group as disclosed in Note 16.

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

	Group	
		Unaudited
	2020	2019
	RM	RM
Rental income	**131,900**	137,500
Direct operating expenses:		
- income generating investment properties	**37,372**	34,675
- non-income generating investment properties	**9,676**	12,311

Fair value information

The fair value of the investment properties of approximately RM5,214,618 (2019: RM6,232,991) is categorised at Level 2 of the fair value hierarchy.

There are no Level 1 and Level 3 investment properties or transfers between levels during the financial years/period ended 31 August 2020.

Level 2 fair value

Level 2 fair values of buildings have been derived using the sales comparison approach. Sales prices of comparable buildings in close proximity are 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 buildings.

Valuation processes applied by the Group

The Group's finance department performs valuation analysis of investment properties required for financial reporting purposes, including Level 3 fair values. This team reports directly to the board of directors.

Highest and best use

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

7. INVESTMENT IN SUBSIDIARIES

	Company	
	2020	2019
	RM	RM
At cost:		
At 1 September	**-**	-
Additions	**79,641,996**	-
At 31 August	**79,641,996**	-

Details of the subsidiaries are as follow:

Name of subsidiaries	Principal place of business/Country of incorporation	Ownership interest and voting interest 2020 %	2019 %	Principal activities
Held by the Company				
Aneka Jaringan Sdn. Bhd.	Malaysia	**100**	-	Foundation and basement construction and other civil engineering works
Aneka Geotechnics Sdn. Bhd.	Malaysia	**100**	-	Rental of construction machineries and equipment
Held through Aneka Jaringan Sdn. Bhd.				
Aneka Jaringan & Persis Waja JV Sdn. Bhd. ("Aneka PW")	Malaysia	**55**	55	Foundation and basement construction and other civil engineering works
PT Aneka Jaringan Indonesia* ("PT Aneka")	Indonesia	**55**	55	Foundation and basement construction and other civil engineering works

* *Audited by an independent member firm of Baker Tilly International*

7. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Acquisition of subsidiaries

(i) Acquisition of Aneka Jaringan Sdn. Bhd. and Aneka Geotechnics Sdn. Bhd.

On 25 August 2020, the Company completed the acquisition of:

- Aneka Jaringan Sdn. Bhd. for a purchase consideration of RM71,363,996 which was wholly satisfied by the issuance of 356,819,979 new shares in the Company at an issue price of RM0.20 per share; and
- Aneka Geotechnics Sdn. Bhd. for a purchase consideration of RM8,278,000 which was wholly satisfied by the issuance of 41,390,000 new shares in the Company at an issue price of RM0.20 per share.

(ii) Increase in equity interests by Aneka Jaringan Sdn. Bhd.

Movement of equity interests in PT Aneka

On 9 November 2018, Aneka Jaringan Sdn. Bhd. purchased an additional 5% equity interest (representing 1,375 ordinary shares) in PT Aneka from the non-controlling interest at a price of RM233.314 per share. Aneka Jaringan Sdn. Bhd.'s effective ownership in PT Aneka increased from 52% to 57% as a result of additional shares purchased.

7. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Acquisition of subsidiaries (continued)

(ii) Increase in equity interests by Aneka Jaringan Sdn. Bhd. (continued)

Movement of equity interests in PT Aneka (continued)

On 6 December 2018, Aneka Jaringan Sdn. Bhd. disposed 2% equity interest (representing 550 ordinary shares) in PT Aneka to non-controlling interest at a price of RM29.393 per share. Aneka Jaringan Sdn. Bhd.'s effective ownership in PT Aneka decreased from 57% to 55% as a result of disposal of shares.

Effect of increase in Aneka Jaringan's ownership interest is as follows:

	Group	
		Unaudited
	2020	**2019**
	RM	**RM**
Fair value of consideration transferred	**-**	304,640
Increase/(decrease) in share of net assets	**-**	(150,321)
Increase in share of exchange reserves	**-**	15,134
Change in equity	**-**	169,453

(b) Non-controlling interest in subsidiaries

The financial information of the Group's subsidiaries that have non-controlling interests are as follows:

Equity interest held by non-controlling interests:

		Ownership interest and voting interest	
	Principal place of business/	**2020**	**2019**
Name of company	**Country of incorporation**	**%**	**%**
Aneka PW	Malaysia	**45**	45
PT Aneka	Indonesia	**45**	45

7. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(b) Non-controlling interest in subsidiaries (continued)

The financial information of the Group's subsidiaries that have non-controlling interests are as follows (continued):

Carrying amount of non-controlling interests:

	Group	
		Unaudited
	2020	2019
Name of company	RM	RM
Aneka PW	**549,083**	552,032
PT Aneka	**4,766,251**	4,196,183

Profit or loss allocated to non-controlling interests:

	Group	
		Unaudited
	2020	2019
Name of company	RM	RM
Aneka PW	**(2,949)**	163,027
PT Aneka	**763,599**	1,532,189

Other comprehensive income allocated to non-controlling interest

	Group	
		Unaudited
	2020	2019
Name of company	RM	RM
Aneka PW	**-**	-
PT Aneka	**(193,531)**	184,049

NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(c) Summarised financial information (before intra-group elimination) of the Group's subsidiaries that have non-controlling interests are as follows:

	Aneka PW RM	PT Aneka RM
Summarised statement of financial position As at 31 August 2020		
Current assets	2,762,314	7,625,884
Non-current assets	-	8,539,748
Current liabilities	(1,542,129)	(2,303,485)
Non-current liabilities	-	(3,351,356)
Net assets	1,220,185	10,510,791
Summarised statement of comprehensive income Financial year ended 31 August 2020		
Revenue	-	11,208,542
(Loss)/Profit for the financial year	(6,554)	1,519,303
Total comprehensive income	-	1,511,773
Summarised cash flow information Financial year ended 31 August 2020		
Cash flows generated from operating activities	81,485	5,358,259
Cash flows used in investing activities	-	(406,505)
Cash flows used in financing activities	-	(1,753,126)
Net increase in cash and cash equivalents	81,485	3,198,628

7. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(c) Summarised financial information (before intra-group elimination) of the Group's subsidiaries that have non-controlling interests are as follows: (continued)

	Aneka PW RM	PT Aneka RM
Summarised statement of financial position		
As at 31 August 2019 (unaudited)		
Current assets	6,412,869	7,709,269
Non-current assets	-	8,996,297
Current liabilities	(5,186,130)	(4,802,667)
Non-current liabilities	-	(2,481,342)
Net assets	1,226,739	9,421,557
Summarised statement of comprehensive income		
Financial year ended 31 August 2019 (unaudited)		
Revenue	459,170	13,462,828
Profit for the financial year	362,283	2,863,691
Total comprehensive income	362,283	2,810,093
Summarised cash flow information		
Financial year ended 31 August 2019 (unaudited)		
Cash flows generated from operating activities	(65,356)	1,711,365
Cash flows used in investing activities	-	(1,509,234)
Cash flows used in financing activities	-	(1,132,244)
Net decrease in cash and cash equivalents	(65,356)	(930,113)

8. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax relates to the following:

	Group		
	Unaudited As at 1 September 2019 RM	Recognised in profit or loss RM	As at 31 August 2020 RM
Deferred tax liabilities:			
Property, plant and equipment	(1,942,829)	464,431	**(1,478,398)**
Deferred tax assets:			
Property, plant and equipment	41,370	(41,370)	**-**
Expected credit losses on receivables	81,480	(74,400)	**7,080**
Lease liability	-	677	**677**
	122,850	(115,093)	**7,757**
	(1,819,979)	349,338	**(1,470,641)**

	Group		
	Unaudited As at 1 September 2019 RM	Recognised in profit or loss RM	Unaudited As at 31 August 2020 RM
Deferred tax liabilities:			
Property, plant and equipment	(1,307,610)	(635,219)	**(1,942,829)**
Deferred tax assets:			
Property, plant and equipment	164,231	(122,861)	**41,370**
Expected credit losses on receivables	-	81,480	**81,480**
	164,231	(41,381)	**122,850**
	(1,143,379)	(676,600)	**(1,819,979)**

	Group	
	2020 RM	Unaudited 2019 RM
Presented after appropriate offsetting as follows:		
Deferred tax assets	**7,757**	122,850
Deferred tax liabilities	**(1,478,398)**	(1,942,829)
	(1,470,641)	(1,819,979)

NOTES TO THE FINANCIAL STATEMENTS

9. TRADE AND OTHER RECEIVABLES

	Note	Group	
			Unaudited
		2020	2019
		RM	RM
Non-current:			
Non-trade			
Deposits		**7,011**	5,821
Total other receivables (non-current)		**7,011**	5,821
Current:			
Trade			
Trade receivables	(a)		
- Third parties		**25,621,454**	40,296,149
Retention sums		**32,041,918**	37,035,629
		57,663,372	77,331,778
Less: Impairment for trade receivables		**(29,498)**	(339,498)
		57,633,874	76,992,280
Non-trade			
Other receivables		**1,514,657**	5,050,777
Goods and services tax receivable		**-**	1,282,878
Deposits		**677,420**	675,294
		2,192,077	7,008,949
Total trade and other receivables (current)		**59,825,951**	84,001,229
Total trade and other receivables (non-current and current)		**59,832,962**	84,007,050

9. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables

Trade receivables are non-interest bearing and normal credit terms offered by the Group ranges from 30 days to 60 days (2019: 30 days to 90 days) from the date of invoices. Other credit terms are assessed and approved on a case by case basis.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the reconciliation of the movement in the impairment of trade receivables are as follows:

		Group	
			Unaudited
		2020	2019
	Note	RM	RM
At 1 September		**339,498**	-
Charge for the financial year			
- Individually assessed	24	**-**	339,498
Reversal of impairment	22	**(310,000)**	-
		29,498	339,498

The information about the credit exposures are disclosed in Note 30(b)(i).

NOTES TO THE FINANCIAL STATEMENTS

10. CONTRACT ASSETS/(LIABILITIES)

	Group	
		Unaudited
	2020	2019
	RM	RM
Contract assets relating to construction service contracts	**64,376,422**	72,885,032
Contract liabilities relating to construction service contracts	**(117,804)**	(2,272,404)

(a) Significant changes in contract balances

	2020		2019	
			Unaudited	Unaudited
	Contract assets Increase/ (decrease) RM	Contract liabilities Increase/ (decrease) RM	Contract assets Increase/ (decrease) RM	Contract liabilities Increase/ (decrease) RM
Group				
Revenue recognised that was included in contract liabilitiy at the beginning of the financial year	**-**	**2,272,404**	-	18,805,812
Increases due to progress billings, but revenue not recognised	**-**	**(117,804)**	-	(2,272,404)
Increases due to revenue recognised, but no right to consideration	**43,698,887**	**-**	72,885,032	-
Transfers from contract assets recognised at the beginning of the period to receivables	**(52,207,497)**	**-**	(49,485,575)	-

(b) Revenue recognised in relation to contract balances

	Group	
		Unaudited
	2020	2019
	RM	RM
Revenue recognised that was included in contract liability at the beginning of the financial year	**2,272,404**	18,805,812

Revenue recognised that was included in the balances of contract liabilities at the beginning of the year represented primarily revenue from the construction services contracts when percentage of completion increases.

11. OTHER CURRENT ASSETS

	Group	
		Unaudited
	2020	2019
	RM	RM
Prepayments	**3,002,440**	1,472,091

12. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
		Unaudited		
	2020	2019	2020	2019
	RM	RM	RM	RM
Cash and bank balances	**7,536,017**	3,887,882	**919**	4
Short-term deposits	**7,498,400**	8,850,866	**-**	-
Restricted cash	**855,000**	-	**-**	-
	15,889,417	12,738,748	**919**	4

For the purpose of the statements of cash flows, cash and cash equivalents comprise of the following:

	Group		Company	
		Unaudited		
	2020	2019	2020	2019
	RM	RM	RM	RM
Short-term deposits	**7,498,400**	8,850,866	**-**	-
Restricted cash	**855,000**	-	**-**	-
Less: Pledged deposits	**(7,498,400)**	(8,850,866)	**-**	-
Restricted cash	**(855,000)**	-	**-**	-
	-	-	**-**	-
Cash and bank balances	**7,536,017**	3,887,882	**919**	4
Bank overdraft	**-**	(3,406,024)	**-**	-
	7,536,017	481,858	**919**	4

The deposits placed with licensed banks amounting to RM7,498,400 (2019: RM8,850,866) and restricted cash amounting to RM855,000 (2019: RMNil) have been pledged to licensed banks to secure banking facilities granted to the Group as disclosed in Note 16.

NOTES TO THE FINANCIAL STATEMENTS

13. SHARE CAPITAL

	Group			
	Number of ordinary shares		Amount	
		Unaudited		Unaudited
	2020	**2019**	**2020**	**2019**
			RM	**RM**
Issued and fully paid up:				
At beginning of the financial year	**3,300,020**	3,300,000	**3,300,004**	3,300,000
Shares issued upon incorporation	**-**	20	**-**	4
Issuance of ordinary share	**1**	-	*	-
Issuance of shares for acquisition of subsidiaries	**398,209,979**	-	**79,641,996**	-
Reorganisation deficit	**(3,300,000)**	-	**(3,300,000)**	-
At the end of financial year	**398,210,000**	3,300,020	**79,642,000**	3,300,004

		Company			
		Number of ordinary shares		Amount	
		2020	**2019**	**2020**	**2019**
	Note			**RM**	**RM**
Issued and fully paid up:					
At the beginning of the financial year/period		**20**	20	**4**	4
Issuance of ordinary share	(a)	**1**	-	*	-
Issuance of shares for acquisition of subsidiaries	(b)	**398,209,979**	-	**79,641,996**	-
At the end of financial year/period		**398,210,000**	20	**79,642,000**	4

* RM0.20

For the purpose of this report, the total number of shares as at 31 August 2019 represent the aggregate number of issued shares of all entities within the Group. Pursuant to the Pre-Initial Public Offering, the total number of shares as at 31 August 2020 represents the number of issued shares of the Group.

During the financial year, the Company:

(a) Issuance of ordinary share

On 3 October 2019, 1 share was issued and allotted to Tan Siew Fong. This share was subsequently transferred to Pang Tse Fui on 30 January 2020.

13. SHARE CAPITAL (CONTINUED)

During the financial year, the Company: (continued)

(b) Issuance of shares for acquisition of subsidiaries

(i) issued 356,819,979 ordinary shares at a price of RM0.20 per ordinary share as the purchase consideration for the acquisition of the entire issued share capital of Aneka Jaringan Sdn. Bhd.; and
(ii) issued 41,390,000 ordinary shares at a price of RM0.20 per ordinary share as the purchase consideration for the acquisition of the entire issued share capital of Aneka Geotechnics Sdn. Bhd.

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

The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital.

The holders of ordinary shares are entitled to receive dividend as declared from time to time and are entitled to one vote per share at meeting of the Group and the Company. All ordinary shares rank equally with regard to the Group and the Company's residual assets.

14. REORGANISATION DEFICIT

The reorganisation reserve was resulted from the difference between the carrying value of the investment in subsidiaries and the nominal value of the shares of the Company's subsidiaries upon consolidation under the reorganisation scheme.

15. EXCHANGE RESERVE

	Group	
		Unaudited
	2020	2019
	RM	RM
Exchange reserve	**(221,304)**	11,093

The translation reserve comprise all foreign currency differences arising from the translation of the financial statements of a foreign subsidiary whose functional currency is different from that of the Group's presentation currency.

16. LOANS AND BORROWINGS

		Group	
			Unaudited
		2020	**2019**
	Note	**RM**	**RM**
Non-current:			
Term loans	(a)	**8,767,364**	8,825,986
Lease liabilities/Finance lease liabilities	(b)	**17,558,375**	11,882,085
		26,325,739	20,708,071
Current:			
Term loans	(a)	**276,930**	1,508,689
Lease liabilities/Finance lease liabilities	(b)	**13,387,347**	16,874,354
Bank overdrafts	(c)	**-**	3,406,024
Bankers' acceptances	(d)	**17,253,577**	13,950,569
Invoice financing	(e)	**1,548,81**	1,815,070
Promissory notes	(f)	**8,291,557**	8,006,628
		40,758,225	45,561,334
		67,083,964	66,269,405
Total loans and borrowings			
Term loans	(a)	**9,044,294**	10,334,675
Lease liabilities/Finance lease liabilities	(b)	**30,945,722**	28,756,439
Bank overdrafts	(c)	**-**	3,406,024
Bankers' acceptances	(d)	**17,253,577**	13,950,569
Invoice financing	(e)	**1,548,814**	1,815,070
Promissory notes	(f)	**8,291,557**	8,006,628
		67,083,964	66,269,405

(a) Term Loans

Term loan 1 of the Group of RM529,778 (2019: RM544,075) bears interest at 3.09% (2019: 4.49%) per annum and is repayable by monthly instalments of RM3,684 over nineteen years commencing from the day of first drawdown and is secured and supported as follows:

(i) Legal charge over a investment properties as disclosed in Note 6; and
(ii) Joint and several guarantee by certain directors of the Group.

16. LOANS AND BORROWINGS (CONTINUED)

(a) Term Loans (continued)

Term loan 2 of the Group of RMNil (2019: RM445,500) bears interest at Nil% (2019:10.5%) per annum and is repayable over 12 months commencing from the day of first drawdown and is secured and supported as follows:

(i) Standby Letter of Credit by Aneka Jaringan Sdn. Bhd.; and
(ii) Personal guarantee by a director of the Group.

Term loan 3 of the Group of RM4,706,348 (2019: RM4,737,049) bears interest at 3.17% (2019 4.55%) per annum and is repayable by monthly instalments of RM32,470 over 20 years commencing from the day of first drawdown and is secured and supported as follows:

(i) Legal charge over the freehold land and building as disclosed in Note 5;
(ii) Corporate guarantee by the Aneka Jaringan; and
(iii) Joint and several guarantee by certain directors of the Group.

Term loan 4 of the Group of RM3,808,168 (2019: RM3,935,860) bears interest at 3.60% (2019: 4.49%) per annum and is repayable by monthly instalments of RM31,299 over 15 years commencing from the day of first drawdown and is secured and supported as follows:

(i) Legal charge over the leasehold land of the Group as disclosed in Note 5;
(ii) Loan agreement cum deed of assignment over certain investment properties as disclosed in Note 6; and
(iii) Joint and several guarantee by certain directors of the Group.

Term loan 5 of the Group of RMNil (2019: RM672,191) bears interest at Nil% (2019: 7.35%) per annum and is repayable by monthly instalments of RM340,761 over 6 months commencing from the day of first drawdown and is secured and supported as follows:

(i) Legal charge over the leasehold land of the Group as disclosed in Note 5; and
(ii) Joint and several guarantee by certain directors of the Group.

(b) Lease liabilities/finance lease liabilities

Certain excavators, crane, plant and machinery, tools, equipment and containers, and motor vehicles of the Group as disclosed in Note 5 are pledged for finance leases. Such leases do not have terms for renewal but would give the Group an option to purchase at nominal values at the end of the lease term. The average interest rate implicit in the leases is 5.89%. (2019: 6.32%).

NOTES TO THE FINANCIAL STATEMENTS

16. LOANS AND BORROWINGS (CONTINUED)

(b) Lease liabilities/finance lease liabilities (continued)

Future minimum lease payments under finance lease together with the present value of net minimum lease payments are as follows:

	Group	
		Unaudited
	2020	2019
	RM	RM
Minimum lease payments:		
Not later than one year	**14,755,023**	18,239,850
Later than one year and not later than five years	**19,139,019**	12,646,357
	33,894,042	30,886,207
Less: Future finance charges	**(2,948,320)**	(2,129,768)
Present value of minimum lease payments	**30,945,722**	28,756,439
Present value of minimum lease payments payable:		
Not later than one year	**13,387,347**	16,874,354
Later than one year and not later than five years	**17,558,375**	11,882,085
	30,945,722	28,756,439
Less: Amount due within twelve months	**(13,387,347)**	(16,874,354)
Amount due after twelve months	**17,558,375**	11,882,085

(c) Bank overdrafts

Bank overdrafts bear interests ranging from 6.67% - 6.85% (2019: 7.92% - 8.10%) per annum. The bank overdrafts are secured by way of:

(i) Legal charge over the leasehold land of the Group as disclosed in Note 5;
(ii) Legal charge over certain investment properties as disclosed in Note 6; and
(iii) Joint and several guarantee by certain directors of the Group.

(d) Bankers' acceptances

Bankers' acceptances bear interests ranging from 2.61% to 6.82% (2019: 4.41% to 5.75%) per annum. The bankers' acceptances are secured by way of:

(i) Pledge of short-term deposits;
(ii) Legal charge over the freehold land and building as disclosed in Note 5;
(iii) Legal charge over the investment properties as disclosed in Note 6; and
(iv) Joint and several guarantee by certain directors of the Group.

16. LOANS AND BORROWINGS (CONTINUED)

(e) Invoice financing

Invoice financing bear interests ranging from 4.93% to 5.76% (2019: 6.59% to 6.94%) per annum. The invoice financing are secured by way of:

(i) Pledge of short-term deposits;
(ii) Legal charge over the investment properties as disclosed in Note 6; and
(iii) Joint and several guarantee by certain directors of the Group.

(f) Promissory notes

Promissory notes bear interests ranging from 3.68% to 4.85% (2019: 5.19% to 5.26%) per annum. The promissory notes are secured by way of:

(i) Joint and several guarantee by certain directors of the Group.

17. EMPLOYEE BENEFITS

	Group	
		Unaudited
	2020	2019
	RM	RM
Liability:		
Post-employment benefit plan	**793,997**	708,660
Present value of defined benefits obligation	**793,997**	708,660

	Group	
		Unaudited
	1.9.2019 to 31.8.2020	1.9.2018 to 31.8.2019
	RM	RM
Profit or loss - included in operating profit for (Note 25):		
Post-employment benefit plan	**221,043**	223,843

NOTES TO THE FINANCIAL STATEMENTS

17. EMPLOYEE BENEFITS (CONTINUED)

Post-employment benefit plan

The amount of estimated liabilities for post-employment benefits is determined based on Labor Law No. 13 year 2003, dated 25 March 2003. No specific funding has been made to date for such estimated liabilities for post-employment benefits.

The latest actuarial valuation upon the estimated liabilities for post-employment benefits was conducted by PT Dayamandiri Dharmakonsilindo, an independent actuary, based on Actuarial Report No. 1995/ST-EP-PSAK24-AJID/X/2020 dated 2 October 2020 and No. 1966/ST-EP-PSAK24-AJID/X/2019 dated 8 October 2019.

There were 47 and 55 employees eligible for such post-employment benefits in financial year ended 31 August 2020 and 31 August 2019 respectively.

<u>Movement in the defined benefit liability</u>

	Group
	Post-employment benefit plan RM
At 1 September 2018 (unaudited)	398,227
Current service cost	154,229
Net interest	26,127
Excess benefits paid	14,254
Adjustment due to recognition of past service	29,232
Actuarial gain charged to other comprehensive income	53,598
Effects of changes in foreign exchange rates	32,993
At 31 August 2019	708,660
Adjustment on beginning balance	(17,018)
Benefit expenses	221,043
Actuarial (loss)/gain charged to other comprehensive income	7,530
Benefits paid	(94,337)
Effects of changes in foreign exchange rates	(31,881)
At 31 August 2020	**793,997**

17. EMPLOYEE BENEFITS (CONTINUED)

Post-employment benefit plan (continued)

Significant actuarial assumptions

The significant actuarial assumptions applied in the measurement of post-employment benefit plan is as follows:

	Group	
		Unaudited
	2020	2019
	%	%
Discount rate	**7.50**	7.85
Future salary growth	**7.50**	7.50

Assumption on future mortality are determined based on the published past statistics and actual experience in each jurisdiction. The measurements assume an average life expectancy of 25 years for an employee retiring at age of 55.

Sensitivity analysis

The sensitivity of defined benefit obligation to the significant actuarial assumptions at the end of reporting period is as shown below:

		Group	
			Unaudited
		2020	2019
		RM	RM
Discount rate	+ 1%	**733,304**	642,487
	- 1%	**862,266**	746,676
Future salary growth	+ 1%	**866,354**	750,216
	- 1%	**728,860**	638,770

NOTES TO THE FINANCIAL STATEMENTS

18. TRADE AND OTHER PAYABLES

		Group	Group	Company	Company
			Unaudited		
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
Current:					
Trade					
Trade payables	(a)				
- Third parties		**27,048,013**	37,536,229	**-**	-
- Amount owing to related parties		**559,543**	1,780,102	**-**	-
Retention sums					
- Third parties		**3,351,450**	4,022,748	**-**	-
- Amount owing to related parties		**33,575**	54,088	**-**	-
Trade accrual		**7,117,652**	23,192,764	**-**	-
		38,110,233	66,585,931	**-**	-

		Group	Group	Company	Company
			Unaudited		
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
Current:					
Non-trade					
Other payables		**677,271**	1,940,521	**-**	-
Accruals		**1,307,729**	1,207,668	**71,826**	7,000
Deposits		**34,351**	40,601	**-**	-
Amount owing to a subsidiary	(b)	**-**	-	**82,666**	-
Amount owing to related party	(b)	**-**	-	**-**	12,158
Amount owing to directors	(b)	**-**	215,154	**-**	-
		2,019,351	3,403,944	**154,492**	19,158
Total trade and other payables		**40,129,584**	69,989,875	**154,492**	19,158

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit term granted to the Group ranges from 14 to 60 days.

(b) Amount owing to a subsidiary, related party and directors

Amounts owing to a subsidiary, related parties and directors are unsecured, noninterest bearing with no fixed term of repayment.

For explanation on the Group's liquidity risk management processes, refer to Note 30(b)(ii).

19. PROVISION

	Group Liquidated ascertained damages RM
At 1 September 2018/1 September 2019 (unaudited)	3,760,000
Reversal of provision	(3,760,000)
At 31 August 2020	**-**

Liquidated ascertained damages

A provision of RMNil (2019: RMNil) were made in respect of the Group's obligation to pay the customer the sum of liquidated ascertained damages if the Group fails to deliver the constructed site within the time stipulated in the letter of award.

On 23 October 2019, the Group entered into a supplemental agreement to waive the liquidated ascertained damages amounting to RM3,760,000. The amount was recognised as other income during the financial year.

20. REVENUE

	Group	
		Unaudited
	1.9.2019 to 31.8.2020 RM	1.9.2018 to 31.8.2019 RM
Revenue from contract customers:		
Construction contracts	**135,337,071**	221,055,336
Revenue from other source:		
Rental of construction machinery and equipment	**9,000**	116,420
	135,346,071	221,171,756
Timing of revenue recognition:		
Over time	**135,337,071**	221,055,336

NOTES TO THE FINANCIAL STATEMENTS

21. COST OF SALES

	Group	
		Unaudited
	1.9.2019 to 31.8.2020	1.9.2018 to 31.8.2019
	RM	RM
Contract cost	**99,998,390**	168,255,602
Machinery cost	**15,165,550**	13,768,190
	115,163,940	182,023,792

22. OTHER INCOME

	Group	
		Unaudited
	1.9.2019 to 31.8.2020	1.9.2018 to 31.8.2019
	RM	RM
Net unrealised foreign exchange gain	**-**	348,805
Gain on disposal of property, plant and equipment	**950,878**	756,846
Gain on disposal of investment property	**-**	70,808
Gain on disposal of an associate	**-**	50,000
Interest income	**394,358**	413,171
Rental income	**131,900**	160,300
Insurance claim	**446**	306,569
Bad debt recovery	**-**	707,547
Reversal of impairment loss on trade receivable	**310,000**	-
Reversal of provision	**3,760,000**	-
Miscellaneous income	**291,887**	89,774
	5,839,469	2,903,820

NOTES TO THE FINANCIAL STATEMENTS

23. FINANCE COST

	Group	
	1.9.2019 to 31.8.2020 RM	**Unaudited 1.9.2018 to 31.8.2019 RM**
Interest expense on:		
- Term loans	**302,960**	512,184
- Lease liabilities/Finance lease liabilities	**1,406,615**	1,906,918
- Bank overdrafts	**181,550**	57,020
- Bankers' acceptances	**841,060**	1,038,809
- Invoice financing	**105,380**	91,001
- Promissory notes	**323,518**	132,142
	3,161,083	3,738,074

24. PROFIT BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged in arriving at profit before tax:

		Group		Company	
	Note	**1.9.2019 to 31.8.2020 RM**	**Unaudited 1.9.2018 to 31.8.2019 RM**	**1.9.2019 to 31.8.2020 RM**	**24.8.2018 (Date of incorporation) to 31.8.2019 RM**
Auditors' remuneration					
- Malaysian operations					
- Current year		**108,000**	74,000	**30,000**	7,000
- Prior year		**1,000**	10,000	**-**	-
- Overseas operation					
- Current year		**-**	9,039	**-**	-
Depreciation of investment properties	6	**80,095**	129,647	**-**	-
Bad debts written off		**100,900**	196,879	**-**	-
Impairment loss on trade and other receivables	9	**-**	339,498	**-**	-
Depreciation of property, plant and equipment	5	**16,174,724**	17,766,580	**-**	-
Employee benefits expenses	25	**22,673,829**	21,840,259	**89,000**	-
Expenses relating to short term lease:					
- Cylinder		**7,216**	15,696	**-**	-
- Equipment		**7,981,313**	13,097,612	**-**	-
- Site house and store		**214,443**	621,637	**-**	-
- Office premises		**14,800**	110,248	**-**	-
Net realised foreign exchange loss		**298**	37,684	**-**	-
Net unrealised foreign exchange loss		**70,270**	-	**-**	-

25. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	1.9.2019 to 31.8.2020 RM	**Unaudited 1.9.2018 to 31.8.2019 RM**	**1.9.2019 to 31.8.2020 RM**	**24.8.2018 (Date of incorporation) to 31.8.2019 RM**
Directors' fee	**80,000**	-	**80,000**	-
Salaries, allowances and bonuses	**20,396,957**	20,132,748	**9,000**	-
Defined contribution plans	**1,812,215**	1,350,834	**-**	-
Defined benefit plans	**221,043**	223,843	**-**	-
Other staff related expenses	**163,614**	132,834	**-**	-
	22,673,829	21,840,259	**89,000**	-

The following table shows the directors' remuneration, director's defined contribution plans, directors' defined benefit plans and directors' other staff related expenses:-

	Group		Company	
	1.9.2019 to 31.8.2020 RM	**Unaudited 1.9.2018 to 31.8.2019 RM**	**1.9.2019 to 31.8.2020 RM**	**24.8.2018 (Date of incorporation) to 31.8.2019 RM**
Included in employee benefits expenses are:				
Directors' fee	**80,000**	-	**80,000**	-
Directors' salaries, allowances and bonuses	**1,421,471**	1,395,303	**9,000**	-
Directors' defined contribution plans	**191,556**	191,556	**-**	-
Directors' defined benefit plans	**103,525**	93,932	**-**	-
Directors' other staff related expenses	**2,770**	2,770	**-**	-
	1,799,322	1,683,561	**89,000**	-

26. INCOME TAX EXPENSE

The major components of income tax expense for the financial year ended 31 August 2020 and financial period ended 31 August 2019 are as follows:

	Group		Company	
	1.9.2019 to 31.8.2020 RM	**Unaudited 1.9.2018 to 31.8.2019 RM**	**1.9.2019 to 31.8.2020 RM**	**24.8.2018 (Date of incorporation) to 31.8.2019 RM**
Statements of comprehensive income				
Current income tax:				
- Current income tax charge	**3,419,126**	7,048,933	**-**	-
- Adjustment in respect of prior year	**(141,287)**	(331,633)	**-**	-
- Real property gains tax	**108,966**	75,732	**-**	-
	3,386,805	6,793,032	**-**	-
Deferred tax:				
Origination of temporary differences	**786,969**	673,359	**-**	-
- Adjustment in respect of prior year	**(1,136,307)**	3,241	**-**	-
	(349,338)	676,600	**-**	-
Income tax expense recognised in profit or loss	**3,037,467**	7,469,632	**-**	-

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% of the estimated assessable profit for the financial year.

The income tax rate applicable to small and medium scale enterprise ("SME") incorporated in Malaysia with paid-up capital of RM2,500,000 and below and annual sales less then RM50,000,000 (2019: Nil) is subject to the statutory tax rate of 17% (2019: 17%) on chargeable income up to RM600,000 (2019: RM500,000). For chargeable income in excess of RM600,000 (2019: RM500,000), statutory rate of 24% is still applicable.

The Group has paid-up capital of more than RM2,500,000 for the financial year. Hence, domestic income tax is calculated at the Malaysia statutory income tax rate of 24% of the estimated assessable profit for the financial year.

PT Aneka is entitled to 3% of the final tax rate based on the certification from *Lembaga Pengembangan Jasa Konstruksi* which expires on 29 December 2018 has been extended until 14 February 2021.

26. INCOME TAX EXPENSE (CONTINUED)

All revenue from PT Aneka are subjected to final tax, therefore, no deferred tax asset or liability is recognised on the difference between the financial statement carrying amounts of assets and liabilities and their respective tax bases.

The reconciliation from the tax amount at the statutory income tax rate to the Group's and the Company's tax expenses are as follows:

	Group		Company	
	1.9.2019 to 31.8.2020 RM	Unaudited 1.9.2018 to 31.8.2019 RM	1.9.2019 to 31.8.2020 RM	24.8.2018 (Date of incorporation) to 31.8.2019 RM
Profit/(loss) before tax	**13,840,968**	27,603,398	**(134,419)**	(19,158)
Taxation at Malaysian statutory income tax rate of 24%	**3,321,832**	6,624,816	**(32,261)**	(4,598)
Different rate in other country	**(109,078)**	(380,333)	**-**	-
SME Tax Savings	**-**	(100,766)	**-**	-
Real property gains tax	**108,966**	75,732	**-**	-
Adjustments:				
Income not subject to tax	**-**	(29,798)	**-**	-
Non-deductible expenses	**993,341**	1,608,373	**32,261**	4,598
Adjustment in respect of current income tax of prior years	**(141,287)**	(331,633)	**-**	-
Adjustment in respect of deferred tax of prior years	**(1,136,307)**	3,241	**-**	-
Income tax expense	**3,037,467**	7,469,632	**-**	-

27. OTHER COMPREHENSIVE INCOME/(LOSS)

Group 2020	Exchange reserve RM	Non-controlling interests RM	Total (Gross) RM
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit plan	**(4,142)**	**(3,388)**	**(7,530)**
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	**(232,397)**	**(190,143)**	**(422,540)**
	(236,539)	**(193,531)**	**(430,070)**
Group **Unaudited** **2019**			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit plan	(29,479)	(24,119)	(53,598)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	254,427	208,168	462,595
	224,948	184,049	408,997

28. BASIC EARNINGS PER ORDINARY SHARES

(a) Basic

The basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2020 RM	Unaudited 2019 RM
Profit attributable to owners of the Company	**10,042,851**	18,438,550
Weighted average number of the ordinary shares in issue	**398,210,000**	398,210,000
Basic earnings per share (sen)	**2.52**	4.63

(b) Diluted

The diluted earnings per share of the Group for the financial year is equivalent to the basic earnings per ordinary shares of the Group as the Company has no dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

29. DIVIDEND

	Group	
		Unaudited
	2020	2019
	RM	RM
Recognised during the financial year:		
- Single-tier final dividend of RM0.5000 per ordinary share in respect of the financial year ended 31 August 2019	-	1,150,000

30. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statement of financial position by the classes of financial instruments to which they are assigned:

	Carrying amount RM	Amortised costs RM
Group		
2020		
Financial assets		
Trade and other receivables less other statutory tax	**59,832,962**	**59,832,962**
Cash and short-term deposits	**15,889,417**	**15,889,417**
	75,722,379	**75,722,379**
Financial liabilities		
Loans and borrowings	**(67,083,964)**	**(67,083,964)**
Trade and other payables	**(40,129,584)**	**(40,129,584)**
	(107,213,548)	**(107,213,548)**
Unaudited		
2019		
Financial assets		
Trade and other receivables less other statutory tax	82,724,172	82,724,172
Cash and short-term deposits	12,738,748	12,738,748
	95,462,920	95,462,920
Financial liabilities		
Loans and borrowings	(66,269,405)	(66,269,405)
Trade and other payables	(69,989,875)	(69,989,875)
	(136,259,280)	(136,259,280)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (continued)

	Carrying amount RM	Amortised costs RM
Company		
2020		
Financial assets		
Cash and short-term deposits	**919**	**919**
Financial liabilities		
Trade and other payables	**(154,492)**	**(154,492)**
2019		
Financial assets		
Cash and short-term deposits	4	4
Financial liabilities		
Trade and other payables	(19,158)	(19,158)

(b) Financial risk management

The Group's activities are exposed to a variety of financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group's overall financial risk management objective is to optimise value for its shareholders. The Group does not trade in financial instruments.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's senior management.

(i) Credit risk

Trade receivables and contract assets

Credit risk is the risk of financial loss to the Group that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade receivables and contract assets. The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals and monitoring procedures.

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Trade receivables and contract assets (continued)

As at the end of the reporting period, the Group's maximum exposure to credit risk arising from trade receivables and contract assets are represented by their carrying amounts in the statements of financial position.

The carrying amount of trade receivables and contract assets are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group considers any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Credit risk concentration profile

At the end of the reporting period, the Group has a significant concentration of credit risk in the form of five (5) trade receivables, representing approximately 72% (2019: 64%) of the Group's total trade receivables.

The Group applies the simplified approach to providing for impairment losses prescribed by MFRS 9, which permits the use of the lifetime expected loss provision for all the 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 expected credit losses also incorporate forward looking information.

NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Trade receivables and contract assets (continued)

Credit risk concentration profile (continued)

The information about the credit risk exposure on the Group's trade receivables and contract assets are as follows:

	Gross carrying amount RM	Impairment losses RM	Net balance RM
Group			
2020			
Contract assets			
Current (not past due)	**64,376,422**	**-**	**64,376,422**
Retention sum			
Current (not past due)	**32,041,918**	**-**	**32,041,918**
Current trade receivables			
Current (not past due)	**5,460,379**	**-**	**5,460,379**
1 - 30 days past due	**6,664,808**	**-**	**6,664,808**
31 - 60 days past due	**3,544,480**	**-**	**3,544,480**
61 - 90 days past due	**270,392**	**-**	**270,392**
91 - 120 days past due	**84,340**	**-**	**84,340**
> 120 days past due	**9,597,055**	**29,498**	**9,567,557**
	122,039,794	**29,498**	**122,010,296**
Unaudited			
2019			
Contract assets			
Current (not past due)	72,885,032	-	72,885,032
Retention sum			
Non-current	-	-	-
Current	37,035,629	-	37,035,629
Current trade receivables			
Current (not past due)	7,684,495	-	7,684,495
1 - 30 days past due	6,810,089	-	6,810,089
31 - 60 days past due	3,221,225	-	3,221,225
61 - 90 days past due	1,477,403	-	1,477,403
91 - 120 days past due	5,630,267	-	5,630,267
> 120 days past due	15,472,670	339,498	15,133,172
	150,216,810	339,498	149,877,312

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Other receivables and other financial assets

For other receivables and other financial assets (including cash and cash equivalents), the Group minimises credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compare the risk of a default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

As at the end of the report date, the Group consider these other receivables and other financial assets to be of low credit risk and did not recognise any loss allowance for impairment for other receivables and other financial assets. Refer to Note 3.11 (a) for the Group's other accounting policies for impairment of the financial assets.

Financial Guarantee Contracts

The Group is exposed to credit risk in relation to financial guarantees given to banks in respect of borrowings granted to third party. The amount relating to the corporate guarantee provided by the Group is as follows:

	Group	
		Unaudited
	2020	2019
	RM	RM
Corporate guarantees given to:		
- Bank for borrowings granted to third party	**2,097,309**	2,097,309

The maximum exposure to credit risks amounts to RM2,097,309 (2019: RM2,097,309) representing the maximum amount the Group could pay if the guarantees are called.

Generally, the Group consider the financial guarantees to be of low credit risk as the guarantee are provided as credit enhancement to the third party's secured borrowings.

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Financial Guarantee Contracts (continued)

The Group monitors the result of the third party and its repayment on an ongoing basis. As at the reporting date, there was no indication that the third party would default on repayment.

As at the reporting date, there was no loss allowance for impairment as determined by the Group for the financial guarantee.

The financial guarantees have not been recognised since their fair value on initial recognition was not material.

(ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations when they fall due. The Group and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities. The Group and the Company's exposure to liquidity risk arise principally from trade and other payables, loans and borrowings.

The Group and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group and the Company maintains sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group and the Company uses a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds. The Group and the Company's treasury department also ensure that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(ii) Liquidity risk (continued)

Maturity analysis

The maturity analysis of the Group and the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows:

		Contractual cash flows			
	Carrying amount RM	On demand or within 1 year RM	Between 1 and 5 years RM	More than 5 years RM	Total RM
Group					
2020					
Trade and other payables	**40,129,584**	**40,129,584**	**-**	**-**	**40,129,584**
Term loans	**9,044,294**	**692,604**	**3,150,960**	**9,557,119**	**13,400,683**
Lease liabilities	**30,945,722**	**14,755,023**	**19,139,019**	**-**	**33,894,042**
Bankers' acceptances	**17,253,577**	**17,253,577**	**-**	**-**	**17,253,577**
Invoice financing	**1,548,814**	**1,548,814**	**-**	**-**	**1,548,814**
Promissory notes	**8,291,557**	**8,291,557**	**-**	**-**	**8,291,557**
	107,213,548	**82,671,159**	**22,289,979**	**9,557,119**	**114,518,257**
Unaudited					
2019					
Trade and other payables	69,989,875	69,989,875	-	-	69,989,875
Term loans	10,334,675	1,947,447	1,984,775	10,417,888	14,350,110
Finance lease liabilities	28,756,439	18,239,850	12,646,357	-	30,886,207
Bank overdrafts	3,406,024	3,406,024	-	-	3,406,024
Bankers' acceptances	13,950,569	13,950,569	-	-	13,950,569
Invoice financing	1,815,070	1,815,070	-	-	1,815,070
Promissory notes	8,006,628	8,006,628	-	-	8,006,628
	136,259,280	117,355,463	14,631,132	10,417,888	142,404,483
Company					
2020					
Trade and other payables	**154,492**	**154,492**	**-**	**-**	**154,492**
2019					
Trade and other payables	19,158	19,158	-	-	19,158

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iii) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's financial instruments as a result of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its long-term loans and borrowings with floating interest rates.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on the Group's total equity and profit for the financial year:

	Group		
	Carrying amount RM	**Change in basis points**	**Effect on equity/profit for the financial year RM**
2020			
- Term loans	**9,044,294**	**+ 50**	**(34,368)**
		- 50	**34,368**
Unaudited 2019			
- Term loans	10,334,675	+ 50	(39,272)
		- 50	39,272

(c) Fair value measurement

The carrying amounts of cash and bank balances, receivables and payables and borrowings are reasonably approximate to their fair value due to relatively short-term nature of these financial instruments.

Other long-term financial assets and liabilities are reasonable approximation of fair value because they are floating rate instruments which are re-priced to market interest rates or estimated by discounting future cash flows using current lending rates for similar types of arrangements.

It is not practical to determine the fair value of finance lease liabilities which are at fixed rate due to lack of market information of comparable instruments with similar characteristic and risk profile.

30. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurement (continued)

Policy on transfer between levels
The fair value of asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

During the financial years ended 31 August 2020 and 31 August 2019, there was no transfer between the fair value measurement hierarchy.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable:

(i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
(ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Transfer between Level 1 and Level 2
There has been no transfer between Level 1 and Level 2 fair values during the financial year.

(iii) Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31. COMMITMENTS

The Group has made commitments for the following capital expenditures:

	Group	
		Unaudited
	2020	2019
	RM	RM
Approved and contracted for:		
Property, plant and equipment	**903,222**	1,254,096

32. RELATED PARTIES

(a) Identification of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

(i) Fellow subsidiaries;
(ii) Entities in which certain directors have substantial financial interests;
(iii) Entity owned by persons connected to a director; and
(iv) Key management personnel of the Group, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Group	
		Unaudited
	1.9.2019 to 31.8.2020 RM	**1.9.2018 to 31.8.2019 RM**
Purchase of materials		
- Related parties	**839,691**	3,309,942
Sale of property, plant and equipment		
- Shareholder	**-**	302,443
- Director	**-**	847,400
Sale of investment properties		
- Related party	**-**	4,773,181
Purchase of property, plant and equipment		
- Related parties	**6,455**	-
Rental income		
- Directors	**-**	10,000

NOTES TO THE FINANCIAL STATEMENTS

32. RELATED PARTIES (CONTINUED)

(c) Compensation of key management personnel

	Group		Company	
	1.9.2019 to 31.8.2020 RM	Unaudited 1.9.2018 to 31.8.2019 RM	1.9.2019 to 31.8.2020 RM	24.8.2018 (Date of incorporation) to 31.8.2019 RM
Short-term employee benefits				
- Directors' fee	**80,000**	-	**80,000**	-
- Salaries, allowances and bonuses	**2,225,847**	2,032,481	**9,000**	-
- Defined contribution plans	**288,150**	271,018	**-**	-
- Defined benefit plans	**103,525**	93,932	**-**	-
- Other staff related benefits	**5,539**	5,090	**-**	-
	2,703,061	2,402,521	**89,000**	-

33. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholder value. The Group and the Company manage its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial years ended 31 August 2020 and 31 August 2019.

The Group and the Company monitor capital using gearing ratio. The gearing ratio is calculated as total debts divided by total equity of the Group and the Company. The gearing ratio as at 31 August 2020 and financial period ended 31 August 2019 are as follows:

		Group	
	Note	2020 RM	Unaudited 2019 RM
Trade and other payables	18	**40,129,584**	69,989,875
Loans and borrowings	16	**67,083,964**	66,269,405
Total debts		**107,213,548**	136,259,280
Total equity		**94,064,545**	83,691,114
Gearing ratio (times)		**1.14**	1.63

There were no changes in the Group's approach to capital management during the financial years under review.

The Group is not subject to externally imposed capital requirement.

34. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 21 January 2020, the Company entered into a share sale agreement with vendors of Aneka Jaringan Sdn. Bhd. and Aneka Geotechnics Sdn. Bhd. to:

(i) acquire the entire issued share capital of Aneka Jaringan Sdn. Bhd. for a purchase consideration of RM71,363,996 which will be wholly satisfied by the issuance of 356,819,979 new shares in Aneka Holdings at RM0.20 per share.

The purchase consideration of Aneka Jaringan Sdn. Bhd. of RM71,363,996 was arrived at on a willing-buyer willing-seller basis based on the audited consolidated net assets as at 31 August 2019.

(ii) acquire the entire issued share capital in Aneka Geotechnics Sdn. Bhd. for a purchase consideration of RM8,278,000 which will be wholly satisfied by the issuance of 41,390,000 new shares in Aneka Holdings at RM0.20 per share.

The purchase consideration of Aneka Geotechnics Sdn. Bhd. of RM8,278,000 was arrived at on a willing-buyer willing-seller basis based on the audited net assets as at 31 August 2019.

The acquisition of Aneka Jaringan Sdn. Bhd. and Aneka Geotechnics Sdn. Bhd. was completed on 25 August 2020.

(b) Coronavirus outbreak

On 11 March 2020, the World Health Organisation declared the Coronavirus (“Covid-19”) outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed the Movement Control Order (“MCO”) starting from 18 March 2020 to curb the spread of the Covid-19 outbreak in Malaysia. The Covid-19 outbreak also resulted in travel restriction, lockdown, and other precautionary measures imposed in various countries. The emergence of the Covid-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Group and Company operate.

The Group has performed an assessment of the overall impact of the situation on the Group’s operation, including the recoverability of the carrying amount of assets and measurements of assets and liabilities and concluded that there is no material adverse effect on the financial statements for the financial year ended 31 August 2020.

The Group is unable to reasonably estimate the financial impact of these events on its financial position, results of operations or cash flows in the next financial year due to the uncertainty of the future outcome of the current events. It is however certain that the worldwide measures against the spread of the coronavirus will have direct and indirect effects on its operations. The Group will continuously monitor the impact of Covid-19 on its operations and financial performance and will be taking appropriate and timely measures to minimise the impact of the outbreak on the Group’s operation.

NOTES TO THE FINANCIAL STATEMENTS

35. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

(a) Listing on ACE Market of Bursa Securities

On 1 October 2020, the Company issued its Prospectus for its Initial Public Offering ("IPO") entailing the public issue of 139,890,000 new ordinary shares, representing approximately 26.00% of the enlarged number if shares of the Company, to be allocated and allotted in the following manner:

(i) 26,906,000 new ordinary shares made available to the Malaysian public;
(ii) 13,453,000 new ordinary shares made available for application by the eligible directors and employees and persons who have contributed to the success of the Group;
(iii) 45,721,000 new ordinary shares made available by way of private placement to selected investors; and
(iv) 53,810,000 new ordinary shares made available by way of private placement to selected Bumiputera investors approved by MITI.

On 20 October 2020, the Company was listed on the ACE Market of Bursa Securities comprising public issue of 139,890,000 new ordinary shares.

(b) Incorporation of joint venture company

On 28 September 2020, Aneka Jaringan Sdn. Bhd., a wholly-owned subsidiary of the Company entered into a Joint Venture and Stockholders' Agreement with Sunway Geotechnics (M) Sdn. Bhd. and Pertama Crane & Engineering Sdn. Bhd. to incorporate a joint venture company known as Sunway Aneka Pertama Geotechnics (PH) Inc. ("SAPGEO"). Aneka Jaringan Sdn. Bhd. owns 42% of shares in SAPGEO.

The incorporation of the aforesaid company was completed on 20 November 2020.

36. COMPARATIVES

The acquisition of the entire issued share capital of Aneka Jaringan Sdn. Bhd. and Aneka Geotechnics Sdn. Bhd. by the Company is a business combination involving entities under common control and did not result in any change in economic substance. Accordingly, the Group is a continuation of the acquired entities and accounted for as follows:

(a) the assets and liabilities of the acquired entities are recognised and measured in the consolidated financial statements at the pre-combination carrying amounts, without restatement to fair value;
(b) the retained earnings and other equity balances of acquired entities immediately before the business combination are those of the Group; and
(c) the equity structure, however, reflects the equity structure of the Company and the difference arising from the change in equity structure of the Group will be accounted for in merger deficit/reserve.

The comparatives are not audited as the group was not in existence in the previous financial year.

37. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 *Operating Segments* based on the internal reports of the Group's strategic business units which are regularly reviewed by Group Managing Director for the purpose of making decisions about resource allocation and performance assessment.

The two reportable operating segments are as follow:

Segments	**Product and services**
Malaysia	- Foundation and basement construction; and - Rental of construction machinery and equipment.
Indonesia	- Foundation and basement construction

Inter-segment pricing is determined on negotiated basis.

	Note	Malaysia RM	Indonesia RM	Adjustment and elimination RM	Total RM
2020					
Revenue:					
Revenue from external customer		124,137,529	11,208,542	-	135,346,071
Inter-segment revenue	A	22,990,025	-	(22,990,025)	-
		147,127,554	11,208,542	(22,990,025)	135,346,071
Results:					
Included in the measure of segment profit are:					
Interest income		347,119	47,239	-	394,358
Interest expenses		(2,439,532)	(721,551)	-	(3,161,083)
Depreciation of investment properties		(80,095)	-	-	(80,095)
Depreciation of property, plant and equipment		(14,800,779)	(1,621,800)	247,855	(16,174,724)
Employee benefits expense		(19,911,981)	(2,761,848)	-	(22,673,829)
Expenses relating to short term lease		(30,758,904)	(448,893)	22,990,025	(8,217,772)
Gain on disposal of property, plant and equipment		950,878	-	-	950,878
Segment profit		9,106,614	1,696,887	-	10,803,501
Assets:					
Non-current assets(1)		52,274,915	7,294,388	-	59,569,303

NOTES TO THE FINANCIAL STATEMENTS

37. SEGMENT INFORMATION (CONTINUED)

	Note	Malaysia RM	Indonesia RM	Adjustment and elimination RM	Total RM
Unaudited					
2019					
Revenue:					
Revenue from external customer		207,708,928	13,462,828	-	221,171,756
Inter-segment revenue	A	25,232,984	-	(25,232,984)	-
		232,941,912	13,462,828	(25,232,984)	221,171,756
Results:					
Included in the measure of segment profit are:					
Interest income		341,817	71,354	-	413,171
Interest expenses		(3,318,185)	(419,889)	-	(3,738,074)
Depreciation of investment properties		(129,647)	-	-	(129,647)
Impairment loss on trade receivables		(339,498)	-	-	(339,498)
Depreciation of property, plant and equipment		(16,908,688)	(1,050,260)	192,368	(17,766,580)
Employee benefits expense		(20,135,299)	(1,704,960)	-	(21,840,259)
Rental expenses		(38,333,723)	(718,454)	25,206,984	(13,845,193)
Gain on disposal of property, plant and equipment		715,259	41,587	-	756,846
Gain on disposal of investment properties		70,808	-	-	70,808
Gain on disposal of an associate		50,000	-	-	50,000
Segment profit		16,728,902	3,404,864		20,133,766
Assets:					
Non-current assets[1]		50,357,694	7,504,272	-	57,861,966

[1] Non-current assets excluded other receivables and deferred tax assets.

A Inter-segment revenue

Inter-segment revenues are eliminated on consolidation.

37. SEGMENT INFORMATION (CONTINUED)

Information about major customers

The major customers with revenue equal to or more than 10% of the Group revenue are as follow:

		Group
		2020
	Segment	RM
Customer B	Malaysia	**20,284,851**
Customer D	Malaysia	**24,080,679**
Customer E	Malaysia	**19,705,861**
Customer F	Malaysia	**17,587,750**
		81,659,141

		Unaudited
		2019
	Segment	RM
Customer A	Malaysia	38,146,995
Customer B	Malaysia	32,557,726
Customer C	Malaysia	29,728,615
		100,433,336

STATEMENT BY DIRECTORS

(PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016)

We, **PANG TSE FUI** and **LOKE KIEN TUCK**, being two of the directors of ANEKA JARINGAN HOLDINGS BERHAD, do hereby 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 requirement of Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 August 2020 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of Board of Directors in accordance with a resolution of the directors:

…………………………………………..
PANG TSE FUI
Director

…………………………………………..
LOKE KIEN TUCK
Director

Kuala Lumpur
Date: 7 December 2020

STATUTORY DECLARATION

(PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016)

I, **STEVEN KOH**, being the officer primarily responsible for the financial management of ANEKA JARINGAN HOLDINGS BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

…………………………………………..

STEVEN KOH

(MIA Membership No: 10420)

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 7 December 2020.

Before me,

…………………………………………..

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ANEKA JARINGAN HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Aneka Jaringan Holdings Berhad, which comprise the statements of financial position as at 31 August 2020 of the Group and of the Company, and the statements of 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 57 to 153.

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 August 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with the 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

Key Audit Matters (continued)

Group

Trade receivables and contract assets (Note 9 and Note 10 to the financial statements)

Risk:

The Group has significant trade receivables and contract assets as at 31 August 2020. We focused on this area because the Group made significant judgements and the level of uncertainty involved on assessing customer's specific conditions, credit history as well as forward looking information. In making these assumptions, the Group has assessed the allowances for impairment loss of trade receivables and contract assets on an individual basis.

Our audit response:

Our audit procedures included, among others:

- understanding the design and implementation of controls associated with monitoring of outstanding receivables and contract assets and impairment calculation;
- developing understanding of significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports and other collection prepared by management;
- obtaining confirmation of balances from selected receivables;
- checking subsequent receipts, customer correspondence, and considering level of activity with the customer and management explanation on recoverability with significantly past due balances; and
- assessing the reasonableness of impairment loss provided as at the end of the reporting period.

Revenue recognition for construction activities (Note 20 to the financial statements)

Risk:

The amount of revenue of the Group's construction activities is recognised over the period of contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of performance obligation is determined by reference to proportion on construction cost incurred for works performed to date bear to the estimated total costs for each project (input method). We focused on this area because significant judgement is required, in particular with regards to determining the progress towards complete satisfaction of performance obligation, the extent of the construction costs incurred, the estimated total construction contracts revenue and costs, as well as recoverability of the construction contracts projects.

Key Audit Matters (continued)

Our audit response:

Our audit procedures included, among others:

- reading the terms and conditions of agreements with customers;
- understanding the Group's process in preparing project budget and the calculation of the progress towards complete satisfaction of performance obligation;
- comparing Group's major assumptions to contractual terms and discussing with project manager on the changes in the assumptions from previous financial year;
- assessing the computed progress towards complete satisfaction of performance obligation against to external quantity surveyors' valuation;
- checking the mathematical computation of recognised revenue for the projects during the year.

Company

We have determined that there are no key audit matters to communicate in our report which arose from the audit of the financial statements of the Company.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ANEKA JARINGAN HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)

Responsibilities of the Directors for the Financial Statements

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

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

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ANEKA JARINGAN HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

Other Matters

(1) Without qualifying our report, we draw attention to Note 36 to the financial statements which states that the Group's comparative figures disclosed in the financial statements have not been audited.

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

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Paul Tan Hong
No. 03459/11/2021 J
Chartered Accountant

Kuala Lumpur
Date: 7 December 2020

LIST OF PROPERTIES HELD BY THE GROUP

	Location/Description	Tenure/ Usage	Approximate Land Area/ Built Up (sq ft)	Approximate Age/(Years)	Date of Acquisition	Net Book Value as at 31 August 2020 RM
1	PT 1319, Kawasan Perusahaan Sungai Bakau, Mukim Rawang, 48000 Rawang, Selangor. Industrial Land	99 years' leasehold expiring on 14 December 2091/Storage, repair and maintenance area for construction machinery and equipment	109,060/-	N/A	15 February, 2008	1,880,628
2	Parcel No. K-2-1, K-2-1M, K-2-2 and K-2-3, Pusat Perdagangan Bandar Bukit Jalil, Persiaran Jalil 2, Bukit Jalil, 57000 Wilayah Persekutuan Kuala Lumpur. 4-storey stratified shop offices	Freehold/ Head office	-/8,569	2	22 January, 2016	6,252,872

LIST OF PROPERTIES HELD BY THE GROUP

	Location/Description	Tenure/ Usage	Approximate Land Area/ Built Up (sq ft)	Approximate Age/(Years)	Date of Acquisition	Net Book Value as at 31 August 2020 RM
3	S-17-06, Idaman Robertson, 109, Jalan Pudu, 50150 Wilayah Persekutuan Kuala Lumpur. Service Apartment	Freehold/ Investment property	-/624	5	6 February, 2015	909,646
4	Parcel No. B-G-25, B-1-25, B-2-25, B-3-25, Dataran Cascades, 13A, Jalan PJU 5/1, Kota Damansara, 47810 Petaling Jaya, Selangor. 4-storey shop offices	99 years' leasehold expiring on 01 February 2106 / Investment property	-/5,590	10	18 October, 2010	3,158,679
5	D-21-06, Menara Mitraland, 13A, Jalan PJU 5/1, Kota Damansara, 47810 Petaling Jaya, Selangor. Office unit	99 years' leasehold expiring on 01 February 2106 / Investment property	-/1,020	9	23 August, 2011	578,750

ANALYSIS OF SHAREHOLDINGS

AS AT 16 NOVEMBER 2020

Class of Shares	:	Ordinary shares (“Shares”)
Voting Rights	:	One (1) vote per Share
Total Number of Issued Shares	:	538,100,000
Issued and Fully Paid-Up Capital	:	RM125,805,700

DISTRIBUTION OF SHAREHOLDINGS AS AT 16 NOVEMBER 2020 AS PER RECORDS OF DEPOSITORS (“ROD”)

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 99	-	0.00	-	0.00
100 - 1,000	200	9.22	129,800	0.02
1,001 - 10,000	794	36.61	4,819,500	0.90
10,001 - 100,000	982	45.27	31,797,900	5.91
100,001 to 26,904,999	189	8.72	103,142,800	19.17
26,905,000 and above	4	0.18	398,210,000	74.00
Total	2,169	100.00	538,100,000	100.00

THIRTY LARGEST SHAREHOLDERS AS AT 16 NOVEMBER 2020 AS PER ROD

No.	Name	No. of Shares Held	%
1.	Chong Ngit Sooi	99,552,500	18.50
2.	Loke Kien Tuck	99,552,500	18.50
3.	Pang Tse Fui	99,552,500	18.50
4.	Tan Hoon Thean	99,552,500	18.50
5.	Teh Beng Khim	11,700,000	2.17
6.	RHB Capital Nominees (Tempatan) Sdn Bhd Sim Keng Chor	5,000,000	0.93
7.	Soh Soon Pheng	3,380,000	0.63
8.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chiau Beng Teik	3,344,100	0.62
9.	Cheah Ham Cheia	3,000,000	0.56
10.	Chong Kok Keong	3,000,000	0.56
11.	Khoo Keow Pin	2,800,000	0.52
12.	Liew Hau Seng	2,200,000	0.41
13.	Tan Hoon Thean	2,150,000	0.40
14.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Lian Seng (800394)	2,000,000	0.37
15.	Chen Farn Keith	2,000,000	0.37
16.	Selisa Synergy Sdn Bhd	2,000,000	0.37
17.	Badlee Shah bin Ahmad Shah	1,720,000	0.32
18.	Chan Wai Keong	1,600,000	0.30
19.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tong Bee Lan	1,500,000	0.30

ANALYSIS OF SHAREHOLDINGS
AS AT 16 NOVEMBER 2020

THIRTY LARGEST SHAREHOLDERS AS AT 16 NOVEMBER 2020 AS PER ROD (CONT'D)

No.	Name	No. of Shares Held	%
20.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohd.Hamizan bin Mohd.Safaia (Margin)	1,320,000	0.25
21.	Wong Jun Kit	1,300,000	0.24
22.	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ismail Ng bin Jaafar Ng	1,032,000	0.19
23.	Azila binti Ismail	1,000,000	0.19
24.	Hsu Pai Ling	1,000,000	0.19
25.	Lee Sieng Kai	1,000,000	0.19
26.	Leong Kok Sau	1,000,000	0.19
27.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Choon Hau (E-Tai)	1,000,000	0.19
28.	Koperasi Putera MTD 1973 Kuala Lumpur Berhad	925,000	0.17
29.	Gary Goh Soo Liang	900,000	0.17
30.	Ho Chong Eng	850,000	0.16

DIRECTORS' SHAREHOLDINGS IN THE COMPANY AS AT 16 NOVEMBER 2020
(based on the Register of Directors' Shareholdings)

	Direct		Indirect	
Director	No. of Shares Held	%	No. of Shares Held	%
Dato' Ir. Tan Gim Foo	200,000	0.04	-	-
Pang Tse Fui	99,552,500	18.50	-	-
Chong Ngit Sooi	99,552,500	18.50	-	-
Loke Kien Tuck	99,552,500	18.50	13,000*	Negligible
Dato' Noraini binti Abdul Rahman	200,000	0.04	-	-
Wee Kee Hong	50,000	0.01	-	-

* *Deemed interest by virtue of Section 59(11)(c) of the Companies Act 2016 through shareholding held by his daughter, Loke Cheng Mun.*

ANALYSIS OF SHAREHOLDINGS

AS AT 16 NOVEMBER 2020

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS IN THE COMPANY AS AT 16 NOVEMBER 2020

(based on the Register of Substantial Shareholders' Shareholdings)

	Direct		Indirect	
Substantial Shareholder	**No. of Shares Held**	**%**	**No. of Shares Held**	**%**
Tan Hoon Thean	101,702,500	18.90	5,000[(1)]	Negligible
Pang Tse Fui	99,552,500	18.50	-	-
Chong Ngit Sooi	99,552,500	18.50	-	-
Loke Kien Tuck	99,552,500	18.50	13,000[(2)]	Negligible

(1) *Deemed interest by virtue of the shareholding of his son, Tan Chun Xiang.*

(2) *Deemed interest by virtue of the shareholding of his daughter, Loke Cheng Mun.*

NOTICE OF SECOND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Second Annual General Meeting ("AGM") of Aneka Jaringan Holdings Berhad will be conducted on a fully virtual basis through live streaming from the broadcast venue at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan on Thursday, 25 February 2021 at 10.00 a.m. to transact the following business:-

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 August 2020 and the Reports of Directors and Auditors thereon. ***Please refer to Note (1)***

2. To approve the payment of Directors' Fees and benefits of up to RM261,000.00 from 1 September 2020 until the conclusion of the next AGM of the Company. ***Resolution 1***

3. To re-elect Pang Tse Fui as Director who is retiring by rotation pursuant to the Company's Constitution. ***Resolution 2***

4. To re-elect Loke Kien Tuck as Director who is retiring by rotation pursuant to the Company's Constitution. ***Resolution 3***

5. To re-appoint Baker Tilly Monteiro Heng PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. ***Resolution 4***

SPECIAL BUSINESS

To consider and if thought fit, to pass, with or without modification(s), the following resolution:-

6. **ORDINARY RESOLUTION**
   AUTHORITY FOR DIRECTORS TO ISSUE SHARES ***Resolution 5***

   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016, and subject to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant governmental and/or regulatory authorities (if any), the Directors be and are hereby empowered to issue and allot new shares in the Company at any time, to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per cent (10%) of the total number of issued shares of the Company at the time of issue AND THAT the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing and quotation of the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company."

NOTICE OF SECOND ANNUAL GENERAL MEETING

7. To transact any other business for which due notice shall have been given.

By Order of the Board
ANEKA JARINGAN HOLDINGS BERHAD

TAN FONG SHIAN (SSM PC No. 201908004045) (MAICSA 7023187)
LIEW CHAK HOOI (SSM PC No. 201908004042) (MAICSA 7055965)
Secretaries
Kuala Lumpur

24 December 2020

Notes:-

(1) The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only. They do not require shareholders' approval and hence, shall not be put forward for voting.

(2) The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Shareholder(s) or proxy(ies) or attorney(s) or authorised representative(s) ***WILL NOT BE ALLOWED*** *to attend the Second AGM in person at the broadcast venue on the day of the meeting.*

Shareholders are to participate and vote remotely at the Second AGM via the remote participation and voting facilities provided by the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd.

Please read these Notes carefully and follow the procedures in the Administrative Guide for the Second AGM in order to participate remotely.

(3) A member may appoint up to two (2) proxies to participate and vote at the same meeting, and that the appointment shall specify the proportions of his holdings to be represented by each proxy.

(4) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint up to two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

(5) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.

(6) Only a depositor whose name appears in the Company's Record of Depositors as at 18 February 2021 shall be regarded as a member and entitled to participate and vote at this meeting or appoint proxy(ies) to participate and vote on his/her behalf.

NOTICE OF SECOND ANNUAL GENERAL MEETING

Notes:- (continued)

(7) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

(8) The original instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited with the Company's Share Registrar at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting, or by electronic means through Boardroom Smart Investor Online Portal at https://boardroomlimited.my/ not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting. Kindly refer to the Administrative Guide for the Second AGM on the procedures for electronic lodgement.

(9) Pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this notice of annual general meeting will be put to vote by poll.

(10) In view of the constantly evolving COVID-19 situation in Malaysia, the Company may be required to change the arrangements of the Second AGM at short notice. Kindly check the Company's website or announcements for the latest updates on the status of the AGM. The Company will continue to observe the guidelines issued by the Ministry of Health and will take all relevant precautionary measures as advised.

(11) The Personal Data Protection Act 2010, which regulates the processing of personal data in commercial transactions, applies to the Company. By providing to us your personal data which may include your name, contact details and mailing address, you hereby consent, agree and authorise the processing and/or disclosure of any personal data of or relating to you for the purposes of issuing the notice of this meeting and convening the meeting, including but not limited to preparation and compilation of documents and other matters, whether or not supplied by you. You further confirm to have obtained the consent, agreement and authorisation of all persons whose personal data you have disclosed and/or processed in connection with the foregoing.

NOTICE OF SECOND ANNUAL GENERAL MEETING

EXPLANATORY NOTES ON SPECIAL BUSINESS

Resolution 5

This proposed resolution, if passed, will renew the authority given to the Directors of the Company to issue and allot new shares in the Company at any time, to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit ("General Mandate"), provided that the number of shares issued pursuant to this General Mandate, when aggregated with the number of shares issued during the preceding twelve (12) months, does not exceed 10% of the total number of issued shares of the Company at the time of issue. This renewed General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

The General Mandate procured and approved in the general meeting held in August 2020 which was not exercised by the Company during the period, will expire at the forthcoming Second AGM of the Company.

With this renewed General Mandate, the Company will be able to raise funds expeditiously for the purpose of funding future investment, working capital and/or acquisition(s) without having to convene a general meeting to seek shareholders' approval when such opportunities or needs arise.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(PURSUANT TO RULE 8.29(2) OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA SECURITIES)

No individual is standing for election as Director at the forthcoming Second AGM of the Company.

FORM OF PROXY

Aneka Jaringan Holdings Berhad
(Registration No. 201801030681 (1292707-D))
(Incorporated in Malaysia)

Number of Shares Held	
CDS Account No.	

I/We ______________________________ NRIC/Passport/Company No. ______________________
(full name in block letters)

of ____
(full address)

being a member of Aneka Jaringan Holdings Berhad ("Company"), hereby appoint

Full name and NRIC/Passport No.	**Address**	**Proportion of shareholding (%) to be represented**
Contact No.	**Email Address**	

*and/or failing him/her,

Full name and NRIC/Passport No.	**Address**	**Proportion of shareholding (%) to be represented**
Contact No.	**Email Address**	

or failing him/her, #the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the **Second Annual General Meeting** ("AGM") of the Company to be conducted on a fully virtual basis through live streaming from the broadcast venue at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan on Thursday, 25 February 2021 at 10.00 a.m. and at any adjournment thereof, and to vote as indicated below:-

NO.	RESOLUTIONS	FOR	AGAINST
ORDINARY BUSINESS			
1.	To approve the payment of Directors' Fees and benefits of up to RM261,000.00 from 1 September 2020 until the conclusion of the next AGM of the Company		
2.	To re-elect Pang Tse Fui as Director		
3.	To re-elect Loke Kien Tuck as Director		
4.	To re-appoint Baker Tilly Monteiro Heng PLT as Auditors and to authorise the Directors to fix their remuneration		
SPECIAL BUSINESS			
5.	Authority for Directors to issue shares		

(Please indicate with an " √ " or " X " in the spaces above on how you wish your vote to be cast. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.)

* Delete if not applicable.
\# Delete the words "Chairman of the Meeting" if you wish to only appoint other person(s) to be your proxy(ies).

Dated this:

____
Signature / Common Seal of Shareholder

Notes:-

(1) The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Shareholder(s) or proxy(ies) or attorney(s) or authorised representative(s) ***WILL NOT BE ALLOWED*** *to attend the Second AGM in person at the broadcast venue on the day of the meeting.*

Shareholders are to participate and vote remotely at the Second AGM via the remote participation and voting facilities provided by the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd.

Please read these Notes carefully and follow the procedures in the Administrative Guide for the Second AGM in order to participate remotely.

(2) A member may appoint up to two (2) proxies to participate and vote at the same meeting, and that the appointment shall specify the proportions of his holdings to be represented by each proxy.

(3) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint up to two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

(4) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.

(5) Only a depositor whose name appears in the Company's Record of Depositors as at 18 February 2021 shall be regarded as a member and entitled to participate and vote at this meeting or appoint proxy(ies) to participate and vote on his/her behalf.

(6) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

(7) The original instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited with the Company's Share Registrar at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting, or by electronic means through Boardroom Smart Investor Online Portal at https://boardroomlimited.my/ not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting. Kindly refer to the Administrative Guide for the Second AGM on the procedures for electronic lodgement.

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AFFIX
STAMP

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13, 46200 Petaling Jaya,
Selangor Darul Ehsan.

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Head Office

Aneka Jaringan Holdings Berhad
(Registration No. 201801030681 (1292707-D))
K-2-1, Pusat Perdagangan Bandar Bukit Jalil,
Persiaran Jalil 2, 57000 Kuala Lumpur, Malaysia

Tel : +603-8657 5150
Fax : +603-2771 3827
Email : info@ajgroup.my

Indonesia

PT Aneka Jaringan Indonesia
Komplek Inkopal Blok G No. 67, Jl. Raya
Boulevard Barat Kelapa Gading Barat, Jakarta
14240, Indonesia

Tel : +62-21-458 51741
Fax : +62-21-458 51741
Email : marketing@ptaji.co.id
Website : www.ptaji.co.id