



# BENALEC HOLDINGS BERHAD

Registration No. 200501020529 (702653-V)



ANNUAL REPORT **2021**



**BENALEC HOLDINGS BERHAD**

**16<sup>th</sup>**

**ANNUAL GENERAL MEETING**

**BROADCAST VENUE:**

Benalec Holdings Berhad Headquarters  
(Pacific Board Room)  
No. 23, Jalan Perintis U1/52  
Glenmarie Temasya, Seksyen U1  
40150 Shah Alam  
Selangor Darul Ehsan

**DATE & TIME:**

Wednesday, 25 May 2022  
10.00 a.m.



Access the full version of this report,  
or view a summary of our FYE 2021  
performance at

[www.benalec.com.my](http://www.benalec.com.my)



# WHAT'S INSIDE

## 1

### OUR ORGANISATION

- 003 Key Indicators
- 004 Corporate Information
- 006 Corporate Profile
- 008 Key Milestones
- 010 Corporate Structure
- 012 Profile of Directors
- 015 Profile of Key Management
- 017 Management Discussion and Analysis
- 027 Group Financial Highlights
- 028 Sustainability Narrative Statement

## 2

### GOVERNANCE

- 034 Corporate Governance  
Overview Statement
- 046 Additional Compliance Information
- 048 Statement on Risk Management  
and Internal Control
- 051 Audit Committee Report
- 054 Statement of Directors' Responsibility

## 3

### OTHERS

- 056 Group Properties
- 058 Statistics of Shareholdings
- 060 Notice of the Sixteenth  
Annual General Meeting
- 067 Administrative Details

## 4

### FINANCIAL PERFORMANCE

- 071 Directors' Report
- 077 Statement by Directors
- 077 Statutory Declaration
- 078 Independent Auditors' Report
- 082 Statements of Financial Position
- 083 Statements of Profit or Loss and  
Other Comprehensive Income
- 084 Consolidated Statement of  
Changes in Equity
- 085 Statement of Changes in Equity
- 086 Statements of Cash Flows
- 089 Notes to the Financial Statements

### PROXY FORM



# OUR ORGANISATION

003	Key Indicators
004	Corporate Information
006	Corporate Profile
008	Key Milestones
010	Corporate Structure
012	Profile of Directors
015	Profile of Key Management
017	Management Discussion and Analysis
027	Group Financial Highlights
028	Sustainability Narrative Statement

# KEY INDICATORS

## OUR FLAGSHIP PROJECTS



## WHAT WE DO

- Marine Construction Services
- Vessel Chartering and Marine Transportation



REVENUE

**RM69.90 million**



NET ASSETS PER SHARE

**RM0.46**



TOTAL NET ASSETS

**RM470.96 million**



TOTAL ASSETS

**RM755.90 million**

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

FROM LEFT TO RIGHT:-

**WONG YOKE NYEN**

*Chairman,*

*Independent Non-Executive Director*

**DATO' LEAW SENG HAI**

*Group Managing Director /*

*Chief Executive Officer*

**KOO HOONG KWAN**

*Senior Independent Non-Executive Director*

**FAZRIN AZWAR BIN MD. NOR**

*Independent Non-Executive Director*

**LEAW AI LIN**

*Non-Independent Non-Executive Director*



### AUDIT COMMITTEE

*Chairman:*

**KOO HOONG KWAN**

*Members:*

**WONG YOKE NYEN**

**FAZRIN AZWAR BIN MD. NOR**

### NOMINATION COMMITTEE

*Chairman:*

**KOO HOONG KWAN**

*Members:*

**WONG YOKE NYEN**

**FAZRIN AZWAR BIN MD. NOR**

### REMUNERATION COMMITTEE

*Chairman:*

**KOO HOONG KWAN**

*Members:*

**WONG YOKE NYEN**

**FAZRIN AZWAR BIN MD. NOR**

### EVALUATION COMMITTEE

*Chairman:*

**KOO HOONG KWAN**

*Members:*

**DATO' LEAW SENG HAI**

**WONG YOKE NYEN**

## Corporate Information (continued)



### COMPANY SECRETARIES

#### Wong Wai Foong

(MAICSA 7001358)  
(SSM PC No. 202008001472)

#### Lim Wei Lee

(MAICSA 7064249)  
(SSM PC No. 202008004038)

### REGISTERED OFFICE

Unit 30-01, Level 30, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel : 03-2783 9191  
Fax : 03-2783 9111

### SHARE REGISTRAR

#### Tricor Investor & Issuing House Services Sdn Bhd

Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel : 03-2783 9299  
Fax : 03-2783 9222

### AUDITORS

#### BDO PLT (LLP0018825-LCA & AF 0206)

Chartered Accountants  
Level 8, BDO @ Menara CenTARa  
360, Jalan Tuanku Abdul Rahman  
50100 Kuala Lumpur  
Tel : 03-2616 2888  
Fax : 03-2616 3190 / 3191

### PRINCIPAL BANKERS

AmBank (M) Berhad  
Malayan Banking Berhad  
United Overseas Bank Limited  
United Overseas Bank (Malaysia)  
Berhad

### STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia  
Securities Berhad  
Stock Name : **BENALEC**  
Stock Code : **5190**

### COMPANY WEBSITES

[www.benalec.com.my](http://www.benalec.com.my)  
[www.tgpiamaritime.com.my](http://www.tgpiamaritime.com.my)  
[www.pengerangmaritime.com.my](http://www.pengerangmaritime.com.my)

# CORPORATE PROFILE

## VISION

Our vision is to achieve and maintain a high degree of professional expertise, coupled with dedicated and very experienced management, with the objective of enhancing our commitment to participate actively as one of the foremost home-grown Marine Construction Solution Providers contributing positively to the economic development of Malaysia.



## Corporate Profile (continued)

### MISSION

Our mission is to be a provider of an integrated, one-stop centre for marine construction services with the competency and capability to consistently deliver top-grade quality services to all our customers.

**BENALEC HOLDINGS BERHAD** was incorporated on 12 July 2005 as a private limited company under the name of Benalec Holdings Sdn Bhd. Subsequently, the Company was converted into a public limited company and assumed its present name on 29 September 2010. On 17 January 2011, Benalec Holdings Berhad (“Benalec” or “The Group”) was listed on the Main Board of Bursa Malaysia Securities Berhad.

Founded by the late Mr. Leaw Eng Chang, Leaw Eng Chang Construction Co. Sdn Bhd. was first incorporated in 1978 as a contracting company specialising in civil engineering works. Subsequently in 1996, it was renamed as Benalec Sdn. Bhd. “Benalec” was derived from combining the Malay word “BENA” (which means to build or construct) with “LEC” which were the initials of Mr. Leaw Eng Chang.

Our first foray into the marine construction industry was in 1993 when Benalec was awarded two coastal protection work projects by Jabatan Pengairan dan Saliran, which includes the restoration of the damaged bund at Sungai Belukang, Bagan Datoh, Perak. Despite being widely recognised as one of the most difficult coastal protection works in Malaysia, Benalec earned high commendation for the successful completion of the project ahead of schedule and under extreme circumstances. This has become the foundation of Benalec’s strong belief today that every adversity could be turned into opportunity.

The core values which we proudly embrace in Benalec are Innovation, Proactivity and Perseverance. These attributes, which form the foundation of our unique business model, are the source of inspiration driving us on our incessant quest to create value from all areas within the space we have chosen to operate in. Apart from our portfolio of securing land reclamation contracts from third parties, Benalec has been successfully undertaking its own projects, including land reclamation in Melaka, Port Klang and Johor since 2003.

Benalec has in a short span of time emerged as one of Malaysia’s top-notch homegrown integrated marine construction solution providers and proven its capability in undertaking high end reclamation projects locally as well as regionally. It is a class “A” Civil and Marine Engineering Contractor registered with Sijil Perolehan Kerja Kerajaan (SPKK) and Construction Industry Development Board Malaysia (CIDB) and is an ISO 9001:2015 certified company. Benalec has also further expanded its operations into Singapore with the setting up of Benalec Sdn. Bhd. Singapore Branch, which has also achieved ISO 9001:2015 and is registered with the Building and Construction Authority (BCA) Singapore under SY01-L6.

Equipped with professional expertise and experience in marine and civil engineering works, coupled with its own wide range of marine equipment and marine vessels now at its disposal, Benalec Group has extended its capacity and capability to become a provider of an integrated, one-stop centre for marine construction services, competent in delivering top-grade quality services to its customers.



# KEY MILESTONES

## THE JOURNEY BEGINS

### | 1978

- Incorporated as an earthwork and general contractor serving major clients such as MADA, JKR, JPS and PKNK

### | 1993

Awarded two coastal protection works project in Sungai Belukang and Sungai Tiang, Perak by JPS which marks our first foray into the marine construction industry



### | 1995

- Built our first vessel, a Twin Screw Anchor Handling Tugboat

### | 1996

Changed our name from Leaw Eng Chang Construction Co. Sdn. Bhd. to Benalec Sdn. Bhd.



### | 2000

First turnkey Design & Build, Construction of Jetty, Helipad, Staircase and Associated Works at Pulau Perak, Kedah



Commenced first land reclamation project in Pantai Kok, Pulau Langkawi, Kedah



### | 2003

First turnkey Design & Build, Beach nourishment works in Port Dickson (5km length)



### | 2003

Land reclamation and soil improvement works for Glenmarie Cove Project, Port Klang



Maiden large-scale land reclamation project in Melaka



### | 2005

- Obtained ISO 9001:2000 for the provision of marine engineering and construction works and the provision of marine vessels and equipment chartering services

### | 2008

Nusajaya Waterfront Precinct Project, Construction of marina at Puteri Harbour, Nusajaya Johor



## Key Milestones (continued)

### 2008

Secured contract to supply and deliver sand to Tuas View reclamation in Singapore via a related company



Expanded our shipbuilding business activities through Benalec Shipyard



### 2009

- Benalec's ISO upgraded to ISO 9001:2008

### 2010

- Benalec Singapore Branch obtained ISO 9001:2008 and OHSAS 18001:2007



Land reclamation for Pulau Indah, Port Klang

### 2011

Listed on the Main Market of Bursa Malaysia Securities Berhad (stock code : 5190)



- Benalec Singapore Branch obtained ISO 14001 : 2007

### 2015

Commencement of reclamation at Tanjung Piai Maritime Industrial Park



### 2017

Commencement of reclamation at Pengerang Maritime Industrial Park



- Benalec's ISO upgraded to ISO 9001 : 2015
- Benalec Singapore Branch's ISO upgraded to ISO 14001 : 2015

### 2018

Construction, completion and maintenance of rock revetment and associated works for Oriental Boon Siew (M) Sdn. Bhd. in Melaka



### 2019

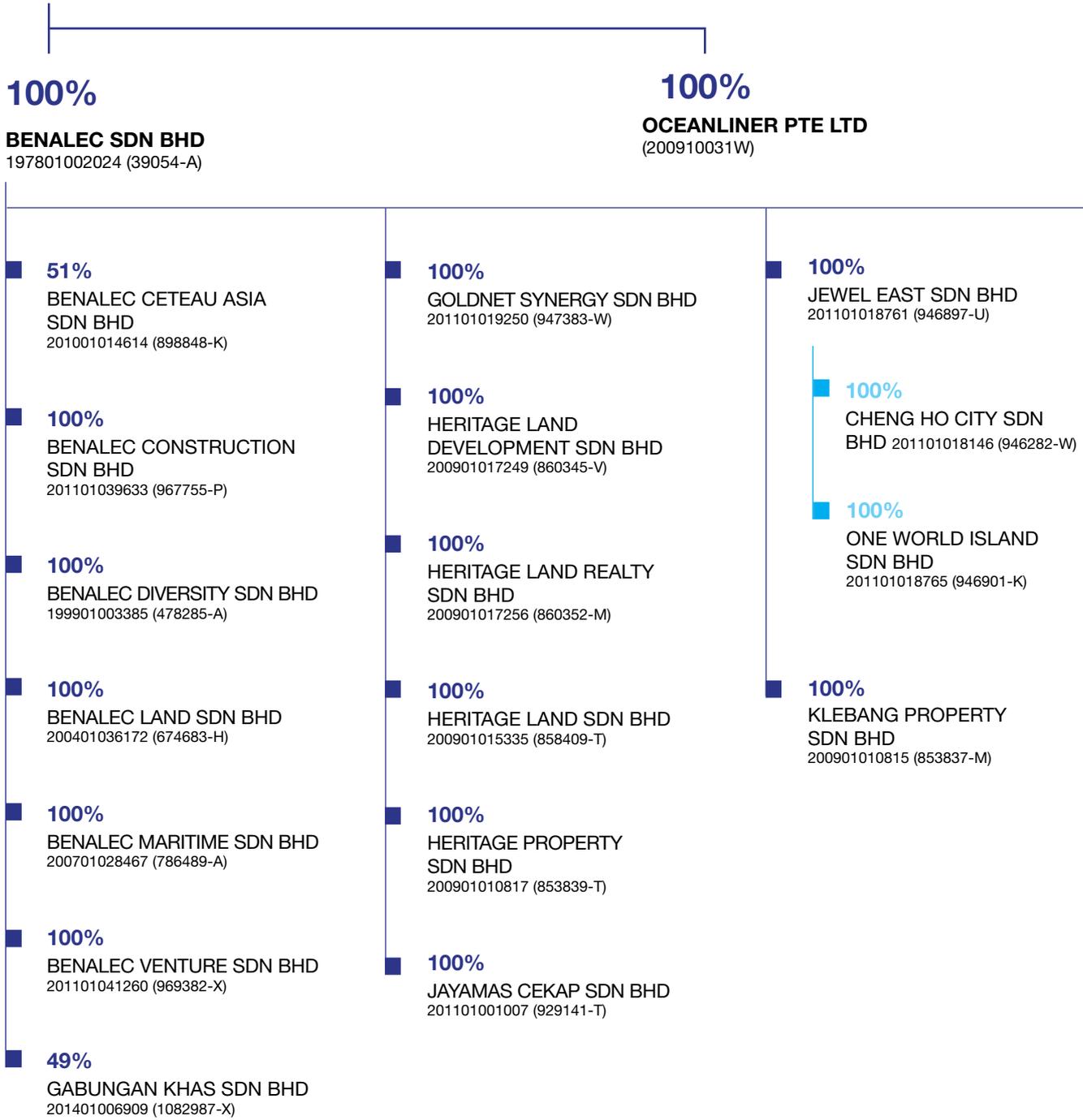
Commencement of the coal affreightment contract for TNB Fuel Services



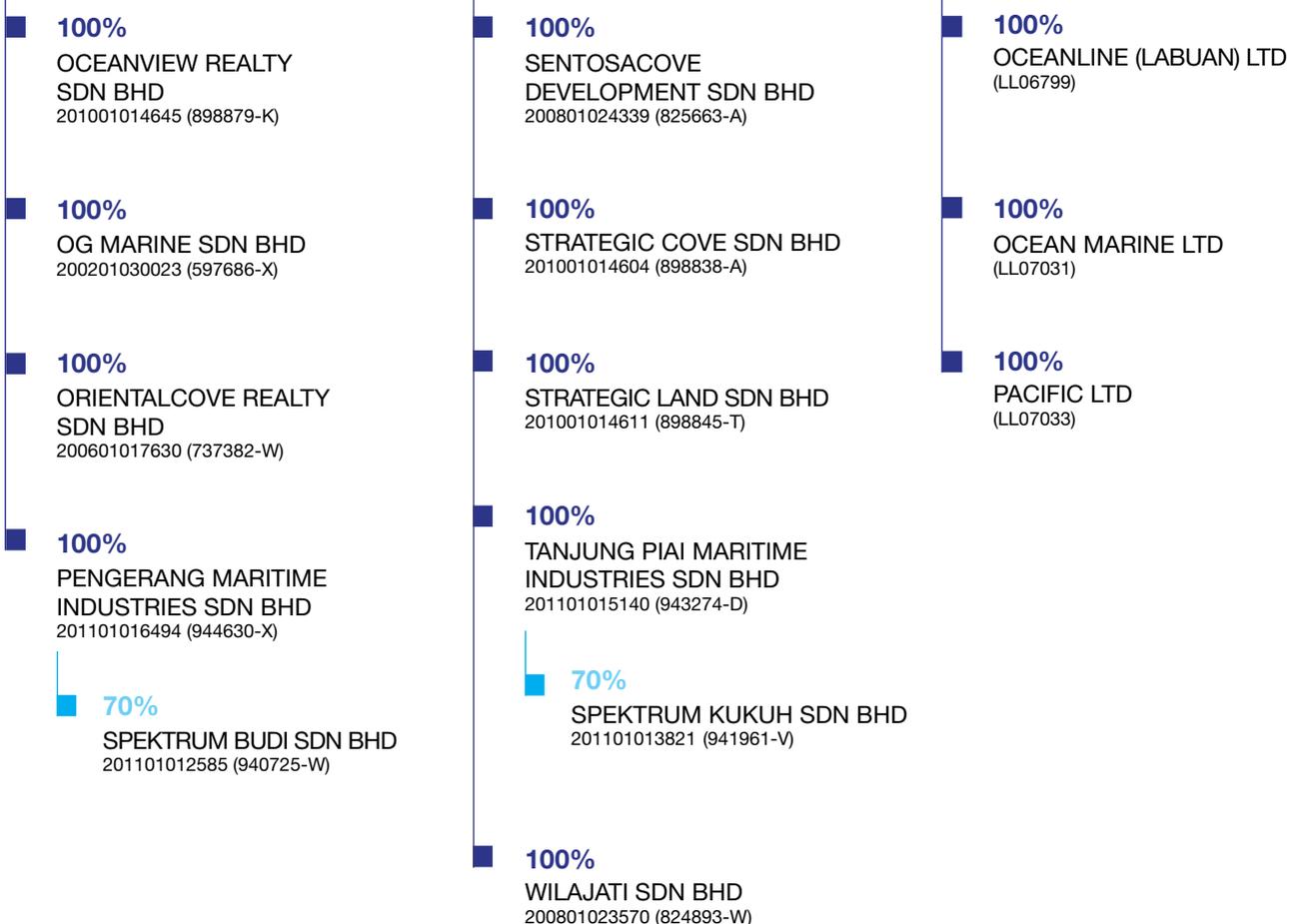
- Benalec Singapore Branch upgraded OHSAS 45001 : 2018

THE  
JOURNEY  
CONTINUES

# CORPORATE STRUCTURE



## Corporate Structure (continued)



## PROFILE OF DIRECTORS



### WONG YOKE NYEN

*Chairman, Independent  
Non-Executive Director*

Aged 63  
Male  
Malaysian

### DATO' LEAW SENG HAI

*Group Managing Director /  
Chief Executive Officer*

Aged 60  
Male  
Malaysian

**Wong Yoke Nyen**, was appointed as an Independent Non-Executive Director of the Company on 5 October 2010. He was subsequently redesignated as the Chairman of the Board on 26 November 2019. He is also a member of the Audit Committee, Nomination Committee, Remuneration Committee, Option Committee and Evaluation Committee of the Company.

He obtained his degree in Bachelor of Arts with Second Class Honours (First Division), having completed a course in Accountancy from City of London Polytechnic, UK (now known as London Metropolitan University). He is also a graduate of the Wharton Advance Management Program from the Wharton School of the University of Pennsylvania, US. In 1981, he started his career in Baker Rooke, a firm of chartered accountants in London where he gained wide experience and exposure in the areas of auditing, accountancy and management consultancy work. In 1983, he joined Aseambankers Malaysia Berhad (now known as Maybank Investment Bank Berhad). He is a seasoned investment banker with more than thirty (30) years of dedicated corporate finance and investment banking experience. He was the Executive Vice President cum Head of Corporate Finance Division in Aseambankers Malaysia Berhad. He was an Honorary Advisor to the Master Builders Association Malaysia from July 2008 to June 2010. In 2004, he started WYNCORP Advisory Sdn Bhd, a private company licensed to provide corporate finance advisory services. He is currently the Managing Director of WYNCORP Advisory Sdn Bhd.

His directorships in other public companies include Hap Seng Consolidated Berhad, Focus Lumber Berhad, Sentoria Group Berhad, Pertama Digital Berhad and Export-Import Bank of Malaysia Berhad. He does not hold any securities in the Company. He has no family relationship with any of the Directors and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past ten (10) years. He attended all four (4) board meetings held during the financial year ended 31 December 2021.

**Dato' Leaw Seng Hai**, was appointed to the Board as a Director of the Company on 12 July 2005. He was redesignated as Group Managing Director on 5 October 2010 and was further redesignated as Group Managing Director/Chief Executive Officer on 11 February 2015. He is a member of the Evaluation Committee. He obtained a Bachelor of Science (Engineering) with Second Class Honours (Upper Division) from University College of London, United Kingdom in 1985. Upon graduation, he joined the family's civil engineering business as a Site Engineer tasked with overall site management. He was promoted to the position of Project Manager in 1992 and assumed the position of Managing Director in 1994.

Dato' Leaw has accumulated extensive expertise in marine construction and business management over these past thirty (30) years. He has been the driving force behind the Group's remarkable growth and remains the chief architect in conceptualising, formalising and implementing the Group's strategies. He maintains a hands-on approach and is actively involved in overall contract implementation, execution and management of all projects undertaken by the Group to ensure that the Group remains consistently reliable, cost-effective and efficient. His in-depth knowledge of marine construction has been the key factor in the Group's success in securing major marine construction contracts.

He is not a director of any other public company. He is a Director of Oceancove Sdn Bhd, a direct major shareholder of the Company. He has direct interest in the securities of the Company and is an indirect major shareholder of the Company. He is the father of Leaw Ai Lin, a Non-Independent Non-Executive Director of the Company. Save as disclosed above, he has no family relationship with any other director and/or direct major shareholder of the Company. He has no conflict of interest with the Company except for certain recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Group. He has been publicly reprimanded on 11 August 2015 by Bursa Malaysia Securities Berhad ("Bursa Securities") with a fine of RM50,000 for breach of Paragraph 16.13(b) of the Main Market of Listing Requirements of Bursa Securities. He attended all four (4) board meetings held during the financial year ended 31 December 2021.

## Profile of Directors (continued)



### KOO HOONG KWAN

*Senior Independent  
Non-Executive Director*

Aged 77  
Male  
Malaysian

### ENCIK FAZRIN AZWAR BIN MD. NOR

*Independent  
Non-Executive Director*

Aged 56  
Male  
Malaysian

**Koo Hoong Kwan**, was appointed as an Independent Non-Executive Director on 5 October 2010. Subsequently, he was appointed as Senior Independent Non-Executive Director on 26 February 2013. He is also the Chairman of the Audit Committee, Nomination Committee, Remuneration Committee and Evaluation Committee of the Company.

He obtained a degree in Bachelor of Economics in Statistics (Second Class Honours) from the University of Malaya in 1969. He is a Fellow Member of The Chartered Institute of Management Accountants of United Kingdom and is also a member of the Malaysian Institute of Accountants (MIA). Additionally, he is a Certified Financial Planner and a Certified Quality Trainer. He commenced his career as a Statistician in the Department of Statistics in 1969. In 1979, he worked as an audit senior in Miller, Brener & Co, a London firm of Chartered Accountants and gained audit experience in a wide range of industries. During the period from 1983 to 1987 he extended his auditing experience with McLaren & Stewart, a firm of Chartered Accountants in Perth when he relocated to Australia. He subsequently joined Hughes Group (Australia) Ltd, a group of diversified companies as a Finance Manager. In 1989, he joined W. James & Associates, a firm of financial and business consultants as a freelance consultant advising on corporate debt restructuring strategies. Upon his return to Malaysia in 1992, he worked as a Financial Controller in Pesaka Jardine Shipping Agencies Sdn Bhd, an international shipping agency. Between 1998 and 2000, he worked for Pancaran Ikrab Berhad as the Group Financial Controller and later joined Mercury Industries Berhad in a similar capacity. He is currently a freelance consultant providing wide-ranging business and financial advisory services.

His directorships in other public company include Mercury Industries Berhad. He does not hold any securities in the Company. He has no family relationship with any of the Directors and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past ten (10) years. He attended all four (4) board meetings held during the financial year ended 31 December 2021.

**Fazrin Azwar bin Md. Nor**, was appointed as an Independent Non-Executive Director of the Company on 27 February 2019. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company. He graduated from the University of Malaya with a Bachelor of Law (LLB) Honours Degree in 1990. He is an Advocate and Solicitor and a member of the Malaysian BAR. He is currently the Managing Partner of Messrs Azwar & Associates. He is also a chartered member of The Malaysian Institute of Directors and The Institute of Internal Auditors Malaysia

His directorships in other public companies include Mercury Industries Berhad, Poh Kong Holdings Berhad, Tong Herr Resources Berhad and Dynafront Holdings Berhad. He does not hold any securities in the Company. He has no family relationship with any of the Directors and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past ten (10) years. He attended all four (4) board meetings held during the financial year ended 31 December 2021.

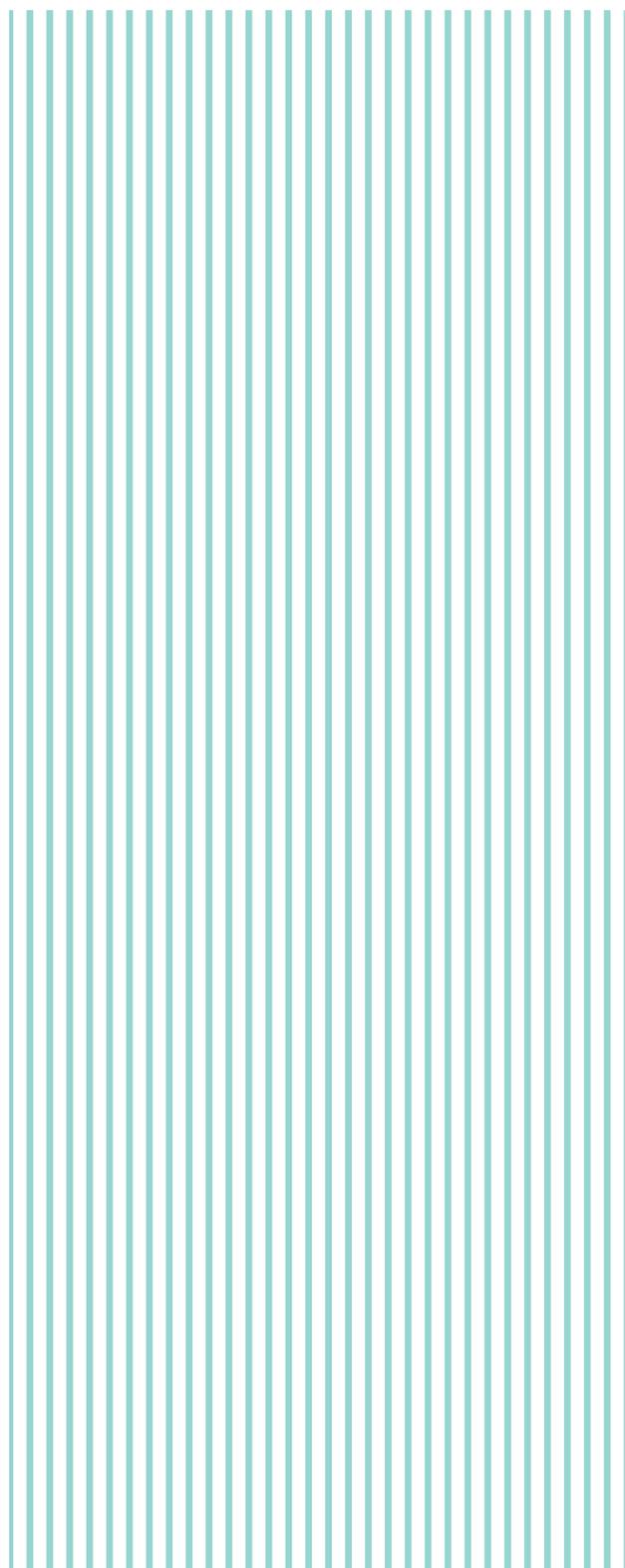
## Profile of Directors (continued)



**Leaw Ai Lin**, was appointed as a Non-Independent Non-Executive Director of the Company on 16 October 2020. She holds a Bachelor of Science in Accounting and Finance with First Class Honours from the London School of Economics and Political Science (LSE), United Kingdom. She later attended Harvard University's Undergraduate Summer School in Boston, Massachusetts, United States of America, where she completed an undergraduate programme in Corporate Strategy.

She began her career in investment banking as a client coverage banker with Hong Leong Investment Bank ("HLIB") where she participated in structuring and executing M&A transactions in industries such as real estate, property development and oil & gas. During her time at HLIB, she assisted in pitching for and the execution of various corporate exercises involving IPOs, RTOs, equity as well as debt issuances. She later joined the Company as Senior Manager to head the Corporate Strategy and Business Development departments. Following her appointment as Executive Director in 2017, her role consisted of planning and establishing the Company's long-term strategic goals identifying and assessing new synergistic business areas aligned with the Company's core competencies, as well as executing these strategies with the aim of adding value and improving the Company's competitive position. She was then redesignated to her current position in 2020.

She has no directorships in other public companies. She is the daughter of Dato' Leaw Seng Hai, a Director and substantial shareholder of the Company. Save as disclosed, she does not have any family relationship with any other Directors and/or major shareholders of the Company, nor any conflict of interest with the Company. She has not been convicted of any offences within the past ten (10) years. She attended all four (4) board meetings held during the financial year ended 31 December 2021.



## PROFILE OF KEY MANAGEMENT

### CHIN WEI EE

*Chief Financial Officer*

Age 38

Female

Malaysian

**Chin Wei Ee**, graduated with a Bachelor of Accounting (Hons.) from Multimedia University in 2009. She is also a member of CPA Australia and Malaysia Institute of Accountants (MIA).

Upon obtaining her degree, she started her career as a Internal Auditor in Tien Wah Press Holdings Berhad and thereafter proceeded to join the finance department of GPA Holdings Berhad. She joined the Company in 2013 as a Group Accountant and was promoted as Financial Controller in 2016. She was promoted to her current position in 2019 and currently oversees the financial management of the Group.

She is not a director of any public company. She has no family relationship with any of the Directors and/or major shareholder of the Company and has no conflict of interest with the Company. She has not been convicted of any offences within the past five (5) years.

### KOID HENG HUA

*Project Director*

Age 57

Male

Malaysian

**Koid Heng Hua**, completed his Sijil Pelajaran Malaysia Vokasional. He joined the Company in 1995 as a Project Supervisor and has since accumulated more than twenty-five (25) years experience in civil and marine construction works. His role includes managing the Company's civil and marine construction projects which includes dredging, reclamation, rock revetment works, marine structures and jetties, breakwater construction, pre-bore and marine piling works. With his vast on-site management experience, he was promoted as Senior Project Manager in 2014. He is now the Project Director and is assigned with the responsibility of overseeing key areas in project planning, project implementation, monitoring and management of site activities.

He is not a director of any public company. He has no family relationship with any of the Directors and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years.

### NORAZIRA SAIDUN

*Head of Contracts & Operations*

Aged 42

Female

Malaysian

**Norazira Binti Saidun**, graduated with a Diploma in Building in 2001 and a Bachelor Science of Building Surveying with Honours in 2003 from the MARA University of Technology. Upon graduation, she joined our Group as a Quantity Surveyor and has accumulated direct relevant knowledge and exposure to different civil, marine and building engineering works. In the course of her years with our Group she has also been extensively exposed to both pre and post contract works, having taken lead roles in managing the tendering processes and overseen many projects from inception to completion. She is now Head of Contracts cum Operations, primarily responsible for managing the overall pre and post contract administration of the Group.

She is not a director of any public company. She has no family relationship with any of the Directors and/or major shareholder of the Company and has no conflict of interest with the Company. She has not been convicted of any offences within the past five (5) years.

## Profile of Key Management (continued)

### TAN GUAN CHONG

*Acting General Manager,  
Projects & Operations*  
Aged 32  
Male  
Malaysian

**Tan Guan Chong**, graduated with a Bachelor (Hons) of Mass Communication from SEGi University. He started his career with Sunway IFM in 2011 as Public Relations Officer and joined the Group as Supervisor in 2015. He was promoted as Project Manager in March 2017 and was assigned with the responsibility of monitoring site activities for Johor projects. With hands-on operational experience at the project sites of the Group, he was redesignated to his current position in 2019 and currently responsible for the operational planning and project implementation from a managerial position, while continuously handles the management of site operations for the projects of the Group based in Melaka and Johor.

He is not a director of any public company. He is the nephew of Dato' Leaw Seng Hai, a Director and substantial shareholder of the Company, and the cousin of Leaw Ai Lin, a Director of the Company. Save as disclosed, he does not have any family relationship with any other Directors and/or major shareholders of the Company, nor any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years.

### NORMALAWATI NADZRI

*Senior Manager,  
Operations & Human Resources  
and Administration*  
Aged 47  
Female  
Malaysian

**Normalawati**, graduated with Executive Masters in Management from Asia E University in 2013. She has vast experience and knowledge in Human Resource Management in various industries namely Property Developer, Construction and MNC Manufacturing. She was with Puncak Niaga Group (2001 – 2006), SP Setia Group (2007-2008) and DRB Hicom Group (2009 – 2014).

Normalawati joined the Group in 2015 and is responsible to oversee the Human Resource and Admin portfolio. She was redesignated to her current position in 2019.

She is not a director of any public company. She has no family relationship with any of the Directors and/or major shareholder of the Company and has no conflict of interest with the Company. She has not been convicted of any offences within the past five (5) years.

### SALEHUDIN BIN OMAR

*Marine Administration Manager*  
Aged 51  
Male  
Malaysian

**Salehudin**, completed his Sijil Tinggi Pelajaran Malaysia ("STPM") pre-university education. He started his career with Equator Engineering Sdn Bhd from 1993 to 2010. In August 2010, he joined the Group as Human Resource & Admin Assistant. Progressively, he expanded his role into marine administration and was promoted to his current position in 2019, overseeing all aspects of marine administration activities.

He is not a director of any public company. He has no family relationship with any of the Directors and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years.

# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

The principal activity of Benalec Holdings Berhad ("Benalec" or "the Group") is in marine construction works, comprising land reclamation, dredging, shore protection, soil consolidation, beach nourishment, breakwater construction and jetty construction. The Group owns and operates its own fleet of vessels which is utilised for its own operations to ensure that the Group is in full control of the entire value chain of its reclamation works.

Benalec's business model is unique, in that it seeks to secure and hold land reclamation concessions in its own capacity; undertake and fund reclamation works using internally generated funds as far as possible; and operate as the master developer for its own reclaimed land bank. In adopting this strategic business model, Benalec sets itself apart from other land reclamation contractors who are primarily or solely engaged in reclamation activities for or on behalf of other third parties.

By acting as the master developer, project owner and contractor of its own projects, Benalec is able to create and realise more value to further enhance returns on invested capital.

Benalec has a proven, consistent and solid track record, having secured an aggregate concession size in excess of 8,000 acres across the Klang Valley, Melaka and Johor. Since year 2001, the Group has successfully reclaimed land spanning more than 2,500 acres.

The Group is currently embarking on its next phase of growth via two (2) flagship projects in south Johor, namely Tanjung Piai Maritime Industrial Park ("TPMIP") and Pengerang Maritime Industrial Park ("PMIP"). Leveraging on its execution capabilities and proven track record as a successful master developer of its Melaka concessions, Benalec plans to replicate its role as a master developer for both TPMIP and PMIP.

TPMIP is a man-made island with sea fronting industrial land spanning 3,485 acres, located within the vicinity of Port of Tanjung Pelepas and strategically situated along one of the busiest shipping routes in the world, the Melaka and Singapore Straits, a mere 8km away from the Johor-Tuas second link bridge and 17km away from Jurong Island in Singapore, the main oil distribution and trading hub of Southeast Asia.



PMIP, a sea-fronting tract of industrial land spanning 1,672.8 acres, sited a mere 5-6 km from the RAPID project by Petronas and Saudi Aramco within the Pengerang Integrated Petroleum Complex ("PIPC"). Located strategically on the southeast tip of Johor, it will be the only remaining sea-fronting industrial land available for third party investment within the vicinity upon completion of reclamation.

Both TPMIP and PMIP will be developed into oil and gas industrial parks in line with the Malaysian Government's and the State of Johor's common objective of transforming Johor into a sustainable, world-class downstream oil and gas hub. Strategically located and nestled among various other catalytic development projects, TPMIP and PMIP will be the key driver of Benalec's planned growth over the next several years.

## Management Discussion and Analysis (continued)

### FINANCIAL RESULTS AND REVIEW OF OPERATING ACTIVITIES

The COVID-19 pandemic has caused unprecedented and unparalleled disruption to many aspects of the economy. We have seen significant changes in the overall pattern of production, consumption and trade, as well as contractions on income, spending and employment of the country. Benalec, like most other companies within the construction and property development sector, is adjusting the pace of its operations to ride out the existing uncertainties and slowdown within its operating segment.

#### Revenue

The Group recorded revenue of RM69.9 million for FY 2021, compared to RM161.1 million for FY 2020.

The Group has three (3) operating segments that are managed separately according to their attributes and operational characteristics. The reportable segments are as follows:-

- (a) Marine construction activities;
- (b) Vessel chartering and marine transportation; and
- (c) Other operating segment comprising investment holding.

The respective segmental contribution to the Group's revenue is as detailed below:-

#### (a) Marine Construction segment

##### (i) Disposal of land held for sale

In FY 2021, the Group recorded a revenue of RM0.1 million from the disposal of land held for sale, as compared to RM58.2 million in FY 2020. Given the slowdown in many of industries as a consequence of the COVID-19 pandemic, the Group also experienced a knock-off effect in terms of the demand for its reclaimed land during this uncertain time.

Benalec's business model is unique in that land reclamation works performed by the Group are compensated either by way of cash or land portion, or a combination of both. Land portion, which is received as in-kind settlement for certain reclamation contracts, is available for immediate sale and cash repayment is typically realised through a land disposal transaction. In accordance with accounting standards adopted by the Group, the revenue and cost of sale for these land sale transactions can only be recognised in the income statement upon completion of the SPA for each land sale.

The Group's ability to monetise its reclaimed land is highly dependent on the prevailing economic conditions as well as political climate. Potential land buyers are understandably cautious in terms of committing to new investments, especially if the prevailing economic and political climate is unstable or uncertain. In the current prolonged economic downturn, exacerbated by the current health crisis caused by COVID-19 pandemic, potential buyers and investors are facing increased difficulty in securing funding and this has undoubtedly led to a delay in their investments or expansion plans. Property development companies involved in "landbanking" activities have also adopted a conservative approach amidst a slow property market which makes it less viable for them to launch new development projects.

At the end of FY 2021, the Group has existing landbank of 88.37 acres which have been fully reclaimed and issued with land titles available for sale in Melaka in its inventory. The Group expects the demand for its land bank in Melaka to remain resilient despite the recent economic downturn due to the sustained and rapid developments taking place in Melaka. This is further supported by the Melaka Waterfront Economic Zone (M-WEZ) initiated by Melaka State Government, of which it envisaged to be an economic enabler for Melaka due to its proposed integrated development of a 25,000-acre reclaimed land along 33km of the coast of Melaka.



## Management Discussion and Analysis (continued)

### FINANCIAL RESULTS AND REVIEW OF OPERATING ACTIVITIES (continued)

#### Revenue (continued)

The respective segmental contribution to the Group's revenue is as detailed below:- (continued)

#### (a) Marine Construction segment (continued)

##### (ii) Land reclamation services

Revenue derived from land reclamation services was recorded at RM28.1 million for FY 2021, compared to RM28.4 million in FY 2020. Revenue from land reclamation services was predominantly generated from reclamation contracts undertaken by the Group for third parties in Malaysia.

The outstanding order book of the Group for all land reclamation contracts in Melaka and Pulau Indah as at FY 2021 stands at RM82.9 million and the Group is confident that this segment of revenue will contribute significantly to its improved financial performance in the coming financial years.

In addition to the land reclamation revenue recognition in Melaka and Pulau Indah, the Group has undertaken land reclamation works at TPMIP and PMIP. As of FY 2021, approximately RM425.9 million of development expenditure has been capitalised as land reclamation work-in-progress for both these projects. The Development Agreements which grant the exclusive right to subsidiaries of the Group to undertake the reclamation and development of TPMIP and PMIP were entered into by Spektrum Kukuh Sdn Bhd and Spektrum Budi Sdn Bhd respectively (both are 70%-owned subsidiaries of Benalec) with the State Government of Johor Darul Ta'zim and the State Secretary, Johor (Incorporated) ("SSI"). According to accounting standards adopted by the Group, no revenue or profit can be recognised throughout the reclamation and development process and can only be recognised upon successful disposal and/or leasing of the land at TPMIP and PMIP to third parties.

With vast tracts of land to be reclaimed at its two current flagship projects, namely TPMIP and PMIP, the Group's venture into Johor provides a springboard for achieving business sustainability and positive growth prospects over the longer term. Despite the prevailing risks significantly affecting a myriad of dynamics in the business environment, government responses in curbing the COVID-19 pandemic, oil price volatility due to the Russian-Ukraine war, global inflationary pressure mainly caused by supply chain disruptions and tightening of the labour market, as well as the political instability in Malaysia - Malaysia economy is expected to register a positive growth across all sectors as economic activity normalises following the easing of containment measures under the National Recovery Plan (NRP).

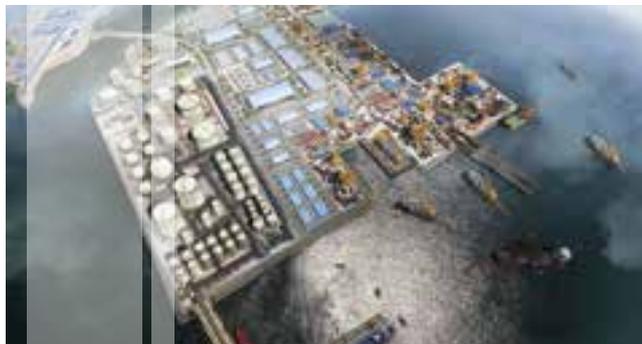
#### (b) Vessel Chartering and Marine Transportation Segment

The Group's vessel chartering operations and marine transportation recorded a revenue of RM41.7 million, making it the main contributor to the Group's revenue in FY 2021 at 59.7% of the total revenue, as compared to RM74.5 million or 46.3% of the total revenue in FY 2020. This is mainly arising from the contract of affreightment for shipments of coal for TNB Fuel Services Sdn. Bhd. signed in year 2019 and ended in year 2021. The Group has, on an ongoing basis, been providing vessel chartering services, as well as contracts for freight arrangement to a diversified clientele base.



## Management Discussion and Analysis (continued)

### FINANCIAL RESULTS AND REVIEW OF OPERATING ACTIVITIES (continued)



#### Loss Before Taxation

The Group recorded a loss before tax of RM33.2 million in the current FY 2021, a reduction of loss of approximately 54.9% as compared to a loss before taxation of RM73.8 million in the prior financial year. The Group recognised a gross profit of RM4.0 million in the current financial year, compared to a gross loss of RM11.5 million in the prior financial year. This was mainly due to the loss arising from the disposal of land transactions in prior year, of which were deemed necessary by the Board of Directors in sustaining the operations of the Group amidst the depressed and uncertain market condition caused by the COVID-19 pandemic.

Such loss was further reduced by the one-off non-cash expenses recognised in prior year, primarily the recognition of finance cost of RM19.3 million in prior financial year due to the unwinding of discount in relation to the redemption of Redeemable Convertible Secured Bonds in FY 2020.

#### Assets, Liabilities and Liquidity

Trade and other receivables decreased by 55.5% as compared to the preceding year, recorded at RM21.6 million in FY 2021 and RM48.4 million in FY 2020. Similarly, the trade and other payables had also decreased by 43.5% in FY2021, recorded at RM38.6 million in FY 2021 and RM68.4 million in FY 2020. The decrease is in line with the reduction of revenue and cost of sales in the current financial year under review.

As at 31 December 2021, the Group had cash and bank balances of RM25.5 million, including deposits pledged as security for the Group's banking facilities. The cash and cash equivalent of the Group has registered an increase of 38.1% in FY 2021 as compared to FY 2020. Please refer to the Statement of Cash Flows under the Financial Performance section of this report for detail breakdown.

### ANTICIPATED OR KNOWN RISKS

Our Group operates in the marine construction business and its primary activity involves reclaiming and selling large tracts of commercial and industrial land, operations which are both capital intensive and necessitate long gestation periods. Our business operations and financial condition have been and will continue to be affected by internal and external factors predominantly affecting the marine construction and property/real estate industry, including (but not limited to) the following:-

#### (a) Demand and supply conditions

The demand for marine construction projects and reclaimed sea-fronting land is generally dependent on the demand from the Group's key target markets, such as local and foreign companies as well as government authorities involved in:-

- Mixed residential and commercial developments;
- Light, medium and/or heavy industrial developments;
- Oil and gas industries;
- Tourism and leisure developments;
- Maritime and logistics industries;
- Civil and agricultural industries; and
- Socio-economic and environment protection initiatives.

In general, an increase in investments and/or activities within these sectors would translate into an increased demand for sea-fronting land which the Group reclaims, with a positive knock-on effect accruing to our marine construction services as well.

The investment appetite of both local and foreign investors is also typically affected by the political landscape, both local and international, prevailing economic conditions, as well as ease of securing funding from the capital market.

Given the slowdown in many of these industries as a consequence to the COVID-19 pandemic, the Group also experienced a knock-on effect in terms of the demand for its reclaimed sea-fronting land during this uncertain time. The Group continue to believe in the resiliency of our business model as a whole, as well as the underlying value of the reclaimed land bank of the Group, and is positive that all economic activity is normalising following the easing of containment measures under the National Recovery Plan (NRP).

## Management Discussion and Analysis (continued)



### ANTICIPATED OR KNOWN RISKS (continued)

#### (b) Dependence of economic, regulatory and political consideration

The Group's ability to monetise its reclaimed sea-fronting land is highly dependent on the local political climate as well as the prevailing economic conditions. General market sentiments would turn cautious and conservative with the investment fraternity, especially in major investments of new projects and/or real estate if the prevailing economy and political climate is unstable or uncertain.

Another restrictive dynamic is that marine construction companies are governed by national, regional and international regulations and policies. Failure to obtain the necessary approvals may result in inability to undertake such projects while non-compliance may result in stop-work orders, penalties or detention of vessels.

The Group undertakes detailed planning and assessment prior to commencing any given project, formulating as well as adhering to a comprehensive project quality plan throughout the course of project execution. However, from time to time the relevant Authorities may make changes to applicable regulations affecting the Group's operations, thereby obliging the Group to modify its facilities or incur expenses that could have an adverse impact on the Group's operating results.

#### (c) Market prices of reclaimed land upon disposal of our land portion

Under our revenue model, payment for our land reclamation projects is settled by way of cash and/or land portion. In this respect, market prices of the land portion upon disposal is not within the Group's control and is a result of a number of different factors such as the macroeconomic environment and sentiments of the property market in general, as well as factors limited to the locality of the projects including surrounding upcoming developments and local government regulations.

However, to mitigate this, prior to undertaking a project which the Group will be compensated by way of land portion, comprehensive due diligence is carried out on the land and surrounding vicinity whereby the potential value of the land portion, as well as the demand-supply condition of land in such vicinity, are given due and critical consideration. We also assess the possible infrastructure enhancements on the said lands which could potentially increase their market value.



## Management Discussion and Analysis (continued)

### ANTICIPATED OR KNOWN RISKS (continued)

#### (d) Supply of diesel, sand and rocks

Diesel, sand and rocks constitute major components used in our marine construction activities. Hence, any shortage in the supply of diesel, sand or rocks may affect the operations of the Group. To mitigate this, the Group sources diesel, a key component, from number of suppliers to minimize over-dependency on any single supplier. In addition, any fluctuation in the prices of diesel, sand or rocks will directly affect the profit margin of the Group. We endeavor to mitigate this uncertainty and fluctuations in the price of sand by entering into agreements with sand concessionaires to extract sand at specified pricing for a defined time period.



#### (e) Delay in completion of marine construction contracts and cost overruns

Marine construction companies are vulnerable to operational risks such as breakdowns of equipment and machinery, volatile weather conditions, and accidents involving operation facilities and personnel during work execution. The Group strives to complete its projects within the stipulated timeframes by adopting the following measures:-

- (i) Our vessels and equipment are well maintained by our own in-house repair and maintenance team and are managed under a programmed maintenance schedule to prevent breakdown and minimize downtime. Personnel operating the Group's vessels and equipment are professionally trained in proper handling of its vessels and equipment, safety requirements and emergency procedures;
- (ii) The Group ensures that it has the necessary back-up resources to cope with unexpected breakdowns at any one time, such as storage of adequate spare parts and back-up equipment; and
- (iii) The Group mitigates the effects of adverse weather conditions through systematic project planning such as taking cognizance of weather forecasts from the Malaysian Meteorological Department and the use of tide tables published by the National Hydrographic Centre to estimate the occurrences of high and low tides.

#### (f) Recognition of Barges, Dredgers and Land Machineries

Vessels, land machineries and equipment are essential operational assets for a marine construction company. Unlike many other marine construction contractors, Benalec owns and operates its own fleet of vessels, as well as land machineries such as excavators, wheel loaders, cranes and dump trucks to support its marine construction projects.

The recognition and recoverability amount of the vessels is dependent on domestic and regional shipping and fleet demand. During the current FY 2021, the Group has performed full assessment on those vessels based on fair value less disposal cost (as estimated by an independent valuer). Due to the current market environment of the domestic and regional industry, there has been a softening in demand for vessels owned by the Group which in turn negatively affects the valuation of barges and dredgers.

However, by owning and operating a fleet of specialised vessels, land machineries and equipment essential for a wide range of marine construction projects, the Group is able to undertake sizeable marine construction jobs of a diverse range (sand delivery, dredging, coastal protection, land levelling etc) in a time-efficient manner and reducing the dependency of chartering or renting of vessels and machineries from third parties. As a result, the Group is able to capitalise on many different business opportunities, thereby ensuring optimum utilisation of its fleet of vessels and equipment.

## Management Discussion and Analysis (continued)

### FORWARD-LOOKING STATEMENTS

#### Melaka - Cheng Ho City

Demand for the Group's prime sea-fronting reclaimed land bank in Cheng Ho City, Melaka, which is only 7 kilometers away and a mere 12-minute drive to the west of Melaka City Center, continues to be robust due to the sustained and rapid developments taking place in Melaka over the past few years. This is underscored by the Group's ability to monetise more than 957.1 acres of land in Melaka to-date, amounting to more than RM1.3 billion in land sales being achieved.



Designated as a UNESCO-listed World Heritage site, Melaka is one of the popular tourist destinations for both inbound and domestic tourism. Melaka, strategically located along an important sea route which has been described as 'The 21<sup>st</sup> Century Maritime Silk Road' is primed to become China's gateway to Southeast Asia. Prior to the COVID-19 pandemic starting from end 2019/early 2020, which has negatively affected the tourism industry in Melaka, the tourist from China have been growing steadily year-on-year from 255,000 in 2010 to almost 1.7 million visitors in 2018 and domestic tourism in Melaka has also increased from 2.38 million visitors in 2010 to 13.9 million in 2019. Nevertheless, many countries have begun the inoculation drive against COVID-19, seeking to push back the pandemic that has so far claimed many lives. When more people are vaccinated to reduce severe infection or when the country is able to reach an ideal herd immunity level, causing travel restrictions to be eased, country borders to be reopened for international tourism, we are confident that visitors are set to throng this historic city once again. The domestic tourism Melaka has also shown signs of recovery since the interstate travel ban has been uplifted and economy sectors have begun to normalise once again.

Aside from the tourist-centric and purpose-built tourist-themed developments such as Impression City Melaka, Melaka has seen launches of new developments in recent years despite the general slowdown of the property market in Malaysia. Launches such as the Yaxin Sheraton City, The Sail Melaka and Hasbro-themed water park are expected to engender renewed interest in Melaka and cater to a wider mix of tourist arrivals to Melaka. The recent proposed tourism-based development of Melaka Waterfront Economic Zone (M-Wez) by the State Government of Melaka over 25,000-acres of reclaimed land along Melaka's coast, it is envisaged that the project will incorporate new integrated feature such as international tourism centres, lifestyle based commercial centre, smart city, industrial revolution 4.0, marina logistics centre, modern lifestyle amenities and others. Such project is expected to reinvigorate the tourism industry, as well as boost the economic development plan for Melaka.

With Melaka sustaining its resilient growth trajectory, both in terms of economic development and international prominence, the value of the Group's substantial land bank in the State is bound to be significantly enhanced and the Group is set to continue to benefit from its substantial land bank and projects in Melaka moving forward.



## Management Discussion and Analysis (continued)



### FORWARD-LOOKING STATEMENTS (continued)

#### Pulau Indah

The Group's Pulau Indah land development continues to attract strong interest and demand from various small to medium sized, as well as large scale logistics companies, which are interested in building facilities in the Pulau Indah area. The Group's development provides excellent connectivity with Westport being literally located next door and Kuala Lumpur International Airport only 45 minutes away.

Spillover effects from surrounding developments within the area will further enhance the value of the Group's land bank in Pulau Indah. Central Spectrum Sdn Bhd's Selangor Bio-Bay, a mixed development comprising industrial, commercial and residential developments focused on promoting biotech and life-science sectors, is located immediately adjacent to the Group's land bank. Moreover, large scale projects which have been announced in the past include IKEA's RM900 million regional distribution and supply chain centre at Central Spectrum's Pulau Indah Industrial Park ("PIIP") development which is located directly opposite the Group's landbank and Westports Holdings Bhd's RM10 billion port expansion over a period of 25 years comprising expansion of its Container Terminal 10 (CT10) to 17 (CT17) via a 146.4-hectare of leasehold land acquisition. These eight additional berths will support and strengthen Port Klang's role as the pre-eminent port for the nation's gateway trade, which is mainly operated by Westport's current container terminal facilities comprising CT1 to CT9 already operating with a capacity of 14 mil TEUs. The new expansion is expected to double its container handling. Westports is located only 8km from the Group's landbank in Pulau Indah. In addition, the estimated RM3.3 billion 1,200MW Combined-Cycle Gas Turbine Power Plant in Pulau Indah is expected to spur further economic growth in the region. Scheduled to commence operation by January 2024, the power plant is expected to improve baseload supply for the region and help attract new industrial development investments and stimulate the economic activity within the region.

The Group aims to provide an alternative land development product offering within the area by differentiating its development within the Pulau Indah area. Benalec's development offers larger plots of land with access to the river front and at a significantly more competitive and attractive price point. This offers potential offtakers of the Group's Pulau Indah industrial land development a choice of large tracts of land at a much more accessible price point into the booming and ideally located Pulau Indah area.

Benalec's strategy in selling larger plots of land with basic infrastructure not only allows it to differentiate its offering from other surrounding developments, it further allows the Group to lower its holding costs by not having to incur additional costs and capex for infrastructure. Purchasing large tracts of land provides potential buyers of the Group's Pulau Indah industrial land development with a large blank canvas to design and build large-scale facilities to fit specific and tailored requirements. Due to scarcity of land, land developments within the Pulau Indah area offers limited land for future expansion and hence, a large scale landbank such as ours would provide prospective purchasers with the security and assurance of landbank availability within its own integrated complex or area for future developments and/or expansion plans.

Based on the Group's strategy targeting different market segments and clientele compared to other existing surrounding developments, the Group is confident that it has a unique competitive advantage and will be able to successfully monetise its land bank in Pulau Indah in the near future.

## Management Discussion and Analysis (continued)

### FORWARD-LOOKING STATEMENTS (continued)

#### Johor - Tanjung Piai Maritime Industrial Park (“TPMIP”)

Reclamation works at the Group’s TPMIP project have commenced since the Detailed Environmental Impact Assessment (“DEIA”) approval was obtained. To-date, around 163 acres of land have been reclaimed for immediate expansion should the requirement arises.

The Group is pleased to be in collaboration and discussions with several parties to explore TPMIP’s suitability as the project site for different projects ranging from power plants, storage terminals, aromatic plants, refineries and steel mills. The fundamental of the oil and gas sector are turning positive with the higher price, timeline of vaccine rollouts and strong economic recovery from China, the United States and Europe. However, the pace of recovery remained highly uncertain in Malaysia due to the emergence of new variants of COVID-19, which has triggered another round of restrictions in the second half of 2021. Nonetheless, the Group is optimistic that with wider easing of restriction in 2022, the land enquiry volume of TPMIP will slowly return to the pre-pandemic level, which will convert into more opportunities and potential collaboration.

Despite the very challenging global economic situation with volatile oil prices caused by the Russian-Ukraine war, differing government responses in curbing the COVID-19 pandemic, global inflationary pressure mainly caused by supply chain disruptions and tightening of the labour market, opportunities remain positive in the region. The sales of marine fuels in Singapore in 2021 increased by 0.3% to 49.99 million MT, according to data from the Singapore Maritime and Port Authority (MPA). We are confident that TPMIP’s unique characteristics will increase its competitive advantage to capture opportunities that will arise imminently, including its strategic location at the confluence of the Melaka Straits, Singapore Straits and Johor Straits, making it well placed to capture value-added activities from one of the busiest shipping lanes in the world. TPMIP is located at the doorstep of other major ports in Southeast Asia such as Jurong Port and Port of Tanjung Pelepas. Coupled with its natural deep water of up to 30 meters and the availability of vast tracts of land for future expansion, TPMIP represents an extremely viable and attractive storage and logistical alternative to the land and draft-restricted Singapore.

#### Johor - Pengerang Maritime Industrial Park (“PMIP”)

The management is bullish on PMIP’s potential due to its close proximity to the RAPID project by Petronas which is slated to restart its refinery joint-venture with state-controlled Saudi Aramco by Q1 2022.

While pending for the RAPID refinery to be commercially operational, we have started seeing additional interests for the Group’s industrial land development at PMIP. The Group firmly believes that PMIP is extremely well placed to capture the spillover demand that is expected to be generated by such a catalytic development geared towards driving the local oil and gas market.

PMIP, being only 5 km away from RAPID, offers an excellent location for the development of downstream support activities which are intended to serve or complement RAPID. Upon completion, PMIP will be the only remaining sea-fronting piece of land affording access to water draft of up to 24m available for third party investments within the PIPC.

The RAPID project, worth US\$27 billion, is the largest downstream investment ever committed by Petronas in Malaysia to-date and represents a great push factor that will render significant benefits to Johor and Malaysia as a whole. Firstly, it would enhance the country’s energy security and storage facilities for crude oil, natural gas and refined oil and petrochemical products. Secondly, it is also expected to enhance Malaysia’s status in the downstream sector as the country becomes a net exporter of refined petroleum products. Lastly, the success of this phase one (RAPID) stands to attract much more foreign direct investments into the country for the subsequent phases of PIPC up to its 5<sup>th</sup> phase, potentially turning PIPC into a global petrochemical cluster.

The Group was also pleased to announce that it had on 13 December 2021, via its wholly-owned subsidiary, Pengerang Maritime Industries Sdn. Bhd., signed a Memorandum of Understanding with Shanxi Construction Investment Group Co. Ltd., Malaysian Palm Oil Board and Institute of Coal Chemistry, Chinese Academy of Sciences, for a proposed development of second generation biodiesel and biojet fuel plant in PMIP. The investment value of the proposed development, which is in line with Johor Sustainable Development Plan 2030, is expected to reach RM3 billion. The Group firmly believes that the proposed development will promote local economic growth, as well as strengthen and add more value to the Malaysian palm oil trade with higher value-added products.

## Management Discussion and Analysis (continued)

### FORWARD-LOOKING STATEMENTS (continued)

#### Johor - Pengerang Maritime Industrial Park ("PMIP") (continued)

PMIP has cleared the requisite DEIA approvals for land reclamation and potential topside developments such as storage warehousing, shipyards and fabrication yards for this project. Hence, the most significant licensing hurdle for potential developers has been removed from the equation, thereby significantly expediting any future topside developments at PMIP. To-date, a stock pile measuring about 45 acres has been positioned at the project site for immediate expansion as soon as the requirement arises.

With the availability of large tracts of vacant land for massive oil & gas developments and its inherent competitive advantages, the Group is confident to secure a commitment at PMIP in the near future, in tandem with the commencement of commercial operations of the RAPID refinery.

Therefore, with these two specific areas of growth identified in Johor, Benalec has clearly aligned itself strategically to be an integral part of the Malaysian government's plans for Johor to become a regional oil and gas hub via its two main flagship projects, namely the TPMIP and PMIP.

With vast tracts of land to be reclaimed at both TPMIP and PMIP, the Group's venture into Johor provides a springboard for achieving business sustainability and is expected to propel the Group to the next level of growth in the long term, enabling the Group to capitalise on the abundant opportunities stemming from downstream activities within the oil and gas sector.

#### Dividend policy

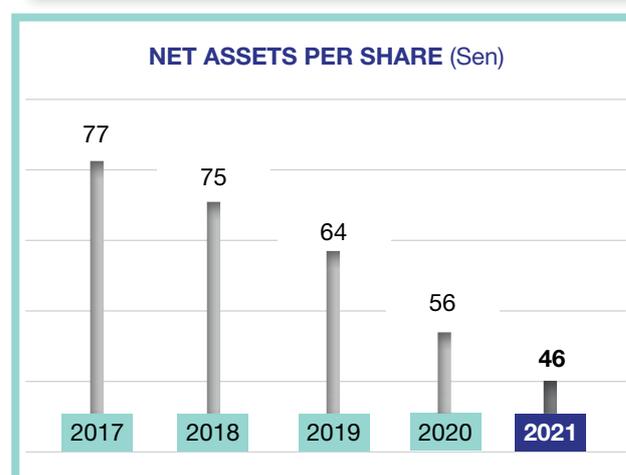
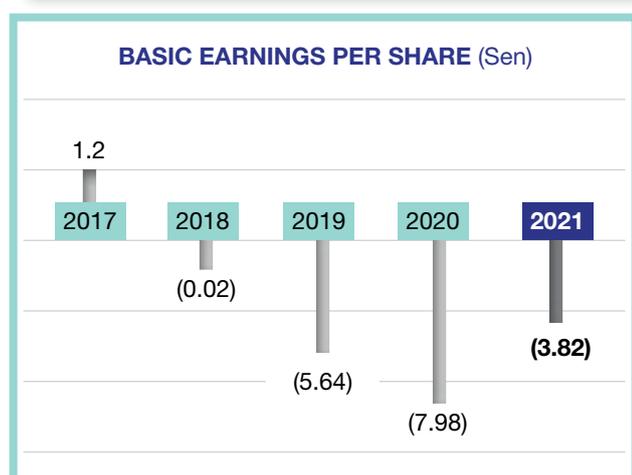
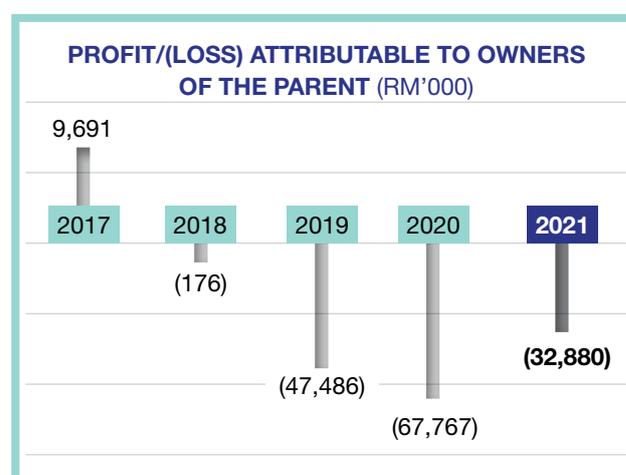
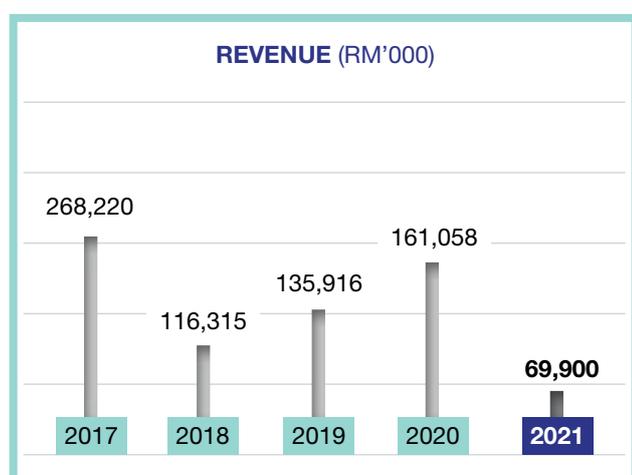
The Company's dividend policy is to pay out from its Profit After Tax (PAT), subject always to:-

- a. Availability and adequate of distributable reserves and cash flow;
- b. Operating cash flow requirements and financing commitments; and
- c. Anticipated future operating conditions, expansion and investment plans.

The Board did not recommend any dividend for the current financial year end. As and when circumstances permit, the Group will consider paying out higher dividends to its shareholders on a more frequent basis.



## GROUP FINANCIAL HIGHLIGHTS



Year ended		2021 <sup>(1)</sup>	2020 <sup>(1)</sup>	2019 <sup>(2)</sup>	2018 <sup>(3)</sup>	2017 <sup>(3)</sup>
Revenue	(RM'000)	69,900	161,058	135,916	116,315	268,220
(Loss)/Profit Before Taxation	(RM'000)	(33,277)	(73,814)	(64,110)	4,404	21,324
(Loss)/Profit After Taxation	(RM'000)	(33,895)	(69,630)	(53,256)	2,382	11,336
(Loss)/Profit Attributable to Owners of the Parent	(RM'000)	(32,880)	(67,767)	(47,486)	(176)	9,691
Paid-up Capital	(RM'000)	391,936	371,489	371,489	365,489	360,489
No. of Shares (units)	('000)	1,031,603 <sup>(4)</sup>	861,803 <sup>(4)</sup>	861,803 <sup>(4)</sup>	831,803 <sup>(4)</sup>	811,803 <sup>(5)</sup>
Equity Attributable to Owners of the Parent	(RM'000)	470,963	483,215	552,116	621,042	625,068
Basic Earnings Per Share	(sen)	(3.82)	(7.98)	(5.64)	(0.02)	1.2
Diluted Earnings Per Share	(sen)	(3.82)	(7.98)	(5.64)	(0.02)	1.2
Net Assets Per Share	(sen)	46	56	64	75	77

**Notes:-**

<sup>(1)</sup> For financial year ended 31 December

<sup>(2)</sup> For the financial period from 1 July 2018 to 31 December 2019

<sup>(3)</sup> For financial year ended 30 June

<sup>(4)</sup> Include 12,715,400 treasury shares repurchased from the open market for a total consideration of RM12,703,204 at average price of RM1.00 per ordinary share.

<sup>(5)</sup> Include 12,705,400 treasury shares repurchased from the open market for a total consideration of RM12,698,955 at average price of RM1.00 per ordinary share.

# SUSTAINABILITY NARRATIVE STATEMENT

## PURPOSE

Sustainability Vision: To focus on sustainability opportunities to ensure our services take account of the economic, social and environmental impacts.

The Business: We are dedicated to actively participate as one of the foremost homegrown Marine construction Solution providers contributing positively to the economy of Malaysia.

## SCOPE

Our scope is to report on all material economic, environmental and social aspects with respect to Benalec.

Our sustainability report is aimed at communicating the Group’s performance on economic, environmental and social issues, in recognizing the importance of wider engagement with stakeholders in sustainability management.

This report covers all material business areas of Benalec and contains qualitative and quantitative results for all indicators presented.

## GOVERNANCE STRUCTURE

As guided by the Group’s corporate governance principles, the Board is committed to ensure economic, social, and environmental issues of our stakeholders are managed with sustainability in mind. A working Sustainability Committee, comprising of key personnel from relevant departments was formed to review the sustainability performance of Benalec.



Board of Directors responsibility:-

- Reviews and approves the Sustainability Report
- Aligning corporate and division priorities, tolerances and strategies
- Communicating and enforcing policies regarding sustainability

The Risk officer is responsible for:-

- Reviewing and monitoring effectiveness of sustainability treatment measures
- Making the appropriate recommendation to the Board on sustainability management matters
- Aggregating and reporting sustainability achievements
- Reviewing the reports of sustainability management activities of the departments

The Sustainability Committee is responsible for:-

- Materiality Assessment
- Identification and Monitoring of Initiatives and Actions
- Execution of Initiatives and Actions
- Reviewing the reports of sustainability management activities of the departments
- Reviewing sustainability exposures of departments and the sufficiency of action plans to achieve sustainability targets

## REPORTING PERIOD

The scope of this Sustainability Report refers to the period from 1 January 2021 to 31 December 2021, unless specified otherwise.

## OUR APPROACH

This is Benalec’s Sustainability Report, covering responsibilities to stakeholders and commitments to transparency and accountability. This Sustainability Report is written in accordance with and guided by:-

- Bursa Malaysia Main Market Listing Requirements, The Sustainability Reporting Guide

For this report we collected data throughout the period from 1 January 2021 to 31 December 2021.

## Sustainability Narrative Statement (continued)

### MATERIALITY ASSESSMENT

Our materiality assessment was conducted with participation and contributions from key personnel from respective departments.

While the materiality assessment did not involve any external stakeholders, key personnel took into consideration both internal and external perspectives during the material matters prioritization process.

The materiality assessment process adopted a four-step approach as outlined below:-



### OUR STAKEHOLDERS

Core to the success of our business is our ability to develop strong and meaningful relationships with all our stakeholders. We have put in place various communication channels designed to allow us to regularly engage with our stakeholders so that we can better understand their needs and interests.

A summary of our key stakeholders and how we engage them through the year is presented below:-

No	Key Stakeholders	Area of Interest	How we engage	How frequently we engage	Their expectations	How we address their expectations
1	Regulatory Bodies	<ul style="list-style-type: none"> <li>Compliance</li> <li>Safety and Health procedures</li> </ul>	<ul style="list-style-type: none"> <li>Reports and compliance</li> <li>Periodic meetings</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> <li>Monthly</li> </ul>	<ul style="list-style-type: none"> <li>To ensure company procedures and policies is compliant to regulatory bodies</li> </ul>	<ul style="list-style-type: none"> <li>Timely adherence to legislation and guidelines</li> </ul>
2	Employees	<ul style="list-style-type: none"> <li>Equal opportunities</li> <li>Good Health &amp; Safety</li> <li>Diversity &amp; inclusivity</li> <li>Career progression</li> <li>Benefits and rewards</li> </ul>	<ul style="list-style-type: none"> <li>Employee satisfaction survey</li> <li>Employee mentorship programs</li> <li>Internal communications</li> <li>Events and functions</li> <li>CSR programs</li> </ul>	<ul style="list-style-type: none"> <li>Daily</li> <li>Yearly</li> <li>When required</li> <li>Yearly</li> <li>Yearly</li> </ul>	<ul style="list-style-type: none"> <li>To provide fair and equal opportunities</li> <li>To ensure employee development and progression</li> </ul>	<ul style="list-style-type: none"> <li>Transparent, open and consistent approach to appraisals</li> <li>Trainings and team building</li> </ul>
3	Customers	<ul style="list-style-type: none"> <li>Quality</li> <li>Competitive prices</li> </ul>	<ul style="list-style-type: none"> <li>Meetings</li> <li>Emails and phone calls</li> <li>Corporate website</li> </ul>	<ul style="list-style-type: none"> <li>When required</li> <li>On case-to-case basis</li> <li>When required</li> </ul>	<ul style="list-style-type: none"> <li>To ensure commitment to quality</li> </ul>	<ul style="list-style-type: none"> <li>Internal training and professional development to always maintain quality for our customers</li> </ul>
4	Vendors	<ul style="list-style-type: none"> <li>Ethical and fair procurement</li> </ul>	<ul style="list-style-type: none"> <li>Site visits</li> <li>Direct contact</li> <li>Email correspondences</li> </ul>	<ul style="list-style-type: none"> <li>When required</li> <li>When required</li> <li>When required</li> </ul>	<ul style="list-style-type: none"> <li>To ensure transparent dealings with vendors</li> </ul>	<ul style="list-style-type: none"> <li>Ethical and professional approach to sourcing business from vendors</li> </ul>

## Sustainability Narrative Statement (continued)

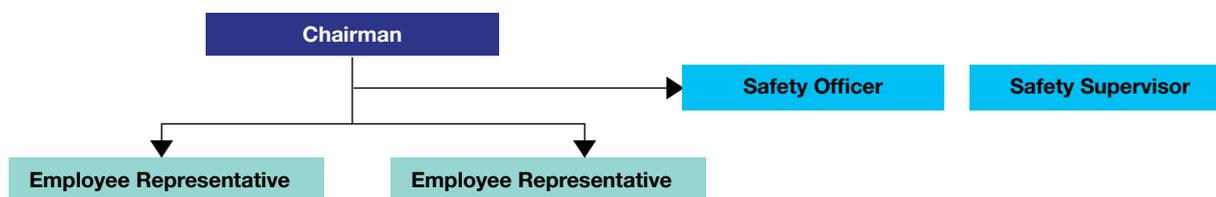
### OUR STAKEHOLDERS (continued)

No	Key Stakeholders	Area of Interest	How we engage	How frequently we engage	Their expectations	How we address their expectations
5	Neighbouring Businesses and Surrounding Communities	<ul style="list-style-type: none"> <li>Social and economic development contribution</li> <li>Socio-economic impacts</li> <li>Pollution and cleanliness</li> </ul>	<ul style="list-style-type: none"> <li>Volunteerism</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> </ul>	<ul style="list-style-type: none"> <li>To give back to the community in which we operate and improve the welfare of families in need</li> </ul>	<ul style="list-style-type: none"> <li>Alignment of sustainability goals with our CSR objectives</li> </ul>
6	Financial institutions, Shareholders and Investors	<ul style="list-style-type: none"> <li>Sustainability profitability matters</li> <li>Company's performance and targets</li> <li>Compliance with relevant requirements</li> </ul>	<ul style="list-style-type: none"> <li>Annual General Meetings</li> <li>Investor Relations Initiatives</li> <li>Annual Reports</li> <li>Quarterly Announcements</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> <li>When required</li> <li>Annually</li> <li>Quarterly</li> </ul>	<ul style="list-style-type: none"> <li>To engage existing and potential shareholders</li> </ul>	<ul style="list-style-type: none"> <li>Robust corporate governance procedures in place</li> </ul>

### HEALTH & SAFETY

As safety is the key element of our organisation culture, we continue to emphasis, maintain and cater a safe work environment. Our qualified Safety Officers and Supervisors supervise project sites with formally defined policies and procedures with zero tolerance for compromise. We encourage the highest standards of health and safety, facilitated by our **Environmental, Safety and Health Committee and Emergency Response Team**.

#### Environmental, Safety and Health Committee Organization Chart



Our Safety and Health committee periodically monitor and measure health and safety standards for all site operations personnel through key performance criteria such as:-

- Participation of employees in Safety programs
- Minor, moderate and major Health & Safety violations
- Near misses
- Frequency and severity of accident rates
- Safety award campaigns

To prevent the spread of COVID-19 in our community and reduce the risk of exposure, all employees in our headquarter and site offices are required to declare their daily health status, check body temperature and sanitise hands before entering to the building and provision of face masks. We encourage all out staff to get vaccinated and as of 1 March 2022, 100% of our employees are fully vaccinated and 81% of the employees have completed their booster doses. The management will continue to actively monitor, implement protocols and adhere to government guidelines and Standard Operating Procedures (SOPs), constantly reminded all employees to wear a mask and practice safe social distancing at work, as well as enhance biosecurity measures at workplace.

We ensure that employees remain motivated to achieve health and safety objectives through performance-reward systems of Benalec.

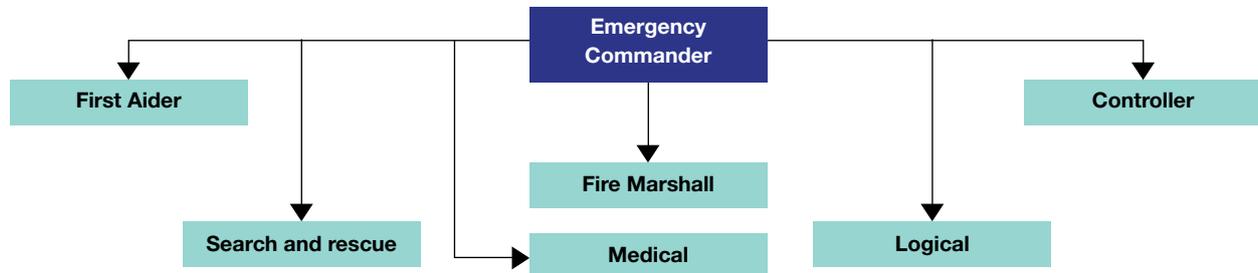
For example, one of the key performance criteria we use to measure and monitor health and safety standards is accident frequency rates. We have not had any major accident this financial year.

Our emergency response team headed by our Emergency commander ensure that health and safety of employees and all other parties at construction sites are and will continue to be of utmost priority as Benalec aspires to be exemplary.

## Sustainability Narrative Statement (continued)

### HEALTH & SAFETY (continued)

#### Emergency Response Team Organization Chart



Benalec also ensures that heavy machinery assets utilised on-site are certified fit for use by relevant authorities and use of which restricted only to authorised personnel with the right license qualifications and experience. Benalec also ensures technical skills of its authorised Safety Personnel stay relevant through sponsoring of attendance for continuous professional development courses.

### TALENT RETENTION AND DEVELOPMENT

#### Employees Development and Growth

Benalec recognises that professional development needs of its staff are equally as important for high employee satisfaction levels and organisational performance. We facilitate the development through ensuring that our employees are always equipped with the technical and practical knowledge to contribute positively to the organisation and surrounding communities alike.

We strongly encourage employees to attend array of training in all areas which provide opportunities to personal and career enhancement of the Group.

For example, our in-house training course on Employment Act 1955 during the year including refresher course and recent proposed amendments of the act for all our Human Resource and Administration Department (“HRAD”) team member. This is to ensure our HRAD team member are well versed with the act and also updated on the latest amendment.

We are always focused on keeping employees motivated and satisfied and we recognise that by managing our employee retention, we are able to retain talented and motivated employees who truly want to be a part of Benalec and who are dedicated to contributing to Benalec’s overall success.

As a result of consistent professional development, rigorous training and a healthy company culture, our annual employee turnover rates have decreased this year as compared to the previous financial year as shown below:-

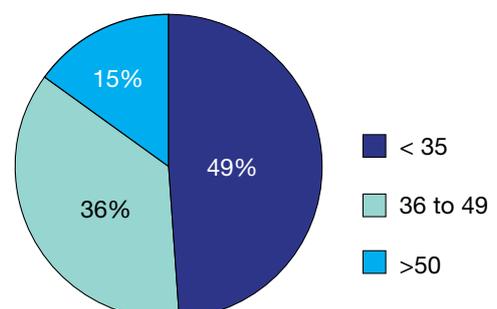
Turnover Rates (%)	FY2021	FY2020
Benalec Holdings Berhad	0.33%	1.45%

#### Diversity

At Benalec, we believe that a diverse workforce is imperative to achieving our goals. Diversity allows us to better respond in the most strategic and effective manner to increasing demands and expectations of our various stakeholders. The graphs below highlight the breakdown of Benalec’s total local workforce of 100 employees by age and gender.

We foster and encourage females to join our Benalec family and make a difference. As at 31 December 2021, 25% of our employees are female despite being in a male dominated industry. We are committed towards promoting gender equality and underscores our recognition of the importance of the participation of women at all levels of the organization.

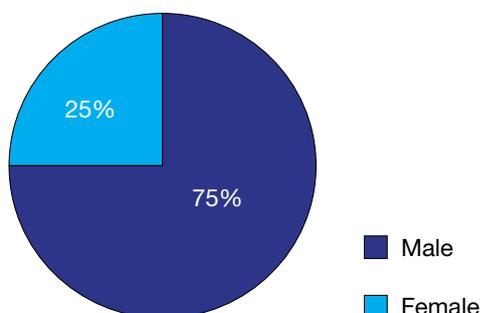
#### Employee breakdown by age - 2021



## Sustainability Narrative Statement (continued)

### TALENT RETENTION AND DEVELOPMENT (continued)

#### Employee breakdown by gender - 2021



#### Open Workforce Communication

Providing a caring and inclusive workplace is a fundamental to developing a high-performing workforce. At Benalec, we promote and practice open communication across all levels of employees and departments to make Benalec a better place to work. The HRAD ensures that the employment practices are in compliance with the latest statutes and legislations.

### ELECTRICITY, WATER, PAPER, FLORA AND FAUNA CONSERVATION

At water outlet areas, electrical switches and print stations, resource conservation reminders are placed to educate employees and illustrate management's views on conservation. Office staff are also reminded and encouraged to always print on both available sides of paper.

Benalec also works closely with Department of Environment ("DOE") to ensure construction activities at land reclamation project sites do not cause water pollution and siltation and affect the habitat of marine life. Formal environmental policies and work procedures are in place to ensure this environmental-opportunity is viewed and treated as significant. The silt curtain installation and monitoring of marine water quality are conducted to allow for reclamation work while protecting the surrounding marine environment.

### BUILDING OUR SURROUNDING COMMUNITIES

Benalec's long term aspirations for this community are to empower people so that the community is self-sustaining.

During the past, Benalec had conducted blood donation campaigns, as well as coastal cleaning activities as part of our company Corporate Social Responsibility (CSR) initiative. However, all community events have been put on hold in the current FY2021 due to the Movement Control Orders (MCO) and social distancing practices as a consequence to curb the spread of COVID-19.

Nevertheless, Benalec have made seven (7) donations throughout FY2021, both in cash and in-kind, for charitable causes to help our surrounding communities, such as food to communities impacted by the pandemic, as well as cash and basic provisions to victims and employees affected by the floods.

We will continue to reach out to the wider community through our robust and impactful initiatives and programmes that will positively benefit the surrounding communities and also preserve and protect the environments we operate.

# 2

## GOVERNANCE

- 034 Corporate Governance Overview Statement
- 046 Additional Compliance Information
- 048 Statement on Risk Management and Internal Control
- 051 Audit Committee Report
- 054 Statement of Directors' Responsibility

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## INTRODUCTION

The Board of Directors (“**Board**” or “**Directors**”) of Benalec Holdings Berhad (“**Benalec**” or “**the Company**”) is committed to ensuring that high standards of corporate governance are practiced throughout Benalec and its subsidiaries (collectively referred to as “**the Group**”). The Board believes that practices of good corporate governance will enhance the credibility and reputation of the Company, as it promotes and safeguards the interests of shareholders and other stakeholders.

The Board is pleased to present the Corporate Governance Overview Statement (“**CG Statement**”) to set out an overview of the manner in which the Company has applied the principles set out in Malaysian Code of Corporate Governance (“**MCCG**”). This CG Statement should be read in together with the Corporate Governance Report (“**CG Report**”) of the Company which is accessible online at the Company’s website [www.benalec.com.my](http://www.benalec.com.my).

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### PART I - BOARD RESPONSIBILITIES

#### 1. Board’s Leadership on Objectives and Goals

##### 1.1 Strategic Aims, Values and Standards

The Board has overall responsibility for the strategic direction, leadership as well as overseeing the investments and operations of the Company and the Group. As a collective body, the Board identifies principal risks and establish goals for management including monitoring the achievement of goals and promoting sustainability to ensure long-term value creation.

The Board, supported by other Board Committees, operates within a robust framework of risk management and effective internal controls all of which operates within its defined terms of reference.

The Board Committees, comprising the Audit Committee (“**AC**”), Nomination Committee (“**NC**”), Remuneration Committee (“**RC**”) and Evaluation Committee (“**EC**”) are entrusted with specific responsibilities to oversee the Group’s affairs, with authority to act on behalf of the Board in accordance with their respective terms of reference. The Chairman of the relevant Committees reports to the Board on key issues deliberated during the committee meetings and details of the meetings are minuted to keep the Board abreast and informed on the issues discussed.

##### 1.2 Chairman of the Board

The Chairman is primarily responsible for providing leadership and governance to the Board in discharging its fiduciary duties and responsibilities for the business and affairs of the Group.

Presently, the Board is chaired by Mr. Wong Yoke Nyen (“**Mr. Wong**”), an Independent Non-Executive Director, who chairs the meetings of the Board and the shareholders, thus ensuring effective communication with the shareholders as well as the relevant stakeholders.

The roles and responsibilities of the Chairman of the Board is specified in Paragraph 4.2 of the Board Charter, which is available on the Company’s website [www.benalec.com.my](http://www.benalec.com.my).

##### 1.3 Chairman and Chief Executive Officer

The position of the Chairman and Chief Executive Officer (“**CEO**”) are held by separate individuals who are not related to each other. This is to ensure a good balance of power and authority and provides organisational check and balance for better governance.

The position of Chairman is held by Mr. Wong, while the position of CEO is held by Dato’ Leaw Seng Hai (“**Dato’ Leaw**”).

Mr. Wong, as the Chairman, led the Board to ensure good corporate governance practices, leadership and effectiveness of the Board. He is also the crucial link between the Independent Directors and Management to align management actions to Board decisions and strategies.

# Corporate Governance Overview Statement (continued)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

### PART I - BOARD RESPONSIBILITIES (CONTINUED)

#### 1. Board's Leadership on Objectives and Goals (Continued)

##### 1.4 Company Secretaries

The Company Secretaries, who are qualified and experienced, advise the Board on any updates relating to new statutory and regulatory requirements pertaining to the duties and responsibilities of Directors.

The Company Secretaries attend and ensure all Board and Board Committee meetings are properly convened and deliberated with decisions properly minuted.

The duties of the Company Secretaries include, among others, the preparation of agendas and coordinating the preparation of Board papers, ensure Board procedure and applicable rules are observed, maintain records of the Board, prepare minutes to document Board proceedings and ensure decisions are accurately recorded and timely disseminated.

The Board has direct access to the professional advice and services of the Company Secretaries.

##### 1.5 Access to Information and Meeting Materials

The Board conducts meetings quarterly to consider matters like business performance and strategy of the Group with additional meetings to be convened as and when necessary.

Dates of the Board and Board Committee meetings are planned in advance with the annual corporate calendar circulated before end of each calendar year to facilitate the Directors' time planning.

All Board and Board Committee meetings are structured with pre-determined agendas. The notice of the agenda together with pre-circulated Board papers and related materials including explanatory information and recommended course of action for each item on the agenda will be circulated to the Directors at least five (5) days before the meetings.

The Board also has unfettered access to all information within the Group in furtherance of their duties and members of senior management and external advisers are invited to attend these meetings to provide additional insights and professional views on specific items on the agenda. The Board as a whole or in their individual capacity, in furtherance of their duties, may take independent professional advice, as and when they deem necessary, and at the Group's expense. All Directors have direct access to the Senior Management and have unrestricted access to any information relating to the Group to enable them to discharge their duties.

The Board is also regularly updated and kept informed by the Company Secretaries and the Management on corporate disclosures and compliances with the Company and securities regulations and listing requirements such as restriction in dealing with the securities of the Company and updates on the latest developments in legislations and regulatory framework affecting the Group issued by the various regulatory authorities.

The Company Secretaries are entrusted and are responsible to record the Board deliberations in terms of the issues discussed and deliberations at Board and Board Committees meetings are documented. In due course, the minutes of meeting are circulated to the members of the Board and Board Committees and Management for review and comments in a timely manner.

## Corporate Governance Overview Statement (continued)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### PART I - BOARD RESPONSIBILITIES (CONTINUED)

#### 2. Demarcation of Responsibilities

##### 2.1 Board Charter

The Board has adopted a Board Charter which sets out the roles, functions, compositions, operation and processes of the Board and is intended to ensure that all the Board members acting on behalf of the Company are fully aware of their obligations of discharging their duties and responsibilities towards the Company. The Board Charter serves as a source of reference and primary induction literature to provide insights to prospective Board members and senior management. In addition, it also assists the Board in the assessment of its own performance and that of its individual Directors.

The Board Charter will be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities. The Board Charter is available for reference at the Company's website at [www.benalec.com.my](http://www.benalec.com.my).

#### 3. Good Business Conduct and Corporate Culture

##### 3.1 Code of Ethics and Conduct

The Board is responsible for creating and fostering a culture aimed at long term value creation for the Group and its stakeholders and in line with this, the Board has adopted a Code of Ethics and Conduct ("Code") which sets a broad standard to govern the conduct of business and set the standards that drive performance and ethics.

The Board would periodically review the Code and it is available for reference at the Company's website at [www.benalec.com.my](http://www.benalec.com.my).

##### 3.2 Whistleblowing Policy

The Board has adopted a Whistleblowing Policy for the Group as a measure to promote the highest standard of corporate governance. The Whistleblowing Policy sets out the mechanism and framework by which employees or any third parties can confidently raise concerns or complains without the fear of discriminatory treatment. All malpractices or wrongdoings reported by the whistleblower are to be directed to the Chairman of the Board and/or the AC Chairman.

##### 3.3 Anti-Bribery and Corruption Policy

In September 2020, the Board adopted the Anti-Bribery and Corruption Policy to promote better governance culture and ethical behaviour within the Group and to prevent the occurrence of corrupt practices. The Anti-Bribery and Corruption Policy is available at the Company's website at [www.benalec.com.my](http://www.benalec.com.my).

#### PART II - BOARD COMPOSITION

#### 4. Board Objectivity

##### 4.1 Board Composition

The Board presently comprised of five (5) members with the composition as outlined below:-

Name of Directors	Designation
Wong Yoke Nyen	Chairman, Independent Non-Executive Director
Dato' Leaw Seng Hai	Group Managing Director/Chief Executive Officer
Koo Hoong Kwan	Senior Independent Non-Executive Director
Fazrin Azwar bin Md. Nor	Independent Non-Executive Director
Leaw Ai Lin	Non-Independent Non-Executive Director

## Corporate Governance Overview Statement (continued)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### PART II - BOARD COMPOSITION (CONTINUED)

#### 4. Board Objectivity (Continued)

##### 4.1 Board Composition (Continued)

The present composition of the Board complies with the requirement of the Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) where at least two (2) directors or one-third (1/3) of the Board, whichever is the higher, should comprise Independent Directors.

The Board consists of qualified individuals with diverse skill-sets, experience and knowledge necessary to govern the Company to good effect. The composition and size of the Board are such that the decision-making processes of the Company are facilitated thereby.

The Board is of the opinion that the composition of the current Board fairly reflects a balance of Executive and Non-Executive Directors to ensure that the interest of not only the Company, but also that of the stakeholders and of the public in general are represented as each Independent Director brings invaluable judgment to bear on issues of strategy, performance, resource allocation, risk management and standard of conduct. In the opinion of the Board, the interests of the minority shareholders are fairly represented by the presence of these highly competent and credible Independent Non-Executive Directors (“**INED**”).

The composition and size of the Board are reviewed from time to time to ensure its appropriateness and effectiveness. The profiles of the Directors are set out on pages 12 to 14 of this Annual Report.

##### 4.2 Tenure of Independent Director

The NC carries out the evaluation of independence of each Independent Director annually.

During the financial year 2021, the NC has undertaken a review and assessment of the independence of the Independent Directors and is satisfied that they are able to discharge their responsibilities on an independent matter. The independent Directors have also declared their independence to the Board during the annual Board evaluation process for the financial year 2021.

Both Mr. Wong and Mr. Koo Hoong Kwan (“**Mr. Koo**”), the two (2) independent Directors who had served the Company for a cumulative term of more than nine (9) years each have fulfilled the criteria under the definition of Independent Directors.

Accordingly, the Board agreed with the proposed re-appointment of Mr. Wong and Mr. Koo as Independent Directors of the Company and will seek shareholders’ approval at the forthcoming 16<sup>th</sup> Annual General Meeting (“**AGM**”) to retain them as Independent Directors of the Company via a two-tier voting process in accordance with MCGG.

##### 4.3 Policy of Independent Director’s Tenure

The Board Charter provides that the tenure of Independent Director shall not exceed a cumulative nine (9) years. In the event the Board intends to retain a Director as INED after the latter has served nine (9) years or more, it will be subject to the assessment of the NC with reasonable justification and the shareholders’ approval.

If the Board continues to retain an independent director after the twelfth (12) year, the Board should seek annual shareholders’ approval through a two-tier voting process.

## Corporate Governance Overview Statement (continued)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### PART II - BOARD COMPOSITION (CONTINUED)

#### 4. Board Objectivity (Continued)

##### 4.4 Diverse Board and Senior Management Team

The Board strongly views that diversity on the Board and Senior Management team is important to facilitate optimal decision-making by harnessing different insights and perspectives. Having a diverse range of skills, background, expertise and experience are critical elements in ensuring an effective Board. With this in mind, appointment of members on the Board and key senior management are based on objective criteria and merit with due regard for diversity in experience, skills sets, commitment, integrity and other qualities in meeting the future needs of the Company.

##### 4.5 Gender Diversity

The Board supports diversity on the Board and in key senior management. Ms. Leaw Ai Lin (“**Ms. Leaw**”) sits on Board as Non-Independent Non-Executive Director reflects the Group’s commitment on gender diversity.

Whilst acknowledging the recommendation by MCCG on gender diversity, the Board collectively is of the opinion that there is no necessity in adopting a formal gender diversity policy at present. The Group has always provided equal and fair opportunities and acknowledge that there is always room for improving diversity in ensuring continuous efficient functioning of the Board and open to changes as and when appropriate.

##### 4.6 Nomination Committee

The NC is responsible for accessing the adequacy and effectiveness of the board composition which includes indemnifying and recommending suitable candidates for Board membership and accessing the performance of the Board on an on-going basis. The Board will have the ultimate responsibility and final decision on the appointment.

The NC comprise of exclusively INEDs’ and the attendance held during the financial year is tabulated below:-

Designation	Directors	Attendance
Chairman	Koo Hoong Kwan	1/1
Members	Wong Yoke Nyen	1/1
	Fazrin Azwar bin Md. Nor	1/1

The NC would meet at least once annually with additional meetings convened as and when needed. The TOR of the NC, which spells out its duties and responsibilities is available on the Company’s website at [www.benalec.com.my](http://www.benalec.com.my).

A summary about the activities of the NC in discharge of its duties during the financial year under review are as follows:-

- Recommending the re-election of Directors retiring at the Annual General Meeting 2021;
- Assessing compliance of Board Committees with their respective Term of References;
- Conducting the annual assessment in respect of its Board Committees and individual Directors; and
- Evaluating and make recommendations of the suitable candidates for appointment to the Boards/Board Committees of Benalec.

## Corporate Governance Overview Statement (continued)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### PART II - BOARD COMPOSITION (CONTINUED)

#### 5. Overall Effectiveness of the Board and Individual Directors

##### 5.1 Annual Effectiveness of the Board and Individual Directors

The NC undertakes annual assessment of the effectiveness of the Board, Board Committee and the contribution of each Directors taking the form of comprehensive evaluation questionnaires which provides all Directors with an opportunity to score their opinion on a series of questions in relation to the execution and performance of the Board as a whole and the Board Committees. The results of all assessment and comments by the Directors are summarised and tabled at the NC meeting. The Chairman of the NC will report the results and deliberation to the Board.

The evaluation of the Board covers factors such as composition of the Board, quality of decision making, internal controls, conduct of Board meetings interactions with the Management and stakeholder and effectiveness of the Chairman.

The Board Committees are assessed based on efficiency and effectiveness of each Committee and its members' continuous contribution to the Board and commitment to their roles and responsibilities in discharging their duties.

Following the annual review, the NC agrees that the Board as a whole and the Board Committees had performed well and effectively and the overall composition of the Board in terms of the size, mix of skills and experience and the balance between the Executive Director, Non-Executive Director and Independent Directors is appropriate.

During the financial year ended 31 December 2021, four (4) Board meetings were held to review and deliberate on a variety of matters including the Group's quarterly operations, financial results, strategic decisions, business plan, risk management as well as corporate fund-raising exercises.

In the intervals between Board meetings, approvals are obtained via circular resolutions and additional meetings to be convened as and when necessary.

The attendance of the Directors at Board and Board Committee meetings held during financial year under review is set out as follows:-

Directors	Board	AC	NC	RC
Wong Yoke Nyen	4/4	4/4	1/1	1/1
Dato' Leaw Seng Hai	4/4	-	-	-
Koo Hoong Kwan	4/4	4/4	1/1	1/1
Fazrin Azwar bin Md. Nor	4/4	4/4	1/1	1/1
Leaw Ai Lin	4/4	-	-	-

The Board is satisfied with the time commitment given by the Directors based on the full attendance by all the Directors at all meetings convened. In addition, all the Directors do not hold more than five (5) Directorships as required under para 15.06 of the MMLR.

The Board is conscious of the importance of keeping abreast with the latest changes and development in legal and regulatory governance and ensure that its members undergo continuous trainings to enhance their knowledge, expertise and professionalism in discharging their duties.

## Corporate Governance Overview Statement (continued)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### PART II - BOARD COMPOSITION (CONTINUED)

#### 5. Overall Effectiveness of the Board and Individual Directors (Continued)

##### 5.1 Annual Effectiveness of the Board and Individual Directors (Continued)

The trainings attended by the Directors during the financial year under review are as follows:-

Directors	Trainings/Seminars/Conferences
Wong Yoke Nyen	<ul style="list-style-type: none"> <li>Financial Institution Directors' Education ("FIDE") Core Program – Banks Module A</li> <li>FIDE Core Program – Banks Module B</li> <li>Implementing Amendments in the Malaysian Code of Corporate Governance 2021 by ICLIF</li> <li>Transformational Leadership Program by MACD</li> <li>ISRA Islamic Finance for Board Directors</li> </ul>
Dato' Leaw Seng Hai	<ul style="list-style-type: none"> <li>Corporate Restructuring &amp; Turnaround for Company Directors</li> <li>The Role of Board in Strategy &amp; Risk Management</li> </ul>
Koo Hoong Kwan	<ul style="list-style-type: none"> <li>Corporate Restructuring &amp; Turnaround for Company Directors</li> <li>The Role of Board in Strategy &amp; Risk Management</li> </ul>
Fazrin Azwar bin Md. Nor	<ul style="list-style-type: none"> <li>Risk Strategy and Governance – How Integrated Thinking Can Support Boards in Creating Long Term Value</li> <li>AMLA Act 2001: General Guidance for small law firms</li> <li>Transfer pricing – Ready or not, they are coming for you</li> <li>IGEM – International Greentech &amp; Eco Products Exhibition &amp; Conference Malaysia</li> <li>SSM NATIONAL CONFERENCE 2021 – Governing under new normal</li> <li>The Corporate Governance Landscape in Malaysia: Going Beyond the Rules</li> <li>AOB Conversation with Audit Committees</li> <li>Compliance with Listing Requirements – Reporting of Financial Statements</li> </ul>
Leaw Ai Lin	<ul style="list-style-type: none"> <li>Corporate Restructuring &amp; Turnaround for Company Directors</li> </ul>

All the Directors will continue to attend relevant training and programs in order to keep themselves abreast with the latest developments in the market place covering laws, rules and regulations, capital markets development, business environment, corporate governance, risk management, general economic, industrial and technical developments. The Board is also regularly updated on new and relevant statutory as well as regulatory guidelines from time to time during the Board meetings. This will enable the Board to discharge their duties effectively to ensure the sustenance of active participation in Board deliberations.

#### 6. Level and Composition of Remuneration

##### 6.1 Remuneration

The Group's policy on Directors' remuneration serves to attract, retain and motivate Directors, whereby the level of remuneration of the Directors is such as to be sufficient to attract and retain Directors needed to manage the Group effectively. The remuneration system is structured to link rewards to corporate and individual performance in the case of Executive Director. In the case of Non-Executive Directors, the level of remuneration shall reflect the level of responsibilities undertaken by the particular non-executive director concerned.

## Corporate Governance Overview Statement (continued)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### PART II - BOARD COMPOSITION (CONTINUED)

#### 6. Level and Composition of Remuneration (Continued)

##### 6.1 Remuneration (Continued)

The authority, functions and responsibilities of the Remuneration Committee are set out in its terms of reference. The Remuneration Committee will review the remuneration packages of each individual Executive Director from time to time to ensure that the remuneration packages remain competitive in order to attract and retain competent executives who can manage the Group successfully. The Executive Directors play no part in decisions pertaining to their own remuneration.

The determination of remuneration packages of Non-Executive Directors is a matter of the Board as a whole. The level of remuneration reflects the experience and level of responsibilities undertaken by the Non-Executive Directors. The Non-Executive Directors concerned do not partake in decisions affecting their own remuneration.

The Remuneration Committee met during the meeting in February 2022 to discuss and recommend the remuneration structure and packages for the financial year ended 31 December 2021 of the Directors for review by the Board.

#### Directors' Remuneration

The number of Directors whose total remuneration falls within the following bands is as follows:-

Range of Remuneration	Company			Group		
	Executive Directors (RM)	Non-Executive Directors (RM)	Total (RM)	Executive Directors (RM)	Non-Executive Directors (RM)	Total (RM)
RM50,001 to RM150,000	1	1	2	-	1	1
RM150,001 to RM200,000	-	3	3	-	2	2
RM200,001 to RM250,000	-	-	-	-	1	1
RM4,000,001 to RM6,000,000	-	-	-	1	-	1
<b>Total</b>	<b>1</b>	<b>4</b>	<b>5</b>	<b>1</b>	<b>4</b>	<b>5</b>

The detailed breakdown of Directors' remuneration is as follows:-

#### The Company

Category	^^ Director Fee (RM)	Salaries (RM)	Benefits in kind (RM)	Meeting Allowance (RM)	** Other Emoluments (RM)	Total (RM)
<b>Executive Director</b>						
Dato' Leaw Seng Hai					141,113	141,113
<b>Non-Executive Director</b>						
Wong Yoke Nyen	180,000	-	-	7,000	-	187,000
Koo Hong Kwan	180,000	-	-	8,000	-	188,000
Fazrin Azwar Bin Md. Nor	144,000	-	-	5,000	-	149,000
Leaw Ai Lin	168,000	-	31,000	2,000	-	201,000

## Corporate Governance Overview Statement (continued)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### PART II - BOARD COMPOSITION (CONTINUED)

#### 6. Level and Composition of Remuneration (Continued)

##### 6.1 Remuneration (Continued)

The detailed breakdown of Directors' remuneration is as follows:-

##### The Group

Category	<sup>^^</sup> Director Fee (RM)	Salaries (RM)	Benefits in kind (RM)	Meeting Allowance (RM)	** Other Emoluments (RM)	Total (RM)
<b>Executive Director</b>						
Dato' Leaw Seng Hai	-	4,200,000	44,325	-	1,464,113	5,708,438
<b>Non-Executive Director</b>						
Wong Yoke Nyen	180,000	-	-	7,000	-	187,000
Koo Hong Kwan	180,000	-	-	8,000	-	188,000
Fazrin Azwar Bin Md. Nor	144,000	-	-	5,000	-	149,000
Leaw Ai Lin	168,000	-	31,000	2,000	-	201,000

Notes:

\*\* Other Emoluments inclusive of director EPF, SOCSO, insurance, as well as one-off ex-gratia payment of RM525,000

^^ the payment of Director Fee to Non-Executive Director for the financial year ended 31 December 2021 would require shareholders' approval at the next Annual General Meeting

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

#### PART I – AUDIT COMMITTEE (“AC”)

#### 7. Effective and Independent AC

##### 7.1 Chairman of the AC

Mr. Koo, an INED, is the Chairman of the AC. Details on the composition and activities of the AC are outlined under the AC Report in this Annual Report.

##### 7.2 Policy requiring former key audit partner to observe 2-year cooling-off period

Practice 9.2 of the MCCG requires that a former partner of the external audit firm and/or affiliate firm (including those providing advisory services, tax consulting, etc.) to observe a cooling-off period of at least three (3) years before the appointment as a member of the AC.

None of the AC members were former key audit partners of the Company's existing audit firm and in any event if there are potential candidate to be appointed as a member of the AC, the Board will observe the necessary cooling-off period.

## Corporate Governance Overview Statement (continued)

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

#### PART I – AUDIT COMMITTEE (“AC”) (CONTINUED)

#### 7. Effective and Independent AC (Continued)

##### 7.3 Assessment of suitability and independence of External Auditors

The AC undertakes an annual assessment of the suitability and independence of the external auditors before recommending them to the shareholders for re-appointment at the AGM.

At least once a year and whenever necessary, the AC met with the external auditors without the presence of the executive Board member and Management personnel to allow the AC and the external auditors to exchange independent views on matters which requires the AC’s attention. During the year, the AC met up twice with the external auditors to review the audit plan of the Group include setting out their responsibilities, scope of work and key audit areas in connection with the audit of the Group.

As part of the AC’s review processes, the AC has obtained assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

Based on the AC’s assessment of BDO PTL, the external auditors, the Board is satisfied with their competence and independence and had recommended the re-appointment of the External Auditors for shareholders’ consideration at the forthcoming AGM.

##### 7.4 Composition of the AC

The AC is comprised solely of INEDs as part of the Board’s initiative for more independence and transparency in decision-making.

The members of the AC are suitably qualified, possess sufficient management expertise coupled with their financial literacy in order to discharge their responsibilities as AC members. One member namely Mr. Koo is a member of the Malaysian Institute of Accountants.

The AC is kept up to date by the Management, Company Secretaries, External and Internal Auditors on changes to accounting standards, MMLR and other codes and regulations which can have an impact on the Group’s business and financial statements.

The AC’s composition and performance is reviewed by the NC annually and recommended to the Board for its approval on the same.

All members of the AC have also undertaken and will continue to undertake continuous professional development to keep themselves abreast of relevant developments in accounting standards, practices and rules in discharging their duties effectively.

## Corporate Governance Overview Statement (continued)

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT(CONTINUED)

#### **PART II - RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK**

##### **8. Risk Management**

###### **8.1 Effective Risk Management and Internal Control Framework**

The Board has the overall responsibility of monitoring a sound internal control system that covers effective and efficient operations, in compliance with the law, relevant regulations and risk management. This is to safeguard shareholders' investments and the Group's assets apart from assuring financial controls.

Risk management is given priority by the establishment of policies to identify, evaluate and manage the Company's corporate risk profile to mitigate possible adverse effects arising therefrom.

###### **8.2 Features of Risk Management and Internal Control Framework**

The Statement on Risk Management and Internal Control as set out on Pages 48 to 50 in this Annual Report provides an overview of the risk management framework and internal control system within the Group.

##### **9. Effective Governance, Risk Management and Internal Control**

###### **9.1 Effectiveness of Internal Audit Function**

The Board has outsourced its internal audit function a professional service firm known as GovernAce Advisory & Solutions Sdn. Bhd. to assist the AC in discharging its duties and responsibilities. The internal auditors carried out internal audits within the Group based on a risk-based audit plan approved by the AC.

The engaging partner and team are free from any relationships or conflict of interests within the Company to ensure the internal auditor's objectivity and independence are not impaired.

The Internal Auditors performs periodic testing on the internal control systems to ensure that the system is robust. They report directly to the AC.

### PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

#### **PART I - COMMUNICATION WITH STAKEHOLDERS**

The Company recognizes the importance of prompt and timely dissemination of information to shareholders and investors in order for these stakeholders to be able to make informed investment decisions. The Company has established its website [www.benalec.com.my](http://www.benalec.com.my) which allows shareholders and the public access to corporate information, financial statements, news and events relating to the Group.

The Company has at all times ensured timely dissemination of information on the Company's performance and other matter affecting shareholders interests to shareholders and investors through appropriate announcement, quarterly announcements, relevant circulars, press releases and distribution of annual reports.

## Corporate Governance Overview Statement (continued)

### PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONTINUED)

#### **PART II - CONDUCT OF GENERAL MEETINGS**

The AGM and Extraordinary General Meetings provide appropriate forums for the shareholders to participate in questions and answers sessions. Directors and Senior Management staff are present at the AGM to attend to shareholders' questions. The Company is committed to disseminate information in strict adherence to the disclosure standards of the MMLR. The Company ensures that material information relating to the Group is disclosed by way of announcement to the Bursa Securities, in annual report as well as, where appropriate, circulars and press releases. The Board will regularly review the information disseminated to ensure that consistent and accurate information is provided to shareholders of the Company.

In line with good corporate governance practices, the notice of AGM was issued at least twenty-eight (28) days before the AGM.

#### **Virtual General Meeting**

The Board has leveraged on technology to facilitate remote shareholders participation and electronic voting for the conduct of poll on all resolutions via remote participation and voting facilities for its fully virtual Fifteenth (15<sup>th</sup>) AGM held on 18 May 2021, in support of the government's initiative to contain the spread of COVID-19 in Malaysia.

#### **Minutes of General Meeting**

The Company's AGM remains one of the most important platforms for communication and engagement between the Company and its shareholders.

The recordings of the proceedings in the forms of minutes reflects the mutual understanding, agreements as well as resolutions reached between the shareholders and Directors of the Company.

The minutes of the 15<sup>th</sup> AGM detailing the proceedings and issues raised by shareholders and the responses by the Company were available on the Company's website at [www.benalec.com.my](http://www.benalec.com.my) within thirty (30) business days after the conclusion of the 15th AGM to provide useful information to shareholders and investors.

This Corporate Governance Overview Statement was approved by the Board on 28 April 2022.

# ADDITIONAL COMPLIANCE INFORMATION

## 1 Utilisation of proceeds from Private Placement

On 17 December 2021, the Company announced that a total of 169,800,000 new ordinary shares were placed out via two (2) tranches pursuant to the Private Placement, raising gross proceeds of RM20,447,400, thus marking the completion of the private placement.

The utilisation of the proceeds as at 30 March 2022 is as follows:-

Description	Proposed utilisation of actual Placement <sup>(iv)</sup> (RM'000)	Relocation of utilisation (RM'000)	Actual utilisation (RM'000)	Deviation (RM'000)	%	Timeframe for utilisation	Note
Marine Construction activities	10,922	-	(7,216)	3,706	33.9	within 24 months from receipt of proceeds	(i)
Working Capital	8,986	321	(8,297)	1,010	11.2	within 12 months from receipt of proceeds	(ii)
Expenses in relation to the Private Placement	539	(321)	(218)	-	-		(iii)
<b>Total Gross Proceeds</b>	<b>20,447</b>	<b>-</b>	<b>(15,731)</b>	<b>4,716</b>	<b>23.1</b>		

Note: -

(i) *Marine construction activities*

*The marine construction activities of the Group included, but are not limited to, (1) land reclamation, dredging and beach nourishment, (2) rock revetment works, shore protection works and breakwater construction, (3) pre-bore and marine piling, and (4) construction of marine structure, bridges, jetties, ports and other offshore and ancillary services.*

*The proceeds shall be used to fund the ongoing and future marine construction projects of the Group, which will be used for operating expenses such as, among others, raw material costs, payment to sand concessionaire for the rights to dredge sand ex-seabed, payments to suppliers, direct labour costs, payments for sub-contracted services such as loading, unloading and levelling of sea sand, rock revetment and hire of land equipment and machineries.*

(ii) *Working capital*

*The proceeds has been earmarked to fund the working capital requirements of Benalec Group, which includes, but are not limited to, payment to suppliers/creditors of the Group, general administrative and daily operational expenses such as staff-related costs, utilities, statutory tax payment, finance costs and any other overhead expenditures.*

(iii) *Expenses in relation to the Private Placement*

*The expenses comprise, among others, professional fees, fees payable to the Regulatory and other incidental expenses in relation to the Private Placement.*

(iv) *The proposed utilisation is the actual proceeds of RM20,447,400 raised from the two (2) tranches of placement, of which the percentage of utilisation is in accordance to the Minimum Scenario detailed in the Company's announcement to Bursa Securities dated 17 November 2021.*

## Additional Compliance Information (continued)

### 2 Audit and Non-Audit Fees Paid

During the financial year ended 31 December 2021, the amount of audit and non-audit fees paid by the Company and the Group to the External Auditors are as follows:-

	Group RM	Company RM
Audit Fees	474,102	116,000
Non-Audit Fees	121,492	68,500

### 3 Material Contracts

There was no material contracts entered into by the Company involving the interests of the Directors and substantial shareholders during the financial year ended 31 December 2021, save as disclosed in the Prospectus dated 28 December 2010 and Related Party Disclosure presented in the Financial Statements of this Annual Report.

### 4 Recurrent Related Party Transactions

The recurrent related party transactions or trading nature conducted by the Group during the financial year ended 31 December 2021 did not exceed the threshold prescribed under Paragraph 10.09(1) of the Listing Requirements.

### 5. Employee Share Scheme

There was no employee share scheme implemented or in operation during the financial year.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors (“**Board**”) is pleased to present its Statement on Risk Management and Internal Control in compliance with Paragraph 15.26(b) of the Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers endorsed by Bursa Securities.

The following statement outlines the nature and scope of the risk management and internal control within Benalec Holdings Berhad and its subsidiaries (“**the Group**”) during the financial year under review.

## BOARD'S RESPONSIBILITY

The Board is fully committed to maintaining a sound system of risk management and internal control system to safeguard the shareholders' interest and the Group's assets. The Board is responsible for the Group's system of internal control including the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity. The system of internal control does not only cover financial controls but also organisational, operational and compliance controls and risk management procedures. In view of the limitations that are inherent in any system of risk management and internal control, this system is designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board confirms that there is an on-going process for identifying, evaluating and managing significant risks faced by the Group. The Board through its Audit Committee reviews the results of this process. The Board confirms that this process is in place for the year under review and that it accords with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

The following activities have taken place as part of establishing the risk management and internal control during the year under review:-

1. The Board of Directors has reviewed the adequacy and effectiveness of the risk management and internal control system;
2. The Board of Directors has commented on the adequacy and effectiveness of the risk management and internal control system; and
3. Assurance was obtained from Group Managing Director/Chief Executive Officer and Chief Financial Officer that the Company's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Company.

## GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board has established an appropriate control environment and risk management framework, ensuring through a review process on the adequacy and integrity thereof.

### 1. Control Environment and Risk Management Framework

The Board recognises that an effective risk management framework will allow the Group to identify, evaluate and manage risks that affect the achievement of the Group's business objectives within defined risk parameters in a timely and effective manner.

Accordingly, the Board has put in place a formal enterprise risk management framework that allows a more structured and focused approach to identify, evaluate, monitor and report the principal risks that affect the achievement of the Group's business objectives and enables the adoption of a risk-based internal control system. The following activities have taken place as part of establishing this formal framework:-

- Risk profile had been developed for the Company.
- Risk Management Policy had been developed which incorporates amongst others a structured process for identifying, evaluating and prioritising risks as well as clearly defining the risk responsibilities and escalation process.
- Risk Manager has been appointed with key roles and responsibilities to champion risk awareness and training efforts of the Group which include the identification of risk, reviewing action plans and ensuring that the action plans are acted upon and addressed.

# Statement on Risk Management and Internal Control (continued)

## GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONTINUED)

### 1. Control Environment and Risk Management Framework (Continued)

In order to inculcate a standard of ethical behaviour for directors and employees of the Group, a Code of Ethics and Conduct (“**the Code**”) has been established and communicated to all directors and employees of the Group.

The whistle-blowing reporting process forming part of the Code allows employees to raise concerns without fear of reprisals on suspected breach or violation of the Code. The employee should immediately report any malpractice that exists in the work place to his/her immediate superior or Head of Department. However, if the employee feels reluctant to do so, the employee has an option to report it to the Board of Directors. The Code reinforces the Group's core value on integrity by providing general guidance on moral and ethical behaviour that is expected from all employees. This includes general prohibition on involvement of its personnel in any act of commercial corruption either direct or indirect.

The Group's Code of Ethics and Conduct is published in the Company's website at [www.benalec.com.my](http://www.benalec.com.my).

### 2. Group Structure

This is achieved through clearly defined operating and reporting structures with clear lines of accountability and responsibilities. Changes in the Group structure are duly communicated to Management team of the Group. In addition, details of directorships within the Group are regularly updated and highlighted to ensure that related parties are duly identified on a timely basis, as necessary.

The Board is responsible for setting the business direction and for overseeing the conduct of the Group's operations through various Board Committees.

### 3. Internal Audit Function

In addition, the Group has engaged an independent professional firm which carries out the internal audit function in the Group by providing independent advice and assurance on the effectiveness of the Group's system of internal controls. The findings of the internal auditors are regularly reported to the Audit Committee. In particular, the internal auditors appraise and contribute towards improving the Group's internal control system and reports to the Audit Committee on a quarterly basis. The Audit Committee meets with the Board to discuss significant issues found during the internal audit process and makes necessary recommendations to the Board. The internal auditors also review the internal controls on the key activities and processes of the Group's businesses and present an annual internal audit plan to the Audit Committee for prior approval before carrying out the review. The internal audit function adopts a risk-based approach and prepares its internal audit plan based on the risk profiles of the Company.

The Audit Committee reviews the results of the risk monitoring and compliance procedure, and ensures that an appropriate mix of effective techniques is used to obtain the level of assurance required by the Board. The Audit Committee considers reports from internal audit and from the Management, before reporting and making recommendations to the Board in strengthening the risk management, internal control and governance systems. The Committee presents its findings to the Board on a quarterly basis, or earlier, as appropriate.

## Statement on Risk Management and Internal Control (continued)

### GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONTINUED)

#### 4. Control Framework

##### (a) Financial Information and Information System

Management constantly monitors financial performances, business plan achievement and the progress of corrective actions/implementation for highlighted issues and is committed to rectifying the highlighted issues. In addition, communication channels such as email and teleconferencing are used to encourage effective and "free-flow" or open communication within the organisation. As computers are used for transmitting information and storing data, the Management shall maintain a proper IT security controls, which include user and password access rights and backup of data.

Proposals for major capital expenditure and new investment by the Group are reviewed and approved by the Board of Directors.

##### (b) Performance Reporting and Monitoring

Quarterly financial statements are presented to the Audit Committee and the Board for review and discussion.

##### (c) Standardisation of Policies and Procedures

Standardised policies and procedures are implemented to address the financial and operational controls of the Group.

### CONCLUSION

The Board is pleased to conclude that the state of Group's risk management and internal control system are generally adequate and effective. There were no material losses incurred during the current financial year as a result of weakness risk management and internal control system. The Management will continue to ensure proper management of risks and take adequate measures to ensure ongoing adequacy and effectiveness of internal controls.

The Board has received the assurance from the Group Managing Director/Chief Executive Officer and Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively in all material aspects, based on the risk management and internal system of the Group.

The above Statement is made in accordance with the approval given by the Directors during the Board Meeting held on 28 April 2022.

### REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

As required by paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with Audit and Assurance Practice Guide 3 ("AAPG 3") issued by the Malaysian Institute of Accountants and procedures have been performed to assess whether the Statement on Risk Management and Internal Control is both supported by the documentation prepared by or for the Directors and appropriately reflects the processes the Directors have adopted.

AAPG 3 does not require the External Auditors to consider whether this Statement on Risk Management and Internal Control covers all risk and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system of the Group including the assessment and opinion by the Board of Directors and management thereon. Based on their procedures performed, the External Auditors have reported to the Board of Directors that nothing has come to their attention that causes them to believe that this Statement on Risk Management and Internal Control is not prepared, in all material respects in accordance with the disclosure required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

# AUDIT COMMITTEE REPORT

During the financial year, the Audit Committee (“**AC**” or the “**Committee**”) carried out its duties and responsibilities in accordance with its terms of reference and held discussions with the internal auditors, external auditors and relevant members of Management. The Board of Directors (“**Board**”) of Benalec Holdings Berhad is pleased to present the AC Report for the financial year ended 31 December 2021.

## MEMBERSHIP AND MEETING ATTENDANCES

The AC comprises three (3) members, all of whom are Independent Non-Executive Directors as follows:-

- **Koo Hoong Kwan\*** (*Chairman, Senior Independent Non-Executive Director*)
- **Wong Yoke Nyen** (*Member, Independent Non-Executive Director*)
- **Fazrin Azwar bin Md. Nor** (*Member, Independent Non-Executive Director*)

Note \* *Member of Malaysian Institute of Accountants (“MIA”)*

The Audit Committee was established on 30 November 2010 and has been renamed as Audit and Risk Management Committee with effect from 29 August 2018. However, in its meeting held on 28 February 2020, the Committee decided to revert to its initial name which is short, precise and practical. The present AC consists entirely of Independent Non-Executive Directors. The Company has complied with the Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”), which require all the AC members to be Non-Executive Directors, with a majority of them being Independent Directors. In addition, one of the members of the AC is a member of the MIA.

In the event of any vacancy of the AC resulting in the non-compliance with Paragraph 15.19 of the MMLR, the Board shall appoint a new member within three (3) months.

The AC held four (4) meetings during the financial year ended 31 December 2021 and the attendance of each members of the Committee are as follows:-

Name	No. of meetings attended
Koo Hoong Kwan	4/4
Wong Yoke Nyen	4/4
Fazrin Azwar bin Md. Nor	4/4

## TERMS OF REFERENCE

The Terms of Reference of the AC which lays down the duties and responsibilities of its members is accessible via the Company’s website at [www.benalec.com.my](http://www.benalec.com.my). The Board is satisfied that the AC had discharged their duties and responsibilities in accordance with its Terms of Reference in ensuring that the Company upholds the appropriate Corporate Governance standards.

## Audit Committee Report (continued)

### SUMMARY OF ACTIVITIES AND WORK OF THE COMMITTEE

During the financial year ended 31 December 2021, the Committee had worked closely with the external auditors, internal auditors and management to carry out its functions and duties in line with the Terms of Reference.

A summary of the activities and work of the AC in discharging its duties includes the following:-

#### (i) Financial Reporting

- a. Reviewed the unaudited quarterly financial results of the Group including draft announcements pertaining thereto before recommending the same for the Board's approval and release to Bursa Securities and Securities Commission of Malaysia.
- b. Reviewed the audited financial statements of the Group and the external audit report with the External Auditors prior to the submission to the Board for approval.
- c. Reviewed the impacts of any changes to the accounting policies and adoption of new accounting standards as well as significant matters highlighted in the financial statements.

#### (ii) External Audit

- a. Reviewed the Audit Plan of the Group for the financial year ended 31 December 2021 prepared by the External Auditors setting out their responsibilities, scope of work and key audit areas in connection with their audit of the Group.
- b. Reviewed with the External Auditors the results of the audit, the report and the management letter, including management's response.
- c. Evaluated the performance and assessed the independence and objectivity of the External Auditors in providing their services and made recommendations to the Board on their re-appointment and remuneration.
- d. Held private sessions with the External Auditors without the presence of Executive Director and Management.

#### (iii) Internal Audit

- a. Reviewed the annual internal audit plan to ensure adequate scope and comprehensive coverage over the activities of the Group.
- b. Reviewed the internal audit reports, which highlighted the audit issues, recommendations and management's responses. Discussed with Management on actions taken to improve the system of internal control based on improvement opportunities identified in the internal audit reports.
- c. Reported to the Board on significant audit issues and concerns discussed during the Committee's meetings which have significant impact on the Group from time to time, for consideration and deliberation by the Board.

#### (iv) Related Party Transactions

- a. Reviewed on a quarterly basis the related party transaction(s) entered into by the Group and any conflict of interest situation that may arise within the Group.

#### (v) Other Matters

- a. Reviewed the AC Report and Statement of Risk Management and Internal Control prior to the submission of the same to the Board for consideration and inclusion in the Annual Report of the Company.
- b. Reviewed the Risk Management Report on the risk profile of the Group and the adequacy of internal control systems to manage these risks.
- c. Reviewed the Share Buy-back Statement in relation to the Proposed Renewal of Share Buy-Back Authority.

## Audit Committee Report (continued)

### INTERNAL AUDIT FUNCTION

The Group engaged the internal audit services from a professional internal audit service provider to ensure that the outsourced internal auditor is independent as it has no involvement in the operations of the Group. The outsourced internal auditors is responsible for the review and appraisal of the effectiveness of risk management, internal control and governance processes in the Group and reports directly to the AC.

The AC has full and direct access to the Internal Auditors, review the reports on all audits performed and monitors its performance. The AC also reviews the adequacy of the scopes, functions, competency and resources of the outsourced internal audit functions.

The outsourced internal auditors carried out internal audits within the Group based on a risk-based audit plan approved by the AC.

A summary of the Internal Audit activities undertaken during the financial year is as follows:-

- (i) Performed operational audits on business units of the Group in accordance with the pre-approved audit plan which covers review of internal control system, risk management and follow up audits to address observations reported in preceding internal audit visits;

During the financial year ended 31 December 2021, the internal auditors carried out its audit on the following functions:-

- a. Risk Profile Update Report;
- b. Internal Audit Report on Conflict of Interest;
- c. Follow-up Audit Report on Purchasing and Worker's Payroll (Malacca Project);
- d. Internal Audit Report on Related Party Transactions Review; and
- e. Internal Control Review on Purchasing (Malacca Project).

Based on these audits, the outsourced internal auditors provided the AC with reports highlighting observations, recommendations and management action plans to improve the system of internal controls.

- (ii) Conducted follow-up reviews to determine the adequacy, effectiveness and timeliness of action taken by the Management on audit recommendations and provided updates on their status to the Committee; and
- (iii) Presented internal audit reports to the AC for review and provide recommendations, if any for improvement of the internal control policies and procedures.

The fee incurred for internal audit function in respect of the financial year amounted to RM125,000.

# STATEMENT OF DIRECTORS' RESPONSIBILITY

## DIRECTORS' RESPONSIBILITY IN PREPARING THE FINANCIAL STATEMENTS

The Directors are required to take reasonable steps to ensure that the financial statements of the Company and the Group are properly drawn up in accordance with the provisions of the Companies Act 2016, applicable approved Malaysian Financial Reporting Standards (“**MFRS**”) and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the state of affairs of the Company and of the Group as at the end of financial year and of the results and the cash flow of the Company and of the Group for the financial year.

In preparing the financial statements for the financial year ended 31 December 2021, the Directors have:-

- adopted suitable accounting policies and applied them consistently;
- exercise judgment and made estimates that are reasonable and prudent;
- ensured adoption of applicable accounting standards; and
- prepared the financial statements on a going concern basis.

The Directors are responsible for ensuring that the Company and the Group maintains accounting records that disclose with reasonable accuracy at all times the financial position of the Company and of the Group to enable them to ensure that the financial statements comply with the Companies Act 2016 and MFRS.

The Directors have general responsibilities for taking such steps to ensure that appropriate systems are reasonably available to them to safeguard the assets of the Company and the Group, and to prevent and detect fraud and other irregularities and material misstatements. Such systems, by their nature, can only provide reasonable, but not absolute assurance against material misstatement, loss or fraud.

# 3

## OTHERS

- 056 Group Properties
- 058 Statistics of Shareholdings
- 060 Notice of the Sixteenth Annual General Meeting
- 067 Administrative Details



**GROUP PROPERTIES****AS AT 31 DEC 2021****A. Summary of Land Held for Sale**

No.	Lot No. / PT No.	PN No. / HS(D) No.	Description	Land Area (acres)	Existing usage	Tenure / Expired date	NBV as at 31/12/2021 (RM)	Date of acquisition (based on title date)
1	Lot 12039 - 12040 (formerly PT 510-511)	PN 53825 - 53826 (formerly HS(D) 70801 - 70802)	Pekan Klebang Sek. II, Melaka Tengah, Melaka	10.38	Vacant land / Commercial	Leasehold & expiring on 24/04/2111	9,661,877	25/04/2012
2	Lot 12187 (formerly PT 194)	PN 67922 (formerly HS(D) 84461)	Pekan Klebang Sek. II, Melaka Tengah, Melaka	16.83	Vacant land / Commercial	Leasehold & Expiring on 29/07/2112	20,046,089	30/07/2013
3	Lot 12102-12104 (formerly PT 560- 562)	PN 65038, 65041 - 65042 (formerly HS(D) 75678 - 75680)	Pekan Klebang Sek. II, Melaka Tengah, Melaka	34.35	Vacant land / Commercial	Leasehold & expiring on 02/10/2112	37,936,604	03/10/2013
4	PT 150 - 155	HS(D) 80967 - 80972	Pekan Klebang Sek. III, Melaka Tengah, Melaka	29.37	Vacant land / Commercial	Leasehold & expiring on 20/04/2115	24,340,629	21/04/2016
5	Lot 12167 (formerly PT 159)	PN 65671 (formerly HS(D) 80992)	Pekan Klebang Sek. III, Melaka Tengah, Melaka	5.21	Vacant land / Commercial	Leasehold & expiring on 20/04/2115	5,676,723	21/04/2016
6	Lot 12176 (formerly PT 168)	PN 65682 (formerly HS(D) 81001)	Pekan Klebang Sek. III, Melaka Tengah, Melaka	5.36	Vacant land / Commercial	Leasehold & expiring on 20/04/2115	5,817,269	21/04/2016
7	Lot 12179 (formerly PT 176 )	PN 65665 (formerly HS(D) 80982)	Pekan Klebang Sek. III, Melaka Tengah, Melaka	7.22	Vacant land / Commercial	Leasehold & expiring on 20/04/2115	7,853,493	21/04/2016
8	Lot 12180 (formerly PT 177)	PN 67408 (formerly HS(D) 80983))	Pekan Klebang Sek. III, Melaka Tengah, Melaka	6.19	Vacant land / Commercial	Leasehold & expiring on 20/04/2115	6,731,208	21/04/2016
<b>Total</b>				<b>114.91</b>			<b>118,063,892</b>	

**B. Information on land & building**

No.	PT No.	HS(D) No.	Location	Built up area (sq. ft)	Description / Existing usage	Tenure / Date of expiry of lease	NBV as at 31/12/2021 (RM)	Date of acquisition / SPA
1	PT 001790	HS(D) 0070078	No. 2, Jalan KL 3/9, Taman Kota Laksamana, Sek. 3, 75200 Melaka	6,088	3 storey shop office (Melaka site office)	Leasehold & expiring on 29/05/2110	1,231,702	01/06/2011
2	PT 16149	HS(D) 102335	No. 23, Jalan Perintis U1/52, Glenmarie Temasya, Seksyen U1, 40150 Shah Alam, Selangor	21,797	Semi-detached double storey factory (Headquarter of the Group)	Freehold	18,449,831	18/03/2016

## Group Properties

### As at 31 Dec 2021 (continued)

#### B. Information on land & building (continued)

No.	PT No.	HS(D) No.	Location	Built up area (sq. ft)	Description / Existing usage	Tenure / Date of expiry of lease	NBV as at 31/12/2021 (RM)	Date of acquisition / SPA
3	PTD 216346	HS(D) 520590	A-62-02 Menara A, The Astaka, Astaka Boulevard, 1 Bukit Senyum, Jalan Tebrau, 80200 Johor Bahru, Johor	2,659	Service Apartment (Vacant)	Freehold	3,139,657	10/08/2015
<b>Total (RM)</b>							<b>22,821,190</b>	

#### C. Information on Properties Held For Sale

No.	PT No.	Block No.	Location	Built up area (sq. ft)	Description / Existing usage	Tenure / Date of expiry of lease	NBV as at 31/12/2021 (RM)	Date of acquisition / SPA
1	LOT 19479	C-6	Cheng Business Park, Melaka Tengah, Melaka	1,248	1 1/2 storey shop office (Vacant)	Leasehold & expiring on 03/10/2096	357,817	27/03/2015
2	PT 21608	C-3	Kompleks Perniagaan Musai Bistari, Melaka	7,758	5 storey shop office (Vacant)	Leasehold & expiring on 04/07/2103	1,964,757	27/03/2015
3	PT 21608	C-4	Kompleks Perniagaan Musai Bistari, Melaka	7,654	5 storey shop office (Vacant)	Leasehold & expiring on 04/07/2103	1,962,097	27/03/2015
4	PT 21608	C-5	Kompleks Perniagaan Musai Bistari, Melaka	7,550	5 storey shop office (Vacant)	Leasehold & expiring on 04/07/2103	1,961,691	27/03/2015
5	PT 21608	C-6	Kompleks Perniagaan Musai Bistari, Melaka	7,446	5 storey shop office (Vacant)	Leasehold & expiring on 04/07/2103	1,970,339	27/03/2015
6	PT 21608	C-7	Kompleks Perniagaan Musai Bistari, Melaka	7,345	5 storey shop office (Vacant)	Leasehold & expiring on 04/07/2103	1,961,165	27/03/2015
7	LOT 9174	C-1	Gangsa Avenue, Daerah Alor Gajah, Melaka	4,370	2 storey shop office (Vacant)	Freehold	719,625	03/06/2015
<b>Total (RM)</b>							<b>10,897,491</b>	

# STATISTICS OF SHAREHOLDINGS

AS AT 30 MARCH 2022

Number of Issued Shares	: 1,031,602,500
Adjusted Number of Issued Shares	: 1,018,887,100 (exclude 12,715,400 treasury shares)
Class of Shares	: Ordinary Shares
Voting Rights	: One vote per ordinary share held in the case of a poll and one vote per person on a show of hands

## ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No of Holders	%	No. of Shares	%
Less than 100	29	0.315	513	0.000
100 to 1,000	452	4.923	345,994	0.033
1,001 to 10,000	4,209	45.844	25,734,182	2.525
10,001 to 100,000	3,702	40.322	134,866,117	13.236
100,001 to 50,944,354*	786	8.561	624,114,994	61.254
50,944,355 and above**	3	0.032	233,825,300	22.949
<b>Total</b>	<b>9,181</b>	<b>100.000</b>	<b>1,018,887,100</b>	<b>100.000</b>

Remark:

\* Less than 5% of the Adjusted Number of Issued Shares.

\*\* 5% and above of the Adjusted Number of Issued Shares.

## REGISTER OF SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	% <sup>^</sup>	No. of Shares	% <sup>^</sup>
CGS-CIMB Nominees (Asing) Sdn Bhd (Exempt an for CGS-CIMB Securities (Hong Kong) Limited (Foreign Client))	89,000,000	8.735	-	-
Oceancove Sdn Bhd	86,858,300	8.524	-	-
Citigroup Nominees (Asing) Sdn Bhd (Exempt an for OCBC Securities Private Limited (Client A/C-NR))	57,967,000	5.689	-	-
Dato' Leaw Seng Hai	444,100	0.040	86,858,300 <sup>(1)</sup>	8.524
Oceanview Cove Sdn Bhd	-	-	86,858,300 <sup>(2)</sup>	8.524

Notes:

<sup>^</sup> The percentage of shareholdings have been computed based on Adjusted Number of Issued Shares.

<sup>(1)</sup> Deemed interest by virtue of his direct interest in Oceancove Sdn Bhd and indirect interest in Oceancove Sdn Bhd via Oceanview Cove Sdn Bhd pursuant to Section 8(4) of the Companies Act, 2016 ("the Act").

<sup>(2)</sup> Deemed interest by virtue of its interest in Oceancove Sdn Bhd pursuant to Section 8(4) of the Act.

## DIRECTORS' DIRECT AND DEEMED INTERESTS IN THE COMPANY AND/OR ITS RELATED CORPORATIONS

Directors	Direct Interest		Deemed Interest	
	No. of Shares	% <sup>^</sup>	No. of Shares	% <sup>^</sup>
Wong Yoke Nyen	-	-	-	-
Dato' Leaw Seng Hai	444,100	0.040	86,858,300 <sup>(1)</sup>	8.524
Koo Hoong Kwan	-	-	-	-
Fazrin Azwar bin Md Nor	-	-	-	-
Leaw Ai Lin	-	-	-	-

Notes:

<sup>^</sup> The percentage of shareholdings have been computed based on Adjusted Number of Issued Shares.

<sup>(1)</sup> Deemed interest by virtue of his direct interest in Oceancove Sdn Bhd and indirect interest in Oceancove Sdn Bhd via Oceanview Cove Sdn Bhd pursuant to Section 8(4) of the Act.

## Statistics of Shareholdings

### As at 30 March 2022 (continued)

#### THIRTY LARGEST SECURITIES ACCOUNT HOLDERS ACCORDING TO THE RECORD OF DEPOSITORS

No.	Name of Shareholders	No. of Shares	%
1.	CGS-CIMB Nominees (Asing) Sdn. Bhd. (Exempt for CGS-CIMB Securities (Hong Kong) Limited (Foreign Client))	89,000,000	8.735
2.	Oceancove Sdn. Bhd.	86,858,300	8.524
3.	Citigroup Nominees (Asing) Sdn. Bhd. (Exempt for OCBC Securities Private Limited (Client A/C-NR))	57,967,000	5.689
4.	Teminsri Construction Sdn. Bhd.	42,412,400	4.162
5.	Daing A Malek bin Daing A Rahaman	40,000,000	3.925
6.	Kenanga Nominees (Tempatan) Sdn. Bhd. (Tan Chun Hoe)	40,000,000	3.925
7.	Lim Han Ho @ Lim Sua Now	37,700,000	3.700
8.	Teoh Tit Eng	20,150,000	1.977
9.	UOB Kay Hian Nominees (Tempatan) Sdn. Bhd. (Exempt for UOB Kay Hian Pte Ltd (A/C Clients))	20,007,000	1.963
10.	M & A Nominee (Asing) Sdn. Bhd. (Exempt for Sanston Financial Group Limited (Account Client))	20,000,000	1.962
11.	Ooi Thean Chye	20,000,000	1.962
12.	Leaw Eilin	17,537,700	1.721
13.	Palembang Emas Sdn. Bhd.	14,800,000	1.452
14.	Maybank Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for TNTT Realty Sdn. Bhd.)	12,093,400	1.186
15.	Maybank Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Ong Yoong Nyock)	11,746,000	1.152
16.	AllianceGroup Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Bakat Impian Sdn. Bhd. (8124505))	9,480,000	0.930
17.	AllianceGroup Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Ong Yoong Nyock (8039533))	8,778,500	0.861
18.	Maybank Nominees (Tempatan) Sdn. Bhd. (Ng Ban Hock)	8,774,500	0.861
19.	Tiong Nam Logistics Holdings Berhad	6,050,000	0.593
20.	Lai Thiam Poh	5,130,000	0.503
21.	HLIB Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Astinas Construction & Development Sdn. Bhd. (MG0037-222))	4,088,400	0.401
22.	RHB Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Cheang Fook Sam)	3,650,000	0.358
23.	Lim Siu Luan	3,500,000	0.343
24.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Chan Foong Cheng (Tmn Cheras – CL))	3,059,000	0.300
25.	Lee Chee Kian	3,000,000	0.294
26.	RHB Capital Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Wendy Lee Yoke Peng (CEB))	2,918,000	0.286
27.	AllianceGroup Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Lau Teck Poh (6000328))	2,550,000	0.250
28.	Tay Tiong Yuan	2,506,200	0.245
29.	Wong Chee Thong	2,500,000	0.245
30.	Loh Yuen Kok	2,400,000	0.235

# NOTICE OF THE SIXTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE SIXTEENTH ANNUAL GENERAL MEETING (“**16TH AGM**”) OF BENALEC HOLDINGS BERHAD (“**BENALEC**” OR “**COMPANY**”) WILL BE CONDUCTED ENTIRELY THROUGH LIVE STREAMING FROM THE BROADCAST VENUE AT BENALEC HOLDINGS BERHAD HEADQUARTERS (PACIFIC BOARD ROOM), NO. 23, JALAN PERINTIS U1/52, GLENMARIE TEMASYA, SEKSYEN U1, 40150 SHAH ALAM, SELANGOR DARUL EHSAN ON WEDNESDAY, 25 MAY 2022 AT 10.00 A.M. FOR THE FOLLOWING PURPOSES:

## AGENDA

### ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2021 and the Reports of the Directors and Auditors thereon. ***Please refer to the Explanatory Notes to the Agenda***
2. To approve the payment of Directors’ fees of RM672,000 to the Non-Executive Directors for the financial year ended 31 December 2021. ***Ordinary Resolution 1***
3. To approve the payment of the Directors’ benefits of up to an aggregate amount of RM50,000 to the Non-Executive Directors for the period from 26 May 2022 until the next Annual General Meeting. ***Ordinary Resolution 2***
4. To re-elect Dato’ Leaw Seng Hai, a Director who is retiring by rotation pursuant to Clause 76 of the Company’s Constitution and being eligible, has offered himself for re-election. ***Ordinary Resolution 3***
5. To re-elect Mr Koo Hoong Kwan, a Director who is retiring by rotation pursuant to Clause 76 of the Company’s Constitution and being eligible, has offered himself for re-election. ***Ordinary Resolution 4***
6. To re-appoint BDO PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. ***Ordinary Resolution 5***

### SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary Resolutions with or without modifications:-

#### 7. **Proposed Continuation in Office as Independent Non-Executive Directors**

- 7.1 “THAT approval be and is hereby given to Mr Wong Yoke Nyen, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to serve as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting of the Company.” ***Ordinary Resolution 6***
- 7.2 “THAT subject to the passing of the Ordinary Resolution 4, approval be and is hereby given to Mr Koo Hoong Kwan, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to serve as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting of the Company.” ***Ordinary Resolution 7***

#### 8. **Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016** ***Ordinary Resolution 8***

“THAT, pursuant to Sections 75 and 76 of the Companies Act 2016 (“the Act”) and the Constitution of the Company and subject to the approvals from Bursa Malaysia Securities Berhad and other relevant government/regulatory authorities, where such approval is necessary, the Directors of the Company be and are hereby empowered pursuant to Sections 75 and 76 of the Act to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Board of Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued during the preceding 12 months does not exceed 10% of the total number of the issued shares (excluding treasury shares) of the Company for the time being AND THAT the Board of Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad.”

## Notice of the Sixteenth Annual General Meeting (continued)

### 9. Proposed Renewal of Authority for Share Buy-Back

### *Ordinary Resolution 9*

“THAT subject always to the Companies Act 2016 (“the Act”), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”) and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

- i. the aggregate number of issued shares in the Company (“Shares”) purchased (“Purchased Shares”) and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase; and
- ii. the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase,

(“Proposed Share Buy-Back”).

AND THAT the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:-

- a. the conclusion of the next Annual General Meeting of the Company following at which time the authority shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
- b. the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or
- c. revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own Shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

AND THAT the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares until all the Purchased Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force:-

- i. To cancel all or part of the Purchased Shares;
- ii. To retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act;
- iii. To distribute all or part of the treasury shares as dividends to the shareholders of the Company;
- iv. To resell all or part of the treasury shares;
- v. To transfer all or part of the treasury shares for the purposes of or under the employees’ share scheme established by the Company and/or its subsidiaries;
- vi. To transfer all or part of the treasury shares as purchase consideration;
- vii. To sell, transfer or otherwise use the shares for such other purposes as the Minister may by order prescribe; and/or
- viii. To deal with the treasury shares in any other manners as allowed by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are authorised to take all such steps as are necessary or expedient [including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties] to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities.”

10. To transact any other business of which due notice shall have been given in accordance with the Company’s Constitution and the Companies Act 2016.

# Notice of the Sixteenth Annual General Meeting (continued)

By Order of the Board of  
**BENALEC HOLDINGS BERHAD**

**WONG WAI FOONG** (MAICSA 7001358)(SSM PC No. 202008001472)

**LIM WEI LEE** (MAICSA 7064249)(SSM PC No. 202008004038)

Company Secretaries  
Kuala Lumpur

Date: 26 April 2022

## **NOTES:**

### **1. IMPORTANT NOTICE**

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting.

Shareholders will not be allowed to attend this Annual General Meeting (“AGM”) in person at the Broadcast Venue on the date of the meeting.

Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, “participate”) remotely at this AGM via the Remote Participation and Voting facilities (“RPV”) provided by Tricor Investor & Issuing House Services Sdn. Bhd. (“Tricor”) via its **TIIH Online** website at <https://tiih.online>.

**Please read these Notes carefully and follow the procedures in the Administrative Details for the AGM in order to participate remotely via RPV.**

2. For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 19 May 2022. Only a member whose name appears on this Record of Depositors shall be entitled to attend this AGM via RPV.
3. A member who is entitled to participate in this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
4. A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the AGM.
5. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 (“Central Depositories Act”), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
7. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
8. A member who has appointed a proxy or attorney or authorised representative to participate at the AGM via RPV **must request his/her proxy or attorney or authorised representative to register himself/herself for RPV** via TIIH Online website at <https://tiih.online>. Procedures for RPV can be found in the Administrative Details for the AGM.

## Notice of the Sixteenth Annual General Meeting (continued)

9. The appointment of a proxy may be made in a hard copy form or by electronic form in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:-
- i. *In hard copy form*  
*In the case of an appointment made in hard copy, the proxy form must be deposited at the Share Registrar of the Company situated at Tricor Investor & Issuing House Services Sdn. Bhd. of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia **OR** alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.*
  - ii. *By electronic means via Tricor System, TIIH Online*  
*The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tjih.online> (applicable to individual shareholders only). Kindly refer to the Administrative Details of the 16<sup>th</sup> AGM on the procedures for electronic lodgement of proxy form via TIIH Online.*
10. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
11. Last date and time for lodging the proxy form is **Monday, 23 May 2022 at 10.00 a.m.**
12. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Share Registrar of the Company situated at Tricor Investor & Issuing House Services Sdn. Bhd. of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia **OR** alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
13. For a corporate member who has appointed a representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative at the Share Registrar of the Company situated at Tricor Investor & Issuing House Services Sdn. Bhd. of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia **OR** the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
- The certificate of appointment of authorised representative should be executed in the following manner:-*
- a. *If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.*
  - b. *If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:*
    - i. *at least two (2) authorised officers, of whom one shall be a director; or*
    - ii. *any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.*
14. Pursuant to Paragraph 8.29A(1) of the Listing Requirements of Bursa Securities, all resolutions set out in this Notice will be put to vote by poll.
15. Shareholders are advised to check the Company's website at [www.benalec.com.my](http://www.benalec.com.my) and announcements from time to time for any changes to the administration of the AGM that may be necessitated by changes to the directives, safety and precautionary requirements and guidelines prescribed by the Government of Malaysia, the Ministry of Health, the Malaysian National Security Council, Securities Commission Malaysia and/or other relevant authorities.

## Notice of the Sixteenth Annual General Meeting (continued)

### EXPLANATORY NOTES:

1. Audited Financial Statements for year ended 31 December 2021

The Audited Financial Statements in Agenda item 1 is meant for discussion only as the approval of shareholders is not required pursuant to Section 340(1)(a) of the Companies Act 2016 (“the Act”). Hence, this Agenda item is not put forward for voting by shareholders of the Company.

2. Ordinary Resolution 1

Directors’ fees for the year ended 31 December 2021

The proposed Ordinary Resolution 1 on the payment of Directors’ fees of RM672,000 to Non-Executive Directors’ fees in respect of the financial year ended 31 December 2021 are calculated based on the number of scheduled Board and Board Committee meetings and assuming that all Non-Executive Directors will hold office until the next AGM. This resolution is to facilitate payment of Directors’ fees on current financial year basis.

In the event the Directors’ fees proposed are insufficient (e.g. due to more meetings or enlarged board size), approval will be sought at the next AGM for additional fees to meet the shortfall.

3. Ordinary Resolution 2

Directors’ benefits for the period from 26 May 2022 until the next Annual General Meeting

Pursuant to Section 230(1) of the Act, any fees and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

The Proposed Ordinary Resolution 2 on the payment of Directors’ benefits (excluding Directors’ fees) of up to an aggregate amount of RM50,000 to the Non-Executive Directors for the period from 26 May 2022 until the next Annual General Meeting of the Company. The Company is seeking shareholders’ approval on the benefits/emoluments payable to the Non-Executive Directors as set out below, as and when incurred:-

Description	Chairman (per meeting)	Members (per meeting)
Meeting Allowances	RM1,000	RM500
Other Benefits	<ul style="list-style-type: none"> <li>• Medical and insurance coverage</li> <li>• Other claimable benefits</li> </ul>	

In the event the proposed amount is insufficient (e.g. due to more meetings or enlarged board size), approval will be sought at the next Annual General Meeting for additional fees to meet the shortfall.

4. Ordinary Resolutions 3 and 4

Re-election of Directors

Dato’ Leaw Seng Hai and Mr Koo Hoong Kwan are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 16<sup>th</sup> AGM. The Board of Directors has through the Nomination Committee carried out the necessary assessment on the aforesaid Directors and concluded that they met the criteria as prescribed under Paragraph 2.20A of the Main Market Listing Requirements on character, experience, integrity, competence and time to effectively discharge their roles as Directors.

5. Ordinary Resolutions 5

Re-appointment of Auditors

The Board has through the Audit Committee, considered the re-appointment of BDO PLT as the Auditors of the Company. The factors considered by the Audit Committee in making the recommendation to the Board to table their re-appointment at the 16<sup>th</sup> AGM are disclosed in the Audit Committee Report of the 2021 Annual Report.

## Notice of the Sixteenth Annual General Meeting (continued)

### 6. Ordinary Resolutions 6 and 7

#### Proposed Continuation in Office as Independent Non-Executive Directors

*i. Ordinary Resolution 6 - Proposal for Mr Wong Yoke Nyen ("Mr Wong") to continue in office as Independent Non-Executive Director*

The Board of Directors ("Board") had via the Nomination Committee conducted an annual performance evaluation and assessment of Mr Wong and recommended him to continue to serve as Independent Non-Executive Director of the Company based on the following justifications: -

- a. He was appointed on 5 October 2010 as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years. As such, he understands the Company's business operations and is able to participate and contribute actively during deliberations or discussions at meetings of the Audit Committee, the Nomination Committee, the Remuneration Committee, the Evaluation Committee and the Board;
- b. His vast experiences and exposure in the areas of auditing, accountancy, management consultancy and corporate finance work would enable him to contribute effectively to the Board;
- c. He fulfills the criteria under the definition of independent director as set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and therefore, is able to bring independent and objective judgment to the Board; and
- d. He has exercised due care during his tenure as Independent Non-Executive Director of the Company and carried out his duties professionally in the interest of the Company and shareholders.

His profile is on page 12 of the 2021 Annual Report.

*ii. Ordinary Resolution 7 - Proposal for Mr Koo Hoong Kwan ("Mr Koo") to continue in office as Independent Non-Executive Director*

The Board had via the Nomination Committee conducted an annual performance evaluation and assessment of Mr Koo and recommended him to continue to serve as Independent Non-Executive Director of the Company based on the following justifications:-

- a. He was appointed on 5 October 2010 as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years. As such, he understands the Company's business operations and is able to participate and contribute actively during deliberations or discussions at meetings of the Audit Committee, the Nomination Committee, the Remuneration Committee, the Evaluation Committee and the Board;
- b. His experience as a consultant in wide-ranging business and financial advisory services would enable him to contribute effectively to the Board;
- c. He fulfills the criteria under the definition of independent director as set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and therefore, is able to bring independent and objective judgment to the Board; and
- d. He has exercised due care during his tenure as Independent Non-Executive Director of the Company and carried out his duties professionally in the interest of the Company and shareholders.

His profile is on page 13 of the 2021 Annual Report.

## Notice of the Sixteenth Annual General Meeting (continued)

### 7. Ordinary Resolution 8

#### Authority to issue shares pursuant to Sections 75 and 76 of the Act

The proposed Ordinary Resolution 8 is the renewal of general mandate (“general mandate”) under Sections 75 and 76 of the Companies Act 2016 (“the Act”) and if passed, will provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders’ approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions and/or for issuance of shares as settlement of purchase consideration, which the Directors of the Company consider to be in the best interest of the Company. This authority will expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, the following new ordinary shares in the capital of the Company at the following issue prices were issued pursuant to the mandate granted to the Directors at the Fifteenth Annual General Meeting held on 18 May 2021, which will lapse at the conclusion of the Sixteenth Annual General Meeting:-

New Ordinary Shares	Issue Price
140,000,000	RM0.122 each
29,800,000	RM0.113 each

The proceeds of RM20,447,400 raised from the private placement exercise is to fund the Group’s ongoing and future marine construction projects, as well as its working capital.

### 8. Ordinary Resolution 9

#### Proposed Renewal of Authority for Share Buy-Back

The proposed Ordinary Resolution 9, if passed, will provide a mandate for the Company to purchase its own shares of up to 10% of the total number of issued shares of the Company and shall lapse at the conclusion of the next Annual General Meeting unless authority for the approval is obtained from the shareholders of the Company at a general meeting. Please refer to the Statement to Shareholders in relation to the Proposed Renewal of Share Buy-Back Authority dated 26 April 2022 for further details.

# ADMINISTRATIVE DETAILS

## For the 16<sup>TH</sup> Annual General Meeting (“16<sup>th</sup> AGM”) of Benalec Holdings Berhad

<b>Date</b>	: <b>Wednesday, 25 May 2022</b>
<b>Time</b>	: <b>10.00 a.m.</b>
<b>Broadcast Venue</b>	: <b>BENALEC HOLDINGS BERHAD HEADQUARTERS (PACIFIC BOARD ROOM) NO. 23, JALAN PERINTIS U1/52, GLENMARIE TEMASYA SEKSYEN U1, 40150 SHAH ALAM, SELANGOR DARUL EHSAN</b>

### Precautionary Measures Against the Coronavirus Disease (“COVID-19”)

- In view of the Covid-19 pandemic uncertainty and as part of our safety measures, the Company will conduct its 16<sup>th</sup> AGM on a **virtual basis through live streaming and online remote** voting via Remote Participation and Voting (“RPV”) facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd’s (“Tricor”) **TIIH Online** website at <https://tiih.online>.
- The venue of the 16<sup>th</sup> AGM 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 at the main venue. No shareholders/proxy (ies) will be allowed to be physically present at the Broadcast Venue.
- We encourage you to attend the 16<sup>th</sup> AGM via the RPV facilities. You may also consider appointing the Chairman of the Meeting as your proxy to attend and vote on your behalf at the 16<sup>th</sup> AGM.
- Due to the evolving COVID-19 situation in Malaysia, the Company may be required to alter the arrangements of its 16<sup>th</sup> AGM at short notice. Kindly check the Company’s website or announcements for updates, if any, on the status of its 16<sup>th</sup> AGM.
- The Company will observe the relevant guidelines issued by the Ministry of Health and will take appropriate measures as advised.

### Remote Participation and Voting (RPV) Facilities

- Shareholders may attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, “participate”) remotely at the 16<sup>th</sup> AGM using RPV provided by Tricor Investor & Issuing House Services Sdn. Bhd. (“Tricor”) via its **TIIH Online** website at <https://tiih.online>.
- Shareholders who appoint proxies to participate via RPV in the 16<sup>th</sup> AGM must ensure that the duly executed proxy forms are deposited in a hard copy form or by electronic means to Tricor no later than **Monday, 23 May 2022 at 10.00 a.m.**
- Corporate representatives of corporate members must deposit their original certificate of appointment of corporate representative to Tricor not later than **Monday, 23 May 2022 at 10.00 a.m.** to participate via RPV in the 16<sup>th</sup> AGM.
- Attorneys appointed by power of attorney are to deposit their power of attorney with Tricor not later than **Monday, 23 May 2022 at 10.00 a.m.** to participate via RPV in the AGM.
- A shareholder who has appointed a proxy or attorney or authorised representative to participate at this Annual General Meeting via RPV must request his/her proxy or attorney or authorised representative to register himself/herself for RPV at TIIH Online website at <https://tiih.online>.

As the 16<sup>th</sup> AGM is a fully virtual AGM, members who are unable to participate in this AGM may appoint the Chairperson of the meeting as his/her proxy and indicate the voting instructions in the proxy form.

### No Door Gift or Food Voucher

- There will be no door gifts or food vouchers during the 16<sup>th</sup> AGM since the meeting is being conducted on a virtual basis.

### Pre-Meeting Submission of Questions to the Board of Directors

- In order to enhance the efficiency of the proceedings of the 16<sup>th</sup> AGM, shareholder may in advance, before the 16<sup>th</sup> AGM, submit questions to the Board of Directors via Tricor’s TIIH Online website at <https://tiih.online>, by selecting “e-Services” to login, post your questions and submit it electronically no later than **Monday, 23 May 2022 at 10.00 a.m.** The Board of Directors will endeavor to address the questions received at the 16<sup>th</sup> AGM.

### Procedures to Remote Participation and Voting via RPV Facilities

- Please read and follow the procedures below to engage in remote participation through live streaming and online remote voting at the 16<sup>th</sup> AGM using the RPV facilities:-

## Administrative Details

### For the 16<sup>TH</sup> Annual General Meeting ("16<sup>th</sup> AGM") of Benalec Holdings Berhad (continued)

#### Before the 16<sup>th</sup> AGM Day

Procedure	Action
i. Register as a user with TIIH Online (applicable for Individual Shareholders only)	<ul style="list-style-type: none"> <li>Using your computer, access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the "e-Services", select the "Sign Up" button and followed by "Create Account by Individual Holder". Refer to the tutorial guide posted on the homepage for assistance.</li> <li>Registration as a user will be approved within one (1) working day and you will be notified via e-mail.</li> <li>If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.</li> </ul>
ii. Submit your request to attend 16 <sup>th</sup> AGM remotely	<ul style="list-style-type: none"> <li>Registration is open from <b>Tuesday, 26 April 2022 until the day of AGM on Wednesday, 25 May 2022</b>. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the AGM to ascertain their eligibility to participate the AGM using the RPV.</li> <li>Login with your user ID and password and select the corporate event: <b>(Registration) BENALEC HOLDINGS BERHAD 16<sup>th</sup> AGM</b></li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Review your registration and proceed to register</li> <li>System will send an <b>e-mail to notify</b> that your registration for remote participation is received and will be verified.</li> <li>After verification of your registration against the Record of Depositors as at 19 May 2022, the system will send you an <b>e-mail on or after 23 May 2022 to approve or reject</b> your registration for remote participation.</li> </ul> <p><i>(Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV)</i></p>

#### On the 16<sup>th</sup> AGM Day

Procedure	Action
i. Login to TIIH Online	<ul style="list-style-type: none"> <li>Login with your user ID and password for remote participation at the 16<sup>th</sup> AGM at any time from 9.00 a.m. i.e. 1 hour before the commencement of meeting at 10.00 a.m. on Wednesday, 25 May 2022.</li> </ul>
ii. Participate through Live Streaming	<ul style="list-style-type: none"> <li>Select the corporate event: <b>(Live Streaming Meeting) BENALEC HOLDINGS BERHAD 16<sup>th</sup> AGM</b> to engage in the proceedings of the 16<sup>th</sup> AGM remotely.</li> <li>If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will try to respond to questions submitted by remote participants during the 16<sup>th</sup> AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.</li> </ul>
iii. Online remote voting	<ul style="list-style-type: none"> <li>Select the corporate event: <b>(Remote Voting) BENALEC HOLDINGS BERHAD 16<sup>th</sup> AGM</b></li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Voting session commences from 10.00 a.m., Wednesday, 25 May 2022 until a time when the Chairman announces the completion of the voting session at the 16<sup>th</sup> AGM.</li> <li>Select the CDS account that represents your shareholdings.</li> <li>Indicate your votes for the resolutions that are tabled for voting.</li> <li>Confirm and submit your votes.</li> </ul>
iv. End of remote participation	<ul style="list-style-type: none"> <li>Upon the announcement by the Chairman on the conclusion of the 16<sup>th</sup> AGM, the Live Streaming will end.</li> </ul>

#### Note to users of the RPV facilities:

- Should your application to join the meeting be approved, we will make available to you the rights to join the live streamed meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
- The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
- In the event you encounter any issues with logging-in, connection to the live streamed meeting or online voting, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 for assistance or e-mail to [tiih.online@my.tricorglobal.com](mailto:tiih.online@my.tricorglobal.com) for assistance.

## Administrative Details

### For the 16<sup>TH</sup> Annual General Meeting ("16<sup>th</sup> AGM") of Benalec Holdings Berhad (continued)

#### ELECTRONIC LODGEMENT OF PROXY FORM

The procedures to lodge your proxy form electronically via Tricor's **TIIH Online** website are summarised below:

Procedure	Action
<b>i. Steps for Individual Shareholders</b>	
Register as a User with TIIH Online	<ul style="list-style-type: none"> <li>Using your computer, please access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the "e-Services". Please refer to the tutorial guide posted on the homepage for assistance.</li> <li>If you are already a user with TIIH Online, you are not required to register again.</li> </ul>
Proceed with submission of form of proxy	<ul style="list-style-type: none"> <li>After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password.</li> <li>Select the corporate event: "<b>BENALEC HOLDINGS BERHAD 16<sup>th</sup> AGM - Submission of Proxy Form</b>".</li> <li>Read and agree to the Terms and Conditions and confirm the Declaration.</li> <li>Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf.</li> <li>Appoint your proxy(s) and insert the required details of your proxy(s) or appoint the Chairman as your proxy.</li> <li>Indicate your voting instructions - FOR or AGAINST, otherwise your proxy will decide on your votes.</li> <li>Review and confirm your proxy(s) appointment.</li> <li>Print the form of proxy for your record.</li> </ul>
<b>ii. Steps for corporation or institutional shareholders</b>	
Register as a User with TIIH Online	<ul style="list-style-type: none"> <li>Access TIIH Online at <a href="https://tiih.online">https://tiih.online</a>.</li> <li>Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects the "Sign Up" button and followed by "<b>Create Account by Representative of Corporate Holder</b>".</li> <li>Complete the registration form and upload the required documents.</li> <li>Registration will be verified, and you will be notified by email within one (1) to two (2) working days.</li> <li>Proceed to activate your account with the temporary password given in the email and re-set your own password.</li> </ul> <p><i>(Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.)</i></p>
Proceed with submission of form of proxy	<ul style="list-style-type: none"> <li>Login to TIIH Online at <a href="https://tiih.online">https://tiih.online</a>.</li> <li>Select the corporate exercise name: "<b>BENALEC HOLDINGS BERHAD 16<sup>th</sup> AGM - Submission of Proxy Form</b>".</li> <li>Agree to the Terms &amp; Conditions and Declaration.</li> <li>Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein.</li> <li>Prepare the file for the appointment of proxies by inserting the required data.</li> <li>Login to TIIH Online, select corporate exercise name: "<b>BENALEC HOLDINGS BERHAD 16<sup>th</sup> AGM - Submission of Proxy Form</b>".</li> <li>Proceed to upload the duly completed proxy appointment file.</li> <li>Select "Submit" to complete your submission.</li> <li>Print the confirmation report of your submission for your record.</li> </ul>

#### ENQUIRY

If you have any enquiries on the above, please contact our Share Registrar during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

#### Tricor Investor & Issuing House Services Sdn. Bhd.

General Line : +603-2783 9299

Fax Number : +603-2783 9222

Email : [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com)

# 4

## FINANCIAL PERFORMANCE

071	Directors' Report
077	Statement by Directors
077	Statutory Declaration
078	Independent Auditors' Report
082	Statements of Financial Position
083	Statements of Profit or Loss and Other Comprehensive Income
084	Consolidated Statement of Changes in Equity
085	Statement of Changes in Equity
086	Statements of Cash Flows
089	Notes to the Financial Statements

# DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

## PRINCIPAL ACTIVITIES

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

## RESULTS

	<b>Group RM</b>	<b>Company RM</b>
Loss for the financial year	(33,894,541)	(5,105,809)
Attributable to:		
Owners of the parent	(32,879,972)	(5,105,809)
Non-controlling interests	(1,014,569)	-
	<u>(33,894,541)</u>	<u>(5,105,809)</u>

## DIVIDEND

No dividend has been paid, declared or proposed by the Company since the end of the previous financial year. The Directors do not recommend any payment of dividend in respect of the current financial year.

## RESERVES AND PROVISIONS

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

## ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up share capital of the Company was increased from RM371,488,527 to RM391,935,927 by way of issuance of 169,800,000 new ordinary shares pursuant to the following:

- (a) Private placement of 140,000,000 new ordinary shares of RM0.122 each for cash totalling RM17,080,000; and
- (b) Private placement of 29,800,000 new ordinary shares of RM0.113 each for cash totalling RM3,367,400.

The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company. There were no other issues of shares during the financial year.

The Company did not issue any new debentures during the financial year.

## Directors' Report (continued)

### OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year apart from the issue of options pursuant to the Share Issuance Scheme as disclosed below.

The Share Issuance Scheme of the Company came into effect on 17 January 2011. The Share Issuance Scheme should be in force for a period of five (5) years until 16 January 2016 ("the option period"). Pursuant to the Clause 20.1 of the Share Issuance Scheme By-Laws, the Company extended the Scheme, which expired on 16 January 2016 for another five (5) years until 15 January 2021. During the financial year, the Scheme has expired on 15 January 2021. All outstanding options over ordinary shares of the Company offered pursuant to the Scheme have automatically been terminated on 15 January 2021.

The main features of the Share Issuance Scheme are as follows:

- (a) Eligible Directors and executives ("Eligible Executives") are those who are confirmed employees of the Group and have served full time for at least a period of six (6) months of continuous services before the date of offer;
- (b) The total number of ordinary shares offered under the Share Issuance Scheme shall not, in aggregate, exceed 15% of the issued and paid-up share capital of the Company at any time during the existence of the Share Issuance Scheme;
- (c) The option price under the Share Issuance Scheme shall be the five (5) days weighted average market price of the ordinary shares as quoted on the Main Market of Bursa Malaysia Securities Berhad at the time of the option is granted with a discount of not more than 10% if deemed appropriate;
- (d) The aggregate number of ordinary shares that may be offered and allotted to any of the Eligible Executives of the Group shall not exceed the allowable allotment set out in the By-Laws and not more than 10% of the ordinary shares available under the Share Issuance Scheme shall be allocated to any individual Director or eligible employees who, either singly or collectively through persons connected with that Director or eligible employee, holds 20% or more of the issued and paid-up share capital of the Company;
- (e) The options granted to Eligible Executives will lapse when they are no longer in employment with the Group;
- (f) Upon exercise of the options, the ordinary shares issued will rank pari passu in all respects with the existing ordinary shares of the Company (except that they will not be entitled to any dividends, rights, allotments and/or any other distributions, which may be declared, made or paid to the shareholders, of which the entitlement date is prior to the date of the listing of the ordinary shares on the Main Market of Bursa Malaysia Securities Berhad through exercising the options); and
- (g) The Eligible Executives to whom the options have been granted have no right to participate, by virtue of these options, in any ordinary share issue of any other company.

Details of the options over the ordinary shares of the Company are as follows:

Date of offer	Exercise price	Number of options over ordinary shares				Outstanding as at 31 December 2021	Exercisable as at 31 December 2021
		Outstanding as at 1 January 2021	Granted	Exercised	Forfeited		
16 April 2012	RM1.06	2,997,500	-	-	(2,997,500)	-	-
3 January 2014	RM0.78	400,000	-	-	(400,000)	-	-
28 January 2014	RM0.79	5,164,000	-	-	(5,164,000)	-	-
18 July 2017	RM0.38	10,240,000	-	-	(10,240,000)	-	-
		18,801,500	-	-	(18,801,500)	-	-

## Directors' Report (continued)

### REPURCHASE OF OWN SHARES

At the Annual General Meeting held on 18 May 2021, the shareholders of the Company by an ordinary resolution renewed the mandate given to the Company to repurchase its own shares based, amongst others, on the following terms:

- (a) the aggregate number of shares purchased does not exceed ten percent (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase;
- (b) the maximum funds to be allocated by the Company for the purpose of purchasing its shares shall not exceed the total retained earnings of the Company at the time of the purchase(s); and
- (c) the Directors of the Company may decide to:
  - (i) retain the shares purchased as treasury shares for distribution as dividend to the shareholders and/or resale on the market of Bursa Securities and/or for cancellation subsequently; and/or
  - (ii) cancel the shares so purchased; and/or
  - (iii) retain part of the shares so purchased as treasury shares and cancel the remainder in the manner as allowed by the Act.

The Company has the rights to retain, cancel, resell and/or distribute these shares as dividends. As treasury shares, the rights attached to them as to voting, dividends and participation in any other distributions or otherwise are suspended. Of the total 1,031,602,500 (2020: 861,802,500) issued and fully paid ordinary shares as at 31 December 2021, 12,715,400 (2020: 12,715,400) ordinary shares purchased for RM12,703,204 (2020: RM12,703,204) are held as treasury shares by the Company. The number of outstanding ordinary shares in issue after deducting the treasury shares is 1,018,887,100 (2020: 849,087,100) as disclosed in Note 17(a) to the financial statements.

### DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

#### Benalec Holdings Berhad

Dato' Leaw Seng Hai  
Koo Hoong Kwan  
Wong Yoke Nyen  
Leaw Ai Lin  
Fazrin Azwar bin Md. Nor

Dato' Leaw Seng Hai and Leaw Ai Lin are also the Directors of certain subsidiaries of the Company.

#### Subsidiaries of Benalec Holdings Berhad

Pursuant to Section 253 of the Companies Act 2016, the list of Directors of the subsidiaries during the financial year and up to the date of this report, not including those Directors listed above are as follows:

Dato' Daing A Malek Bin Daing Rahaman  
Hariharan A/L N R Govindapillai  
Ragunatha Naicker A/L Elumalai  
(Alternate Director of Tiji Pieter De Zwart)  
Rosly Bin Ahmad  
Salehudin Bin Omar  
Tiji Pieter De Zwart  
Tunku Ismail Idris Ibni Tunku Ibrahim  
Yvonne Tan (Chen Xianglian)  
Tan Guan Chong

## Directors' Report (continued)

### DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2021 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	Number of ordinary shares			Balance as at 31.12.2021
	Balance as at 1.1.2021	Bought	Sold	
<b>Shares in the Company</b>				
<b>Direct interests</b>				
Dato' Leaw Seng Hai	444,100	-	-	444,100
Koo Hoong Kwan	270,000	-	(270,000)	-
<b>Indirect interest</b>				
Dato' Leaw Seng Hai	334,780,400	-	(247,922,100)	86,858,300 <sup>(1)</sup>

<sup>(1)</sup> Deemed interest by virtue of his direct interests in Ocean Cove Sdn. Bhd. ("Ocean Cove") and indirect interests in Ocean Cove via Oceanview Cove Sdn. Bhd. ("Oceanview") pursuant to Section 8(4) of the Companies Act 2016 in Malaysia ("the Act").

	Number of options over ordinary shares			Balance as at 31.12.2021
	Balance as at 1.1.2021	Granted	Forfeited	
<b>Options in the Company</b>				
<b>Direct interests</b>				
Dato' Leaw Seng Hai	4,800,000	-	(4,800,000)	-
Koo Hoong Kwan	400,000	-	(400,000)	-
Wong Yoke Nyen	400,000	-	(400,000)	-

	Number of ordinary shares			Balance as at 31.12.2021
	Balance as at 1.1.2021	Bought	Sold	
<b>Shares in the immediate holding company, Ocean Cove</b>				
<b>Direct interest</b>				
Dato' Leaw Seng Hai	482	4,418	-	4,900
<b>Indirect interest</b>				
Dato' Leaw Seng Hai	5,100	-	-	5,100 <sup>(2)</sup>

<sup>(2)</sup> Deemed interest by virtue of his interest in Oceanview.

	Number of ordinary shares			Balance as at 31.12.2021
	Balance as at 1.1.2021	Bought	Sold	
<b>Shares in the ultimate holding company, Oceanview</b>				
<b>Direct interest</b>				
Dato' Leaw Seng Hai	7,843	2,157	-	10,000

By virtue of Section 8(4) of the Companies Act 2016 in Malaysia, Dato' Leaw Seng Hai is also deemed to be interested in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

None of the other Directors holding office at the end of the financial year held any interest in the ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year.

## Directors' Report (continued)

### DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in 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 the following:

- (a) certain Directors who may be deemed to derive benefits by virtue of trade transactions entered into with companies in which certain Directors have substantial financial interests; and
- (b) certain Directors who received remuneration from subsidiaries as Directors of the subsidiaries.

The details of the above transactions are disclosed in Note 32 to the financial statements.

There were no arrangements made during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except for the options granted pursuant to the Share Issuance Scheme as disclosed in Note 19 to the financial statements.

### DIRECTORS' REMUNERATION

The details of Directors' remuneration are disclosed in Note 30 to the financial statements.

### INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

There were no indemnity given to or insurance effected for the Directors, officers and auditors of the Group and of the Company during the financial year.

### OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

#### (I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

#### (II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
  - (i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
  - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

## Directors' Report (continued)

### OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (continued)

#### (II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT (continued)

- (d) In the opinion of the Directors:
- (i) there has not arisen any item, transaction or event of a material and unusual nature 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; and
  - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the year of twelve (12) months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

#### (III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

### SIGNIFICANT EVENT DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant event during the financial year and subsequent to the end of the reporting period is disclosed in Note 35 to the financial statements.

### IMMEDIATE AND ULTIMATE HOLDING COMPANIES

The Directors regard Oceancove Sdn. Bhd. as the immediate holding company and Oceanview Cove Sdn. Bhd. as the ultimate holding company, both of which are companies incorporated in Malaysia.

### AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

The details of auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 December 2021 are disclosed in Note 27 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors.

**Dato' Leaw Seng Hai**

Director

**Leaw Ai Lin**

Director

Selangor  
28 April 2022

## STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 82 to 137 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

**Dato' Leaw Seng Hai**

Director

**Leaw Ai Lin**

Director

Selangor

28 April 2022

## STATUTORY DECLARATION

I, Chin Wei Ee (CA 34935), being the officer primarily responsible for the financial management of Benalec Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 82 to 137 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly )  
 declared by the abovenamed at )  
 Kuala Lumpur this )  
 28 April 2022 )

Chin Wei Ee

Before me:

Commissioner of Oaths  
 Kuala Lumpur, Malaysia

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF BENALEC HOLDINGS BERHAD

(Incorporated in Malaysia)

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Benalec Holdings Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 82 to 137.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") 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 ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence and Other Ethical Responsibilities*

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

#### Key audit matters

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

##### 1. Impairment assessment of barges and dredgers

As disclosed in Note 5 to the financial statements, the net carrying amounts of barges and dredgers of the Group were RM31,182,658, which were net of impairment losses of RM74,227,169 as at 31 December 2021. The Group had recognised impairment losses on barges and dredgers of RM11,250,737 during the financial year ended 31 December 2021. Management assessed and estimated the recoverable amounts of the barges and dredgers by referring to the market values provided by an independent external valuer.

The impairment review was significant to our audit as the assessment process and the determination of their recoverable amounts involved significant management judgement.

#### Audit response

Our audit procedures included the following:

- (i) Assessed the competence, capabilities and objectivity of independent external valuer vis-à-vis the expert's qualifications, membership of a professional body or industry association, and license to practice;
- (ii) Enquired with management to obtain an understanding of the conditions of the barges and dredgers and performed physical sighting of barges and dredgers;
- (iii) Interviewed the independent external valuer and evaluated the appropriateness of valuation method used to estimate the market values of the barges and dredgers; and
- (iv) Challenged the significant assumptions and critical judgemental areas, including assessment on present physical condition and estimated replacement cost of those barges and dredgers.

## Independent Auditors' Report To the members of Benalec Holdings Berhad (Incorporated in Malaysia) (continued)

### Key audit matters (continued)

#### 2. Recognition of revenue from settlement in kind contract works and infrastructure works

We refer to Note 22 to the financial statements on the recognition of revenue in accordance with MFRS 15 *Revenue from Contract with Customers*.

We determined this to be a key audit matter because it requires management to exercise significant judgements in determining the satisfaction of performance obligations as stated in the contracts with customers, transaction price allocations and costs in applying the input method to recognise revenue over time.

The Group identifies performance obligations that are distinct and material, which are judgemental in the context of contract. Transaction prices were determined based on estimated profit margins prior to its allocation to the identified performance obligations.

The Group also estimates total contract costs in applying the input method to recognise revenue over time. In estimating the total costs to complete, the Group considers the completeness and accuracy of its costs estimation, including its obligations to contract variations, claims and cost contingencies.

#### Audit response

Our audit procedures included the following:

- (i) Reviewed contracts with customers to identify distinct and material performance obligations, and compared our findings to the findings of the Group;
- (ii) Recomputed transaction prices based on historical profit margins of the Group, and compared these transaction prices allocated to profit margins of similar contracts subsequent to the end of reporting year;
- (iii) Assessed estimated total costs to complete through inquiries with operational and financial personnel of the Group;
- (iv) Inspected documentation to support cost estimates made including contract variations and cost contingencies;
- (v) Compared contract budgets to actual outcomes to assess reliability of management budgeting process and controls; and
- (vi) Recomputed the results of the input method determined by management for revenue recognition based on verified actual costs incurred to-date and budgeted costs.

#### 3. Recoverability of trade receivables

As at 31 December 2021, the net carrying amount of trade receivables of the Group was RM14,691,237 as disclosed in Noted 12 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgements in determining the probability of default by trade receivables as well as the use of appropriate forward-looking information, incorporating the impact of the COVID-19 pandemic.

Our audit procedures included the following:

- (i) Assessed the adequacy of credit impaired assessment performed by management on trade receivables exceeding their credit terms and long overdue and old balances;
- (ii) Tested the accuracy of trade receivables' ageing;
- (iii) Recomputed the probability of default using historical data and forward-looking information adjustment, incorporating the impact of the COVID-19 pandemic, applied by the Group;
- (iv) Recomputed the correlation coefficient between the macroeconomic indicators used by the Group and historical credit losses to determine the appropriateness of the forward-looking information used by the Group;
- (v) Inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses; and
- (vi) Assessed cash receipts subsequent to the end of the reporting period for its effect in reducing amounts outstanding as at the end of the reporting period.

We have determined that there are no other key audit matters to be communicated in our auditors' report of the audit of the separate financial statements of the Company.

# **Independent Auditors' Report**

## **To the members of Benalec Holdings Berhad**

### **(Incorporated in Malaysia)**

#### **(continued)**

#### **Information Other than the Financial Statements and Auditors' Report Thereon**

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

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

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

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

#### **Responsibilities of the Directors for the Financial Statements**

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, IFRSs 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 ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs 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 ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- a) 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.
- b) 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 internal control of the Group and of the Company.
- c) 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 Benalec Holdings Berhad** **(Incorporated in Malaysia)** **(continued)**

### **Auditors' Responsibilities for the Audit of the Financial Statements (continued)**

- d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company 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.
- e) 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.
- f) 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 year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

### **Other Matters**

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

**BDO PLT**  
LLP0018825-LCA & AF 0206  
Chartered Accountants

**Koh Yang Wei**  
03423/03/2023 J  
Chartered Accountant

Kuala Lumpur  
28 April 2022

# STATEMENTS OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	64,615,295	88,996,611	-	-
Right-of-use assets	6	11,523,223	8,484,497	-	-
Investments in subsidiaries	7	-	-	348,369,559	348,369,559
Other investments	8	42,851	49,743	-	-
Deferred tax assets	9	27,664,359	27,664,359	-	-
		103,845,728	125,195,210	348,369,559	348,369,559
<b>Current assets</b>					
Inventories	10	555,098,248	553,453,266	-	-
Trade and other receivables	12	21,554,577	48,410,484	104,993,458	91,742,334
Contract assets	13	46,839,058	45,765,435	-	-
Current tax assets		2,903,894	4,460,350	70,832	70,832
Short term funds	14	154,967	152,178	-	-
Cash and bank balances	15	25,499,977	25,125,055	42,022	5,421
		652,050,721	677,366,768	105,106,312	91,818,587
<b>TOTAL ASSETS</b>		<b>755,896,449</b>	<b>802,561,978</b>	<b>453,475,871</b>	<b>440,188,146</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	16	391,935,927	371,488,527	391,935,927	371,488,527
Reserves	17	79,026,643	111,726,473	5,958,953	11,064,762
		470,962,570	483,215,000	397,894,880	382,553,289
Non-controlling interests	7(f)	(58,894)	1,257,838	-	-
<b>TOTAL EQUITY</b>		<b>470,903,676</b>	<b>484,472,838</b>	<b>397,894,880</b>	<b>382,553,289</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	18	63,834,294	65,858,918	54,700,000	54,700,000
Lease liabilities	6	10,131,127	6,567,747	-	-
Contract liabilities	13	83,972,738	84,092,051	-	-
Other payables	20	58,187,390	63,199,458	-	-
		216,125,549	219,718,174	54,700,000	54,700,000
<b>Current liabilities</b>					
Trade and other payables	20	38,632,643	68,375,545	880,991	2,934,857
Borrowings	18	28,131,904	27,656,484	-	-
Lease liabilities	6	2,060,269	2,296,525	-	-
Contract liabilities	13	42,408	42,408	-	-
Current tax liabilities		-	4	-	-
		68,867,224	98,370,966	880,991	2,934,857
<b>TOTAL LIABILITIES</b>		<b>284,992,773</b>	<b>318,089,140</b>	<b>55,580,991</b>	<b>57,634,857</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>755,896,449</b>	<b>802,561,978</b>	<b>453,475,871</b>	<b>440,188,146</b>

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Revenue	22	69,900,440	161,057,711	-	-
Cost of sales	23	(65,911,848)	(172,568,236)	-	-
Gross profit/(loss)		3,988,592	(11,510,525)	-	-
Other income	24	8,913,434	6,566,532	862,756	15,839,815
Administrative and other expenses		(26,403,375)	(34,000,325)	(1,610,032)	(6,086,693)
Finance costs	25	(8,114,895)	(27,773,133)	(5,047,176)	(24,366,755)
Impairment losses on property, plant and equipment	5,27	(11,250,737)	(972,803)	-	-
Net (loss)/gain on impairment of financial assets and contract assets	26	(409,440)	(6,123,809)	688,643	(170,868)
Loss before taxation	27	(33,276,421)	(73,814,063)	(5,105,809)	(14,784,501)
Taxation	28	(618,120)	4,183,872	-	698,478
Loss for the financial year		(33,894,541)	(69,630,191)	(5,105,809)	(14,086,023)
<b>Other comprehensive loss, net of tax</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
Foreign currency translations		(122,021)	(1,114,370)	-	-
Total comprehensive loss		(34,016,562)	(70,744,561)	(5,105,809)	(14,086,023)
Loss attributable to:					
Owners of the parent		(32,879,972)	(67,766,936)	(5,105,809)	(14,086,023)
Non-controlling interests	7(f)	(1,014,569)	(1,863,255)	-	-
		(33,894,541)	(69,630,191)	(5,105,809)	(14,086,023)
Total comprehensive loss attributable to:					
Owners of the parent		(32,699,830)	(68,881,825)	(5,105,809)	(14,086,023)
Non-controlling interests	7(f)	(1,316,732)	(1,862,736)	-	-
		(34,016,562)	(70,744,561)	(5,105,809)	(14,086,023)

Loss per ordinary share attributable to owners of the parent:

	Note	Group	
		2021 sen	2020 sen
Basic	29(a)	(3.82)	(7.98)
Diluted	29(b)	(3.82)	(7.98)

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



## STATEMENT OF CHANGES IN EQUITY

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Company	Note	Non-distributable			Distributable		Total equity RM
		Share capital RM	Treasury shares RM	Share options reserve RM	Equity component of RCSB RM	Retained earnings RM	
<b>Balance as at 1 January 2020</b>		371,488,527	(12,703,204)	3,021,025	25,225,506	9,607,458	396,639,312
Loss for the financial year		-	-	-	-	(14,086,023)	(14,086,023)
Other comprehensive income, net of tax		-	-	-	-	-	-
Total comprehensive loss		-	-	-	-	(14,086,023)	(14,086,023)
<b>Transactions with owners</b>							
Redemption of RCSB		-	-	-	(25,225,506)	25,225,506	-
Options forfeited under the Share Issuance Scheme	19	-	-	(354,122)	-	354,122	-
Total transactions with owners		-	-	(354,122)	(25,225,506)	25,579,628	-
<b>Balance at 31 December 2020</b>		371,488,527	(12,703,204)	2,666,903	-	21,101,063	382,553,289

Company	Note	Non-distributable			Distributable		Total equity RM
		Share capital RM	Treasury shares RM	Share options reserve RM	Retained earnings RM		
<b>Balance as at 1 January 2021</b>		371,488,527	(12,703,204)	2,666,903	21,101,063		382,553,289
Loss for the financial year		-	-	-	(5,105,809)		(5,105,809)
Other comprehensive income, net of tax		-	-	-	-		-
Total comprehensive loss		-	-	-	(5,105,809)		(5,105,809)
<b>Transactions with owners</b>							
Issuance of ordinary shares pursuant to private placement	16	20,447,400	-	-	-		20,447,400
Options forfeited under the Share Issuance Scheme	19	-	-	(2,666,903)	2,666,903		-
Total transactions with owners		20,447,400	-	(2,666,903)	2,666,903		20,447,400
<b>Balance at 31 December 2021</b>		391,935,927	(12,703,204)	-	18,662,157		397,894,880

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

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Loss before taxation		(33,276,421)	(73,814,063)	(5,105,809)	(14,784,501)
Adjustments for:					
Accretion (income)/expense of non-current amounts owing to related parties	24,27	(638,602)	319,345	-	-
Depreciation of property, plant and equipment	5	6,868,659	8,114,407	-	-
Depreciation of right-of-use assets	6	2,344,312	2,829,035	-	-
Dividend income	24	(5,418)	(5,648)	-	-
Gain on disposal of:					
- property, plant and equipment	24	(3,601,566)	(1,745,227)	-	-
- investment in a subsidiary	24	-	(243,892)	-	(2)
Gain on dissolution of subsidiaries	24,27	(615,660)	-	-	-
Gain on early termination of lease	24	(268)	-	-	-
Fair value adjustment on other investments	8	6,892	456	-	-
Impairment losses on:					
- contract assets	13(b)	244,550	6,125,318	-	-
- amount owing from a subsidiary	12(k)	-	-	-	170,868
- land reclamation work in progress	11(b)	-	2,592,726	-	-
- property, plant and equipment	5	11,250,737	972,803	-	-
- trade receivables	12(f)	213,397	-	-	-
Interest expense	25	8,114,895	27,773,133	5,047,176	24,366,755
Interest income	24	(350,755)	(808,750)	(862,756)	(15,839,813)
Write off of:					
- property, plant and equipment	27	441,324	631,614	-	-
- deposits	27	360,203	-	-	-
Reversal of impairment loss on:					
- other receivables	12(k)	(48,507)	(1,509)	-	-
- amounts owing by subsidiaries	12(k)	-	-	(688,643)	-
Unrealised loss/(gain) on foreign exchange	24,27	587,381	(1,438,244)	-	-
Operating loss before changes in working capital		(8,104,847)	(28,698,496)	(1,610,032)	(6,086,693)
Changes in working capital:					
Contract assets		(1,303,540)	(841,302)	-	-
Contract liabilities		(119,313)	11,977,137	-	-
Inventories		(1,644,982)	71,965,201	-	-
Land reclamation work in progress		-	(69,135)	-	-
Trade and other receivables		31,076,204	(21,226,343)	(20,802)	(2,601)
Trade and other payables		(33,411,044)	(2,205,718)	(2,086,875)	2,032,618
Cash (used in)/generated from operations		(13,507,522)	30,901,344	(3,717,709)	(4,056,676)
Tax refunded		1,600,000	36,983	-	-
Tax paid		(661,668)	(468,393)	-	(148,627)
Net cash (used in)/from operating activities		(12,569,190)	30,469,934	(3,717,709)	(4,205,303)

## Statements of Cash Flows

### For the financial year ended 31 December 2021 (continued)

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Dividend received		5,418	5,648	-	-
Interest received		350,755	808,750	274	191,401
Placements of fixed deposits pledged with licensed financial institutions		(349,943)	(616,347)	-	-
Placements of short term funds		(2,789)	(3,567)	-	-
Proceeds from disposal of:					
- property, plant and equipment		43,400	5,897	-	-
- investment in a subsidiary		-	(11,045)	-	2
Purchase of property, plant and equipment (Advances to)/Advances from a subsidiary	5	(32,624)	(142,200)	-	-
Repayments to a related party		(1,185,424)	(4,196,961)	-	-
Withdrawals of deposits and bank balances charged in favour of the Security Trustee pursuant to RCSB		-	5,548,069	-	5,548,069
Net cash (used in)/from investing activities		(1,171,207)	1,398,244	(14,413,923)	28,914,020
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Drawdown of borrowings		16,907,358	75,759,452	-	54,700,000
Interest paid		(4,498,825)	(7,465,207)	(2,279,167)	(8,410,948)
Redemption of RCSB		-	(71,000,000)	-	(71,000,000)
Payment of lease liabilities	6	(641,648)	(3,637,112)	-	-
Proceeds from issuance of ordinary shares pursuant to private placement	16	20,447,400	-	20,447,400	-
Repayments of borrowings		(14,201,015)	(22,857,315)	-	-
Net cash from/(used in) financing activities		18,013,270	(29,200,182)	18,168,233	(24,710,948)
Net increase/(decrease) in cash and cash equivalents		4,272,873	2,667,996	36,601	(2,231)
Effects of exchange rate changes on cash and cash equivalents		7,653	(4,442)	-	-
Cash and cash equivalents at beginning of financial year		(11,251,218)	(13,914,772)	5,421	7,652
Cash and cash equivalents at end of financial year	15	(6,970,692)	(11,251,218)	42,022	5,421

## Statements of Cash Flows

### For the financial year ended 31 December 2021 (continued)

Reconciliation of liabilities arising from financing activities:

<b>Group</b>	<b>Lease liabilities (Note 6) RM</b>	<b>Revolving credit (Note 18) RM</b>	<b>Term loans (Note 18) RM</b>	<b>Trust receipts (Note 18) RM</b>	<b>Invoice financing (Note 18) RM</b>
At 1 January 2021	8,864,272	10,000,000	67,713,867	956,228	2,881,616
Cash flows	(641,648)	6,700,000	(8,003,989)	(635,824)	(962,027)
Non-cash flows:					
Accrued lease payments	(2,106,500)	-	-	-	-
Additions	5,509,136	-	-	-	-
Interest expenses	568,957	-	5,608,183	-	-
Interest expense capitalised	863	-	-	-	-
Early termination	(4,670)	-	-	-	-
Translation adjustment	986	-	-	-	-
At 31 December 2021	12,191,396	16,700,000	65,318,061	320,404	1,919,589
At 1 January 2020	13,876,024	10,000,000	14,240,221	832,171	127,431
Cash flows	(3,637,112)	-	50,023,895	124,057	2,754,185
Non-cash flows:					
Accrued lease payments	(2,056,500)	-	-	-	-
Additions	28,267	-	-	-	-
Interest expenses	657,695	-	3,449,751	-	-
Interest expense capitalised	1,594	-	-	-	-
Translation adjustment	(5,696)	-	-	-	-
At 31 December 2020	8,864,272	10,000,000	67,713,867	956,228	2,881,616

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2021

### 1. CORPORATE INFORMATION

Benalec Holdings Berhad (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

The principal place of business of the Company is located at 23, Jalan Perintis U1/52, Temasya Glenmarie, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan.

The immediate holding company and ultimate holding company of the Company are Oceancove Sdn. Bhd. and Oceanview Cove Sdn. Bhd. respectively, both of which are incorporated in Malaysia.

The consolidated financial statements for the financial year ended 31 December 2021 comprise the financial statements of the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia (“RM”), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 28 April 2022.

### 2. PRINCIPAL ACTIVITIES

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

### 3. BASIS OF PREPARATION

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

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 36 to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The Group has carried out cash flows review for the next twelve (12) months to ensure that the business operations have sufficient available funds to meet their obligations as and when they fall due. Therefore, notwithstanding that the Group incurred net cash outflows in operating activities and the Group was in an overall cash and cash equivalents deficit position, the Directors are confident that the Group is able to generate sufficient cash flows for the next twelve months from the date of the end of the financial year to meet their cash flows requirements to realise their assets and to discharge their liabilities in the normal course of business. Further details on the Group’s liquidity and cash flow risk assessment is set out in Note 33(b)(ii) to the financial statements.

## Notes to the Financial Statements

31 December 2021

(continued)

### 4. OPERATING SEGMENTS

The Company and its subsidiaries are principally engaged in marine construction and civil engineering, disposal of land held for sale, vessel chartering and investment holding. The marine construction and civil engineering activities and disposal of land held for sale of the Group are mainly undertaken by Benalec Sdn. Bhd., a wholly-owned subsidiary of the Company.

The Group arrived at three (3) reportable segments that are organised and managed separately according to the nature of the operations, which require different business strategies. The reportable segments are summarised as follows:

(a) Marine construction

(i) Land reclamation services

Providing marine construction services, which include the following:

- i. land reclamation, dredging and beach nourishment;
- ii. rock revetment works, shore protection works and breakwater construction;
- iii. pre-bore and marine piling;
- iv. construction of marine structures, bridges, jetties, ports and other offshore and ancillary services; and
- v. sales of marine construction materials.

(ii) Disposal of land held for sale

Disposal of reclaimed land received as compensation for in-kind settlement contracts, which are available for immediate sale in its present condition.

(b) Vessel chartering and marine transportation

Chartering of vessels on time and voyage charters.

(c) Other operating segment comprises investment holding and properties held for sale.

The Group evaluates performance on the basis of profit or loss from operations before tax, excluding non-recurring losses and the effects of share-based payments.

Inter-segment revenue is priced along the same lines as sales to external customers and conditions and is eliminated on the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Segment assets exclude tax assets and assets used primarily for corporate purposes. Segment liabilities exclude tax liabilities. Even though borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors (e.g. funding requirements). Details are provided in the reconciliations from segment assets and liabilities to the financial position of the Group.

## Notes to the Financial Statements

### 31 December 2021

(continued)

#### 4. OPERATING SEGMENTS (continued)

##### (a) Operating segments

2021	← Marine construction →			Others RM	Total RM
	Land reclamation services RM	Disposal of land held for sale RM	Vessel chartering and marine transportation RM		
<b>Revenue</b>					
Total revenue	39,675,948	119,313	41,735,464	-	81,530,725
Inter-segment revenue	(11,630,285)	-	-	-	(11,630,285)
<b>Revenue from external customers</b>	<b>28,045,663</b>	<b>119,313</b>	<b>41,735,464</b>	<b>-</b>	<b>69,900,440</b>
Interest income	350,481	-	-	274	350,755
Finance costs	(8,113,875)	-	(1,020)	-	(8,114,895)
Net finance expense	(7,763,394)	-	(1,020)	274	(7,764,140)
<b>Segment loss before taxation</b>	<b>(26,037,512)</b>	<b>(134,099)</b>	<b>(5,418,605)</b>	<b>(1,686,205)</b>	<b>(33,276,421)</b>
Taxation	(507,256)	-	(110,864)	-	(618,120)
<b>Other information</b>					
Depreciation of property, plant and equipment	(4,412,767)	-	(2,455,892)	-	(6,868,659)
Depreciation of right-of-use assets	(2,333,507)	-	(10,805)	-	(2,344,312)
Accretion income of non-current amounts owing to related parties	181,658	-	456,944	-	638,602
Fair value adjustment on other investments	(6,892)	-	-	-	(6,892)
Impairment losses on:					
- contract asset	(244,550)	-	-	-	(244,550)
- property, plant and equipment	(82,808)	-	(11,167,929)	-	(11,250,737)
- trade and other receivables	(213,397)	-	-	-	(213,397)
Written off on:					
- property, plant and equipment	(441,324)	-	-	-	(441,324)
- trade and other receivables	(360,000)	-	(203)	-	(360,203)
Reversal of impairment losses on trade and other receivables	-	-	-	48,507	48,507
Gain on disposal of property, plant and equipment	(1,790,394)	-	5,391,960	-	3,601,566
Additions to non-current assets	32,624	-	-	-	32,624
<b>Segment assets</b>	<b>568,000,911</b>	<b>118,309,023</b>	<b>27,941,270</b>	<b>11,034,141</b>	<b>725,285,345</b>
<b>Segment liabilities</b>	<b>161,071,996</b>	<b>42,408</b>	<b>55,867,892</b>	<b>68,010,477</b>	<b>284,992,773</b>

## Notes to the Financial Statements

31 December 2021

(continued)

### 4. OPERATING SEGMENTS (continued)

#### (a) Operating segments (continued)

2020	← Marine construction →		Vessel chartering and marine transportation RM	Others RM	Total RM
	Land reclamation services RM	Disposal of land held for sale RM			
<b>Revenue</b>					
Total revenue	46,594,320	58,175,372	74,523,992	-	179,293,684
Inter-segment revenue	(18,235,973)	-	-	-	(18,235,973)
<b>Revenue from external customers</b>	<b>28,358,347</b>	<b>58,175,372</b>	<b>74,523,992</b>	<b>-</b>	<b>161,057,711</b>
Interest income	617,333	-	13	191,404	808,750
Finance costs	(27,771,447)	-	(1,686)	-	(27,773,133)
Net finance (expense)/income	(27,154,114)	-	(1,673)	191,404	(26,964,383)
<b>Segment loss before taxation</b>	<b>(43,893,386)</b>	<b>(15,350,469)</b>	<b>(8,758,900)</b>	<b>(5,811,308)</b>	<b>(73,814,063)</b>
Taxation	1,585,064	3,924,393	(2,067,231)	741,646	4,183,872
<b>Other information</b>					
Depreciation of property, plant and equipment	(5,004,116)	-	(3,107,118)	(3,173)	(8,114,407)
Depreciation of right-of-use assets	(2,818,129)	-	(10,906)	-	(2,829,035)
Accretion expense of non-current amounts owing to related parties	458,493	-	(777,838)	-	(319,345)
Fair value adjustment on other investments	(456)	-	-	-	(456)
Impairment losses on:					
- contract asset	(6,125,318)	-	-	-	(6,125,318)
- land reclamation work in progress	(2,592,726)	-	-	-	(2,592,726)
- property, plant and equipment	(459,787)	-	(513,016)	-	(972,803)
Written off on:					
- property, plant and equipment	(408,329)	-	(223,285)	-	(631,614)
Reversal of impairment losses on trade and other receivables	-	-	-	1,509	1,509
Gain on disposal of a subsidiary	243,892	-	-	-	243,892
Gain on disposal of property, plant and equipment	1,745,227	-	-	-	1,745,227
Additions to non-current assets	142,200	-	-	-	142,200
<b>Segment assets</b>	<b>592,922,396</b>	<b>116,699,994</b>	<b>36,319,756</b>	<b>24,445,380</b>	<b>770,387,526</b>
<b>Segment liabilities</b>	<b>176,122,068</b>	<b>42,408</b>	<b>55,209,237</b>	<b>86,715,423</b>	<b>318,089,136</b>

Reconciliations of reportable profit or loss, assets and liabilities to the corresponding amounts of the Group are as follows:

	2021 RM	2020 RM
<b>Loss for the financial year</b>		
Total loss for reportable segments	(60,321,812)	(108,906,216)
Elimination of inter-segment profits	27,045,391	35,092,153
Loss before taxation	(33,276,421)	(73,814,063)
Taxation	(618,120)	4,183,872
Loss for the financial year of the Group per statements of profit or loss and other comprehensive income	(33,894,541)	(69,630,191)

## Notes to the Financial Statements

### 31 December 2021

(continued)

#### 4. OPERATING SEGMENTS (continued)

##### (a) Operating segments (continued)

Reconciliations of reportable profit or loss, assets and liabilities to the corresponding amounts of the Group are as follows: (continued)

	2021 RM	2020 RM
<b>Assets</b>		
Total assets for reportable segments	725,285,345	770,387,526
Unallocated assets:		
- Other investments	42,851	49,743
- Current tax assets	2,903,894	4,460,350
- Deferred tax assets	27,664,359	27,664,359
Assets of the Group	755,896,449	802,561,978
<b>Liabilities</b>		
Total liabilities for reportable segments	284,992,773	318,089,136
Unallocated liabilities:		
- Current tax liabilities	-	4
Liabilities of the Group	284,992,773	318,089,140

##### (b) Geographical segments

The operations of the Group are carried out primarily in Malaysia (which includes the Federal Territory of Labuan). In presenting information on the basis of geographical areas, segment revenue is based on the geographical location from which the sale transactions originated.

Segment assets are based on the geographical location of the assets of the Group. The non-current assets do not include financial instruments and deferred tax assets.

##### (i) Revenue from external customers

	2021 RM	Group 2020 RM
Malaysia	69,900,440	161,057,711

##### (ii) Non-current assets

	2021 RM	Group 2020 RM
Malaysia	60,920,830	78,522,406
Singapore	15,217,688	18,958,702
	76,138,518	97,481,108

##### (c) Major customers

The following are major customers with revenue equal to or more than ten percent (10%) of Group revenue:

	2021 % of total	Revenue 2020 % of total
Customer A	60%	46%
Customer B	28%	-
Customer C	10%	8%
	98%	54%

## Notes to the Financial Statements

31 December 2021

(continued)

### 5. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Buildings RM	Plant and machinery RM	Barges and dredgers RM	Tools and office equipment RM	Furniture and fittings RM	Motor vehicles RM	Construction-in-progress RM	Total RM
<b>2021</b>									
<b>Cost</b>									
At 1 January 2021	13,607,055	15,171,980	37,617,444	192,688,426	5,376,619	1,320,558	9,907,702	101,744	275,791,528
Additions	-	-	-	-	21,626	10,998	-	-	32,624
Disposals	(3,177,055)	(1,418,133)	(10,117,733)	(14,266,161)	(39,866)	(160,627)	(222,974)	-	(29,402,549)
Write-offs	-	-	(1,466,569)	-	(367,206)	(107,178)	-	(101,744)	(2,042,697)
Reclassified from right-of-use assets	-	-	-	-	-	-	384,200	-	384,200
Translation adjustments	-	-	58,644	4,194,287	12,386	657	-	-	4,265,974
At 31 December 2021	10,430,000	13,753,847	26,091,786	182,616,552	5,003,559	1,064,408	10,068,928	-	249,029,080
<b>Accumulated depreciation</b>									
At 1 January 2021	-	1,356,692	24,161,574	82,422,531	3,757,968	732,144	9,110,531	-	121,541,440
Charge for the financial year	-	301,076	2,550,204	3,271,668	300,168	111,699	333,844	-	6,868,659
Disposals	-	(295,110)	(8,447,131)	(9,984,291)	(22,244)	(52,444)	(222,970)	-	(19,024,190)
Write-offs	-	-	(1,035,450)	-	(358,741)	(105,438)	-	-	(1,499,629)
Reclassified from right-of-use assets	-	-	-	-	-	-	275,341	-	275,341
Translation adjustments	-	-	56,187	1,496,817	11,678	526	-	-	1,565,208
At 31 December 2021	-	1,362,658	17,285,384	77,206,725	3,688,829	686,487	9,496,746	-	109,726,829
<b>Accumulated impairment losses</b>									
At 1 January 2021	-	-	459,787	64,691,946	-	-	-	101,744	65,253,477
Charge for the financial year	-	-	-	11,250,737	-	-	-	-	11,250,737
Disposals	-	-	-	(3,451,682)	-	-	-	-	(3,451,682)
Write-offs	-	-	-	-	-	-	-	(101,744)	(101,744)
Translation adjustments	-	-	-	1,736,168	-	-	-	-	1,736,168
At 31 December 2021	-	-	459,787	74,227,169	-	-	-	-	74,686,956

## Notes to the Financial Statements

### 31 December 2021

(continued)

#### 5. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Freehold land	Buildings	Plant and machinery	Barges and dredgers	Tools and office equipment	Furniture and fittings	Motor vehicles	Construction-in-progress	Total
2020	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>Cost</b>									
At 1 January 2020	13,607,055	11,787,257	32,257,260	210,601,123	5,099,142	879,177	10,987,702	502,767	285,721,483
Additions	-	27,000	-	-	109,050	6,150	-	-	142,200
Disposals	-	-	(3,695,217)	-	(6,100)	-	(1,940,575)	-	(5,641,892)
Disposal of a subsidiary	-	-	(63,471)	-	-	-	-	-	(63,471)
Write-offs	-	-	(890,066)	(16,743,505)	(2,867)	-	-	-	(17,636,438)
Transfers	-	-	-	393,578	-	-	-	(393,578)	-
Reclassified from right-of-use assets	-	3,357,723	10,047,228	-	183,379	435,276	860,575	-	14,884,181
Translation adjustments	-	-	(38,290)	(1,562,770)	(5,985)	(45)	-	(7,445)	(1,614,535)
At 31 December 2020	13,607,055	15,171,980	37,617,444	192,688,426	5,376,619	1,320,558	9,907,702	101,744	275,791,528
<b>Accumulated depreciation</b>									
At 1 January 2020	-	930,348	19,793,909	85,815,836	3,389,569	514,260	9,739,670	-	120,183,592
Charge for the financial year	-	236,466	3,042,573	3,964,403	325,511	94,596	450,858	-	8,114,407
Disposals	-	-	(1,054,068)	-	(203)	-	(1,596,343)	-	(2,650,614)
Disposal of a subsidiary	-	-	(56,066)	-	-	-	-	-	(56,066)
Write-offs	-	-	(482,119)	(6,791,350)	(2,485)	-	-	-	(7,275,954)
Reclassified from right-of-use assets	-	189,878	2,958,022	-	51,827	123,329	516,346	-	3,839,402
Translation adjustments	-	-	(40,677)	(566,358)	(6,251)	(41)	-	-	(613,327)
At 31 December 2020	-	1,356,692	24,161,574	82,422,531	3,757,968	732,144	9,110,531	-	121,541,440
<b>Accumulated impairment losses</b>									
At 1 January 2020	-	-	-	74,574,020	-	-	-	101,744	74,675,764
Charge for the financial year	-	-	459,787	513,016	-	-	-	-	972,803
Write-offs	-	-	-	(9,728,870)	-	-	-	-	(9,728,870)
Translation adjustments	-	-	-	(666,220)	-	-	-	-	(666,220)
At 31 December 2020	-	-	459,787	64,691,946	-	-	-	101,744	65,253,477

## Notes to the Financial Statements

31 December 2021

(continued)

### 5. PROPERTY, PLANT AND EQUIPMENT (continued)

	Group	
	2021 RM	2020 RM
<b>Carrying amount</b>		
Freehold land	10,430,000	13,607,055
Buildings	12,391,189	13,815,288
Plant and machinery	8,346,615	12,996,083
Barges and dredgers	31,182,658	45,573,949
Tools and office equipment	1,314,730	1,618,651
Furniture and fittings	377,921	588,414
Motor vehicles	572,182	797,171
Construction-in-progress	-	-
	64,615,295	88,996,611

- (a) All items of property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.
- (b) Depreciation is calculated to write down the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The estimated useful lives represent common life expectancies applied in the various business segments of the Group. The principal annual rates used are as follows:

Buildings	2%
Plant and machinery	10%
Barges and dredgers	4% - 10%
Tools and office equipment	10%
Furniture and fittings	10%
Motor vehicles	20%

Freehold land has unlimited useful life and is not depreciated.

In the previous financial year, property, plant and equipment under construction represented building under construction. Property, plant and equipment under construction were not depreciated until such time when the assets were available for use.

The useful lives are based on the historical experience of the Group with similar assets and taking into account the anticipated technological changes. The depreciation charge for future period is adjusted if there are significant changes from previous estimates.

- (c) The carrying amount of property, plant and equipment of the Group pledged to licensed financial institutions for credit facilities granted to the Group as disclosed in Note 18(d) to the financial statements are as follows:

	Group	
	2021 RM	2020 RM
Freehold land	10,430,000	13,607,055
Buildings	7,556,046	8,825,848
	17,986,046	22,432,903

## Notes to the Financial Statements

### 31 December 2021

(continued)

#### 5. PROPERTY, PLANT AND EQUIPMENT (continued)

##### (d) Impairment of property, plant and equipment

The Group assessed whether there were any indicators of impairment during the financial year. In doing this, the management considered the performance of the cash generating unit (“CGU”)

The Directors have made an estimate on the asset’s recoverable amount. An asset recoverable amount is the higher of an assets’ fair value less costs to sell and its value in use (“VIU”). The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those assets or group assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

During the financial year, the Group recognised impairment losses of RM Nil (2020: RM459,787) and RM11,250,737 (2020: RM513,016) on certain plant and machinery and barges and dredgers respectively.

The Group has performed impairment assessment on those barges and dredgers which have an indication of impairment. The recoverable amounts of those barges and dredgers are derived from their fair value less cost to sell estimated by an independent valuer. The fair value measurement was categorised as Level 3 fair value.

The valuation was made based on the comparison method with reference to the depreciated replacement cost method that made reference to available market data by comparing to recent transactions involving other similar barges and dredgers and estimating the current new replacement costs of the barges and dredgers and therefrom less the accrued depreciation for age and obsolescence. The intensity of use, present physical condition and estimated replacement cost of those barges and dredgers were the significant key assumptions used by independent valuer and management.

#### 6. LEASES

##### The Group as lessee

##### Right-of-use assets

Carrying amount	Land RM	Buildings RM	Motor vehicles RM	Others RM	Total RM
Balance as at 1 January 2021	7,217,757	424,489	750,471	91,780	8,484,497
Addition	5,476,966	19,535	-	12,635	5,509,136
Early termination	-	(4,402)	-	-	(4,402)
Recognised in profit or loss	(1,914,123)	(113,074)	(291,535)	(25,580)	(2,344,312)
Capitalised under contract assets	-	(13,770)	-	-	(13,770)
Depreciation	(1,914,123)	(126,844)	(291,535)	(25,580)	(2,358,082)
Reclassified to property, plant and equipment	-	-	(108,859)	-	(108,859)
Translation adjustments	-	691	-	242	933
Balance as at 31 December 2021	10,780,600	313,469	350,077	79,077	11,523,223
Balance as at 1 January 2020	9,144,060	557,942	1,450,014	11,197,291	22,349,307
Addition	-	-	-	28,267	28,267
Recognised in profit or loss	(1,926,303)	(114,189)	(355,314)	(433,229)	(2,829,035)
Capitalised under contract assets	-	(13,755)	-	-	(13,755)
Depreciation	(1,926,303)	(127,944)	(355,314)	(433,229)	(2,842,790)
Reclassified to property, plant and equipment	-	-	(344,229)	(10,700,550)	(11,044,779)
Translation adjustments	-	(5,509)	-	1	(5,508)
Balance as at 31 December 2020	7,217,757	424,489	750,471	91,780	8,484,497

## Notes to the Financial Statements

31 December 2021

(continued)

### 6. LEASES (continued)

#### The Group as lessee (continued)

#### Lease liabilities

	Land RM	Buildings RM	Motor vehicles RM	Others RM	Total RM
<b>Carrying amount</b>					
Balance as at 1 January 2021	7,737,925	448,598	580,065	97,684	8,864,272
Addition	5,476,966	19,535	-	12,635	5,509,136
Early termination	-	(4,670)	-	-	(4,670)
Lease payments	(195,100)	(147,333)	(269,077)	(30,138)	(641,648)
Reclassified to other payable	(2,106,500)	-	-	-	(2,106,500)
Recognised in profit or loss	517,795	22,571	23,501	5,090	568,957
Capitalised under contract assets	-	863	-	-	863
Interest expense	517,795	23,434	23,501	5,090	569,820
Translation adjustments	-	737	-	249	986
Balance as at 31 December 2021	11,431,086	340,301	334,489	85,520	12,191,396
Balance as at 1 January 2020	9,523,916	572,798	841,320	2,937,990	13,876,024
Addition	-	-	-	28,267	28,267
Lease payments	(245,099)	(148,396)	(282,282)	(2,961,335)	(3,637,112)
Reclassified to other payable	(2,056,500)	-	-	-	(2,056,500)
Recognised in profit or loss	515,608	28,298	21,027	92,762	657,695
Capitalised under contract assets	-	1,594	-	-	1,594
Interest expense	515,608	29,892	21,027	92,762	659,289
Translation adjustments	-	(5,696)	-	-	(5,696)
Balance as at 31 December 2020	7,737,925	448,598	580,065	97,684	8,864,272

Represented by:

Current liabilities  
Non-current liabilities

	2021 RM	2020 RM
	2,060,269	2,296,525
	10,131,127	6,567,747
	12,191,396	8,864,272
Lease liabilities owing to financial institutions	334,489	580,065
Lease liabilities owing to non-financial institutions	11,856,907	8,284,207
	12,191,396	8,864,272

- (a) The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities.

The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms of right-of-use assets are as follows:

Land	4 - 6 years
Buildings	2 - 6 years
Motor vehicles	3 - 5 years
Others	4 - 10 years

- (b) Included in the right-of-use assets of the Group, certain motor vehicles are assets acquired under hire purchase arrangements with a carrying amount of RM350,077 (2020: RM750,471).

## Notes to the Financial Statements

### 31 December 2021

(continued)

#### 6. LEASES (continued)

##### The Group as lessee (continued)

(c) The Group has certain leases of buildings and tools and office equipment with lease term of 12 months or less. The Group applies the “short-term lease” exemptions for these leases.

(d) The following are the amounts recognised in profit or loss:

	Group	
	2021 RM	2020 RM
Depreciation charge of right-of-use assets (included in cost of sales)	8,574	15,636
Depreciation charge of right-of-use assets (included in administrative and other expenses)	2,335,738	2,813,399
Interest expense on lease liabilities (included in cost of sales)	706	1,499
Interest expense on lease liabilities (included in finance costs)	568,251	656,196
Expense relating to short-term leases (included in administrative and other expenses)	25,564	22,469
Gain on early termination of lease	(268)	-
	2,938,565	3,509,199

(e) The following are total cash outflows for leases as a lessee:

	Group	
	2021 RM	2020 RM
<b>Included in net cash from operating activities:</b>		
Payment relating to short-term leases	25,564	22,469
Interest paid in relation to lease liabilities	142,141	203,245
<b>Included in net cash from financing activities:</b>		
Payment of lease liabilities	641,648	3,637,112
	809,353	3,862,826

(f) The Group signed several lease contracts that include extension and termination options. These are used to maximise operational flexibility in terms of managing the assets used in the Group’s operations. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

(g) The table below summarises the maturity profile of the lease liabilities of the Group at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

	Weighted average incremental borrowing rate per annum %	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
<b>31 December 2021</b>					
Lease liabilities	5.22%	2,655,430	11,389,174	-	14,044,604
<b>31 December 2020</b>					
Lease liabilities	5.84%	2,752,417	7,102,168	-	9,854,585

(h) Management exercises judgement in determining the incremental borrowing rates whenever the implicit rates of interest in a lease are not readily determinable as well as the lease terms. The incremental borrowing rates used are based on prevailing market borrowing rates over similar lease terms, of similar value as the right-of-use asset in a similar economic environment. Lease terms are based on management expectations driven by prevailing market conditions and past experience in exercising similar renewal and termination options.

## Notes to the Financial Statements

31 December 2021

(continued)

### 7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2021 RM	2020 RM
Unquoted shares, at cost	348,821,745	153,821,745
Less: Accumulated impairment losses	(452,186)	(452,186)
Equity loans to a subsidiary	-	195,000,000
	<u>348,369,559</u>	<u>348,369,559</u>

Movement in accumulated impairment losses:

	Company	
	2021 RM	2020 RM
Balance as at 1 January	452,186	4,130,439
Disposal of a subsidiary	-	(3,678,253)
Balance as at 31 December	<u>452,186</u>	<u>452,186</u>

- (a) Investments in subsidiaries are stated at cost less impairment losses. Non-controlling interests are measured at their proportionate share of the net assets of subsidiaries, unless another measurement basis is required by MFRSs. Management reviews the investments in subsidiaries for impairment when there is an indication of impairment.
- (b) In the previous financial year, equity loans to a subsidiary were unsecured, interest-free and settlement were neither planned nor likely to occur in the foreseeable future for the purposes of providing the subsidiary with a long term source of additional capital.

Impairment for equity loans were recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model as disclosed in Note 12(j) to the financial statements.

No expected credit loss was recognised arising from equity loans as it was negligible.

- (c) On 5 October 2021, the Company had subscribed for an additional shares of 195,000,000 in its wholly owned subsidiary, Benalec Sdn. Bhd. by way of capitalisation of equity loans to a subsidiary amounting to RM195,000,000.
- (d) Details of the subsidiaries are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2021 %	2020 %	
<b>Direct subsidiaries</b>				
Benalec Sdn. Bhd. ("BSB")	Malaysia	100	100	Marine construction and civil engineering
Oceanliner Pte Ltd. ("Oceanliner") <sup>(1)</sup>	Singapore	100	100	Charter of vessels

## Notes to the Financial Statements

### 31 December 2021

(continued)

#### 7. INVESTMENTS IN SUBSIDIARIES (continued)

(d) Details of the subsidiaries are as follows: (continued)

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2021 %	2020 %	
<b>Subsidiaries of BSB</b>				
OG Marine Sdn. Bhd. ("OGMSB")	Malaysia	100	100	Charter of vessels
Pacific Ltd	Labuan	100	100	Charter/leasing of vessels
Ocean Marine Ltd	Labuan	100	100	Charter/leasing of vessels
Ocean Pacific Ltd <sup>(3)</sup>	Labuan	-	51	Charter/leasing of vessels
Atlantic Ocean Ltd <sup>(3)</sup>	Labuan	-	51	Charter/leasing of vessels
Oceanline (Labuan) Ltd	Labuan	100	100	Charter/leasing of vessels and the business of trading of vessels
Benalec Land Sdn. Bhd.	Malaysia	100	100	Property investment holding
Benalec Maritime Sdn. Bhd. ("BMSB")	Malaysia	100	100	Marine construction and civil engineering
Benalec Diversity Sdn. Bhd. <sup>(1)</sup>	Malaysia	100	100	Marine construction and civil engineering
Benalec Venture Sdn. Bhd. <sup>(1)</sup>	Malaysia	100	100	Marine construction and civil engineering
Benalec Construction Sdn. Bhd. <sup>(1)</sup>	Malaysia	100	100	Marine construction and civil engineering
Pengerang Maritime Industries Sdn. Bhd. ("PMISB")	Malaysia	100	100	Marine engineering services
Tanjung Piai Maritime Industries Sdn. Bhd. ("TPMISB")	Malaysia	100	100	Marine engineering services
Heritage Land Sdn. Bhd. <sup>(1)</sup>	Malaysia	100	100	Property investment holding
Heritage Property Sdn. Bhd. <sup>(1)</sup>	Malaysia	100	100	Property investment holding
Sentosacove Development Sdn. Bhd. <sup>(1)</sup>	Malaysia	100	100	Property investment holding
Jewel East Sdn. Bhd. ("JESB") <sup>(1)</sup>	Malaysia	100	100	Property investment holding
Goldnet Synergy Sdn. Bhd. ("GSSB") <sup>(1)</sup>	Malaysia	100	100	Investment holding company
Gabungan Khas Sdn. Bhd. <sup>(1)(2)</sup>	Malaysia	49	49	Acting as agent for clearance of vessels with port authorities
Jayamas Cekap Sdn. Bhd.	Malaysia	100	100	Dormant
Klebang Property Sdn. Bhd. <sup>(1)</sup>	Malaysia	100	100	Dormant
Benalec CeTeau Asia Sdn. Bhd. <sup>(1)</sup>	Malaysia	51	51	To carry on the business of installing geo-technical prefabricated vertical drains.
Oceanview Realty Sdn. Bhd. <sup>(1)</sup>	Malaysia	100	100	Dormant
Orientalcove Realty Sdn. Bhd. <sup>(1)</sup>	Malaysia	100	100	Dormant
Heritage Land Development Sdn. Bhd. <sup>(1)</sup>	Malaysia	100	100	Dormant
Heritage Land Realty Sdn. Bhd. <sup>(1)</sup>	Malaysia	100	100	Dormant
Strategic Cove Sdn. Bhd. <sup>(1)</sup>	Malaysia	100	100	Dormant
Strategic Land Sdn. Bhd. <sup>(1)</sup>	Malaysia	100	100	Dormant
Wilajati Sdn. Bhd. <sup>(1)</sup>	Malaysia	100	100	Dormant

## Notes to the Financial Statements

31 December 2021

(continued)

### 7. INVESTMENTS IN SUBSIDIARIES (continued)

(d) Details of the subsidiaries are as follows: (continued)

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2021 %	2020 %	
<b>Subsidiaries of JESB</b>				
Iconic Island Sdn. Bhd. <sup>(1)(3)</sup>	Malaysia	-	100	Property investment holding
One World Island Sdn. Bhd. <sup>(1)</sup>	Malaysia	100	100	Property investment holding
Cheng Ho City Sdn. Bhd. <sup>(1)</sup>	Malaysia	100	100	Property investment holding
Zheng Island Sdn. Bhd. <sup>(1)(3)</sup>	Malaysia	-	100	Property investment holding
<b>Subsidiary of PMISB</b>				
Spektrum Budi Sdn. Bhd.	Malaysia	70	70	Marine construction
<b>Subsidiary of TPMISB</b>				
Spektrum Kukuh Sdn. Bhd.	Malaysia	70	70	Marine construction and civil engineering

<sup>(1)</sup> Subsidiaries not audited by BDO PLT or BDO member firms.

<sup>(2)</sup> The Group considers that it controls Gabungan Khas Sdn. Bhd. even though it owns less than fifty percent (50%) of the voting rights. This is because the Group has two (2) board representatives over a total of three (3) board members and therefore has control over the board and power to govern the relevant activities of Gabungan Khas Sdn. Bhd. via a shareholders agreement. In addition, the Executive Chairman, who is from the Group has the second or casting vote at all shareholders meeting. The remaining fifty-one percent (51%) of the equity shares in Gabungan Khas Sdn. Bhd. are held by an individual shareholder that is not related to the Group.

<sup>(3)</sup> Details of cessation of interests in subsidiaries during the financial year are disclosed in Note 7(e) to the financial statements.

(e) During the financial year:

(i) Strike-off of Ocean Pacific Ltd. ("OPL")

OPL, a 51% owned subsidiary of Benalec Sdn. Bhd., was dissolved effective on 26 July 2021.

(ii) Strike-off of Atlantic Ocean Ltd. ("AOL")

AOL, a 51% owned subsidiary of Benalec Sdn. Bhd., was dissolved effective on 29 September 2021.

(iii) Strike-off of Iconic Island Sdn. Bhd. ("IISB")

IISB, a wholly-owned subsidiary of Jewel East Sdn. Bhd., was dissolved effective on 22 September 2021.

(iv) Strike-off of Zheng Island Sdn. Bhd. ("ZISB")

ZISB, a wholly-owned subsidiary of Jewel East Sdn. Bhd., was dissolved effective on 22 September 2021.

The financial results of the subsidiaries being deregistered are insignificant to the Group.

## Notes to the Financial Statements

### 31 December 2021

(continued)

#### 7. INVESTMENTS IN SUBSIDIARIES (continued)

(f) Subsidiaries of the Group that have non-controlling interests (“NCI”) are as follows:

2021	Spektrum Budi Sdn. Bhd.	Spektrum Kukuh Sdn. Bhd.	Benalec CeTeau Asia Sdn. Bhd.	Others	Total
NCI percentage of ownership interest and voting interest	30%	30%	49%		
Carrying amount of NCI (RM)	(262,211)	(1,030,285)	1,234,253	(651)	(58,894)
(Loss)/Profit allocated to NCI (RM)	(17,211)	(1,212,373)	(99,736)	314,751	(1,014,569)
Total comprehensive (loss)/income allocated to NCI (RM)	(17,211)	(1,212,373)	(99,736)	12,588	(1,316,732)
<b>2020</b>					
NCI percentage of ownership interest and voting interest	30%	30%	49%		
Carrying amount of NCI (RM)	(245,000)	182,088	1,333,989	(13,239)	1,257,838
Loss allocated to NCI (RM)	(797,257)	(955,770)	(87,843)	(22,385)	(1,863,255)
Total comprehensive loss allocated to NCI (RM)	(797,257)	(955,770)	(87,843)	(21,866)	(1,862,736)

(g) Summarised financial information before inter-company elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows:

2021	Spektrum Budi Sdn. Bhd. RM	Spektrum Kukuh Sdn. Bhd. RM	Benalec CeTeau Asia Sdn. Bhd. RM
<b>Assets and liabilities</b>			
Non-current assets	2,360	11,079,842	640,627
Current assets	20,966,394	439,826,993	1,895,183
Non-current liabilities	-	(9,680,749)	-
Current liabilities	(25,402,264)	(448,142,818)	(16,925)
Net (liabilities)/assets	(4,433,510)	(6,916,732)	2,518,885
<b>Results</b>			
Revenue	-	-	-
Loss for the financial year	(57,371)	(4,041,243)	(203,543)
Total comprehensive loss	(57,371)	(4,041,243)	(203,543)
Cash flows used in operating activities	(113,319)	(727,406)	(6,613)
Cash flows from investing activities	112,709	2,983,894	-
Cash flows (used in)/from financing activities	-	(2,253,760)	2,613
Net (decrease)/increase in cash and cash equivalents	(610)	2,728	(4,000)

## Notes to the Financial Statements

31 December 2021

(continued)

### 7. INVESTMENTS IN SUBSIDIARIES (continued)

- (g) Summarised financial information before inter-company elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows: (continued)

2020	Spektrum Budi Sdn. Bhd. RM	Spektrum Kukuh Sdn. Bhd. RM	Benalec CeTeau Asia Sdn. Bhd. RM
<b>Assets and liabilities</b>			
Non-current assets	2,846	7,596,566	834,810
Current assets	20,984,117	440,111,471	1,900,423
Non-current liabilities	-	(5,843,441)	-
Current liabilities	(25,363,102)	(444,740,085)	(12,805)
Net (liabilities)/assets	(4,376,139)	(2,875,489)	2,722,428
<b>Results</b>			
Revenue	-	-	-
Loss for the financial year	(2,657,522)	(3,185,900)	(179,271)
Total comprehensive loss	(2,657,522)	(3,185,900)	(179,271)
Cash flows used in operating activities	(174,498)	(2,352,426)	(35,347)
Cash flows from investing activities	173,752	4,667,710	-
Cash flows (used in)/from financing activities	-	(2,303,760)	6,591
Net (decrease)/increase in cash and cash equivalents	(746)	11,524	(28,756)

### 8. OTHER INVESTMENTS

	Group	
	2021 RM	2020 RM
<b>Financial assets at fair value through profit or loss</b>		
<b>Quoted ordinary shares in Malaysia</b>		
As at 1 January	49,743	50,199
Fair value loss	(6,892)	(456)
As at 31 December	42,851	49,743

- (a) Other investments are classified as financial assets at fair value through profit or loss.
- (b) Fair value of quoted ordinary shares in Malaysia is determined by reference to the exchange quoted market price at the close of the business on the reporting date.
- (c) Fair value of quoted ordinary shares is categorised as Level 1 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

## Notes to the Financial Statements

### 31 December 2021

(continued)

#### 9. DEFERRED TAX

(a) Deferred tax assets and liabilities are made up of the following:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Balance as at 1 January	(27,664,359)	(23,695,375)	-	404,488
Recognised in profit or loss (Note 28)	-	(3,968,984)	-	(404,488)
Balance as at 31 December	(27,664,359)	(27,664,359)	-	-
Deferred tax assets, net	(27,664,359)	(27,664,359)	-	-

(b) Components and movements of deferred tax assets and liabilities during the financial year are as follows:

##### Deferred tax assets of the Group

	Property, plant and equipment RM	Unused tax losses and unabsorbed capital allowances RM	Contract liabilities RM	Other RM	Total RM
At 1 January 2021	7,012,832	5,913,992	20,192,271	-	33,119,095
Recognised in profit or loss	6	(23,613)	(38,814)	7,533	(54,888)
At 31 December 2021 (before offsetting)	7,012,838	5,890,379	20,153,457	7,533	33,064,207
Offsetting					(5,399,848)
At 31 December 2021					27,664,359
At 1 January 2020	7,362,603	1,219,364	17,317,757	6,146,398	32,046,122
Recognised in profit or loss	(349,771)	4,694,628	2,874,514	(6,146,398)	1,072,973
At 31 December 2020 (before offsetting)	7,012,832	5,913,992	20,192,271	-	33,119,095
Offsetting					(5,454,736)
At 31 December 2020					27,664,359

##### Deferred tax liabilities of the Group

	Property, plant and equipment RM	RCSB RM	Others RM	Total RM
At 1 January 2021	5,454,514	-	222	5,454,736
Recognised in profit or loss	(54,666)	-	(222)	(54,888)
At 31 December 2021 (before offsetting)	5,399,848	-	-	5,399,848
Offsetting				(5,399,848)
At 31 December 2021				-
At 1 January 2020	7,066,269	404,488	879,990	8,350,747
Recognised in profit or loss	(1,611,755)	(404,488)	(879,768)	(2,896,011)
At 31 December 2020 (before offsetting)	5,454,514	-	222	5,454,736
Offsetting				(5,454,736)
At 31 December 2020				-

## Notes to the Financial Statements

31 December 2021

(continued)

### 9. DEFERRED TAX (continued)

- (b) Components and movements of deferred tax assets and liabilities during the financial year are as follows: (continued)

#### Deferred tax liabilities of the Company

	RCSB RM	Total RM
At 1 January 2020	404,488	404,488
Recognised in profit or loss (Note 28)	(404,488)	(404,488)
At 31 December 2020	-	-

- (c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group	
	2021 RM	2020 RM
Other deductible temporary differences	1,610,532	970,239
Unabsorbed capital allowances	2,194,187	1,040,838
Unused tax losses		
- Expired by 31 December 2025	-	1,289,859
- Expired by 31 December 2026	-	2,565,982
- Expired by 31 December 2027	-	1,240,141
- Expired by 31 December 2028	765,485	-
- Expired by 31 December 2029	2,565,982	-
- Expired by 31 December 2030	1,240,141	-
- Expired by 31 December 2031	3,151,483	-
	11,527,810	7,107,059

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that future taxable profits of the subsidiaries would be available against which the deductible temporary differences could be utilised.

For Malaysian entities, unused tax losses from a year of assessment which were previously allowed to be carried forward up to seven (7) consecutive years of assessment, effective from year of assessment 2019, was extended to ten (10) consecutive year of assessment during the financial year. Unabsorbed capital allowances do not expire under current tax legislation.

The estimation of future taxable profits require management to make judgements, estimates and assumptions about future events that are inherently uncertain. Accordingly, deferred tax assets recognised are subject to estimation uncertainties and may be adjusted in subsequent periods as a result of changes in the accounting estimates.

### 10. INVENTORIES

		Group	
	Note	2021 RM	2020 RM
<b>At cost</b>			
Consumables	(b)	227,408	227,408
Land held for sale	(c)	118,063,892	116,455,129
Land reclamation work in progress	11	405,354,651	405,354,651
Properties held for sale	(d)	357,817	356,895
		524,003,768	522,394,083
<b>At net realisable value</b>			
Properties held for sale	(d)	10,539,674	10,504,377
Land reclamation work in progress	11	20,554,806	20,554,806
		555,098,248	553,453,266

## Notes to the Financial Statements

### 31 December 2021 (continued)

#### 10. INVENTORIES (continued)

- (a) Inventories are stated at the lower of cost and net realisable value.
- (b) Consumables
- (i) Consumables represent parts purchased for future consumption in the construction of vessels and infrastructure works.
- (ii) Cost is determined using the first-in, first-out basis. The cost comprises all costs of purchases, cost of conversion plus other costs incurred in bringing the consumables to their present location and condition.
- (c) Land held for sale
- (i) Cost of land held for sale comprises all reclamation costs, infrastructure costs, professional fees, stamp duties, commissions, and other costs incurred in bringing the land held for sale to their present condition.
- (ii) Movements of the land held for sale are as follows:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
As at 1 January	116,455,129	188,447,067
Costs incurred during the financial year	1,866,175	1,601,166
Less: Recognised in profit or loss during the financial year	(257,412)	(73,593,104)
As at 31 December	118,063,892	116,455,129

- (iii) Land held for sale represents reclaimed leasehold land with remaining lease terms ranging from 90 to 94 years (2020: 91 to 95 years).
- (iv) The carrying value of land held for sale of the Group pledged to financial institutions and licensed moneylenders for credit facilities granted to the Group and Company as disclosed in Notes 18(d)(ii) and (e) to the financial statements are as follows:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Borrowings (except for term loans II)	14,084,810	13,883,362
Term loans II	78,395,451	77,308,428
	92,480,261	91,191,790

- (d) Properties held for sale
- (i) Properties held for sale are in respect of seven (7) (2020: seven (7)) units of properties, which are available for immediate sale.
- (ii) Cost of properties held for sale is determined using cost of the acquisition of properties held for sale and direct costs attributable to the acquisition of properties held for sale.
- (e) Write-down for obsolete or slow-moving inventories

The Group writes down its obsolete or slow-moving inventories based on assessment of their estimated recoverable amount. Inventories are written down when events or changes in circumstances indicate that the carrying amounts could not be recovered. Management specifically analyses sales trends and current economic trends to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences would impact the carrying amount of inventories.

## Notes to the Financial Statements

31 December 2021

(continued)

### 11. LAND RECLAMATION WORK IN PROGRESS

	Group	
	2021 RM	2020 RM
At cost	405,354,651	405,354,651
At net realisable value	20,554,806	20,554,806
Land reclamation work in progress	425,909,457	425,909,457

- (a) Land reclamation work in progress represents all costs that are directly attributable to the land reclamation concession or that can be allocated on a reasonable basis to the concession. The costs incurred comprise cost to secure the land reclamation concession, construction costs and other development costs common to the entire reclamation concession including professional fees and other relevant levies.

Land reclamation work in progress is recognised as an asset and is measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price of the reclaimed land in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Any expected loss is recognised immediately in profit or loss.

- (b) Movements of the land reclamation work in progress are as follows:

	Group	
	2021 RM	2020 RM
Balance as at 1 January	425,909,457	428,433,048
Costs incurred during the financial year	-	69,135
Written down during the year	-	(2,592,726)
Balance as at 31 December	425,909,457	425,909,457

- (c) Land reclamation work in progress of the Group at the end of the reporting period are costs incurred for the reclamation works in Tanjung Piai and Pengerang in the State of Johor.
- (d) In the previous financial year, land reclamation work in progress written down amounting to RM2,592,726 had been recognised as administrative and other expenses of the Group.

### 12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Trade receivables</b>				
Third parties	14,904,634	27,747,330	-	-
Less: Impairment losses	(213,397)	-	-	-
	14,691,237	27,747,330	-	-
<b>Other receivables and deposits</b>				
Other receivables	3,439,246	2,874,616	41,414	19,472
Amounts owing by related parties	2,535	227	-	-
Amounts owing by subsidiaries	-	-	106,060,067	90,783,388
Deposits	1,923,367	13,643,776	5,000	5,000
	5,365,148	16,518,619	106,106,481	90,807,860
Less: Impairment losses				
- third parties	(1,307,021)	(1,307,021)	-	-
- subsidiaries	-	-	(1,114,163)	(1,802,806)
- deposits	(560,000)	(608,507)	-	-
	(1,867,021)	(1,915,528)	(1,114,163)	(1,802,806)
Total other receivables and deposits	3,498,127	14,603,091	104,992,318	89,005,054
Total receivables	18,189,364	42,350,421	104,992,318	89,005,054
<b>Prepayments</b>				
Prepayments	3,365,213	6,060,063	1,140	2,737,280
	21,554,577	48,410,484	104,993,458	91,742,334

## Notes to the Financial Statements

### 31 December 2021 (continued)

#### 12. TRADE AND OTHER RECEIVABLES (continued)

- (a) Total receivables are classified as financial assets measured at amortised cost.
- (b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group ranged from 14 days to 90 days (2020: 14 days to 90 days). They are recognised at their original invoices amounts, which represent their fair values on initial recognition.
- (c) Included in trade receivables of the Group are retention sums for contract works amounting to RM2,354,388 (2020: RM1,778,321). The retention sums are unsecured, interest free and are expected to be collected as follows:

	Group	
	2021 RM	2020 RM
Within one (1) year	1,144,630	1,143,364
Within two (2) years	1,209,758	634,957
	2,354,388	1,778,321

- (d) Currency exposure of trade and other receivables (excluding prepayments) of the Group are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Ringgit Malaysia	18,183,764	42,344,892	104,992,318	89,005,054
Singapore Dollar	3,617	3,617	-	-
United States Dollar	1,983	1,912	-	-
	18,189,364	42,350,421	104,992,318	89,005,054

- (e) Impairment for trade receivables and contract assets that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

The Group considers past loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

During this process, the probability of non-payment by the trade receivables are adjusted by forward looking information on macroeconomic factors and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. The Group had identified the lending interest rate and Gross Domestic Product ("GDP") as the key macroeconomic factors.

For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within net loss on impairment of financial assets and contract assets in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectible, the gross carrying value of the asset would be written off against the associated impairment.

It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward looking information.

## Notes to the Financial Statements

31 December 2021

(continued)

### 12. TRADE AND OTHER RECEIVABLES (continued)

(f) Movements in the impairment losses for trade receivables are as follows:

	Lifetime ECL - credit impaired RM
<b>Group</b>	
<b>At 1 January 2021</b>	-
Impairment losses	213,397
<b>At 31 December 2021</b>	213,397
<b>At 1 January 2020/31 December 2020</b>	-

(g) Aging analysis of trade receivables of the Group are as follows:

	Gross RM	Impaired RM	Total RM
<b>2021</b>			
Current	4,243,103	(46,440)	4,196,663
Past due:			
1 to 30 days	416,383	-	416,383
31 to 60 days	974,042	-	974,042
61 to 90 days	1,530,074	-	1,530,074
91 to 120 days	403,629	-	403,629
More than 120 days	7,337,403	(166,957)	7,170,446
	10,661,531	(166,957)	10,494,574
	14,904,634	(213,397)	14,691,237
<b>2020</b>			
Current	27,556,769	-	27,556,769
Past due:			
1 to 30 days	61,182	-	61,182
31 to 60 days	-	-	-
61 to 90 days	-	-	-
91 to 120 days	54,111	-	54,111
More than 120 days	75,268	-	75,268
	190,561	-	190,561
	27,747,330	-	27,747,330

(h) In the previous financial year, included in deposits of the Group was an amount of RM11,006,360 paid as deposit for the acquisition of a parcel of land.

(i) Amounts owing from subsidiaries represent advances and payments made on behalf, which are unsecured, interest-free and repayable within the next twelve (12) months in cash and cash equivalents.

## Notes to the Financial Statements

### 31 December 2021

(continued)

#### 12. TRADE AND OTHER RECEIVABLES (continued)

- (j) Impairment for equity loans, other receivables, amounts owing from subsidiaries and related parties are recognised based on general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. The Group and the Company defined significant increase in credit risk when there is changes in contractual terms and delay in payment. As at the end of the reporting period, the Group and the Company assess whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve months expected credit losses along with gross interest income are recognised. For those which credit risk has increased significantly, lifetime expected credit losses along with gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised. Credit impaired refers to debtors who are in significant financial difficulties as at the end of the reporting period.

The Group and the Company defined significant increase in credit risk based on the operating performance of the receivables.

The probability of non-payment of other receivables, amounts owing from subsidiaries and related parties are adjusted by forward looking information (lending interest rates and Malaysian construction output index) and multiplied by the amount of the expected loss arising from default to determine the twelve months or lifetime expected credit loss for the other receivables, amounts owing from subsidiaries and related parties.

It requires management to exercise judgement in determining the probability of default by other receivables, amounts due from subsidiaries and related parties, appropriate forward looking information and significant increase in credit risk.

- (k) The reconciliation of movements in the impairment losses on other receivables, deposits and amounts owing by subsidiaries is as follows:

	Lifetime ECL - not credit impaired RM	Lifetime ECL - credit impaired RM	Total allowance RM
<b>Group</b>			
<b>At 1 January 2021</b>	48,507	1,867,021	1,915,528
Reversal of impairment losses	(48,507)	-	(48,507)
<b>At 31 December 2021</b>	-	1,867,021	1,867,021
<b>At 1 January 2020</b>	50,016	1,867,021	1,917,037
Reversal of impairment losses	(1,509)	-	(1,509)
<b>At 31 December 2020</b>	48,507	1,867,021	1,915,528
<b>Company</b>			<b>Lifetime ECL - not credit impaired Company RM</b>
<b>At 1 January 2021</b>			1,802,806
Reversal of impairment losses			(688,643)
<b>At 31 December 2021</b>			1,114,163
<b>At 1 January 2020</b>			1,631,938
Charge for the financial year			170,868
<b>At 31 December 2020</b>			1,802,806

## Notes to the Financial Statements

31 December 2021

(continued)

### 12. TRADE AND OTHER RECEIVABLES (continued)

- (l) As at the end of each reporting year, the credit risks exposures and concentration relating to trade receivables of the Group are summarised in the table below:

	Group	
	2021 RM	2020 RM
Maximum exposure	14,691,237	27,747,330
Collateral obtained	-	-
Net exposure to credit risk	14,691,237	27,747,330

During the financial year, the Group did not renegotiate the terms of any trade receivables.

- (m) The Group determines concentrations of credit risk by monitoring the country and industry sector profiles of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's total trade receivables at the end of the reporting year is as follows:

	2021		2020	
	RM	% of total	RM	% of total
<b>By country</b>				
Malaysia	14,691,237	100.00%	27,747,330	100.00%
<b>By industry sectors</b>				
Marine construction				
- Land reclamation services	14,691,237	100.00%	23,082,225	83.19%
Vessel chartering and marine transportation	-	-	4,472,736	16.12%
Others	-	-	192,369	0.69%
	14,691,237	100.00%	27,747,330	100.00%

At the end of each reporting year, there was no significant concentration of credit risk for the Company other than amounts owing by subsidiaries, net of impairment to the Company of RM104,945,904 (2020: RM88,980,582).

- (n) Sensitivity analysis of RM against foreign currencies at the end of the reporting year is not presented as it is immaterial.

### 13. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2021 RM	2020 RM
<b>Contract assets</b>		
Land reclamation contracts	46,839,058	45,765,435
<b>Contract liabilities</b>		
Deferred revenue		
- Non-current	(83,972,738)	(84,092,051)
- Current	(42,408)	(42,408)
	(84,015,146)	(84,134,459)

## Notes to the Financial Statements

### 31 December 2021 (continued)

#### 13. CONTRACT ASSETS/(LIABILITIES) (continued)

- (a) Contract assets and contract liabilities represent the timing differences in revenue recognition and the milestone billings.

Contract assets of the Group shall be settled by way of apportionment of completed reclaimed land. Contract assets are transferred to receivables when the rights to economic benefits become unconditional. This usually occurs when the Group received the apportionment of completed reclaimed land.

Contract liabilities are recognised as revenue when performance obligations are satisfied.

There were no significant changes in the contract assets and liabilities during the financial year.

- (b) Contract assets from land reclamation contracts

	2021 RM	2020 RM
At 1 January	45,765,435	51,034,102
Additions	1,260,249	796,014
Impairment of contract assets	(244,550)	(6,125,318)
Revenue recognised during the year	57,924	60,637
At 31 December	46,839,058	45,765,435
Aggregate costs incurred to date	57,768,548	56,467,795
Add: Attributable profits	21,050,370	21,032,950
	78,818,918	77,500,745
Less: Accumulated impairment losses	(31,979,860)	(31,735,310)
	46,839,058	45,765,435

- (c) Contract liabilities from deferred revenue

	2021 RM	2020 RM
At 1 January	(84,134,459)	(72,157,322)
Revenue recognised during the year	119,313	6,508,733
Progress billings	-	(18,485,870)
At 31 December	(84,015,146)	(84,134,459)
Aggregate costs incurred to date	73,996,155	73,722,626
Add: Attributable profits	23,860,336	24,014,552
	97,856,491	97,737,178
Less: Progress billings	(181,871,637)	(181,871,637)
	(84,015,146)	(84,134,459)

- (d) Contract value yet to be recognised as revenue

Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting year, are as follows:

	Group	
	2021 RM	2020 RM
Within 1 year	42,408	42,408
More than 1 year	83,972,738	84,092,051
	84,015,146	84,134,459

## Notes to the Financial Statements

31 December 2021

(continued)

### 13. CONTRACT ASSETS/(LIABILITIES) (continued)

- (d) Contract value yet to be recognised as revenue (continued)

Non-current contract liabilities do not contain significant financing component because the customers paid for the unsatisfied performance obligations in advance and the timing of the transfer of those unsatisfied performance obligations are at the discretion of the customers.

- (e) Impairment for contract assets that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses as disclosed in Note 12(e) to the financial statements.

	Group	
	2021	2020
Expected loss rate	40.57%	40.95%
Gross carrying amount (RM)	78,818,918	77,500,745
Lifetime ECL (RM)	31,979,860	31,735,310

The reconciliation of movements in the impairment accounts in contract assets is as follows:

	Group	
	2021 RM	2020 RM
At 1 January	31,735,310	25,609,992
Charge for the financial year	244,550	6,125,318
At 31 December	31,979,860	31,735,310

- (f) The amount of RM119,313 (2020: RM343,260) recognised in contract liabilities at the beginning of the financial year had been recognised as revenue for the financial year ended 31 December 2021.

### 14. SHORT TERM FUNDS

	Group	
	2021 RM	2020 RM
<b>Financial assets at fair value through profit or loss</b>		
Units in quoted money market fund in Malaysia	154,967	152,178

- (a) Short term funds are classified as fair value through profit or loss, and subsequently remeasured to fair value with changes in fair value being recognised in profit or loss. The fair value is categorised as Level 1 in the fair value hierarchy. Fair value of short term funds in Malaysia is determined by reference to counter parties' quotation at the close of business at the end of the reporting year.
- (b) All short term funds are denominated in RM.

## Notes to the Financial Statements

### 31 December 2021 (continued)

#### 15. CASH AND BANK BALANCES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash and bank balances	737,452	712,473	42,022	5,421
Deposits with licensed financial institutions	24,762,525	24,412,582	-	-
As reported in the statements of financial position	25,499,977	25,125,055	42,022	5,421
Less:				
Bank overdraft (Note 18)	(7,708,144)	(11,963,691)	-	-
Fixed deposits pledged with licensed financial institutions (Note a)	(24,762,525)	(24,412,582)	-	-
Cash and cash equivalents included in statements of cash flows	(6,970,692)	(11,251,218)	42,022	5,421

- (a) Deposits with licensed financial institutions of the Group amounting to RM24,762,525 (2020: RM24,412,582) were pledged as security for banking facilities granted to certain subsidiaries of the Group as disclosed in Note 18(d) to the financial statements.
- (b) Deposits with licensed banks are subject to fixed weighted average effective interest rates of 1.43% (2020: 2.41%).
- (c) Sensitivity analysis of interest rate at the end of the reporting period was not presented as fixed rate instruments are not affected by changes in interest rates.
- (d) Currency exposure of cash and bank balances is as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Ringgit Malaysia	25,308,988	25,010,174	42,022	5,421
Singapore Dollar	69,365	56,819	-	-
United States Dollar	121,624	58,062	-	-
	25,499,977	25,125,055	42,022	5,421

Sensitivity analysis of RM against foreign currencies at the end of the reporting year is not presented as it is immaterial.

- (e) Cash and bank balances are classified as financial assets measured at amortised cost.
- (f) No expected credit losses were recognised arising from the cash at banks and deposits with licensed banks because the probability of default by these financial institutions were negligible.

## Notes to the Financial Statements

31 December 2021

(continued)

### 16. SHARE CAPITAL

	Group and Company			
	2021		2020	
	Number of ordinary shares	RM	Number of ordinary shares	RM
<b>Issued and fully paid up ordinary shares</b>				
At beginning of financial year	861,802,500	371,488,527	861,802,500	371,488,527
Issuance of ordinary shares pursuant to private placement	169,800,000	20,447,400	-	-
At end of financial year	1,031,602,500	391,935,927	861,802,500	371,488,527

- (a) Owners of the parent of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regards to the residual assets of the Company.
- (b) On 7 December 2021, the issued and fully paid-up ordinary share capital of the Company was increased from 861,802,500 ordinary shares to 1,001,802,500 ordinary shares by way of issuance of 140,000,000 new ordinary shares amounting to RM17,080,000 pursuant to the private placement undertaken by the Company at an issue price of RM0.122 per share.
- (c) On 16 December 2021, the issued and fully paid-up ordinary share capital of the Company was increased from 1,001,802,500 ordinary shares to 1,031,602,500 ordinary shares by way of issuance of 29,800,000 new ordinary shares amounting to RM3,367,400 pursuant to the private placement undertaken by the Company at an issue price of RM0.113 per share.

### 17. RESERVES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Non-distributable:</b>				
Treasury shares	(12,703,204)	(12,703,204)	(12,703,204)	(12,703,204)
Exchange translation reserve	34,989,098	34,808,956	-	-
Reverse acquisition debit	(146,069,559)	(146,069,559)	-	-
Share options reserve	-	2,666,903	-	2,666,903
<b>Distributable:</b>				
Retained earnings	202,810,308	233,023,377	18,662,157	21,101,063
	79,026,643	111,726,473	5,958,953	11,064,762

- (a) Treasury shares

The shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting held on 18 May 2021, approved the Company's plan to repurchase up to 10% of the issued and paid-up share capital of the Company ("Share Buy Back").

The Company did not repurchase any of its issued ordinary shares from the open market during the financial year.

Of the total 1,031,602,500 (2020: 861,802,500) issued and fully paid ordinary shares as at 31 December 2021, 12,715,400 (2020: 12,715,400) ordinary shares purchased for RM12,703,204 (2020: RM12,703,204) are held as treasury shares by the Company. The number of outstanding ordinary shares in issue after deducting the treasury shares is 1,018,887,100 (2020: 849,087,100).

## Notes to the Financial Statements

### 31 December 2021

(continued)

#### 17. RESERVES (continued)

(b) Exchange translation reserve

Exchange translation reserve is used to record foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items, which form part of the net investment of the Group in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(c) Reverse acquisition debit

Reverse acquisition debit arose from the reverse acquisition of the Company and two (2) subsidiaries by BSB in the previous financial years, as follows:

	<b>Group RM</b>
Issued equity of the Company for the acquisitions (comprising 629,999,992 ordinary shares)	157,499,998
Less:	
- Issued equity of BSB	(7,300,000)
- Deemed purchase consideration of the two (2) subsidiaries	(4,130,439)
Reverse acquisition debit	146,069,559

(d) Share options reserve

In the previous financial year, share options reserve represented the effect of equity-settled share options granted to Eligible Executives. This reserve was made up of the cumulative value of services received from Eligible Executives for the issue of options. Share options reserve in relation to unexercised option at the expiry of the share option scheme was transferred to retained earnings.

#### 18. BORROWINGS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Non-current liabilities</b>				
<b>Secured</b>				
Term loans I	9,134,294	11,158,918	-	-
Term loans II	54,700,000	54,700,000	54,700,000	54,700,000
	63,834,294	65,858,918	54,700,000	54,700,000
<b>Current liabilities</b>				
<b>Secured</b>				
Bank overdraft (Note 15)	7,708,144	11,963,691	-	-
Trust receipts	320,404	956,228	-	-
Revolving credit	16,700,000	10,000,000	-	-
Term loans I	1,483,767	1,854,949	-	-
Invoice financing	1,919,589	2,881,616	-	-
	28,131,904	27,656,484	-	-

## Notes to the Financial Statements

31 December 2021

(continued)

### 18. BORROWINGS (continued)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Total borrowings</b>				
Bank overdraft (Note 15)	7,708,144	11,963,691	-	-
Trust receipts	320,404	956,228	-	-
Revolving credit	16,700,000	10,000,000	-	-
Term loans I	10,618,061	13,013,867	-	-
Term loans II	54,700,000	54,700,000	54,700,000	54,700,000
Invoice financing	1,919,589	2,881,616	-	-
	<b>91,966,198</b>	<b>93,515,402</b>	<b>54,700,000</b>	<b>54,700,000</b>

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (b) Borrowings are denominated in RM.
- (c) Fair value of the borrowings of the Group and of the Company are categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.
- (d) All borrowings of the Group (except for term loans II) are secured by:
- Legal charge over certain property, plant and equipment of the Group as disclosed in Note 5(c) to the financial statements;
  - Legal charge over certain land held for sale of the Group as disclosed in Note 10(c)(iv) to the financial statements;
  - Deposits of the Group as disclosed in Note 15(a) to the financial statements; and
  - Assignment of insurances in favour of the financial institutions as mortgagee and loss payee covering but not limited to the hull and machinery coverage and war risks.
- (e) Term loans II are secured by certain land held for sale of the Group as disclosed in Note 10(c)(iv) to the financial statements.
- (f) Term loan agreements entered into by the Group include repayment based on contractual terms at the discretion of financial institutions and licensed moneylenders. The Group believes that in the absence of a default being committed by the Group, these financial institutions and licensed moneylenders are not entitled to exercise its right to demand for repayment. Accordingly, the carrying amount of the term loans has been classified between current and non-current liabilities based on their repayment year.
- (g) Interest rate profile of the borrowings are as follows:

	2021 RM	2020 RM
<b>Group</b>		
Fixed rate	56,752,270	57,427,514
Floating rate	35,213,928	36,087,888
	<b>91,966,198</b>	<b>93,515,402</b>
<b>Company</b>		
Fixed rate	54,700,000	54,700,000

## Notes to the Financial Statements

### 31 December 2021 (continued)

#### 18. BORROWINGS (continued)

- (h) The weighted average interest rates per annum of borrowings of the Group and of the Company that were effective as at end of reporting date were as follows:

<b>Group</b>	<b>2021</b>	<b>2020</b>
	%	%
<b><u>Fixed rate</u></b>		
Term loans I	9.00	9.00
Term loans II	10.00	10.00
<b><u>Floating rate</u></b>		
Bank overdraft	6.71	7.11
Invoice financing	3.32	3.78
Revolving credit	5.30	7.84
Term loans I	3.58	4.21
Trust receipt	6.55	6.92
<b><u>Company</u></b>		
<b><u>Fixed rate</u></b>		
Term loans II	10.00	10.00

- (i) Sensitivity analysis of interest rate at the end of the reporting year, assuming that all other variables remain constant, is as follows:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	RM	RM
<b>Effects of 30bp changes to loss after tax</b>		
Floating rate instruments	(80,287)	(82,280)

Sensitivity analysis for fixed rate borrowings as at the end of the reporting year was not presented as fixed rate instruments as it is not affected by changes in interest rates.

- (j) The carrying amounts of floating rate borrowings are reasonable approximation of their fair values due to they are re-priced to market interest rates on or near the end of each reporting year.
- (k) The following table sets out the financial instruments not carried at fair value for which fair value is disclosed, together with their carrying amount shown in the statements of financial position:

<b>Group</b>	<b>2021</b>		<b>2020</b>	
	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>
	RM	RM	RM	RM
Term loans I	2,052,270	1,748,135	2,727,514	2,223,272
Term loans II	54,700,000	45,206,612	54,700,000	41,096,920
<b><u>Company</u></b>				
Term loans II	54,700,000	45,206,612	54,700,000	41,096,920

Fair values of the borrowings are estimated by discounting future contracted cash flows at the current market interest rate available to the Group for similar financial instruments.

## Notes to the Financial Statements

31 December 2021

(continued)

### 18. BORROWINGS (continued)

- (i) The table below summarises the maturity profile of the borrowings of the Group and of the Company at the end of the reporting year based on contractual undiscounted repayment obligations:

Group	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
<b>2021</b>				
Bank overdraft	7,708,144	-	-	7,708,144
Trust receipts	320,404	-	-	320,404
Revolving credit	16,959,734	-	-	16,959,734
Term loans I	1,934,053	5,577,362	4,971,321	12,482,736
Term loans II	5,470,000	57,890,833	-	63,360,833
Invoice financing	1,919,589	-	-	1,919,589
Total undiscounted financial liabilities	34,311,924	63,468,195	4,971,321	102,751,440
<b>2020</b>				
Bank overdraft	11,963,691	-	-	11,963,691
Trust receipts	956,228	-	-	956,228
Revolving credit	10,127,841	-	-	10,127,841
Term loans I	2,531,988	7,328,107	6,212,015	16,072,110
Term loans II	5,470,000	62,905,000	-	68,375,000
Invoice financing	2,881,616	-	-	2,881,616
Total undiscounted financial liabilities	33,931,364	70,233,107	6,212,015	110,376,486
<b>Company</b>				
<b>2021</b>				
Term loans II	5,470,000	57,890,833	-	63,360,833
<b>2020</b>				
Term loans II	5,470,000	62,905,000	-	68,375,000

### 19. SHARE ISSUANCE SCHEME

The Share Issuance Scheme of the Company came into effect on 17 January 2011. The Share Issuance Scheme should be in force for a period of five (5) years until 16 January 2016 (“the option period”). Pursuant to the Clause 20.1 of the Share Issuance Scheme By-Laws, the Company extended the Scheme, which expired on 16 January 2016 for another five (5) years until 15 January 2021. During the financial year, the Scheme has expired on 15 January 2021. All outstanding options over ordinary shares of the Company offered pursuant to the Scheme have automatically been terminated on 15 January 2021.

The main features of the Share Issuance Scheme are as follows:

- Eligible Directors and executives (“Eligible Executives”) are those who are confirmed employees of the Group and have served full time for at least a year of six (6) months of continuous services before the date of offer;
- The total number of ordinary shares offered under the Share Issuance Scheme shall not, in aggregate, exceed 15% of the issued and paid-up share capital of the Company at any time during the existence of the Share Issuance Scheme;

## Notes to the Financial Statements

### 31 December 2021

(continued)

#### 19. SHARE ISSUANCE SCHEME (continued)

The main features of the Share Issuance Scheme are as follows: (continued)

- (c) The option price under the Share Issuance Scheme shall be the five (5) days weighted average market price of the ordinary shares as quoted on the Main Market of Bursa Malaysia Securities Berhad at the time the option is granted with a discount of not more than 10%;
- (d) The aggregate number of ordinary shares that may be offered and allotted to any of the Eligible Executives of the Group shall not exceed the allowable allotment set out in the By-Laws and not more than 10% of the ordinary shares available under the Share Issuance Scheme shall be allocated to any individual Director or eligible employees who, either singly or collectively through persons connected with that Director or eligible employee, holds 20% or more of the issued and paid-up share capital of the Company;
- (e) The options granted to Eligible Executives will lapse when they are no longer in employment with the Group;
- (f) Upon exercise of the options, the ordinary shares issued will rank pari passu in all respects with the existing ordinary shares of the Company (except that they will not be entitled to any dividends, rights, allotments and/or any other distributions, which may be declared, made or paid to the shareholders, of which the entitlement date is prior to the date of the listing of the ordinary shares on the Main Market of Bursa Malaysia Securities Berhad through exercising the options); and
- (g) The Eligible Executives to whom the options have been granted have no right to participate, by virtue of these options, in any ordinary share issue of any other company.
- (h) Details of the options over ordinary shares of the Company are as follows:

Date of offer	Exercise price RM	Outstanding as at 1.1.2021	← Number of options over ordinary shares →			Outstanding as at 31.12.2021	Exercisable as at 31.12.2021
			Movements during the financial period				
			Granted	Exercised	Forfeited		
<b>2021</b>							
16 April 2012	1.06	2,997,500	-	-	(2,997,500)	-	-
3 January 2014	0.78	400,000	-	-	(400,000)	-	-
28 January 2014	0.79	5,164,000	-	-	(5,164,000)	-	-
18 July 2017	0.38	10,240,000	-	-	(10,240,000)	-	-
		18,801,500	-	-	(18,801,500)	-	-
Weighted average exercise prices (RM)		0.61	-	-	0.61	-	-
Weighted average remaining contractual life (months)		1					-

## Notes to the Financial Statements

31 December 2021

(continued)

### 19. SHARE ISSUANCE SCHEME (continued)

The main features of the Share Issuance Scheme are as follows: (continued)

(h) Details of the options over ordinary shares of the Company are as follows: (continued)

Date of offer	Exercise price RM	Outstanding as at 1.1.2020	← Number of options over ordinary shares →			Outstanding as at 31.12.2020	Exercisable as at 31.12.2020
			Movements during the financial period				
			Granted	Exercised	Forfeited		
<b>2020</b>							
16 April 2012	1.06	3,113,500	-	-	(116,000)	2,997,500	2,997,500
3 January 2014	0.78	400,000	-	-	-	400,000	400,000
28 January 2014	0.79	5,681,000	-	-	(517,000)	5,164,000	5,164,000
18 July 2017	0.38	12,170,000	-	-	(1,930,000)	10,240,000	10,240,000
		21,364,500	-	-	(2,563,000)	18,801,500	18,801,500
Weighted average exercise prices (RM)							
		0.60	-	-	0.49	0.61	0.61
Weighted average remaining contractual life (months)							
		13					1

The fair value of services received in return for options granted was based on the modified fair value of options granted due to the extension of exercise year, measured using the Black Scholes model, with the following inputs:

	2012 First Grant	2014 Second Grant	2014 Third Grant	2018 Fourth Grant
Fair value of options and assumptions				
Fair value at grant date (RM)	0.046	0.090	0.093	0.130
Weighted average share price (RM)	0.58	0.58	0.58	0.42
Weighted average exercise price (RM)	1.06	0.78	0.79	0.38
Expected volatility (%)	25.48	25.48	25.48	37.31
Expected life (years)	8.76	7.04	6.97	3.50
Risk free interest rate (%)	3.43	3.43	3.43	3.36

During the financial year, there were 18,801,500 (2020: 2,563,000) options being forfeited as a result of the expiry of the Scheme on 15 January 2021 and accordingly an amount of RM2,666,903 (2020: RM354,122) has been transferred from the share options reserve to retained earnings.

## Notes to the Financial Statements

### 31 December 2021 (continued)

#### 20. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Non-current liabilities</b>				
<b>Other payables</b>				
Amounts owing to related parties	58,187,390	63,199,458	-	-
<b>Current liabilities</b>				
<b>Trade payables</b>				
- third parties	9,809,399	18,497,145	-	-
- a related party	18,923	18,923	-	-
	9,828,322	18,516,068	-	-
<b>Other payables</b>				
Other payables	9,033,822	27,995,970	133,831	16,297
Accruals	2,994,036	5,087,117	742,500	2,913,900
Amounts owing to related parties	16,776,463	16,776,390	4,660	4,660
	28,804,321	49,859,477	880,991	2,934,857
Total current payables	38,632,643	68,375,545	880,991	2,934,857
Total payables	96,820,033	131,575,003	880,991	2,934,857

- (a) Trade and other payables are classified as financial liabilities measured at amortised cost.
- (b) Trade payables, including amount owing to a related party, are non-interest bearing and the normal trade credit terms granted to the Group ranged from 30 days to 90 days (2020: 30 days to 90 days).
- (c) Included in other payables of the Group are deposits received from third party purchasers for the purchase of leasehold land amounting to RM Nil (2020: RM18,586,928) and deposits received from third party customers for the sale of land held for sale amounting to RM3,851,399 (2020: RM2,177,693).
- (d) Amounts owing to related parties represent advances and payments made on behalf, which are unsecured, interest free and repayable on demand in cash and cash equivalents except for RM58,187,390 (2020: RM63,199,458) which is not repayable within the next twelve months.
- (e) Currency exposure of trade and other payables of the Group and of the Company is as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Ringgit Malaysia	49,572,704	85,099,921	880,991	2,934,857
Singapore Dollar	47,152,441	46,392,689	-	-
United States Dollar	94,888	82,393	-	-
	96,820,033	131,575,003	880,991	2,934,857

## Notes to the Financial Statements

31 December 2021

(continued)

### 20. TRADE AND OTHER PAYABLES (continued)

- (f) Sensitivity analysis of RM against foreign currencies at the end of the reporting year, assuming that all other variables remain constant, are as follows:

	Group	
	2021 RM	2020 RM
<b>Effects of 10% changes in</b>		
Loss after tax		
- RM/SGD	3,583,586	3,525,844
- RM/USD	7,211	6,262

- (g) The table below summarises the maturity profile of the trade and other payables of the Group at the end of the reporting year based on contractual undiscounted repayment obligations:

	On demand or within one year RM	One to five years RM	Total RM
<b>2021</b>			
<b>Group</b>			
Trade and other payables	38,632,643	63,733,802	102,366,445
<b>Company</b>			
Trade and other payables	880,991	-	880,991
<b>2020</b>			
<b>Group</b>			
Trade and other payables	68,375,545	68,107,269	136,482,814
<b>Company</b>			
Trade and other payables	2,934,857	-	2,934,857

### 21. CONTINGENT LIABILITIES

	Group	
	2021 RM	2020 RM
<b>Secured</b>		
Corporate guarantees given to licensed financial institutions for credit facilities granted to subsidiaries:		
- Limit of guarantee	62,343,061	69,255,526
- Amounts utilised	40,347,708	41,845,803

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contract as defined in MFRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The Directors are of the view that the chances of the financial institutions calling upon the corporate guarantees are remote. Accordingly, the fair values of the corporate guarantees are negligible.

## Notes to the Financial Statements

### 31 December 2021 (continued)

## 22. REVENUE

	Group	
	2021 RM	2020 RM
<b>Revenue from contracts with customers:</b>		
Marine construction		
- Contract works	28,045,663	28,358,347
- Disposal of land held for sale:		
- reclaimed land	-	51,666,639
- infrastructure works	119,313	6,508,733
Marine transportation	41,735,464	74,523,992
	69,900,440	161,057,711
<b>Timing of revenue recognition:</b>		
Transferred over time	28,164,976	34,867,080
Transferred at a point in time	41,735,464	126,190,631
	69,900,440	161,057,711

Disaggregation of revenue from contracts with customers has been presented in the operating segments, Note 4 to the financial statements.

(a) Revenue from construction contracts

(i) Cash-settlement contract

Revenue from contract works, of which the settlement of the contract sum is via progress payment in cash, is recognised over the period of the contract using the output method by reference to the progress towards complete satisfaction of that performance obligation if control of the asset transfers over time. The output method recognises revenue on the basis of direct measurements of value to the customer of the construction work performed to date relative to the remaining construction work promised under the contract.

(ii) Settlement-in-kind contract

Revenue from contract works, of which the settlement of the contract sum is in kind (via allocation of land portion reclaimed), is recognised over the year of the contract using the input method by reference to the cost incurred for work performed to date against the estimated costs to completion if control of the asset transfers over time.

Significant judgement is required in determining performance obligations as stated in the contracts with customers, transaction price allocation and costs in applying the input method to recognise revenue over time.

The Group identifies performance obligations that are distinct and material, which are judgmental in the context of contract. Transaction prices are determined based on estimated profit margins prior to its allocation to the identified performance obligation. The Group also estimates total contract costs in applying the input method to recognise revenue over time. In estimating the total costs to complete, the Group considers the completeness and accuracy of its cost estimation, including its obligations to contract variations, claims and cost contingencies.

## Notes to the Financial Statements

31 December 2021

(continued)

### 22. REVENUE (continued)

(b) Disposal of land held for sale

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices.

Revenue from disposal of land held for sale are categorised into two (2) identifiable components, which are reclaimed land component and infrastructure cost component.

(i) Reclaimed land component

The Group recognises revenue at a point in time for disposal of reclaimed land component, when the control of the reclaimed land has been transferred to the purchasers, being when vacant possession of reclaimed land delivered to the customers and the Company retains neither continuing managerial involvement over the land, which coincides with the delivery of land and acceptance by customers.

(ii) Infrastructure cost component

The Group recognises revenue at a point over time for infrastructure cost component using the input method by reference to the expected cost plus a margin approach.

Revenue in relation to the infrastructure cost component are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to incur the infrastructure cost, the contract liabilities in relation to the infrastructure cost component would be reversed and recognised in profit or loss.

Significant judgement is required in determining performance obligations as stated in the contracts with customers, transaction price allocation and costs in applying the input method to recognise revenue over time.

The Group identifies performance obligations that are distinct and material, which are judgmental in the context of contract. Transaction prices are determined based on estimated profit margins prior to its allocation to the identified performance obligation. The Group also estimates total contract costs in applying the input method to recognise revenue over time. In estimating the total costs to complete, the Group considers the completeness and accuracy of its cost estimation, including its obligations to contract variations, claims, and cost contingencies.

(c) Marine transportation

Revenue from marine transportation is recognised at a point in time when the service has been rendered to the customer and coincides with the delivery of services and acceptance by customers.

There is no right of return and warranty provided to the customers on the services rendered.

There is no significant financing component in the revenue arising from services rendered as the services are made on the normal credit terms not exceeding twelve months.

## Notes to the Financial Statements

### 31 December 2021

(continued)

#### 23. COST OF SALES

	Group	
	2021 RM	2020 RM
Marine construction:		
- Contract works	22,883,185	24,783,040
- Disposals of land held for sale:		
- reclaimed land	-	68,018,278
- infrastructure works	253,412	5,507,563
Vessels chartering	2,406,226	3,552,687
Marine transportation	40,369,025	70,706,668
	65,911,848	172,568,236

#### 24. OTHER INCOME

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Accretion income of non-current amounts owing to related parties	638,602	986,798	-	-
Foreign exchange gain:				
- realised	423,767	47,045	-	-
- unrealised	1,901,886	1,509,736	-	-
Gain on dissolution of subsidiaries	622,439	-	-	-
Gain on disposal of:				
- property, plant and equipment	3,601,566	1,745,227	-	-
- a subsidiary	-	243,892	-	2
Gain on early termination of lease	268	-	-	-
Gross dividend received from shares quoted in Malaysia	5,418	5,648	-	-
Interest income from:				
- a subsidiary	-	-	862,482	15,648,412
- fixed deposits	349,943	807,405	-	191,058
- others	812	1,345	274	343
Sales of used scraps	969,415	655,417	-	-
Others	399,318	564,019	-	-
	8,913,434	6,566,532	862,756	15,839,815

(a) Interest income is recognised as it accrues, using the effective interest method.

#### 25. FINANCE COSTS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Bank overdraft	815,282	939,325	-	-
Lease liabilities	568,957	657,695	-	-
RCSB:				
- unwinding of discount	-	19,343,423	-	19,343,423
- coupon interests	-	2,288,332	-	2,288,332
Term loans and revolving credits	6,534,451	4,232,181	5,014,167	2,735,000
Trust receipts	28,701	103,727	-	-
Others	167,504	208,450	33,009	-
	8,114,895	27,773,133	5,047,176	24,366,755

## Notes to the Financial Statements

31 December 2021

(continued)

### 26. NET (LOSS)/GAIN ON IMPAIRMENT OF FINANCIAL ASSETS AND CONTRACT ASSETS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Reversal of impairment losses on:				
- amount owing by a subsidiary (Note 12)	-	-	688,643	-
- other receivables (Note 12)	48,507	1,509	-	-
Impairment losses on:				
- amount owing by a subsidiary (Note 12)	-	-	-	(170,868)
- contract assets (Note 13)	(244,550)	(6,125,318)	-	-
- trade receivables (Note 12)	(213,397)	-	-	-
	(409,440)	(6,123,809)	688,643	(170,868)

### 27. LOSS BEFORE TAXATION

Other than those disclosed elsewhere in the financial statements, loss before taxation is arrived at:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
After charging:				
Auditors' remuneration:				
BDO PLT:				
- Statutory audit:				
- current year	390,841	380,340	116,000	107,000
- under provision in prior years	-	50,000	-	-
- Non-statutory audit	14,000	13,000	14,000	13,000
Other auditors:				
- Statutory audit	83,258	84,296	-	-
Accretion expense of non-current amounts owing to related parties	-	1,306,143	-	-
Expense relating to short-term leases (Note 6(d))	25,564	22,469	-	-
Fair value adjustment on other investments (Note 8)	6,892	456	-	-
Impairment losses on:				
- land reclamation work in progress (Note 11)	-	2,592,726	-	-
- property, plant and equipment (Note 5)	11,250,737	972,803	-	-
Loss on dissolution of subsidiaries	6,779	-	-	-
Loss on foreign exchange:				
- realised	5,691	693,341	-	-
- unrealised	2,489,267	71,492	-	-
Write off of:				
- property, plant and equipment	441,324	631,614	-	-
- deposits	360,203	-	-	-

## Notes to the Financial Statements

### 31 December 2021

(continued)

#### 28. TAXATION

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Current income tax				
- Malaysian income tax	555,614	32,788	-	-
- Foreign income tax	-	(106)	-	-
Real property gains tax	61,665	124,802	-	-
Under/(Over) provision in prior years	841	(372,372)	-	(293,990)
	618,120	(214,888)	-	(293,990)
Deferred tax (Note 9(a)):				
- Origination and reversal of temporary differences	-	(7,106,340)	-	(404,488)
- Under provision in prior years	-	3,137,356	-	-
	-	(3,968,984)	-	(404,488)
Taxation recognised in profit or loss	618,120	(4,183,872)	-	(698,478)

- (a) Malaysian income tax is calculated at the statutory tax rate of 24% (2020: 24%) of the estimated taxable profits for the fiscal year.
- (b) Tax expense for other taxation authorities are calculated at the rates prevailing in the respective jurisdictions.
- (c) Numerical reconciliation between the taxation and the product of accounting loss multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Loss before taxation	(33,276,421)	(73,814,063)	(5,105,809)	(14,784,501)
Taxation at Malaysian statutory tax rate of 24% (2020: 24%)	(7,986,341)	(17,715,374)	(1,225,394)	(3,548,280)
Tax effects in respect of:				
Non-allowable expenses	5,662,577	5,229,521	1,258,966	3,581,851
Non-taxable income	(1,690,451)	(1,076,919)	(33,572)	(438,059)
Real property gains tax	61,665	124,802	-	-
Deferred tax assets not recognised	1,094,722	1,243,565	-	-
Difference in foreign tax rates and exemptions	3,508,849	5,282,955	-	-
Utilisation of previously unrecognised deferred tax asset	(33,742)	(37,406)	-	-
	617,279	(6,948,856)	-	(404,488)
Under/(Over) provision in prior years				
- current tax expense	841	(372,372)	-	(293,990)
- deferred tax expense	-	3,137,356	-	-
Tax expense/(income)	618,120	(4,183,872)	-	(698,478)

## Notes to the Financial Statements

31 December 2021

(continued)

### 28. TAXATION (continued)

(d) Tax on each component of other comprehensive income is as follows:

	Before tax RM	Tax effect RM	After tax RM
<b>Group</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
<b>2021</b>			
Foreign currency translations	(122,356)	-	(122,356)
<b>2020</b>			
Foreign currency translations	(1,114,370)	-	(1,114,370)

### 29. LOSS PER ORDINARY SHARE

(a) Basic loss per ordinary share

Basic loss per ordinary share for the financial year is calculated by dividing the loss for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
Loss attributable to owners of the parent	(32,879,972)	(67,766,936)
Weighted average number of ordinary shares in issue	859,982,442 <sup>(1)</sup>	849,087,100

<sup>(1)</sup> Based on the issuance of private placement during the financial year of 169,800,000 which translate to the effect of weighted average number of ordinary shares of 10,895,342 shares.

	<b>Group</b>	
	<b>2021 sen</b>	<b>2020 sen</b>
Basic loss per ordinary share	(3.82)	(7.98)

(b) Diluted loss per ordinary share

Diluted loss per ordinary share for the financial year is calculated by dividing the loss for the financial year attributable to the equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

	<b>Group</b>	
	<b>2021 RM</b>	<b>2020 RM</b>
Loss attributable to owners of the parent	(32,879,972)	(67,766,936)

## Notes to the Financial Statements

### 31 December 2021 (continued)

#### 29. LOSS PER ORDINARY SHARE (continued)

(b) Diluted loss per ordinary share (continued)

	Group	
	2021 RM	2020 RM
Weighted average number of ordinary shares in issue applicable to basic loss per ordinary share	859,982,442	849,087,100
- Share Issuance Schemes	-	- <sup>(2)</sup>
Adjusted weighted average number of ordinary shares applicable to diluted loss per ordinary share	859,982,442	849,087,100
Diluted loss per ordinary share	(3.82)	(7.98)

<sup>(2)</sup> *The Share Issuance Schemes that could potentially dilute the earnings per ordinary shares was not included in the calculation of diluted earnings per ordinary shares as it would have an anti-dilution effect thereon.*

#### 30. DIRECTORS' REMUNERATION

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Directors of the Company:				
Executive:				
Salaries	4,200,000	3,994,065	-	-
Ex-gratia	525,000	-	-	-
Other emoluments	939,113	883,188	141,113	143,427
	5,664,113	4,877,253	141,113	143,427
Non-Executive:				
Fees	672,000	413,400	672,000	413,400
Other emoluments	22,000	24,000	22,000	24,000
	694,000	437,400	694,000	437,400
Total Director's remuneration	6,358,113	5,314,653	835,113	580,827

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group amounted to RM75,325 (2020: RM101,450).

## Notes to the Financial Statements

31 December 2021

(continued)

### 31. EMPLOYEE BENEFITS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Wages, salaries and bonuses	9,773,309	9,948,134	-	-
Contribution to defined contribution plan	1,307,178	1,298,884	-	-
Other benefits	433,741	411,561	166,678	183,147
	11,514,228	11,658,579	166,678	183,147
<b>Capitalised in contract assets and land reclamation work in progress</b>				
Salaries, wages, bonuses and allowances	313,138	259,133	-	-
Contribution to defined contribution plan	39,121	32,175	-	-
Other benefits	4,734	4,123	-	-
	356,993	295,431	-	-
	11,871,221	11,954,010	166,678	183,147

#### Compensation of key management personnel

Remuneration of Directors and other key management personnel during the financial year are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Directors' fees	672,000	413,400	672,000	413,400
Salaries and other short term employee benefits:				
Directors	5,686,113	4,901,253	163,113	167,427
Other key management personnel	1,208,773	1,137,148	-	-
	6,894,886	6,038,401	163,113	167,427

### 32. RELATED PARTY DISCLOSURES

#### (a) Identities 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 operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other parties.

The Company has controlling related party relationship with its direct and indirect subsidiaries and its immediate and ultimate holding companies. The Group also has related party relationship with the entities in which a Director has substantial financial interest.

## Notes to the Financial Statements

### 31 December 2021 (continued)

### 32. RELATED PARTY DISCLOSURES (continued)

(b) Significant related party transactions

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b><i>With related parties in which a Director has substantial financial interests:</i></b>				
Contract works derived from:				
- Oceanfront Land Sdn. Bhd.	}	60,637	-	-
- Oceanic Sdn. Bhd.				
- Oceanview Property Sdn. Bhd.				
- Atlantic Property Sdn. Bhd.				
- Sentosacove Sdn. Bhd.				
	57,924			
	178,526	138,341	-	-
<b><i>With a Director</i></b>				
Rental expense	103,200	103,200	-	-
Disposal of motor vehicle	-	105,000	-	-
<b><i>With a subsidiary</i></b>				
Interest income receivable from BSB	-	-	862,482	15,648,412

The related party transactions described above were carried out on agreed contractual terms and conditions and in the ordinary course of business between the related parties of the Group and the Company.

(c) Compensation of key management personnel

The remuneration of the Directors and other members of key management are disclosed in Note 31 to the financial statements.

### 33. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concerns whilst maximising return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2021 and 31 December 2020.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The strategy of the Group is to maintain the balance between debt and equity and to ensure sufficient cash flows to repay its liabilities as and when they fall due. The net debts include borrowings, lease liabilities owing to financial institutions, trade and other payables, less cash and bank balances and short term funds.

## Notes to the Financial Statements

31 December 2021

(continued)

### 33. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(a) Capital management (continued)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Borrowings	91,966,198	93,515,402	54,700,000	54,700,000
Lease liabilities owing to financial institutions	334,489	580,065	-	-
Trade and other payables	96,820,033	131,575,003	880,991	2,934,857
Financial debts	189,120,720	225,670,470	55,580,991	57,634,857
<u>Less:</u>				
Short term funds	(154,967)	(152,178)	-	-
Cash and bank balances	(25,499,977)	(25,125,055)	(42,022)	(5,421)
Net debts	163,465,776	200,393,237	55,538,969	57,629,436
Total equity	470,962,569	483,215,000	397,894,880	382,553,289
Net debts	163,465,776	200,393,237	55,538,969	57,629,436
Total equity plus net debts	634,428,345	683,608,237	453,433,849	440,182,725
Gearing ratio (%)	25.77	29.31	12.25	13.09

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity equals to or not less than twenty-five percent (25%) of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40.0 million. The Group has complied with this requirement for the financial year ended 31 December 2021.

(b) Financial risk management

The financial risk management objective of the Group and of the Company is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The exposure to these risks arises in the normal course of the business of the Group. The overall business strategies of the Group outlines its tolerance to risk and its general risk management philosophy and is determined by the management in accordance with prevailing economic and operating conditions.

The Group is exposed mainly to credit risk, liquidity and cash flow risk, interest rate risk and foreign currency risk. Information on the management of the related exposures is detailed below:

(i) Credit risk

Cash deposits and trade and other receivables may give rise to credit risk, which requires the loss to be recognised if a counter party fails to perform as contracted. It is the Group's policy to monitor the financial standing of the counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The primary exposure of the Group to credit risk arises through its trade receivables. The trading terms of the Group with its customers are mainly on credit, except for new customers, where deposits in advance are normally required. The credit period is generally for a period of 14 days, extending up to one (1) month for major customers. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables via a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

The credit risk analysis has been disclosed in Note 12 to the financial statements.

## Notes to the Financial Statements

### 31 December 2021

(continued)

### 33. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(ii) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position.

During the current financial year ended 31 December 2021, the Group incurred net cash outflows in operating activities and the Group was in an overall cash and cash equivalent deficit position. The Group has prepared the cash flows forecast for the next twelve months from the date of the end of the financial year based on their past performance after considering the current economic conditions subsequent to the end of the reporting period as disclosed in Note 35 to the financial statements.

Based on the cash flows forecast, the Directors are confident that the Group is able to generate sufficient cash flows for the next twelve months from 31 December 2021 to meet their cash flows requirements to realise their assets and to discharge their liabilities in the normal course of business.

The Group's liquidity performance and cash flows forecast take into account expected sale receipts arising from several Sales and Purchase Agreements ("SPA") signed with third parties where the balance payment of approximately RM60,000,000 is due to be received within the stipulated timeline in the SPAs within twelve (12) months from the end of the financial year and unused banking facilities of approximately RM22,000,000.

(iii) Interest rate risk

The exposure of the Group to interest rate risk arises primarily from the borrowings. The Group borrows at both, floating and fixed rates of interest to generate the desired interest profile and to manage the exposure of the Group to interest rate fluctuations.

(iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

Subsidiaries operating in the Federal Territory of Labuan, Malaysia and Republic of Singapore have assets and liabilities together with expected cash flows from anticipated transactions denominated in foreign currencies that give rise to foreign exchange exposures.

The Group maintains a natural hedge, where possible, by borrowing in the currency of the country in which the investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

It is not the policy of the Group to enter into foreign exchange forward contracts in managing its foreign exchange risk resulting from cash flows on transactions denominated in foreign currency as the Group primarily operates in the domestic sector with transactions to be denominated in the functional currency where possible.

## Notes to the Financial Statements

31 December 2021

(continued)

### 34. MATERIAL LITIGATION

On 30 April 2015, BSB received a Writ of Summons and Statement of Claim dated 21 April 2015 filed by Sentosacove Sdn. Bhd. (“SSB”).

SSB is alleging that BSB had breached its contractual and implied duties under an agreement (“Reclamation Agreement”) which was entered into between BSB and SSB on 10 September 2010. Under the Reclamation Agreement, BSB was appointed as a contractor to carry out marine reclamation works to reclaim a total area spanning 720 acres in Daerah Klebang, Melaka. SSB is claiming for, inter alia, a Declaration that BSB had breached the Reclamation Agreement and for other consequential and ancillary reliefs.

The Group rigorously contested the alleged claims and is of the view that the SSB’s claims are without merit and had filed a defence and counter claim in the High Court of Malaya at Kuala Lumpur on 15 May 2015 against SSB, Datuk Leaw Tua Choon and Datuk Leaw Ah Chye.

On 20 October 2018, the Group received a decision of the High Court in favour of the Group against SSB.

SSB filed a notice of appeal on 26 November 2018 and 22 April 2019 against the High Court’s decision in dismissing its claims substantially.

On 16 November 2020, the Group announced that BSB has been served with two (2) demand letters dated 2 November 2020 (“1st Letter”) and 10 November 2020 (“2nd Letter”) from SSB.

BSB has denied all the allegations stated in the 1st Letter and 2nd Letter through its solicitor on 12 November 2020. As at to-date, there is no further action initiated by SSB relating to this matter.

As at the date of this report, the panel of Court of Appeal judges has a consensus on allowing BSB appeal. The Court of Appeal agreed with the High Court judge that termination of the Reclamation Agreement by SSB was unlawful thus SSB’s appeal is dismissed with costs of RM30,000 payable to BSB by SSB, Datuk Leaw Tua Choon and Datuk Leaw Ah Chye. The costs subject to allocatur fees.

However, as the Concession Agreement between SSB and the Malacca State Government was not renewed, the Court of Appeal has set aside the High Court Order for specific performance of the Reclamation Agreement and substituted the specific performance with an order for damages to be assessed by the High Court. The assessment of damages for the unlawful termination is remitted back to High Court. The next case management to obtain further directions from the High Court is fixed on 10 May 2022.

Further, the Court of Appeal has agreed that the High Court was not functus officio when making an Order dated 1 April 2019 in relation to SSB appeal on the clarification / consequences order granted by the High Court. Since the Parties have confirmed that the Concession Agreement had expired, the Court of Appeal found that this appeal is academic and struck out this appeal and no order as to costs.

The Directors are of the opinion, after taking appropriate legal advice, that no provision for the abovementioned claim is necessary.

### 35. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD

The World Health Organisation declared the 2019 Novel Coronavirus infection (“COVID-19”) a pandemic on 11 March 2020. The Government of Malaysia imposed the Movement Control Order (“MCO”) on 18 March 2020 and has subsequently entered into various phases of the MCO based on severity of the pandemic. On 8 March 2022, the Government of Malaysia announced that the country will begin its transition to endemic phase of COVID-19 from 1 April 2022 with the opening of its international borders and abolishment of certain COVID-19 restrictions.

The extent of the financial impact on the Group and the Company is difficult to assess at the authorisation of the financial statements due to the uncertainties arising from the pandemic. To mitigate its potential risks exposure, the Group and the Company has taken and will continue to take necessary steps to safeguard and preserve its financial condition, emphasising on liquidity management to meet its continuing financial commitments and liquidity needs of business operations.

## Notes to the Financial Statements

### 31 December 2021 (continued)

#### 35. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD (continued)

Based on the assessment and information available at the date of authorisation of the financial statements, the Group and the Company have sufficient cash flows and undrawn facilities to meet its liquidity needs in the next twelve (12) months after the end of the reporting period. The Group and the Company do not anticipate significant supply disruptions and would continue monitoring its funding and liquidity to meet operational needs.

#### 36. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

##### 36.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Amendments of the MFRS Framework that were issued by the Malaysian Accounting Standards Board (“MASB”) during the financial year:

Title	Effective Date
<i>Interest Rate Benchmark Reform - Phase 2</i> (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021
<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i> (Amendment to MFRS 16 Leases)	1 April 2021 (early adopt)

Adoption of the above Amendments did not have any material effect on the financial performance or position of the Group and of the Company.

##### 36.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2022

The following are Standard and Amendments of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been early adopted by the Group and the Company:

Title	Effective Date
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Disclosure of <i>Accounting Policies</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i> )	1 January 2023
Definition of <i>Accounting Estimates</i> (Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> )	1 January 2023
Amendments to MFRS 112 <i>Deferred tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standard and Amendments, since the effects would only be observable for future financial years.

This page is intentionally left blank.



<b>CDS Account No.</b>	
<b>No. of shares held</b>	

I/We ..... Tel: .....

NRIC no./Company No. ....  
[Full name in block, NRIC no./Company no. and telephone number]

of .....

being a member/members of **BENALEC HOLDINGS BERHAD**, hereby appoint:-

<b>Full Name (in block)</b>	<b>NRIC / Passport No.</b>	<b>Proportion of Shareholdings</b>	
<b>Address</b>		<b>No. of Shares</b>	<b>%</b>

and/or (delete as appropriate)

<b>Full Name (in block)</b>	<b>NRIC / Passport No.</b>	<b>Proportion of Shareholdings</b>	
<b>Address</b>		<b>No. of Shares</b>	<b>%</b>

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 **Sixteenth Annual General Meeting ("16<sup>th</sup> AGM")** of the Company which will be conducted entirely through live streaming from the broadcast venue at **Benalec Holdings Berhad Headquarters (Pacific Board Room), No. 23, Jalan Perintis U1/52, Glenmarie Temasya, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan on Wednesday, 25 May 2022 at 10.00 a.m.** or any adjournment thereof, and to vote as indicated below:-

NO.	ORDINARY BUSINESS	RESOLUTION	FOR	AGAINST
1.	Approval of Directors' fees of RM672,000 to the Non-Executive Directors for the financial year ended 31 December 2021	Ordinary Resolution 1		
2.	Approval of Directors' benefits up to an aggregate amount of RM50,000 to the Non-Executive Directors for the period from 26 May 2022 until the next Annual General Meeting	Ordinary Resolution 2		
3.	Re-election of Dato' Leaw Seng Hai as Director pursuant to Clause 76 of the Company's Constitution	Ordinary Resolution 3		
4.	Re-election of Mr Koo Hoong Kwan as Director pursuant to Clause 76 of the Company's Constitution	Ordinary Resolution 4		
5.	Re-appointment of BDO PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration	Ordinary Resolution 5		
	<b>SPECIAL BUSINESS</b>			
6.	Proposed continuation in office of Mr Wong Yoke Nyen as Independent Non-Executive Director	Ordinary Resolution 6		
7.	Proposed continuation in office of Mr Koo Hoong Kwan as Independent Non-Executive Director	Ordinary Resolution 7		
8.	Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016	Ordinary Resolution 8		
9.	Proposed Renewal of authority for Share Buy-Back	Ordinary Resolution 9		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy/proxies will vote or abstain as he/they may think fit.

Signed this ..... day of ....., 2022.

.....  
Signature of Shareholder/Common Seal

\* Manner of execution:

- If you are an individual member, please sign where indicated.
- If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
- If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
  - at least two (2) authorised officers, of whom one shall be a director; or
  - any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

NOTES:

1. **IMPORTANT NOTICE**

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting. Shareholders will not be allowed to attend this Annual General Meeting ("AGM") in person at the Broadcast Venue on the date of the meeting.

Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at this AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its TIH Online website at <https://tjih.online>.

**Please read these Notes carefully and follow the procedures in the Administrative Details for the AGM in order to participate remotely via RPV.**

2. For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 19 May 2022. Only a member whose name appears on this Record of Depositors shall be entitled to attend this AGM via RPV.
3. A member who is entitled to participate in this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
4. A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the AGM.
5. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
7. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
8. A member who has appointed a proxy or attorney or authorised representative to participate at the AGM via RPV **must request his/her proxy or attorney or authorised representative to register himself/herself for RPV** via TIH Online website at <https://tjih.online>. Procedures for RPV can be found in the Administrative Details for the AGM.
9. The appointment of a proxy may be made in a hard copy form or by electronic form in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:
  - (i) In hard copy form  
In the case of an appointment made in hard copy, the proxy form must be deposited at the Share Registrar of the Company situated at Tricor Investor & Issuing House Services Sdn. Bhd. of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia **OR** alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

59200 Kuala Lumpur, Malaysia **OR** alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

(ii) By electronic means via Tricor System, TIH Online

The proxy form can be electronically lodged with the Share Registrar of the Company via TIH Online at <https://tjih.online> (applicable to individual shareholders only). Kindly refer to the Administrative Details of the 15<sup>th</sup> AGM on the procedures for electronic lodgement of proxy form via TIH Online.

10. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
11. Last date and time for lodging the proxy form is **Monday, 23 May 2022 at 10.00 a.m.**
12. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Share Registrar of the Company situated at Tricor Investor & Issuing House Services Sdn. Bhd. of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia **OR** alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
13. For a corporate member who has appointed a representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative at the Share Registrar of the Company situated at Tricor Investor & Issuing House Services Sdn. Bhd. of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia **OR** the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.  
The certificate of appointment of authorised representative should be executed in the following manner:
  - a. If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
  - b. If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
    - i. at least two (2) authorised officers, of whom one shall be a director; or
    - ii. any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
14. Pursuant to Paragraph 8.29A(1) of the Listing Requirements of Bursa Securities, all resolutions set out in this Notice will be put to vote by poll.
15. Shareholders are advised to check the Company's website at [www.benalec.com.my](http://www.benalec.com.my) and announcements from time to time for any changes to the administration of the AGM that may be necessitated by changes to the directives, safety and precautionary requirements and guidelines prescribed by the Government of Malaysia, the Ministry of Health, the Malaysian National Security Council, Securities Commission Malaysia and/or other relevant authorities.

Fold Here

Affix  
stamp

The Share Registrar

**BENALEC HOLDINGS BERHAD**

Registration No. 200501020529 (702653-V)

**c/o Tricor Investor & Issuing House Services Sdn Bhd**

Unit 32-01, Level 32, Tower A

Vertical Business Suite

Avenue 3, Bangsar South

No. 8, Jalan Kerinchi

59200 Kuala Lumpur

Fold Here





**BENALEC HOLDINGS BERHAD**

Registration No. 200501020529 (702653-V)

Listed on the Main Market of  
Bursa Malaysia Securities Berhad

No. 23, Jalan Perintis U1/52,  
Glenmarie Temasya, Seksyen U1,  
40150 Shah Alam,  
Selangor Darul Ehsan, Malaysia.

 +603-5569 7366 /  
5569 8366 / 5569 9366  
 +603-5569 0366  
 enquiry@benalec.com.my  
 www.benalec.com.my