

MANAGEMENT DISCUSSION  
AND ANALYSIS

MARKET OUTLOOK AND STRATEGIC REVIEW

Global and Malaysia Market Outlook 2021

FY2020 was a highly volatile year with an unprecedented health crisis which has inflicted high and rising human costs worldwide. Nevertheless, with the start of the first rollout of COVID-19 vaccines in December 2020, global economic recovery is expected to pick up pace from mid-2021. According to the IMF World Economic Outlook Update (April 2021), the global economy is projected to grow 6.0%% in 2021 (-3.3% in 2020). On the local front, Bank Negara Malaysia ("BNM") had projected Malaysia's Gross Domestic Product growth forecast to be between 6.0% - 7.5% in 2021. Malaysia is expected to have gradual recovery in domestic economic activities in 2021 on the effective roll out and distribution of COVID-19 vaccines, which would see continuous improvements in exports and a greater momentum in consumption and investment.

Strategic Growth Drivers

Four (4) strategic drivers chart the Group's path to achieve our vision to be a respected and synergistic corporation transforming lives for the better. These strategies focus on building resilience and driving sustainable growth to maximise shareholders' value whilst uplifting the lives of the communities and protecting the environment within our business operations. These strategies will enable us to weather upcoming challenges, take advantage of ensuing opportunities and execute our growth strategy over the long-term.



Strategic Diversification

As an integrated services provider with focus on our core business of water and wastewater engineering construction, the Group recognises the importance of diversification to enhance long-term business growth, competitiveness and profitability.

In pursuing a conglomerate diversification strategy, the Group has enhanced our portfolio diversification into technology services, transportation, property development and other businesses with the objective of broadening our income stream and enhance long-term shareholders' value. During the year under review, we continue to build our profile in the market to position ourselves to successfully seize opportunities as they arise.

FY2020 DEVELOPMENTS

- ⇒ Diversified into **glove manufacturing** to acquire 51% stake in JR Engineering and Medical Technologies Sdn Bhd with a profit guarantee of RM10 million per annum for the financial year 2021, 2022 and 2023.
- ⇒ Entered into Solar Power Purchase Agreements with HeveaPac Sdn Bhd for the installation of Solar PV system to strengthen our position in **Renewable Energy ("RE") sector**.

FY2021 PRIORITIES

- ⇒ Embark on **catalytic partnership** with **healthcare providers** both locally and overseas.
- ⇒ Establish **strategic collaboration** with **government, partners and stakeholder**.



➤ Salcon diversifies into glove manufacturing in partnership with JR Engineering and Medical Technologies (M) Sdn Bhd



### Driving Technology & Innovation

As the business grow and processes become more complex, the Group is cognizant of the need to transform and adopt technology and innovation to stay ahead. Our collaboration with Wide Plus Smart City Sdn Bhd marks an important milestone to embark on smart meter technology implementation to deliver better customer service experience. The Group also seeks to enhance its operational and performance efficiency through technology advancement within the management and operation system.

The Group, via its joint-venture company, Volksbahn Technologies Sdn Bhd ("VBT") provides enhanced connectivity and digital services in the Klang Valley through the laying of fibre optic cables along the LRT and monorail lines. The Group will continue to explore with other telecommunication operators to leverage its fiber network for the deployment of 5G coverage and establish a strategic collaboration for new developments along the LRT lines.

#### FY2020 DEVELOPMENTS

- ⇒ Joint-venture with Hong Kong's The One Smart City Development Ltd (TOSC) via its subsidiary Wide Plus Smart City Sdn Bhd (WP) to market and deploy **smart water systems** in Malaysia.
- ⇒ Embarked on technology & innovation to provide end-to-end water management solutions throughout a smart water system supported by **Internet of Things (IoT) solutions** for remote meter reading, water quality, pressure and level monitoring and leakage detection.

#### FY2021 PRIORITIES

- ⇒ Improve **internal processes** and **operational efficiencies**.
- ⇒ Set up **technology and innovation committee**.
- ⇒ Enhancement of **process control** in business operation.



#### Cost & Operational Efficiency

We improved operational efficiencies by reducing our operating expenses, improving the delivery and monitoring of our procurement & supply chain and strengthening our project management practices to ensure cost optimisation. Recognising the direct impact of COVID-19 pandemic on our business, the Group also undertook various austerity measures including salary reduction across the board ranging between 10% to 35%.

##### FY2020 DEVELOPMENTS

- ⇒ Reduced operating expenses by **RM16 million**.
- ⇒ Increased cash and cash equivalents by **RM21.5 million**.

##### FY2021 PRIORITIES

- ⇒ Optimise **working capital**.
- ⇒ Improve procurement to drive sustainable savings, including **strategic sourcing** and **negotiations for secured projects/products**.
- ⇒ Review **overhead cost management**.



#### Improve Organisational Effectiveness

An organisation is only as effective as the people who run them. As such, the Group is committed to create a workplace that values diversity and attracts and retains the right people to help grow our business.

The Group also recognises the importance of embedding sustainability within the organisation. Our value creation model takes into consideration all resources, capitals and relationships to achieve our goals of creating long term value for all our stakeholders.

##### FY2020 DEVELOPMENTS

- ⇒ **Improved staff benefits package** under Salcon's Employee Handbook (HRPP).
- ⇒ **Shared value creation model** to guide and optimise the opportunities and create sustainable growth for our stakeholders.
- ⇒ **6<sup>th</sup> consecutive year** recognised under FTSE4Good Bursa Malaysia Index with improved ratings.

##### FY2021 PRIORITIES

- ⇒ Enhance **people management & working culture**.
- ⇒ Improve talent attraction, talent retention and career development by developing a **performance-driven culture**.
- ⇒ Embedding a **culture of sustainability** into our business planning and operation.

## OPERATIONS REVIEW

A review of the Group's business operations for the FY2020 is reported below.

### Engineering & Construction Division

#### KEY DEVELOPMENTS IN FY2020:

##### Water

⇒ Completion Stream A & B of Langat 2 Water Treatment Plant (Package 2A), with a production capacity of **1,130 MLD for distribution to residents in the Klang Valley.**

⇒ Completion of **rehabilitation and upgrading system project** of Haiphong Water Supply System in Vietnam.

##### Wastewater

⇒ Completion of the remedial work of existing vacuum sewerage system at **KXG 708 & KXG 722 catchments in Bandar Botanic, Klang** and handed over to Gamuda Land (Botanic) Sdn Bhd.



➤ The rehabilitation and upgrading project of Haiphong Water Supply System in Vietnam was successfully completed and handed over in November 2020

### Operational Highlights

Under the Engineering & Construction division, the business activities of water and wastewater engineering and construction are driven by the Group's subsidiaries, Salcon Engineering Berhad ("SEB") and Envitech Sdn Bhd ("Envitech").

During the year under review, SEB together with its joint venture partners successfully completed the testing & commissioning ("T&C") of Section 2 (Stream A) of Langat 2 Water Treatment Plant on 21 August 2020 despite the work interruption with limited workforce due to the implementation of MCO by government on 18 March 2020. The project has been officially handed over to our client, Pengurusan Aset Air Berhad (PAAB). The successful completion of the Langat 2 Water Treatment plant benefits 1.8 million users and will provide an additional 1,130 million litres per day ("MLD") to residents in the Klang Valley.

In Vietnam, the rehabilitation and upgrading project of Haiphong Water Supply System was successfully completed and handed over to our client, Haiphong Water Joint Stock Company on 25 November 2020. The project encompass the rehabilitation/upgrading of An Duong Water Treatment Plant from 100 MLD to 200 MLD which will increase water supply to Hai Phong, the third largest city in Vietnam, located about 100km from capital Hanoi.



► Overview of Raw Water Intake at Pulau Bahagia, which forms part of Kuala Terengganu Utara Water Supply Scheme

Current major projects on hand are as follows:

#### Malaysia

- 1) Langat Centralised Sewage Treatment Plant has physically been completed. The T&C of liquid stream was successfully completed in November 2020 and Operation & Maintenance ("O&M") has commenced immediately and scheduled for handover in November 2022. The T&C of solid stream is underway and expected to be completed by May 2021.
- 2) Network Pumping Stations for Langat Centralised Sewage Treatment Plant and Sewage Network which achieved physical completion of 95%.
- 3) Kuala Terengganu Utara ("KTU") Water Supply Scheme, which achieved overall progress of 69% and is expected to be completed by 2022.
- 4) Capacity expansion for the Telibong II Water Treatment Plant in Tamparuli, Sabah, which achieved physical progress of 16%.

- 5) Langat 2 Package 15(4) pipeworks which achieved 10% completion.
- 6) O&M of Customer Call Center, Monitoring & Maintaining District Meter Zones, Meter Reading and Billing for Sandakan Water Department, Sabah with a contract period of 5 years ending in 2024.

#### Overseas

- 1) Design and building of Ambathale Stormwater Pumping Station in Sri Lanka, which achieved 80% completion and is expected to be completed in February 2021.

In terms of securing new water tenders, the performance of the division



► The design and building of Ambathale Stormwater Pumping Station is expected to be completed in 2021

in FY2020 was relatively lacklustre as there were minimal contracts tendered out or deferred in the wake of the COVID-19 pandemic. On the wastewater side, Envitech managed to secure more than RM38 million worth of new contracts locally. Some of the major projects are:

- 1) RM12 million contract bagged from 368 Segambut Sdn Bhd (IJM) for construction of integrated drainage network, upgrading network pumping stations and external infrastructure works.
- 2) RM7 million contract from Sinerjuta Sdn Bhd for external sewer reticulation and pipe jacking works in Bandar Tun Razak, Kuala Lumpur.
- 3) RM6 million contract from Medan Prestasi Sdn Bhd for proposed upgrading works (design, build, testing, commissioning and maintenance) of existing sewage treatment plant and network pumping station.

### Looking Forward

The government, via Ministry of Environment and Water ("KASA"), continues to make huge investments in the water & wastewater sector. Under the 12 Malaysia Plan (12MP) which covers a period of 5 years from year 2021 to 2025, a total of RM15.6 billion is expected to be set aside to strengthen the country's water supply system and infrastructure, and for the exploration of new water resources in the country. Additionally, KASA targets to reduce the non-revenue water ("NRW") from the current 36.8% to 30% in 2025 and 25% by 2030.

In Selangor, Suruhanjaya Perkhidmatan Air Negara (SPAN) has approved Air

Selangor Sdn Bhd's business plan, which entails the state-controlled entity undertaking a capital expenditure of RM35.4 billion over the next 30 years. Approximately RM13.4 billion will be utilised to improve asset reliability and resilience, with a number of water treatment plants slated to be built including the RM4.33 billion, 700 MLD Rasau Stage 1, which will deliver water to the Klang region and is targeted to be operational by 2024.

In the wake of the COVID-19 vaccines roll-out, the Group looks to recommence travelling to its traditional markets overseas ie Sri Lanka, Vietnam and Thailand to engage and re-connect with our clients and to follow-up on projects tendered in the previous year in these countries.

Looking ahead, the Group is cautiously optimistic with water and wastewater market outlook, and will leverage on its track record and technological know-how to provide clean water and wastewater solutions. As at 31 December 2020, the Group's order book stood at RM1.4 billion, comprising water and wastewater projects, both locally and overseas with RM301 million balance of works to be carried out. This will keep the Group busy over the next 1-2 years.

### Property Development Division

#### KEY DEVELOPMENTS IN FY2020:

All **280 units residential** & **24 commercial units** of rés280, Selayang was fully sold out.



### Operational Highlights

Despite the subdued property market, the remaining units of the rés280 Selayang project was fully sold out in FY2020.

The Group is currently reviewing suitable development proposals for its other property development projects in Johor and Kuala Lumpur. In Johor, the impending implementation of Rapid Transit System Link (RTS Link) between Johor & Singapore will be a catalyst for further development and boost economic activities in the surrounding areas. With such positive sentiments, the division is looking to factor in and harness this opportunity into the planning development of the land in Johor which is strategically located within the Iskandar Malaysia. As for the land located in Belfield, Kuala Lumpur, the Group foresees high potential in this area due to its proximity to Kuala Lumpur 118 tower and will review a suitable development strategy to cater to market needs.

### Looking Forward

The Group expects to see an improved property market when the vaccination for COVID-19 is substantially completed by the end of 2021 and the pandemic contained in the country. The government has also provided various stimulus initiatives such as reintroduction of the Home Ownership Campaign (HOC), which features stamp duty exemptions and the lifting of the margin of financing limit for the third housing loan onwards for property valued at RM600,000 and above. Additionally, real property gains tax exemption unveiled in the short-term Economic Recovery Plan (Penjana) and lower overnight policy rate from BNM will help to boost market confidence.

Trading & Services Division

Transportation

KEY DEVELOPMENTS IN FY2020:

Commencement of the **Senstrac Tracking Device System** rollout to Analogue Device ADI and Paramit in Penang.



Operational Highlights

The transportation division spearheaded by Eco-Coach & Tours (M) Sdn. Bhd ("ECT"), operates a total of 142 vans, 45 coaches, 39 MPV, 11 limo vehicles and employs 237 drivers to provide transportation services for its clients which include multinational companies such as Intel, Paramit and Analogue Device ADI.

Although there were delays in the implementation of the Senstrac tracking device system, ECT has since

commenced rolling out the system to Analogue Device ADI and Paramit in Penang.

The division through its subsidiary, Green Fleet Sdn Bhd ("GF") provides inbound and outbound logistics for transporting palm oil and soy oil product to PGEO Edible Oils Sdn Bhd (Lumut), Soon Soon Oilmills Sdn Bhd (Westport) and Soon Soon Oilmills Sdn Bhd (Prai) in Central and Northern region of Peninsular Malaysia. GF currently operates 10 units of steel tankers.

Looking Forward

Moving forward, the division intends to focus on sales and marketing of its Passenger Transport & Tracking System ("PTTS"), a total transportation system for vehicle and driver rostering for the daily commute of targeted users such as company employees, students, hospital staff and tourists. PTTS is a unique transportation system which simplifies planning to enable a more efficient and cost savings operational model.

Technology Services

KEY DEVELOPMENTS IN FY2020:

Total **169 number of cell sites** have been identified and fiberized, an additional **21 cell sites and backhaul for mobile operator delivered in FY2020.**



Operational Highlights

During the year under review, the Technology Services Division, spearheaded by Volksbahn Technologies Sdn Bhd ("VBT") delivered and fiberized an additional 21 cell sites at the LRT stations resulting in the increase of site rental income for shared infrastructure as well as bandwidth charges. Currently, the mobile operators which have already signed up with VBT include U Mobile Sdn Bhd, Celcom Axiata Berhad, Digi Telecommunications Sdn Bhd, Webe Digital Sdn Bhd, Maxis Berhad, NTT Ltd, X86, Symphonet Sdn Bhd, VC Telecoms and Fiberail Sdn Bhd. Two new mobile operators which are Fibrecomm Network (M) Sdn Bhd and Extreme Broadband Sdn. Bhd. signed up with VBT in FY2020.

Besides providing backhaul services to financial institutions, VBT also collaborates with service providers to provide their broadband services to retailers through VBT's fibre optic backbone. As a carrier neutral party,



➤ Senstrac, an integrated management platform for real-time human resource mobility and transport tracking system

VBT enters into strategic partnerships to secure buildings and property developments along the LRT lines for retails services in order to generate additional income streams.

### Looking Forward

VBT's performance is underpinned by strong demand from the various telecommunications companies to provide fast and reliable bandwidth services to their users. The demand will be boosted by the government's initiatives to strengthen telecommunication connectivity in the country. In February 2021, the Malaysian Communications and Multimedia Commission (MCMC) has announced its intention to speed up the deployment of the fifth generation technology standard for broadband cellular network (5G) through the government's special purpose vehicle (SPV) that will receive the 5G spectra, as well as build, operate and lease 5G infrastructure to new and existing telcos by the end of 2021.

VBT is well-positioned to leverage on its fiber optic network which runs through the most densely populated and highly commercial areas in the Klang valley for the deployment of 5G coverage through collaborations with mobile operators.

In continuing to explore and optimise the opportunity, the division is going the extra mile by looking into deployment of smart multi-functional poles across Klang Valley/Selangor to create a smarter and greener city in collaboration with the State Government and Local Authorities.

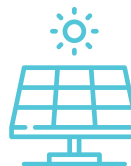


➤ A 30 meter cell site owned by VBT delivered at Cempaka LRT Station

### Renewable Energy

#### KEY DEVELOPMENTS IN FY2020:

Signed **3 Solar Power Purchase Agreements** to design and install rooftop solar photovoltaic ("Solar PV") system with **capacity of 1.48 MWp** in Malaysia.



### Operational Highlights

One of the Group's subsidiary, Satria Megajuta Sdn Bhd (Satria) entered into three (3) Solar Power Purchase Agreements with HeveaPac Sdn Bhd ("HeveaPac"), a wholly-owned subsidiary of HeveaBoard Berhad, one of the largest laminated particleboard shelving furniture producer in Asia, to build, own and operate a combined capacity of 1.48 MWp rooftop solar photovoltaic ("Solar PV") systems on HeveaPac's roof.

It is expected to be fully operational by the first half of 2021, aiming to produce approximately 1.8 million kWh of green energy per year. This will reduce annual CO2 emissions by an average of 1,210 tonnes or 30,248 tonnes for the entire tenure of the Solar Power Purchase Agreements. This is equivalent to powering 654 households in Malaysia in a year.

In the UK, the Group, via Salcon Power (HK) Limited write off 50 units of Solar PV to ACP Solar Limited in FY2020 and continues to operate the balance 409 units of Solar PV generating systems with a capacity of 1,245.3 KW or approximately 1.2 MW.

### Looking Forward

The Group looks to further expand into the green energy solutions sector by partnering with Multi-National Corporations (MNCs) and local leaders across various industries looking to reduce their electricity cost in their daily business operations.

## MANAGEMENT DISCUSSION AND ANALYSIS

### PERFORMANCE REVIEW

#### Group Financial Performance

RM'000	2020	2019	Var
REVENUE	<b>194,148</b>	191,292	1%
LOSS BEFORE TAX	<b>(8,750)</b>	(7,331)	-19%
NET LOSS	<b>(8,057)</b>	(8,967)	10%

The Group achieved a total revenue of RM194.1 million in FYE2020, compared to RM191.3 million in the preceding financial year, representing an increase of 1%. This was mainly due to higher revenue derived from Property Development Division as more units of rés280 were sold compared to FYE2019.

The Group recorded a higher pre-tax loss of RM8.8 million compared to RM7.3 million in the previous year due to losses and lower profit sharing of the joint ventures companies.

However, the Group reported a lower net loss of RM8.1 million in the current financial year, compared to the net loss of RM9.0 million reported in the previous year mainly due to the gain on disposal of 51% equity in Salcon Xinlian Group Limited which amounted to RM2 million.

Total Revenue

**RM194.1**  
Million



#### Consolidated Cash Flow Analysis for FY2020

RM'000	2020	2019
Net cash (used in)/from operating activities	<b>(5,852)</b>	42,890
Net cash (used in)/generated from investing activities	<b>(9,044)</b>	8,225
Net cash generated from/(used in) financing activities	<b>31,675</b>	(35,103)
Effect of exchange rate fluctuations on cash held	<b>5,413</b>	(9,815)
Net increase in cash at year end	<b>16,779</b>	16,012
Cash and cash equivalents	<b>142,836</b>	121,344

Improved cash balance of RM142.8 million due to issuance of shares through private placement during FY2020, which has generated RM33.8 million for the company. It will serve as a strong foundation to fund the business operations as well as future investments.

Cash Balance

**RM142.8**  
Million



#### Total Borrowings

RM'000	Borrowing due for repayment in		Total
	<1 year	>1 year	
Total borrowings	27,008	5,057	32,065

The Group has recorded borrowings of RM32.1 million as compared to RM24.1 million for corresponding period in the immediate preceding year. The increase in the borrowings was substantially attributed by receivable financing of a subsidiary amounting to RM17.81 million.

There were no bank borrowings denominated in foreign currencies as at the reporting date.

## Capital Management

RM'000	2020	2019
Total borrowings	32,065	24,102
Lease liabilities	2,818	3,474
Less: Total cash and cash equivalents	(142,836)	(121,344)
Net borrowings	(107,953)	(93,768)
Owners' equity and non-controlling interests	467,763	449,225
Net gearing ratio (times)	0.07	0.06

The Group is committed to maintain a strong credit for its borrowings and healthy capital ratios in order to achieve optimal operation efficiency.

The net cash indicates that the Group is able to pay off its short and long term borrowings with more cash on hand than borrowings.

## Consolidated Financial Position Analysis for FY2020

RM'000	2020	2019	Var
Non-current assets	134,253	137,776	-3%
Current assets	459,994	436,515	5%
<b>Total assets</b>	<b>594,247</b>	<b>574,291</b>	<b>3%</b>
Non-current liabilities	12,382	14,965	-17%
Current liabilities	114,102	110,101	4%
<b>Total liability</b>	<b>126,484</b>	<b>125,066</b>	<b>1%</b>
Owners' equity	445,514	428,236	4%
Current ratio (times)	4.03	3.96	2%
Net assets per share attributable to equity holders (RM)	0.44	0.51	-14%

## Total assets

The Group's total assets recorded RM594.3 million, increased by 3% compared to RM574.3 million in FYE2019 mainly due to the higher cash balances at RM142.8 million.

## Total liabilities

Total liabilities of the Group recorded RM126.5 million, increased by 1% compared to RM125.1 million mainly attributed to the increase in borrowings.

## Owner's equity

Owner's equity increased by 4% to RM445.5 million as a result of share capital increased by RM33.8 million due to private placement of shares.

## Current ratio

Current Ratio

**4.03 TIMES**



The Group's current ratio, a balance sheet performance measure of the Group's financial liquidity recorded at 4.03 times, increased by 2% compared to 3.96 times in FYE2019. The current ratio indicates that the Group has adequate liquidity to cover short-term obligations.

## Dividend Payout

### FY2020

The Company proposed a first and final dividend via distribution of treasury shares as share dividends on the basis of one (1) treasury share for every forty-five (45) existing ordinary shares held in Salcon in respect of the financial year ended 31 December 2020.

### FY2019

The Company paid the first and final dividend via distribution of treasury shares as share dividends on the basis of one (1) treasury share for every twenty-nine (29) existing ordinary shares held in Salcon in respect of the financial year ended 31 December 2019.

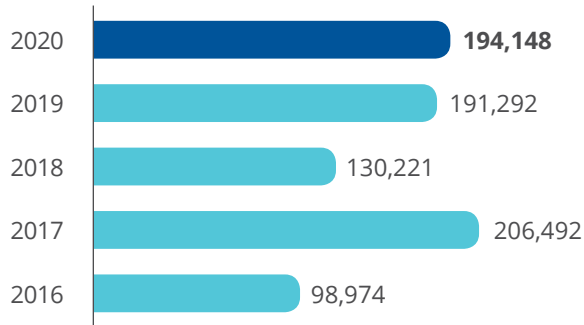
#### 5-Year Financial Highlights

RM'000	Financial Year Ended December				
	2020	2019	2018	2017	2016
<b>FINANCIAL RESULTS</b>					
Revenue	194,148	191,292	130,221	206,492	98,974
Loss Before Tax	(8,750)	(7,331)	(1,562)	(34,785)	(11,687)
Net (Loss)/Profit	(8,057)	(8,967)	(4,393)	(30,043)	21,358
<b>KEY INFORMATION OF FINANCIAL POSITION</b>					
Total Cash and Cash Equivalents	142,836	121,344	115,147	133,811	215,941
Total Assets	594,247	574,291	609,410	628,905	727,377
Total Liabilities	126,484	125,066	136,399	143,777	204,269
Total Borrowings	32,065	24,102	48,381	66,628	73,050
Share Capital (No. of shares)	1,012,413	847,113	847,113	677,694	677,694
Owners' Equity	445,514	428,236	451,161	458,157	483,982
Total Equity	467,763	449,225	473,011	485,128	523,108
<b>FINANCIAL RATIOS</b>					
Basic Earnings Per Share (sen)	(0.70)	(1.03)	0.25	(3.52)	1.81
Share Price at Year End (RM)	0.260	0.245	0.235	0.352	0.444
Price Earnings Ratio (times)	(0.37)	(0.24)	0.94	(0.10)	0.25
Return on Owners' Equity (%)	(1.36)	(2.02)	0.47	(5.20)	2.45
Return on Total Assets (%)	(1.02)	(1.51)	0.35	(3.79)	1.63
Dividend Payout to Earning Ratio (%)	(106.08)	(88.06)	31.44	(108.79)	89.09
Net Gearing Ratio (times)	0.07	0.06	0.11	0.15	0.15

## 5-Year Financial Highlights

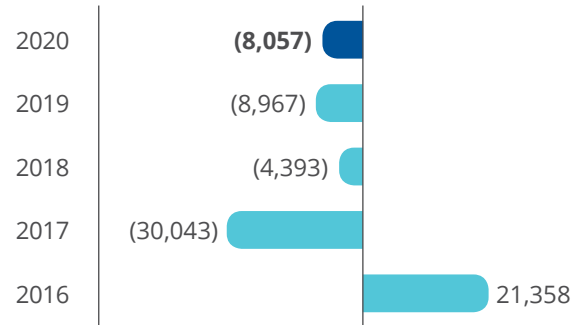
### Revenue (RM'000)

**194,148**



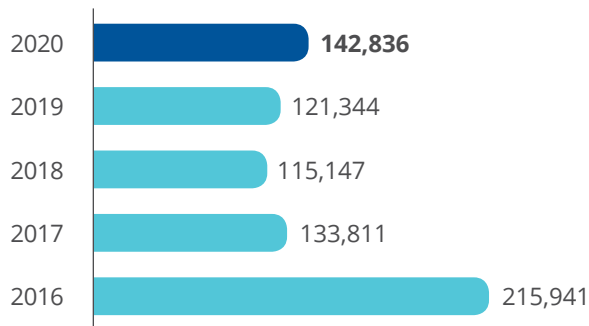
### Net (Loss)/Profit (RM'000)

**(8,057)**



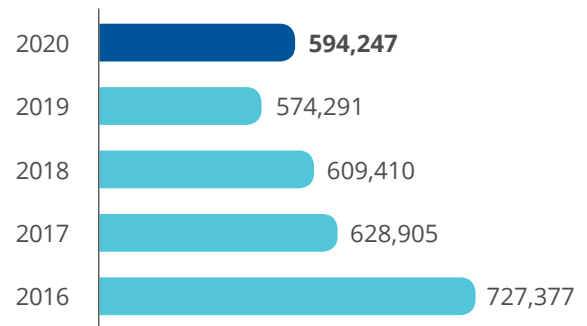
### Total Cash & Cash Equivalents (RM'000)

**142,836**



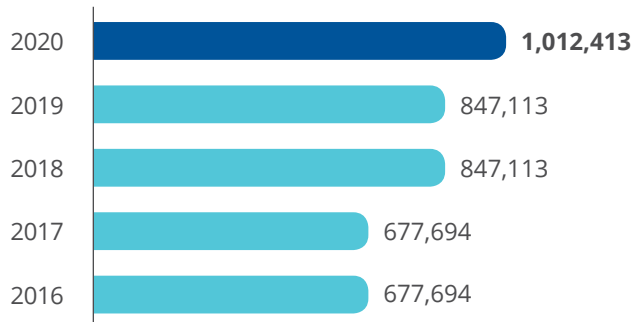
### Total Assets (RM'000)

**594,247**



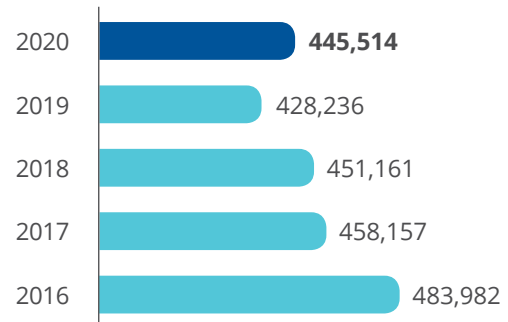
### Share Capital (No. of shares) ('000)

**1,012,413**



### Owners' Equity (RM'000)

**445,514**



#### Group Segmental Performance

RM'000	Financial Year Ended December				
	2020	2019	2018	2017	2016
<b>GROUP REVENUE</b>					
Engineering and Construction	153,593	163,455	103,125	83,860	83,101
Property Development	23,763	7,773	5,607	100,700	-
Trading & Services	16,792	19,181	20,008	20,361	14,348
Concessions	-	883	1,481	1,571	1,525
<b>Revenue</b>	<b>194,148</b>	<b>191,292</b>	<b>130,221</b>	<b>206,492</b>	<b>98,974</b>
<b>GROUP (LOSS)/PROFIT BEFORE TAX</b>					
Engineering and Construction	(3,778)	1,648	141	(11,366)	(444)
Property Development	(4,861)	(3,598)	(8,963)	(9,009)	(9,449)
Trading & Services	(478)	(7,719)	1,480	(20,680)	(7,619)
Concessions	367	2,338	5,780	6,270	5,825
<b>Loss Before Tax</b>	<b>(8,750)</b>	<b>(7,331)</b>	<b>(1,562)</b>	<b>(34,785)</b>	<b>(11,687)</b>
<b>GROUP NET (LOSS)/PROFIT</b>					
Engineering and Construction	(4,741)	(3)	(1,119)	(11,306)	(3,201)
Property Development	(4,486)	(3,857)	(8,970)	(5,746)	(11,483)
Trading & Services	(885)	(8,230)	523	(21,300)	(7,715)
Concessions	367	2,341	5,780	6,275	5,816
Discontinued Operations	1,688	782	(607)	2,034	37,941
<b>Net (Loss)/Profit</b>	<b>(8,057)</b>	<b>(8,967)</b>	<b>(4,393)</b>	<b>(30,043)</b>	<b>21,358</b>

#### Segmental Analysis

##### Engineering & Construction Division

During the financial year, the engineering and construction division delivered solid gains in revenue, remained the largest contributor in our operations, with a revenue of RM153.6 million which accounted for 79% of the Group's total revenue despite the widespread economic challenges and uncertainty due to the COVID-19 pandemic. However, there was a decrease in revenue by 6% from RM163.5 million in FYE2019 mainly due to the slower construction activities during the Recovery Movement Control Order (RMCO) imposed by the Government in FY2020.

Consequently, the division reported segmental loss before tax ("LBT") of RM3.8 million compared to profit before tax ("PBT") of RM1.6 million in the previous year due to higher cost incurred in delayed ongoing projects and losses from joint venture companies.

### Engineering & Construction Division Revenue

**RM153.6** Million



### Property Development Division

The division recorded a higher revenue of RM23.8 million, representing a 206% increase from RM7.77 million recorded in the previous financial year. However, LBT increased by 35% to RM4.9 million compared to RM3.6 million in FYE2019.

The losses for this division was mainly due to higher cost of sales in the current financial year.

### Property Development Division Revenue

**RM23.8** Million



### Trading and Services Division

Under the trading and services division, the Group highlighted the transportation and technology division which are the two key drivers of our business operations:-

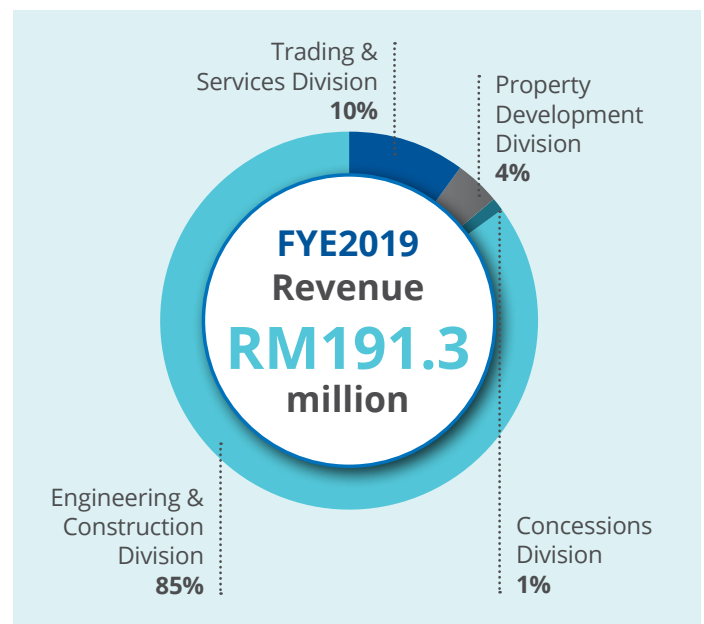
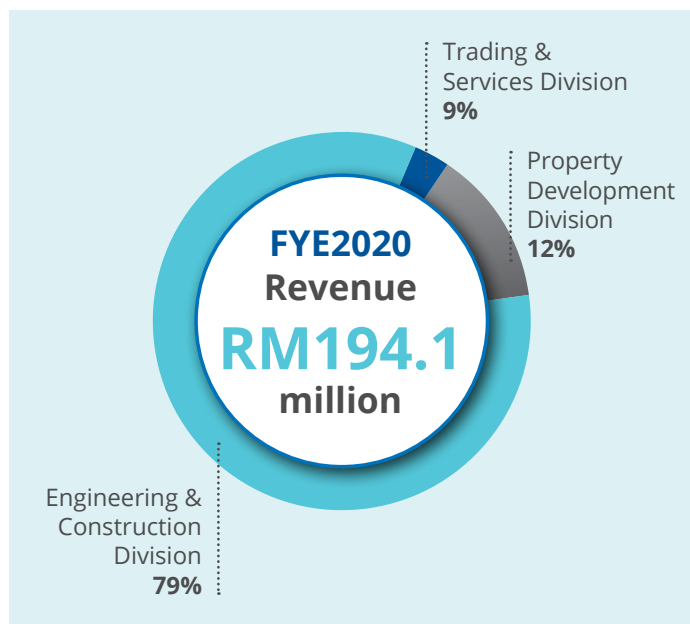
#### Transportation

The transportation division posted a lower revenue of RM15.7 million in FYE2020, representing a decrease of 10% compared to the revenues of RM17.4 million in preceding year.

The division recorded a PBT of RM224,726 compared to RM198,640 in preceding year mainly due to lower operating expenses in the current financial year.

#### Technology Services

The technology services division spearheaded by the Volksbahn Technologies Sdn Bhd ("VBT") recorded revenue of RM14.2 million, an increase of 27% compared to RM11.2 million in the preceding year. This was due to the additional 21 cell sites delivered and fiberized at the stations in FY2020 resulting in the increase of site rental income and bandwidth charges. Consequently, the PBT rose from RM1.5 million to RM2.0 million.



Note: No revenue was recorded for concessions divisions in FY2020 due to the cessation of the operation of Binh An Water Treatment Plant.

### MANAGEMENT DISCUSSION AND ANALYSIS

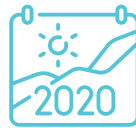
#### Statement of Value Added and Distribution

The statement of value added shows the total wealth created by the Group and its distribution to stakeholders, with the balance retained in the Group for reinvestment and future growth.

RM'000	2020	2019
<b>VALUE ADDED:</b>		
Revenue	194,148	191,292
Purchases of goods & services	(165,712)	(174,342)
Value added by the Group	28,436	17,950
Share of (loss)/profit of associated companies and joint ventures	(1,439)	14,059
<b>Total value added for distribution</b>	<b>26,997</b>	<b>32,009</b>
<b>DISTRIBUTION:</b>		
<b>To employees</b>		
- Salaries & other staff costs	24,598	28,677
<b>To Governments</b>		
- Taxation	995	2,419
<b>To Rakyat</b>		
- Community Investment	143	71
<b>To providers of capital</b>		
- Dividends	6,436	7,618
- Finance cost	2,464	3,320
- Non-controlling interest	(1,990)	(316)
Retained for future reinvestment & growth		
- Depreciation and amortization	6,854	6,489
- Retained loss	(12,503)	(16,269)
<b>Total Distributed</b>	<b>26,997</b>	<b>32,009</b>
<b>RECONCILIATION :</b>		
Net Loss for the year attributable equity holders	(6,067)	(8,651)
Add: Depreciation and amortization	6,854	6,489
Finance cost	2,464	3,320
Staff costs	24,598	28,677
Community Investment	143	71
Taxation	995	2,419
Non-controlling interest	(1,990)	(316)
<b>Total Value Added</b>	<b>26,997</b>	<b>32,009</b>

## FINANCIAL CALENDAR

(For the Financial Year Ended 31 December 2020)



### Dividend

First and Final Dividend via distribution of treasury shares 1:29 for the financial year ended 31 December 2019

**Entitlement Date: 07 August 2020 | Payment Date: 19 August 2020**



### Announcement of Quarterly Results



23 June 2020



25 August 2020



23 November 2020



23 February 2021



### Annual General Meeting

**Notice of Annual General Meeting**  
30 April 2021

**18<sup>th</sup> Annual General Meeting**  
23 June 2021