



ANNUAL REPORT

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億利達控股有限公司
Globaltec Formation Berhad

Reg. No. 201101024895 (953031-A)



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2 Performance Highlights

(RM'000 unless otherwise stated)	FY2020	FY2019	FY2018	FY2017	FY2016
Turnover	163,823	217,298	194,825 ⁽²⁾	177,001 ⁽²⁾	224,707 ⁽²⁾
Profit/(Loss) before taxation	3,828	(41,002)	(36,186) ⁽²⁾	(12,446) ⁽²⁾	(12,108) ⁽²⁾
Loss after taxation	(1,105)	(43,902)	(39,105)	(18,495)	(21,136)
Net profit/(loss) attributable to owners of the Company	2,348	(19,365)	(20,356)	(9,560)	(17,238)
Earnings/(Loss) per share (sen) – basic	0.873	(7.197)	(7.565)	(3.553)	(6.406)
Property, plant and equipment	73,011 ⁽¹⁾	110,324	102,526	109,246	157,608
Total assets	361,796	360,830	368,062	434,605	486,275
Shareholders' funds	238,570	233,317	246,380	276,235	287,699
Net tangible assets	211,125	205,611	217,999	247,230	257,650
Total debt	20,908 ⁽¹⁾	21,512	23,115	34,021	37,353
Total debt/Shareholders' funds (times)	0.09	0.09	0.09	0.12	0.13
Pre-tax profit/(loss)/Turnover (%)	2.34	(18.87)	(18.57) ⁽²⁾	(7.03) ⁽²⁾	(5.39) ⁽²⁾
Pre-tax profit/(loss)/Share capital (%)	0.59	(6.37)	(6.72) ⁽²⁾	(2.31) ⁽²⁾	(2.25) ⁽²⁾
Pre-tax profit/(loss)/Total assets (%)	1.06	(11.36)	(9.83) ⁽²⁾	(2.86) ⁽²⁾	(2.49) ⁽²⁾
Pre-tax profit/(loss)/Shareholders' funds (%)	1.60	(17.57)	(14.69) ⁽²⁾	(4.51) ⁽²⁾	(4.21) ⁽²⁾
Current ratio (times)	1.45	1.57	2.87	2.99	2.29

Notes:

⁽¹⁾ After taking into account the effects from MFRS 16, Leases.

⁽²⁾ Excludes discontinued operations.





Performance Highlights (Cont'd)

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FY2020

Segments/Divisions:	Revenue RM'000	Net Profit/(Loss) attributable to owners of the Company RM'000	Total Assets RM'000
Integrated Manufacturing Services ("IMS"):			
Precision Machining, Stamping & Tooling	94,470	9,383	114,116
Automotive Components Design & Manufacturing	64,002	(1,109)	49,331
IMS: Total	158,472	8,274	163,447
Energy	-	(4,191)	108,272
Resources	5,351	(3,383)	48,140
Investment holding	-	1,125	102,388
Consolidation adjustments	-	523	(87,762)
Customer relationships	-	-	5,129
Goodwill arising on consolidation	-	-	22,182
Total	163,823	2,348	361,796

FY2019

Segments/Divisions:	Revenue RM'000	Net Profit/(Loss) attributable to owners of the Company RM'000	Total Assets RM'000
IMS:			
Precision Machining, Stamping & Tooling	112,440	11,396	118,964
Automotive Components Design & Manufacturing	99,052	(262)	51,390
IMS: Total	211,492	11,134	170,354
Energy	-	(25,203)	107,533
Resources	5,806	(1,848)	51,417
Investment holding	-	(3,453)	99,674
Consolidation adjustments	-	5	(95,854)
Customer relationships	-	-	5,524
Goodwill arising on consolidation	-	-	22,182
Total	217,298	(19,365)	360,830



4 Group Structure

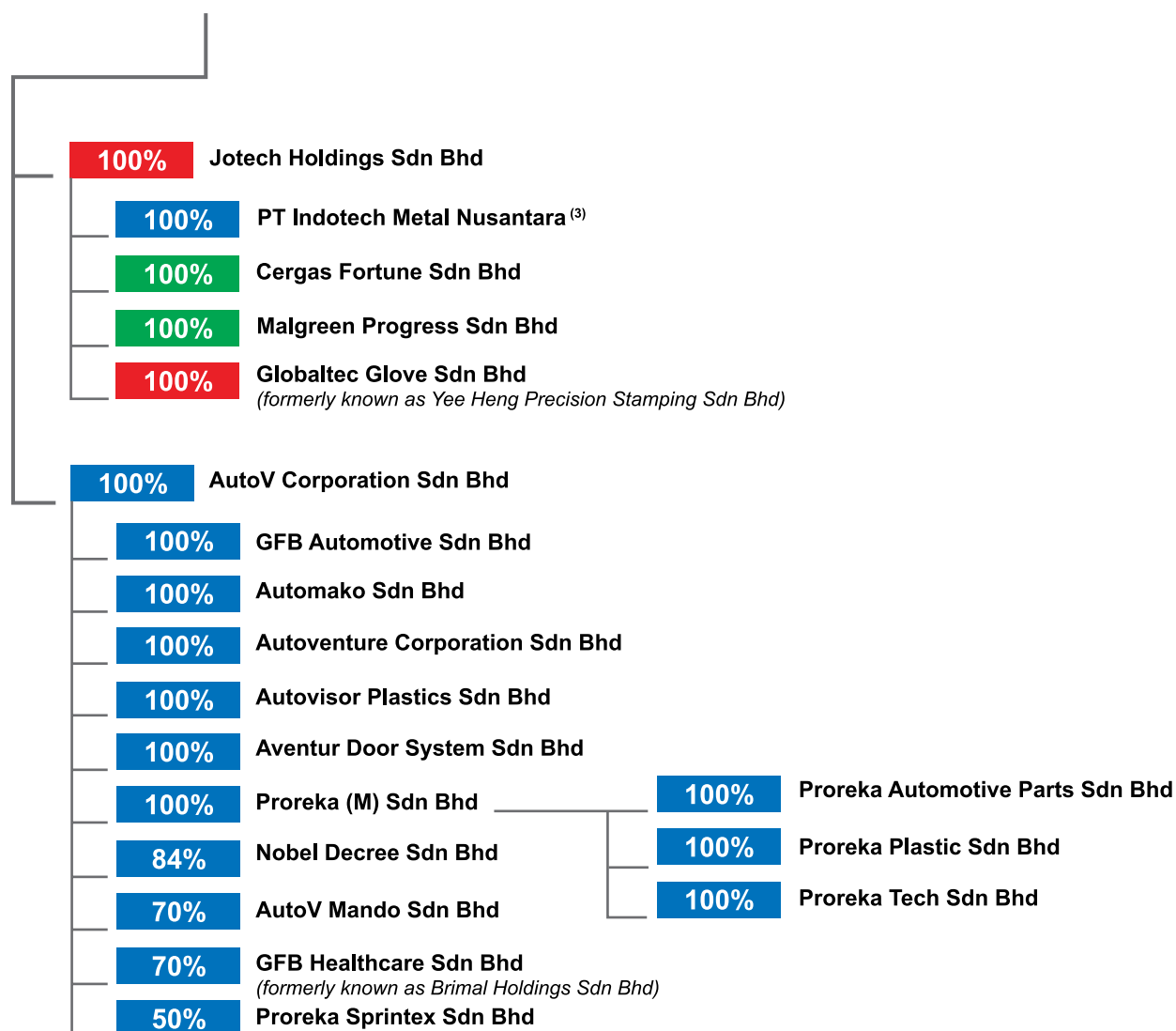
As at 16 October 2020



億利達控股有限公司

Globaltec Formation Berhad

Reg. No. 201101024895 (953031-A)



■ Investment Holding Segment

■ Energy Segment

■ Integrated Manufacturing Services Segment

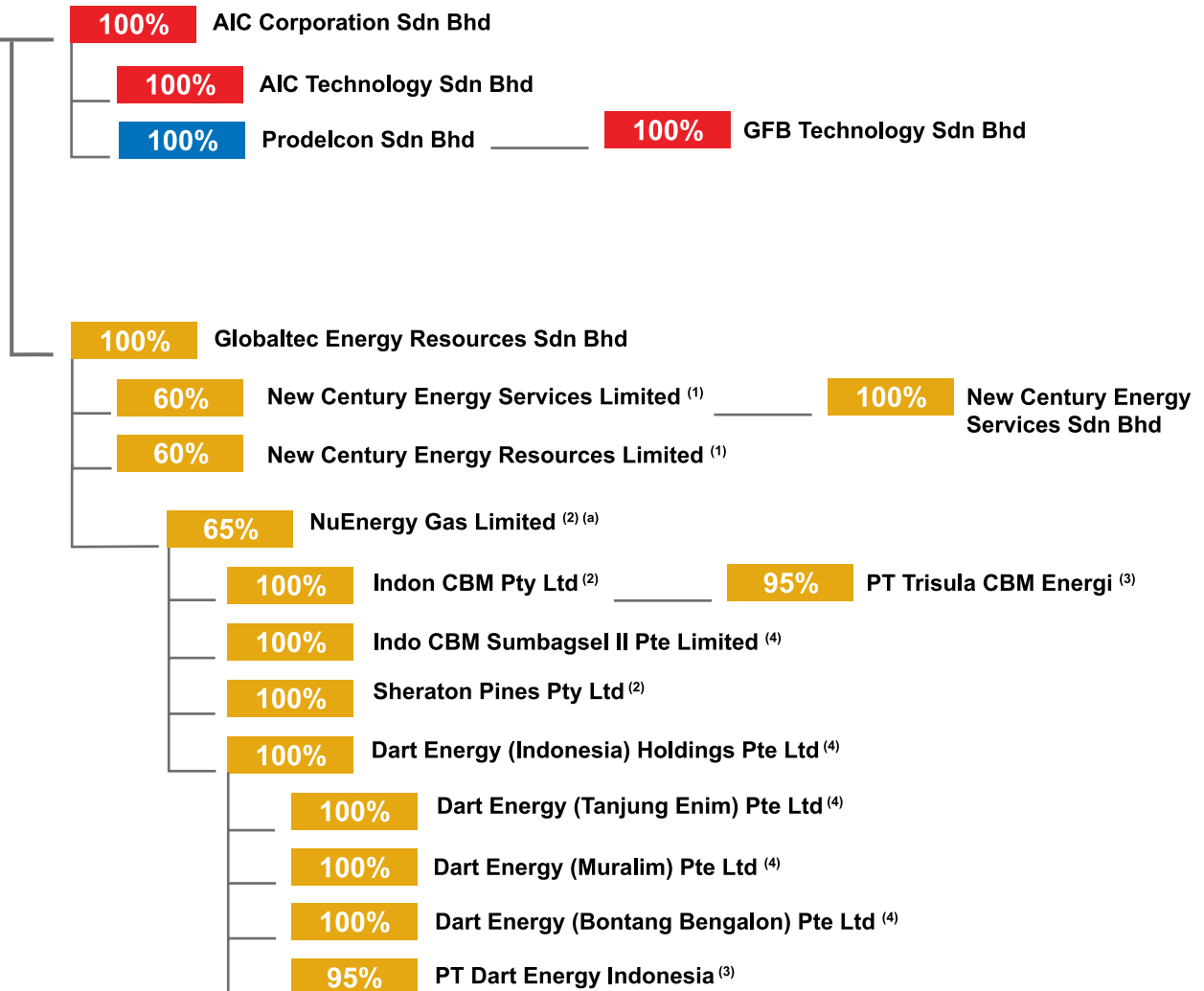
■ Resources Segment



Group Structure (Cont'd)

As at 16 October 2020

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Notes:

(1) Incorporated in the Cayman Islands

(2) Incorporated in Australia

(a) Listed on the Australia Securities Exchange

(3) Incorporated in Indonesia

(4) Incorporated in Singapore



6 Corporate Information

BOARD OF DIRECTORS

**Tan Sri Datuk Seri Panglima
(Dr.) Goh Tian Chuan, JP**
Group Executive Chairman

Kong Kok Keong
Group Deputy Chairman

Ooi Boon Pin
Chief Executive Officer ("CEO") of Precision
Machining & Automation Division/Executive Director

Chen Heng Mun
Executive Director/Group Finance Director

Ash'ari Bin Ayub
Senior Independent Non-Executive Director

Wong Zee Shin
Independent Non-Executive Director

Yong Nam Yun
CEO of Automotive Division/Alternate Director to
Kong Kok Keong

AUDIT COMMITTEE

Ash'ari bin Ayub (*Chairman*)
Wong Zee Shin
Kong Kok Keong

NOMINATING COMMITTEE

Ash'ari bin Ayub (*Chairman*)
Wong Zee Shin
Kong Kok Keong

REMUNERATION COMMITTEE

Ash'ari bin Ayub (*Chairman*)
Wong Zee Shin
Kong Kok Keong

COMPANY SECRETARIES

Seow Fei San (MA/CSA 7009732)
Law Mee Poo (MA/CSA 7033423)

EXTERNAL AUDITOR

KPMG PLT

INTERNAL AUDITOR

Tricor Axcelasia Sdn Bhd
(formerly known as. Axcelasia
Columbus Sdn Bhd)

SOLICITORS

Ben & Partners
Lee Choon Wan & Co
Mah-Kamariyah & Philip Koh

REGISTERED OFFICE

Globaltec Formation Berhad
Unit 23A-12, Menara Q Sentral,
No. 2A, Jalan Stesen Sentral 2,
Kuala Lumpur Sentral,
50470 Kuala Lumpur
Tel : (603) 2276 0195
Fax: (603) 2276 1379

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 : +603 2783 9299
Fax : +603 2783 9222

PRINCIPAL BANKERS/FINANCIER

AmBank (M) Berhad
ANZ Bank
Bank Islam Malaysia Berhad
CIMB Bank Berhad
Citibank Berhad
Malaysian Industrial Development
Finance Berhad
Malayan Banking Berhad
National Australia Bank
OCBC Bank NISP
Public Bank Berhad
RHB Bank Berhad



Board of Directors | 7

YONG NAM YUN

WONG ZEE SHIN

CHEN HENG MUN

OOI BOON PIN

**ASH'ARI
BIN AYUB**

KONG KOK KEONG

**TAN SRI DATUK SERI PANGLIMA
(DR.) GOH TIAN CHUAN, JP**

T.C. GOH



8 Directors' Profile

TAN SRI DATUK SERI PANGLIMA (DR.) GOH TIAN CHUAN, JP

PSM, SSAP, SPDK, PGDK, ASDK, JP, PhD(h)
Group Executive Chairman



Malaysian

Male

Aged 59

Tan Sri Datuk Seri Panglima (Dr.) Goh Tian Chuan, JP ("Tan Sri Datuk Seri Panglima (Dr.) T.C. Goh, JP") is our founder and Group Executive Chairman. He was appointed to our Board of Directors ("Board") on 20 July 2011 and as a member of the Remuneration Committee on 28 March 2012. He resigned as a member of the Remuneration Committee on 17 October 2017. He is also a Non-Executive Director (appointed on 17 December 2014) of NuEnergy Gas Limited ("NuEnergy"), a subsidiary of the Globaltec Group which is listed on the Australian Securities Exchange.

Tan Sri Datuk Seri Panglima (Dr.) T.C. Goh, JP graduated from the Royal Malaysia Police College in 1982 and was a Senior Police Officer attached to the police headquarters Kota Kinabalu, Sabah, Malaysia for thirteen (13) years. He started his own business after leaving the police force in 1994. His businesses at present, apart from his investments in several public listed companies cover a multitude of industries from investment holding to plantations and property development. Tan Sri Datuk Seri Panglima (Dr.) T.C. Goh, JP is actively involved in community activities/services and is holding the post of President of the Federation of Chinese Associations Malaysia (Huazong) and the post of President of The Federation of Chinese Associations Sabah ("FCAS").

On 31 May 2012, a merger exercise which integrated the then AIC Corporation Berhad ("AIC"), Jotech Holdings Berhad ("Jotech") and AutoV Corporation Berhad ("AutoV") respective group of companies under our Company ("Merger") was completed. Tan Sri Datuk Seri Panglima (Dr.) T.C. Goh, JP was the Executive Chairman of AIC and Jotech. He was appointed to the board of directors of AIC on 15 June 2006. He was also appointed as a member of the Remuneration Committee of AIC on 31 July 2006. He was redesignated as Executive Chairman of AIC on 2 July 2007. Tan Sri Datuk Seri Panglima (Dr.) T.C. Goh, JP was appointed to the board of directors of Jotech on 1 June 2006 and was also the Chairman of the Remuneration Committee of Jotech.

On 2 October 2006, he was conferred the title of Panglima Gemilang Darjah Kinabalu ("PGDK") which carries the title of "Datuk" by the Honourable Head of State of Sabah, Malaysia. In December 2011, he was appointed as Justice of the Peace ("JP") by the Honourable Head of State of Malacca, Malaysia. On 26 December 2013, he was conferred the title of Sri Sultan Ahmad Shah Pahang ("SSAP") which carries the title of "Dato' Sri" by the Honourable Sultan Ahmad Shah of Pahang Darul Makmur, Malaysia. On 4 October 2014, he was conferred the award Seri Panglima Darjah Kinabalu ("SPDK") by the Honourable Head of State of Sabah, the highest state award in Sabah which carries the title 'Datuk Seri Panglima'. During this year on 9 September 2017, he was bestowed the Panglima Setia Mahkota ("PSM"), which carries the title "Tan Sri" by His Majesty, the Yang di-Pertuan Agong of Malaysia in recognition of his significant contribution to the country and society.

Based on his experiences as a Senior Police Officer and Corporate Leader in Malaysia, he was conferred Honorary Doctorate of Civil Laws by European University Switzerland on 7 April 2012.

**KONG KOK KEONG**

Group Deputy Chairman

Malaysian

Male

Aged 66

**OOI BOON PIN**CEO of Precision Machining,
& Automation Division/
Executive Director

Malaysian

Male

Aged 62

Kong Kok Keong was appointed to our Board on 28 March 2012 as the Group Deputy Executive Chairman and was the Executive Chairman of AutoV Group until his resignation as Group Deputy Chairman (Non-Independent Non-Executive) on 21 December 2015. He was appointed a member of the Remuneration Committee on 17 October 2017. He was appointed a Non-Executive Director on 21 August 2014 and later redesignated as Non-Executive Chairman of NuEnergy on 17 December 2014.

Kong Kok Keong obtained his B.A (Honours) in Business Studies from Leicester Polytechnic, United Kingdom in July 1979. He started his career with Binder Hamlyn (Chartered Accountants) in United Kingdom as an electronic data processing supervisor from September 1979 to January 1983. He then returned to Malaysia and joined Rashid Hussain Securities Sdn Bhd as a Finance Manager from April 1983 to August 1984. He moved on to Larut Tin Fields Bhd as an accountant from September 1984 to August 1985. From September 1985 to October 1987, he was the Financial Controller of Kimara Securities Sdn Bhd before joining Fountain Industries Sdn Bhd as an accountant from January 1988 to December 1988. Subsequently, he was a Director of Visionplan Systems (M) Sdn Bhd from January 1989 to April 1990. From May 1990 to March 1992, he was a commissioned dealer's representative for Arab-Malaysian Securities Sdn Bhd. He later joined Innosabah Securities Sdn Bhd and served as an Executive Director from April 1992 to December 2001.

Ooi Boon Pin was appointed to our Board on 28 March 2012 as an Executive Director and he is the CEO of the Precision Machining & Automation Division.

He graduated with an Honours Degree in Manufacturing Technology from the National Institute for Higher Education (University of Limerick), Ireland in 1981. While studying for his degree, he joined Analog Devices B.V., Ireland, in 1978, a company involved in design and wafer fabrication, assembly and test of semiconductors, as a Product Development Engineer and later as a Process Engineer in the assembly department. Upon his return to Malaysia in 1981, he joined Micro-Machining Sdn Bhd, as a Quality Assurance Engineer where he was in charge of quality assurance in tool room and lead frame stamping facility. He was promoted to the position of Project Engineering Manager and was responsible for the development of new tool designs and end-of-line assembly equipment from design to manufacturing. In 1985 he founded Prodelcon and is its Managing Director from 1996 till now. He was an Executive Director of Jotech since 30 April 1997 but was redesignated as a Non-Independent Non-Executive Director on 20 August 2008. He is also the Vice Chairman of the Penang Skills Development Centre ("PSDC"), Chairman of the Technical Advisory Committee for Applied Engineering at PSDC, board member of the Malaysian Meister and Industry Board, member of the special task force for "Kolej Vokasional" education and board member of the "Lembaga Peperiksaan Dan Penganugerahan Sijil/ Diploma Politeknik". He was awarded the Pingat Kelakuan Terpuji by the Governor of Penang in July 2006.



10 Directors' Profile (Cont'd)



CHEN HENG MUN

Executive Director/
Group Finance Director

Malaysian

Male

Aged 50

Chen Heng Mun was appointed to our Board on 28 March 2012 as an Executive Director/Group Finance Director. He is also a Non-Executive Director (appointed on 1 January 2015) of NuEnergy.

Prior to passing the professional exams conducted by the then Malaysian Association of Certified Public Accountants in 1995, Chen Heng Mun worked for KPMG, an international accounting firm from January 1991 to February 1996. He started as an Audit Assistant in KPMG and left as an Audit Supervisor. Subsequently, he joined AIC as Group Accountant in February 1996 and was appointed to the board of AIC on 1 August 2007 as an Executive Director/Chief Financial Officer. He was an Independent Non-Executive Director of Jotech from 3 January 2007 to 2 July 2007. He was appointed to the Board of AutoV on 26 May 2008 as a Non-Independent Non-Executive Director. He is a member of the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants and Certified Public Accountants, Australia.



ASH'ARI BIN AYUB

Senior Independent
Non-Executive Director

Malaysian

Male

Aged 78

Ash'ari bin Ayub is our Senior Independent Non-Executive Director and he was appointed to our Board on 28 March 2012. He is also the Chairman of the Audit Committee, Remuneration Committee and Nominating Committee.

He passed the professional examination of the then Malaysian Association of Certified Public Accountants on 24 June 1967. He is a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. He started his career with Coopers Brothers & Co as an articled clerk in 1961 and was later promoted to a qualified audit assistant. He served in Coopers Brothers & Co until 1970. Thereafter, he joined various organisations in the government and private sector. He was a senior partner in Coopers & Lybrand for about 20 years from 1974 until his retirement in 1994. Currently, he is an Independent Non-Executive Director of Metrod Holdings Berhad and BCB Berhad.

He has been an Independent Non-Executive Director of AutoV since 20 February 2001. He was also the Chairman of the Audit Committee and Remuneration Committee of AutoV and was a member of the Nominating Committee of AutoV. Subsequent to the Merger, he has resigned from AutoV on 30 June 2012.

**WONG ZEE SHIN**Independent Non-Executive
Director

Malaysian

Male

Aged 45

**YONG NAM YUN**CEO of Automotive Division/
Alternate Director to
Kong Kok Keong

Malaysian

Male

Aged 53

Wong Zee Shin is our Independent Non-Executive Director and he was appointed to our Board on 28 March 2012. He is a member of the Audit Committee, Nominating Committee and Remuneration Committee since 28 March 2012.

He graduated with a Bachelor Degree in Finance and Accounting from the University Technology of Sydney, Australia in July 1999. He is a member of the Malaysian Institute of Accountants and Certified Public Accountants, Australia. He started his career in Ernst & Young, an international public accounting firm in Sandakan, Sabah from December 1999 to 2004. In August 2004, he joined Cepatwawasan Group Berhad as an Accountant and later joined Sogomax Sdn Bhd as an Accountant in June 2006. Subsequently in December 2009 to present, he joined Malbumi Estate Sdn Bhd as their Group Accountant.

He was appointed to the Board of Jotech on 2 July 2007. He was an Independent Non-Executive Director of Jotech and was also the Chairman of the Audit and Nominating Committees and was a member of the Remuneration Committee. Subsequent to the Merger, he has resigned from Jotech on 18 June 2012.

Yong Nam Yun was appointed as an alternate director to Kong Kok Keong on 6 January 2014 and he is the CEO of Automotive Division.

He obtained his LCCI Diploma from the Jasa College, Malaysia in 1987. He has been involved in his family businesses since 1987, starting with Kum Loong Enterprise Sdn Bhd as Finance Director from 1987 to 1998 and later as the Chief Operating Officer in Kum Loong Plastic Industries Sdn Bhd from 1998 to 2009. In February 2009, he formed KLPI Resources Sdn Bhd and became the Chief Executive Officer. Yong Nam Yun then co-founded Proreka (M) Sdn Bhd in April 2000 and held the position of Chief Executive Officer. He was appointed as an Executive Director of AutoV on 28 December 2011.

ADDITIONAL INFORMATION**Conflict of interest with the Company**

None

Family relationships with any Director and/or major Shareholder of the Company

None

Convictions for offences (within the past 5 years, other than traffic offences) and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year

None

Particulars of material contracts of the Group, involving directors and major shareholders' interest

Except as mentioned on page 160, none



12 Profiles of Our Key Senior Management



KEE YONG WAH

Deputy Executive Chairman
of Energy Segment

Malaysian

Male

Aged 61

Kee Yong Wah was appointed a director of NuEnergy Gas Limited ("NuEnergy"), a subsidiary of the Group in the Energy Segment, on 21 August 2014. He was later re-designated as Executive Director on 1 January 2015 and as Deputy Executive Chairman of NuEnergy on 7 April 2016. Kee has more than 30 years of experience in the oil and gas exploration, production and servicing industry. In 1984, he joined Halliburton, a global conventional and unconventional oil and gas servicing company where he held various managerial, business development, operational and manufacturing positions in Asia and the USA. His last appointment in Halliburton was General Manager of Business Development where he was responsible for leading a group of Business Development and Account Managers in undertaking strategic planning and business development projects including mergers and acquisitions for all business units in Halliburton and formulating distributorship and agency agreements with customers. Having left Halliburton, Kee joined Smith International, Inc, a New York Stock Exchange listed company principally involved in the supply of products and services to the oil and gas exploration and production industry, petrochemical industry and other industrial markets as the General Manager of its China operations. Subsequently, Kee served as the Vice President of SPT Energy Group Inc, a company listed on the Hong Kong Stock Exchange that is principally involved in the provision of oilfield services prior to joining NuEnergy. Kee is the founder of New Century Energy Resources Limited, a subsidiary of the Group and a substantial shareholder of NuEnergy.



WOON WAI THONG

Chief Financial Officer

Malaysian

Male

Aged 46

Woon was appointed as Chief Financial Officer of the Company on 1 November 2013. Woon has over 20 years' experience in operational and financial management. He is a Chartered Accountant, member of the Malaysian Institute of Accountants. In 1998, he started his career with Deloitte KassimChan as an Audit Assistant and left as an Audit Senior I in 2002. Subsequently, he joined AIC Corporation Berhad, a company then listed on the Main Market of Bursa Malaysia, now part of Globaltec.

ADDITIONAL INFORMATION

Conflict of interest with the Company

None

Family relationships with any Director and/or major Shareholder of the Company

None

Convictions for offences (within the past 5 years, other than traffic offences) and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year

None

DEAR SHAREHOLDERS

OVERVIEW

The Malaysian economy contracted by 17.1% in the second quarter of 2020 (1Q 2020: 0.7%). The decline reflected the unprecedented impact of the stringent containment measures to control the COVID-19 pandemic globally and domestically. In Malaysia, the nationwide Movement Control Order ("MCO") included various measures that restricted production and consumption activities. The MCO also comprised government closure of schools, universities and non-essential services, border closures and restrictions on public movement, work and operating hours, as well as mandatory social distancing and personal protection measures but which were gradually relaxed as the situation improved. Essential services include telecommunications, finance, production and the provision of food supplies, healthcare, utilities, electrical and electronics, as well as selected industries in the primary and consumer clusters in the manufacturing sector. Sectors which were more labour intensive and require face-to-face interaction were more impacted by the MCO. This resulted in demand and supply shocks that emanated not only from significantly weak external demand conditions, but also production constraints in many economic sectors. Additionally, there was a marked decline in tourism activity due to international border closures and restricted interstate travel. On the supply side, most economic sectors registered negative growth, while most expenditure components declined.

**TAN SRI DATUK SERI PANGLIMA
(DR.) GOH TIAN CHUAN, JP**
Group Executive Chairman





14 Executive Chairman's Statement (Cont'd)

OVERVIEW (Cont'd)

The total industry volume ("TIV") of new motor vehicles registered in Malaysia in the first half of 2020 was 174,675 units against 296,317 units registered in the corresponding period of 2019. With the implementation of the MCO from mid-March until mid-May 2020, the TIV for March to May 2020 plunged as automotive companies could not operate their businesses. On a positive note, there was improvement in the month-on-month sales from May to June 2020 after the announcement of a short-term economic recovery plan (ie PENJANA) incentive where car buyers will enjoy sales tax exemption until end of 2020. The TIV increased from 23,309 units in May 2020 to 44,695 units in June 2020.

FINANCIAL AND OPERATIONS REVIEW

This year marks the first full year of profit for the Group since financial year 2012 despite challenging and unprecedented times. The Group's revenue for the current year decreased from RM217.3 million in prior year to RM163.8 million. This was due to a decrease of RM53.0 million and RM0.5 million, registered by the IMS and Resources segment respectively. All the divisions within IMS segment registered a decline in their revenue due to lower demand, which was attributable to the global Covid-19 pandemic and the MCO and the variations of it imposed by the Government of Malaysia. The decline in the Resources segment's revenue due to decrease in fresh fruit bunches of oil palm ("FFB") production offset partially by an improvement in FFB prices.

The Group has registered a turnaround from a net loss attributable to owners of the Company ("net loss") of RM19.4 million in the prior year to a net profit attributable to owners of the Company ("net profit") of RM2.3 million for the current year, being the Group's first full year profit since financial year 2012. During the financial year, the Energy segment incurred an impairment loss on a receivable of RM1.7 million (Group's effective share), the Investment Holding segment accounted for a fair value gain (net of deferred tax) of RM2.9 million on its investment property and an additional provision of deferred tax expense of RM1.7 million (Resources segment). In the previous financial year, included in the Group's net loss was the Group's effective share of the impairment loss on exploration assets and provision of production sharing contract ("PSC") penalties totalling RM23.8 million (Energy segment).

PROSPECTS

Malaysia's economic prospects for 2020 is being severely affected by the COVID-19 pandemic. Strict measures to contain the spread of the pandemic, both globally and domestically, will weigh considerably on both external demand and domestic growth. However, economic activity is expected to gradually pick up in 2H 2020, following the gradual relaxation of the MCO procedures, support from fiscal, monetary and financial measures and progress in transport-related projects by the public sector. The Malaysian economy is expected to register a positive recovery in 2021, in line with the projected improvement in global growth. The growth outlook is subject to significant downside risks. This arises mainly from the uncertainties surrounding the spread of COVID-19 and the duration of containment measures globally. This uncertainty may also result in delays in household spending and business investments. In addition, the risks of commodity supply shocks remain.

In view of the Covid-19 induced contraction in global economy, weak consumer sentiment, deferment on investment due to prevailing uncertainties, stricter lending policies but mitigated somewhat by economic incentives and reduced interest rates, the TIV for 2020 is expected to be 470,000 units (2019: 604,287 units), which would be the first time in 13 years that the TIV fails to surpass the 500,000-unit mark. Nevertheless, the Malaysian Automotive Association forecasts that the TIV in 2021 will grow by 17% to 550,000 units. Another silver lining in the cloud would be the National Automotive Policy 2020 ("NAP 2020"), announced in February 2020, which aims to propel Malaysia to become a regional leader in automotive manufacturing. NAP 2020 is an enhancement of NAP 2014, with an addition of three new key objectives: Next Generation Vehicles, Mobility as a Service, and Industrial Revolution (IR 4.0). Under NAP 2020 where investors are also offered incentives, the government expects NAP 2020 to contribute RM104 billion to the economy by 2030. In addition, under the Penjana stimulus package announced in June 2020, a 100% sales tax exemption on completely knock-down ("CKD") and 50% sales tax exemption on completely built-up ("CBU") models from 15 June to 31 December 2020 were given to help jump-start the automotive industry in the country. Coupled with likely lower interest rates via the reduction in the overnight policy rate by Bank Negara Malaysia in July 2020, all these may stimulate the automotive industry and increase car sales in the future.



Executive Chairman's Statement (Cont'd)

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PROSPECTS (Cont'd)

The captive market (due mainly to proprietary nature of the information and technology) of high precision machining components for photonics, radio frequency microwave products, advent of 5G, artificial intelligence and high-temperature products and manufacturing of precision surgical instruments and components for life sciences equipment which the precision machining and automation ("PMA") division, a sub division of the PMST division, is in, will continue to provide growth and stability in profits and cash flows to the Group.

Another sub-division of the precision machining, stamping and tooling ("PMST") division is the precision stamping and tooling ("PST") division. The PST sub-division operates in Indonesia and sells mainly automotive parts and accessories to the local market in Indonesia. The economic impact of the coronavirus outbreak has resulted in steep declines of at least 30% in auto unit sales in Indonesia but sales are expected to rebound by 15% to 20% in 2021 off a lower base.

FORWARD PLANS AND STRATEGIES

Despite recording its first full financial year net profit since financial year 2012, your Board will not rest on its laurels and will continue to find ways and means to further grow its revenue and net profits.

The Automotive division will follow through with its business recovery plans in the post-MCO period to overcome the challenges and focus on the key imperatives to ensure a sustainable position. Cost and productivity will remain the key focus of the Automotive division in view of the ever-rising cost of production and the present challenging pandemic conditions. Prudent measures have been taken by the division to mitigate the cost impact with strong initiatives that include:

- 1) Adoption of LEAN initiative in manufacturing operation such as inventory control and cost reduction through identified reduced waste to improve on efficiencies;
- 2) Integration of in-house developed Poka-Yoke Systems (Error-proof) into existing manufacturing processes to guarantee the first step assembly quality; and
- 3) Further consolidation of factory locations to achieve better operation and cost efficiencies.

In addition, the Automotive division will be working closely with the local vehicle assemblers to continuously seek ways to increase local content of their car models and reduce the cost of their CKD models and to improve on sales revenue.

The PMA division's new factory facility of 60,000 square feet at Penang Science Park was completed and ready in the first quarter of financial year 2020 and the PMA division expects to gradually increase its capacity and revenue over time. With the expansion plans of the PMST division, the Group can expect increased positive growth to its revenue and bottom line in years to come. In addition, all the IMS divisions has been showing gradual signs of recovery and positive return to normal.

The Energy Segment, under NuEnergy Gas Limited ("NuEnergy"), has submitted the first coal bed methane ("CBM") Plan of Development ("POD I") for the Tanjung Enim PSC in Indonesia. The proposed POD I plans for the development of 209 wells in the identified areas of the Tanjung Enim PSC covering about 33km² (or 13% of the total Tanjung Enim PSC acreage). The Indonesia Research and Development Center for Oil and Gas Technology has confirmed and certified reserves totaling ~164.89 billion standard cubic feet (bscf) of gas. The proposed POD I is currently pending the approval from the Government of Indonesia. The current global Covid-19 pandemic has however slowed the approval process of the proposed POD I as well as other exploration activities of the Energy segment. The Energy segment expects to start the drilling campaign for Muralim PSC, which comprises mainly re-entry activities into existing wells to run permeability and production tests and the drilling of a new well, in the near future with the intention to complete these activities and to secure commercial discovery approval from SKK Migas in 2021. Furthermore, the Energy segment had after the financial year entered into an agreement to dispose of its gold royalty (a non-care asset) for a total consideration of A\$6 million comprised of A\$2 million in cash and A\$4 million in the form of listed shares in the Purchaser, which is listed on the TSX Venture Exchange ("TSXV") in Canada. This disposal has been completed end September 2020. The sales proceeds from this disposal will provide fresh funds for the Energy Segment's immediate/mid term liquidity and to progress the exploration and development activities.



16 Executive Chairman's Statement (Cont'd)

CORPORATE GOVERNANCE AND INVESTOR RELATIONS

Our Group deems it our top priority in role-modelling ourselves in maintaining high standards in corporate governance practices in managing our businesses and affairs within the Group. To achieve these objectives, your Board and key management staff have been proactively educating ourselves in order for the Group to comply fully with the principles and best practices set out in the Malaysian Code on Corporate Governance and developments of internationally recognised best governance practices. The Group remains committed to espouse and maintain its good corporate governance track record through timely and objective reporting and constant communication with all its stakeholders.

SUSTAINABILITY

Your Board believes in the importance of sustainability of the environment and stakeholders in which the Group operates, in that the improvement in the conditions surrounding our stakeholders, employees, society and the environment, which is the embodiment of sustainability, is vital to the growth of the Group. Your Board recognises that acting in a responsible and sustainable manner creates new opportunities, enhances investor value, and improves social, economic and environmental returns.

APPRECIATION

I wish to express my sincere thanks to all our cherished shareholders for your continued support and wish to reiterate that your Board is committed to improve the Group's performance and enhance shareholders' values.

I would like to express our sincere gratitude to our valued customers, business partners, bankers and the relevant government authorities for their invaluable support.

My sincere thanks to Mej Jen Dato' Mokhtar Bin Perman (Rtd) for his service and invaluable contribution to the Board during his tenure with us as a director of the Company.

I also wish to express my gratitude to my fellow Board members, the management and staff for their professionalism and undying commitment to steer the Group towards excellence.

Tan Sri Datuk Seri Panglima (Dr.) TC Goh, JP
Group Executive Chairman
16 October 2020





MANAGEMENT DISCUSSION AND ANALYSIS 17

OVERVIEW

This year marks the first full year of profit for the Group since financial year 2012 despite challenging and unprecedented times. The Group's revenue for the current year decreased from RM217.3 million in prior year to RM163.8 million. This was due to a decrease of RM53.0 million and RM0.5 million, registered by the IMS and Resources segment respectively. All the divisions within IMS segment registered a decline in their revenue due to lower demand, which was attributable to the global COVID-19 pandemic and the Movement Control Order ("MCO") imposed by the Government of Malaysia. The decline in the Resources segment's revenue due to decrease in FFB production offset partially by an improvement in FFB prices.

The Group's revenue and net results by segment/division for the financial year are summarised as follows:

Segment/Division	Financial year ended 30 June					
	Revenue				Net profit/(loss) attributable to owners of the Company	
	← 2020 →		← 2019 →		2020	2019
	Amount RM'000	%	Amount RM'000	%	Amount RM'000	Amount RM'000
PMST	94,470	57	112,440	52	9,383	11,396
Automotive	64,002	39	99,052	46	(1,109)	(262)
IMS	158,472	96	211,492	98	8,274	11,134
Resources	5,351	4	5,806	2	(3,383)	(1,848)
Energy	-	-	-	-	(4,191)	(25,203)
Investment holding	-	-	-	-	1,125	(3,453)
Consolidation adjustments	-	-	-	-	523	5
Total	163,823	100	217,298	100	2,348	(19,365)

The unprecedented Covid-19 pandemic has undoubtedly resulted in severe challenges in many aspects, such as overall demand, profitability, cashflow and human capital, to all businesses around the world. In this regard, the Group has implemented group cost cutting and austerity measures across all the subsidiaries to preserve its cash flow and are doing everything possible to overcome this crisis as it continues.

On this note and despite such challenging times, the Group has managed to persevere, improvised and registered a turnaround from a net loss attributable to owners of the Company ("net loss") of RM19.4 million in the prior year to a net profit attributable to owners of the Company ("net profit") of RM2.3 million for the current year, being the Group's first full year net profit since financial year 2012. During the financial year, the Energy segment incurred an impairment loss on a receivable of RM1.7 million (Group's effective share), the Investment Holding segment accounted for a fair value gain (net of deferred tax) of RM2.9 million on its investment property and an additional provision of deferred tax expense of RM1.7 million (Resources segment). In the prior year, included in the Group's net loss for the prior year was the Group's effective share of the impairment loss on exploration assets and provision of production sharing contract ("PSC") penalties totalling RM23.8 million (Energy segment).



18 Management Discussion and Analysis (Cont'd)

OVERVIEW (Cont'd)

The Group recorded a positive turnaround in its net cash flow by registering a net cash inflow of RM10.8 million for the current financial year versus a net cash outflow of RM17.0 million for the preceeding year. This was achieved, even with the Group acquiring a piece of land as investment property amounting to RM10.4 million during the year, with higher operating cash inflows of RM27.5 million for the current financial year as compared to RM16.1 million for the previous financial year. The cash and cash equivalents/deposit of the Group as at year end stood at RM55.7 million (FY2019: RM45.7 million). Comparing year on year, the Group's net assets per share has increased from RM0.867 to RM0.887 whilst the gearing maintained at 0.09 times. Current ratio of the Group however has decreased from 1.57 times to 1.45 times, due mainly to utilisation of cash to purchase the investment property during the year.

IMS SEGMENT

PMST Division

The PMST Division is involved in precision machining & automation ("PMA") and precision metal stamping & tooling ("PST").

During the current financial year, revenue from the PMST Division decreased from RM112.4 million in financial year 2019 to RM94.5 million. This decrease is due mainly to the impact from the global Covid-19 pandemic. The pandemic depressed demand and due to safeguard measures imposed by nations worldwide to contain the pandemic, various restrictions were imposed which included amongst others, restricted travel and transportation and majority of business not being allowed to operate (but with gradual re-opening of these business as the situaion improved). The PMST division as whole, executed various measures to reduce cost, improve cash flows and efficiency in operation and prudent control of capital expenditure in order to minimise the negative impacts of Covid-19 to its bottom line. With these proactive measures, the PMST division managed to contain the losses caused by the pandemic, hence the net profit only decreased from RM11.4 million to RM9.4 million.

In tandem with the above reasons, revenue from the PMA sub-division decreased marginally from RM51.3 million in the previous financial year to RM49.2 million for the current financial year. As the PMA sub-division was considered an essential business, the PMA sub-division was allowed to operate for majority of the MCO period. Nevertheless, as worldwide demand was severely subdued by the pandemic, the revenue of the PMA division too was not spared.

The PMA sub-division is exposed to high customer concentration risk, external pricing pressure, and increasing cost of labour and raw materials. In order to reduce these risks, the PMA sub-division has taken the necessary steps to grow its business with customers from various industries. It also implemented kaizen projects to improve production efficiency, cost saving and maintain competitive advantages with high-quality products. By constantly investing to modernise and upgrade its facilities and equipment, this strategy is expected to strengthen its expertise in engineering and production and thereby increasing effectiveness and efficiency and ultimately maximising profits.

In the 2nd quarter of financial year 2020, the PMA sub-division has started operations at its 2nd plant with a 56,000 square feet of built up space at Penang Science Park. In addition, the PMA sub-division has invested in more high technology machines eg. Roeders High Speed 5 Axes Milling Machine, Tool and Cutter Grinder Machine in order to enable it to penetrate into new market segments in ultra-high precision parts manufacturing in both local and overseas.



Management Discussion and Analysis (Cont'd)

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PMA sub-division's new 2nd Plant and new high technology machines

IMS SEGMENT (Cont'd)

PMST Division (Cont'd)

Due to the extensive impact of the pandemic in Indonesia (where the factories are located), revenue from the PST sub-division decreased from RM61.1 million in the prior year to RM45.3 million for the current year. In line with this decrease, net profit fell by RM1.3 million to register at RM3.3 million for the current financial year. The PST sub-division is subjected to external pricing pressure, increasing cost of labour and raw materials and foreign exchange fluctuations. In order to reduce these risks, the PST sub-division has constantly implement ways to improve efficiency such as maximising automation, reviewing production processes and sourcing for cheaper but quality raw materials, in order to bring down costs and be more competitive.

Automotive Division

The Automotive division did not escape the impact of the Covid-19 pandemic and the MCO as the operations was forced to close from 18 March 2020 to 16 May 2020 (as the Government's measures to curb the spread of Covid-19) bringing the business to a 60-day halt in the second half of the financial year. From the restriction to operate at the normal capacity, the Automotive division experienced a significant reduction in revenue by 34.8% in financial year 2020 to RM64.6 million and recorded expanded losses from RM0.3 million to RM1.1 million. However, the impact of the MCO was mitigated with the activation of the division's business continuity plans where cost containment measures were activated immediately and continuous monitoring carried out on the supply chain parts and components to avoid any disruption to the production and delivery post MCO. Notwithstanding the challenging conditions, the Automotive division's cash position did mark a significant improvement to RM16.0 million (2019: RM9.4 million) with continued focus on ensuring financial sustainability during the MCO period. The Automotive division will follow through with its business recovery plans in the post-MCO period to overcome the challenges and focus on the key imperatives to ensure a sustainable position. Cost and productivity have always been the key focus of the Automotive division in view of the ever-rising cost of production and the present challenging pandemic conditions. Prudent measures have been taken by the division to mitigate the cost impact with strong initiatives that include:

- 1) Adoption of LEAN initiative in manufacturing operation such as inventory control and cost reduction through identified reduced waste to improve on efficiencies;
- 2) Integration of in-house developed Poka-Yoke Systems (Error-proof) into existing manufacturing processes to guarantee the first step assembly quality; and
- 3) Further consolidation of factory locations to achieve better operation and cost efficiencies.

In addition, the Automotive division will be closely working with the local vehicle assemblers to continuously seek ways to increase local content of their car models and reduce the cost of their completely knock-down ("CKD") models and to improve on sales revenue.



20 Management Discussion and Analysis (Cont'd)

IMS SEGMENT (Cont'd)

Automotive Division (Cont'd)

While the Malaysian automotive industry is expected to remain challenging, the economic stimulus packages introduced by the Malaysian Government will help soften the impact of the Covid-19 pandemic on the country's economy and support the gradual normalisation of the local economic activities. Under the Penjana stimulus package announced in June 2020, a 100% sales tax exemption on CKD and 50% sales tax exemption on completely built-up ("CBU") models from 15 June to 31 December 2020 were given to help jump-start the automotive industry in the country. In July 2020, Bank Negara Malaysia had further reduced its Overnight Policy Rate by 25 basis points to 1.75% which may equate to a lower hire purchase interest rate to boost consumer spending and is expected to have a positive impact on the growth of the country's Total Industry Volume ("TIV"). In July 2020, the Malaysian Automotive Association ("MAA") revised its TIV to 470,000 units for 2020. Moving past 2020, the MAA sees 2021 and 2022 TIV improving to between 550,000 and 600,000 units on the back of an improvement in domestic spending as the global economy recovers. This augurs well for the recovery and turnaround for the Automotive division and will certainly assist in improving the Group's sales revenue, profits and cash flow.

RESOURCES SEGMENT

As a result of the global Covid-19 pandemic and the MCO, the Resources Segment experienced a drop in its revenue from RM5.8 million in the prior year to RM5.4 million, due to a decrease in FFB production. However, the negative impact was partially offset by overall average FFB prices increased from RM361 per metric tonne for financial year 2019 to RM420 per metric tonne for financial year 2020.

In tandem with the decline in revenue and coupled with additional deferred tax expense of RM1.7 million, the Resources segment's net loss widened from RM1.8 million for the previous financial year to RM3.4 million in the current financial year.

ENERGY SEGMENT

The Energy Segment incurred a lower net loss of RM4.2 million versus RM25.2 million in the prior financial year due mainly to lower impairments/provision during the year. As at end of the financial year, the carrying value of the exploration and evaluation assets amounted to RM103.6 million with a total of RM1.5 million exploration expenditure incurred in financial year 2019.

The Energy segment has coal bed methane ("CBM") assets in South Sumatra in Indonesia that gives us a total acreage of 2,278 km². The Energy segment is the operator of all the CBM assets and 24 wells have been drilled to-date for the South Sumatra Production Sharing Contracts ("PSC").

Summary of the expenditure incurred on exploration and development activities during the year under review is as below:

	PSC				
	Muara Enim RM'000	Muara Enim II RM'000	Tanjung Enim RM'000	Muralim RM'000	Total RM'000
Exploratory activities and drilling programs	237	-	1,127	127	1,491



Management Discussion and Analysis (Cont'd)

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ENERGY SEGMENT (Cont'd)

Tanjung Enim PSC

The Energy segment continued with its engagement with the Government of Indonesia ("Government") to secure approval of Tanjung Enim Gross Split PSC and Plan of Development 1 ("POD 1"). On 4 December 2019, the Directors and the representatives of the Government of Indonesia met and agreed that the Tanjung Enim POD would be approved under Gross Split PSC through the amendment of the current PSC Cost Recovery scheme. This was subsequently followed by a field visit to the Tanjung Enim site by a team from the Ministry of Energy and Mineral Resources ("MEMR") represented by the Director General of Oil and Gas ("DG Migas") and other authorities from the Research and Development Center of Oil & Gas Technology commonly known as Lemigas, Geology Department and the Secretary office of the MEMR at the request of the Minister. The visit to the Tanjung Enim site was conducted from 18 December 2019 to 19 December 2019. The visit was made to all the wells, namely TE-10, TE-11, TE-12, TE-13 and TE-14. This field visit was followed up by meetings and discussions with the Tanjung Enim PSC partners, the DG Migas as well as the Special Task Force for Upstream Oil and Gas Business Activities ("SKK Migas") to agree on the key commercial terms of Tanjung Enim POD 1. Since the outbreak of the Covid-19 in Indonesia which was followed by the Government recommendation and policy for working from home in mid of March 2020, the progress of the Tanjung Enim POD 1 approval process has been slower than expected.

Nevertheless, we remain of the view that Tanjung Enim POD 1 will soon become the first CBM POD to be approved in Indonesia.

Muralim PSC

Muralim PSC amendment and restatement from Cost Recovery regime to Gross Split regime was signed by the Energy segment, Medco and SKK Migas on 11 February 2019. The Energy segment is seeking further extension from its exploration deadline of 7 May 2021 due to Covid-19 pandemic. Nevertheless, the Energy segment expects to start the drilling campaign, which comprises mainly re-entry activities into existing wells to run permeability and production tests and the drilling of a new well, in the near future with the intention to complete these activities and to secure commercial discovery approval from SKK Migas in 2021.

Muara Enim PSC

On 11 November 2019, the Energy segment has proposed additional exploration period beyond the end of the 10th Contract Year (on 29 November 2019). The Energy segment has via a letter dated 6 February 2020, been granted an additional exploration period by the MEMR through SKK Migas to continue the exploration activities, comprising drilling to obtain exploration/production data that will facilitate the submission and approval for commercial discovery before the end of the granted additional exploration period on 19 January 2021. The Energy segment is seeking further extension from its exploration deadline due to Covid-19 pandemic.

Muara Enim II PSC

The Muara Enim II PSC expired on 31 March 2019. Pending the extension of the PSC, the Energy segment has therefore taken the approach to impair the carrying value of the Muara Enim II PSC Exploration and Evaluation Assets in the previous financial year ended 30 June 2019 of RM18.4 million and recorded a provision for the penalty of RM6.2 million to fulfil the remaining obligation under the PSC. However, it is worth noting that the Government has not decided on the status of the Muara Enim II PSC. The Energy segment plans to re-submit its exploration period extension for its Muara Enim II PSC after obtaining approval for its Tanjung Enim POD 1.



22 Sustainability Statement

Our sustainability leadership is led by our Board of Directors ("Board"), which oversees and ensures that Globaltec Group pursues its commercial objectives, and remains a responsible and sustainable organisation. Information on the Board, Board Charter, Board Committees and their Terms of Reference, Corporate Governance Report, Anti-Bribery & Anti-Corruption Policy, Code of Ethics and Conduct, Shareholders Communication Policy, Whistleblowing Policy and Auditors Evaluation Checklist are available on our corporate website.

GOVERNANCE STRUCTURE

Our Group Executive Chairman leads and solidifies Globaltec's sustainability practices across the management and operational fronts, with the respective Divisional Chief Executive Officers being responsible and leader for their respective segment or division's sustainability practices. We interact with a large number of different stakeholders. We empower all our business and functional units to regularly engage with their respective stakeholders to ensure that key issues impacting our stakeholders are addressed in our practices and business strategies.

SCOPE

The Board believes the improvement in the conditions surrounding our stakeholders, employees, society and the environment is vital to the growth of the Group. The Board recognises that acting in a responsible and sustainable manner creates new opportunities, enhances investor value, and improves social and environmental returns. The scope of this Sustainability Statement covers the period from 1 July 2019 to 30 June 2020.

Through this Sustainability Statement, we aim to provide greater insight into our Group's sustainability practices. This statement elaborates on the Group's efforts and initiatives undertaken in the financial year ended 30 June 2020 as a baseline for the Group to move forward.

AWARDS AND RECOGNITIONS

Some of the notable awards and recognition received during the financial year are as below:



**STAKEHOLDER ENGAGEMENT**

We believe fostering relationships with our key internal and external stakeholders strengthens our Group and we ensure communication channels are kept open as designated representatives from all divisions consistently engage with key stakeholders through various mechanisms, including dialogues and meetings. These engagements are vital to keep us on track towards our sustainability goals – they provide us important feedback and inspiration as we work together to address the sustainability issues.

Stakeholder Group	Stakeholder Engagement	Material Sustainability Issues
Employees	<ul style="list-style-type: none"> • Engagement/Appraisal sessions • Sports & recreational activities • Campaigns/Health checkups • Internal communications • Volunteer programs • Employee survey • Continuous improvement activities 	<ul style="list-style-type: none"> • Economic contribution • Job retention • Human rights • Training and development • Employee welfare • Financial stability • Occupational health and safety • Environmental protection
Customers	<ul style="list-style-type: none"> • Customer service (pre, during and post sale) • Customer evaluation/score card/survey • Dialogue sessions • Correspondences • Meetings • Recreational activities • Participation in associations • Customer audits 	<ul style="list-style-type: none"> • Environmental protection • Financial stability • Product liability and responsibility
Shareholders	<ul style="list-style-type: none"> • General meetings • Announcements/Media briefings • Quarterly reporting • Correspondences 	<ul style="list-style-type: none"> • Economic contribution • Regulatory compliance
Lenders	<ul style="list-style-type: none"> • General meetings • Announcements/Media briefings • Quarterly reporting • Correspondences • Meetings 	<ul style="list-style-type: none"> • Economic contribution • Regulatory compliance
Suppliers	<ul style="list-style-type: none"> • Periodic meetings • Suppliers evaluation/audit • Dialogue sessions • Correspondences • Meetings • Recreational activities • Trainings 	<ul style="list-style-type: none"> • Procurement practices • Financial stability • Environmental protection • Product liability and responsibility



24 Sustainability Statement (Cont'd)

STAKEHOLDER ENGAGEMENT (Cont'd)

Stakeholder Group	Stakeholder Engagement	Material Sustainability Issues
Communities	<ul style="list-style-type: none"> Community health and business awareness programmes Charitable contribution Training, internship and job placements Meetings Sports & recreational activities 	<ul style="list-style-type: none"> Economic contribution Jobs creation Environmental protection Product liability and responsibility Community awareness and development
Government and regulatory authorities	<ul style="list-style-type: none"> Dialogue sessions Correspondences Meetings On-site inspections 	<ul style="list-style-type: none"> Regulatory compliance Environmental protection Occupational health and safety Human rights Product responsibility

During the financial year, there were no material sustainability matters that reflect the listed issuer's significant economic, environmental and social impacts, or substantively influence the assessments and decisions of stakeholders. However, the general sustainability practices of the Group are as described below.

SUSTAINABILITY PRACTICES

Our sustainability practices cover the following key areas:

COVID-19

The COVID-19 pandemic is the defining global health crisis of our time and the greatest challenge humankind have faced since World War Two. The pandemic is much more than a health crisis, it's also an unprecedented socio-economic crisis. Stressing every one of the countries it touches, it has the potential to create devastating social, economic and political effects that will leave deep and longstanding scars.

The Group has been monitoring the COVID-19 pandemic and closely adhered to the Government's recommendations on safety measures in the combat against the disease. The Group has implemented its Standard Operating Procedures ("SOPs") for its employees and all the Group operations.

On this note, the Group is pleased to note that there has been no cases of Covid-19 infected persons or Persons under Investigation in the Group and will endeavour to curb the spread of Covid-19 pandemic among its employees and the community at large.



OCCUPATIONAL HEALTH AND SAFETY

Policies, including any updates as well as any training on occupational health and safety matters are provided to employees. In line with this, designated officers, in our major subsidiaries, are assigned to ensure the policies are adhered and implemented effectively and safety audits are conducted regularly. Use of personal protective equipment and regular periodic machine and equipment check and maintenance are enforced throughout the Group to ensure safety of employees as well as visitors who visit the plants. Fire drills and fire-fighting training, health and safety programmes are also carried out annually to create awareness and to educate employees on occupational health and safety related matters. General health and medical checkups for employee are also conducted regularly. In addition, the operations personnel have been trained and are always ever ready to respond promptly in the event of an industrial accident. All personnel are encouraged to report all incidents, near misses and concerns to embed a culture of continual learning and improvement of health, safety and environment ("HSE") performance.

EMPLOYEE AND COMMUNITY WELFARE AND DEVELOPMENT

We are committed to being an employer that implements good labour and human rights practices with regard to our 1,000 odd employees.

Training is provided to the employees. The training comprises both technical, soft skills and includes grooming future leaders. Apart from training, employees are also provided with term life, personal accident, medical and healthcare insurance and adequate leave and compensation programs which commensurate with their rank and level of employments.

Further, the Group acknowledges the need to provide a healthy and balanced lifestyle to its employees and also giving back to the community. In this aspect, in the past, various initiatives, such as celebrations with the staff on major festival days, health talk, blood donation, traffic safety and anti-dadah campaigns, family day, social events, community work and sports activities were organised by our major subsidiaries. However, with the Covid-19 pandemic, for safety and health reasons, many if not all of these activities were suspended or cancelled. The Energy segment prior to its unconventional gas drilling and related activities will ensure the community in the relevant areas are briefed and educated on the unconventional gas activity, its benefits, effects as well as the risks related thereto in order to provide an understanding and to avoid any untoward accidents to the community.

The Board has formalised and adopted a Gender and Workplace Diversity policy. This can be seen in our multi-racial work force with a balanced age and gender composition. In addition, formal succession planning has been put in place at the Group level for key positions, to ensure continuity and to provide assurance as well as drive motivation among senior key management.





Sustainability Statement (Cont'd)

EMPLOYEE AND COMMUNITY WELFARE AND DEVELOPMENT (CONT'D)

The Group also insures for public liability to compensate for any potential loss that may arise within the operational facilities.



Cleaning activity at a mosque

EDUCATION AND TRAINING

Education continues to be a key beneficiary of the Group's corporate contribution, in line with its belief that education plays a key role in nation building. The Group offers industrial training attachments to undergraduates from the local universities and technical colleges as part of ongoing commitment towards providing the necessary exposure and training to students of today. A major subsidiary joined as a host in the WRAP Programme (Workforce Reconciliation Action Plan) for Technical Skill Upgrading for technical workforce. The programme was initiated by the Penang Skills Development Centre to Up-skill the undergraduate degree students with hands-on skills and competencies in both practical and theoretical training. The major subsidiary will be sponsoring 3 local graduates for a 6 months programme. The trainees will be paid with monthly allowance where training is conducted at both the workplace and training institutions under the guidance of competent coaches and classroom trainers. The programme will enable a consistent supply of well-trained undergraduate with technical expertise in the talent pipeline for the industry needs. On a yearly basis, the key subsidiaries will conduct regular in-house training by internal senior employees and/or external training providers to promote continuous learning, innovation and improve employees morale and motivation.



Skills upgrading programmes for technical workforce



ENVIRONMENTAL PRESERVATION

It is our policy to comply with environmental laws governing plant operations, maintenance and improvement in areas relating to environmental standards, emission standards, energy conservation, housekeeping and storage methods, noise level management and treatment of plant effluents and waste water. In addition, certain of our factories are certified to the international environmental management systems standard, ISO 14001. We practise ethical procurement and vendor management and selection of vendors is governed by the Purchasing Manual. The Group also has continuous improvement activities to enhance environmental preservation through regular efforts to further increase energy efficiency and further reduce pollutants such as carbon dioxide and carbon monoxide emissions.

SHAREHOLDERS, INVESTORS AND FINANCIERS

We recognise our responsibility to give our shareholders, investors and financiers a fair return on their investments/ lending and are committed to protect their investments/loan entrusted/financed to us. A stringent internal control and risk management system and policies are in place to uphold the principles of good corporate governance and manage risks proactively, to safeguard the best interest of our shareholders. The Group will continuously foster a culture of transparency, credibility, excellence and reliance in our people and business practices. Multiple communication channels have been established to disseminate material information of the Group to its investors, potential investors and public at large, such as quarterly and other announcements made through Bursa Malaysia Securities Berhad, financial highlights and presentations and policies are published on the Company's website and in periodical press releases or presented in general meetings and investor briefings. As part of our responsibility to ensure fair and transparent disclosure of information to shareholders and stakeholders, we regularly update the Company's and the major subsidiaries' webpages. In addition, the internal audit of the Group is outsourced to an independent party that reports directly to the Audit Committee, which further gives credence of our fair and transparent disclosures to stakeholders.



**CUSTOMERS**

Our aspiration to give the best in terms of quality and reliability through our products and services is what pushes us to move ahead. Satisfying customer needs has always been our top priority. The Group's manufacturing division has been accredited with various certifications that reflect our quality processes and manufacturing practices. These accreditations serve as testaments that we only deliver the best to the market. We strive to uphold the highest standards of ethics and professionalism in the provision of goods and services to ensure customer satisfaction. We value customers' feedbacks, comments and engage in constructive discussions and strive to be a key supplier to our customers. Together with our customers, we address complicated challenges and utilise our knowledge and technology to meet their needs. As a result, raw material processing as well as labour and overhead utilisation takes place in the most productive and efficient way.

SUPPLIERS

We value our suppliers, vendors and contractors as partners and will engage in fair operating practices that promote mutual respect. Our procurement department ensures that we engage in responsible procurement practices which is reinforced with the requirement for all our active registered vendors to periodically acknowledge their commitment to our code of conduct. Our initiatives start with the supplier selection process incorporating sustainability considerations such as quality materials and environmental compliance. Compliance and commitment by vendors and suppliers to conduct business with us in a transparent manner is sought through performing audits and making continuous improvements in our procurement processes and policies. The Group views the vendors as a key business partner and emphasises to the suppliers the need to comply with all rules and regulations including health and safety standards, and labour standards, avoid conflict of interest, conserve the environment, and notify the Group of any breaches or non-conformance.





Corporate Governance Overview Statement 29

The Board of Directors ("Board") is committed to ensure that the highest standards of corporate governance are practiced throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and the financial performance of the Group.

Set out below is a statement of how the Group has applied the principles of the Malaysian Code on Corporate Governance 2017 (the "Code"), having regard to the recommendations stated under each principle. The Company also discloses the application of each practice set out in the Code, during the financial year in a report prescribed by Bursa Malaysia Securities Berhad ("Corporate Governance Report"). The Corporate Governance Report is announced together with the Company's Annual Report and can also be found on the Company's website at www.globaltec.com.my.

SECTION 1: DIRECTORS

THE BOARD OF DIRECTORS

An effective Board leads and controls the Group. The Board meets at least five (5) times a year, with additional meetings convened as necessary. In addition, the Board also attends general meetings and meetings with management from time to time. All Board members bring an independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Board held five (5) Board Meetings during the financial year. The details of attendance of each individual Director are as follows:

Name	Meetings Attended
Tan Sri Datuk Seri Panglima (Dr.) Goh Tian Chuan, JP (<i>"Tan Sri Datuk Seri Panglima (Dr.) TC Goh"</i>)	5/5
Kong Kok Keong	5/5
Ooi Boon Pin	4/5
Chen Heng Mun	5/5
Ash'ari bin Ayub	5/5
Wong Zee Shin	5/5
Mej Jen Dato' Mokhtar bin Perman (<i>Rtd</i>) (<i>resigned on 30 July 2020</i>)	4/5
Yong Nam Yun (<i>alternate to Kong Kok Keong</i>)	5/5

The Board has delegated specific responsibilities to three (3) subcommittees, namely Audit Committee, Nominating Committee and Remuneration Committee. All committees have written terms of reference and procedures, and the Board receives reports of their proceedings and deliberations. These Committees have the authority to examine particular issues and report back to the Board with their recommendations. The ultimate responsibilities for the final decision on all matters, however, lie with the Board. The Company has an authority limit manual that clearly delineates relevant matters and applicable limits which the Board may delegate to the Board Committees and the Management.

Director(s), prior to accepting new directorships in other companies outside the Group, must inform the Group Executive Chairman of the Board of such appointment and an indication of the time the Director(s) will spend on the new external appointment. The Directors should be aware of their responsibilities to the Group and shall dedicate sufficient time to carry out such responsibilities. The Directors are able to devote sufficient time commitment to their roles and responsibilities as Directors of the Company, as only the Senior Independent Non-Executive Director holds independent non-executive director roles in two (2) other public listed companies (which is other than a subsidiary of the Group).

BOARD CHARTER

The Board has adopted a charter, which amongst others, provides guidance to the Board in discharging their roles, responsibilities and duties. The Board Charter also inter-alia outlines the balance and composition of the Board, the Board's authorities, schedule of the matters reserved for the Board, the establishment of Board committees and the processes and procedures in convening board meetings. The Board Charter is reviewed annually and is posted on the Company's website. The Board Charter was last reviewed on 27 August 2020.



30 Corporate Governance Overview Statement (Cont'd)

SECTION 1: DIRECTORS (Cont'd)

BOARD BALANCE AND RESPONSIBILITIES

The Board, headed by the Group Executive Chairman currently has seven (7) members, comprising three (3) Executive Directors, one (1) Non-Independent Non-Executive Director, two (2) Independent Non-Executive Directors and one (1) alternate director. Together, the Directors bring a wide range of business and financial experience relevant to the Group. A brief description of the background of each Director is presented on pages 8 to 11.

Tan Sri Datuk Seri Panglima (Dr.) TC Goh is the Group Executive Chairman who provides leadership of the overall group strategy/direction, leads the management committee, regularly reviews the overall Group's operational performance and represents the Group to the various stakeholders whereas the day to day business operations are managed and led by the respective divisional Chief Executive Officers ("CEOs")/Managing Directors namely Ooi Boon Pin, the CEO of the Precision Machining and Automation Division, Yong Nam Yun, the CEO of the Automotive Division, Kee Yong Wah, the Deputy Executive Chairman of Energy Segment and Pang Kim Fan, CEO of the Resources Segment. In addition, half of the Board members are non-executive directors and as such, there is a clear division of responsibility for these roles to ensure balance of power and authority. Premised on the above, the Board deems the departure from the Code's recommendation where the chairman of the Board is not an independent director, majority of the Board must comprise independent directors, as appropriate. Furthermore, the Board acknowledges that the Group Executive Chairman is the single largest shareholder and there is the advantage of shareholder leadership and a natural alignment of interest. In respect of potential conflicts of interest, the Board is comfortable that there is no undue risk involved as all related party transactions are disclosed and strictly dealt with in accordance with the Main Market Listing Requirements of Bursa Malaysia ("MMLR"). Moreover, the presence of Independent Directors ensures that there is independence of judgement.

The Board is responsible for the stewardship of the Group.

The Board reserves a formal schedule of matters for its decisions to ensure that the direction and control of the Group is firmly in its hands. This includes corporate plans, strategic issues and planning, material acquisitions and disposal of assets/investments and capital expenditure, changes to senior management and control structure of the Group, including key policies, procedures and authority limits, material financing and borrowing activities.

The principal responsibilities of the Board are:

- reviewing and adopting a strategic plan for the Group;
- overseeing the conduct of the Group's strategic plan for the investments and capital expenditure;
- identifying principal risks and ensure the implementation of appropriate systems to manage these risks;
- succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing executive directors and senior management;
- developing and implementing an investor relations programme or shareholder communications policy for the Group;
- determining the remuneration of non-executive directors, with the individuals concerned abstaining from discussions of their own remuneration; and
- ensuring that the Group adheres to high standards of ethics and corporate behaviour.

In overseeing the conduct of the Group, the Board shall ensure that an appropriate financial planning, operating and reporting framework as well as an embedded risk management framework are established. Elements under this combined framework include the operating plan and budget, financial statements, divisional strategic/performance reviews reports and risk management reports.

The role of the Non-Executive Directors is to provide independent and objective views, constructively challenge and actively play a part in the development of the business objectives and strategies of the Group, ensure effective check and balance in the proceedings of the Board and that no individual has unrestricted power or influence over any Board decision. Ash'ari bin Ayub, the Audit Committee Chairman, is the Senior Independent Non-Executive Director to whom concerns may be conveyed.



Corporate Governance Overview Statement (Cont'd)

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SECTION 1: DIRECTORS (Cont'd)

BOARD BALANCE AND RESPONSIBILITIES (Cont'd)

The Company considers that the complement of Non-Executive Directors provides an effective Board with a mix of knowledge and broad business and commercial experience. This balance is particularly important in ensuring that the strategies proposed by the executive management are fully discussed and examined, and take into account of the long-term interests of the Company. The Board is satisfied that the current Board composition fairly reflects the interest of minority shareholders in the Company.

The Board has formalised and adopted a Gender and Workplace Diversity policy, which encompasses diversity in, amongst others gender, age, ethnicity and cultural background. The Directors, whose experience, knowledge and skills are entrenched in various industries reflect the diverse nature of the Group's operations. However, achieving gender diversity is challenging, particularly in the industries the Group is in. Notwithstanding this, the Board will work towards introducing the female composition of our Board when suitable candidates are identified.

In addition, the Board takes cognisance of the Code's recommendation that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. As prescribed in the Board Charter, the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the Director's redesignation as a Non-Independent Director. The Board must justify and seek shareholders' approval in the event it retains as an Independent Director, a person who has served in that capacity for more than nine (9) years.

Ash'ari bin Ayub and Wong Zee Shin were appointed to the Board as Independent Directors on 28 March 2012. At the date of issuance of this Annual Report, both of them had served on the Board for a period of eight (8) years and their term of full nine (9) years fall on 28 March 2021.

The Board wishes to retain Ash'ari bin Ayub and Wong Zee Shin as Independent Directors after 28 March 2021 and is therefore seeking shareholders' approval at the forthcoming Annual General Meeting ("AGM") in view that the next AGM of the Company is expected to be held in November/December 2021. Subject to the shareholders' approval being obtained at the forthcoming AGM, Ash'ari bin Ayub and Wong Zee Shin will not be re-designated as Non-Independent Non-Executive Director of the Company and will be subject to annual re-appointment by shareholders at AGM of the Company in accordance with Article 90(2) of the Company's Constitution. The Board's justification for retaining Ash'ari bin Ayub and Wong Zee Shin as Independent Directors are as follows:

- i) They have fulfilled the criteria under the definition of Independent Director as stated in the MMLR;
- ii) They are experienced Chartered Accountants and are members of the Malaysian Institute of Accountants ("MIA"). Their diverse range of experiences provide confidence to the Board as members of the Audit Committee (of which Ash'ari is the Audit Committee Chairman) who oversees the periodic review of the financial results of the Group. As such, it is of the best interest of the Group to maintain their current appointment as Independent Directors;
- iii) They have continuously demonstrated their independence, integrity and due care during Board meetings; and
- iv) They had not entered into any related party transactions with the Group.

As Ash'ari bin Ayub and Wong Zee Shin are also standing for re-election pursuant to Article 90(1) of the Company's Constitution, their retention as Independent Directors would therefore be subject to shareholders approval on their re-election.

The Board has established a succession planning process for key senior management staff in all key business areas where candidates are identified for the roles. The potential candidates are nurtured with the relevant training and skill development programmes, as well as relevant job-related exposures to the relevant positions in preparation for such candidates to assume higher levels of responsibilities.



32 Corporate Governance Overview Statement (Cont'd)

SECTION 1: DIRECTORS (Cont'd)

SUPPLY OF INFORMATION

All Directors review Board reports prior to the Board meeting. These papers are issued in sufficient time to enable the Directors to obtain further explanations, where necessary, in order to be briefed properly before the meeting. The Board paper includes, among others, the following details:

- Quarterly performance report of the Group
- Major risk, strategic, operational and financial issues
- Business outlook
- Material legal matters
- Information on related party transactions
- Circular resolutions passed
- Announcements and press releases made
- Internal control concerns
- Policies and governance matters
- Reserved matters such as corporate plans, material acquisitions and disposals

All Directors have access to the advice and services of the Company Secretaries and take independent professional advice, if necessary, at the Company's expense. Before incurring such professional fees, the Director concerned must consult with the Group Executive Chairman.

AUDIT COMMITTEE

The Audit Committee report is presented on pages 40 to 43 of this annual report.

APPOINTMENTS TO THE BOARD

The Code endorses, as good practice, a formal procedure for appointments to the Board, with a Nominating Committee making recommendations to the Board. The Code, however, states that this procedure may be performed by the Board as a whole, although, as a matter of best practice, it recommends that these responsibilities be delegated to a committee.

New appointees will be considered and evaluated by the Nominating Committee. The Nominating Committee will then recommend the candidates to be approved by the Board. The Company Secretary will ensure that all appointments are properly made, that all necessary information is obtained, as well as all legal and regulatory requirements are met.

NOMINATING COMMITTEE

The Nominating Committee consists entirely of Independent Non-Executive Directors and the members are as follows:

- Ash'ari bin Ayub (*Chairman*)
- Wong Zee Shin
- Kong Kok Keong (*Appointed on 30 July 2020*)
- Mej Jen Dato' Mokhtar bin Perman (Rtd) (*Resigned on 30 July 2020*)

The terms of reference and authority of the Nominating Committee is available on the Company's website. The appointment of Chairman to the Nominating Committee is in line with the Code as the Code recommends that the Senior Independent Director be the Chairman of Nominating Committee.



Corporate Governance Overview Statement (Cont'd)

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SECTION 1: DIRECTORS (Cont'd)

NOMINATING COMMITTEE (Cont'd)

The primary objectives of the Nominating Committee are to assess the performance and effectiveness of the Directors, the Board and Board Committees on an annual basis, to evaluate suitability of candidates and make recommendations to the Board on all new Board appointments. The potential candidate may be proposed by existing directors, senior management, shareholders or third-party referrals. In doing so, the Nominating Committee also takes cognisance of the Board's need for the board composition to reflect a range of skill, mix and expertise, high levels of professional skills and appropriate personal qualities. In addition, the Nominating Committee notes that the qualifications for Board membership are the ability to make informed business decisions and recommendations, an entrepreneurial talent for contributing to the creation of shareholder value, relevant experience, the ability to appreciate the wider picture, ability to ask probing operational related questions, high ethical standards, sound practical sense, and total commitment to furthering the interests of shareholders and the achievement of the Company's goals. Besides reviewing the candidate's resume and other biographical information, the assessment process may include, at the Nominating Committee's discretion, conducting legal and background searches as well as formal and informal interview.

As an integral element in the process of appointing new directors, the Nominating Committee ensures that there is appropriate orientation and education programme for new Board members, supplemented by visits to key locations and meetings with key senior executives. The Nominating Committee is also empowered to assess the performance of the Directors, effectiveness of the Board and Board Committees as a whole. During the financial year, the assessments for the Board and Board Committees are mainly on their respective roles and responsibilities whereas the assessment for the Directors (including for the purpose of re-appointment) covers inter-alia the following competencies:

- Knowledge
- Integrity
- Governance
- Risk management
- Teamwork
- Judgement and problem solving
- Business alliances and networks
- Crisis management

The activities of the Nominating Committee during the year were as follows:

- Reviewed the composition of the Board and the Board Committees;
- Reviewed the performance and effectiveness of the Board, the Directors individually, and the Board Committees;
- Noted the resignation of an independent non-executive director and discussed and recommended to the Board on the composition of the Board Committees that were affected with the resignation;
- Reviewed the term of office of each of the Audit Committee members; and
- Reviewed and recommended to the Board on the re-election of directors retiring at the forthcoming AGM.

There were no new appointments to the Board (to be assessed) during the year.

DIRECTORS' TRAINING

All Directors have attended the Mandatory Accreditation Programme as prescribed by Bursa Malaysia.

During the financial year, the Directors received briefings and updates on the Group's businesses, operations, risk management, internal controls, corporate governance, finance and any changes to relevant legislation, rules and regulations. The Directors are also encouraged to attend seminars and briefings in order to keep themselves abreast with the latest developments in the business environment and to enhance their skills and knowledge.



34 Corporate Governance Overview Statement (Cont'd)

SECTION 1: DIRECTORS (Cont'd)

DIRECTORS' TRAINING (Cont'd)

During the financial year, the Directors collectively or on their own, attended various training programmes, seminars, briefings and/or workshops as follows:

Director	Name of Conferences, Seminars and Training Programmes Attended
Tan Sri Datuk Seri Panglima (Dr.) TC Goh	<ul style="list-style-type: none"> – Training And Briefing On Anti-Bribery And Anti-Corruption – Briefing On The Changes In The Revised Anti-Money Laundering And Countering Financing Of Terrorism
Kong Kok Keong	<ul style="list-style-type: none"> – Training and briefing on Anti-Bribery and Anti-Corruption by Tricor Axcelasia – National Anti-Corruption Plan and Corporate Liability Provision Sessions
Ooi Boon Pin	<ul style="list-style-type: none"> – Training and briefing on Anti-Bribery and Anti-Corruption by Tricor Axcelasia – Semi SEA Webinar: Business Unusual, Journey to Recovery on E&E Industry – UOB Webinar: Build Passive Income by Accumulating Beaten down Yield Plays – UOB Webinar: Coronavirus and The Stock Market: What to Buy now
Chen Heng Mun	<ul style="list-style-type: none"> – Training and briefing on Anti-Bribery and Anti-Corruption – The Cooler Earth: Sustainability Summit – KPMG - Tax and Business Summit 2019 – KPMG Webinar Series: Covid-19 Financial Reporting Impacts Webinar – KPMG Webinar Series - The Resilient Tax Function – KPMG Webinar Series - Managing Tax Through and Beyond COVID-19 – Axcelasia - Anti-Bribery Anti-Corruption Framework Implementation Program – MIA Webinar Series - Impact of COVID-19 on Financial Reporting – Tricor Webinar - The Importance and Challenges of Private Wealth Planning for Asian Families – KPMG Webinar Series - A New Reality Webinar Series I Asia Pacific after COVID-19 – KPMG Webinar Series - Challenges to Impairment of Non-Financial Assets due to Covid-19 – Bakertilly Webinar - Buying in a Bubble? Post-Covid cross-border M+A and Trade Starts in 1 Hour
Ash'ari bin Ayub	<ul style="list-style-type: none"> – Training and briefing on Anti-Bribery and Anti-Corruption – MIA International Accountants Conference – Corporate liability under Malaysian Anti Bribery Laws – Corporate liability under Malaysian Anti-Corruption Commission Act
Wong Zee Shin	<ul style="list-style-type: none"> – Training and briefing on Anti-Bribery and Anti-Corruption – Workshop on the Companies Act, 2016 and Secretarial Practice – Seminar Percukaian Kebangsaan 2019
Mej Jen Dato' Mokhtar bin Perman (Rtd) (Resigned on 30 July 2020)	<ul style="list-style-type: none"> – Training and briefing on Anti-Bribery and Anti-Corruption
Yong Nam Yun	<ul style="list-style-type: none"> – Training and briefing on Anti-Bribery and Anti-Corruption



Corporate Governance Overview Statement (Cont'd)

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DIRECTORS' TRAINING (Cont'd)

The Company recognises the importance of continuous professional development and training for its directors. The Board as a whole has undertaken an assessment of the training needs of each director after taking into account the training programmes the Directors had attended in the past three (3) years and the qualification, role, responsibilities, knowledge and experience of the respective Directors. The proposed training programmes encompass areas related to the industry or businesses of the Group, governance, risk management and the relevant regulations related to the Group.

RE-ELECTION

In accordance with Article 90(1) of the Company's Constitution, an election of Directors shall take place each year. Further, at the AGM in every year, one-third (1/3) of our Directors or, if the number of Directors is not three (3) or a multiple of three (3), the number nearest to one-third (1/3) shall retire from office and be eligible for re-election provided always that all our Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. The Directors to retire in each year shall be those who have been longest in office since their last election.

Article 83 of the Constitution of the Company further states that any newly appointed director to fill casual vacancy, shall hold office only until the next following AGM and then shall be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that AGM.

Accordingly, the following Directors are subject to re-election in accordance to Article 90(1), at this forthcoming AGM:

- Chen Heng Mun
- Ash'ari bin Ayub
- Wong Zee Shin

The Nominating Committee who is responsible for recommending to the Board those directors who are eligible for re-election has based on formal reviews and assessment of performance of the Directors, recommended to the Board on their re-election, after taking into account their yearly performance evaluation results, contribution to the Board through their skills, experience, strengths and qualities, level of independence and ability to act in the best interest of the Company in decision-making. The above three (3) Directors are eligible to stand for re-election and all of them had expressed their intention to seek for re-election.

At the Board meeting held on 16 October 2020, the Board approved the recommendation of the Nominating Committee on the re-election of the above three (3) Directors.

SECTION 2: DIRECTORS' REMUNERATION

REMUNERATION COMMITTEE

The Remuneration Committee comprises entirely of Non-Executive Directors, majority of whom are independent. The Remuneration Committee members are as follows:

- Ash'ari bin Ayub (*Chairman*)
- Wong Zee Shin
- Kong Kok Keong

The terms of reference and authority of the Remuneration Committee is available on the Company's website. During the financial year, the Remuneration Committee:

- reviewed the remuneration of the Executive Directors/senior management during the financial year and opined that the remuneration is adequate and commensurate with the present job scope of the Executive Directors/senior management. The Remuneration Committee would revisit the remuneration package of the Executive Directors/senior management as and when the need arises; and
- recommended the payment of the directors remuneration for the Executive Directors/senior management and Non-Executive Directors for the financial year to the Board for approval.



36 Corporate Governance Overview Statement (Cont'd)

SECTION 2: DIRECTORS' REMUNERATION (Cont'd)

REMUNERATION COMMITTEE (Cont'd)

The Remuneration Committee is responsible to recommend to the Board a remuneration framework for Directors/senior management with the objective to ensure that the Company attracts and retains the Directors/senior management needed to run the Group successfully. It is the ultimate responsibility of the entire Board to approve the remuneration of the Executive Directors/senior management with the respective Directors abstaining from decisions in respect of their remuneration.

The determination of the remuneration of the Non-Executive Directors is a matter for the Board as a whole with individual Directors abstaining from decision in respect of their remuneration.

DIRECTORS REMUNERATION

Details of the Directors' remuneration (including the remuneration for services rendered) and fees for the financial year ended 30 June 2020, are as follows:

Received/Receivable from the Company (RM'000):

	Fees	Remuneration	Meeting allowances	Total	Benefits-in-kind
Executive Directors					
Tan Sri Datuk Seri Panglima (Dr.) TC Goh	-	650	-	650	-
Ooi Boon Pin	-	-	-	-	-
Chen Heng Mun	-	289	-	289	-
Yong Nam Yun	-	-	-	-	-
<i>Sub-total: Executive Directors</i>	-	939	-	939	-
Non-Executive Directors					
Kong Kok Keong	41	-	2.5	43.5	-
Ash'ari Bin Ayub	41	-	2.5	43.5	-
Mejar Jeneral Dato' Mokhtar bin Perman (Rtd) (resigned on 30 July 2020)	41	-	2.5	43.5	-
Wong Zee Shin	41	-	2.5	43.5	-
<i>Sub-total: Non-Executive Directors</i>	164	-	10	174	-
Total	164	939	10	1,113	-



Corporate Governance Overview Statement (Cont'd)

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SECTION 2: DIRECTORS' REMUNERATION (Cont'd)

DIRECTORS REMUNERATION (Cont'd)

Received/Receivable from the Group (RM'000):

	Fees	Remuneration	Meeting allowances	Total	Benefits-in-kind
Executive Directors					
Tan Sri Datuk Seri Panglima (Dr.) TC Goh	33	1,678	-	1,711	-
Ooi Boon Pin	-	1,047	-	1,047	11
Chen Heng Mun	36	615	-	651	-
Yong Nam Yun	4	506	-	510	-
<i>Sub-total: Executive Directors</i>	73	3,846	-	3,919	11
Non-Executive Directors					
Kong Kok Keong	74	-	2.5	76.5	-
Ash'ari Bin Ayub	41	-	2.5	43.5	-
Mejar Jeneral Dato' Mokhtar bin Perman (Rtd) (Resigned on 30 July 2020)	41	-	2.5	43.5	-
Wong Zee Shin	41	-	2.5	43.5	-
<i>Sub-total: Non-Executive Directors</i>	197	-	10	207	-
Total	270	3,846	10	4,126	11

During the financial year, as part of the Directors, management and employees' efforts and solidarity to commit to the sustainability of the Group especially in view of the challenging times brought about by the Covid-19 pandemic, they have agreed and accepted to reductions in their fees and remuneration.

SECTION 3: PROMOTING ETHICAL CONDUCT

The Board has adopted a Code of Ethics and Conduct which governs the ethics and conduct of the Directors, management and employees of the Group. The Code of Ethics and Conduct, which is posted on the Company's website includes appropriate communication and feedback channels that facilitate whistleblowing. The Board reviews and amends the Code of Ethics and Conduct when the need arises.

The Board has established an Anti-Bribery and Anti-Corruption Policy and Guidelines ("ABAC Policy") as part of the BOD's commitment to prohibit bribery and corruption activity in the business conduct within the Group. The Board will monitor compliance with the ABAC Policy and review the ABAC Policy regularly or as and when required to ensure that it continues to remain relevant and appropriate guided by the Guidelines on Adequate Procedures pursuant to Section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009 (amended 2018).



38 Corporate Governance Overview Statement (Cont'd)

SECTION 4: PROMOTING SUSTAINABILITY

The Board has formalised and adopted a Sustainability Policy which form part of the Company's Code of Ethics and Conduct. The Board's commitment to sustainability is outcome-based, innovative and founded on the belief that the Group has a responsibility for its contribution to have a lasting impact on the environment around us.

The Board recognises that acting in a responsible and sustainable manner creates new opportunities, enhances investor value, and improves social and environmental returns.

The Board has ultimate responsibility for reviewing and approving the sustainability strategy and monitoring the achievement of sustainability objectives through reviewing performance reporting regularly.

The Sustainability Statement is laid out on pages 22 to 28.

SECTION 5: SHAREHOLDERS

CORPORATE DISCLOSURE AND SHAREHOLDERS COMMUNICATION

The Board acknowledges the importance of disclosure and communication with the shareholders and investors. Discussions, where appropriate, were held between the Executive Directors/senior management with the analysts, media, shareholders and investors throughout the year. Presentations based on permissible disclosures are given to explain the Group's performance, major developments and significant events of the Group. The Group has been making timely announcements to the public with regards to the Group's corporate proposals, financial results, other regulatory announcements as well as information and disclosure which would be of interest to the investors and members of the public.

In addition, the Group has also established a website at www.globaltec.com.my for shareholders and the public to access for information related to the Group. The shareholders communication policy is also posted on the Company's website.

AGM

The AGM represents the principal forum for dialogue and interaction with all shareholders of the Company. Shareholders are encouraged to attend the AGM and participate in the proceedings and question and answer session. All Directors, senior management and external auditors are available to respond to the shareholders' questions during the AGM.

SECTION 6: ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

The Board has a responsibility and aims to provide/present a fair, balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly reports to Bursa Malaysia as well as the Executive Chairman Statement and the Management Discussion and Analysis Section in the annual report to the shareholders. The Audit Committee assists the Board in overseeing the Group's financial reporting processes and the quality of its financial reporting.



Corporate Governance Overview Statement (Cont'd)

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SECTION 6: ACCOUNTABILITY AND AUDIT (Cont'd)

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year then ended.

In preparing the financial statements, the Directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- ensured that all applicable accounting standards have been followed; and
- prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have responsibility for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy of the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with the applicable approved accounting standards in Malaysia and the Companies Act 2016.

The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent other irregularities.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has established a risk management framework and reviews it periodically. The Statement on Risk Management and Internal Control presented on pages 44 to 46 provides an overview of the risk profiles and state of internal control within the Group.

RELATIONSHIP WITH THE AUDITORS

The role of the Audit Committee in relation to the external auditors is described on pages 40 to 43.

The above statement and the Corporate Governance Report are made in accordance with the resolution of the Board dated 16 October 2020.



40 Audit Committee Report

MEMBERS OF THE AUDIT COMMITTEE ("COMMITTEE")

The Committee comprises of the following members:

Chairman

Ash'ari bin Ayub

Senior Independent Non-Executive Director

(The Committee Chairman is a member of the Malaysian Institute of Accountants)

Members

Wong Zee Shin

Independent Non-Executive Director

Kong Kok Keong *(Appointed on 30 July 2020)*

Non-Independent Non-Executive Director

Mej Jen Dato' Mokhtar bin Perman *(Rtd)*
(Resigned on 30 July 2020)

Independent Non-Executive Director

The terms of reference of the Committee which cover amongst others the composition, authority, attendance and frequency of meetings, procedures, minutes and functions of the Committee can be found on the Company's website at www.globaltec.com.my.

1. MEETINGS OF THE COMMITTEE

The details of attendance at the Committee meetings for the financial year ended 30 June 2020 are as follows:

	Date of Meeting	Total Committee Members	Attendance by Committee Members (Percentage of Attendance)
1.	29 August 2019	3	2 (67%)
2.	10 October 2019	3	3 (100%)
3.	25 November 2019	3	3 (100%)
4.	27 February 2020	3	3 (100%)
5.	21 May 2020	3	3 (100%)

The details of attendance by individual Committee Member for the financial year ended 30 June 2020 are as below:

	Name of Member	Total Meetings Attended	Percentage of Attendance
1.	Ash'ari bin Ayub	5/5	100%
2.	Wong Zee Shin	5/5	100%
3.	Mej Jen Dato' Mokhtar bin Perman <i>(Rtd)</i>	4/5	80%



2. INTERNAL AUDIT FUNCTION

The Committee assists the Board in maintaining a sound system of internal control for the purposes of safeguarding shareholders' investments and the Group's assets. In discharging its duties, the Committee is supported by an internal audit function which is outsourced to Tricor Axcelasia Sdn Bhd (f.k.a. Axcelasia Columbus Sdn Bhd), an independent professional service firm who undertakes the necessary activities to enable the Committee to discharge its functions effectively. The internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence in carrying out their internal audit function for the Group. This independent professional service firm has a total of 40 personnel providing internal audit services and can be deployed to render internal audit services to the Group. The key personnel (and their respective qualifications) of this professional service firm are as follows:

Name	Designation	Role	Qualifications
Ranjit Singh	Regional Managing Director of Tricor Axcelasia Sdn Bhd (f.k.a Axcelasia Columbus Sdn Bhd)	Engagement Director	<ul style="list-style-type: none">• Certified Internal Auditor ("CIA")• Certification of Risk Management Assurance ("CRMA")• Certified Public Accountant ("CPA") (M)• Chartered Accountant ("CA")
David Low	Director of Tricor Axcelasia Sdn Bhd (f.k.a Axcelasia Columbus Sdn Bhd)	Engagement Field-In-Charge	<ul style="list-style-type: none">• CA• Professional Member of Institute of Internal Auditors

The internal auditors report directly and are accountable to the Audit Committee. The Committee regards the internal audit function as essential to assist in obtaining the assurance it requires regarding the effectiveness of the systems of internal controls within the Company and the Group. During the financial year, the Committee had two (2) meetings with the internal auditors without the presence of the Executive Directors and management.

During the financial year under review, the internal auditors conducted internal audits to assess the effectiveness and integrity of the system of internal controls of the Company and certain operating units in the Group in accordance with the approved audit plan by the Committee. The scope of internal audit comprises both core and support functions of certain operating units in the Group, namely production, inventory management, quality assurance and control, procurement, human resources and finance. The internal auditor conducted four (4) internal audit cycles during the financial year, covering the major operating locations of the Group.

The findings and recommendations for improvements were presented to the Committee for deliberation and action. The costs incurred by the Group for the internal audit function during the period amounted to RM64,000.

3. EXTERNAL AUDITORS

The Company has always maintained a close and transparent relationship with its external auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia. The Committee has a direct communication channel with the internal and external auditors. During the financial year, the Committee had two (2) meetings with the external auditors without the presence of the Executive Directors and management. In addition, the external auditors are invited to attend the annual general meeting of the Company and are available to answer shareholders' questions on the conduct of the statutory audit and the preparation and contents of their audit report.



42 Audit Committee Report (Cont'd)

3. EXTERNAL AUDITORS (Cont'd)

The Committee conducts annual review and assessment on the appointment or re-appointment of external auditors for statutory audit, recurring audit related and non-audit related services (if any). The objective of the review is to ensure that the independence and objectivity of the external auditors as statutory auditors are not compromised. This annual review and assessment is carried out in accordance with the assessment criteria covering regulatory requirements, performance and independence and objectivity as set out in the External Auditors Evaluation Policy. The External Auditors Evaluation Policy is posted on the Company's website at www.globaltec.com.my. The Board, upon concurrence with the outcome of the assessment at the Board meeting held on 16 October 2020, approved the re-appointment of the external auditors based on the Committee's recommendation subject to the approval by shareholders at the annual general meeting.

The Committee has considered the provision of non-audit services by the external auditors during the year and concluded that the provision of these services did not compromise the external auditors' independence and objectivity and the amount of fees paid for these services was not significant as compared to the total fees paid to the external auditors.

Audit fees paid/payable to the external auditors by the Group and by the Company for the financial year amounted to RM899,000 and RM115,000 respectively whereas non-audit fees paid/payable to the Company's external auditors (and its local affiliates) by the Group and by the Company for the financial year amounted to RM37,000 and RM28,000 respectively.

4. ACTIVITIES

During the financial year and up to the date of this report, the Committee carried out its duties in accordance with its terms of reference. The main activities undertaken by the Committee were as follows:

- Reviewed the external auditors' scope of work and audit plans for the financial year. Prior to the audit, representatives from the external auditors presented their audit strategy and plan.
- Reviewed with the external auditors the results of the audit, the audit report and the management letters.
- Reviewed the independence, objectivity and effectiveness of the external auditors and the services provided, including non-audit services (if any). The written assurance on the independence of the external auditors were obtained on 27 August 2020. As at to-date, the audit firm has been engaged as the external auditors of the Company for 9 years whereas the engagement partner has been assigned to the Company for 6 years.
- Reviewed the internal auditors' scope of work, function, competency and resources in carrying out the internal audit work.
- Held private meetings with the internal auditors and with the external auditors on 29 August 2019, 21 May 2020 and 15 June 2020, without the presence of the Executive Directors and Management, which covered topics which include amongst others key risk areas, outstanding information and audit procedures and the smoothness of the audit process itself. There were no material issues arising from these meetings.
- Reviewed the internal audit reports, which highlighted the internal audit findings, recommendations and management's response. Discussed with Management, actions taken to improve the system of internal control based on improvement opportunities identified in the internal audit reports.



4. ACTIVITIES (Cont'd)

- Reviewed the Annual Report and the Audited Financial Statements of the Group and the Company, prior to the submission to the Board for their consideration and approval, to ensure that the Audited Financial Statements were drawn up in accordance with the provisions of the Companies Act 2016 and the applicable Approved Accounting Standards as approved by the Malaysian Accounting Standards Board ("MASB"). Any significant issues arising from the audit of the financial statements by the external auditors were deliberated upon.
- Received and reviewed the Enterprise Risk Management report.
- Reviewed the quarterly unaudited financial results announcements of the Group before recommending them to the Board for its approval. The review and discussion of these announcements was conducted with the presence of the Executive Directors.
- Reviewed and approved the statements of risk management and internal control to be included in the Annual Report.
- In respect of the quarterly and period end financial statements, reviewed the Company's compliance with the Listing Requirements of Bursa Malaysia, applicable approved accounting standards approved by MASB and other relevant legal and regulatory requirements.
- Reviewed related party transactions entered into by the Company and the Group to ensure that such transactions were undertaken in line with the Group's normal commercial terms and that the internal control procedures with regards to such transactions are sufficient.



44 Statement on Risk Management and Internal Control

INTRODUCTION

This Statement on Risk Management and Internal Control by the Board of Directors ("Board") on the Group is made pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and in accordance with the Principles and Recommendations as provided in the Malaysian Code on Corporate Governance 2017 ("Code"). This Statement is guided by the *Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers*.

BOARD'S RESPONSIBILITIES

The Board acknowledges its overall responsibility for the establishment of a sound risk and control framework for the Group and as such, affirms its commitment and responsibility for the Group's risk management and internal control systems covering not only financial controls but also operational, organisational and compliance controls as well as the review of its adequacy, integrity and effectiveness.

The Board determines the Group's level of risk tolerance and identifies, assesses and monitors key business risks to safeguard shareholders' investments and the Group's assets. However, such framework/systems are designed to manage rather than to eliminate the risk of failure to achieve business objectives. In addition, these systems can only provide reasonable but not absolute assurance against material misstatement or loss.

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group in its achievement of its objectives and strategies. The process has been in place during the year up to the date of approval of this Statement and is subject to review by the Board.

The Board is assisted by Management in implementing the Board's policies and procedures on risk and control by identifying and analysing risk information, designing and operating suitable internal controls to manage and control these risks, and monitoring effectiveness of risk management and control activities.

The key features of the risk management and internal control systems are described below.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

The Group has established an Enterprise Risk Management ("ERM") framework to identify, evaluate and manage the key risks to an acceptable level. Risk management is embedded in the Group's key processes through its ERM framework, in line with Principle B and Guidance 9.1 of the Code. Under the Group's ERM framework, the Group has relevant policies and guidelines on risk reporting and disclosure which cover both operational and financial risks.

The Group has also formalised an Anti-Bribery and Anti-Corruption Policy and Guidelines ("ABAC Policy") as part of the Board's commitment to reduce bribery and corruption risks within the Group. The Board and Management have attended training on the ABAC conducted by an outsourced service provider. The Management has also designed and implemented controls and action plans to address bribery and corruption risks.

Operating risk management ranges from strategic operating risks to managing day-to-day operational risks. The management of the Group's day-to-day operational risks (such as health, safety and environment, quality, production, legal, bribery and corruption) is mainly decentralised at the business unit level and guided by approved standard operating procedures. Group-wide operational risks (such as statutory compliances) are coordinated centrally.

The Group is exposed to various financial risks relating to credit, liquidity, interest rates and foreign currency. The Group's risk management objectives and policies, together with the required qualitative and quantitative disclosures, are disclosed in Note 30 to the financial statements on pages 131 to 147.



Statement on Risk Management and Internal Control (Cont'd)

RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

Risk Management (Cont'd)

The Group also maintains a database of risks and controls (including bribery and corruption risks) information captured in the format of risk registers. Key risks of major business units are identified, assessed and categorised to highlight the sources of risks, their impacts and the likelihood of occurrence. Risk profiles for these major operating business units are presented to the Executive Committee, Audit Committee and the Board for deliberation and approval. Action plans to address key risks are developed and their status of implementation is reported to the Executive Committee, Audit Committee and the Board.

The risk profiles of the major operating business units of the Group are being monitored by its respective Management. The risks identified for the Group are considered in formulating the strategies and plans that are approved and adopted by the Board. The strategies and plans are monitored and revised as the need arises.

Briefings on risk management are conducted for Board and Management as part of the Group's efforts to instill a proactive risk management culture and implement a proper risk management framework in the Group.

Internal Control

The Group manages its risks by implementing various internal control mechanisms. The key elements of the internal control systems are as follows:

- The Group has an organisation structure that is aligned with its business and operational requirements, with defined lines of responsibilities and authority levels.
- The Board receives and reviews reports from the Management on key financial data, performance indicators and regulatory matters (if any) quarterly. This is to ensure that matters that require the Board and Management's attention are highlighted for review, deliberation and decision on a timely basis. The Board approves appropriate responses or amendments to the Group's policy. Besides, the results of the Group are reported quarterly and any significant fluctuations are analysed and acted on in a timely manner.
- There is a budgeting system that requires preparation of the annual budget by all major operating business units. The annual budget which contains financial and operating targets and performance indicators are reviewed and approved by the Executive Committee together with the Management before being presented to the Board for final review and approval.
- Issues relating to the business operations are highlighted for the Board's attention during Board meetings. Further independent assurance is provided by the Group Internal Audit Function and the Audit Committee. The Audit Committee reviews internal control matters and updates the Board on significant issues for the Board's attention and action.

The Group's internal audit function has been outsourced to a professional service firm, as part of their efforts in ensuring that the Group's systems of internal controls are functioning as intended. Further details of the Internal Audit Function are set out on page 41 in the Audit Committee Report.

The other salient features of the Group's systems of internal controls are as follows:

- Quarterly review of the financial performance of the Group by the Board and the Audit Committee;
- Operations review meetings are held by the respective divisions to monitor the progress of business operations, deliberate significant issues and formulate corrective measures;
- Establishment of a whistle blowing policy; and
- Code of ethics and conduct provided to all employees of the Group.



Statement on Risk Management and Internal Control (Cont'd)

REVIEW BY BOARD

The Board considered the system of internal controls and risk management described in this Statement to be satisfactory and generally adequate within the context of the Group's business environment. The Board and Management will continue to take measures to strengthen the control environment and monitor the robustness of the internal control framework.

The Board has also obtained assurance from the Group Executive Chairman and Group Finance Director that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, for the financial year ended 30 June 2020 and up to the date of this Statement.

This Statement on Risk Management and Internal Control has not dealt with the joint venture in which the Group does not have full management control over. However, the Group's interest is served through representations on the Board of the joint venture.

CONCLUSION

The Board, through the Audit Committee, confirms that it has reviewed the effectiveness of the internal control framework and considers the Group's system of internal controls is sufficient to provide reasonable assurance in safeguarding the shareholders' interests and assets of the Group.

This Statement is approved in accordance with a resolution of the Board dated 16 October 2020.



FINANCIAL STATEMENTS

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48 Directors' Report

For the Year Ended 30 June 2020

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2020.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 9 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 9 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit/(Loss) for the year attributable to:		
Owners of the Company	2,348	(21,331)
Non-controlling interests	(3,453)	-
	<u>(1,105)</u>	<u>(21,331)</u>

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

DIVIDENDS

No dividend was paid during the financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

DIRECTORS OF THE COMPANY

Directors who served during the financial year and until the date of this report are:

Tan Sri Datuk Seri Panglima (Dr.) Goh Tian Chuan, JP
 Kong Kok Keong
 Ooi Boon Pin
 Chen Heng Mun
 Ash'ari bin Ayub
 Wong Zee Shin
 Yong Nam Yun (alternate director to Kong Kok Keong)
 Mej Jen Dato' Mokhtar bin Perman (Rtd) (resigned on 30 July 2020)



Directors' Report

For the Year Ended 30 June 2020 (Cont'd)

DIRECTORS OF THE SUBSIDIARIES

The following is a list of directors of the subsidiaries (excluding Directors who are also Directors of the Company) who held office during the financial year and until the date of this report:

Alan Robert Fraser	
Bhae Hong Yong	
Goh Min Yen	
Hiew Yon Fo	
Ian Wang	
Indra Surya Susanto	
Kee Yong Wah	
Lim Beng Hong	
Pang Kim Fan	
Unggul Setyamoko	
Woon Wai Thong	
Lee Chul	(appointed on 16 July 2019)
Jason Chua Joo Huang	(appointed on 26 September 2019)
Ang Lee Lee	(appointed on 31 December 2019)
Lee Hwan Boo	(resigned on 16 July 2019)
Hon Poh Chow	(resigned on 13 September 2019)
Tay Tuan Leng	(resigned on 31 December 2019)

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the ordinary shares and warrants of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) are as follows:

	Number of ordinary shares			
	At 1.7.2019	Bought	Sold	At 30.6.2020
<i>Interests in the Company</i>				
Tan Sri Datuk Seri Panglima (Dr.) Goh Tian Chuan, JP				
– direct interest	53,300,870	-	-	53,300,870
Kong Kok Keong				
– direct interest	32,365,682	8,299,633	-	40,665,315
– indirect interest ^(a)	19,397,650	-	-	19,397,650
Ooi Boon Pin				
– direct interest	3,899,279	-	-	3,899,279
– indirect interest ^(b)	989,290	-	-	989,290
Chen Heng Mun				
– direct interest	93,109	-	-	93,109
– indirect interest ^(b)	100,235	-	-	100,235
Wong Zee Shin	966	-	-	966
Yong Nam Yun	5,926,039	-	-	5,926,039



50 Directors' Report For the Year Ended 30 June 2020 (Cont'd)

DIRECTORS' INTERESTS IN SHARES (Cont'd)

	At 1.7.2019	Number of shares		At 30.6.2020
		Bought	Sold	
<i>Interests in the NuEnergy Gas Limited</i>				
Tan Sri Datuk Seri Panglima (Dr.) Goh Tian Chuan, JP				
– direct interest	68,112,694	-	-	68,112,694
Kong Kok Keong				
– direct interest	68,112,694	-	-	68,112,694

	At 1.7.2019	Number of warrants		At 30.6.2020
		Bought	Sold	
<i>Interests in the Company</i>				
Tan Sri Datuk Seri Panglima (Dr.) Goh Tian Chuan, JP				
– direct interest	13,328,085	-	-	13,328,085
Kong Kok Keong				
– direct interest	7,696,869	2,259,708	-	9,956,577
– indirect interest ^(a)	4,849,412	-	-	4,849,412
Ooi Boon Pin				
– direct interest	974,819	-	-	974,819
– indirect interest ^(b)	247,322	-	-	247,322
Chen Heng Mun				
– direct interest	23,277	-	-	23,277
– indirect interest ^(b)	25,058	-	-	25,058
Wong Zee Shin	241	-	-	241
Yong Nam Yun	1,481,509	-	-	1,481,509

Notes:

^(a) Deemed interested by virtue of Section 8 of the Companies Act 2016 ("Act") held through Darulnas (M) Sdn Bhd and by virtue of Section 59(11) of the Act held through his spouse.

^(b) Deemed interested by virtue of Section 59(11) of the Act held through his spouse.

None of the other Directors holding office at 30 June 2020 had any interest in the shares and warrants of the Company during the financial year.

Save as disclosed above, none of the Directors holding office at 30 June 2020 had any interest in the shares or options of the related corporations of the Company during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) 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 as disclosed in Note 34 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate apart from the issue of warrants by the Company.



Directors' Report For the Year Ended 30 June 2020 (Cont'd)

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ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of warrants described below.

WARRANTS

On 20 December 2018, the Company had issued 67,271,723 free warrants ("Warrant") on the basis of 1 Warrant for every 4 Consolidated Shares*. The Warrants have an exercise period of 3 years commencing 20 December 2018 and ending on 17 December 2021, and each Warrant entitles the holder to subscribe for one new ordinary share at any time during the exercise period at the exercise price of RM0.72 each, subject to adjustments in accordance with the provisions of the deed poll governing the Warrants. As at 30 June 2020, all the Warrants remained unexercised.

* Pursuant to the shareholders' approval obtained on 29 November 2018, the Company had on 14 December 2018, undertaken a consolidation of every 20 existing ordinary shares into 1 ordinary share. On that day, 5,381,737,911 ordinary shares in the Company had been consolidated into 269,086,895 ordinary shares.

INDEMNITY AND INSURANCE COSTS

During the financial year, there were no indemnity insurance given to or effected for Directors, officers or auditors of the Company.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.



52 Directors' Report For the Year Ended 30 June 2020 (Cont'd)

OTHER STATUTORY INFORMATION (Cont'd)

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

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, except for the impairment loss on receivables of RM3,286,000 and fair value gain on investment property of RM3,194,000 as disclosed in Note 26 to the financial statements, the financial performance of the Group for the financial year ended 30 June 2020 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

In the opinion of the Directors, except for the impairment loss on advances to subsidiaries of RM19,705,000 as disclosed in Note 26 to the financial statements, the financial performance of the Company for the financial year ended 30 June 2020 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

SIGNIFICANT EVENT

The significant event during the financial year is disclosed in Note 35 to the financial statements.

SUBSEQUENT EVENTS

The subsequent event after the end of the financial year is disclosed in Note 36 to the financial statements.

AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 26 to the financial statements.

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

Tan Sri Datuk Seri Panglima (Dr.) Goh Tian Chuan, JP
Director

Ooi Boon Pin
Director

Kuala Lumpur,
Date: 16 October 2020



Statements of Financial Position

As at 30 June 2020

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	Note	Group		Company	
		2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
Assets					
Property, plant and equipment	3	73,011	110,324	208	414
Right-of-use assets	4	35,781	-	837	-
Exploration and evaluation assets	6	103,598	99,339	-	-
Investment property	7	13,605	-	-	-
Intangible assets	8	27,445	27,706	-	-
Investments in subsidiaries	9	-	-	241,406	251,250
Other financial assets	10	3,138	3,036	-	-
Other investments	11	53	-	-	-
Deferred tax assets	12	165	769	-	-
Total non-current assets		256,796	241,174	242,451	251,664
Biological assets	5	241	172	-	-
Inventories	13	24,034	28,368	-	-
Contract assets	14	5,374	7,631	-	-
Trade and other receivables	15	17,301	35,177	413	9,691
Current tax assets		1,882	1,373	29	187
Other investments	11	164	185	-	-
Fixed deposits with maturity more than three months but less than twelve months		3,000	6,000	-	-
Cash and cash equivalents	16	53,004	40,750	1,847	3,616
		105,000	119,656	2,289	13,494
Asset classified as held for sale	17	-	-	-	-
Total current assets		105,000	119,656	2,289	13,494
Total assets		361,796	360,830	244,740	265,158



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Statements of Financial Position As at 30 June 2020 (Cont'd)

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Equity					
Share capital	18.1	643,647	643,647	643,647	643,647
Reserves		(405,077)	(410,330)	(400,455)	(379,124)
Equity attributable to owners of the Company		238,570	233,317	243,192	264,523
Non-controlling interests		36,759	39,694	-	-
Total equity		275,329	273,011	243,192	264,523
Liabilities					
Loans and borrowings	19	3,749	6,562	-	188
Lease liabilities		2,014	-	757	-
Deferred income	20	1,329	-	-	-
Deferred tax liabilities	12	6,813	5,206	-	-
Total non-current liabilities		13,905	11,768	757	188
Loans and borrowings	19	13,464	14,950	-	60
Lease liabilities		1,681	-	253	-
Deferred income	20	160	-	-	-
Provisions	21	26,398	25,660	-	-
Trade and other payables	22	30,536	35,080	538	387
Current tax liabilities		323	361	-	-
Total current liabilities		72,562	76,051	791	447
Total liabilities		86,467	87,819	1,548	635
Total equity and liabilities		361,796	360,830	244,740	265,158

The notes on pages 62 to 152 are an integral part of these financial statements.



Statements of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2020

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	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	23	163,823	217,298	1,589	2,105
Cost of sales		(128,830)	(172,819)	-	-
Gross profit		34,993	44,479	1,589	2,105
Other income		6,655	1,559	5	1,069
Distribution expenses		(626)	(772)	-	-
Administrative expenses		(32,330)	(36,817)	(3,050)	(4,100)
Net loss on impairment of financial instruments		(3,286)	-	(19,862)	(24,508)
Other expenses		(1,649)	(48,868)	-	(1,012)
Results from operating activities		3,757	(40,419)	(21,318)	(26,446)
Finance income	24	1,367	963	33	57
Finance costs	25	(1,296)	(1,546)	(46)	(15)
Net finance income/(costs)		71	(583)	(13)	42
Profit/(Loss) before tax	26	3,828	(41,002)	(21,331)	(26,404)
Tax expense	27	(4,933)	(2,900)	-	-
Loss for the year		(1,105)	(43,902)	(21,331)	(26,404)
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		3,423	4,781	-	-
Other comprehensive income for the year, net of tax		3,423	4,781	-	-
Total comprehensive income/(expense) for the year		2,318	(39,121)	(21,331)	(26,404)
Profit/(Loss) attributable to:					
Owners of the Company		2,348	(19,365)	(21,331)	(26,404)
Non-controlling interests		(3,453)	(24,537)	-	-
Loss for the year		(1,105)	(43,902)	(21,331)	(26,404)
Total comprehensive income/(expense) attributable to:					
Owners of the Company		5,253	(15,981)	(21,331)	(26,404)
Non-controlling interests		(2,935)	(23,140)	-	-
Total comprehensive income/(expense) for the year		2,318	(39,121)	(21,331)	(26,404)
Basic/Diluted earnings/(loss) per ordinary share (sen):	28	0.873	(7.197)		

The notes on pages 62 to 152 are an integral part of these financial statements.



56 Statements of Changes in Equity

For the Year Ended 30 June 2020

Group	Note	Attributable to owners of the Company						
		Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Other reserves RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interests RM'000
At 1 July 2018		538,174	105,473	6,041	(205,481)	(194,909)	249,298	62,834
Foreign currency translation differences for foreign operations		-	-	-	3,384	-	3,384	1,397
Total other comprehensive income for the year		-	-	-	3,384	-	3,384	1,397
Loss for the year		-	-	-	-	(19,365)	(19,365)	(24,537)
Total comprehensive income/(expense) for the year		-	-	-	3,384	(19,365)	(15,981)	(23,140)
Transfer in accordance with Section 618(2) of the Companies Act 2016		105,473	(105,473)	(6,041)	-	6,041	-	-
At 30 June 2019/1 July 2019		643,647	-	-	(202,097)	(208,233)	233,317	39,694
Foreign currency translation differences for foreign operations		-	-	-	2,905	-	2,905	518
Total other comprehensive income for the year		-	-	-	2,905	-	2,905	518
Profit/(Loss) for the year		-	-	-	-	2,348	2,348	(3,453)
Total comprehensive income/(expense) for the year		-	-	-	2,905	2,348	5,253	(2,935)
At 30 June 2020		643,647	-	-	(199,192)	(205,885)	238,570	36,759

Note 18.1 Note 18.2 Note 18.3 Note 18.4



Statements of Changes in Equity For the Year Ended 30 June 2020 (Cont'd)

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Company	<div>← Attributable to owners of the Company →</div> <div>← Non-distributable →</div>				Total equity RM'000
	Share capital RM'000	Share premium RM'000	Fair value adjustment reserve RM'000	Accumulated losses RM'000	
At 1 July 2018	538,174	105,473	(83,429)	(269,291)	290,927
Loss and total comprehensive expense for the year	-	-	-	(26,404)	(26,404)
Transfer in accordance with Section 618(2) of the Companies Act 2016	105,473	(105,473)	-	-	-
At 30 June 2019/1 July 2019	643,647	-	(83,429)	(295,695)	264,523
Loss and total comprehensive expense for the year	-	-	-	(21,331)	(21,331)
At 30 June 2020	643,647	-	(83,429)	(317,026)	243,192
	Note 18.1	Note 18.2	Note 18.4		

The notes on pages 62 to 152 are an integral part of these financial statements.



58 Statements of Cash Flows

For the Year Ended 30 June 2020

Note	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash flows from operating activities				
Profit/(Loss) before tax:	3,828	(41,002)	(21,331)	(26,404)
<i>Adjustments for:</i>				
Amortisation of customer relationships	395	395	-	-
Amortisation of development costs	2	28	-	-
Amortisation of government grant	(106)	-	-	-
Amount due from subsidiaries written off	-	-	-	12
Changes in lease payments arising from rent concessions	(70)	-	-	-
Contract assets written off	1,449	-	-	-
Depreciation of property, plant and equipment	8,660	9,963	62	138
Depreciation of right-of-use assets	2,947	-	275	-
Dividend income	(2)	-	-	-
Exploration consumables expensed off	679	-	-	-
Fair value changes on biological assets	(69)	107	-	-
Fair value loss on financial assets at fair value through profit or loss	32	45	-	-
Fair value gain on investment property	(3,194)	-	-	-
Finance costs	1,296	1,546	46	15
Finance income	(1,367)	(963)	(33)	(57)
Gain on disposal of property, plant and equipment	(135)	(147)	-	(11)
Gain on disposal of right-of-use assets	(86)	-	-	-
Gain on disposal of a subsidiary	-	-	(5)	-
Impairment loss on exploration and evaluation assets	-	20,778	-	-
Impairment loss on goodwill	-	252	-	-
Impairment loss on advances to subsidiaries	-	-	19,705	24,466
Impairment loss on receivables	3,286	-	157	42
Inventories written off	309	712	-	-
Inventories written down to net realisable value	80	749	-	-
Loss on disposal of other investments	-	20	-	-
Prepayments written off	-	1,000	-	1,000
Property, plant and equipment written off	3	2	-	-
Provision for production sharing contract penalties	-	25,413	-	-
Reversal of inventories written down	(204)	(1,555)	-	-
Reversal of provision for warranties (net)	(479)	(638)	-	-
Waiver of amount due to subsidiaries	-	-	-	(1,058)
Unrealised foreign exchange gain (net)	(130)	(12)	-	-
Operating profit/(loss) before changes in working capital	17,124	16,693	(1,124)	(1,857)
Change in inventories	4,351	(2,566)	-	-
Change in contract assets	808	2,506	-	-
Change in trade and other receivables	14,672	(3,170)	(740)	(3,204)
Change in trade and other payables	(5,981)	5,517	151	(1,015)



Statements of Cash Flows

For the Year Ended 30 June 2020 (Cont'd)

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	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash generated from/(used in) operations		30,974	18,980	(1,713)	(6,076)
Employee benefit paid		(59)	(77)	-	-
Tax (paid)/refunded (net)		(3,251)	(2,371)	158	(28)
Warranties paid		(126)	(475)	-	-
Net cash generated from/(used in) operating activities		27,538	16,057	(1,555)	(6,104)
Cash flows from investing activities					
Acquisition of investment property		(10,411)	-	-	-
Development costs paid		(136)	-	-	-
Dividend received		2	-	-	-
Withdrawal/(Placement) of fixed deposits		3,000	(6,000)	-	-
Exploration and evaluation expenditure incurred		(1,491)	(10,304)	-	-
Interest received		1,367	963	33	57
Proceeds from disposal of property, plant and equipment		135	180	-	11
Proceeds from disposal of other investment		-	3,500	-	-
Proceeds from disposal of right-of-use assets		239	-	-	-
Proceeds from disposal of a subsidiary		-	-	5	-
Purchase of property, plant and equipment		(5,152)	(16,741)	(26)	(108)
Purchase of right-of-use assets		(74)	-	(22)	-
Redemption of preference shares in a subsidiary		-	-	-	5,500
Net cash (used in)/generated from investing activities		(12,521)	(28,402)	(10)	5,460
Cash flows from financing activities					
Net repayment of borrowings		(2,557)	(2,550)	-	-
Receipt of government grant		1,595	-	-	-
Repayment of finance lease liabilities		-	(608)	-	(58)
Repayment of lease liabilities		(1,945)	-	(158)	-
Interest paid		(1,296)	(1,546)	(46)	(15)
Net cash used in financing activities		(4,203)	(4,704)	(204)	(73)
Net increase/(decrease) in cash and cash equivalents		10,814	(17,049)	(1,769)	(717)
Effect of exchange rate fluctuations on cash and cash equivalents		2,195	1,364	-	-
Cash and cash equivalents at beginning of the year		39,704	55,389	3,616	4,333
Cash and cash equivalents at end of the year	16	52,713	39,704	1,847	3,616



60 Statements of Cash Flows For the Year Ended 30 June 2020 (Cont'd)

Purchase of property, plant and equipment

During the previous financial year, the Group and the Company purchased property, plant and equipment with an aggregate cost of RM17,240,000 and RM108,000 respectively, of which RM499,000 and Nil were acquired by means of finance leases.

Purchase of right-of-use assets

During the financial year, the Group and the Company purchased right-of-use assets with an aggregate cost of RM534,000 and RM332,000 respectively, of which RM460,000 and RM310,000 were acquired through entering into lease contracts.

Cash outflows for leases as a lessee

	Note	Group		Company	
		2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
Included in net cash from operating activities:					
Payment relating to short-term leases	26	237	-	3	-
Payment relating to leases of low-value assets	26	7	-	5	-
Included in net cash from financing activities:					
Interest paid in relation to lease liabilities	25	237	-	46	-
Payment of lease liabilities		1,945	-	158	-
Total cash outflows for leases		2,426	-	212	-

Reconciliation of movement of liabilities to cash flows arising from financing activities

	At 1.7.2018 RM'000	Net changes from financing cash flows RM'000	Acquisition of new lease RM'000	Foreign exchange movement RM'000	At 30.6.2019 RM'000
Group					
Term loans	12,638	(2,930)	-	-	9,708
Trade financing	9,339	255	-	-	9,594
Finance lease liabilities	1,086	(608)	499	10	987
Murabahah capital financing	52	125	-	-	177
Total liabilities from financing activities	23,115	(3,158)	499	10	20,466



Statements of Cash Flows For the Year Ended 30 June 2020 (Cont'd)

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Reconciliation of movement of liabilities to cash flows arising from financing activities (Cont'd)

Group	At 30.6.2019 RM'000	Adjustment on initial application of MFRS 16 RM'000	Net changes from financing cash flows RM'000	Acquisition of new lease RM'000	Foreign exchange movement RM'000	Other changes RM'000	At 30.6.2020 RM'000
Term loans	9,708	-	(3,021)	-	-	-	6,687
Trade financing	9,594	-	357	-	-	-	9,951
Finance lease liabilities	987	(987)	-	-	-	-	-
Lease liabilities	-	5,259	(1,945)	460	16	(95)	3,695
Murabahah capital financing	177	-	107	-	-	-	284
Total liabilities from financing activities	20,466	4,272	(4,502)	460	16	(95)	20,617

Company	At 1.7.2018 RM'000	Net changes from financing cash flows RM'000	Adjustment on initial application of MFRS 16 RM'000	At 1.7.2019 RM'000	Net changes from financing cash flows RM'000	Acquisition of new lease RM'000	At 30.6.2020 RM'000
Finance lease liabilities	306	(58)	(248)	-	-	-	-
Lease liabilities	-	-	858	858	(158)	310	1,010
	306	(58)	610	858	(158)	310	1,010

The notes on pages 62 to 152 are an integral part of these financial statements.



62 Notes to the Financial Statements

Globaltec Formation Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of the registered office and principal place of business of the Company is as follows:

Registered office/Principal place of business

Unit 23A-12, Menara Q Sentral
No. 2A, Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 30 June 2020 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”) and the Group’s interest in a joint venture. The financial statements of the Company as at and for the financial year ended 30 June 2020 do not include other entities.

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 9 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors on 16 October 2020.

1. BASIS OF PREPARATION

(a) Statement of compliance

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

The Group and the Company have early adopted Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions* that is effective for annual periods beginning on or after 1 June 2020.

The following are accounting standards, interpretations and amendments that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Company:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform–Phase 2*



Notes to the Financial Statements (Cont'd)

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1. BASIS OF PREPARATION (Cont'd)

(a) Statement of compliance (Cont'd)

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

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

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

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 July 2020 for those amendments that are effective for annual periods beginning on or after 1 January 2020.
- from the annual period beginning on 1 July 2021 for the amendments that is effective for annual periods beginning on or after 1 January 2021.
- from the annual period beginning on 1 July 2022 for those amendments that are effective for annual periods beginning on or after 1 January 2022, except for Amendments to MFRS 1 which is not applicable to the Group and to the Company.
- from the annual period beginning on 1 July 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 which is not applicable to the Group and to the Company.

The initial application of the abovementioned accounting standards and amendments is not expected to have any material financial impact to the current period and prior period financial statements of the Group and of the Company.



64 Notes to the Financial Statements (Cont'd)

1. BASIS OF PREPARATION (Cont'd)

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

The preparation of financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 4 - extension options and incremental borrowing rate in relation to leases
- Note 5 - fair value of biological assets
- Note 6 - impairment assessment on exploration and evaluation assets
- Note 8 - impairment assessment on intangible assets
- Note 9 - impairment assessment on investments in subsidiaries
- Note 12 - deferred tax assets and liabilities

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by the Group entities, unless otherwise stated.

Arising from the adoption of MFRS 16, *Leases* and Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions*, there are changes to the accounting policies applied to lease contracts entered into by the Group entities as compared to those applied in previous financial statements. The impact arising from the changes are disclosed in Note 37.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

**2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****(a) Basis of consolidation (Cont'd)****(i) Subsidiaries (Cont'd)**

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

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business Combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

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

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.



66 Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(a) Basis of consolidation (Cont'd)

(iv) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group's equity and any resulting gain or loss is recognised directly in equity.

(v) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a financial asset depending on the level of influence retained.

(vi) Joint arrangements

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

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group accounts for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.
- A joint arrangement is classified as "joint venture" when the Group has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investments in joint venture are measured in the investor's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(vii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.



Notes to the Financial Statements (Cont'd)

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2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(a) Basis of consolidation (Cont'd)

(viii) Transactions eliminated on consolidation

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

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

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting period, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2011 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economics are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.



68 Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(n)(i)) where the effective interest rate is applied to the amortised cost.

(b) Fair value through profit or loss

All financial assets not measured at amortised cost as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

**2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****(c) Financial Instruments (Cont'd)****(ii) Financial instrument categories and subsequent measurement (Cont'd)*****Financial assets (Cont'd)******(b) Fair value through profit or loss (Cont'd)***

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to impairment assessment (see Note 2(n)(i)).

Financial liabilities

The financial liabilities at initial recognition of the Group and of the Company are classified as amortised cost. Financial liabilities are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gains or losses on derecognition are also recognised in profit or loss.

(iii) Financial guarantee contracts

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

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.



70 Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Financial Instruments (Cont'd)

(iv) Derecognition (Cont'd)

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other operating income" and "other operating expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.



Notes to the Financial Statements (Cont'd)

71

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Property, plant and equipment (Cont'd)

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• Buildings	50 – 60 years
• Plant and machinery	3 – 10 years
• Tools, jigs and fixtures	1 – 4 years
• Furniture, fittings, office equipment, renovation and signboards	3 – 10 years
• Motor vehicles	5 years
• Bearer plants (oil palm trees)	22 years

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

(e) Leases

The Group and the Company have applied MFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised as an adjustment to retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 has not been restated – i.e. it is presented, as previously reported under MFRS 117, *Leases* and related interpretations.

Current financial year

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.



72 Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) Leases (Cont'd)

Current financial year (Cont'd)

(i) Definition of a lease (Cont'd)

At inception or on reassessment of a contract that contains a lease component, the Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group and the Company are lessees, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

(a) As a lessee

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

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

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group and the Company are reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group and the Company are reasonably certain not to terminate early.

The Group and the Company exclude variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****(e) Leases (Cont'd)****(ii) Recognition and initial measurement (Cont'd)****(a) As a lessee (Cont'd)****Covid-19-related rent concessions**

The Group and the Company have applied Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions*. The Group and the Company apply the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the Covid-19 pandemic are lease modifications. The Group and the Company apply the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group and the Company choose not to apply the practical expedient, or that do not qualify for the practical expedient, the Group and the Company assess whether there is a lease modification.

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

(iii) Subsequent measurement**(a) As a lessee**

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's and the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Group and the Company change its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".



74 Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) Leases (Cont'd)

Previous financial year

As a lessee

(i) Finance lease

Leases in terms of which the Group or the Company assumed substantially all the risks and rewards of ownership were classified as finance leases. Upon initial recognition, the leased asset was measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset was accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases were apportioned between the finance expense and the reduction of the outstanding liability. The finance expense was allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments were accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment was confirmed.

Leasehold land which in substance was a finance lease was classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

(ii) Operating lease

Leases, where the Group or the Company did not assume substantially all the risks and rewards of ownership were classified as operating leases and, except for property interest held under operating lease, the leased assets were not recognised on the statement of financial position.

Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals were charged to profit or loss in the reporting period in which they were incurred.

Leasehold land which in substance was an operating lease was classified as prepaid lease payments.

(f) Biological assets

Biological assets relate to the agriculture produce growing on the bearer plants. These comprised of mature and immature fresh fruit bunches that are on the bearer plants as at the reporting date. Biological assets are measured at fair value less costs to sell. Any gains or losses arising from changes in the fair value less costs to sell of produce growing on bearer plants are recognised in profit or loss. Fair value is determined based on the present value of expected net cash flows from the produce growing on bearer plants. The expected net cash flows are estimated using expected output method and the estimated market price of the produce growing on bearer plants.

**2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****(g) Exploration and evaluation assets**

Exploration and evaluation assets in relation to separate areas of interest, for which rights of tenure are current, are capitalised in the year in which they are incurred and are carried at cost less accumulated impairment losses where the following conditions are satisfied:

- (i) the right of tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
 - the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
 - exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Capitalised exploration costs are reviewed at each reporting date as to whether an indication of impairment exists. If any such indication exists, the recoverable amount of the capitalised exploration costs is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years. Where a decision is made to proceed with development, accumulated expenditure will be tested for impairment, transferred to development properties, and then amortised over the life of the reserves associated with the area of interest once mining operations have commenced.

Project costs relating to the oil and gas sector are carried forward to the extent that the following conditions have been met:

- it is probable that the future economic benefits embodied in the asset will eventuate; and
- the asset possesses a cost or other value that can be measured reliably.

Costs which no longer satisfy the above conditions are written off in profit or loss.

(h) Intangible assets**(i) Goodwill**

Goodwill arises on business combination is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates and joint venture, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates and joint venture.



76 Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(h) Intangible assets (Cont'd)

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to preparing the asset for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Customer relationships

Customer relationships are intangible assets acquired in a business combination and are arising from supply arrangements with selected established long term customers. Customer relationships are determined using fair value at acquisition, which have finite useful lives, and are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(v) Amortisation

Goodwill is not amortised but is tested for impairment annually and whenever there is an indication that they may be impaired.

Development costs and customer relationships are amortised from the date that they are available for use and recognised in profit or loss on a straight-line basis over their respective estimated useful lives. Amortisation is based on the cost of an asset less its residual value.

The estimated useful lives for the current and comparative periods are as follows:

- capitalised development costs 4 – 5 years
- customer relationships 20 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

**2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****(i) Investment property****Investment property carried at fair value**

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties which are owned are measured initially at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Subsequently, investment properties are measured at fair value with any changes therein recognised in profit or loss for the period in which they arise.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(j) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(k) Non-current asset held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less costs of disposal.

Equity accounting of equity-accounted joint venture ceases once classified as held for sale.

(l) Contract asset/Contract liability

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, *Financial Instruments* (see Note 2(n)(i)).

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



78 Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

(n) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost and contract assets. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit loss.

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

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables by assessing the risk of loss of each customer individually based on their financial information, past trend of payments and external credit ratings, where applicable.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

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

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



Notes to the Financial Statements (Cont'd)

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2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(n) Impairment (Cont'd)

(ii) Other assets

The carrying amounts of other assets (except for inventories, contract assets, deferred tax assets, investment property measured at fair value and non-current asset classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use ("VIU") and its fair value less costs of disposal. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or a group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (or a group of cash-generating units) on a *pro-rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(o) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.



80 Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(o) Equity instruments (Cont'd)

(ii) Ordinary shares

Ordinary shares are classified as equity.

(p) Employee benefits

(i) Short term employee benefits

Short term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. The obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

(ii) State plans

The Group's contributions to Employees' Provident Fund are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.



Notes to the Financial Statements (Cont'd)

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2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(p) Employee benefits (Cont'd)

(iv) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

(q) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(i) Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(ii) Production sharing contract ("PSC") penalties

A provision for PSC penalties is recognised when the Group is contractually committed to fulfil the remaining obligation under a PSC that has expired.

(r) Revenue and other income

(i) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following over time criteria is met:

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

Automotive parts and accessories

Revenue is recognised when the goods are delivered and accepted by the customers at their premises.



82 Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(r) Revenue and other income (Cont'd)

(i) Revenue from contracts with customers (Cont'd)

Fabrication of tooling and moulds to produce automotive parts and accessories

Revenue is recognised over time as costs are incurred. The customer has control over the tooling and moulds as the tooling and moulds are created and these tooling and moulds would have no alternative use and the Group has rights to payment for work performed.

Precision stamping and tooling

Revenue is recognised when the goods are delivered to the customers and all criteria for acceptance have been satisfied.

Precision machining and automation systems

Certain revenue is recognised over time as costs are incurred. These contracts would meet the no alternative use and the Group has rights to payment for work performed. The remaining revenue is recognised when goods are delivered to the customers and all criteria for acceptance have been satisfied.

Fresh fruit bunches

Revenue is recognised at a point in time when the fresh fruit bunches are delivered and accepted by the customer at its premise or recognised upon the control of the goods having transferred to the customer.

Management fee income

Revenue from services rendered is recognised in profit or loss when the services have been rendered. Revenue from management services is accrued, by reference to the agreements entered.

(ii) Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from sub-leased property is recognised as "revenue".

(iii) Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same period in which the expenses are recognised.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.



Notes to the Financial Statements (Cont'd)

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2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(s) Borrowing costs

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

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(t) Income tax

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

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2(i), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.



84 Notes to the Financial Statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(u) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

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

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

(v) Operating segments

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

(w) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(x) Fair value measurements

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

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

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

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

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

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3. PROPERTY, PLANT AND EQUIPMENT

Group	Land RM'000	Buildings RM'000	Plant and machinery RM'000	Tools, jigs and fixtures RM'000	Furniture, fittings, office equipment, renovation and signboard RM'000	Motor vehicles RM'000	Bearer plants RM'000	Construction work-in-progress RM'000	Total RM'000
Cost									
At 1 July 2018	42,887	15,143	35,277	7,814	4,702	2,739	36,931	1,190	146,683
Additions	227	315	6,227	11	338	856	-	9,266	17,240
Disposals	-	-	(56)	(99)	(20)	(590)	-	-	(765)
Written off	-	-	(852)	-	(417)	(30)	-	-	(1,299)
Effect of movements in exchange rates	112	301	1,259	3	48	19	-	5	1,747
At 30 June 2019, as previously reported	43,226	15,759	41,855	7,729	4,651	2,994	36,931	10,461	163,606
Reclassification	-	-	(1,448)	-	-	1,448	-	-	-
Adjustment on initial application of MFRS 16	(40,226)	-	-	-	-	(2,292)	-	-	(42,518)
At 1 July 2019, as restated	3,000	15,759	40,407	7,729	4,651	2,150	36,931	10,461	121,088
Additions	-	-	4,473	21	448	50	-	160	5,152
Disposals	-	-	(1,591)	-	-	(306)	-	-	(1,897)
Written off	-	-	-	-	(91)	-	-	-	(91)
Reclassification	-	8,854	1,079	-	514	-	-	(10,447)	-
Transfer from right-of-use assets	-	-	-	-	-	256	-	-	256
Effect of movements in exchange rates	-	194	843	4	46	-	-	4	1,091
At 30 June 2020	3,000	24,807	45,211	7,754	5,568	2,150	36,931	178	125,599



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Notes to the Financial Statements

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3. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Group	Land RM'000	Buildings RM'000	Plant and machinery RM'000	Tools, jigs and fixtures RM'000	Furniture, fittings, office equipment, renovation and signboard RM'000	Motor vehicles RM'000	Bearer plants RM'000	Construction work-in-progress RM'000	Total RM'000
Depreciation and accumulated losses									
At 1 July 2018									
Accumulated depreciation	6,150	2,365	21,474	1,858	172	1,072	8,758	-	41,849
Accumulated impairment losses	-	-	636	1,417	255	-	-	-	2,308
Depreciation for the year	6,150	2,365	22,110	3,275	427	1,072	8,758	-	44,157
Disposals	1,023	585	4,765	470	950	492	1,678	-	9,963
Written off	-	-	(54)	(84)	(4)	(590)	-	-	(732)
Effect of movements in exchange rates	-	-	(850)	-	(417)	(30)	-	-	(1,297)
At 30 June 2019	-	142	1,004	3	38	4	-	-	1,191
Accumulated depreciation	7,173	3,092	26,339	2,247	739	948	10,436	-	50,974
Accumulated impairment losses	-	-	636	1,417	255	-	-	-	2,308
	7,173	3,092	26,975	3,664	994	948	10,436	-	53,282

Notes to the Financial Statements
(Cont'd)

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3. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Group	Land RM'000	Buildings RM'000	Plant and machinery RM'000	Tools, jigs and fixtures RM'000	Furniture, fittings, office equipment, renovation and signboard RM'000	Motor vehicles RM'000	Bearer plants RM'000	Construction work-in-progress RM'000	Total RM'000
Depreciation and accumulated losses (Cont'd)									
At 30 June 2019, as previously reported	7,173	3,092	26,339	2,247	739	948	10,436	-	50,974
Accumulated depreciation	-	-	636	1,417	255	-	-	-	2,308
Accumulated impairment losses									
Reclassification	7,173	3,092	26,975	3,664	994	948	10,436	-	53,282
Adjustment on initial application of MFRS 16	-	-	(1,342)	-	-	1,342	-	-	-
At 1 July 2019, as restated	(7,173)	-	-	-	-	(1,071)	-	-	(8,244)
Accumulated depreciation	-	3,092	24,997	2,247	739	1,219	10,436	-	42,730
Accumulated impairment losses	-	-	636	1,417	255	-	-	-	2,308
Depreciation for the year	-	3,092	25,633	3,664	994	1,219	10,436	-	45,038
Disposals	-	744	4,837	273	957	170	1,679	-	8,660
Written off	-	-	(1,591)	-	-	(306)	-	-	(1,897)
Effect of movements in exchange rates	-	-	-	-	(88)	-	-	-	(88)
At 30 June 2020	-	102	727	4	42	-	-	-	875
Accumulated depreciation	-	3,938	28,970	2,524	1,650	1,083	12,115	-	50,280
Accumulated impairment losses	-	-	636	1,417	255	-	-	-	2,308
Carrying amounts	-	3,938	29,606	3,941	1,905	1,083	12,115	-	52,588
At 1 July 2018	36,737	12,778	13,167	4,539	4,275	1,667	28,173	1,190	102,526
At 30 June 2019	36,053	12,667	14,880	4,065	3,657	2,046	26,495	10,461	110,324
At 30 June 2020	3,000	20,869	15,605	3,813	3,663	1,067	24,816	178	73,011



88 Notes to the Financial Statements (Cont'd)

3. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Company	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost			
At 1 July 2018	188	495	683
Additions	4	104	108
Disposal	-	(30)	(30)
At 30 June 2019, <i>as previously reported</i>	192	569	761
Adjustment on initial application of MFRS 16	-	(465)	(465)
At 1 July 2019, <i>as restated</i>	192	104	296
Additions	26	-	26
At 30 June 2020	218	104	322
Accumulated depreciation			
At 1 July 2018	14	225	239
Depreciation for the year	37	101	138
Disposal	-	(30)	(30)
At 30 June 2019, <i>as previously reported</i>	51	296	347
Adjustment on initial application of MFRS 16	-	(295)	(295)
At 1 July 2019, <i>as restated</i>	51	1	52
Depreciation for the year	41	21	62
At 30 June 2020	92	22	114
Carrying amounts			
At 1 July 2018	174	270	444
At 30 June 2019	141	273	414
At 30 June 2020	126	82	208

3.1 Leased motor vehicles

On 1 July 2019, the leased motor vehicles were classified to right-of-use assets upon adoption of MFRS 16 (Note 4).

At 30 June 2019, the net carrying amounts of leased motor vehicles of the Group and of the Company were RM1,221,000 and RM170,000 respectively.

Notes to the Financial Statements
(Cont'd)

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3. PROPERTY, PLANT AND EQUIPMENT (Cont'd)**3.2 Security**

At 30 June 2020, the property, plant and equipment of the Group with the following carrying amounts are charged to financial institutions as security for certain credit facilities and borrowings of the Group as disclosed in Note 19:

	Group	
	2020 RM'000	2019 RM'000
Carrying amounts		
Land	3,000	7,248
Buildings	6,311	6,498
Plant and machinery	9,978	9,801
Bearer plants	24,816	26,495
	<u>44,105</u>	<u>50,042</u>

3.3 Building subject to operating lease

The Group leases one of its buildings with a carrying amount of RM1,908,000 (2019: RM1,939,000) to a third party. The lease contains an initial non-cancellable period of 3 years. Subsequent renewal is negotiated with the lessee.

The Group generally does not require a financial guarantee on the lease arrangement. Nevertheless, the Group requires two months of advanced rental payments from the lessee. This lease does not include residual value guarantee.

The following are recognised in profit or loss:

	Group	
	2020 RM'000	2019 RM'000
Lease income	359	324

The operating lease payments to be received are as follows:

	Group	
	2020 RM'000	2019 RM'000
Less than one year	394	162
One to two years	394	-
Two to three years	198	-
Total undiscounted lease payments	<u>986</u>	<u>162</u>



90 Notes to the Financial Statements (Cont'd)

4. RIGHT-OF-USE ASSETS

Group	Land RM'000	Buildings RM'000	Office equipment RM'000	Motor vehicles RM'000	Total RM'000
At 1 July 2019	33,053	4,020	107	1,366	38,546
Addition	-	-	-	534	534
Depreciation	(1,016)	(1,309)	(41)	(581)	(2,947)
Derecognition*	-	-	-	(25)	(25)
Disposal	-	-	-	(153)	(153)
Transfer to property, plant and equipment	-	-	-	(256)	(256)
Effect of movements in exchange rates	73	-	-	9	82
At 30 June 2020	32,110	2,711	66	894	35,781

Company	Buildings RM'000	Motor vehicles RM'000	Total RM'000
At 1 July 2019	610	170	780
Addition	-	332	332
Depreciation	(126)	(149)	(275)
At 30 June 2020	484	353	837

* Derecognition of the right-of-use assets during 2020 is as a result of early termination of lease arrangement.

The Group leases a number of properties for office, factory and warehouse usage that run between 19 months and 72 months and in some cases, with an option to renew the lease after that date. The Group also leases computer and motor vehicles.

4.1 Extension options

Some leases of buildings contain extension options exercisable by the Group and by the Company up to three years before the end of the non-cancellable contract period. Where practicable, the Group and the Company seek to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and by the Company and not by the lessors. The Group and the Company assess at lease commencement whether it is reasonably certain to exercise the extension options. The Group and the Company reassess whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

The extension options of all leases are currently included in the lease term as the Group and the Company assessed that it is reasonably certain to exercise the extension options, which is supported by the high historical rate of extensions exercised by the Group and by the Company. Hence, as at 30 June 2020, there are no potential future lease payments not included in lease liabilities.

4.2 Significant judgements and assumptions in relation to leases

The Group and the Company assess at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group and the Company also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.



Notes to the Financial Statements (Cont'd)

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4. RIGHT-OF-USE ASSETS (Cont'd)

4.3 Security

At 30 June 2020, the land of the Group with a carrying amount of RM4,120,000 is charged to financial institutions as security for borrowings of the Group as disclosed in Note 19.

5. BIOLOGICAL ASSETS

	Group	
	2020 RM'000	2019 RM'000
At fair value	241	172

These relate to the agriculture produce growing on the bearer plants.

Analysis of the biological assets

	Group	
	2020 RM'000	2019 RM'000
Planted area (in hectares)		
Mature	817	810
Immature	6	13
	823	823
Output harvested		
Oil palm fresh fruit bunches (in metric ton)	12,754	16,080
Fair value less costs to sell (in RM'000)	5,351	5,806

Fair value information

The fair value measurement for biological assets has been categorised as Level 3 fair value based on the inputs to the valuation techniques used.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the biological assets.

The following tables shows a reconciliation of Level 3 fair value:

	Group	
	2020 RM'000	2019 RM'000
At beginning of the year	172	279
Net change in fair value	69	(107)
At end of the year	241	172



92 Notes to the Financial Statements (Cont'd)

5. BIOLOGICAL ASSETS (Cont'd)

Fair value information (Cont'd)

Level 3 fair value (Cont'd)

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
The fair value of the biological assets is derived at based on the value of the fresh fruit bunches ("FFB") that are on the oil palm trees as at the reporting date. The fair value represents the expected gross profit margin of the FFB, after taking into account its state of maturity and condition and the market prices for FFB as at the reporting date.	Expected price of FFB.	The estimated fair value would increase/(decrease) if: – fair value of FFB were higher/(lower).

Analysis of measurement

The oil palms were mainly planted between 1996 and 2017, and are currently aged between 3 to 24 years old.

Significant assumptions made in determining the fair values of the biological assets are as follows:

- (a) The FFB on the oil palm trees will continue to ripen according to its normal cycle of about 5 months;
- (b) There is keen demand for oil palm FFB from local mills; and
- (c) The favourable combination of high rainfall conditions, moderate to fairly good soil and terrain for oil palm cultivation.

Valuation processes applied by the Group for Level 3 fair value

The Group has an established control framework in respect to the measurement of fair values of biological assets. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Board of Directors. The valuation team reviews annually significant unobservable inputs and valuation adjustments.

Financial risk management strategies

The Group is exposed to financial risks arising from changes in oil palm FFB prices. The Group does not anticipate that FFB prices will decline significantly in the foreseeable future and, therefore, has not entered into derivatives or other contracts to manage the risk of decline in FFB prices. The Group reviews its outlook for FFB prices regularly in considering the need for active financial risk management.



Notes to the Financial Statements (Cont'd)

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6. EXPLORATION AND EVALUATION ASSETS

Group	Note	Exploration expenditure RM'000
At 1 July 2018		106,651
Effect of movements in exchange rates		3,162
Additions		10,304
Impairment loss	6.1	(20,778)
At 30 June 2019/1 July 2019		99,339
Effect of movements in exchange rates		3,447
Additions		1,491
Exploration consumables expensed off	6.2	(679)
At 30 June 2020		103,598

Exploration and evaluation assets principally comprise exploration and evaluation related costs incurred by NuEnergy Gas Limited ("NuEnergy") for several coal bed methane ("CBM") PSCs in Indonesia, with the following carrying amounts:

	2020 RM'000	2019 RM'000
Tanjung Enim PSC	31,271	29,814
Muara Enim PSC	64,003	61,598
Muralim PSC	8,324	7,927
	103,598	99,339

The exploration and evaluation assets are not amortised as the PSCs have not commenced commercial production during the financial year.

Tanjung Enim PSC

As at the date of this report, all the necessary submissions for its Plan of Development 1 ("POD 1") have been made and the POD 1 is currently pending approval from the authorities. NuEnergy expects the approval to be obtained before the end of the financial year 2021.

Muara Enim PSC

NuEnergy has obtained the approval on 6 February 2020 from the Government of Indonesia to extend the exploration period to 19 January 2021. NuEnergy will continue the exploration activities, comprising drilling to obtain exploration/production data that will facilitate the submission and the approval of commercial discovery from the authorities before the end of the extended exploration period.

Muralim PSC

The utilisation mechanism of Muralim PSC's joint account with the authorities, was recently agreed and NuEnergy is expecting to conduct re-entry activities into existing wells to run permeability and production tests to facilitate the submission and approval for commercial discovery before the end of the granted additional exploration period on 7 May 2021.



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6. EXPLORATION AND EVALUATION ASSETS (Cont'd)

Impairment assessment

Tanjung Enim PSC

As mentioned above, NuEnergy is in the final stages of securing approval for its Tanjung Enim PSC's POD 1. NuEnergy has engaged an independent professional valuer in determining the recoverable amounts of this PSC. In accordance to valuation guidance provided under the Society of Petroleum Engineers' internationally recognised Petroleum Management System and Section 8.3 of the VALMIN Code, 2015 Edition, "Appropriate Valuation Approach", Table 1, as the Tanjung Enim PSC is a development-ready asset (as defined by the VALMIN Code), the valuation methodologies applicable to the Tanjung Enim PSC, shall be the Income-based Approach and/or Market-based Approach. Since Tanjung Enim PSC's POD 1 is the first CBM development in Indonesia, there are no market comparable transactions that can be used to perform the valuation for Tanjung Enim PSC. All other CBM assets in Indonesia are still under exploration phase. Therefore, only the Income-based approach is considered in the valuation. The Income-based approach uses discounted cash flow model to derive the recoverable amount of the Tanjung Enim PSC.

As at 30 June 2020, the recoverable amount of the Tanjung Enim PSC was higher than its carrying amount and hence, no impairment loss was recognised. The key assumptions used in the valuation report in arriving at the recoverable amount, are as follows:

- Gas sales price of US\$5.4/MMBTU over the life of the model has been determined based on the current market gas price in the area of about US\$6/MMBTU and after discussion with the authorities. The final gas price will be dependent on the prevailing market condition at the time when gas sale agreements are concluded;
- Amount of recoverable reserves/resources and forecasted production quantities over identified time periods totalling 130.9 bcf are supported by a reservoir study, reserves and production rates certified by geologists and experts;
- The estimated costs and schedules associated with the PSCs to develop, recover, and produce the quantities, including abandonment, decommissioning, and restoration costs costing are based on past experience/records and quotations from vendors and comparisons made with existing third party PSCs;
- The project life/forecast period of financial year 2021 to financial year 2039 refers to the remaining contract period together with the recoverable reserves/resources and production rates; and
- After-tax discount rate of 10% was applied in discounting the cash flows. The discount rate was determined based on the Group's weighted average cost of capital adjusted for the risk of the underlying assets.

Sensitivity analysis

The valuation of the Tanjung Enim PSC is based on the key assumptions as disclosed above. The recoverable amount of the Tanjung Enim PSC currently exceeds its carrying value. A number of scenarios, including the impact of macro and micro-economic risks including forecast gas price and the timing of cash flows arising which is dependent upon the approval of the POD 1 and sourcing of funding have been analysed using the abovesaid discounted cash flow model.

Management has identified that a reasonably possible unfavourable scenario of an increase in the discount rate by 2.3% while other criterias remain the same and in the absence of any mitigating factors or unchanged circumstances, would result in the recoverable amount of the Tanjung Enim PSC becoming equal to its carrying amount.

**6. EXPLORATION AND EVALUATION ASSETS (Cont'd)****Impairment assessment (Cont'd)****Muara Enim and Muralim PSCs**

Recoverability of the carrying amount of these PSCs are dependent on the successful exploration and sale of coal bed methane. Management has obtained external valuation reports for the Muara Enim and Muralim PSCs as at 30 June 2020 assessed using a market based and cost based valuation approach. The valuation reports support the carrying value of these PSCs.

6.1 The 6th year exploration period for the Bontang Bengalon PSC ended on 8 October 2018. In October 2018, NuEnergy had submitted a proposal with the support of and through the Indonesian Special Task Force for Upstream Oil and Gas Business Activities ("SKK Migas") to the Indonesia Minister of Energy and Mineral Resources for a contract amendment to allow for the extension of the exploration period and to continue with further exploration program development. In August 2019, NuEnergy received the notice of termination from the Indonesia Minister of Energy and Mineral Resources through SKK Migas in respect of the Bontang Bengalon PSC. The Bontang Bengalon PSC was terminated on the grounds of non-discovery of coal bed methane at the end of the 6th contract year and NuEnergy was required to relinquish the remaining contract area and to fulfil its remaining obligation under the PSC. NuEnergy immediately responded to the notice and appealed to the Government of Indonesia. The appeal is still currently pending as at the date of this report.

Pending the outcome of the appeal, the Group had in financial year 2019, taken the decision to impair in full the carrying value of the Bontang Bengalon PSC Exploration and Evaluation expenditure at 30 June 2019 of RM2,358,000 and recorded a provision for penalty of RM19,215,000 to fulfil the remaining obligation under the PSC as disclosed in Note 21.

In 2019, NuEnergy was in the process of applying for the extension of the Muara Enim II PSC which expired on 31 March 2019 to continue operations. In financial year 2019, pending the extension of the PSC, the Group had taken the approach to impair the carrying value of the Muara Enim II PSC Exploration and Evaluation expenditure at 30 June 2019 of RM18,420,000 and recorded a provision for penalty of RM6,198,000 to fulfil the remaining obligation under the PSC as disclosed in Note 21. As at the date of this report, the Government of Indonesia has not decided on the status of the Muara Enim II PSC. NuEnergy plans to re-submit its exploration period extension and continue exploration activities for its Muara Enim II PSC after obtaining approval for its Tanjung Enim POD 1.

6.2 During the financial year, certain exploration tools and consumables amounting to RM679,000 (2019: Nil) were utilised and expensed off to profit or loss.



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7. INVESTMENT PROPERTY

Group	RM'000
At 1 July 2018/30 June 2019/1 July 2019	-
Additions	10,411
Change in fair value recognised in profit or loss	3,194
At 30 June 2020	13,605

Investment property comprises a vacant land held for investment for capital gain and/or future development potential.

There are no direct operating expenses recognised in profit or loss in respect of investment property during the financial year.

Fair value information

Fair value of investment property is categorised as Level 3.

Level 3 fair value

The following table shows the valuation techniques used in the determination of fair value within Level 3, as well as the significant unobservable inputs used in the valuation models.

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Sales comparison approach: Sales price of comparable land in close proximity are adjusted for differences in key attributes such as land size. The most significant input into this valuation approach is price per square metres.	Price per square metres (2020: RM1,905 - RM2,820; 2019: Nil).	The estimated fair value would increase/(decrease) if the price per square metre is higher/(lower).

Valuation processes applied by the Group for Level 3 fair value

The fair value of investment property is determined by external, independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.



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8. INTANGIBLE ASSETS

Group	Goodwill RM'000	Customer relationships RM'000	Development costs RM'000	Total RM'000
Cost				
At 1 July 2018/30 June 2019/ 1 July 2019	95,141	31,499	2,640	129,280
Additions	-	-	136	136
At 30 June 2020	95,141	31,499	2,776	129,416
Amortisation and impairment loss				
At 1 July 2018				
Accumulated amortisation	-	4,501	2,612	7,113
Accumulated impairment loss	72,707	21,079	-	93,786
	72,707	25,580	2,612	100,899
Amortisation for the year	-	395	28	423
Impairment loss	252	-	-	252
At 30 June 2019/1 July 2019				
Accumulated amortisation	-	4,896	2,640	7,536
Accumulated impairment loss	72,959	21,079	-	94,038
	72,959	25,975	2,640	101,574
Amortisation for the year	-	395	2	397
At 30 June 2020				
Accumulated amortisation	-	5,291	2,642	7,933
Accumulated impairment loss	72,959	21,079	-	94,038
	72,959	26,370	2,642	101,971
Carrying amounts				
At 1 July 2018	22,434	5,919	28	28,381
At 30 June 2019/1 July 2019	22,182	5,524	-	27,706
At 30 June 2020	22,182	5,129	134	27,445

8.1 Amortisation

The amortisation of customer relationships and development costs is recognised as other expenses in profit or loss and is amortised over their respective estimated useful lives.

8.2 Impairment testing for CGUs containing customer relationships and goodwill

For the purpose of impairment testing, goodwill of RM22,182,000 (2019: RM22,182,000) and customer relationships of RM5,129,000 (2019: RM5,524,000) are allocated to the Integrated Manufacturing Services ("IMS") segment. However, for the purpose of segmental reporting which reflects the internal management reports reviewed by the chief operating decision makers, goodwill and customer relationships are not allocated to any of the reportable segment.

The goodwill and customer relationships related to the Automotive Division (a division within the IMS) has been fully impaired in financial year 2016 and financial year 2015 respectively.



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8. INTANGIBLE ASSETS (Cont'd)

8.2 Impairment testing for CGUs containing customer relationships and goodwill (Cont'd)

In assessing whether goodwill and customer relationships are impaired, the carrying amount of the CGU (including goodwill and customer relationships) is compared with the recoverable amount of the CGU. The recoverable amount is the higher of fair value less costs to sell ("FVLCTS") and VIU.

The recoverable amount of the IMS segment was determined based on the higher of its FVLCTS and VIU. As the recoverable amount of the IMS segment was higher than its carrying amount, no impairment loss was recognised for the current and previous financial year.

In 2019, the recoverable amount of the Energy segment was determined based on the higher of its FVLCTS and VIU. The recoverable amount of the Energy segment was lower than its carrying amount and hence, a full impairment loss was recognised in respect of the goodwill of the Energy segment, amounting to RM252,000 in the previous financial year.

VIU was determined by discounting the future cash flows expected to be generated from the continuing operations of the CGUs and was based on the following key assumptions:

- Cash flows were projected based on past experience, actual operating results in 2020 and the 5-year business plan approved by the Board of Directors.
- The anticipated annual revenue growth included in the cash flows projections was between -52% and 60% for the years from 2021 to 2025 (2019: constant at 3% for the years from 2020 to 2024 based on average growth experienced over the past five years). Management expects the sales to recover in 2022 based on the current economy outlook which was affected by Covid-19 pandemic in Indonesia. The projected sales by management is conservative and is lower than the historical sales.
- Cash flows for more than 5 years were extrapolated using a constant terminal growth rate of 4% (2019: 4%) for the cash flows generated by CGUs in Indonesia.
- Projected gross profit margin which reflects the average historical gross margin, adjusted for projected market and economic conditions and internal resources efficiency.
- Pre-tax discount rate of 10% (2019: 12%) was applied in discounting the cash flows. The discount rate was determined based on the Group's weighted average cost of capital adjusted for the risk of the underlying assets.

The values assigned to the key assumptions represent management's assessment of future trends in the industries and are based on both external sources and internal sources.

Sensitivity analysis

The above estimates are sensitive in the following key areas:

- (a) an increase/(decrease) of a one percentage point in discount rate used would have (decreased)/increased the recoverable amount by approximately (RM15,416,000)/RM21,189,000.
- (b) an increase/(decrease) of a one percentage point in terminal growth rate used would have increased/(decreased) the recoverable amount by approximately RM16,838,000/(RM12,287,000).



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9. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020 RM'000	2019 RM'000
Cost of investment	474,585	474,585
Less: Impairment loss	(259,765)	(259,765)
	214,820	214,820
Advances to subsidiaries *	73,678	60,896
Less: Impairment loss	(47,092)	(24,466)
	26,586	36,430
	241,406	251,250

- * These advances to subsidiaries were classified as non-current as the Company recognises these advances as a long term source of capital to the subsidiaries. During the financial year, additional advances to subsidiaries of RM12,782,000 together with its corresponding impairment losses of RM2,921,000 were classified as non-current. Additional impairment losses on the advances to subsidiaries of RM19,705,000 was also recognised during the financial year.

In 2019, the Company redeemed 5,500,000 of its redeemable convertible preference shares in AIC Corporation Sdn Bhd, a wholly-owned subsidiary at a redemption price of RM1.00 per share.

Impairment assessment

Management assessed the recoverable amounts of the investments in subsidiaries based on the higher of FVLCTS and VIU of these subsidiaries. As the recoverable amounts of the subsidiaries were higher than their carrying amounts, no impairment loss was recognised for the current and previous financial years. The key assumptions used in arriving at the recoverable amounts, where VIU method is used, are as follows:

- Cash flows were projected based on past experience, actual operating results in 2020 and the 5-year business plan approved by the Board of Directors.
- The anticipated annual revenue growth included in the cash flows projections was between -52% and 60% for the years from 2021 to 2025 (2019: between 3% and 25% for the years from 2020 to 2029) based on average growth experienced over the past 5 years and future plans of the subsidiaries.
- Cash flows for more than 5 years were extrapolated using a terminal growth rate of 4% (2019: 4% to 5%) for the cash flows generated by the subsidiaries.
- Projected gross profit margin which reflects the average historical gross profit margin, adjusted for projected market and economic conditions and internal resources efficiency.
- Pre-tax discount rate of 7% to 10% (2019: 8% to 12%) was applied in discounting the cash flows. The discount rate was determined based on the Group's weighted average cost of capital adjusted for the risk of the underlying assets.

The values assigned to the key assumptions represent management's assessment of future trends in the industries and are based on both external sources and internal sources.



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Notes to the Financial Statements (Cont'd)

9. INVESTMENTS IN SUBSIDIARIES (Cont'd)

Sensitivity analysis

The above estimates are sensitive in the following key areas:

- (a) an increase/(decrease) of a one percentage point in discount rate used would have (decreased)/increased the recoverable amount by approximately (RM33,898,000)/RM57,162,000.
- (b) an increase/(decrease) of a one percentage point in terminal growth rate used would have increased/(decreased) the recoverable amount by approximately RM53,619,000/(RM30,989,000).

The details of the subsidiaries are as follows:

Name of subsidiary	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2020 %	2019 %
AIC Corporation Sdn Bhd ("AIC") ⁽¹⁾	Malaysia	Investment holding	100	100
AutoV Corporation Sdn Bhd ("AutoV") ⁽¹⁾	Malaysia	Investment holding	100	100
Jotech Holdings Sdn Bhd ("Jotech")	Malaysia	Investment holding	100	100
Globaltec Energy Resources Sdn Bhd ("GER") ⁽¹⁾	Malaysia	Investment holding	100	100
Subsidiaries of GER				
New Century Energy Resources Limited ("NCE") ⁽³⁾	Cayman Islands	Investment holding and exploration and production of oil and gas	60	60
New Century Energy Services Limited ("NCES") ⁽³⁾	Cayman Islands	Provision of services to the oil and gas industry	60	60
NuEnergy Gas Limited ("NuEnergy") ^{(1) (4) (6)}	Australia	Investment holding and exploration and production of oil and gas	52	52
Subsidiary of NCES				
New Century Energy Services Sdn Bhd ⁽²⁾	Malaysia	Dormant	60	60
Subsidiaries of NuEnergy				
Indon CBM Pty Ltd ⁽³⁾	Australia	Coal bed methane exploration	52	52
PT Trisula CBM Energi ⁽²⁾	Indonesia	Coal bed methane exploration	50	50

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9. INVESTMENTS IN SUBSIDIARIES (Cont'd)

Name of subsidiary	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2020 %	2019 %
Subsidiaries of NuEnergy (Cont'd)				
Indo CBM Sumbagsel II Pte Limited ⁽²⁾	Singapore	Coal bed methane exploration	52	52
Sheraton Pines Pty Ltd ⁽³⁾	Australia	Dormant	52	52
Dart Energy (Indonesia) Holdings Pte Ltd (“DEIH”) ⁽⁶⁾	Singapore	Investment holding	52	52
Subsidiaries of DEIH				
PT Dart Energy Indonesia ⁽²⁾	Indonesia	Dormant	50	50
Dart Energy (Tanjung Enim) Pte Ltd ⁽⁶⁾	Singapore	45% joint interest in the Tanjung Enim PSC, in South Sumatra, Indonesia, undertaking coal seam gas exploration activities	52	52
Dart Energy (Muralim) Pte Ltd ⁽⁶⁾	Singapore	50% joint interest in the Muralim PSC, in South Sumatra, Indonesia, undertaking coal seam gas exploration activities	52	52
Dart Energy (Bontang Bengalón) Pte Ltd ⁽⁶⁾	Singapore	100% interest in Bontang Bengalón PSC, in East Kalimantan, Indonesia, undertaking coal seam gas exploration activities. The Bontang Bengalón PSC was terminated in 2019. An appeal against the termination is ongoing.	52	52
Subsidiaries of Jotech				
Cergas Fortune Sdn Bhd	Malaysia	Cultivation and sales of oil palm fruit bunches	100	100
Malgreen Progress Sdn Bhd ⁽¹⁾	Malaysia	Cultivation and sales of oil palm fruit bunches	100	100



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Notes to the Financial Statements (Cont'd)

9. INVESTMENTS IN SUBSIDIARIES (Cont'd)

Name of subsidiary	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2020 %	2019 %
Subsidiaries of Jotech (cont'd)				
PT Indotech Metal Nusantara ⁽²⁾	Indonesia	Manufacturing and fabrication of tools and dies and stamped metal components for electronics and automotive industries	100	100
Globaltec Glove Sdn Bhd <i>(formerly known as Yee Heng Precision Stamping Sdn Bhd)</i> ⁽²⁾	Malaysia	Dormant	100	100
Subsidiaries of AIC				
Prodelcon Sdn Bhd	Malaysia	Manufacture of high precision tooling, die-sets, semiconductor moulds and parts and high precision components, jigs and fixtures and the design and manufacture of turnkey automation systems	100	100
AIC Technology Sdn Bhd ⁽²⁾	Malaysia	Dormant	100	100
Subsidiary of Prodelcon Sdn Bhd (2019: Direct subsidiary of the Company)				
GFB Technology SdnBhd ^{(2) (7)}	Malaysia	Investment holding	100	100
Subsidiaries of AutoV				
AutoV Mando Sdn Bhd	Malaysia	Manufacture of automotive steering columns and related vehicle components	70	70
GFB Automotive Sdn Bhd	Malaysia	Marketing and manufacture of automotive components	100	100
Automako Sdn Bhd ^{(2) (5)}	Malaysia	Dormant	100	100

Notes to the Financial Statements
(Cont'd)

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9. INVESTMENTS IN SUBSIDIARIES (Cont'd)

Name of subsidiary	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2020 %	2019 %
Subsidiaries of AutoV (Cont'd)				
Autoventure Corporation Sdn Bhd ⁽²⁾	Malaysia	Dormant	100	100
Autovisor Plastics Sdn Bhd ⁽²⁾	Malaysia	Dormant	100	100
Aventur Door System Sdn Bhd ^{(2) (5)}	Malaysia	Dormant	100	100
GFB Healthcare Sdn Bhd <i>(formerly known as Brimal Holdings Sdn Bhd)</i> ⁽²⁾	Malaysia	Dormant	100	100
Nobel Decree Sdn Bhd ^{(2) (5)}	Malaysia	Dormant	84	84
Proreka (M) Sdn Bhd (“Proreka”)	Malaysia	Manufacturing and sourcing of parts for the automotive industries	100	100
Subsidiaries of Proreka				
Proreka Plastic Sdn Bhd ^{(2) (5)}	Malaysia	Dormant	100	100
Proreka Tech Sdn Bhd ^{(2) (5)}	Malaysia	Dormant	100	100
Proreka Automotive Parts Sdn Bhd ^{(2) (5)}	Malaysia	Dormant	100	100

⁽¹⁾ The auditors' reports on the financial statements of these subsidiaries contain a material uncertainty related to going concern. The ability of these subsidiaries to continue as going concerns is dependent on the continuing financial support from the Company.

⁽²⁾ Not audited by KPMG PLT.

⁽³⁾ Not required to be audited pursuant to the relevant regulations of the country of incorporation. The results of these entities are not material to the Group.

⁽⁴⁾ The subsidiary is listed on the Australian Securities Exchange.

⁽⁵⁾ An application has been made to de-register these dormant subsidiaries during the year.

⁽⁶⁾ Audited by other member firms of KPMG International.

⁽⁷⁾ In December 2019, the Company transferred its entire investment in GFB Technology Sdn Bhd to Prodelcon Sdn Bhd for a total consideration of RM5,500.



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Notes to the Financial Statements (Cont'd)

9. INVESTMENTS IN SUBSIDIARIES (Cont'd)

Non-controlling Interests in Subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

2020	NuEnergy Group* RM'000	Other individually insignificant subsidiaries RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	48%		
Carrying amount of NCI	31,368	5,391	36,759
Loss allocated to NCI	(3,122)	(331)	(3,453)

Summarised Financial Information before Intra-group Elimination

	NuEnergy Group* RM'000
As at 30 June	
Non-current assets	106,824
Current assets	1,396
Current liabilities	(43,490)
Non-controlling interests	(250)
Net assets attributable to owners of the Company	64,480
Year ended 30 June	
Revenue	-
Loss for the year	(6,462)
Cash flows used in operating activities	(690)
Cash flows used in investing activities	(1,491)
Cash flows from financing activities	2,087
Effect of exchange rate fluctuations	18
Net decrease in cash and cash equivalents	(76)

Notes to the Financial Statements
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9. INVESTMENTS IN SUBSIDIARIES (Cont'd)

Non-controlling Interests in Subsidiaries (Cont'd)

2019	NuEnergy Group* RM'000	Other individually insignificant subsidiaries RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	48%		
Carrying amount of NCI	33,335	6,359	39,694
Loss allocated to NCI	(24,321)	(216)	(24,537)

Summarised Financial Information before Intra-group Elimination

	NuEnergy Group* RM'000
As at 30 June	
Non-current assets	102,554
Current assets	4,927
Current liabilities	(38,702)
Non-controlling interests	(275)
Net assets attributable to owners of the Company	68,504
Year ended 30 June	
Revenue	-
Loss for the year	(50,368)
Cash flows used in operating activities	(764)
Cash flows used in investing activities	(8,749)
Cash flows from financing activities	5,933
Effect of exchange rate fluctuations	487
Net decrease in cash and cash equivalents	(3,093)

Note:

* NuEnergy Group denotes NuEnergy and its subsidiaries

10. OTHER FINANCIAL ASSETS

	Group	
	2020 RM'000	2019 RM'000
Non-current		
Term deposits		
Amortised cost	3,138	3,036



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Notes to the Financial Statements (Cont'd)

10. OTHER FINANCIAL ASSETS (Cont'd)

The term deposits are placed with financial institutions to procure performance bond guarantees that were issued to the Government of Indonesia in regards to the PSCs to guarantee the firm commitments that are required to be completed by the Group during the exploration period. The term deposits are placed for a minimum period of two years or until the performance bond guarantee are withdrawn and the effective interest rate is 0.035% (2019: 0.035%) per annum.

11. OTHER INVESTMENTS

Group	Quoted in Malaysia Shares RM'000	Club membership RM'000	Total RM'000
2020			
Non-Current			
Fair value through profit or loss	-	53	53
Current			
Fair value through profit or loss	164	-	164
	164	53	217
2019			
Current			
Fair value through profit or loss	185	-	185

12. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Property, plant and equipment						
– capital allowances in excess of depreciation	-	-	(4,574)	(4,228)	(4,574)	(4,228)
– revaluation prior to MFRS adoption	-	-	(2,647)	(1,583)	(2,647)	(1,583)
– fair value of biological assets	-	-	(58)	(42)	(58)	(42)
Investment property	-	-	(319)	-	(319)	-
Contract assets	-	-	(200)	(151)	(200)	(151)
Provisions	199	181	-	-	199	181
Other items	951	1,386	-	-	951	1,386
Tax assets/ (liabilities)	1,150	1,567	(7,798)	(6,004)	(6,648)	(4,437)
Set off of tax	(985)	(798)	985	798	-	-
Net tax assets/ (liabilities)	165	769	(6,813)	(5,206)	(6,648)	(4,437)

12. DEFERRED TAX ASSETS/(LIABILITIES) (Cont'd)

Movement in recognised temporary differences during the year

Group	At 1.7.2018 RM'000	Recognised in profit or loss (Note 27) RM'000	Translation exchange differences RM'000	At 30.6.2019/ 1.7.2019 RM'000	Recognised in profit or loss (Note 27) RM'000	Translation exchange differences RM'000	At 30.6.2020 RM'000
Property, plant and equipment							
– capital allowances in excess of depreciation	(4,353)	166	(41)	(4,228)	(332)	(14)	(4,574)
– revaluation prior to MFRS adoption	(1,632)	49	-	(1,583)	(1,064)	-	(2,647)
– fair value of biological assets	(67)	25	-	(42)	(16)	-	(58)
Investment property	-	-	-	-	(319)	-	(319)
Contract assets	(125)	(26)	-	(151)	(49)	-	(200)
Unabsorbed capital allowances	217	(217)	-	-	-	-	-
Unabsorbed tax losses	138	(138)	-	-	-	-	-
Provisions	91	90	-	181	18	-	199
Other items	984	338	64	1,386	(452)	17	951
	(4,747)	287	23	(4,437)	(2,214)	3	(6,648)



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Notes to the Financial Statements (Cont'd)

12. DEFERRED TAX ASSETS/(LIABILITIES) (Cont'd)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Unabsorbed tax losses	88,587	88,500	1,988	1,413
Unabsorbed capital allowances	10,567	9,610	161	92
Other deductible temporary differences	384	-	9	-
	99,538	98,110	2,158	1,505

Pursuant to the latest tax legislations, unabsorbed tax losses from a year of assessment of Group entities other than foreign subsidiaries can only be carried forward up to 7 consecutive years of assessment ("YAs"). Unabsorbed tax losses of the Group and of the Company expire in the following period under the current tax legislation of Malaysia:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Expire in:				
2025	24,673	25,615	908	908
2026	1,388	2,029	505	505
2027	1,362	-	575	-
	27,423	27,644	1,988	1,413

Unabsorbed capital allowances do not expire under the current tax legislation.

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits of the Group entities will be available against which the Group entities can utilise the benefits therefrom.

Notes to the Financial Statements
(Cont'd)

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13. INVENTORIES

	Group	
	2020 RM'000	2019 RM'000
Raw materials	12,071	17,055
Work-in-progress	3,348	3,175
Finished goods	8,609	8,108
Consumable goods	6	30
	<u>24,034</u>	<u>28,368</u>
Carrying amount of inventories pledged as security for credit facilities granted to a subsidiary	<u>4,802</u>	<u>4,636</u>
Recognised in profit or loss (Debit/(Credit)):		
Inventories recognised as cost of sales	83,882	119,697
Inventories written off	309	712
Inventories written down to net realisable value	80	749
Reversal of inventories written down	(204)	(1,555)

The inventories written off, written down and reversal of written down are included in cost of sales.

14. CONTRACT ASSETS

	Group	
	2020 RM'000	2019 RM'000
Contract assets	<u>5,374</u>	<u>7,631</u>

The contract assets primarily relate to the Group's rights to consideration for work completed but not yet billed at the reporting date. Typically, the amount will be billed upon delivery of the goods to the customers and payment is expected within 90 days.

Significant changes to contract assets balances during the period are as follows:

	Group	
	2020 RM'000	2019 RM'000
At the beginning of year	7,631	10,137
Contract assets at the beginning of the year transferred to trade receivables	(3,584)	(3,600)
Revenue recognised on work completed but not yet billed	2,776	3,450
Decrease in revenue recognised at the beginning of the year arising from contract cancellation	-	(2,356)
Contract assets written off	(1,449)	-
At the end of year	<u>5,374</u>	<u>7,631</u>



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Notes to the Financial Statements (Cont'd)

15. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Trade					
Trade receivables from contracts with customers		14,378	27,972	-	-
Amount due from subsidiaries	15.1	-	-	347	1,068
		14,378	27,972	347	1,068
Non-trade					
Other receivables		3,893	4,688	5	45
Less: Impairment loss	15.2	(3,286)	-	-	-
		607	4,688	5	45
Deposits		972	1,082	59	58
Amount due from subsidiaries	15.1	-	-	2,707	13,989
Less: Impairment loss	15.2	-	-	(2,705)	(5,469)
		-	-	2	8,520
Prepayments		1,344	1,435	-	-
		2,923	7,205	66	8,623
		17,301	35,177	413	9,691

15.1 Amount due from subsidiaries

The trade amount due from subsidiaries is subject to negotiated trade term.

The non-trade amount due from subsidiaries is unsecured, interest free and repayable on demand.

15.2 Impairment loss

In the current financial year:

- an impairment loss of RM3,286,000 (2019: Nil) was made on the entire amount owing from a PSC partner for its cash call obligation;
- certain advances to subsidiaries of RM12,782,000 together with its corresponding impairment losses of RM2,921,000 were classified as non-current and were reclassified to investments in subsidiaries (Note 9); and
- an impairment loss of RM157,000 on amount due from subsidiaries was recognised in the profit or loss.

In the previous financial year, impairment losses of RM846,000 and RM41,000 were written off against other receivables and amount due from subsidiaries respectively. In addition, an impairment loss of RM42,000 on amount due from subsidiaries was recognised in the profit or loss.

Notes to the Financial Statements
(Cont'd)

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16. CASH AND CASH EQUIVALENTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deposits placed with licensed banks	16,400	9,737	1,000	2,000
Short term placement funds with approved financial institutions	9,739	12,921	-	-
Cash and bank balances	26,865	18,092	847	1,616
Cash and cash equivalents in the statements of financial position	53,004	40,750	1,847	3,616
Bank overdraft (Note 19)	(291)	(1,046)	-	-
Cash and cash equivalents in the statements of cash flows	52,713	39,704	1,847	3,616

17. ASSET CLASSIFIED AS HELD FOR SALE

	Group	
	2020 RM'000	2019 RM'000
Investment in shares	4,646	4,646
Share of post-acquisition reserves	(1,763)	(1,763)
Less: Impairment loss	(2,883)	(2,883)
	-	-

Proreka Sprintex Sdn Bhd ("PSSB") is the only joint arrangement in which the Group participates. PSSB is structured as a separate vehicle and provides the Group the right to its net assets. Accordingly, the Group has classified the investment in PSSB as a joint venture. In 2013, the Group has fully impaired its investment in the joint venture due to continued losses faced by the joint venture in the prior years.

Details of the joint venture are as follows:

Name of entity	Principal place of business/ Country of incorporation	Nature of the relationship	Effective ownership interest and voting interest	
			2020 %	2019 %
Proreka Sprintex Sdn Bhd ("PSSB")	Malaysia	No operational or financial relationship	50	50

In 2019, AutoV, a wholly-owned subsidiary of the Company had entered into a sale and purchase agreement with Sprintex Limited to dispose its entire 50% equity interest in PSSB. Accordingly, investment in joint venture was classified as asset held for sale following the commitment of the Group to dispose the asset to a third party. As at 30 June 2020, the completion of the disposal is pending fulfilment of certain conditions precedent to the sale and purchase agreement.



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Notes to the Financial Statements (Cont'd)

18. CAPITAL AND RESERVES

18.1 Share capital

	Number of shares 2020 '000	Group and Company Amount 2020 RM'000	Number of shares 2019 '000	Amount 2019 RM'000
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares				
At 1 July	269,087	643,647	5,381,738	538,174
Effects of share consolidation	-	-	(5,112,651)	-
Transfer from share premium account in accordance with Section 618(2) of the Companies Act 2016	-	-	-	105,473
At 30 June	269,087	643,647	269,087	643,647

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

In accordance with Section 618 of Companies Act 2016, any amount standing to the credit of the share premium account had become part of the Company's share capital. The Company had twenty four (24) months upon the commencement of Companies Act 2016 on 31 January 2017 to utilise the credit in accordance with Section 618(3) of Companies Act 2016 on or before 30 January 2019 (24 months from commencement of Section 74 of Companies Act 2016). As at 30 January 2019, the Company did not utilise the share premium amounting to RM105,473,000.

Pursuant to the shareholders' approval obtained on 29 November 2018:

- i) the Company had on 14 December 2018, undertaken a consolidation of every 20 existing ordinary shares into 1 ordinary share. On that day, 5,381,737,911 ordinary shares in the Company have been consolidated into 269,086,895 ordinary shares ("Consolidated Shares"); and
- ii) the Company had on 20 December 2018, issued 67,271,723 free warrants ("Warrant") on the basis of 1 Warrant for every 4 Consolidated Shares.

The Warrants may be exercised at any time within a period of 3 years commencing on 20 December 2018. Any Warrants which are not exercised during the exercise period will thereafter lapse and cease to be valid. Each Warrant entitles the holder to subscribe for one new ordinary share during the exercise period at the exercise price of RM0.72 each, subject to adjustments in accordance with the provisions of the deed poll governing the Warrants. The Warrant holders are not entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid, the entitlement date of which is prior to the date of allotment and issuance of the new shares to be issued from the exercise of the Warrants. The Warrant holders are not entitled to any voting rights in any general meeting of the Company.



Notes to the Financial Statements (Cont'd)

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18. CAPITAL AND RESERVES (Cont'd)

18.1 Share capital (Cont'd)

The new shares to be issued pursuant to the exercise of the Warrants shall, upon allotment and issuance, rank pari passu in all respects with the then existing shares, except that the new shares shall not be entitled to any dividends, rights, allotments and/or form of distribution, the entitlement date of which is prior to the date of allotment of such new shares issued pursuant to the exercise of the Warrants. As at the end of the financial year, none of the Warrants have been exercised.

18.2 Share premium

This comprised the premium paid on subscription of ordinary shares in the Company over and above the par value of the shares.

In accordance with Section 618 of the Companies Act 2016, any amount standing to the credit of the share premium account had become part of the Company's share capital.

18.3 Capital reserve – Group

The capital reserve arose from the redemption of preference shares by subsidiaries in prior years.

18.4 Other reserves

(Debit)/Credit	Business combination deficit RM'000	Fair value adjustment reserve RM'000	Foreign currency translation reserve RM'000	Total RM'000
Group				
At 1 July 2018	(157,064)	(44,479)	(3,938)	(205,481)
Foreign currency translation differences for foreign operations	-	-	3,384	3,384
At 30 June 2019/ 1 July 2019	(157,064)	(44,479)	(554)	(202,097)
Foreign currency translation differences for foreign operations	-	-	2,905	2,905
At 30 June 2020	(157,064)	(44,479)	2,351	(199,192)
Company				
At 1 July 2018/ 30 June 2019/ 1 July 2019/ 30 June 2020	-	(83,429)	-	(83,429)

- i) The business combination deficit represents the excess of the purchase consideration paid by the Company, the legal acquirer, over the net assets of AIC, the accounting acquirer in 2012.



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Notes to the Financial Statements (Cont'd)

18. CAPITAL AND RESERVES (Cont'd)

18.4 Other reserves (Cont'd)

- ii) The fair value adjustment reserve represents the difference between the fair value and the issue price of the ordinary shares in the Company issued:
 - (a) as consideration for the acquisition of the business and undertakings, including all the assets and liabilities of AutoV and Jotech in 2012; and
 - (b) on conversion of the redeemable convertible preference shares in a subsidiary in 2014.
- iii) The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the Group entities with functional currencies other than RM.

19. LOANS AND BORROWINGS

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current					
Term loans	19.1	3,749	5,984	-	-
Finance lease liabilities	19.4	-	578	-	188
		3,749	6,562	-	188
Current					
Term loans	19.1	2,938	3,724	-	-
Trade financing	19.2	9,951	9,594	-	-
Murabahah capital financing	19.3	284	177	-	-
Finance lease liabilities	19.4	-	409	-	60
Bank overdraft		291	1,046	-	-
		13,464	14,950	-	60
		17,213	21,512	-	248

19.1 Term loans

The term loans are secured by either single security or combination of securities, comprising land, buildings, plant and equipment, fixed and floating charges on certain assets as well as corporate guarantees from certain Group entities as disclosed in Notes 3 and 4.

Certain subsidiaries of the Group were granted a 6-month moratorium for its term loan repayments effective from 1 April 2020 until 1 September 2020 in line with the government of Malaysia's and Bank Negara Malaysia's effort to provide financial relief to businesses during the Covid-19 pandemic. These subsidiaries continue to accrue interest expense during the moratorium period when the term loan repayments were deferred.

19.2 Trade financing

The trade financing are secured by either single security or combination of securities, comprising fixed and floating charges on assets as well as corporate guarantees from the Company.

Notes to the Financial Statements
(Cont'd)

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19. LOANS AND BORROWINGS (Cont'd)**19.3 Murabahah capital financing**

The Murabahah capital financing in a subsidiary is secured by:

- i) a debenture over fixed and floating charge on all present and future assets of the subsidiary; and
- ii) corporate guarantees from the Company and immediate holding company of the subsidiary.

These borrowings are subject to repayment terms and interest rates as disclosed in Note 30.5.

19.4 Finance lease liabilities

Finance lease liabilities were repayable as follows:

	Future minimum lease payments 2019 RM'000	Interest 2019 RM'000	Present value of minimum lease payments 2019 RM'000
Group			
Less than one year	456	47	409
Between one and five years	615	37	578
	1,071	84	987
Company			
Less than one year	71	11	60
Between one and five years	202	14	188
	273	25	248

20. DEFERRED INCOME

	Group	
	2020 RM'000	2019 RM'000
Non-current		
Government grant	1,329	-
Current		
Government grant	160	-
	1,489	-

A subsidiary of the Group received a government grant in the current year which was conditional upon the purchase of certain plant and machinery. The subsidiary has used the plant and machinery in its operations since 2018. The grant is being amortised over the useful life of the plant and machinery. During the financial year, RM106,000 has been amortised and recognised as other income in profit or loss.



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Notes to the Financial Statements (Cont'd)

21. PROVISIONS

Group	Production sharing contract penalties RM'000	Warranties RM'000	Total RM'000
At 1 July 2018	-	1,851	1,851
Provisions made during the year	25,413	497	25,910
Provisions used during the year	-	(475)	(475)
Reversal of provision during the year	-	(1,135)	(1,135)
Effect of movements in exchange rates	(491)	-	(491)
At 30 June 2019/1 July 2019	24,922	738	25,660
Provisions made during the year	-	121	121
Provisions used during the year	-	(126)	(126)
Reversal of provision during the year	-	(600)	(600)
Effect of movements in exchange rates	1,343	-	1,343
At 30 June 2020	26,265	133	26,398

PSC penalties

The penalties were provided in financial year 2019 for the Bontang Bengalon PSC of RM19,215,000 and for the Muara Enim II PSC of RM6,198,000 to fulfil the remaining obligation under the PSC as disclosed in Note 6.

Warranties

The provision for warranties relates to finished goods sold during the year. The provision is based on estimates made from historical warranty data associated with similar products and services. The Group expects to incur the liability over the next 2 to 3 financial years.

22. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Trade					
Trade payables	22.1	8,973	15,518	-	-
Amount due to affiliated company	22.2	-	75	-	-
		8,973	15,593	-	-
Non-trade					
Accrued expenses		6,378	5,395	238	387
Employee benefits liabilities	22.3	3,861	5,427	-	-
Other payables		11,324	8,665	-	-
Amount due to subsidiaries	22.4	-	-	300	-
		21,563	19,487	538	387
		30,536	35,080	538	387

Notes to the Financial Statements
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22. TRADE AND OTHER PAYABLES (Cont'd)**22.1 Trade payables**

Included in trade payables of the Group is an amount of RM31,000 (2019: RM68,000) due to a company in which a director has interests, which is subject to normal trade terms.

22.2 Amount due to affiliated company

The amount due to affiliated company refers to non-controlling interest of a subsidiary, which was subjected to normal trade terms.

22.3 Employee benefits liabilities

A Group entity operates a non-contributory unfunded defined benefit plan that provides pension for its employees upon retirement. Under the plan, eligible employees are entitled to retirement benefits, depending on the employees' last drawn salary for each completed year of service upon the retirement age.

The defined benefit plan exposes the Group to actuarial risks, such as mortality risk, currency risk and interest rate risk.

Movement in net defined benefit liabilities

The following table shows a reconciliation from beginning of year to the end of year for net defined benefit liabilities and its components:

	Group	
	2020 RM'000	2019 RM'000
Balance at beginning of the year	5,427	4,284
Included in profit or loss		
Current service cost	309	545
Actuarial changes	(2,335)	120
Remeasurement	(15)	(1)
Interest cost	444	367
	(1,597)	1,031
Benefit payment	(59)	(77)
Effect of movements in exchange rate	90	189
	(1,566)	1,143
Balance at end of the year	3,861	5,427



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Notes to the Financial Statements (Cont'd)

22. TRADE AND OTHER PAYABLES (Cont'd)

22.3 Employee benefits liabilities (Cont'd)

Actuarial assumptions

Principal actuarial assumptions at the end of the reporting period (expressed as weighted averages):

	Group	
	2020 RM'000	2019 RM'000
Discount rate	4.87% - 8.26%	8.18%
Future salary growth	5.0%	10.0%
Mortality rate	0.00064	0.00064
Disability rate	0.00006	0.00006

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation. However, the Directors are of the view that the above risks are not significant.

22.4 Amount due to subsidiaries

The non-trade amount due to subsidiaries represented advances received which is unsecured, interest free and repayable on demand.

23. REVENUE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue from contracts with customers	163,464	216,974	1,589	2,105
Other revenue				
– Rental income	359	324	-	-
Total revenue	163,823	217,298	1,589	2,105

23.1 Disaggregation of revenue

Revenue from contracts with customers of the Company consists of management fee income received/receivable from certain subsidiaries based in Malaysia which is recognised in profit or loss over time when services are rendered. Payment is generally received within 60 to 90 days from invoice date.



Notes to the Financial Statements (Cont'd)

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23. REVENUE (Cont'd)

23.1 Disaggregation of revenue (Cont'd)

Group	Integrated manufacturing services				Reportable segments				Total	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	Resources 2020 RM'000	2019 RM'000	Investment holding 2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Primary geographical markets										
Malaysia	83,049	116,467	5,351	5,806	-	-	-	-	88,400	122,273
Indonesia	45,299	61,168	-	-	-	-	-	-	45,299	61,168
Australia	-	9	-	-	-	-	-	-	-	9
Singapore	17,449	18,418	-	-	-	-	-	-	17,449	18,418
United States of America	4,390	7,210	-	-	-	-	-	-	4,390	7,210
The People's Republic of China	1,749	1,956	-	-	-	-	-	-	1,749	1,956
Other countries	6,177	5,940	-	-	-	-	-	-	6,177	5,940
	158,113	211,168	5,351	5,806	-	-	-	-	163,464	216,974
Major products and services lines										
Automotive components design and manufacturing	63,642	98,728	-	-	-	-	-	-	63,642	98,728
Precision machining, stamping and tooling	94,471	112,440	-	-	-	-	-	-	94,471	112,440
Fresh fruit bunches	-	-	5,351	5,806	-	-	-	-	5,351	5,806
	158,113	211,168	5,351	5,806	-	-	-	-	163,464	216,974
Timing of recognition										
At a point in time	133,063	181,519	5,351	5,806	-	-	-	-	138,414	187,325
Overtime	25,050	29,649	-	-	-	-	-	-	25,050	29,649
	158,113	211,168	5,351	5,806	-	-	-	-	163,464	216,974
Revenue from contracts with customers										
Other revenue	158,113	211,168	5,351	5,806	-	-	-	-	163,464	216,974
	359	324	-	-	-	-	-	-	359	324
Total revenue	158,472	211,492	5,351	5,806	-	-	-	-	163,823	217,298



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Notes to the Financial Statements (Cont'd)

23. REVENUE (Cont'd)

23.2 Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Automotive parts and accessories	Revenue is recognised when the goods are delivered and accepted by the customers at their premises.	Credit period of 30 to 60 days from invoice date	Not applicable.	The Group allows returns only for exchange with new goods. (i.e. no cash refunds are offered)	Warranties of 3 years but only to the extent of the mileage of the vehicle (in which the automotive parts and accessories are installed or used in) not exceeding 100,000 kilometres, are given at no cost to customers.
Fabrication of tooling and moulds to produce automotive parts and accessories	Revenue is recognised over time as costs are incurred. The customer has control over the tooling and moulds as the tooling and moulds are created and these tooling and moulds would have no alternative use and the Group has rights to payment for work performed.	Credit period of 45 to 60 days from invoice date.	Not applicable.	Not applicable.	Not applicable.
Precision stamping and tooling	Revenue is recognised when the goods are delivered to the customers and all criteria for acceptance have been satisfied.	Credit period of 30 to 60 days from invoice date.	Not applicable.	The Group allows returns only for exchange with new goods. (i.e. no cash refunds are offered)	Warranties of 3 years but only to the extent of the mileage of the vehicle (in which the stamped metal parts are installed or used in) not exceeding 100,000 kilometres, are given at no cost to customers.

Notes to the Financial Statements
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23. REVENUE (Cont'd)

23.2 Nature of goods and services (Cont'd)

The following information reflects the typical transactions of the Group (Cont'd):

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Precision machining and automation systems	Certain revenue is recognised over time as costs are incurred. These contracts would meet the no alternative use and the Group has rights to payment for work performed. The remaining revenue is recognised when goods are delivered to the customers and all criteria for acceptance have been satisfied.	Credit period of 30 to 90 days from invoice date.	Not applicable.	The Group allows returns only for exchange with new goods. (i.e. no cash refunds are offered)	Warranties of 3 years are given at no cost to certain customers.
Fresh fruit bunches	Revenue is recognised at a point in time when the fresh fruit bunches are delivered and accepted by the customer at its premise or recognised upon the control of the goods having transferred to the customer.	Credit period of 60 days from invoice date.	Not applicable.	Not applicable.	Not applicable.



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Notes to the Financial Statements (Cont'd)

23. REVENUE (Cont'd)

23.3 Transaction price allocated to the remaining performance obligations

There are no performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

24. FINANCE INCOME

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Interest income of financial assets calculated using the effective interest method that are amortised cost	1,367	963	33	57

25. FINANCE COSTS

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
– Term loans	399	717	-	-
– Finance lease liabilities	-	72	-	15
– Trade financing facilities	573	561	-	-
– Bank overdraft	66	35	-	-
	1,038	1,385	-	15
Interest expense on lease liabilities	237	-	46	-
Other finance costs	21	161	-	-
	1,296	1,546	46	15

26. PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before tax is arrived at after charging/ (crediting):				
Auditors' remunerations				
Audit fees:				
– KPMG PLT	355	346	115	110
– Overseas affiliates of KPMG PLT	452	408	-	-
– Other auditors	92	106	-	-
Non-audit fees:				
– KPMG PLT	20	20	20	20
– Local affiliates of KPMG PLT	17	19	8	8



Notes to the Financial Statements (Cont'd)

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26. PROFIT/(LOSS) BEFORE TAX (Cont'd)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Material expenses/(income)				
Amortisation of government grant	(106)	-	-	-
Amortisation of customer relationships	395	395	-	-
Amortisation of development costs	2	28	-	-
Amount due from subsidiaries written off	-	-	-	12
Changes in lease payments arising from rent concessions	(70)	-	-	-
Contract assets written off	1,449	-	-	-
Depreciation of property, plant and equipment	8,660	9,963	62	138
Depreciation of right-of-use assets	2,947	-	275	-
Exploration consumables expensed off	679	-	-	-
Fair value changes on biological assets	(69)	107	-	-
Fair value loss on financial assets at fair value through profit or loss	32	45	-	-
Fair value gain on investment property	(3,194)	-	-	-
Gain on disposal of a subsidiary	-	-	(5)	-
Gain on disposal of property, plant and equipment	(135)	(147)	-	(11)
Gain on disposal of right-of-use assets	(86)	-	-	-
Impairment loss on exploration and evaluation assets (net)	-	20,778	-	-
Impairment loss on goodwill	-	252	-	-
Inventories written off	309	712	-	-
Inventories written down to net realisable value	80	749	-	-
Loss on disposal of other investments	-	20	-	-
Personnel expenses (including key management personnel):				
– Contributions to Employees' Provident Fund	2,344	2,333	156	202
– Wages, salaries and others (Note a)	31,113	34,106	1,440	1,690
– Expenses related to defined benefit plans (net)	(1,597)	1,031	-	-
Prepayments written off	-	1,000	-	1,000
Property, plant and equipment written off	3	2	-	-
Provision for PSC penalties	-	25,413	-	-
Royalty expense	69	69	-	-
Realised foreign exchange (gain)/loss (net)	(43)	217	-	-
Reversal of inventories written down	(204)	(1,555)	-	-
Reversal of provision for warranties (net)	(479)	(638)	-	-
Waiver of amount due to subsidiaries	-	-	-	(1,058)
Unrealised foreign exchange gain (net)	(130)	(12)	-	-
Expenses arising from leases				
Expenses relating to short-term leases (Note b)	237	-	3	-
Expenses relating to leases of low-value assets (Note b)	7	-	5	-
Rental expense in respect of:				
– Equipment	-	90	-	4
– Premises	-	1,313	-	134
Net loss on impairment of financial instruments				
Financial assets at amortised cost				
– Impairment loss on advances to subsidiaries	-	-	19,705	24,466
– Impairment loss on receivables	3,286	-	157	42



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Notes to the Financial Statements (Cont'd)

26. PROFIT/(LOSS) BEFORE TAX (Cont'd)

Note a

Certain subsidiaries of the Group were entitled to a wage subsidy programme introduced by the government of Malaysia in response to the Covid-19 pandemic. The wage subsidy of the Group and of the Company amounting to RM420,000 and RM7,000 respectively for the period of April to June 2020 was recognised in profit or loss as a deduction against personnel expenses.

Note b

The Group or the Company leases a number of properties, office and factory equipment with contract terms of not more than 1 year. These leases are short-term and/or leases of low-value items. The Group or the Company has elected not to recognise right-of-use assets and lease liabilities for these leases.

27. TAX EXPENSE

Recognised in profit or loss

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian – current year	1,893	1,865	-	-
– prior years	(38)	(289)	-	-
Overseas – current year	864	1,611	-	-
Total current tax expense recognised in profit or loss	2,719	3,187	-	-
Deferred tax expense				
Origination and reversal of temporary differences	1,213	(294)	-	-
(Over)/Under provision in prior year	(63)	56	-	-
Adjustment/(Crystallisation) of deferred tax liability on revaluation surplus of property arising prior to MFRS adoption	1,064	(49)	-	-
Total deferred tax recognised in profit or loss	2,214	(287)	-	-
Total income tax expense	4,933	2,900	-	-

Notes to the Financial Statements
(Cont'd)

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27. TAX EXPENSE (Cont'd)

Recognised in profit or loss (Cont'd)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Reconciliation of tax expense				
Loss for the year	(1,105)	(43,902)	(21,331)	(26,404)
Total tax expense	4,933	2,900	-	-
Profit/(Loss) excluding tax	3,828	(41,002)	(21,331)	(26,404)
Income tax calculated using tax rate of 24%	919	(9,841)	(5,119)	(6,337)
Non-deductible expenses	4,346	23,283	4,963	6,469
Tax incentive	(170)	(559)	-	-
Tax exempt income	(248)	(586)	(1)	(254)
Effect of deferred tax assets not recognised	343	(1,474)	157	122
Over provision in prior years	(101)	(233)	-	-
Adjustment/(Crystallisation) of deferred tax liability on revaluation surplus of property arising prior to MFRS adoption	1,064	(49)	-	-
Effect of different tax rates in foreign jurisdictions	(773)	(7,641)	-	-
Effect of fair value gain on investment property not subject to current tax	(766)	-	-	-
Effect of fair value gain on investment property subject to Real Property Gains Tax	319	-	-	-
	4,933	2,900	-	-

28. EARNINGS PER ORDINARY SHARE – GROUP

i) Basic earnings/(loss) per ordinary share

The calculation of basic earnings/(loss) per ordinary share was based on the profit/(loss) attributable to owners of the Company and the weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2020 RM'000	2019 RM'000
Profit/(Loss) for the year attributable to owners of the Company	2,348	(19,365)
	'000	'000
Weighted average number of ordinary shares at 30 June	269,087	269,087
	Sen	Sen
Basic earnings/(loss) per ordinary share	0.873	(7.197)



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28. EARNINGS PER ORDINARY SHARE – GROUP (Cont'd)

ii) Diluted earnings per ordinary share

Diluted earnings per ordinary share is not applicable as the exercise price of the Company's Warrants of RM0.72 is higher than the market price of the Company's shares as at year end. In addition, the Group incurred a loss attributable to the owners of the Company in the previous financial year.

29. OPERATING SEGMENTS

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Executive Directors (the chief operating decision makers) review internal management reports at least on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

- *IMS* Includes automotive components design and manufacturing and precision machining, stamping and tooling divisions
- *Resources* Includes oil palm plantation
- *Energy* Includes oil and gas exploration and production and services
- *Investment holding* Includes investments in subsidiaries and property

The accounting policies on the determination of the reportable segments are as described in Note 2(v).

Performance is measured primarily on segment profit before tax ("segment profit") as included in the internal management reports that are reviewed by the Group's Executive Directors. Segment Profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

Segment assets are measured based on all assets (excluding goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Executive Directors. Segment assets are used to measure the return of assets of each segment.

Segment liabilities

Segment liabilities are measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the Group's Executive Directors. Segment liabilities are used to measure the gearing of each segment.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, right-of-use assets, exploration and evaluation assets, investment property and intangible assets other than goodwill.

Notes to the Financial Statements
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29. OPERATING SEGMENTS (Cont'd)

	IMS RM'000	Resources RM'000	Energy RM'000	Investment holding RM'000	Consolidation adjustments RM'000	Total RM'000
2020						
Segment Profit/(Loss)	10,743	(1,482)	(7,400)	1,840	522	4,223
<i>Income/(Expense) included in the measure of Segment Profit/(Loss) are:</i>						
Revenue from external customers	158,472	5,351	-	-	-	163,823
Inter-segment revenue	-	-	-	1,589	(1,589)	-
Contract assets written off	(1,449)	-	-	-	-	(1,449)
Depreciation and amortisation	(8,530)	(2,674)	(97)	(308)	-	(11,609)
Fair value gain on biological assets	-	69	-	-	-	69
Fair value gain on investment property	-	-	-	3,194	-	3,194
Fair value loss on financial assets at fair value through profit or loss	-	-	-	(32)	-	(32)
Finance costs	(509)	(721)	(781)	(46)	761	(1,296)
Finance income	1,567	7	-	33	(240)	1,367
Impairment loss on receivables	-	-	(3,286)	-	-	(3,286)
Inventories written off	(309)	-	-	-	-	(309)
Inventories written down to net realisable value	(80)	-	-	-	-	(80)
Reversal of inventories written down	204	-	-	-	-	204
Property, plant and equipment written off	(3)	-	-	-	-	(3)



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Notes to the Financial Statements (Cont'd)

29. OPERATING SEGMENTS (Cont'd)

	IMS RM'000	Resources RM'000	Energy RM'000	Investment holding RM'000	Consolidation adjustments RM'000	Total RM'000
2019						
Segment Profit/(Loss)	13,570	(1,673)	(49,433)	(2,824)	5	(40,355)
<i>Income/(Expense) included in the measure of Segment Profit/(Loss) are:</i>						
Revenue from external customers	211,492	5,806	-	-	-	217,298
Inter-segment revenue	-	-	-	2,105	(2,105)	-
Depreciation and amortisation	(6,932)	(2,783)	(137)	(139)	-	(9,991)
Fair value loss on biological assets	-	(107)	-	-	-	(107)
Fair value loss on financial assets at fair value through profit or loss	-	-	(14)	(31)	-	(45)
Finance costs	(543)	(827)	(544)	(15)	383	(1,546)
Finance income	1,087	-	-	254	(378)	963
Impairment loss on exploration and evaluation assets	-	-	(20,778)	-	-	(20,778)
Inventories written off	(712)	-	-	-	-	(712)
Inventories written down to net realisable value	(749)	-	-	-	-	(749)
Reversal of inventories written down	1,555	-	-	-	-	1,555
Prepayments written off	-	-	-	(1,000)	-	(1,000)
Property, plant and equipment written off	(2)	-	-	-	-	(2)
Provision for PSC penalties	-	-	(25,413)	-	-	(25,413)

Notes to the Financial Statements
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29. OPERATING SEGMENTS (Cont'd)

	IMS RM'000	Resources RM'000	Energy RM'000	Investment holding RM'000	Consolidation adjustments RM'000	Total RM'000
2020						
Segment assets	163,447	48,140	108,272	102,388	(87,762)	334,485
<i>Included in the measure of segment assets are:</i>						
Additions to non-current assets other than financial instruments and deferred tax assets	5,464	-	1,491	10,769	-	17,724
Segment liabilities	35,075	18,425	136,255	1,588	(104,876)	86,467
2019						
Segment assets	170,354	51,417	107,533	99,674	(95,854)	333,124
<i>Included in the measure of segment assets are:</i>						
Additions to non-current assets other than financial instruments and deferred tax assets	17,128	4	10,304	108	-	27,544
Segment liabilities	40,549	18,323	130,582	656	(102,291)	87,819

Reconciliation of segment profit, segment assets and liabilities

Reconciliation to consolidated profit/(loss) before tax

	Group	
	2020 RM'000	2019 RM'000
Total segment profit/(loss)	4,223	(40,355)
Unallocated expenses:		
Amortisation of customer relationships	(395)	(395)
Impairment loss on goodwill	-	(252)
Consolidated profit/(loss) before tax	3,828	(41,002)



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Notes to the Financial Statements (Cont'd)

29. OPERATING SEGMENTS (Cont'd)

Reconciliation of segment profit, segment assets and liabilities (Cont'd)

Reconciliation to consolidated total assets

	Group	
	2020 RM'000	2019 RM'000
Total segment assets	334,485	333,124
Customer relationships	5,129	5,524
Goodwill on consolidation	22,182	22,182
Consolidated total assets	361,796	360,830

Geographical segments

The Group's Executive Directors (the chief operating decision makers) review and monitor the performance and financial information of the continuing operations by geographical segments at least on a monthly basis. There was no geographical information provided to the chief operating decision makers in relation to the discontinued operations.

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments and deferred tax assets.

The geographical information in regards to revenue, non-current assets (excluding financial instruments and deferred tax assets) and trade receivables of the Group can be shown as follows:

	Revenue RM'000	Non-current assets RM'000	Trade receivables RM'000
2020			
Malaysia	88,759	133,825	9,648
Singapore	17,449	-	2,025
United States of America	4,390	-	522
Indonesia	45,299	119,615	1,109
The People's Republic of China	1,749	-	458
Other countries	6,177	-	616
	163,823	253,440	14,378
2019			
Malaysia	122,597	120,090	16,570
Australia	9	-	-
Singapore	18,418	-	2,806
United States of America	7,210	-	1,024
Indonesia	61,168	117,274	5,983
The People's Republic of China	1,956	5	428
Other countries	5,940	-	1,161
	217,298	237,369	27,972



Notes to the Financial Statements (Cont'd)

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29. OPERATING SEGMENTS (Cont'd)

Major customers

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

	2020		2019	
	Number of customers	RM'000	Number of customers	RM'000
Segment				
IMS	4	109,419	4	143,210

30. FINANCIAL INSTRUMENTS

30.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Amortised cost ("AC"); and
- (b) Fair value through profit or loss ("FVTPL")
 - Mandatorily required by MFRS 9.

2020	Carrying amount RM'000	AC RM'000	FVTPL RM'000
Financial assets			
Group			
Other financial assets	3,138	3,138	-
Other investments	217	-	217
Trade and other receivables*	15,957	15,957	-
Fixed deposits with maturity more than three months but less than twelve months	3,000	3,000	-
Cash and cash equivalents	53,004	53,004	-
	75,316	75,099	217
Company			
Trade and other receivables	413	413	-
Cash and cash equivalents	1,847	1,847	-
	2,260	2,260	-
Financial liabilities			
Group			
Loans and borrowings	(17,213)	(17,213)	-
Trade and other payables^	(26,675)	(26,675)	-
	(43,888)	(43,888)	-
Company			
Trade and other payables	(538)	(538)	-

* Excludes prepayments

^ Excludes employee benefits liabilities



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Notes to the Financial Statements (Cont'd)

30. FINANCIAL INSTRUMENTS (Cont'd)

30.1 Categories of financial instruments (Cont'd)

2019	Carrying amount RM'000	AC RM'000	FVTPL RM'000
Financial assets			
Group			
Other financial assets	3,036	3,036	-
Other investments	185	-	185
Trade and other receivables*	33,742	33,742	-
Fixed deposits with maturity more than three months but less than twelve months	6,000	6,000	-
Cash and cash equivalents	40,750	40,750	-
	83,713	83,528	185
Company			
Trade and other receivables	9,691	9,691	-
Cash and cash equivalents	3,616	3,616	-
	13,307	13,307	-
Financial liabilities			
Group			
Loans and borrowings	(21,512)	(21,512)	-
Trade and other payables^	(29,653)	(29,653)	-
	(51,165)	(51,165)	-
Company			
Loans and borrowings	(248)	(248)	-
Trade and other payables	(387)	(387)	-
	(635)	(635)	-

* Excludes prepayments

^ Excludes employee benefits liabilities

30.2 Net gains and losses arising from financial instruments

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Net gains/(losses) on:				
Financial assets at fair value through profit or loss:				
– Mandatorily required by MFRS 9	(32)	(65)	-	-
Financial assets at amortised cost	1,540	758	33	45
Financial liabilities at amortised cost	(1,059)	(1,546)	-	1,043
	449	(853)	33	1,088

**30. FINANCIAL INSTRUMENTS (Cont'd)****30.3 Financial risk management**

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

30.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristics of each customer. The Company's exposure to credit risk arises principally from advances to subsidiaries and the corporate guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior periods.

Trade receivables and contract assets*Risk management objectives, policies and processes for managing the risk*

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally, financial guarantees given by banks, shareholders or directors of customers are obtained, and credit evaluations are performed on customers requiring credit over a certain amount.

At each reporting date, the Group assesses whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

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

A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables.



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Notes to the Financial Statements (Cont'd)

30. FINANCIAL INSTRUMENTS (Cont'd)

30.4 Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Concentration of credit risk

The Group has credit risk concentration of approximately RM8,552,000 (2019: RM19,354,000) arising from the exposure to 4 major customers (2019: 4 major customers). Management constantly monitors the recovery of this outstanding balance and is confident of its recoverability.

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region is disclosed in Note 29. The exposure of credit risk for contract assets as at the end of the reporting period by geographic region was solely domestic.

Recognition and measurement of impairment losses

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 90 days. The Group's debt recovery process is as follows:

- a) Above 120 days past due after credit term, the Group will start to initiate a structured debt recovery process which is monitored by the sales management team; and
- b) The Group will commence a legal proceeding against the customer who fails to pay after the Group initiates the debt recovery process.

The Group assessed the risk of loss of each customer individually based on their financial information, past trend of payments and external credit ratings, where applicable. Substantially all of these customers have low risk of default.

The following table provides information about the exposure to credit risk for trade receivables and contract assets.

Group	Gross carrying amount/ Net balance	
	2020 RM'000	2019 RM'000
Not past due	18,168	26,039
Past due 1 - 30 days	1,086	9,504
Past due 31 - 120 days	498	60
	<hr/> 19,752	<hr/> 35,603
Trade receivables	14,378	27,972
Contract assets	5,374	7,631
	<hr/> 19,752	<hr/> 35,603

**30. FINANCIAL INSTRUMENTS (Cont'd)****30.4 Credit risk (Cont'd)****Trade receivables and contract assets (Cont'd)***Recognition and measurement of impairment losses (Cont'd)*

As at 30 June 2020, RM1,449,000 of contract assets were written off but they are still subject to enforcement activity. There was no allowance for impairment losses in respect of trade receivables and contract assets in the current and previous financial years.

Cash and cash equivalents and fixed and term deposits

The cash and cash equivalents and fixed and term deposits are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

Credit risks on other receivables are mainly arising from amount owing from PSC partners for their obligations to finance the exploration projects and operations of the PSC as well as deposits paid for office buildings and fixtures rented. These deposits will be refunded at the end of each lease term. The Group manages the credit risk together with the leasing arrangement.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

As at 30 June 2020, the Group recognised an allowance for impairment losses of RM3,286,000 on the entire amount owing from a PSC partner for its cash call obligation.

Financial guarantees*Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured corporate guarantees to banks in respect of banking facilities granted to the subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries. In addition, the Company has issued letters of financial support to certain subsidiaries and have indicated its willingness to provide continuing financial support to these subsidiaries.

Exposure to credit risk, credit quality and collateral

As at 30 June 2020, the Company had executed corporate guarantees in favour of licensed financial institutions up to a limit of RM35.2 million (2019: RM35.2 million) for credit facilities granted to its subsidiaries. Out of the total banking facilities secured by corporate guarantees issued by the Company, a total of RM15.7 million (2019: RM19.2 million) was outstanding at the end of the reporting period.



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Notes to the Financial Statements (Cont'd)

30. FINANCIAL INSTRUMENTS (Cont'd)

30.4 Credit risk (Cont'd)

Financial guarantees (Cont'd)

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

As at the end of the reporting period, there was no indication that any subsidiary would default on the repayment of their outstanding credit facilities.

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the ability of the subsidiaries to repay the loans and advances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Recognition and measurement of impairment loss

Generally, the Company considers loans and advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when:

- The subsidiary is unlikely to repay its loan or advance to the Company in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these loans and advances individually using internal information available.

Notes to the Financial Statements
(Cont'd)

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30. FINANCIAL INSTRUMENTS (Cont'd)

30.4 Credit risk (Cont'd)

Inter-company loans and advances (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

The following table provides information about the exposure to credit risk and ECLs for subsidiaries' loans and advances.

Company	Gross carrying amount RM'000	Impairment loss allowances RM'000	Net balance RM'000
2020			
Low credit risk	10,862	-	10,862
Significant increase in credit risk	59,897	(44,171)	15,726
Credit impaired	5,626	(5,626)	-
	76,385	(49,797)	26,588
2019			
Low credit risk	8,520	-	8,520
Significant increase in credit risk	60,896	(24,466)	36,430
Credit impaired	5,469	(5,469)	-
	74,885	(29,935)	44,950

The movement in the allowance for impairment in respect of subsidiaries' loans and advances during the year is as follows:

Company	Lifetime ECL RM'000
Balance at 1 July 2018	5,468
Amount written off	(41)
Net remeasurement of loss allowance	24,508
Balance at 30 June 2019/1 July 2019	29,935
Net remeasurement of loss allowance	19,862
Balance at 30 June 2020	49,797

The significant increase in net measurement of loss allowance is primarily due to impairment losses were recognised on certain advances to subsidiaries as these subsidiaries' financial positions have deteriorated during the financial year.



138 Notes to the Financial Statements (Cont'd)

30. FINANCIAL INSTRUMENTS (Cont'd)

30.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables and borrowings.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by maintaining committed credit lines available. In addition, the objective for debt maturities monitoring is to ensure that the amount of debt maturing in any one year is not beyond the Group's means to repay and/or refinance.



Notes to the Financial Statements (Cont'd)

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30. FINANCIAL INSTRUMENTS (Cont'd)

30.5 Liquidity Risk (Cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amounts RM'000	Contractual interest rate/ Discount rate	Contractual cash flows RM'000	Under 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	More than 5 years RM'000
2020							
<i>Non-derivative financial liabilities</i>							
Secured term loans							
– fixed rate	295	5.00%	301	301	-	-	-
– floating rate	6,392	3.65% – 7.72%	6,994	2,920	1,465	2,540	69
Trade financing	9,951	5.30%	9,951	9,951	-	-	-
Murabahah capital financing	284	4.80% – 4.85%	286	286	-	-	-
Lease liabilities	3,695	2.28% – 5.17%	3,910	1,811	1,239	860	-
Bank overdraft	291	6.72% – 8.22%	291	291	-	-	-
Trade and other payables	26,675	-	26,675	26,675	-	-	-
	47,583		48,408	42,235	2,704	3,400	69
2019							
<i>Non-derivative financial liabilities</i>							
Secured term loans							
– fixed rate	713	5.00%	751	601	150	-	-
– floating rate	8,995	4.65% – 7.97%	10,063	3,568	2,742	3,585	168
Trade financing	9,594	5.30%	9,594	9,594	-	-	-
Murabahah capital financing	177	5.70% – 5.85%	180	180	-	-	-
Finance lease liabilities	987	4.85% – 6.05%	1,071	456	340	275	-
Bank overdraft	1,046	7.72% – 8.47%	1,046	1,046	-	-	-
Trade and other payables	29,653	-	29,653	29,653	-	-	-
	51,165		52,358	45,098	3,232	3,860	168



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Notes to the Financial Statements (Cont'd)

30. FINANCIAL INSTRUMENTS (Cont'd)

30.5 Liquidity Risk (Cont'd)

Maturity analysis (Cont'd)

The table below summarises the maturity profile of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amounts RM'000	Contractual interest rate/ Discount rate RM'000	Contractual cash flows RM'000	Under 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000
Company						
2020						
<i>Non-derivative financial liabilities</i>						
Lease liabilities	1,010	3.22% – 5.17%	1,092	290	286	516
Other payables and accrued expenses	538	-	538	538	-	-
Financial guarantees	-	-	15,700	15,700	-	-
	<u>1,548</u>		<u>17,330</u>	<u>16,528</u>	<u>286</u>	<u>516</u>
2019						
<i>Non-derivative financial liabilities</i>						
Finance lease liabilities	248	5.17%	273	71	71	131
Other payables and accrued expenses	387	-	387	387	-	-
Financial guarantees	-	-	19,200	19,200	-	-
	<u>635</u>		<u>19,860</u>	<u>19,658</u>	<u>71</u>	<u>131</u>

30.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

(a) Currency risk

The Group is exposed to foreign currency risk on sales, purchases and cash and cash equivalents that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily the United States Dollar ("USD"), Singapore Dollar ("SGD"), Euro ("EUR"), Japanese Yen ("JPY") and Indonesia Rupiah ("IDR").

Notes to the Financial Statements
(Cont'd)

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30. FINANCIAL INSTRUMENTS (Cont'd)

30.6 Market risk (Cont'd)

(a) Currency risk (Cont'd)

Risk management objectives, policies and processes for managing the risk

The Group maintains a natural hedge, whenever possible, by buying materials and selling its products and services in similar currencies other than its functional currency. In addition, the Group enters into foreign currency forward contracts in the normal course of business, where appropriate, to manage its exposure against foreign currency fluctuations on sales and purchases transactions denominated in foreign currencies.

The Group and the Company are also exposed to foreign currency risk in respect of their investment in foreign subsidiaries. The Group does not hedge this exposure by having foreign currency borrowings but keeps this policy under review and will take necessary action to minimise the exposure of this risk.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

Group		Other financial assets RM'000	Trade and other receivables RM'000	Cash and cash equivalents RM'000	Trade and other payables RM'000	Net exposure RM'000
Functional currency	Foreign currency					
2020						
RM	USD	-	5,888	4,687	(713)	9,862
RM	SGD	-	-	-	(21)	(21)
RM	EUR	-	-	25	(287)	(262)
RM	JPY	-	-	5	(11)	(6)
AUD	USD	3,138	-	863	(1,091)	2,910
AUD	IDR	-	598	4	(2,861)	(2,259)
IDR	USD	-	1	242	-	243
2019						
RM	USD	-	3,648	2,026	(1,543)	4,131
RM	SGD	-	-	-	(18)	(18)
RM	EUR	-	193	10	(163)	40
RM	JPY	-	-	90	(523)	(433)
AUD	USD	3,036	199	906	(14)	4,127
AUD	IDR	-	590	10	(4,037)	(3,437)
IDR	USD	-	99	135	-	234



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Notes to the Financial Statements (Cont'd)

30. FINANCIAL INSTRUMENTS (Cont'd)

30.6 Market risk (Cont'd)

(a) Currency risk (Cont'd)

Currency risk sensitivity analysis

Foreign currency risk mainly arises from USD against RM and USD and IDR against AUD. The exposure to other currencies is not material and hence, sensitivity analysis is not presented.

A 10% (2019: 10%) strengthening of RM and AUD against the following currencies at the end of the reporting period would have increased/(decreased) profit for the year by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted transactions.

	Group	
	2020	2019
	RM'000	RM'000
USD against RM	(750)	(314)
USD and IDR against AUD		
– USD	(221)	(314)
– IDR	172	261
	(799)	(367)

A 10% (2019: 10%) weakening of RM and AUD against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(b) Interest rate risk

The Group's fixed rate deposits, short term placement funds and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate term deposits and borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's placement in funds and deposits and borrowings, and is managed through the use of fixed and floating rate instruments. The Group does not use derivative financial instruments to hedge its interest rate risk.

Notes to the Financial Statements
(Cont'd)

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30. FINANCIAL INSTRUMENTS (Cont'd)

30.6 Market risk (Cont'd)

(b) Interest rate risk (Cont'd)

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments				
Financial assets	19,400	15,737	1,000	2,000
Financial liabilities	(4,274)	(1,877)	(1,010)	(248)
	15,126	13,860	(10)	1,752
Floating rate instruments				
Financial assets	12,877	15,957	-	-
Financial liabilities	(16,634)	(19,635)	-	-
	(3,757)	(3,678)	-	-

*Interest rate risk sensitivity analysis***Fair value sensitivity analysis for fixed rate instruments**

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/ (decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	2020		2019	
	100 bp increase RM'000	100 bp decrease RM'000	100 bp increase RM'000	100 bp decrease RM'000
Group				
Floating rate instruments	(29)	29	(28)	28



144 Notes to the Financial Statements (Cont'd)

30. FINANCIAL INSTRUMENTS (Cont'd)

30.6 Market risk (Cont'd)

(c) Other price risk

Equity price risk arises from the Group's investments in equity securities.

Risk management objectives, policies and processes for managing the risk

Management of the Group monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Directors of the Group entities.

Equity price risk sensitivity analysis

Investments in equity securities are not significant, as such, sensitivity analysis is not presented.

30.7 Fair value information

The carrying amounts of cash and cash equivalents, fixed deposits, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments. The carrying amounts of term deposits also approximate fair values as the term deposits with variable interest rate will be re-priced to market interest rates.

Notes to the Financial Statements
(Cont'd)

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30. FINANCIAL INSTRUMENTS (Cont'd)

30.7 Fair value information (Cont'd)

The table below analyses other financial instruments at fair value.

Group	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
2020							
Financial assets							
Quoted shares	164	-	-	-	-	-	164
Club membership	-	-	53	-	-	-	53
	164	-	53	-	-	-	217
Financial liabilities							
Term loans							
– fixed rate	-	-	-	-	-	295	295
– floating rate	-	-	-	-	-	6,392	6,392
	-	-	-	-	-	6,687	6,687
2019							
Financial assets							
Quoted shares	185	-	-	185	-	-	185
Financial liabilities							
Term loans							
– fixed rate	-	-	-	-	-	713	713
– floating rate	-	-	-	-	-	8,995	8,995
Finance lease liabilities	-	-	-	-	-	987	987
	-	-	-	-	-	10,695	10,695



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Notes to the Financial Statements (Cont'd)

30. FINANCIAL INSTRUMENTS (Cont'd)

30.7 Fair value information (Cont'd)

Company	2020		2019	
	Carrying amount RM'000	Fair value Level 3 RM'000	Carrying amount RM'000	Fair value Level 3 RM'000
Financial liabilities				
Finance lease liabilities	-	-	248	248

Policy on transfer between levels

The fair value of a financial asset or liability to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2019: no transfer in either direction).

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. The market rate of interest of loans and borrowings is determined by reference to similar borrowing arrangements.

Notes to the Financial Statements
(Cont'd)

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30. FINANCIAL INSTRUMENTS (Cont'd)**30.7 Fair value information (Cont'd)****Level 3 fair value (Cont'd)**

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

(a) Financial instruments carried at fair value

Type	Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Club membership	The fair value of club membership is estimated based on unquoted asking price in the market.	Price per membership	The estimated fair value would increase/(decrease) if the price per membership is higher/(lower).

(b) Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Non-current loans and borrowings with fixed interest rate	Discounted cash flows using a rate based on the current market rate of borrowing of the respective Group entities at the reporting date.
Non-current loans and borrowings with variable interest rate	As the loans and borrowings will be re-priced to market interest rates, the carrying amount approximates fair value.



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Notes to the Financial Statements (Cont'd)

31. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Group's debt-to-equity ratios were as follows:

	Group	
	2020 RM'000	2019 RM'000
Loans and borrowings (Note 19)	(17,213)	(21,512)
Lease liabilities	(3,695)	-
Less: Fixed deposits with maturity more than three months but less than twelve months	3,000	6,000
Less: Cash and cash equivalents (Note 16)	53,004	40,750
Net cash	35,096	25,238
Total equity attributable to owners of the Company	238,570	233,317
Debt-to-equity ratio (times)	N/A	N/A

There were no changes in the Group's approach to capital management during the financial year.

32. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

	Group	
	2020 RM'000	2019 RM'000
Capital expenditure commitments		
Property, plant and equipment		
Contracted but not provided for	18	654
Exploration expenditure		
Contracted but not provided for	3,619	8,119

The exploration expenditure represents the minimum expenditure for the commitments contracted for under PSCs not provided for in the financial statements. The Group's minimum expenditure are the firm commitments as set forth in the PSCs with the Government of Indonesia for which the Group is committed and obligated to complete. The firm commitments under the Indonesian PSC may be moved into future years after negotiation with the Indonesian Oil and Gas Regulator. The Group has negotiated the postponement of RM3,212,000 firm commitments until future periods and has met the required commitments for the current financial year.

The Group has performance bond guarantee at year end of RM17,452,000 (2019: RM16,884,000) issued to the Government of Indonesia pursuant to the PSC to guarantee the firm commitments that are required to be completed by NuEnergy during the exploration period.

Notes to the Financial Statements
(Cont'd)**33. OPERATING LEASES****Leases as lessee**

Non-cancellable operating lease rentals were payable as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Less than one year	-	679	-	134
Between one and five years	-	180	-	111
	-	859	-	245

In 2019, the Group rented certain office premises under operating leases. The leases typically run for a period of 36 months, with remaining periods of 6 months to 22 months at the end of the reporting period and options to renew the lease after that date.

None of the leases included contingent rentals.

34. RELATED PARTIES**Identity of related parties**

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The Group has related party relationship with its subsidiaries, affiliated company, companies in which certain Directors of the Group have interests and key management personnel.



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Notes to the Financial Statements (Cont'd)

34. RELATED PARTIES (Cont'd)

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and of the Company are shown below. The balances related to the below transactions are shown in Notes 15 and 22.

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
A. Subsidiaries				
Management fee income	-	-	(1,589)	(2,105)
Waiver of amount due to subsidiaries	-	-	-	(1,058)
B. Affiliated company				
Purchases	955	673	-	-
Royalty expenses	68	69	-	-
C. Companies in which certain Directors of the Group have interests				
Sales	(18)	(138)	-	-
Purchases	269	440	-	-
Rental income	(10)	(12)	-	-
D. Key management personnel				
Directors:				
– Fees	270	530	164	168
– Remuneration	3,856	4,098	949	1,164
– Estimated monetary value of benefits-in-kind	11	11	-	-
	4,137	4,639	1,113	1,332
Other key management personnel:				
– Short term employee benefits	3,914	5,191	316	318
– Estimated monetary value of benefits-in-kind	-	7	-	-
	3,914	5,198	316	318
	8,051	9,837	1,429	1,650

35. SIGNIFICANT EVENT

The coronavirus (Covid-19) pandemic was announced by the World Health Organisation in March 2020 given the outbreak of the virus in countries across the world including Malaysia. The Covid-19 pandemic has resulted in disruptions to businesses and various macro-economic impact. The Group recorded lower sales and gross profit in the current period financial statements as a result of the business disruptions caused by Covid-19 pandemic.

As at the date of the financial statements are authorised for issuance, the Covid-19 situation is still evolving and unpredictable. As a result, the future impact of Covid-19 pandemic on the Group remains uncertain and it is not practicable for the Group to estimate the financial effect of Covid-19 at this juncture. The Group is actively monitoring and managing its operations to minimise any impact that may arise from Covid-19.



36. SUBSEQUENT EVENT

On 28 July 2020, NuEnergy Gas Limited and Sheraton Pines Pty Ltd (subsidiaries of the Group and collectively referred to as the "Subsidiaries") had entered into a conditional Royalty Purchase and Sale Agreement ("Royalty Agreement") with Metalla Royalty & Streaming Ltd ("Metalla"). The Royalty Agreement entails the Subsidiaries' selling to Metalla, all of their rights, titles and interests in and to the royalty owned by the Subsidiaries, subject to the terms and conditions of the Royalty Agreement for a total consideration of Australian Dollar (A\$) 6 million comprises A\$2 million in cash and A\$4 million in the form of 467,730 shares in Metalla which are listed on the TSX Venture Exchange in Canada. The proposed disposal has been completed as at the date of this report.

37. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

37.1 MFRS 16, Leases

During the year, the Group and the Company adopted MFRS 16.

Definition of a lease

On transition to MFRS 16, the Group and the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. They applied MFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under MFRS 117 and IC Interpretation 4, *Determining whether an Arrangement contains a Lease* were not reassessed. Therefore, the definition of a lease under MFRS 16 has been applied only to contracts entered into or changed on or after 1 July 2019.

As a lessee

Where the Group or the Company is a lessee, the Group or the Company applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings at 1 July 2019.

At 1 July 2019, for leases that were classified as operating lease under MFRS 117, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group entities' incremental borrowing rate as at 1 July 2019. The weighted-average rate applied is 5.24%. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group and the Company used the following practical expedients when applying MFRS 16 to leases previously classified as operating lease under MFRS 117:

- applied a single discount rate to a portfolio of leases with similar characteristics;
- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term as at 1 July 2019;
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For leases that were classified as finance lease under MFRS 117, the carrying amounts of the right-of-use asset and the lease liability at 1 July 2019 are determined to be the same as the carrying amount of the leased asset and lease liability under MFRS 117 immediately before that date.



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Notes to the Financial Statements (Cont'd)

37. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (Cont'd)

37.1 MFRS 16, Leases (Cont'd)

Impact on financial statements

Since the Group and the Company applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application at 1 July 2019, there are no adjustments made to the prior period presented.

The following table explains the difference between operating lease commitments disclosed applying MFRS 117 at 30 June 2019, and lease liabilities recognised in the statements of financial position at 1 July 2019.

	Group RM'000	Company RM'000
Operating lease commitments at 30 June 2019, <i>restated</i>	1,649	245
Discounted using the incremental borrowing rate at 1 July 2019	1,597	235
Finance lease liabilities recognised at 30 June 2019	987	248
Recognition exemption for short-term leases	(97)	-
Extension options reasonably certain to be exercised	2,772	375
Lease liabilities recognised at 1 July 2019	5,259	858

37.2 Amendment to MFRS 16, Leases – Covid-19-Related Rent Concessions

The Group and the Company have early adopted Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions* issued on 28 May 2020. The amendment introduces an optional practical expedient for leases in which the Group or the Company is a lessee – i.e. for leases to which the Company or the Group applies the practical expedient, the Group or the Company is not required to assess whether eligible rent concessions that are a direct consequence of the Covid-19 pandemic are lease modifications. The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

The Group and the Company have applied the amendment retrospectively. The amendment has no impact on retained earnings at 1 July 2019.

Impact on financial statements

The Group and the Company negotiated rent concessions with its landlords as a result of the impact of Covid-19 pandemic during the year. The Group and the Company applied the practical expedient for Covid-19-related rent concessions consistently to eligible rent concessions.

The amount recognised in the Group's profit or loss for the reporting period to reflect changes in lease payments arising from rent concessions to which the Group has applied the practical expedient for Covid-19-related rent concessions is RM70,000 (2019: Nil). The early adoption of Amendment to MFRS 16 does not have any impact on the Company's profit or loss as the rent concessions granted by the landlord for the reporting period relate to deferral of lease payments.



Statement by Directors 153

Pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 53 to 152 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020 and of their financial performance and cash flows for the financial year then ended.

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

Tan Sri Datuk Seri Panglima (Dr.) Goh Tian Chuan, JP
Director

Ooi Boon Pin
Director

Kuala Lumpur,

Date: 16 October 2020

Statutory Declaration

Pursuant To Section 251(1)(b) of the Companies Act 2016

I, **Chen Heng Mun**, the Director primarily responsible for the financial management of Globaltec Formation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 53 to 152 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Chen Heng Mun, MIA CA10264, at Kuala Lumpur in the Federal Territory on 16 October 2020.

Chen Heng Mun

Before me:

Samugam Vassoo
Commissioner for Oaths (W632)



154 Independent Auditors' Report

To the Members of Globaltec Formation Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

We have audited the financial statements of Globaltec Formation Berhad, which comprise the statements of financial position as at 30 June 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 53 to 152.

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 30 June 2020, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' 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.



Independent Auditors' Report To the Members of Globaltec Formation Berhad (Cont'd)

Key Audit Matters (Cont'd)

Revenue recognition

Refer to Note 2(r) – Significant accounting policy: Revenue and other income and Note 23 – Revenue.

The key audit matter	How the matter was addressed in our audit
<p>The Group recorded revenue of RM163,823,000 for the current financial year. Revenue of the Group is derived from manufacturing and sale of automotive components, precision machining and stamping, tooling and sale of fresh fruit bunches from oil palm.</p> <p>We have identified revenue recognition as a key audit matter because revenue is a key performance indicator of the Group and, therefore, is subject to an inherent risk of being recognised when the conditions for revenue recognition are not yet met and because of the risk of manipulation of revenue due to internal incentives or external pressures over financial performance.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none">• We evaluated the design and implementation and tested the operating effectiveness of selected controls over the process of revenue recognition.• We checked samples of sales transactions recorded throughout the financial year to circularisations replied by customers, invoices and delivery documents that substantiated the transfer of control over a product or service to customer.• We checked samples of sales transactions that were recorded before and after the financial year end date of 30 June 2020 to invoices and delivery documents to assess whether the revenue was recognised in the appropriate financial periods.

Impairment of exploration and evaluation assets

Refer to Note 2(g) – Significant accounting policy: Exploration and evaluation assets and Note 6 – Exploration and evaluation assets.

The key audit matter	How the matter was addressed in our audit
<p>As at 30 June 2020, the Group had incurred and recognised exploration and evaluation expenditure of RM103,598,000 in relation to several coal bed methane production sharing contracts ("PSC") in Indonesia. In accordance with the relevant accounting standards, certain PSCs were subjected to impairment assessment due to facts and circumstances suggest that the carrying amount may exceed their recoverable amount.</p> <p>We have identified the impairment assessment on the exploration and evaluation assets as a key audit matter as it involves significant judgement and there are inherent uncertainties on key assumptions used, including whether the activities have reached a stage which permits a reasonable assessment on the existence of methane gas.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none">• We obtained and assessed the validity of the relevant permits in the areas of interest, the financing arrangement and the future plans for these methane gas exploration and evaluation projects and assessed the relevant supporting documents for impairment indicators of these assets.• We inquired with the Group and those charged with governance to understand changes and challenges in the Group's plans resulting from Covid-19 in continuing activities in each area of interest.• We obtained area of interest expenditure obligations and assessed evidence of the ability to fund continued activities. We identified those areas relying on alternate funding sources and evaluated the capacity of the Group to secure such funding.• We included our valuation specialists, to assess the valuation methodology used by the Group's external expert against industry practice and the requirements of the accounting standards. We evaluated the scope, competency and objectivity of the external expert.



Independent Auditors' Report To the Members of Globaltec Formation Berhad (Cont'd)

Key Audit Matters (Cont'd)

The key audit matter (Cont'd)	How the matter was addressed in our audit (Cont'd)
	<p>Our audit procedures included, among others: (Cont'd)</p> <ul style="list-style-type: none"> • We further challenged the Group's recoverable amount assessment for key areas of interest, using our valuation specialists to assist in: <ul style="list-style-type: none"> – challenging the forecast gas price, which we also compared to published views of key Indonesian regulatory authorities; – we compared the forecast costs to project plans submitted to Indonesian regulatory authorities and minutes of meetings held with these authorities; and – we independently developed a discount rate using publicly available information for comparable entities and projects, adjusted by risk factors specific to the Group and the industry it operates in. The Group's modelling is highly sensitive to small changes in the discount rate. • We considered the sensitivity of key assumptions in the recoverable amount models, such as discount rate, forecast gas price and forecast costs within a reasonably possible range. We did this to identify any risk of impairment and to further focus our procedures.

Valuation of intangible assets

Refer to Note 2(h) – Significant accounting policy: Intangible assets and Note 8 – Intangible assets.

The key audit matter	How the matter was addressed in our audit
<p>As at 30 June 2020, the carrying amount of intangible assets stood at RM27,445,000.</p> <p>The Group performs annual impairment assessment by comparing the aggregated carrying amount of the allocated goodwill and customer relationships of each cash-generating unit ("CGU") against the respective discounted cash flows projections to determine the amount of impairment loss which should be recognised, if any.</p> <p>We have identified the potential impairment of intangible assets as a key audit matter due to the impairment assessments prepared by the Group contain assumptions, particularly profit margin, growth rate and discount rates that are inherently uncertain.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> • We tested the basis of preparing the cash flows projections taking into account the historical evidence supporting underlying assumptions. We also assessed the appropriateness of the other key assumptions, such as the weighted-average cost of capital discount rates, as well as the sales and long-term growth rates, by comparing against internal information and external economic and market data. • We also performed the sensitivity analysis on the key inputs used in preparing the cash flows projections, to understand the impact that reasonable alternative assumptions would have on the overall carrying amount.



Independent Auditors' Report To the Members of Globaltec Formation Berhad (Cont'd)

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REPORT ON THE FINANCIAL STATEMENTS (Cont'd)

Key Audit Matters (Cont'd)

Impairment of investments in subsidiaries

Refer to Note 2(a)(i) – Significant accounting policy: Basis of consolidation – Subsidiaries and Note 9 – Investments in subsidiaries.

The key audit matter	How the matter was addressed in our audit
<p>As at 30 June 2020, the carrying amount of investments in subsidiaries stood at RM241,406,000. We focused on impairment assessment of investments in subsidiaries as the impairment testing relies on value-in-use estimates based on estimated future cash flows.</p> <p>We have identified the impairment assessment on the investments in subsidiaries as a key audit matter as it involves management judgement and is based on assumptions that are affected by future market and economic conditions.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none">• We tested the basis of preparing the cash flows projections taking into account the historical evidence supporting underlying assumptions. We also assessed the appropriateness of the other key assumptions, such as the weighted-average cost of capital discount rates, as well as the sales and long-term growth rates, by comparing against internal information and external economic and market data.• We also performed the sensitivity analysis on the key inputs used in preparing the cash flows projections, to understand the impact that reasonable alternative assumptions would have on the overall carrying amount.

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 Directors' Report and Statement on Risk Management and Internal Control but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the remaining parts of the annual report, which are expected to be made available to us after that date.

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 identified above 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 on the other information that we obtained prior to the date of this auditors' report, 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.

When we read the remaining parts of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate actions in accordance with approved standards on auditing in Malaysia and International Standards on Auditing.



Independent Auditors' Report To the Members of Globaltec Formation Berhad (Cont'd)

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the 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 and of the Company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.
- 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 gives a true and fair view.



Independent Auditors' Report To the Members of Globaltec Formation Berhad (Cont'd)

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AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Cont'd)

- 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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 auditors' 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 9 to the financial statements.

OTHER MATTER

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

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Petaling Jaya, Selangor

Date: 16 October 2020

Tai Yoon Foo
Approval Number: 02948/05/2022 J
Chartered Accountant



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Required Under The Listing Requirements of Bursa Malaysia Securities Berhad

UTILISATION OF PROCEEDS FROM PROPOSALS

There were no proposals for the raising of funds during the financial year.

MATERIAL CONTRACTS

Save as disclosed below, there were no material contracts entered into by the Group involving Directors and substantial shareholders either subsisting at the end of the financial year ended 30 June 2020 or entered into since the end of the previous financial year.

GFB Technology Sdn. Bhd., a wholly-owned subsidiary of GFB, had on 23 December 2019 entered into a Sales and Purchase Agreement ("SPA") with Marcilluslee @ Boy Bin Linus ("Vendor"), for the acquisition of a parcel of land held under Country Lease Title No. 215499246 situated at Kg Nosoob, in the district of Penampang, State of Sabah for a total cash consideration of RM10,411,000, upon the terms and conditions as stipulated in the SPA. Tan Sri Datuk Seri Panglima (Dr.) TC Goh, the Group Executive Chairman was a joint borrower with the Vendor. As such Tan Sri Datuk Seri Panglima (Dr.) TC Goh was an interested party in the SPA and had abstained from deliberation and voting on the SPA. This SPA was completed on 2 March 2020.

RECURRENT RELATED PARTY TRANSACTIONS

There are no recurrent related party transactions that need to be disclosed in accordance with Paragraph 10.09(2)(b) and Paragraph 3.1.5 of Practice Note 12 of the listing requirements of Bursa Malaysia Securities Berhad.



Statistics on Shareholdings

As at 2 October 2020

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Issued and Fully Paid-up Shares	:	RM643,646,718
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders	%	No. of Shares	%
1 – 99	1,416	13.929	38,389	0.014
100 – 1,000	2,546	25.044	1,617,672	0.601
1,001 – 10,000	4,827	47.482	19,047,697	7.079
10,001 – 100,000	1,219	11.991	35,280,663	13.111
100,001 – 13,454,343 *	153	1.505	117,923,811	43.824
13,454,344 and above **	5	0.049	95,178,663	35.371
Total	10,166	100.000	269,086,895	100.000

* Less than 5% of issued shares

** 5% and above of issued shares

LIST OF TOP 30 SHAREHOLDERS

No.	Name	Shares Held	% Of Issued Capital
1.	Kong Kok Keong	26,637,941	9.899
2.	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Goh Tian Chuan</i>	20,075,481	7.460
3.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Goh Tian Chuan</i>	19,537,867	7.260
4.	Darulnas (M) Sdn Bhd	14,900,000	5.537
5.	Kong Kok Keong	14,027,374	5.212
6.	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Juddy Chu Yen Tien</i>	9,078,745	3.373
7.	AMSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Goh Tian Chuan</i>	8,233,633	3.059
8.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chan Chun Ket</i>	6,728,600	2.500
9.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Agnes Chu Yen Ling</i>	4,637,525	1.723
10.	Loke Mei Ping	4,497,650	1.671



Statistics on Shareholdings As at 2 October 2020 (Cont'd)

LIST OF TOP 30 SHAREHOLDERS (Cont'd)

No.	Name	Shares Held	% Of Issued Capital
11.	AMSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ch'ng Kooi Hean</i>	4,237,300	1.574
12.	CITIGROUP Nominees (Asing) Sdn Bhd <i>Exempt an for Bank of Singapore Limited (Foreign)</i>	3,718,445	1.381
13.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Sze Yew</i>	3,666,750	1.362
14.	Ooi Boon Pin	3,377,730	1.255
15.	Malacca Equity Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Juddy Chu Yen Tien</i>	3,348,006	1.244
16.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Yong Nam Yun (PB)</i>	3,150,000	1.170
17.	Malacca Equity Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Goh Tian Chuan</i>	2,728,846	1.014
18.	CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Goh Tian Chuan (MQ0008)</i>	2,725,043	1.012
19.	CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Sze Yew (MQ0601)</i>	2,696,200	1.001
20.	Hiew Yon Fo	2,475,000	0.919
21.	Lai Yin Thai	2,240,000	0.832
22.	CGS-CIMB Nominees (Asing) Sdn Bhd <i>Exempt an for CGS-CIMB Securities (Singapore) Pte. Ltd. (Retail Clients)</i>	1,744,750	0.648
23.	AMSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Cheong Yen Yoon</i>	1,653,800	0.614
24.	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ang Hung Teck (8083175)</i>	1,500,000	0.557
25.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Yong Nam Yun (PBCL-0G0030)</i>	1,500,000	0.557
26.	Te Kim Leng	1,500,000	0.557
27.	Yong Nam Yun	1,276,039	0.474
28.	Fung Kek Nan	1,084,000	0.402
29.	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Pang Kim Fan (8051066)</i>	1,071,000	0.398
30.	Toh Tian Hwa	1,050,000	0.390
Total		175,097,725	65.055



Statistics on Shareholdings As at 2 October 2020 (Cont'd)

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SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name	No. of Shares		No. of Shares	
	Direct	%	Indirect	%
1. Tan Sri Datuk Seri Panglima (Dr.) Goh Tian Chuan, JP	53,300,870	19.81	-	-
2. Kong Kok Keong	40,665,315	15.11	14,900,000	5.54 ⁽¹⁾
3. Darulnas (M) Sdn. Bhd.	14,900,000	5.54	-	-

Note:

⁽¹⁾ Deemed interested by virtue of his shareholdings in Darulnas (M) Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

Name	No. of Shares		No. of Shares	
	Direct	%	Indirect	%
1. Tan Sri Datuk Seri Panglima (Dr.) Goh Tian Chuan, JP	53,300,870	19.81	-	-
2. Kong Kok Keong	40,665,315	15.11	19,397,650	7.21 ⁽¹⁾
3. Ooi Boon Pin	3,899,279	1.45	989,290	0.37 ⁽²⁾
4. Chen Heng Mun	93,109	0.03	100,235	0.04 ⁽²⁾
5. Ash'ari Bin Ayub	-	-	-	-
6. Wong Zee Shin	966	*	-	-
7. Yong Nam Yun	5,926,039	2.20	-	-

Notes:

⁽¹⁾ Deemed interested by virtue of his shareholdings in Darulnas (M) Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 and spouse's interest pursuant to Section 59(11) of the Companies Act 2016.

⁽²⁾ Deemed interested by virtue of his spouse's interest pursuant to Section 59(11) of the Companies Act 2016.

* Negligible.



164 Statistics on Warrantholdings

As at 2 October 2020

ANALYSIS BY SIZE OF WARRANTHOLDINGS

Size of Warrantholdings	No. of Holders	%	No. of Warrants	%
1 – 99	2,081	19.857	81,559	0.121
100 – 1,000	5,357	51.116	2,219,304	3.299
1,001 – 10,000	2,631	25.105	7,101,568	10.557
10,001 – 100,000	337	3.216	9,158,389	13.614
100,001 – 3,363,585 *	69	0.658	24,313,491	36.142
3,363,586 and above **	5	0.048	24,397,412	36.267
Total	10,480	100.000	67,271,723	100.000

* Less than 5% of issued warrants

** 5% and above of issued warrants

LIST OF TOP 30 WARRANTHOLDERS

No.	Name	Warrants Held	% Of Issued Warrants
1.	Kong Kok Keong	6,264,934	9.312
2.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Goh Tian Chuan</i>	5,821,966	8.654
3.	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Goh Tian Chuan</i>	4,893,869	7.274
4.	Darulnas (M) Sdn Bhd	3,725,000	5.537
5.	Kong Kok Keong	3,691,643	5.487
6.	Wendy Poh Ai Lin	2,000,000	2.973
7.	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Alexander Gabriel (E-SS2)</i>	1,849,300	2.749
8.	Loganathen A/L Jayabalan <i>Pledged Securities Account for Chan Chun Ket</i>	1,443,850	2.146
9.	Loke Mei Ping	1,124,412	1.671
10.	CITIGROUP Nominees (Asing) Sdn Bhd <i>Exempt an for Bank of Singapore Limited (Foreign)</i>	929,611	1.381



Statistics on Warrantholdings As at 2 October 2020 (Cont'd)

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LIST OF TOP 30 WARRANTHOLDERS (Cont'd)

No.	Name	Warrants Held	% Of Issued Warrants
11.	Ooi Boon Pin	844,432	1.255
12.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Puneet Kumar A/L Mohan Lal</i>	790,000	1.174
13.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Yong Nam Yun (PB)</i>	787,500	1.170
14.	Yap Lian Fatt	721,500	1.072
15.	Lim Hock Yet	650,000	0.966
16.	Hiew Yon Fo	646,250	0.960
17.	Zulqaisar Bin Hamidin	440,000	0.654
18.	Loh Kah Yin	430,625	0.640
19.	CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Yong Nyen Yin (MQ0478)</i>	400,000	0.594
20.	Hoe Pow Sum	400,000	0.594
21.	MCGS-CIMB Nominees (Asing) Sdn Bhd <i>Exempt an for CGS-CIMB Securities (Singapore) Pte. Ltd. (Retail Clients)</i>	376,137	0.559
22.	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ang Hung Teck (8083175)</i>	375,000	0.557
23.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Yong Nam Yun (Pbcl-0G0030)</i>	375,000	0.557
24.	Yohanes Arif Lukman	366,288	0.544
25.	Maybank Nominees (Tempatan) Sdn Bhd <i>Chong Kin Ker</i>	345,400	0.513
26.	Raj Kumar A/L A M Narayanan	323,050	0.480
27.	Yong Nam Yun	319,009	0.474
28.	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lim Hock Kwee (E-BPT)</i>	312,700	0.464
29.	Te Kim Leng	312,500	0.464
30.	Goh Wei Chee	280,750	0.417
Total		41,240,726	61.292



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Statistics on Warrantholdings As at 2 October 2020 (Cont'd)

DIRECTORS' WARRANT HOLDINGS AS PER THE REGISTER OF DIRECTORS' WARRANT HOLDINGS

Name	No. of Warrants		No. of Warrants	
	Direct	%	Indirect	%
1. Tan Sri Datuk Seri Panglima (Dr.) Goh Tian Chuan, JP	13,328,085	19.81	-	-
2. Kong Kok Keong	9,956,577	14.80	4,849,412	7.21 ⁽¹⁾
3. Ooi Boon Pin	974,819	1.45	247,322	0.37 ⁽²⁾
4. Chen Heng Mun	23,277	0.03	25,028	0.04 ⁽²⁾
5. Ash'ari Bin Ayub	-	-	-	-
6. Wong Zee Shin	241	*	-	-
7. Yong Nam Yun	1,481,509	2.20	-	-

Notes:

⁽¹⁾ Deemed interested by virtue of his shareholdings in Darulnas (M) Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 and spouse's interest pursuant to Section 59(11) of the Companies Act 2016.

⁽²⁾ Deemed interested by virtue of his spouse's interest pursuant to Section 59(11) of the Companies Act 2016.

* Negligible.



Properties of the Group

As at 30 June 2020

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LAND AND BUILDINGS

No.	Location/ Address	Description/ Existing use	Land area (sq. ft.)	Built up area (sq. ft.)	Age of building	Tenure/ Date of expiry of lease	Net book value as at 30 June 2020 RM'000	Latest date of revaluation*/ Date of purchase
1.	Plot 78 Lintang Bayan Lepas 7 Phase IV Kawasan Perindustrian Bayan Lepas 11900 Pulau Pinang Malaysia	Office building annexed to a factory building/Manufacture of tooling products, automation systems and precision machining	66,000	51,000	22 years	Lease over 60 years/ 10.7.2057	4,630	2 May 2012 *
2.	Lot 27217, Jalan Haji Abdul Manan Batu 5 1/2 Off Jalan Meru 41050 Klang Selangor Malaysia	Single storey detached factory with a double storey office/Manufacturing of automotive components	53,604	37,502	25 years	Freehold	5,251	25 May 2012
3.	Kawasan Industri KIIC, Lot C-7C Jln. Tol Jakarta-Cikampek KM 47 Teluk Jambe Karawang 41361 Jawa Barat Indonesia	2-storey office with single storey detached factory building/ Manufacturing and fabrication of tools and dies and precision stamping parts for the electronic and automotive industries	79,040	46,228	23 years	Lease over 30 years/ 24.9.2021	1,550	25 May 2012
4.	Kawasan Industri KIIC, Lot E-4B Jln. Tol Jakarta-Cikampek KM47 Teluk Jambe Karawang, 41361 Jawa Barat Indonesia	2-storey office and single storey detached factory/ Manufacturing and fabrication of tools and dies and precision stamping parts for the electronic and automotive industries	107,639	44,627	8 years	Lease over 30 years/ 24.9.2025	5,495	25 May 2012



Properties of the Group As at 30 June 2020 (Cont'd)

LAND AND BUILDINGS (Cont'd)

No.	Location/ Address	Description/ Existing use	Land area (sq. ft.)	Built up area (sq. ft.)	Age of building	Tenure/ Date of expiry of lease	Net book value as at 30 June 2020 RM'000	Latest date of revaluation*/ Date of purchase
5.	Lot 20166 Lorong Perindustrian Bukit Minyak 20, Kawasan Perindustrian Bukit Minyak, 14100 Simpang Ampat Pulau Pinang Malaysia	Office building annexed to a factory building/Manufacture of tooling products, automation systems and precision machining	174,719	56,000	1 year	Lease over 60 years/ 25.1.2072	11,321	October 2011
6.	Lot 6, Jalan 6/4 Kawasan Perindustrian Seri Kembangan 43300 Seri Kembangan Petaling Jaya Selangor Malaysia	Single storey detached factory with a double storey office/Metal stamping operations	48,319	29,881	31 years	Lease over 99 years/ 10.1.2089	5,401	25 May 2012
7.	Country Lease Title No. 215499246 Kg Nosoob, Penampang Sabah	Vacant land	65,972	-	-	Lease over 99 years/ 31.12.2115	13,605	30 June 2020



Properties of the Group As at 30 June 2020 (Cont'd)

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PLANTATION ESTATES

Location/ No. Address	Title type	Crop planted	Land area Hectares ("ha.")	Tenure/ Date of expiry of lease	Net book value as at 30 June 2020 RM'000	Date of purchase
1. Division 1 Bukit Garam/ Sg. Lokan Off KM 76.5 Sandakan-Lahad Datu Highway Kinabatangan Sabah, Malaysia	Country Lease ("CL") and Native Title ("NT")	Oil palm	(i) CL: 142.883	a) 17.293 ha. Leasehold/ 31.12.2081 b) 59.570 ha. Leasehold/ 31.12.2082 c) 5.830 ha. Leasehold/ 31.12.2082 d) 36.200 ha. Leasehold/ 31.12.2096 e) 23.990 ha. Leasehold/ 31.12.2100	9,166	25 May 2012
			(ii) NT: 40.510	Perpetual/ 31.5.2039		
Division 2 Bukit Garam/ Sg. Lokan Off KM 76.5 Sandakan-Lahad Datu Highway Kinabatangan Sabah, Malaysia	NT, Provisional List ("PL") and Field Register ("FR")	Oil palm	(i) NT: 225.219	a) 205.829 ha. Perpetual/ 12.12.2098 b) 19.390 ha. Perpetual/ 31.5.2039	11,896	25 May 2012
			(ii) FR: 4.828	Perpetual/ 31.5.2039		
			(iii) PL : 9.801	Leasehold/ 31.12.2079		



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Properties of the Group As at 30 June 2020 (Cont'd)

PLANTATION ESTATES (Cont'd)

Location/ No. Address	Title type	Crop planted	Land area Hectares ("ha.")	Tenure/ Date of expiry of lease	Net book value as at 30 June 2020 RM'000	Date of purchase
Division 3 Bukit Garam/ Sg. Lokan Off KM 76.5 Sandakan- Lahad Datu Highway Kinabatangan Sabah, Malaysia	CL and NT	Oil palm	(i) CL: 24.270 (ii) NT: 364.534	Leasehold/ 31.12.2096 a) 361.271 ha. Perpetual/ 31.5.2039 b) 3.263 ha. Perpetual/ 13.7.2040	21,477	25 May 2012
2. Bukit Garam/ Sg. Lokan Off KM 76.5 Sandakan – Lahad Datu Highway Kinabatangan Sabah, Malaysia	NT	Oil palm	NT: 104.205	a) 97.185 ha. Perpetual/ 7.12.2040 b) 7.020 ha. Perpetual/ 18.12.2038	4,772	25 May 2012



Notice of The Ninth Annual General Meeting | 171

NOTICE IS HEREBY GIVEN THAT the Ninth Annual General Meeting of the Company will be held fully virtual from the Broadcast Venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Friday, 27 November 2020 at 2.30 p.m. to transact the following businesses:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 30 June 2020 together with the Reports of Directors and Auditors thereon. **(Please refer to Note 1)**
2. To approve the payment of Directors' fees up to an amount of RM168,000 from 28 November 2020 until the next Annual General Meeting of the Company. **Ordinary Resolution 1**
3. To approve the payment of Directors' benefits to Non-Executive Directors up to an amount of RM12,000 from 28 November 2020 until the next Annual General Meeting of the Company. **Ordinary Resolution 2**
4. To re-elect the following Directors who retire in accordance with the Company's Constitution:
 - (a) Mr. Chen Heng Mun **Ordinary Resolution 3**
 - (b) Mr. Wong Zee Shin **Ordinary Resolution 4**
 - (c) Tuan Haji Ash'ari Bin Ayub **Ordinary Resolution 5**
5. To re-appoint KPMG PLT as Auditors of the Company and authorise the Directors to determine their remuneration. **Ordinary Resolution 6**
6. To consider and if thought fit, to pass the following Ordinary Resolutions, with or without modifications:

PROPOSED RETENTION OF ASH'ARI BIN AYUB AS INDEPENDENT DIRECTOR

"THAT Tuan Haji Ash'ari Bin Ayub be and is hereby retained as Senior Independent Non-Executive Director of the Company and he shall continue to act as an independent director notwithstanding that he has been on the Board of the Company for a cumulative term of more than nine (9) years." **Ordinary Resolution 7**

PROPOSED RETENTION OF WONG ZEE SHIN AS INDEPENDENT DIRECTOR

"THAT Mr. Wong Zee Shin be and is hereby retained as Independent Non-Executive Director of the Company and he shall continue to act as an independent director notwithstanding that he has been on the Board of the Company for a cumulative term of more than nine (9) years." **Ordinary Resolution 8**

AUTHORITY TO ALLOT SHARES PURSUANT TO SECTION 75 OF THE COMPANIES ACT 2016 **Ordinary Resolution 9**

"THAT subject always to the Companies Act 2016 ("Act") and the approvals of the relevant authorities, the Directors be and are hereby authorised pursuant to Section 75 of the Act, to allot shares in the Company at any time until the conclusion of the next Annual General Meeting upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 20% of the total number of issued shares of the Company for the time being."



172 Notice of The Ninth Annual General Meeting (Cont'd)

7. To transact any other business for which due notice shall have been given.

BY ORDER OF THE BOARD

SEOW FEI SAN (SSM PC No. 201908002299)

LAW MEE POO (SSM PC No. 201908002275)

Secretaries

Petaling Jaya

30 October 2020

Notes:

1. *The audited financial statements are laid before the members pursuant to Section 340(1) of the Companies Act 2016 ("Act"). The members' approval on the audited financial statements is not required and the same is for discussion only hence, the matter will not be put for voting.*
2. *In view of the Covid-19 pandemic and Government of Malaysia's official guidance on social distancing, the Ninth Annual General Meeting ("9th AGM" or "Meeting") of the Company will be held fully virtual and entirely via remote participation and voting. All members are advised to participate in the 9th AGM remotely via the Remote Participation and Voting facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its TIIH Online website at <https://tiih.online>. Please follow the procedures provided in the Administrative Guide in order to register, participate and vote remotely for the 9th AGM.*
3. *Members may submit questions to the Board of Directors ("Board") in advance via TIIH Online or during live streaming via real time submission of typed text. Kindly refer to the Administrative Guide for further details.*
4. *The Broadcast Venue of the 9th AGM is strictly for the purpose of complying with Section 327(2) of the Act which requires the Chairman of the Meeting to be at the main venue. No members/proxy(ies) from the public will be physically present at the Broadcast Venue on the day of the meeting.*
5. *Only depositors whose names appear in the Record of Depositors as at 20 November 2020 shall be regarded as members and entitled to attend, speak and vote at the Meeting.*
6. *A member of the Company entitled to participate and vote at the Meeting is entitled to appoint a proxy or proxies to participate and vote on his/her behalf. A proxy may but need not be a member of the Company.*
7. *A member may appoint up to two (2) proxies to participate the Meeting. Where a member appoints two (2) proxies, he/she shall specify the proportions of his/her holdings to be represented by each proxy.*
8. *Where a member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
9. *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.*



Notice of The Ninth Annual General Meeting (Cont'd)

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Notes: (Cont'd)

10. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised or in some other manner approved by its directors.
11. The instrument appointing a proxy must be deposited/submitted via the following ways not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof:

(i) By hardcopy form

The Proxy Form must be deposited with Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur 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.

(ii) By electronic form

The Proxy Form can be electronically submitted/lodged via Tricor's TIH Online at <https://tiih.online> (applicable to individual shareholders only). Please refer to the Administrative Guide for the procedures on electronic lodgement of proxy form.

12. The last date and time for lodging the proxy form is Wednesday, 25 November 2020 at 2.30 p.m.

Explanatory Notes:

Ordinary Resolutions 1 and 2

Directors' fees and benefits payable to Non-Executive Directors

Pursuant to Section 230(1) of the Act, the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the members' approval shall be sought at the 9th AGM on the Directors' fees and benefits in two (2) resolutions as follows:

- Ordinary Resolution 1 on payment of Directors' fees from 28 November 2020 until the next AGM

The total amount of Directors' fees payable to the Non-Executive Directors from 28 November 2020 until the next AGM tabled for the members' approval is RM168,000. The figure is calculated with the assumption that the Company might have plan for appointment of new independent director in view of the resignation of an independent director in July 2020. There is no adjustment to the fees.

- Ordinary Resolution 2 on payment of Directors' benefits from 28 November 2020 until the next AGM

The Directors' benefits payable to the Non-Executive Directors are essentially the meeting allowance for attendance of meetings of the Board, Board Committees and general meetings. The Directors' benefits from 28 November 2020 until the conclusion of next AGM is estimated not to exceed RM12,000.

The Board will seek members' approval at the next AGM in the event the amount of Directors' fees and benefits is insufficient due to an increase in Board size and/or number of meetings.



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Explanatory Notes: (Cont'd)

Ordinary Resolutions 7 and 8

Proposed Retention of Independent Non-Executive Directors

The proposed Ordinary Resolutions 7 and 8 are proposed pursuant to Article 90(2) of the Company's Constitution and if passed, will allow Tuan Haji Ash'ari Bin Ayub and Mr. Wong Zee Shin to be retained and continue to act as Independent Non-Executive Directors of the Company.

Tuan Haji Ash'ari Bin Ayub and Mr. Wong Zee Shin were appointed to the Board as Independent Director on 28 March 2012. As at the date of printing of this Annual Report, they have served on the Board for a period of 8 years and their term of full 9 years falls on 28 March 2021. The Board wishes to retain both of them as Independent Director after 28 March 2021 and is therefore seeking members' approval at the 9th AGM to retain them as Independent Director (in view that the next AGM is expected to be held in November/December 2021).

Should the members' approval be obtained at the 9th AGM, Tuan Haji Ash'ari Bin Ayub and Mr. Wong Zee Shin will continue to be the Independent Non-Executive Directors of the Company on 28 March 2021 and will be subject to annual re-appointment by members at annual general meeting.

Full details of the Board's justifications for the retention of Tuan Haji Ash'ari Bin Ayub and Mr. Wong Zee Shin as Independent Director are set out in the Corporate Governance Overview Statement as contained in the Annual Report 2020.

Ordinary Resolution 9

Authority to Allot Shares Pursuant to Section 75 of the Companies Act 2016

*The Proposed Ordinary Resolution 9, if passed, will empower the Directors of the Company, from the date of the 9th AGM until the next AGM to allot not more than 20% of the total number of issued shares of the Company (excluding Treasury Shares) ("**20% General Mandate**"). The 20% General Mandate is pursuant to a directive letter from Bursa Malaysia Berhad dated 16 April 2020 in relation to a temporary relief measures in view of the trying and challenging times due to the Covid-19 pandemic for listed issuer to seek a higher general mandate of not more than 20% of the total number of issued shares (excluding treasury shares) instead of 10%.*

The Board of Directors are of the view that the 20% General Mandate is in the best interest of the Company and its shareholders due to the rising risk from the uncertain global and domestic economic environment, coupled with weak Ringgit performance and this measure could give access to fundraising flexibility in a quick and efficient manner especially during this challenging time as to ensure the long term sustainability of the Company for the purpose of funding future investment projects, working capital and/or acquisition, or strategic opportunities involving equity deals, which may require the allotment of new shares. In addition, any delay arising from and cost involved in convening an extraordinary general meeting to approve such issuance of shares should be eliminated.

As at the date of printing of this Notice, no new shares in the Company were issued pursuant to the authority granted to the Directors at the 8th AGM held on 25 November 2019 and which will lapse at the conclusion of the 9th AGM.



Administrative Guide for The Ninth Annual General Meeting of Globaltec Formation Berhad

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Date : Friday, 27 November 2020
Time : 2.30 p.m.
Broadcast Venue : Tricor Business Centre, Manuka 2 & 3 Meeting Room
Unit 29-01, Level 29, Tower A
Vertical Business Suite, Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia

MODE OF MEETING

In view of the COVID-19 outbreak and as part of the safety measures, the Ninth Annual General Meeting ("9th AGM") will be conducted on a **virtual basis through live streaming from the Broadcast Venue and online remote voting**. This is in line with the Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020, including any amendment that may be made from time to time.

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Shareholder(s) or proxy(ies) or attorney(s) or authorised representative(s) **WILL NOT BE ALLOWED** to attend the 9th AGM in person at the Broadcast Venue on the day of the meeting.

Due to the constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our 9th AGM at short notice. Kindly check the Company's website or announcements for the latest updates on the status of the 9th AGM. The Company will continue to observe the guidelines issued by the Ministry of Health and will take all relevant precautionary measures as advised.

REMOTE PARTICIPATION AND VOTING FACILITIES ("RPV")

Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the 9th AGM using RPV provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its **TIIH Online** website at <https://tiih.online>. Please refer to Procedure for RPV.

A shareholder who has appointed a proxy(ies) or attorney(s) or authorised representative(s) to participate at this 9th AGM via RPV must request his/her proxy(ies) or attorney or authorised representative to register himself/herself for RPV at TIIH Online website at <https://tiih.online>. Please refer to Procedure for RPV.

As the 9th AGM is a fully virtual AGM, shareholders who are unable to participate in this AGM may appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the proxy form.



Administrative Guide for The Ninth Annual General Meeting of Globaltec Formation Berhad (Cont'd)

PROCEDURES FOR RPV

Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) who wish to participate in the 9th AGM remotely using the RPV are to follow the requirements and procedures as summarised below:

Procedure	Action
BEFORE THE AGM DAY	
(a) Register as a user with TIIH Online	<ul style="list-style-type: none"> Using your computer, access the website at https://tiih.online. Register as a user under the “e-Services”. Refer to the tutorial guide posted on the homepage for assistance. Registration as a user will be approved within one working day and you will be notified via email. 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.
(b) Submit your registration for RPV	<ul style="list-style-type: none"> Registration is open from Friday, 30 October 2020 until the day of the 9th AGM Friday, 27 November 2020. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the 9th AGM to ascertain their eligibility to participate the 9th AGM using the RPV. Login with your user ID and password and select the corporate event: “(REGISTRATION) GLOBALTEC FORMATION BERHAD 9TH AGM” Read and agree to the Terms & Conditions and confirm the Declaration. Select “Register for Remote Participation and Voting”. Review your registration and proceed to register. System will send an e-mail to notify that your registration for remote participation is received and will be verified. After verification of your registration against the General Meeting Record of Depositors dated 20 November 2020, the system will send you an e-mail to approve your registration for remote participation and the procedures to use the RPV are detailed therein. In the event your registration is not approved, you will also be notified via email. <p><i>(Note: Please ensure to allow sufficient time required for the approval as a new user of TIIH Online as well as the registration for RPV in order that you can login to TIIH Online and participate the 9th AGM remotely).</i></p>
ON THE DAY OF THE AGM	
(c) Login to TIIH Online	<ul style="list-style-type: none"> Login with your user ID and password for remote participation at the 9th AGM at any time from 2.00 p.m. i.e. 30 minutes before the commencement of the AGM on Friday, 27 November 2020 at 2.30 p.m., and no later than 2.30 p.m.
(d) Participate through Live Streaming	<ul style="list-style-type: none"> Select the corporate event: “(LIVE STREAM MEETING) GLOBALTEC FORMATION BERHAD 9TH AGM” to engage in the proceedings of the 9th AGM remotely. If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will endeavor to respond to questions submitted by you during the 9th AGM.



Administrative Guide for The Ninth Annual General Meeting of Globaltec Formation Berhad (Cont'd)

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PROCEDURES FOR RPV (Cont'd)

Procedure	Action
ON THE DAY OF THE AGM (Cont'd)	
(e) Online Remote Voting	<ul style="list-style-type: none">• Voting session commences from 2.30 p.m. on Friday, 27 November 2020 until a time when the Chairman announces the end of the session. Select the corporate event: “(REMOTE VOTING) GLOBALTEC FORMATION BERHAD 9TH AGM” or if you are on the live stream meeting page, you can select “GO TO REMOTE VOTING PAGE” button below the Query Box.• Read and agree to the Terms & Conditions and confirm the Declaration.• Select the CDS account that represents your shareholdings.• Indicate your votes for the resolutions that are tabled for voting.• Confirm and submit your votes.
(f) End of remote participation	<ul style="list-style-type: none">• Upon the announcement by the Chairman on the closure of the 9th AGM, the live streaming will end.

Note to users of the RPV facilities:

1. Should your registration for RPV 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.
2. 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.
3. In the event you encounter any issues with logging-in, connection to the live streamed meeting or online voting on the meeting day, 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 for assistance.

APPOINTMENT OF PROXY OR ATTORNEY OR CORPORATE REPRESENTATIVE

Shareholders who appoint proxy(ies) to participate via RPV at the 9th 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 **Wednesday, 25 November 2020 at 2.30 p.m.**

The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner:

(i) In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

(ii) By electronic form

The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiih.online> (applicable to individual shareholders only). Kindly refer to the Procedure for Electronic Submission of Proxy Form.

Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.



Administrative Guide for The Ninth Annual General Meeting of Globaltec Formation Berhad (Cont'd)

APPOINTMENT OF PROXY OR ATTORNEY OR CORPORATE REPRESENTATIVE (Cont'd)

Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not later than **Wednesday, 25 November 2020 at 2.30 p.m.** to participate via RPV in the 9th AGM. 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.

For a corporate member who has appointed a representative, please deposit the **ORIGINAL** certificate of appointment with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not later than **Wednesday, 25 November 2020 at 2.30 p.m.** to participate via RPV in the 9th AGM. The certificate of appointment should be executed in the following manner:

- (i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
- (ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - (a) at least two (2) authorised officers, of whom one shall be a director; or
 - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

PROCEDURE FOR ELECTRONIC SUBMISSION OF PROXY FORM

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

Procedure	Action
(a) Register as a User with TIIH Online	<ul style="list-style-type: none"> Using your computer, please access the website at https://tiah.online. Register as a user under the "e-Services". Please do refer to the tutorial guide posted on the homepage for assistance. If you are already a user with TIIH Online, you are not required to register again.
(b) Proceed with submission of Proxy Form	<ul style="list-style-type: none"> After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. Select the corporate event: "Submission of Proxy Form". Read and agree to the Terms & Conditions and confirm the Declaration Insert your CDS account number and indicate the number of shares for your proxy(ies) to vote on your behalf. Appoint your proxy(ies) and insert the required details of your proxy(ies) or appoint Chairman as your proxy. Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote. Review and confirm your proxy(ies) appointment. Print proxy form for your record.



Administrative Guide for The Ninth Annual General Meeting of Globaltec Formation Berhad (Cont'd)

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POLL VOTING

The voting at the 9th AGM will be conducted by poll in accordance with Paragraph 8.29A of Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Tricor as Poll Administrator to conduct the poll by way of electronic voting (e-voting).

Shareholders or proxy(ies) or corporate representative(s) or attorney(s) can proceed to vote on the resolutions at any time from 2.30 p.m. on **Friday, 27 November 2020** but before the end of the voting session which will be announced by the Chairman of the meeting. Kindly refer to item (e) of the above Procedures for RPV for guidance on how to vote remotely from TIIH Online website at <https://tiih.online>.

Upon completion of the voting session for the 9th AGM, the Scrutineers will verify the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS

Shareholders may submit questions for the Board in advance of the 9th AGM via Tricor's TIIH Online website at <https://tiih.online> by selecting "e-Services" to login, pose questions and submit electronically no later than **Wednesday, 25 November 2020 at 2.30 p.m.** The Board will endeavor to answer the questions received at the 9th AGM.

DOOR GIFT/FOOD VOUCHER

There will be no door gifts or food vouchers for attending the 9th AGM.

NO RECORDING OR PHOTOGRAPHY

Unauthorized recording and photography are strictly prohibited at the 9th AGM

ENQUIRY

If you have any enquiries on the above, please contact the following persons 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/Fax No/Email	:	+603 - 2783 9299/+603 - 2783 9222/is.enquiry@my.tricorglobal.com
Ms Lim Lay Kiow	:	+603 - 2783 9232/Lay.Kiow.Lim@my.tricorglobal.com
Pn. Zakiah Wardi	:	+603 - 2783 9287/Zakiah@my.tricorglobal.com
Mr Keith Lim	:	+603 - 2783 9240/Keith.Lim@my.tricorglobal.com

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億利達控股有限公司
Globaltec Formation Berhad
(Reg. No. 201101024895 (953031-A))

FORM OF PROXY

CDS Account No.

Number of Shares Held

I/We _____ (BLOCK LETTERS)

NRIC No. /Registration No. _____ of

being (a) Member(s) of **GLOBALTEC FORMATION BERHAD** (Registration No. 201101024895 (953031-A)) hereby appoint the following person(s):

Name & NRIC No. of proxy

No. of shares to be represented by proxy

1. _____

*and,

1. _____

or failing whom, THE CHAIRMAN OF THE MEETING as *my/our proxy to vote for *me/us on *my/our behalf at the Ninth Annual General Meeting of the Company to be held fully virtual from the Broadcast Venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia ("Broadcast Venue") on Friday, 27 November 2020 at 2.30 p.m. and at any adjournment thereof and to vote as indicated below:

RESOLUTION NO.	FOR	AGAINST
Ordinary Resolution 1		
Ordinary Resolution 2		
Ordinary Resolution 3		
Ordinary Resolution 4		
Ordinary Resolution 5		
Ordinary Resolution 6		
Ordinary Resolution 7		
Ordinary Resolution 8		
Ordinary Resolution 9		

Please indicate with an "X" in the space above on how you wish to cast your vote. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.

Dated this _____ day of _____ 2020

Signature/Seal of Member



億利達控股有限公司
Globaltec Formation Berhad
(Reg. No. 201101024895 (953031-A))

STAMP

GLOBALTEC FORMATION BERHAD

(Reg. No. 201101024895 (953031-A))

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 along this line

Notes:

1. The audited financial statements are laid before the members pursuant to Section 340(1) of the Companies Act 2016 ("Act"). The members' approval on the audited financial statements is not required and the same is for discussion only hence, the matter will not be put for voting.
2. In view of the Covid-19 pandemic and Government of Malaysia's official guidance on social distancing, the Ninth Annual General Meeting ("9th AGM" or "Meeting") of the Company will be held fully virtual and entirely via remote participation and voting. All members are advised to participate in the 9th AGM remotely via the Remote Participation and Voting facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its TIH Online website at <https://tiah.online>. Please follow the procedures provided in the Administrative Guide in order to register, participate and vote remotely for the 9th AGM.
3. Members may submit questions to the Board of Directors ("Board") in advance via TIH Online or during live streaming via real time submission of typed text. Kindly refer to the Administrative Guide for further details.
4. The Broadcast Venue of the 9th AGM is strictly for the purpose of complying with Section 327(2) of the Act which requires the Chairman of the Meeting to be at the main venue. No members/proxy(ies) from the public will be physically present at the Broadcast Venue on the day of the meeting.
5. Only depositors whose names appear in the Record of Depositors as at 20 November 2020 shall be regarded as members and entitled to attend, speak and vote at the Meeting.
6. A member of the Company entitled to participate and vote at the Meeting is entitled to appoint a proxy or proxies to participate and vote on his/her behalf. A proxy may but need not be a member of the Company.
7. A member may appoint up to two (2) proxies to participate the Meeting. Where a member appoints two (2) proxies, he/she shall specify the proportions of his/her holdings to be represented by each proxy.
8. Where a member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
9. 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.
10. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised or in some other manner approved by its directors.
11. The instrument appointing a proxy must be deposited/submitted via the following ways not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof:
 - (i) By hardcopy form
The Proxy Form must be deposited with Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur 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.
 - (ii) By electronic form
The Proxy Form can be electronically submitted/ lodged via Tricor's TIH Online at <https://tiah.online> (applicable to individual shareholders only). Please refer to the Administrative Guide for the procedures on electronic lodgement of proxy form.
12. The last date and time for lodging the proxy form is Wednesday, 25 November 2020 at 2.30 p.m.

***Delete where not applicable**

Glue and seal along this line



www.globaltec.com.my

GLOBALTEC FORMATION BERHAD

Reg. No. 201101024895 (953031-A)

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No. 2A, Jalan Stesen Sentral 2

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