# ANNUAL REPORT 2021

億利達控股有限公司

**Globaltec Formation Berhad**

Reg. No. 201101024895 (953031-A)

# CONTENTS

# PERFORMANCE HIGHLIGHTS

| (RM'000 Unless Otherwise Stated) | FY2021 | FY2020 | FY2019 | FY2018 | FY2017 |
|---|---|---|---|---|---|
| Turnover | 161,116 | 163,823 | 217,298 | 194,825 [2] | 177,001 [2] |
| Profit/(Loss) before taxation | 34,579 [2] | 3,828 | (41,002) | (36,186) [2] | (12,446) [2] |
| Profit/(Loss) after taxation | 29,486 | (1,105) | (43,902) | (39,105) | (18,495) |
| Net profit/(loss) attributable to owners of the Company | 20,400 | 2,348 | (19,365) | (20,356) | (9,560) |
| Earnings/(Loss) per share (sen) – basic | 7.581 | 0.873 | (7.197) | (7.565) | (3.553) |
| Property, plant and equipment | 62,901 [1] | 73,011 [1] | 110,324 | 102,526 | 109,246 |
| Total assets | 390,202 | 361,796 | 360,830 | 368,062 | 434,605 |
| Shareholders' funds | 255,775 | 238,570 | 233,317 | 246,380 | 276,235 |
| Net tangible assets | 228,759 | 211,125 | 205,611 | 217,999 | 247,230 |
| Total debt | 15,573 | 20,908 | 21,512 | 23,115 | 34,021 |
| Total debt/Shareholders' funds (times) | 0.06 | 0.09 | 0.09 | 0.09 | 0.12 |
| Pre-tax profit/(loss)/Turnover (%) | 21.46 [2] | 2.34 | (18.87) | (18.57) [2] | (7.03) [2] |
| Pre-tax profit/(loss)/Share capital (%) | 5.37 [2] | 0.59 | (6.37) | (6.72) [2] | (2.31) [2] |
| Pre-tax profit/(loss)/Total assets (%) | 8.86 [2] | 1.06 | (11.36) | (9.83) [2] | (2.86) [2] |
| Pre-tax profit/(loss)/Shareholders' funds (%) | 13.52 [2] | 1.60 | (17.57) | (14.69) [2] | (4.51) [2] |
| Current ratio (times) | 1.96 | 1.45 | 1.57 | 2.87 | 2.99 |

***Notes:***

[1] *After taking into account the effects from MFRS 16, Leases.*

[2] *Excludes discontinued operations.*

# FY2021

| 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 | 93,149 | 8,573 | 118,497 |
| Automotive Components Design & Manufacturing | 60,798 | 2,752 | 55,534 |
| **IMS: Total** | **153,947** | **11,325** | **174,031** |
| **Energy** | **-** | **10,792** | **126,082** |
| **Resources** | **7,169** | **(1,179)** | **47,842** |
| **Investment holding** | **-** | **(2,248)** | **109,425** |
| Consolidation adjustments | - | 690 | (94,094) |
| **Continuing Operations** | **161,116** | **19,380** | **363,286** |
| Discontinued operations | - | 1,020 | - |
| Customer relationships | - | - | 4,734 |
| Goodwill arising on consolidation | - | - | 22,182 |
| **Total** | **161,116** | **20,400** | **390,202** |

# FY2020

| 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 | 94,471 | 9,383 | 114,116 |
| Automotive Components Design & Manufacturing | 64,001 | (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** |

# GROUP STRUCTURE
AS AT 21 OCTOBER 2021

# Globaltec Formation Berhad

- 100% **JOTECH HOLDINGS SDN BHD**
  - 100% PT Indotech Metal Nusantara [3]
  - 100% Cergas Fortune Sdn Bhd
  - 100% Malgreen Progress Sdn Bhd
  - 100% Globaltec International Sdn Bhd *(formerly known as Globaltec Glove Sdn Bhd)*
- 100% **NEW CENTURY ENERGY SERVICES SDN BHD**
- 100% **AUTOV CORPORATION SDN BHD**
  - 100% AutoV Mando Sdn Bhd
  - 100% GFB Automotive Sdn Bhd
  - 100% Proreka (M) Sdn Bhd
  - 84% Nobel Decree Sdn Bhd
  - 70% AutoV Mando Sdn Bhd
  - 70% GFB Healthcare Sdn Bhd

Investment Holding Segment
Energy Segment
Integrated Manufacturing Services Segment
Resources Segment

- 100% **AIC CORPORATION SDN BHD**
  - 100% **AIC Technology Sdn Bhd**
  - 100% **Prodelcon Sdn Bhd**
    - 100% **GFB Technology Sdn Bhd**
- 100% **GLOBALTEC ENERGY RESOURCES SDN BHD**
  - 60% **New Century Energy Services Limited** (1)
  - 60% **New Century Energy Resources Limited** (1)
    - 65% **NuEnergy Gas Limited** (2) (a)
      - 100% **Indon CBM Pty Ltd** (2)
        - 95% **PT Trisula CBM Energi** (3)
      - 100% **Indo CBM Sumbagsel II Pte Limited** (4)
      - 100% **Sheraton Pines Pty Ltd** (2)
      - 100% **Dart Energy (Indonesia) Holdings Pte Ltd** (4)
        - 100% **Dart Energy (Tanjung Enim) Pte Ltd** (4)
        - 100% **Dart Energy (Muralim) Pte Ltd** (4)
        - 100% **Dart Energy (Bontang Bengalon) Pte Ltd** (4)

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

# 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*

**Datuk Yong Teck Shing, JP**
*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
Datuk Yong Teck Shing, JP

### NOMINATING COMMITTEE

Ash'ari bin Ayub *(Chairman)*
Wong Zee Shin
Datuk Yong Teck Shing, JP

### REMUNERATION COMMITTEE

Ash'ari bin Ayub *(Chairman)*
Wong Zee Shin
Datuk Yong Teck Shing, JP

### COMPANY SECRETARIES

Seow Fei San *(MAICSA 7009732)*
Law Mee Poo *(MAICSA 7033423)*

### EXTERNAL AUDITOR

KPMG PLT

### INTERNAL AUDITOR

**Tricor Axcelasia 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
Bank Negara Indonesia
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

# 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 60 |
|---|---|---|

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'. 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 67**

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 re-designation as Group Deputy Chairman (Non-Independent Non-Executive) on 21 December 2015. He was appointed a Non-Executive Director on 21 August 2014 and later redesignated as Non-Executive Chairman of NuEnergy on 17 December 2014. He was appointed a member of the Remuneration Committee on 17 October 2017 and as a member of the Audit Committee and Nominating Committee on 30 July 2020. He resigned from the Remuneration Committee, Audit Committee and Nominating Committee on 1 December 2020.

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

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

**Malaysian** **Male** **Aged 63**

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.

## CHEN HENG MUN

*Executive Director/ Group Finance Director*

| Malaysian | Male | Aged 51 |
|---|---|---|

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 79 |
|---|---|---|

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, of which he was appointed on 25 August 2011. He was also an Independent Non-Executive Director of BCB Berhad from 16 May 2001 to 31 August 2021.

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 46 |
|---|---|---|

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.

## DATUK YONG TECK SHING JP, MSC

*Independent Non-Executive Director*

| Malaysian | Male | Aged 64 |
|---|---|---|

Datuk Yong Teck Shing ("Datuk Yong") was appointed to our Board on 1 December 2020. Datuk Yong was also appointed as a member of the Remuneration Committee, Audit Committee and Nominating Committee on 1 December 2020.

Datuk Yong is currently an Executive Director of Malaysia-China Business Council. Datuk Yong previously served for 4½ years with the Ministry of Foreign Affairs Malaysia as Head of Mission from 2011 to 2015. Datuk Yong also sits on the Board of the Malaysian Investment Development Authority since December 2020.

Datuk Yong has a Masters in Science (Management) from Asia e University, Malaysia. He was also conferred Honorary Masters in Science (Investor Relations) by University Malaysia Sabah and Honorary Masters in Business Administration by Chungyu University of Film and Arts, Taiwan. Datuk Yong is a Permanent Member of Harvard University Cooperative, Life Member of the Harvard Business School Alumni of Malaysia, a member of International Police Association, holder of European Police Parachutist Badge, awarded by the European Association of Bodies and Public Organisations of Security and of Defense, and an Alumnus of Asia e University.

Datuk Yong has also previously served as a Director of Universiti Malaysia Sabah and as a Director of Hyatt Regency Hotel. Datuk Yong also served 13 years as Commandant of Police Volunteer Reserve, Sabah Contingent.

On 15th July 2016, Datuk Yong was appointed as Justice of the Peace ("JP") by Head of State of Sabah.

## YONG NAM YUN

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

| Malaysian | Male | Aged 54 |
|---|---|---|

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

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. Yong Nam Yun is also a director and shareholder in KLPI Resources Sdn Bhd, which provides cubic printing and painting services.

**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**
None

# PROFILES OF OUR KEY SENIOR MANAGEMENT

## KEE YONG WAH

*Deputy Executive Chairman of Energy Segment*

| Malaysian | Male | Aged 52 |
|---|---|---|

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 Haliburton 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 47 |
|---|---|---|

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

# EXECUTIVE CHAIRMAN STATEMENT


## DEAR SHAREHOLDERS

**OVERVIEW**

2021 was a year like no other. The pandemic plunged the world into a public health crisis that saw many losing their lives, and the livelihoods of many more were disrupted as entire countries were forced to a near standstill. Malaysia was not spared as the economy recorded a significant contraction especially in the second quarter of the year. Nevertheless, the Malaysian economy grew by 16.1% in the second quarter as economic performance was supported mainly by the improvement in domestic demand and continued robust export performance. The growth also reflected the low base from the significant decline in activity during the second quarter of 2020. Economic activity picked up at the start of the second quarter, but slowed down thereafter, following the re-imposition of stricter containment measures nationwide under Phase 1 of the Full Movement Control Order ("FMCO"). All economic sectors registered an improvement, particularly the manufacturing sector. On a quarter-on-quarter seasonally-adjusted basis, the economy registered a decline of 2.0% (1Q 2021: 2.7%), weighed by the tighter containment measures.

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

## OVERVIEW (CONT'D)

Indonesia is the foreign country in which the Precision Metal Stamping & Tooling ("PST") sub-division and the Energy segment of the Group operates in. The Indonesian economy rebounded in the second quarter of 2021, supported by expansionary fiscal and monetary policies. A broad-based improvement in domestic demand was behind the rebound. On the downside, the external sector dragged on the economy. Meanwhile, economic conditions in Indonesia have seemingly worsened considerably so far in the third quarter. The country saw Covid-19 infections and deaths surging from mid-June until early August, which prompted the Indonesian government to temporarily tighten containment measures amid a strained healthcare system and vaccine shortages.

The Board placed its utmost priority on containing the Covid-19 pandemic for the safety of all its employees and stakeholders, and for the sustainability of its businesses. 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 daily activities including for hygiene maintenance and cleaning or disinfecting purposes, for its employees and all the Group operations at the onset of the pandemic. In addition, the Group has pro-actively participated in the Malaysian Government's Program Imunisasi Industri Covid-19 Kerjasama Awam-Swasta (PIKAS) and the equivalent national program in Indonesia for its employees. The Group has achieved a 96% vaccination rate of all its employees as at 30 September 2021 and will continue to further increase the vaccinated rate among its employees. The Group supports vaccination for its employees, and the nations' target to achieve herd immunity, in order to curb the spread of Covid-19 infections among its employees and the community at large. The Group has also enhanced or put in place the necessary systems and facilities to enable employees to work safely, and the business activities such as meetings, discussions, purchases and payment transactions to be carried out online and uninterrupted. Wherever and whenever possible, administrative and support function were encouraged to work from home in order to minimise the spread of Covid-19.

The sales of new motor vehicles (Total Industry Volume or TIV) in Malaysia for June 2021 were down by almost 100 percent compared to May 2021 following the nationwide total lockdown for the whole month of June 2021. Sales had halted in many states throughout Malaysia since 1 June 2021 as the automotive sector was not listed as an essential economic activity. The TIV of new motor vehicles registered in Malaysia in the first six months of 2021 was higher than the similar corresponding period in 2020, an increase of 75,584 units or 43.6%. This commendable achievement can be attributed mainly to the low base effect (i.e., low TIV for 1H2020 due to the implementation of Movement Control Order or MCO1.0 then).

One of the notable milestones achieved by the Group this year is, the Energy segment has obtained approval on 17 June 2021 from the Indonesian Ministry of Energy and Mineral Resources ("MEMR") for its first Plan of Development ("POD") for the Tanjung Enim Production Sharing Contract ("PSC") under a gross split scheme (referred to as Tanjung Enim POD I) in South Sumatra. The approval of the Tanjung Enim POD I also represents the first coal bed methane ("CBM") POD in Indonesia. This will allow the project to proceed to field development and surface facility construction. The Tanjung Enim POD I approval covers the development of 209 wells in two target areas, in the north and south of the contract area covering ~33km$^2$ (or 13% of the total acreage of the Tanjung Enim Gross Split PSC) where the Indonesia Research and Development Center for Oil and Gas Technology ("LEMIGAS") has confirmed and certified reserves totalling ~164.89 Bscf in these areas. With the Tanjung Enim POD I approval, the Energy segment can negotiate commercial terms for gas sales with interested parties.

In line with the Board's continuous effort to add value to the Group, which include disposing non-core assets of the Group, during the financial year ("FY"),:

i) the Energy segment had entered into and completed a Royalty Purchase and Sale Agreement with Metalla Royalty & Streaming Ltd ("Metalla"), an independent party, where the Energy segment sold and assigned its royalty to Metalla for a total consideration comprised of RM5,737,000 in cash and 467,730 shares in Metalla which are listed on the TSX Venture Exchange in Canada. This disposal resulted in a gain on disposal of RM22,227,000 and an other investment of RM16,490,000 being the fair value of the Metalla shares being recognised in the financial statements at the date of completion of the disposal. Some of the Metalla Shares were sold during the year and the Energy segment will continue to monetise on the Metalla shares to fund the working capital and exploration needs of the Energy segment;

### OVERVIEW (CONT'D)

ii) the Automotive division disposed of its entire 50% equity interest in Proreka Sprintex Sdn Bhd ("PSSB"), the Group's joint venture with Sprintex Limited, an independent third party which is listed on the Australian Stock Exchange, receiving shares in Sprintex Limited, as the disposal consideration. The fair value of the Sprintex shares at the date of disposal amounted to RM1,020,000 and this resulted in a gain on disposal of PSSB of RM1,020,000; and

iii) the Automotive division disposed of one of its factory building for a total cash consideration of RM8,050,000. The factory building was made vacant pursuant to Automotive division's integration and cost rationalisation exercises, which included consolidation of the division's factory locations to achieve better operation and cost efficiencies. The disposal resulted in a gain on disposal of RM2,219,000 (net of tax and disposal costs) and net cash inflow to the Group of RM7,425,000.

### FINANCIAL AND OPERATIONS REVIEW

This current FY and the past FY marks two years of consecutive (and growing) profits for the Group despite challenging and unprecedented times. The Group's revenue for the current year decreased from RM163.8 million in prior year to RM161.1 million. This was due to a decrease of RM4.5 million registered by the Integrated Manufacturing Services ("IMS") segment but was partially offset by an increase of RM1.8 million in revenue contributed by the Resources segment. 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 ensuing movement control restrictions imposed by governments worldwide), which commenced mainly in the second half of FY2020 but affected the full year of FY2021. The increase in the Resources segment's revenue was due to the effect of the increase in oil palm fresh fruit bunches ("FFB") prices outweighing the decrease in FFB production.

The Group registered an increase of RM18.3 million or 796% in total net profit attributable to owners of the Company ("net profit"), year on year from RM2.3 million to RM20.4 million. During the FY, the Energy segment recognised a gain on disposal of gold royalty of RM11.5 million (Group's effective share) and the Automotive division recognised a gain on disposal of its joint-venture of RM1.0 million (classified for accounting purposes as profit from discontinued operations) and net gain on disposal of one of its factory buildings of RM2.2 million. In the previous FY, the Energy segment incurred an impairment loss on receivable of RM1.7 million (Group's effective share) and the Investment Holding segment accounted for a fair value gain (net of deferred tax) of RM2.9 million on its investment property.

Within the IMS segment, the net profit from PMST division decreased from RM9.4 million to RM8.6 million year on year, in tandem with the decline in its revenue. On a normalised basis, the Automotive division however registered a positive turnaround from a net loss attributable to owners of the Company ("net loss") of RM1.1 million in FY2020 to a net profit of RM0.6 million in FY2021, due mainly to better cost management and rationalisation and better product mix. Comparing FY2021 with FY2020, the net loss from Resources segment declined from RM3.4 million to RM1.2 million, attributable to its higher revenue. The net loss from the Energy segment, on a normalised basis also reduced from RM2.5 million to RM0.7 million year on year due mainly to lower administrative expenses.

### PROSPECTS

The Malaysian economy remains on a recovery path in 2021. While the resurgence of COVID-19 cases and the re-imposition of nationwide containment measures are expected to weigh on growth, the impact will be cushioned by several factors. These include continued allowances for essential economic sectors to operate, higher adaptability to remote work, as well as increased automation and digitalisation. Growth will be further supported by policy measures, which will provide cash flow support, particularly for affected households and businesses. Going forward, the growth trajectory will depend on the ability to contain the epidemic and materialisation of health outcomes from the nationwide vaccination programme. This will allow economic sectors to gradually reopen and provide some lift to household and business sentiments. Taking into account the latest global economic developments, the implementation of the first phase of the National Recovery Plan ("NRP"), and assumptions on the gradual transitions to the second, third and fourth phases for each state based on the pace of vaccination rollouts, and healthcare system capacities, the Malaysian economy is projected to expand between 3% and 4% in 2021. These growth projections are lower compared to the previously-announced growth range, due in large part to the re-imposition of nationwide containment measures. Nevertheless, the expected re-opening of the economy would support a gradual recovery in the fourth quarter this year, with higher global growth and sustained policy support providing a further lift to economic growth. The recovery is expected to accelerate further going into 2022, supported by a gradual normalisation of economic activities as well as the positive spillovers from continued improvement in external demand.

## PROSPECTS (CONT'D)

As for the Indonesian economy, the Indonesian government is trying to contain Covid-19 pandemic so that the economy can regain momentum in the fourth quarter and grow more than 5%.

The Malaysian Automotive Association has revised its TIV forecasts for 2021 to 500,000 units, a decrease from 529.434 actual TIV for 2020 due mainly to the Covid-19 pandemic lockdowns and weak consumer sentiment due to uncertainty and apprehension of pay cuts and layoffs. Nevertheless, the automotive industry will remain robust due to:

i) incentives given by the Government to spur growth and encourage spending such as the PEMERKASA Plus plan where car buyers will enjoy sales tax exemption until the end of 2021;
ii) acceleration in vaccination will spur economic recovery in 2022;
iii) low interest rate car loans, accommodative financing packages and aggressive promotional campaigns; and
iv) introduction of new models with latest designs and specifications at very competitive prices

The high barriers of entry (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.

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 inadvertently disrupted sales and operations but sales are expected to rebound further by 10 to 15 percent in 2022.

## FORWARD PLANS AND STRATEGIES

2021 marks 2 years of consecutive net profit for the Group and this was achieved despite challenging conditions brought on by the Covid-19 pandemic. Nevertheless, your Board takes cognisance of the ongoing challenges and 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 continue with its strategy to drive further cost optimization and rationalizing the business for a more resilient business structure to ensure long term financial sustainability. The Automotive division will also carry on with its planned approach to sustain and increase market share with innovative solutions and by 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. The approach has succeeded as we have secured a few projects for new models during the year that will come online in FY2022 and FY2023 and contribute to its sales revenue.

The PMA sub-division is committed to continue to facilitise its second plant which was commissioned in the previous FY and expand its production capacity and capacity utilisation, by investing in new high technology machines in tandem with its customers' increased forecasts. The PMA sub-division also plans to undertake refurbishment and renovation work to upgrade existing production facilities with more robotics handling systems so as to remain competitive and continue to offer timely delivery of quality products.

## FORWARD PLANS AND STRATEGIES (CONT'D)

Moving forward, the Energy segment in its overall long-term strategy to integrate its South Sumatra production sharing contracts ("PSC"s), comprised of its Tanjung Enim PSC, Muara Enim PSC, Muralim PSC and Muara Enim II PSC and develop a large scale CBM supply, will endeavour:

i) towards finalising a gas sales agreement and carry out its pre-development activities for its Tanjung Enim PSC;
ii) to determine the gas productivity for future development, to be followed by the submission of an Exploration Status Decision proposal and a plan of development ("POD") proposal for its Muralim PSC;
iii) to submit a POD proposal; and
iv) continue to monetise on the Metalla Shares (as mentioned above) it owns, to fund its exploration and development activities and working capital.

## 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.

## DIVIDEND

In view of the profits made by the Company and the Group this FY2021 and to honour our commitment in delivering returns to our shareholders, your Board is happy to declare the Company's inaugural dividend of 3 sen per share. Moving forward, your Board sincerely hopes and will endeavour to continue to deliver good returns, in the form of yearly dividends to shareholders.

## 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.

I wish to welcome Datuk Yong Teck Shing, JP in joining your Board of Directors and look forward with Datuk and his sharing of invaluable expertise and experience for the achievement 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
21 October 2021

# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW

This financial year ("FY") and the past FY marks two years of consecutive (and growing) profits for the Group despite challenging and unprecedented times. The Group's revenue for the current year decreased from RM163.8 million in prior year to RM161.1 million. This was due to a decrease of RM4.5 million registered by the Integrated Manufacturing Services ("IMS") segment but was partially offset by an increase of RM1.8 million in revenue contributed by the Resources segment. 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 ensuing movement control restrictions imposed by governments worldwide including Malaysia), which commenced mainly in the second half of FY2020 but affected the full year of FY2021. The increase in the Resources segment's revenue was due to the effect of the increase in oil palm fresh fruit bunches ("FFB") prices outweighing the decrease in FFB production.

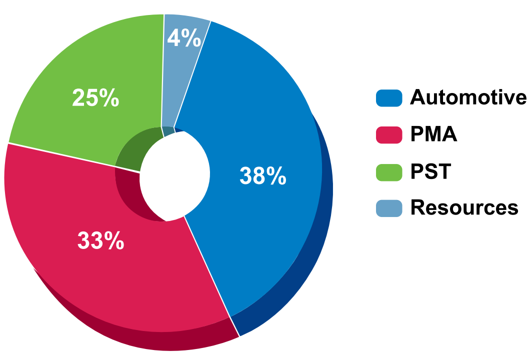
The Group's revenue and net results by segment/division for the FY are summarised as follows:

| | Financial year ended 30 June | | | | | |
|---|---|---|---|---|---|---|
| | Revenue | | | | Net profit/(loss) attributable to owners of the Company | |
| | ← 2021 → | | ← 2020 → | | 2021 | 2020 |
| **Segment/Division** | **Amount RM'000** | **%** | **Amount RM'000** | **%** | **Amount RM'000** | **Amount RM'000** |
| Precision Machining, Stamping and Tooling ("PMST") ^ | 93,149 | 58 | 94,471 | 58 | 8,573 | 9,383 |
| Automotive | 60,798 | 38 | 64,001 | 39 | 2,752 | (1,109) |
| **IMS** | **153,947** | **96** | **158,472** | **97** | **11,325** | **8,274** |
| **Resources** | **7,169** | **4** | **5,351** | **3** | **(1,179)** | **(3,383)** |
| **Energy** | **-** | **-** | **-** | **-** | **10,792** | **(4,191)** |
| **Investment holding** | **-** | **-** | **-** | **-** | **(2,248)** | **1,125** |
| Consolidation adjustments | - | - | - | - | 690 | 523 |
| **Continuing operations** | **161,116** | **100** | **163,823** | **100** | **19,380** | **2,348** |
| Discontinued operations | - | - | - | - | 1,020 | - |
| **Total** | **161,116** | **100** | **163,823** | **100** | **20,400** | **2,348** |

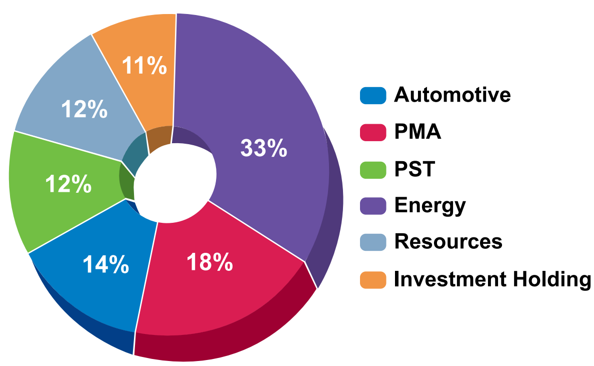
*Note: ^ The PMST Division is involved in precision machining & automation ("PMA") and precision metal stamping & tooling ("PST").*

The contribution in terms of revenue and assets for the segments for FY2021, are depicted below:

**FY2021 REVENUE**




**FY2021 TOTAL ASSETS**



## OVERVIEW (CONT'D)

The unprecedented Covid-19 pandemic has undoubtedly resulted in severe challenges in many aspects, such as overall demand, supply chain, 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.

The Group registered an increase of RM18.1 million or 787% in total net profit attributable to owners of the Company ("net profit"), year on year from RM2.3 million to RM20.4 million. During the FY, the Energy segment recognised a gain on disposal of gold royalty of RM11.5 million (Group's effective share) and the Automotive division recognised a gain on disposal of its joint-venture of RM1.0 million (classified for accounting purposes as profit from discontinued operations) and gain on disposal of one of its factory buildings (which was made idle pursuant to the Automotive division's consolidation of operations executed during the FY for better production and cost efficiency) of RM2.2 million, net of tax and disposal costs. In the previous FY, the Energy segment incurred an impairment loss on receivable of RM1.7 million (Group's effective share) and the Investment Holding segment accounted for a fair value gain (net of deferred tax) of RM2.9 million on its investment property.

Despite the decline in revenue, the Group registered an increase in its gross profit margin from 21% to 24% year on year, due to better cost management and product mix.

Within the IMS segment, the net profit from PMST division decreased from RM9.4 million to RM8.6 million year on year, in tandem with the decline in its revenue. On a normalised basis, the Automotive division however registered a positive turnaround from a net loss attributable to owners of the Company ("net loss") of RM1.1 million in FY2020 to a net profit of RM0.6 million in FY2021, due mainly to better cost management and rationalisation and better product mix. Comparing FY2021 with FY2020, the net loss from Resources segment declined from RM3.4 million to RM1.2 million, attributable to its higher revenue. The net loss from the Energy segment, on a normalised basis also reduced from RM2.5 million to RM0.7 million year on year due mainly to lower administrative expenses.

As at 30 June 2021, the Group's cash and cash equivalents/deposit continued to grow to RM73.0 million (30 June 2020: RM56.0 million). The Group recorded a net cash inflow of RM21.2 million for the current year versus a net cash inflow of RM10.8 million for the preceeding year, mainly due to the proceeds from the disposal of the Automotive division's factory building of RM8.1 million, proceeds from the disposal of gold royalty amounting to RM5.7 million and the proceeds from the disposal of other investments of RM2.6 million for the current year whereas in the prior year, the Group acquired an investment property amounting to RM10.4 million. Comparing 30 June 2021 with 30 June 2020, the Group's net assets per share has increased from RM0.887 to RM0.951 whilst the gearing dropped to 0.06 times from 0.09 times. Current ratio of the Group improved from 1.45 times to 1.96 times. The IMS Segment accounted for 44% of the total assets of the Group followed by the Energy Segment with 33%, Resources at 12% and Investment Holding at 11%.

## IMS SEGMENT

### PMST Division

During the current FY, revenue from the PMST Division decreased marginally by about 1% from RM94.5 million in FY2020 to RM93.1 million. In tandem with the decline in revenue, the PMST division's net profit decreased from RM9.4 million to RM8.6 million.

## IMS SEGMENT (CONT'D)

### PMST Division (Cont'd)

On a sub-division level, despite the ongoing pandemic, revenue from the PMA sub-division increased 8% from RM49.2 million to RM53.2 million year on year. Higher demand in life sciences equipment and radio frequency microwave components contributed to the increase in revenue. In addition, as the PMA sub-division was considered an essential business, the PMA sub-division was allowed to operate for majority of the movement control order ("MCO") period. The PMA sub-division relentlessly work and solve the many challenges during the year such as movement control restrictions, working quota limitations, shortage of direct labour and longer lead time of raw materials delivery, to deliver continuous net profits to the Group. 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. The PMA sub-division has incurred capital expenditure of RM3.0 million during the FY and plans to incur another RM10.6 million in the next financial year, all mainly on plant and machinery to expand and meet burgeoning customer demand. Although FY2022 remains challenging, the PMA sub-division is optimistic and confident in meeting its customers' business growth demands. The PMA sub-division is committed to continue to facilitise its second plant which was commissioned in the previous FY and expand its production capacity and capacity utilisation, by investing in new high technology machines in tandem with its customers' increased forecasts. The PMA sub-division also plans to undertake refurbishment and renovation work to upgrade its existing production facilities with more robotics handling systems so as to remain competitive and continue to offer timely delivery of quality products.


Due to the pandemic in Indonesia, revenue from the PST sub-division decreased from RM45.3 million in the prior year to RM39.9 million for the current year. In line with this decrease, net profit fell by RM0.8 million to register at RM2.5 million for the current FY. This decrease is due mainly to the impact from the global Covid-19 pandemic and the resulting movement control and travel restrictions which depressed overall demand. In addition, the PST sub-division too was not spared from Covid-19 infections, which disrupted operations. Nevertheless, the PST sub-division pro-actively implemented various measures for the safety and long-term continuity of its business coupled with ways to reduce costs, right-size its manpower, control its discretionary spend and capital expenditure, and improve inventory management and cash flows.

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 implemented 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.

## IMS SEGMENT (CONT'D)

### Automotive Division

It has been a challenging year for Malaysia's automotive industry. Due to the resurgence of COVID-19 cases, a second Movement Control Order ("MCO 2.0") and third MCO ("MCO 3.0") were imposed in January 2021 and May 2021 respectively. In June 2021, a full lockdown was imposed under the Phase 1 of the National Recovery Plan ("NRP") throughout the country. The abrupt reinstatement of the MCOs and lockdown has had a swift and severe impact to the Automotive division's operations and the country's integrated automotive sector as a whole. However, through the Government's support to stimulate the automotive sector by providing 100% sales tax exemption on completely knock down ("CKD") vehicles and 50% sales tax exemption on completely built-up vehicles under the Short-Term Recovery Plan ("Penjana") economic stimulus package for the period from 15 June 2020 to 31 December 2020, which was subsequently extended to 30 June 2021 together with cheaper car loans has helped to boost vehicle sales during the period and prevent the sort of economic impact to the automotive sector.

For FY2021, the Automotive division recorded a revenue of RM60.8 million, down by 5%. Nevertheless, the Automotive division returned to a net profit of RM3.8 million (including the profit from discontinued operations) from a net loss of RM1.1 million in the previous FY, lifted mainly by the contribution from exceptional items totalling RM3.2 million, comprised of net gains from the disposal of a factory building and a non-core loss making joint venture. Excluding the exceptional items, the Automotive division saw its operations turnaround from a loss of RM1.1 million in the previous year to a net profit of RM0.6 million. Despite the on-going pandemic, the Automotive division managed to turnaround its operations as the division had implemented business continuity plans during the initial MCO and followed through with various business recovery plans to minimize the risk posed by the pandemic. A series of cost containment measures was implemented during the year, including right sizing, halting recruitment, deferment of discretionary expenditure and selling off non-core assets. The division also instituted more stringent working capital controls to achieve better operational cash flows and a stronger cash position. As a result, the Automotive division's cash and cash equivalents increase to RM27.4 million (2020: RM16 million). Excluding the proceeds from the one-off disposals, the division operational cash flows increase to RM20 million (2020: RM16 million). Cost and productivity have always been the key focus and the Automotive division will continue with its strategy to drive further cost optimization and rationalizing the business for a more resilient business structure to ensure long term financial sustainability. The Automotive division will continue with the planned approach to sustain and increase market share with innovative solutions and by 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. The approach has succeeded as we have secured a few projects for new models during the year that will come online in FY2022 and FY2023 and contribute to its sales revenue.

The Malaysian automotive industry is expected to remain challenging. In July 2021, the Malaysian Automotive Association has revised its Total Industry Volume forecast for 2021 to reduce by 70,000 units to 500,000 units after taking into account the lock down under Phase 1 of the NRP. We are hopeful as the automotive manufacturers have been allowed to operate from 17 August 2021 onwards and the sales tax exemption has been extended to 31 December 2021 under the Program Strategik Memperkasa Rakyat Dan Ekonomi Tambahan ("PEMERKASA Plus"). Coupled with the easing restrictions for business operations and social activities based on the progress of the national and states' vaccination rates augurs well for the country's economic recovery for the 2H2021 and 2022. However, the recovery progress may be disrupted by the re-tightening of containment measures to curb COVID-19 resurgences. Hence, the downside risks to recovery remains over the uncertainty of the path of the pandemic. In response to the challenging conditions caused by the pandemic, the Automotive division remains focused on optimizing its operations and expect to mitigate the adverse impact through continuous cost containment initiatives to maintain a sustainable financial position and drive business growth.

## RESOURCES SEGMENT

The Resources Segment experienced an increase of 34% in its revenue from RM5.4 million in the prior year to RM7.2 million, aided by buoyant FFB prices. Average FFB prices for the current year increased from RM420 per metric tonne for FY2020 to RM648 per metric tonnes for the current year. However, this uptick was partially offset by the decrease in FFB production to 11,059 metric tonnes from 12,754 metric tonnes year on year. In line with the increase in revenue, the Resources segment's net loss narrowed from RM3.4 million for the previous FY to RM1.2 million in the current FY.

## ENERGY SEGMENT

One of the highlights of the Group during the FY, was the Energy segment obtaining the approval on 17 June 2021 from the Indonesian Ministry of Energy and Mineral Resources ("MEMR") for its first Plan of Development ("POD") for the Tanjung Enim Production Sharing Contract ("PSC") under a gross split scheme (referred to as Tanjung Enim POD I) in South Sumatra. The approval of the Tanjung Enim POD I also represents the first CBM POD in Indonesia. This will allow the project to proceed to field development and surface facility construction.

The Energy Segment recorded a net profit of RM10.8 million for the current FY versus a net loss of RM4.2 million in the prior FY. The net profit for the current year was mainly attributable to a one-off gain on disposal of gold royalty of RM11.5 million (Group's effective share) whereas in the prior FY, an impairment loss on receivables of RM1.7 million (Group's effective share) was incurred. Hence, on normalised basis, the net loss from the Energy segment, which has yet to commence commercial production, declined from RM2.5 million to RM0.7 million, underpinned by lower administrative expenses. As at end of the FY, the carrying value of the exploration and evaluation assets amounted to RM103.5 million with a total of RM3.6 million exploration expenditure incurred in FY2021.

The Energy segment has coal bed methane ("CBM") assets in South Sumatra in Indonesia that gives us a total acreage of 2,278 km$^2$. The Energy segment is the operator of all the CBM assets and 26 wells have been drilled to-date for the South Sumatra PSCs.

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 | 362 | - | 1,548 | 1,649 | **3,559** |

***Tanjung Enim PSC***

The MEMR has on 17 June 2021, approved the Energy segment's first POD for the Tanjung Enim POD I under a gross split scheme in South Sumatra which will allow the project to proceed to field development and surface facility construction. The Energy segment shall carry out the operations and commercial development of the Tanjung Enim POD I singly and exclusively. In addition, the Energy segment together with its partners for Tanjung Enim PSC, PT Pertamina Hulu Energi Metra Enim and PT Bukit Asam Metana Enim has also on 17 June 2021, executed the Amended and Restated Tanjung Enim PSC under a gross split scheme ("Gross Split PSC") in respect of the Tanjung Enim PSC with the Indonesian Special Task Force for Upstream Oil and Gas Business Activities ("SKK Migas"). The Tanjung Enim POD I approval covers the development in two target areas, in the north and south of the contract area covering ~33km$^2$ (or 13% of the total acreage of the Tanjung Enim Gross Split PSC) where the Indonesia Research and Development Center for Oil and Gas Technology (commonly referred to as LEMIGAS) has confirmed and certified reserves totalling ~164.89 Bscf in these areas. The Energy segment had initiated discussions with PT Pertamina Gas for future potential gas sales on 8 July 2021 in respect of the Tanjung Enim POD I.

## ENERGY SEGMENT (CONT'D)

***Muralim PSC***

The Energy segment has in February 2021, spudded a well, known as MU-005 (Twin) well. The drilling rig was mobilised on 14 February 2021, to a location which is the same drill pad as MU-006 well. In June 2021, approval of an additional exploration time has been granted by the MEMR for the Muralim PSC for a period of 12 months from 8 May 2021. The additional time will be utilised to complete the exploration and production testing activities on MU-005 (twin) well. The Energy segment has successfully completed permeability tests and drilled to the targeted depth of 724 meters in vertical depth, at the MU-005 (Twin) well. Four coal seam formations were discovered between the depth of 547 meters to 669 meters and the Energy segment is currently conducting production tests and will continue to perform a few months of dewatering to determine the gas productivity for future development, to be followed by the submission of an Exploration Status Decision proposal and a POD proposal. To date, there are a total of six wells that have been previously drilled in the Muralim PSC. Together with Tanjung Enim PSC and Muara Enim PSC, the Energy segment's strategy is to create a large size CBM development in Indonesia.

***Muara Enim PSC***

On 11 November 2019, the Energy segment has proposed for an additional exploration period beyond the end of the 10th Contract Year (29 November 2019). The Energy segment has via a letter dated 6 February 2020, been granted an additional exploration period of until 19 January 2021, by the MEMR through SKK Migas to compile all geological and reservoir data, including all exploration/ production data. This compilation has been completed and submitted to SKK Migas and the Energy segment has since received an acknowledgement letter from SKK Migas, which:

i) confirms the discoveries of natural gas;
ii) acknowledges the completion of exploration firm commitments; and
iii) allows the Energy segment to submit a plan of development within the next 3 years from 18 January 2021.

***Muara Enim II PSC***

The Muara Enim II PSC had expired on 31 March 2019. Pending the extension of the PSC, the Board has therefore taken the approach to impair in full the carrying value of the Muara Enim II PSC Exploration and Evaluation expenditure in FY2019 of RM18.4 million and record 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.

# 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 External Auditor's Evaluation Policy 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. As 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 Sustainability Statement covers the financial year ("FY") ended 30 June 2021. The Sustainability Statement covers the business segments of the Group, as follows:

i) **Integrated Manufacturing Services ("IMS")** – The IMS segment represents the core business and largest contributor in terms of revenue and employing the largest workforce in the Group. The IMS segment comprise of the following divisions.

| Divisions | Location | Factory built up size (sq ft) | Revenue for FY2021 (RM'000) | Manpower as at 30 June 2021 |
|---|---|---|---|---|
| Precision machining and automation | 2 factories in Penang, Malaysia | 107,000 | 53,227 | 270 |
| Precision stamping and tooling | 2 factories in Jakarta, Indonesia | 90,855 | 39,922 | 312 |
| Automotive components design and manufacturing | 1 factory in Selangor, Malaysia | 67,400 | 60,798 | 144 |

ii) **Energy segment** – The Energy segment is principally involved in the exploration and production of coal bed methane ("CBM"). As the Energy segment is still in its exploration and early development stage with no commercial production yet, the material sustainability issues are centered around:

- Occupational health and safety
- Employee and community welfare and development
- Environment preservation

## SCOPE (CONT'D)

iii) **Resources segment** – The Resources segment is principally involved in the harvesting and selling of fresh fruit bunches of oil palm ("FFB"). However, the Resources segment is not a significant operation to the Group as it only contributes RM7.2 million or 4% of the Group's revenue for the FY2021. The Resources has a total manpower of 97, out of which 88 are outsourced. However, the sustainability matters of the Resources segment are addressed under the certification by The Malaysian Sustainable Palm Oil (MSPO) Certification Scheme and the MSPO's regular audits.

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 2021 as a baseline for the Group to move forward.

## AWARDS AND RECOGNITIONS

Some of the notable awards and recognition received during the financial year, for amongst others extra mile support to customers during the pandemic, consistent quality products and services, innovation of reverse engineering, problem solving and improvement, are as below:


*2020 Supplier Award from*
*TF AMD MICROELECTRONICS (PENANG) SDN BHD*

## 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 | Sustainability Issues |
|---|---|---|
| Employees | • Engagement/Appraisal sessions<br>• Sports & recreational activities<br>• Campaigns/Health checkups<br>• Internal communications<br>• Volunteer programs<br>• Employee survey<br>• Continuous improvement activities | • Economic contribution<br>• Job retention<br>• Human rights<br>• Training and development<br>• Employee welfare<br>• Financial stability<br>• Occupational health and safety<br>• Environmental protection |
| Customers | • Customer service (pre, during and post sale)<br>• Customer evaluation/score card/ survey<br>• Dialogue sessions<br>• Correspondences<br>• Meetings<br>• Recreational activities<br>• Participation in associations<br>• Customer audits | • Environmental protection<br>• Financial stability<br>• Product liability and responsibility |
| Shareholders | • General meetings<br>• Announcements/Media briefings<br>• Quarterly reporting<br>• Correspondences | • Economic contribution<br>• Regulatory compliance<br>• Good corporate governance |
| Lenders | • General meetings<br>• Announcements/Media briefings<br>• Quarterly reporting<br>• Correspondences<br>• Meetings | • Economic contribution<br>• Regulatory compliance<br>• Good corporate governance |
| Suppliers | • Periodic meetings<br>• Suppliers evaluation/audit<br>• Dialogue sessions<br>• Correspondences<br>• Meetings<br>• Recreational activities<br>• Trainings | • Procurement practices<br>• Financial stability<br>• Environmental protection<br>• Product liability and responsibility |

## STAKEHOLDER ENGAGEMENT (CONT'D)

| Stakeholder Group | Stakeholder Engagement | Sustainability Issues |
|---|---|---|
| Communities | • Community health and business awareness programmes<br>• Charitable contribution<br>• Training, internship and job placements<br>• Meetings<br>• Sports & recreational activities | • Economic contribution<br>• Jobs creation<br>• Environmental protection<br>• Product liability and responsibility<br>• Community awareness and development |
| Government and regulatory authorities | • Dialogue sessions<br>• Correspondences<br>• Meetings<br>• On-site inspections | • Regulatory compliance<br>• Environmental protection<br>• Occupational health and safety<br>• Human rights<br>• Product responsibility |

## SUSTAINABILITY MATERIALITY MATRIX

| Importance to stakeholders | Importance to Globaltec Group: Low | Medium | High |
|---|---|---|---|
| High | | • Jobs creation | • Economic contribution<br>• Human rights<br>• Occupational health and safety<br>• Employee welfare and training<br>• Environmental protection<br>• Regulatory Compliance and governance |
| Medium | | • Community awareness, development and contribution | |
| Low | | | |

## SUSTAINABILITY PRACTICES

The sustainability practices of the Group shall be looked at from the perspectives of:

i) Group – for those sustainability practices that are common to the Group and within the Company and that are less distinguishable between the operating segments; and

ii) Operating segments as mentioned in the Scope section above – for those sustainability practices more specifically identifiable to the respective operating segment.

## SUSTAINABILITY PRACTICES (CONT'D)

### GROUP

#### *COVID-19*

One of the major sustainability matters affecting the Group as a whole is the Covid-19 pandemic. 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 Board placed its utmost priority on containing the Covid-19 pandemic for the safety of all its employees and stakeholders, and for the sustainability of its businesses. 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 daily activities including for hygiene maintenance, cleaning and disinfecting purposes, for its employees and all the Group operations at the onset of the pandemic. In addition, the Group has pro-actively participated in the Malaysian Government's Program Imunisasi Industri Covid-19 Kerjasama Awam-Swasta (PIKAS) and Vaksin Merdeka, the vaccination program in Indonesia for its employees. The Group has achieved a 96% vaccination rate of all its employees as at 30 September 2021 and targeted to achieve 100% vaccinated rate among its employees by end of 2021. The Group supports vaccination for its employees, and the nations' target to achieve herd immunity, in order to curb the spread of Covid-19 infections among its employees and the community at large. The Group has also enhanced or put in place the necessary systems and facilities to enable employees to work safely, and the business activities such as meetings, discussions, purchases and payment transactions to be carried out online and uninterrupted. Wherever and whenever possible, administrative and support function were encouraged to work from home in order to minimise the spread of Covid-19. The Company also donated computer notebooks to underprivileged students, where online education has become necessary during the current pandemic, as part of its contribution towards the society at large.

#### *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 (including corruption risks) 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.

## SUSTAINABILITY PRACTICES (CONT'D)

### IMS SEGMENT

Our sustainability practices of the IMS segment are as follows:

#### *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 IMS segment to ensure safety of employees as well as visitors who visit the plants. The IMS segment, on an annual basis, save for any major restrictions during the COVID-19 pandemic, will carry out the occupational health and safety activities which will include among others, as follows:

– Fire drills and fire-fighting training;
– Health and safety programmes are carried out to create awareness and to educate employees on occupational health and safety related matters;
– General health and medical checkups for employees are conducted regularly; and
– 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 700 odd employees in the IMS segment. Training is provided to the employees covering both on-line training and on the job training that comprises 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 IMS segment acknowledges the need to provide a healthy and balanced lifestyle to its employees and also giving back to the community. In this aspect, despite pandemic induced movement restrictions, an anti-dadah campaign was organised by a major subsidiary during the year.

The Board has formalised and adopted a Gender and Workplace Diversity policy across the Group. This can be seen in our multi-racial work force with a balanced age and gender composition. The IMS segment has achieved an overall female participation of 17% of the total workforce and with about 43% at the executive level. In addition, formal succession planning has been put in place at the IMS segment level for key positions, to ensure continuity and to provide assurance as well as drive motivation among senior key management. The IMS segment also insures for public liability to compensate for any potential loss that may arise within the operational facilities.

## SUSTAINABILITY PRACTICES (CONT'D)

### IMS SEGMENT (CONT'D)

#### *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 IMS segment has regularly and during the year, offered 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. In the previous financial year, a major subsidiary joined as a host in the WRAP Programme (Workforce Reconciliation Action Plan) for Technical Skill Upgrading for technical workforce. The programme which 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, was completed during the financial year. The major subsidiary sponsored 3 local graduates for a 6 months programme. The trainees were paid with monthly allowances where training is conducted at both the workplace and training institutions under the guidance of competent coaches and classroom trainers. The programme enabled a consistent supply of well-trained undergraduates 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 trainers, to promote continuous learning, innovation and improve employees morale and motivation.

#### *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 IMS segment 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. In this aspect, one of the operating divisions replaced its diesel-powered forklifts to liquefied petroleum gas powered forklifts during the year.

#### *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 IMS segment have 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.

## SUSTAINABILITY PRACTICES (CONT'D)

### IMS SEGMENT (CONT'D)

***Suppliers***

We value our suppliers, vendors and contractors as partners and will engage in fair operating practices that promote mutual respect. 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, anti bribery & anti corruption and notify the Group of any breaches or non-conformance.

### ENERGY SEGMENT

Our sustainability practices of the Energy segment are as follows:

***Occupational Health And Safety***

It is an inherent fact and industry knowledge that occupational health and safety is viewed with paramount importance in the oil and gas industry. In this aspect, the Energy segment endeavours for compliance with all international health and safety standards in order to meet its annual goal of zero incidents across its operations. The Energy segment's occupational health and safety policies, procedures and activities include among others, as follows:

- Policies, including any updates as well as any training on occupational health and safety matters are provided to employees;
- General health and medical checkups for employees are conducted regularly;
- 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 HSE performance. The tools such as Hazard Observation Cards (HOC), Risk Management are used to identify, document and communicate hazards/risks or potential hazards/risk for sharing among employees, prevention and improvement;
- Procedures and programs are in place to ensure safe and efficient operations. This includes provision of appropriate medical and first aid services for work location and operations;
- Monthly safety meetings, Toolbox meetings and Pre-Job meetings are conducted to enhance communication and safety controls;
- New and existing drilling and ancillary facilities will be designed, procured, constructed, commissioned, operated and maintained such that the integrity of the facility is assured and risks to the health and safety of people are effectively controlled;
- SOPs and drilling programs are executed with technical, health and safety aspects taken into consideration at every stage of the operations;
- Equipments are rigorously tested prior to actual execution and scheduled preventive maintenance are in place and executed;
- Use of personal protective equipment are enforced to ensure safety of employees as well as visitors who visit the exploration sites/drill sites; and
- Timely and effective management of incidents can prevent or mitigate the impact of loss. Plans, equipment, training and other resources are identified, documented and maintained for all foreseeable emergency and crisis situation. Incidents are reported and investigated to prevent recurrence by identifying and managing immediate and root causes and recommending corrective actions and preventive measures.

## SUSTAINABILITY PRACTICES (CONT'D)

### ENERGY SEGMENT (CONT'D)

#### *Employee And Community Welfare And Development*

Training is provided to the employees on the job that comprises technical, soft skills and includes grooming future leaders. The Energy segment also carries out safety inductions for new personnel or guests, regular safety inspections, basic safety trainings and meetings on health and safety. 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.

The Board has formalised and adopted a Gender and Workplace Diversity policy across the Group. The Energy segment currently has no women at senior management level, however 10% of the rest of the employees in the Energy segment are women. As the Energy segment has not commenced commercial production, its total workforce of 14 persons, is understandably relatively small. As the Energy segment progress into development stage and beyond, the Energy segment shall increase its workforce and will endeavour to increase female participation and have a more balanced age distribution in its workforce. In addition, formal succession planning has been put in place in the Energy segment for key positions, to ensure continuity and to provide assurance as well as drive motivation among senior key management.

The Energy segment is committed to minimising operational impact on local communities by its operations in the field. The Energy segment has also developed sustainability programmes with local partners and is committed to providing local community members with employment opportunities where possible. The Energy segment prior to the drilling of any CBM wells 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.

#### *Environmental Preservation*

The Energy segment is principally involved in the exploration and production of CBM. Although the Energy segment has not commenced commercial production, it is worth noting that CBM is a primary clean energy source of natural gas. The development and utilisation of CBM is of great social and economic benefit. It is a clean-burning fuel for domestic and industrial uses. The Energy segment strives to work with government and public authorities at all levels to ensure that the best environmental practices are adopted and kept updated with the latest guidances published to date. In addition, the Energy segment records and monitors regularly, proper waste handling and hazard observations in its effort towards environmental preservation.

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, risk management, 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 *("Tan Sri Datuk Seri Panglima (Dr.) TC Goh")* | 5/5 |
| Kong Kok Keong | 5/5 |
| Ooi Boon Pin | 5/5 |
| Chen Heng Mun | 5/5 |
| Ash'ari bin Ayub | 5/5 |
| Wong Zee Shin | 5/5 |
| Datuk Yong Teck Shing, JP *(appointed on 1 December 2020)* | 2/2 |
| Yong Nam Yun *(alternate to Kong Kok Keong)* | 5/5 |
| Mej Jen Dato' Mokhtar bin Perman (Rtd) *(resigned on 30 July 2020)* | N/A |

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 an independent non-executive director role in one (1) other public listed company (which is other than a subsidiary of the Group).

**SECTION 1: DIRECTORS (CONT'D)**

**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 10 September 2021.

**BOARD BALANCE AND RESPONSIBILITIES**

The Board, headed by the Group Executive Chairman currently has eight (8) members, comprising three (3) Executive Directors, one (1) Non-Independent Non-Executive Director, three (3) 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 7 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 the 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 a major 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;
- ensuring that the Group adheres to high standards of ethics and corporate behaviour; and
- reviewing, recommending and implementing strategies, best and practical practices to manage Environmental, Social and Governance risks and opportunities

**SECTION 1: DIRECTORS (CONT'D)**

**BOARD BALANCE AND RESPONSIBILITIES (CONT'D)**

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 (including corruption risk).

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.

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 and must not exceed a cumulative term of twelve (12) years. For an Independent Director exceeding the cumulative term of nine (9) years but less than twelve (12) years, he may continue to serve on the Board subject to the Director's redesignation as a Non-Independent Director. The Board could also retain him as an Independent Director but must justify and seek shareholders' approval in annual general meeting.

Ash'ari bin Ayub and Wong Zee Shin were appointed to the Board as Independent Directors on 28 March 2012. Their term of full nine (9) years was on 28 March 2021. Prior to their full nine (9) year term, at the 9th Annual General Meeting ("AGM") held on 27 November 2020, the shareholders of the Company have approved to retain them as Independent Directors. As such, Tuan Haji Ash'ari Bin Ayub and Mr. Wong Zee Shin have continued to be the Independent Non-Executive Directors of the Company since 28 March 2021 and will be subject to annual re-appointment by shareholders at the subsequent AGMs in accordance with Article 90(2) of the Company's Constitution, until their cumulative terms reaches twelve (12) years. The Board wishes to retain both of them as Independent Directors after the 10th AGM and is therefore seeking shareholders' approval at the forthcoming 10th AGM to retain them as Independent Directors. 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 as directors of the Company; and
iv) They had not entered into any related party transactions with the Group.

**SECTION 1: DIRECTORS (CONT'D)**

**BOARD BALANCE AND RESPONSIBILITIES (CONT'D)**

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.

**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 45 to 48 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.

**SECTION 1: DIRECTORS (CONT'D)**

**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
- Datuk Yong Teck Shing, JP *(appointed on 1 December 2020)*
- Kong Kok Keong *(resigned on 1 December 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.

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;
- Reviewed the profile and recommended to the Board on an appointment of an Independent Non-Executive Director;
- In conjunction with a resignation of a Director and a new appointment to the Board, reviewed and recommended to the Board on changes to be made to the composition of the Board Committees;
- 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.

## SECTION 1: DIRECTORS (CONT'D)

### 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.

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

| Director | Name of Conferences, Seminars and Training Programmes Attended |
|---|---|
| Tan Sri Datuk Seri Panglima (Dr.) TC Goh | – Bank Negara Malaysia ("BNM") Webinar Series 2 – National Anti-Money Laundering ("AML")/Combating the Financing of Terrorism ("CFT") Compliance Programme (Overview of Key AML/CFT Requirements)<br>– BNM Webinar Series 3 – National AML/CFT Compliance Programme (Customer Due Diligence)<br>– BNM Webinar Series 5 – National AML/CFT Compliance Programme (Suspicious Transaction Report)<br>– BNM Webinar Series 6 – National AML/CFT Compliance Programme (comprehensive understanding on the targeted Financial Sanctions)<br>– Sustainability Disclosures<br>– Malaysian Code on Corporate Governance 2021 ("MCCG 2021) |
| Kong Kok Keong | – Sustainability Disclosures<br>– MCCG 2021 |
| Ooi Boon Pin | – Sustainability Disclosures<br>– MCCG 2021 |
| Chen Heng Mun | – KPMG CEO webinar series - Captains' Forum: Transformation Towards Recovery – Session 2: Operational Resilience<br>– KPMG's CEO Webinar Series Captains' Forum: Transformation Towards Recovery – Session 3: Technology and Data<br>– KPMG Tax & Business Summit 2020<br>– KPMG Board Leadership Center Exclusive - Managing Human Rights: Why is it important to corporations?<br>– KPMG Board Leadership Center Exclusive (in collaboration with HSBC) - Sustainable Finance: Making better financial decisions<br>– KPMG Webinar - Asia-Pacific Board Leadership Centre -Board and Audit Committee Priorities 2021<br>– KPMG Webinar - The Rise of Artificial Intelligence and Its Impact on Strategy & Business<br>– Sustainability Disclosures<br>– MCCG 2021 |

**SECTION 1: DIRECTORS (CONT'D)**

**DIRECTORS' TRAINING (CONT'D)**

| Director | Name of Conferences, Seminars and Training Programmes Attended |
|---|---|
| Ash'ari bin Ayub | – Applying International Standards of Auditing in a Pandemic Environment<br>– Covid-19 Impact on Financial Reporting on Going Concern<br>– Enterprise Risk Management - ISO31000<br>– Director's Disclosures of Contract's, Properties etc<br>– Sustainability Disclosures<br>– MCCG 2021 |
| Wong Zee Shin | – KPMG CEO webinar series - Captains' Forum: Transformation Towards Recovery – Session 1: Financial Resilience<br>– Malaysian Association of Company Secretaries: Capital Reduction and Beneficial Ownership<br>– Malaysian Association of Company Secretaries: Violations of the Companies Act 2016: Oversights by Directors and Secretaries<br>– Alliance Bank Malaysia Berhad: Expanding your business with JV, Licensing and Franchise<br>– Alliance Bank Malaysia Berhad: Employment Issues Post Movement Control Order<br>– Alliance Bank Malaysia Berhad: Upclose with Budget 2021<br>– Alliance Bank Malaysia Berhad: Virtue to Stronger Relationship between Shareholders and Directors<br>– Sustainability Disclosures<br>– MCCG 2021 |
| Datuk Yong Teck Shing, JP *(appointed on 1 December 2020)* | – Mandatory Accreditation Programme<br>– Sustainability Disclosures<br>– MCCG 2021 |
| Yong Nam Yun | – Sustainability Disclosures<br>– MCCG 2021 |

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, Environment, Social & 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.

**SECTION 1: DIRECTORS (CONT'D)**

**RE-ELECTION (CONT'D)**

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, at this forthcoming AGM:

- Tan Sri Datuk Seri Panglima (Dr.) TC Goh *(Article 90(1))*
- Ooi Boon Pin *(Article 90(1))*
- Datuk Yong Teck Shing, JP *(Article 83)*

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 21 October 2021, the Board approved the recommendation of the Nominating Committee on the re-election of the above five (5) Directors.

**SECTION 2: DIRECTORS' REMUNERATION**

**REMUNERATION COMMITTEE**

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

- Ash'ari bin Ayub *(Chairman)*
- Wong Zee Shin
- Datuk Yong Teck Shing, JP *(appointed on 1 December 2020)*
- Kong Kok Keong *(resigned on 1 December 2020)*

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 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.

**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 2021, 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 | - | 703.47 | - | 703.47 | - |
| Ooi Boon Pin | - | - | - | - | - |
| Chen Heng Mun | - | 271.56 | - | 271.56 | - |
| Yong Nam Yun | - | - | - | - | - |
| **Sub-total: Executive Directors** | **-** | **975.03** | **-** | **975.03** | **-** |
| **Non-Executive Directors** | | | | | |
| Kong Kok Keong | 40.95 | - | 2.5 | 43.45 | - |
| Ash'ari Bin Ayub | 40.95 | - | 2.5 | 43.45 | - |
| Wong Zee Shin | 40.95 | - | 2.5 | 43.45 | - |
| Datuk Yong Teck Shing<br>*(appoointed on 1 December 2020)* | 24.50 | - | 1 | 25.50 | - |
| Mejar Jeneral Dato' Mokhtar bin Perman (Rtd)<br>*(resigned on 30 July 2020)* | 3.15 | - | - | 3.15 | - |
| **Sub-total: Non-Executive Directors** | **150.5** | **-** | **8.5** | **159.00** | **-** |
| **Total** | **150.5** | **975.03** | **8.5** | **1,134.03** | **-** |

**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 | - | 1,747.97 | - | 1,747.97 | - |
| Ooi Boon Pin | - | 1,016.15 | - | 1,016.15 | 10.63 |
| Chen Heng Mun | 3.6 | 595.88 | - | 599.48 | - |
| Yong Nam Yun | 3.6 | 514.55 | - | 518.15 | - |
| **Sub-total: Executive Directors** | **7.2** | **3,874.55** | **-** | **3,881.75** | **10.63** |
| **Non-Executive Directors** | | | | | |
| Kong Kok Keong | 40.95 | - | 2.5 | 43.45 | - |
| Ash'ari Bin Ayub | 40.95 | - | 2.5 | 43.45 | - |
| Wong Zee Shin | 40.95 | - | 2.5 | 43.45 | - |
| Datuk Yong Teck Shing *(appointed on 1 December 2020)* | 24.50 | - | 1 | 25.50 | - |
| Mejar Jeneral Dato' Mokhtar bin Perman (Rtd) *(resigned on 30 July 2020)* | 3.15 | - | - | 3.15 | - |
| **Sub-total: Non-Executive Directors** | **150.50** | **-** | **8.5** | **159.00** | **-** |
| **Total** | **157.70** | **3,874.55** | **8.5** | **4,040.75** | **10.63** |

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, the Directors have agreed 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 Board'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).

**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 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 24 to 32.

**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.

## 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 (including corruption risk) and reviews it periodically. The Statement on Risk Management and Internal Control presented on pages 49 to 51 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 45 to 48.

The above statement and the Corporate Governance Report are made in accordance with the resolution of the Board dated 21 October 2021.

# AUDIT COMMITTEE REPORT

**MEMBERS OF THE AUDIT COMMITTEE ("COMMITTEE")**

The Committee comprises of the following members:

| | |
|---|---|
| ***Chairman*** | |
| Ash'ari bin Ayub<br>*(The Committee Chairman is a member of the Malaysian Institute of Accountants)* | Senior Independent Non-Executive Director |
| ***Members*** | |
| Wong Zee Shin | Independent Non-Executive Director |
| Datuk Yong Teck Shing, JP *(appointed on 1 December 2020)* | Independent Non-Executive Director |
| Kong Kok Keong *(resigned on 1 December 2020)* | Non-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, which were all conducted online, for the financial year ended 30 June 2021 are as follows:

| | Date of Meeting | Total Committee Members | Attendance by Committee Members (Percentage of Attendance) |
|---|---|---|---|
| 1. | 27 August 2020 | 3 | 3 (100%) |
| 2. | 16 October 2020 | 3 | 3 (100%) |
| 3. | 27 November 2020 | 3 | 3 (100%) |
| 4. | 26 February 2021 | 3 | 3 (100%) |
| 5. | 25 May 2021 | 3 | 3 (100%) |

The details of attendance by individual Committee Member for the financial year ended 30 June 2021 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. | Datuk Yong Teck Shing, JP | 2/2 | 100% |
| 4. | Kong Kok Keong | 3/3 | 100% |

## 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, 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 38 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 | Engagement Director | • Certified Internal Auditor ("CIA")<br>• Certification of Risk Management Assurance ("CRMA")<br>• Certified Public Accountant ("CPA") (M)<br>• Chartered Accountant ("CA") |
| David Low | Director of Tricor Axcelasia Sdn Bhd | Engagement Field-In-Charge | • CA<br>• 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 internal 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 auditors 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 financial year amounted to RM53,000.

## 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.

## 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, competency, 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 21 October 2021, 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 of the Company, by the Group and by the Company for the financial year amounted to RM936,000 (out of which RM578,000 is payable to overseas affiliates of the Company's external auditors) 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 RM39,000 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 10 September 2021. As at to-date, the audit firm has been engaged as the external auditors of the Company for 10 years whereas the engagement partner has been assigned to the Company for 7 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 27 August 2020 and 25 May 2021, 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 (including corruption risks).

- 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.

# 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 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 135 to 151.

## RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

### *Risk Management (Cont'd)*

The Group also maintains a database of risks, controls and action plans (including for 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 46 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.

## 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 2021 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 has disposed during the year.

## 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 21 October 2021.

# FINANCIAL STATEMENTS

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2021.

**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 for the year attributable to: | | |
| Owners of the Company | 20,400 | 28,534 |
| Non-controlling interests | 9,086 | - |
| | 29,486 | 28,534 |

**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.

On 10 September 2021, the Directors have approved and declared a single tier dividend of RM0.03 per ordinary share totalling RM8,072,607 in respect of the financial year ended 30 June 2021. The dividend will be recognised in the financial year ended 30 June 2022 and will be paid on 26 November 2021.

**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
Datuk Yong Teck Shing, JP *(appointed on 1 December 2020)*
Yong Nam Yun *(alternate director to Kong Kok Keong)*

## 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
Ang Lee Lee
Goh Min Yen
Hiew Yon Fo
Ian Wang
Indra Surya Susanto
Jason Chua Joo Huang
Kee Yong Wah
Lee Chul
Lim Beng Hong
Pang Kim Fan
Woon Wai Thong
Lee Byung *(appointed on 26 February 2021)*
Unggul Setyamoko *(subsidiary deregistered on 15 September 2021)*
Bhae Hong Yong *(resigned on 26 February 2021)*

## 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 1.7.2020** | **Bought** | **Sold** | **At 30.6.2021** |
| *Interests in the Company* | | | | |
| Tan Sri Datuk Seri Panglima (Dr.) Goh Tian Chuan, JP | | | | |
| – direct interest | 53,300,870 | 1,000,000 | - | 54,300,870 |
| Kong Kok Keong | | | | |
| – direct interest | 40,665,315 | 800,000 | - | 41,465,315 |
| – 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 |

**DIRECTORS' INTERESTS IN SHARES (CONT'D)**

| | Number of shares | | | |
|---|---|---|---|---|
| | At 1.7.2020 | Bought | Sold | At 30.6.2021 |
| *Interests in the NuEnergy Gas Limited* | | | | |
| 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 |

| | Number of warrants | | | |
|---|---|---|---|---|
| | At 1.7.2020 | Bought | Sold | At 30.6.2021 |
| *Interests in the Company* | | | | |
| Tan Sri Datuk Seri Panglima (Dr.) Goh Tian Chuan, JP | | | | |
| – direct interest | 13,328,085 | - | (13,328,085) | - |
| Kong Kok Keong | | | | |
| – direct interest | 9,956,577 | - | (9,956,577) | - |
| – indirect interest [a] | 4,849,412 | - | (4,849,400) | 12 |
| 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 2021 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 2021 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 33 to the financial statements.

**DIRECTORS' BENEFITS (CONT'D)**

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.

**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 2021, all the Warrants remained unexercised.

**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

## OTHER STATUTORY INFORMATION (CONT'D)

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.

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 gain on disposal of gold royalty of RM22,227,000 as disclosed in Note 26 to the financial statements, the financial performance of the Group for the financial year ended 30 June 2021 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 reversal of impairment loss on advances to subsidiaries of RM26,150,000 as disclosed in Note 26 to the financial statements, the financial performance of the Company for the financial year ended 30 June 2021 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 EVENTS

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

## SUBSEQUENT EVENT

The significant event after the financial year is disclosed in Note 35 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

**Chen Heng Mun**
Director

Kuala Lumpur,
Date: 21 October 2021

# STATEMENTS OF FINANCIAL POSITION
## AS AT 30 JUNE 2021

| | Note | Group | | Company | |
|---|---|---|---|---|---|
| | | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| **Assets** | | | | | |
| Property, plant and equipment | 3 | 62,901 | 73,011 | 154 | 208 |
| Right-of-use assets | 4 | 32,238 | 35,781 | 568 | 837 |
| Exploration and evaluation assets | 6 | 103,479 | 103,598 | - | - |
| Investment property | 7 | 13,605 | 13,605 | - | - |
| Intangible assets | 8 | 27,016 | 27,445 | - | - |
| Investments in subsidiaries | 9 | - | - | 263,556 | 241,406 |
| Other financial assets | 10 | 2,151 | 3,138 | - | - |
| Other investments | 11 | 53 | 53 | - | - |
| Deferred tax assets | 12 | - | 165 | - | - |
| **Total non-current assets** | | 241,443 | 256,796 | 264,278 | 242,451 |
| Biological assets | 5 | 491 | 241 | - | - |
| Inventories | 13 | 30,987 | 24,034 | | - |
| Contract assets | 14 | 4,504 | 5,374 | - | - |
| Trade and other receivables | 15 | 23,262 | 17,301 | 4,804 | 413 |
| Current tax assets | | 1,471 | 1,882 | - | 29 |
| Other investments | 11 | 15,071 | 164 | - | - |
| Fixed deposits with maturity more than three months but less than twelve months | | - | 3,000 | - | - |
| Cash and cash equivalents | 16 | 72,973 | 53,004 | 8,269 | 1,847 |
| | | 148,759 | 105,000 | 13,073 | 2,289 |
| Asset classified as held for sale | 17 | - | - | - | - |
| **Total current assets** | | 148,759 | 105,000 | 13,073 | 2,289 |
| **Total assets** | | 390,202 | 361,796 | 277,351 | 244,740 |

## STATEMENTS OF FINANCIAL POSITION
## AS AT 30 JUNE 2021 (CONT'D)

| | Note | Group 2021 RM'000 | Group 2020 RM'000 | Company 2021 RM'000 | Company 2020 RM'000 |
|---|---|---|---|---|---|
| **Equity** | | | | | |
| Share capital | 18.1 | 643,647 | 643,647 | 643,647 | 643,647 |
| Reserves | | (387,872) | (405,077) | (371,921) | (400,455) |
| **Equity attributable to owners of the Company** | | 255,775 | 238,570 | 271,726 | 243,192 |
| **Non-controlling interests** | | 44,840 | 36,759 | - | - |
| **Total equity** | | 300,615 | 275,329 | 271,726 | 243,192 |
| **Liabilities** | | | | | |
| Loans and borrowings | 19 | 2,627 | 3,749 | - | - |
| Lease liabilities | | 822 | 2,014 | 496 | 757 |
| Deferred income | 20 | 1,873 | 1,329 | - | - |
| Deferred tax liabilities | 12 | 8,274 | 6,813 | - | - |
| **Total non-current liabilities** | | 13,596 | 13,905 | 496 | 757 |
| Loans and borrowings | 19 | 10,977 | 13,464 | - | - |
| Lease liabilities | | 1,147 | 1,681 | 261 | 253 |
| Deferred income | 20 | 271 | 160 | - | - |
| Provisions | 21 | 25,521 | 26,398 | - | - |
| Trade and other payables | 22 | 36,121 | 30,536 | 4,868 | 538 |
| Current tax liabilities | | 1,954 | 323 | - | - |
| **Total current liabilities** | | 75,991 | 72,562 | 5,129 | 791 |
| **Total liabilities** | | 89,587 | 86,467 | 5,625 | 1,548 |
| **Total equity and liabilities** | | 390,202 | 361,796 | 277,351 | 244,740 |

The notes on pages 68 to 154 are an integral part of these financial statements.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
## FOR THE YEAR ENDED 30 JUNE 2021

| | Note | Group 2021 RM'000 | Group 2020 RM'000 | Company 2021 RM'000 | Company 2020 RM'000 |
|---|---|---|---|---|---|
| **Continuing operations** | | | | | |
| Revenue | 23 | 161,116 | 163,823 | 5,534 | 1,589 |
| Cost of sales | | (122,935) | (128,830) | - | - |
| **Gross profit** | | 38,181 | 34,993 | 5,534 | 1,589 |
| Other income | | 26,560 | 6,655 | 26,150 | 5 |
| Administrative expenses | | (27,622) | (32,330) | (3,159) | (3,050) |
| Distribution expenses | | (462) | (626) | - | - |
| Net loss on impairment of financial instruments | | - | (3,286) | - | (157) |
| Other expenses | | (2,111) | (1,649) | - | (19,705) |
| **Results from operating activities** | | 34,546 | 3,757 | 28,525 | (21,318) |
| Finance income | 24 | 915 | 1,367 | 45 | 33 |
| Finance costs | 25 | (882) | (1,296) | (36) | (46) |
| **Net finance income/(costs)** | | 33 | 71 | 9 | (13) |
| **Profit/(Loss) before tax** | 26 | 34,579 | 3,828 | 28,534 | (21,331) |
| Tax expense | 27 | (6,113) | (4,933) | - | - |
| **Profit/(Loss) from continuing operations** | | 28,466 | (1,105) | 28,534 | (21,331) |
| **Discontinued operations** | | | | | |
| Gain on disposal of assets held for sale | 17 | 1,020 | - | - | - |
| **Profit/(Loss) for the year** | | 29,486 | (1,105) | 28,534 | (21,331) |
| **Other comprehensive (expense)/income, net of tax** | | | | | |
| **Items that may be reclassified subsequently to profit or loss** | | | | | |
| Foreign currency translation differences for foreign operations | | (4,200) | 3,423 | - | - |
| **Other comprehensive (expense)/ income for the year, net of tax** | | (4,200) | 3,423 | - | - |
| **Total comprehensive income/(expense) for the year** | | 25,286 | 2,318 | 28,534 | (21,331) |

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021 (CONT'D)

| | Note | Group 2021 RM'000 | Group 2020 RM'000 | Company 2021 RM'000 | Company 2020 RM'000 |
|---|---|---|---|---|---|
| **Profit/(Loss) attributable to:** | | | | | |
| Owners of the Company | | | | | |
| – from continuing operations | | 19,380 | 2,348 | 28,534 | (21,331) |
| – from discontinued operation | | 1,020 | - | - | - |
| | | 20,400 | 2,348 | 28,534 | (21,331) |
| Non-controlling interests | | | | | |
| – from continuing operations | | 9,086 | (3,453) | - | - |
| **Profit/(Loss) for the year** | | 29,486 | (1,105) | 28,534 | (21,331) |
| **Total comprehensive income/(expense) attributable to:** | | | | | |
| Owners of the Company | | | | | |
| – from continuing operations | | 16,185 | 5,253 | 28,534 | (21,331) |
| – from discontinued operation | | 1,020 | - | - | - |
| | | 17,205 | 5,253 | 28,534 | (21,331) |
| Non-controlling interests | | | | | |
| – from continuing operations | | 8,081 | (2,935) | - | - |
| **Total comprehensive income/(expense) for the year** | | 25,286 | 2,318 | 28,534 | (21,331) |
| **Basic/Diluted earnings per ordinary share (sen):** | 28 | | | | |
| from continuing operations | | 7.202 | 0.873 | | |
| from discontinued operation | | 0.379 | - | | |
| | | 7.581 | 0.873 | | |

The notes on pages 68 to 154 are an integral part of these financial statements.

# STATEMENTS OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 30 JUNE 2021

| Group | Share capital RM'000 | Other reserves RM'000 | Accumulated losses RM'000 | Total RM'000 | Non-controlling interests RM'000 | Total equity RM'000 |
|---|---|---|---|---|---|---|
| | ← *Attributable to owners of the Company* → | | | | | |
| | ← *Non-distributable* → | | | | | |
| **At 1 July 2019** | 643,647 | (202,097) | (208,233) | 233,317 | 39,694 | 273,011 |
| Foreign currency translation differences for foreign operations | - | 2,905 | - | 2,905 | 518 | 3,423 |
| Profit/(Loss) for the year | - | - | 2,348 | 2,348 | (3,453) | (1,105) |
| **Total comprehensive income/(expense) for the year** | - | 2,905 | 2,348 | 5,253 | (2,935) | 2,318 |
| **At 30 June 2020/1 July 2020** | 643,647 | (199,192) | (205,885) | 238,570 | 36,759 | 275,329 |
| Foreign currency translation differences for foreign operations | - | (3,195) | - | (3,195) | (1,005) | (4,200) |
| Profit for the year | - | - | 20,400 | 20,400 | 9,086 | 29,486 |
| **Total comprehensive (expense)/ income for the year** | - | (3,195) | 20,400 | 17,205 | 8,081 | 25,286 |
| **At 30 June 2021** | 643,647 | (202,387) | (185,485) | 255,775 | 44,840 | 300,615 |
| | Note 18.1 | Note 18.2 | | | | |

| Company | Share capital RM'000 | Fair value adjustment reserve RM'000 | Accumulated losses RM'000 | Total equity RM'000 |
|---|---|---|---|---|
| | ← *Attributable to owners of the Company* → | | | |
| | ← *Non-distributable* → | | | |
| **At 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 2020/1 July 2020** | 643,647 | (83,429) | (317,026) | 243,192 |
| Profit and total comprehensive income for the year | - | - | 28,534 | 28,534 |
| **At 30 June 2021** | 643,647 | (83,429) | (288,492) | 271,726 |
| | Note 18.1 | Note 18.2 | | |

The notes on pages 68 to 154 are an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS
## FOR THE YEAR ENDED 30 JUNE 2021

| | Note | Group 2021 RM'000 | Group 2020 RM'000 | Company 2021 RM'000 | Company 2020 RM'000 |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Profit/(Loss) before tax from: | | | | | |
| – continuing operations | | 34,579 | 3,828 | 28,534 | (21,331) |
| – discontinued operation | | 1,020 | - | - | - |
| | | 35,599 | 3,828 | 28,534 | (21,331) |
| *Adjustments for:* | | | | | |
| Amortisation of customer relationships | | 395 | 395 | - | - |
| Amortisation of development costs | | 34 | 2 | - | - |
| Amortisation of government grant | | (250) | (106) | - | - |
| Changes in lease payments arising from rent concessions | | (28) | (70) | - | - |
| Contract assets written off | | - | 1,449 | - | - |
| Depreciation of property, plant and equipment | | 8,346 | 8,660 | 65 | 62 |
| Depreciation of right-of-use assets | | 3,245 | 2,947 | 269 | 275 |
| Dividend income | | - | (2) | (4,000) | |
| Exploration consumables expensed off | | - | 679 | - | - |
| Fair value changes on biological assets | | (250) | (69) | - | - |
| Fair value changes on financial assets at fair value through profit or loss | | (257) | 32 | - | - |
| Fair value changes on investment property | | - | (3,194) | - | - |
| Finance costs | | 882 | 1,296 | 36 | 46 |
| Finance income | | (915) | (1,367) | (45) | (33) |
| Gain on disposal of asset classified as held for sale | | (1,020) | - | - | - |
| Gain on disposal of gold royalty | | (22,227) | - | - | - |
| Gain on disposal of property, plant and equipment | | (2,857) | (135) | - | - |
| Gain on disposal of right-of-use assets | | - | (86) | - | - |
| Gain on disposal of a subsidiary | | - | - | - | (5) |
| (Reversal of impairment loss)/Impairment loss on advances to subsidiaries | | - | - | (26,150) | 19,705 |
| Impairment loss on receivables | | - | 3,286 | - | 157 |
| Inventories written off | | 368 | 309 | - | - |
| Inventories written down to net realisable value | | 83 | 80 | - | - |
| Property, plant and equipment written off | | 20 | 3 | - | - |
| Provision for warranties (net) | | 45 | - | - | - |
| Reversal of inventories written down | | (57) | (204) | - | - |
| Reversal of provision for warranties (net) | | - | (479) | - | - |
| Unrealised foreign exchange loss/(gain) (net) | | 954 | (130) | - | - |
| **Operating profit/(loss) before changes in working capital** | | 22,110 | 17,124 | (1,291) | (1,124) |
| Change in inventories | | (7,763) | 4,351 | - | - |
| Change in contract assets | | 870 | 808 | - | - |
| Change in trade and other receivables | | (5,977) | 14,672 | (391) | (740) |
| Change in trade and other payables | | 6,239 | (5,981) | 4,330 | 151 |

| | Note | Group | | Company | |
|---|---|---|---|---|---|
| | | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| **Cash generated from/(used in) operations** | | 15,479 | 30,974 | 2,648 | (1,713) |
| Employee benefit paid | | (54) | (59) | - | - |
| Tax (paid)/refunded (net) | | (2,482) | (3,251) | 29 | 158 |
| Warranties paid | | (85) | (126) | - | - |
| **Net cash generated from/(used in) operating activities** | | 12,858 | 27,538 | 2,677 | (1,555) |
| **Cash flows from investing activities** | | | | | |
| Acquisition of investment property | | - | (10,411) | - | - |
| Development costs paid | | - | (136) | - | - |
| Dividend received | | - | 2 | 4,000 | - |
| Withdrawal of fixed deposits/ deposits pledged | | 3,000 | 3,000 | - | - |
| Exploration and evaluation expenditure incurred | | (3,559) | (1,491) | - | - |
| Interest received | | 915 | 1,367 | 45 | 33 |
| Proceeds from disposal of gold royalty | | 5,737 | - | - | - |
| Proceeds from disposal of other investment | | 2,622 | - | - | - |
| Proceeds from disposal of property, plant and equipment | | 8,050 | 135 | - | - |
| Proceeds from disposal of right-of-use assets | | - | 239 | - | - |
| Proceeds from disposal of a subsidiary | | - | - | - | 5 |
| Purchase of property, plant and equipment | | (3,457) | (5,152) | (11) | (26) |
| Purchase of right-of-use assets | | - | (74) | - | (22) |
| **Net cash generated from/(used in) investing activities** | | 13,308 | (12,521) | 4,034 | (10) |
| **Cash flows from financing activities** | | | | | |
| Net repayment of borrowings | | (3,318) | (2,557) | - | - |
| Receipt of government grant | | 905 | 1,595 | - | - |
| Repayment of lease liabilities | | (1,689) | (1,945) | (253) | (158) |
| Interest paid | | (882) | (1,296) | (36) | (46) |
| **Net cash used in financing activities** | | (4,984) | (4,203) | (289) | (204) |
| **Net increase/(decrease) in cash and cash equivalents** | | 21,182 | 10,814 | 6,422 | (1,769) |
| Effect of exchange rate fluctuations on cash and cash equivalents | | (922) | 2,195 | - | - |
| Cash and cash equivalents at beginning of the year | | 52,713 | 39,704 | 1,847 | 3,616 |
| **Cash and cash equivalents at end of the year** | 16 | 72,973 | 52,713 | 8,269 | 1,847 |

***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 RM Nil (2020: RM534,000) and RM Nil (2020: RM332,000) respectively, of which RM Nil (2020: RM460,000) and RM Nil (2020: RM310,000) were acquired through entering into lease contracts.

***Cash outflows for leases as a lessee***

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| **Included in net cash from operating activities:** | | | | | |
| Payment relating to short-term leases | 26 | 165 | 237 | 4 | 3 |
| Payment relating to leases of low-value assets | 26 | 13 | 7 | 5 | 5 |
| **Included in net cash from financing activities:** | | | | | |
| Interest paid in relation to lease liabilities | 25 | 181 | 237 | 36 | 46 |
| Payment of lease liabilities | | 1,689 | 1,945 | 253 | 158 |
| **Total cash outflows for leases** | | 2,048 | 2,426 | 298 | 212 |

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

| | At 1.7.2019 RM'000 | Net changes from financing cash flows RM'000 | Acquisition of new lease RM'000 | Other changes RM'000 | At 30.6.2020/ 1.7.2020 RM'000 | Net changes from financing cash flows RM'000 | Other changes RM'000 | At 30.6.2021 RM'000 |
|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | |
| Term loans | 9,708 | (3,021) | - | - | 6,687 | (2,979) | - | 3,708 |
| Trade financing | 9,594 | 357 | - | - | 9,951 | (55) | - | 9,896 |
| Lease liabilities | 5,259 | (1,945) | 460 | (79) | 3,695 | (1,689) | (37) | 1,969 |
| Murabahah capital financing | 177 | 107 | - | - | 284 | (284) | - | - |
| Total liabilities from financing activities | 24,738 | (4,502) | 460 | (79) | 20,617 | (5,007) | (37) | 15,573 |
| **Company** | | | | | | | | |
| Lease liabilities | 858 | (158) | 310 | - | 1,010 | (253) | - | 757 |

The notes on pages 68 to 154 are an integral part of these financial statements.

# 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 2021 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the financial year ended 30 June 2021 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 21 October 2021.

## 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 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 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*

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

- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*

**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 and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

***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 and amendments, where applicable:

- from the annual period beginning on 1 July 2021 for those amendments that are effective for annual periods beginning on or after 1 January 2021 and 1 April 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.

- 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.

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

## 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
- Note 13 – valuation of inventories

## 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.

### (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.

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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (a) Basis of consolidation (Cont'd)

#### (i) Subsidiaries (Cont'd)

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.

#### (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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (a) Basis of consolidation (Cont'd)

#### (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.

#### (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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (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.

## 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.

## 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.

## 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

#### (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.

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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (e) Leases (Cont'd)

#### (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.

**Covid-19-related rent concessions**

The Group and the Company have applied in the previous financial year, 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (e) Leases (Cont'd)

#### (ii) Recognition and initial measurement (Cont'd)

**(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".

### (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.

**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.

## 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.

## 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.

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.

**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.

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

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

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

**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.

**(v) Dividend income**

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

## 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.

## 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.

## 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 2019 | 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 2020/1 July 2020 | 3,000 | 24,807 | 45,211 | 7,754 | 5,568 | 2,150 | 36,931 | 178 | 125,599 |
| Additions | - | 73 | 2,501 | 632 | 123 | - | - | 128 | 3,457 |
| Disposals | (3,000) | (2,687) | - | - | - | - | - | - | (5,687) |
| Written off | - | - | - | (888) | (221) | (11) | - | - | (1,120) |
| Reclassification | - | 73 | 80 | - | - | - | - | (153) | - |
| Transfer from right-of-use assets | - | - | - | - | - | 556 | - | - | 556 |
| Effect of movements in exchange rates | - | 146 | 667 | 8 | 64 | 10 | - | 1 | 896 |
| At 30 June 2021 | - | 22,412 | 48,459 | 7,506 | 5,534 | 2,705 | 36,931 | 154 | 123,701 |

## 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 2019 | | | | | | | | | |
| Accumulated depreciation | - | 3,092 | 24,997 | 2,247 | 739 | 1,219 | 10,436 | - | 42,730 |
| Accumulated impairment losses | - | - | 636 | 1,417 | 255 | - | - | - | 2,308 |
| | - | 3,092 | 25,633 | 3,664 | 994 | 1,219 | 10,436 | - | 45,038 |
| Depreciation for the year | - | 744 | 4,837 | 273 | 957 | 170 | 1,679 | - | 8,660 |
| Disposals | - | - | (1,591) | - | - | (306) | - | - | (1,897) |
| Written off | - | - | - | - | (88) | - | - | - | (88) |
| Effect of movements in exchange rates | - | 102 | 727 | 4 | 42 | - | - | - | 875 |
| At 30 June 2020 | | | | | | | | | |
| 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 |
| | - | 3,938 | 29,606 | 3,941 | 1,905 | 1,083 | 12,115 | - | 52,588 |

### 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 1 July 2020 | | | | | | | | | |
| 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 |
| | - | 3,938 | 29,606 | 3,941 | 1,905 | 1,083 | 12,115 | - | 52,588 |
| Depreciation for the year | - | 743 | 4,846 | 109 | 783 | 186 | 1,679 | - | 8,346 |
| Disposals | - | (494) | - | - | - | - | - | - | (494) |
| Written off | - | - | - | (868) | (221) | (11) | - | - | (1,100) |
| Transfer from right-of-use assets | - | - | - | - | - | 418 | - | - | 418 |
| Effect of movements in exchange rates | - | 174 | 783 | 9 | 64 | 12 | - | - | 1,042 |
| At 30 June 2021 | | | | | | | | | |
| Accumulated depreciation | - | 4,361 | 34,599 | 1,774 | 2,276 | 1,688 | 13,794 | - | 58,492 |
| Accumulated impairment losses | - | - | 636 | 1,417 | 255 | - | - | - | 2,308 |
| | - | 4,361 | 35,235 | 3,191 | 2,531 | 1,688 | 13,794 | - | 60,800 |
| **Carrying amounts** | | | | | | | | | |
| At 1 July 2019 | 3,000 | 12,667 | 14,774 | 4,065 | 3,657 | 931 | 26,495 | 10,461 | 76,050 |
| At 30 June 2020 | 3,000 | 20,869 | 15,605 | 3,813 | 3,663 | 1,067 | 24,816 | 178 | 73,011 |
| At 30 June 2021 | - | 18,051 | 13,224 | 4,315 | 3,003 | 1,017 | 23,137 | 154 | 62,901 |

## 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 2019 | 192 | 104 | 296 |
| Additions | 26 | - | 26 |
| At 30 June 2020/1 July 2020 | 218 | 104 | 322 |
| Additions | 11 | - | 11 |
| At 30 June 2021 | 229 | 104 | 333 |
| **Accumulated depreciation** | | | |
| At 1 July 2019 | 51 | 1 | 52 |
| Depreciation for the year | 41 | 21 | 62 |
| At 30 June 2020/1 July 2020 | 92 | 22 | 114 |
| Depreciation for the year | 43 | 22 | 65 |
| At 30 June 2021 | 135 | 44 | 179 |
| **Carrying amounts** | | | |
| At 1 July 2019 | 141 | 103 | 244 |
| At 30 June 2020 | 126 | 82 | 208 |
| At 30 June 2021 | 94 | 60 | 154 |

### 3.1 SECURITY

At 30 June 2021, 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 2021 RM'000 | Group 2020 RM'000 |
|---|---|---|
| **Carrying amounts** | | |
| Land | - | 3,000 |
| Buildings | 3,928 | 6,311 |
| Plant and machinery | 3,621 | 9,978 |
| Bearer plants | 23,136 | 24,816 |
| | 30,685 | 44,105 |

## 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

### 3.2 Building subject to operating lease

The Group leases one of its buildings with a carrying amount of RM1,853,000 (2020: RM1,908,000) 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 | |
|---|---|---|
| | **2021 RM'000** | **2020 RM'000** |
| Lease income | 394 | 359 |

The operating lease payments to be received are as follows:

| | Group | |
|---|---|---|
| | **2021 RM'000** | **2020 RM'000** |
| Less than one year | 394 | 394 |
| One to two years | 198 | 394 |
| Two to three years | - | 198 |
| Total undiscounted lease payments | 592 | 986 |

## 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 2020 | 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 2020/1 July 2020 | 32,110 | 2,711 | 66 | 894 | 35,781 |
| Depreciation | (1,016) | (1,787) | (19) | (423) | (3,245) |
| Transfer to property, plant and equipment | - | - | - | (138) | (138) |
| Effect of movements in exchange rates | (143) | - | - | (17) | (160) |
| At 30 June 2021 | 30,951 | 924 | 47 | 316 | 32,238 |

| Company | Building RM'000 | Motor vehicles RM'000 | Total RM'000 |
|---|---|---|---|
| At 1 July 2020 | 610 | 170 | 780 |
| Addition | - | 332 | 332 |
| Depreciation | (126) | (149) | (275) |
| At 30 June 2020/1 July 2020 | 484 | 353 | 837 |
| Depreciation | (126) | (143) | (269) |
| At 30 June 2021 | 358 | 210 | 568 |

* *Derecognition of the right-of-use assets in previous year was 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.

## 4. RIGHT-OF-USE ASSETS (CONT'D)

### 4.1 Extension options (Cont'd)

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 2021, 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.

### 4.3 Security

At 30 June 2021, the land of the Group with a carrying amount of RM21,904,000 (2020:RM22,823,000) is charged to financial institutions as security for borrowings of the Group as disclosed in Note 19.

## 5. BIOLOGICAL ASSETS

| | Group | |
|---|---|---|
| | **2021 RM'000** | **2020 RM'000** |
| At fair value | 491 | 241 |

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

**Analysis of the biological assets**

| | Group | |
|---|---|---|
| | **2021** | **2020** |
| Planted area (in hectares) | | |
| Mature | 817 | 817 |
| Immature | 6 | 6 |
| | 823 | 823 |
| Output harvested | | |
| Oil palm fresh fruit bunches (in metric ton) | 11,059 | 12,754 |
| Fair value less costs to sell (in RM'000) | 7,169 | 5,351 |

## 5. BIOLOGICAL ASSETS (CONT'D)

**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 2021 RM'000 | Group 2020 RM'000 |
|---|---|---|
| At beginning of the year | 241 | 172 |
| Net change in fair value | 250 | 69 |
| At end of the year | 491 | 241 |

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:<br>– 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 4 to 25 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.

## 5. BIOLOGICAL ASSETS (CONT'D)

**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.

## 6. EXPLORATION AND EVALUATION ASSETS

| Group | Note | Exploration expenditure RM'000 |
|---|---|---|
| At 1 July 2019 | | 99,339 |
| Effect of movements in exchange rates | | 3,447 |
| Additions | | 1,491 |
| Exploration consumables expensed off | 6.1 | (679) |
| At 30 June 2020/1 July 2020 | | 103,598 |
| Effect of movements in exchange rates | | (3,678) |
| Additions | | 3,559 |
| At 30 June 2021 | | 103,479 |

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:

| | 2021 RM'000 | 2020 RM'000 |
|---|---|---|
| Tanjung Enim PSC | 31,831 | 31,271 |
| Muara Enim PSC | 61,937 | 64,003 |
| Muralim PSC | 9,711 | 8,324 |
| | 103,479 | 103,598 |

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

## 6. EXPLORATION AND EVALUATION ASSETS (CONT'D)

**Tanjung Enim PSC**

The Indonesian Ministry of Energy and Mineral Resources ("MEMR") has on 17 June 2021, approved NuEnergy's first Plan of Development ("POD") for the Tanjung Enim Production Sharing Contract ("PSC") under a gross split scheme (referred to as Tanjung Enim POD I) in South Sumatra which will allow the project to proceed to field development and surface facility construction. NuEnergy shall carry out the operations and commercial development of the Tanjung Enim POD I singly and exclusively. The approval of the Tanjung Enim POD I also represents the first CBM POD in Indonesia.

In addition, NuEnergy together with its partners for Tanjung Enim PSC, PT Pertamina Hulu Energi Metra Enim and PT Bukit Asam Metana Enim has also on 17 June 2021, executed the Amended and Restated Tanjung Enim PSC under a gross split scheme ("Gross Split PSC") in respect of the Tanjung Enim PSC with the Indonesian Special Task Force for Upstream Oil and Gas Business Activities ("SKK Migas"). The Gross Split PSC scheme streamlines the operational approval processes and facilitates better flexibility for vendors/sub-contractor selection to ensure cost effective and value added products/services to the project. The conversion of the Tanjung Enim PSC to the Gross Split PSC is a step in the right direction that will provide the opportunity to strengthen the project economics while at the same time increasing the efficiency of the project execution.

The Tanjung Enim POD I approval covers the development in two target areas, in the north and south of the contract area covering approximately 33km$^2$ (or 13% of the total acreage of the Tanjung Enim Gross Split PSC) where the Indonesia Research and Development Center for Oil and Gas Technology (commonly referred to as LEMIGAS) has confirmed and certified reserves totalling approximately 164.89 Bscf in these areas.

NuEnergy had initiated discussions with PT Pertamina Gas for potential gas sales on the 8 July 2021 in respect of the Tanjung Enim POD I.

**Muara Enim PSC**

NuEnergy has via a letter dated 6 February 2020, been granted an additional exploration period of until 19 January 2021, from the Ministry of Energy and Mineral Resources ("MEMR") through Special Task Force for Upstream Oil and Gas Business Activities ("SKK Migas") to compile all geological and reservoir data, including all exploration/ production data. This compilation has been completed and submitted to SKK Migas and NuEnergy has since received an acknowledgement letter from SKK Migas.

The acknowledgement letter:

i) confirms the discoveries of natural gas;

ii) acknowledges the completion of exploration firm commitments by NuEnergy; and

iii) allows NuEnergy to submit a plan of development within the next 3 years from 18 January 2021.

**Muralim PSC**

In February 2021, spudded a well, known as MU-005 (Twin) well. The drilling rig was mobilised on 14 February 2021, to a location which is the same drill pad as MU-006 well. In June 2021, approval of an additional exploration time has been granted by the MEMR for the Muralim Gross Split Production Sharing Contract for a period of 12 months from 8 May 2021. The additional time will be utilised to complete the exploration and production testing activities on MU-005 (twin) well. NuEnergy has successfully completed permeability tests and drilled to the targeted depth of 724 meters in vertical depth, at the MU-005 (Twin) well. Four coal seam formations were discovered between the depth of 547 meters to 669 meters and NuEnergy is currently conducting production tests. NuEnergy will continue to perform a few months of dewatering to determine the gas productivity for future development, to be followed by the submission of an Exploration Status Decision proposal and a POD proposal. To date, there are a total of six wells that have been previously drilled in the Muralim PSC.

## 6. EXPLORATION AND EVALUATION ASSETS (CONT'D)

**Impairment assessment**

**Tanjung Enim PSC**

As mentioned above, NuEnergy has obtained the approval for its plan of development for its Tanjung Enim PSC POD I on 17 June 2021. In FYE 2020, NuEnergy in its impairment assessment of its exploration and evaluation assets has engaged an independent professional valuer in determining the recoverable amounts of its PSCs. 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, and 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 I 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, which is the value in use of the Tanjung Enim PSC, to derive the recoverable amount of the Tanjung Enim PSC and the Board is of the view that there is no significant change in that recoverable amount as at 30 June 2021 as there has not been any substantial changes in the assumptions since 30 June 2020.

As at 30 June 2021, the recoverable amount of the Tanjung Enim PSC was higher than its carrying amount and hence, no impairment loss was recognised. The Board is of the opinion that the following key assumptions used in the above valuation report in arriving at the recoverable amount are still fair and reasonable:

- 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 (ADR) 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

- Post-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.

## 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 development and commercial exploitation, or sale of CBM. Management has obtained external valuation reports for the Muara Enim and Muralim PSC as at 30 June 2020 assessed using a market based and cost valuation approach. The Board is of the opinion that the basis and assumptions used in the said valuation reports are still relevant and support the carrying value of these PSCs.

**6.1** During the previous financial year, certain exploration tools and consumables amounting to RM679,000 were utilised and expensed off to profit or loss.

## 7. INVESTMENT PROPERTY

| Group | RM'000 |
|---|---|
| At 1 July 2019 | - |
| Additions | 10,411 |
| Change in fair value recognised in profit or loss | 3,194 |
| At 30 June 2020/1 July 2020/30 June 2021 | 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 (2021: RM1,905 - RM2,820; 2020: RM1,905 - RM2,820) | The estimated fair value would increase/(decrease) if the price per square metre is higher/(lower). |

## 7. INVESTMENT PROPERTY (CONT'D)

**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.

## 8. INTANGIBLE ASSETS

| Group | Goodwill RM'000 | Customer relationships RM'000 | Development costs RM'000 | Total RM'000 |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 July 2019 | 95,141 | 31,499 | 2,640 | 129,280 |
| Additions | - | - | 136 | 136 |
| At 30 June 2020/1 July 2020/30 June 2021 | 95,141 | 31,499 | 2,776 | 129,416 |
| **Amortisation and impairment loss** | | | | |
| At 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 2020/1 July 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 |
| Amortisation for the year | - | 395 | 34 | 429 |
| At 30 June 2021 | | | | |
| Accumulated amortisation | - | 5,686 | 2,676 | 8,362 |
| Accumulated impairment loss | 72,959 | 21,079 | - | 94,038 |
| | 72,959 | 26,765 | 2,676 | 102,400 |
| **Carrying amounts** | | | | |
| At 1 July 2019 | 22,182 | 5,524 | - | 27,706 |
| At 30 June 2020/1 July 2020 | 22,182 | 5,129 | 134 | 27,445 |
| At 30 June 2021 | 22,182 | 4,734 | 100 | 27,016 |

### 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. INTANGIBLE ASSETS (CONT'D)

### 8.2 Impairment testing for CGUs containing customer relationships and goodwill

For the purpose of impairment testing, goodwill of RM22,182,000 (2020: RM22,182,000) and customer relationships of RM4,734,000 (2020: RM5,129,000) 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.

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.

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 2021 and the 5-year business plan approved by the Board of Directors.

- The anticipated annual revenue growth included in the cash flows projections was 31% for the year 2022 and 5% for the years from 2023 to 2026 (2020: -52% and 60% for the years from 2021 to 2025 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% (2020: 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.

- Post-tax discount rate of 12% (2020: 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.

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.

## 8. INTANGIBLE ASSETS (CONT'D)

### 8.2 Impairment testing for CGUs containing customer relationships and goodwill (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 (RM8,376,000)/RM10,765,000.

(b) an increase/(decrease) of a one percentage point in terminal growth rate used would have increased/(decreased) the recoverable amount by approximately RM7,990,000/(RM6,215,000).

## 9. INVESTMENTS IN SUBSIDIARIES

| | Company | |
|---|---|---|
| | **2021 RM'000** | **2020 RM'000** |
| Cost of investment | 474,585 | 474,585 |
| Less: Impairment loss | (259,765) | (259,765) |
| | 214,820 | 214,820 |
| Advances to subsidiaries * | 69,678 | 73,678 |
| Less: Impairment loss | (20,942) | (47,092) |
| | 48,736 | 26,586 |
| | 263,556 | 241,406 |

* 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 RM Nil (2020: RM12,782,000) together with its corresponding impairment losses of RM Nil (2020: RM2,921,000) were classified as non-current.

During the financial year, a reversal of impairment loss on the advances to subsidiaries of RM26,150,000 (2020: RM Nil) and an additional impairment losses on the advances to subsidiaries of RM Nil (2020: RM19,705,000) were recognised in the profit or loss.

**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 2021 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 5% and 31% for the years from 2022 to 2026 (2020: -52% and 60% for the years from 2021 to 2025) based on average growth experienced over the past 5 years and future plans of the subsidiaries.

## 9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

**Impairment assessment (Cont'd)**

- Cash flows for more than 5 years were extrapolated using a terminal growth rate of 4% (2020: 4%) 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.
- Post-tax discount rate of 7% to 12% (2020: 7% to 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.

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 (RM24,169,000)/RM40,011,000.

(b) an increase/(decrease) of a one percentage point in terminal growth rate used would have increased/(decreased) the recoverable amount by approximately RM33,805,000/(RM20,180,000).

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 2021 % | 2020 % |
|---|---|---|---|---|
| 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 |
| New Century Energy Services Sdn Bhd (2)(8) | Malaysia | Dormant | 100 | 60 |
| Globaltec Energy Resources Sdn Bhd ("GER") (1) | Malaysia | Investment holding | 100 | 100 |

## 9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

| Name of subsidiary | Principal place of business/ Country of incorporation | Principal activities | Effective ownership interest and voting interest 2021 % | 2020 % |
|---|---|---|---|---|
| **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 |
| **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 |
| 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] [7] | 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 |

## 9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

| Name of subsidiary | Principal place of business/ Country of incorporation | Principal activities | Effective ownership interest and voting interest 2021 % | 2020 % |
|---|---|---|---|---|
| **Subsidiaries of DEIH (Cont'd)** | | | | |
| Dart Energy (Bontang Bengalon) Pte Ltd (6) | Singapore | 100% interest in Bontang Bengalon PSC, in East Kalimantan, Indonesia, undertaking coal seam gas exploration activities. The Bontang Bengalon 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 |
| 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 International Sdn Bhd *(formerly known as Globaltec Glove Sdn Bhd)* (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 |

## 9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

| Name of subsidiary | Principal place of business/ Country of incorporation | Principal activities | Effective ownership interest and voting interest 2021 % | 2020 % |
|---|---|---|---|---|
| **Subsidiary of Prodelcon Sdn Bhd** | | | | |
| GFB Technology Sdn Bhd [(2)] | 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 [(5)] | Malaysia | Dormant | - | 100 |
| Autoventure Corporation Sdn Bhd [(2)] | Malaysia | Dormant | 100 | 100 |
| Autovisor Plastics Sdn Bhd [(5)] | Malaysia | Dormant | - | 100 |
| Aventur Door System Sdn Bhd [(5)] | Malaysia | Dormant | - | 100 |
| GFB Healthcare Sdn Bhd | Malaysia | Dormant | 70 | 100 |
| Nobel Decree Sdn Bhd [(2)] | 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 [(5)] | Malaysia | Dormant | - | 100 |
| Proreka Tech Sdn Bhd [(5)] | Malaysia | Dormant | - | 100 |
| Proreka Automotive Parts Sdn Bhd [(2)] [(5)] | Malaysia | Dormant | - | 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.*

## 9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(5) *These dormant subsidiaries have been de-registered during the year.*

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

(7) *This dormant subsidiary was de-registered subsequent to the year end.*

(8) *During the financial year, the entire equity interest in New Century Energy Services Sdn Bhd held by New Century Energy Services Limited was transferred to the Company for a total cash consideration of RM2.*

(9) *During the financial year, 30% equity interest in GFB Healthcare Sdn Bhd held by AutoV Corporation Sdn Bhd was disposed to third parties at a total cash consideration of RM30.*

**Non-controlling interests in subsidiaries**

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

| 2021 | 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 | 39,677 | 5,163 | 44,840 |
| Profit/(Loss) allocated to NCI | 9,864 | (778) | 9,086 |

**Summarised financial information before intra-group elimination**

| | NuEnergy Group* RM'000 |
|---|---|
| **As at 30 June** | |
| Non-current assets | 105,630 |
| Current assets | 20,555 |
| Current liabilities | (44,346) |
| Non-controlling interests | (333) |
| Net assets attributable to owners of the Company | 81,506 |
| **Year ended 30 June** | |
| Revenue | - |
| Profit for the year | 20,438 |
| Cash flows used in operating activities | (2,265) |
| Cash flows from investing activities | 5,135 |
| Cash flows from financing activities | 1,552 |
| Effect of exchange rate fluctuations | 83 |
| Net increase in cash and cash equivalents | 4,505 |

## 9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

**Non-controlling interests in subsidiaries (Cont'd)**

| **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) |

*Note:*
** NuEnergy Group denotes NuEnergy and its subsidiaries*

## 10. OTHER FINANCIAL ASSETS

| | Group 2021 RM'000 | Group 2020 RM'000 |
|---|---|---|
| **Non-current** | | |
| At amortised cost | | |
| – Term deposits | 2,151 | 3,138 |

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% (2020: 0.035%) per annum.

## 11. OTHER INVESTMENTS

| Group | Quoted in Malaysia Shares RM'000 | Quoted outside Malaysia Shares RM'000 | Club membership RM'000 | Total RM'000 |
|---|---|---|---|---|
| **2021** | | | | |
| **Non-Current** | | | | |
| Fair value through profit or loss | - | - | 53 | 53 |
| **Current** | | | | |
| Fair value through profit or loss | 211 | 14,860 | - | 15,071 |
| | 211 | 14,860 | 53 | 15,124 |
| **2020** | | | | |
| **Non-Current** | | | | |
| Fair value through profit or loss | - | - | 53 | 53 |
| **Current** | | | | |
| Fair value through profit or loss | 164 | - | - | 164 |
| | 164 | - | 53 | 217 |

During the financial year:

i) NuEnergy, a subsidiary of the Group, and its subsidiary, Sheraton Pines Pty Ltd ("Sheraton") had entered into a conditional Royalty Purchase and Sale Agreement ("Royalty Agreement") with Metalla Royalty & Streaming Ltd ("Metalla"), an independent party. NuEnergy and Sheraton are hereinafter collectively referred to as the "Subsidiaries". The Royalty Agreement entails the Subsidiaries' selling and assigning its royalty to Metalla for a total consideration comprised of RM5,737,000 in cash and 467,730 shares in Metalla which are listed on the TSX Venture Exchange in Canada. This disposal has been completed during the year with a gain on disposal of RM22,227,000 and an investment in shares of RM16,490,000 being the fair value of the Metalla shares being recognised in the financial statements at the date of completion of the disposal.

## 11. OTHER INVESTMENTS (CONT'D)

i) The gain on disposal of the royalty is computed as below:

| | RM'000 |
|---|---|
| Cash consideration (net) | 5,737 |
| Fair value of Metalla shares | 16,490 |
| Total consideration | 22,227 |
| Carrying value of royalty | - |
| Gain on disposal of royalty | 22,227 |

ii) NuEnergy has also written off its other investment with Nil carrying value, comprised of shares of an Australian company that has been suspended from trading, in financial year 2019 and was delisted during the year, due to its inadequate operations. This other investment was fully impaired in financial year 2019.

iii) as mentioned in Note 17, the Group also received shares quoted and listed in Australia as consideration for the disposal of the Group's joint venture, which was classified as asset held for sale in 2019. The said shares had a fair value of RM1,020,000 on the date of disposal of the joint venture.

## 12. DEFERRED TAX ASSETS/(LIABILITIES)

**Recognised deferred tax assets/(liabilities)**

Deferred tax assets and liabilities are attributable to the following:

| Group | Assets | | Liabilities | | Net | |
|---|---|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2021 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Property, plant and equipment | | | | | | |
| – capital allowances in excess of depreciation | - | - | (4,151) | (4,750) | (4,151) | (4,750) |
| – revaluation prior to MFRS adoption | - | - | (3,287) | (2,471) | (3,287) | (2,471) |
| – fair value of biological assets | - | - | (188) | (58) | (188) | (58) |
| Investment property | - | - | (319) | (319) | (319) | (319) |
| Contract assets | - | - | (205) | (200) | (205) | (200) |
| Provisions | 155 | 199 | - | - | 155 | 199 |
| Other items | - | 951 | (279) | - | (279) | 951 |
| Tax assets/(liabilities) | 155 | 1,150 | (8,429) | (7,798) | (8,274) | (6,648) |
| Set off of tax | (155) | (985) | 155 | 985 | - | - |
| Net tax assets/(liabilities) | - | 165 | (8,274) | (6,813) | (8,274) | (6,648) |

## 12. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

**Movement in recognised temporary differences during the year**

| Group | At 1.7.2019 RM'000 | Recognised in profit or loss (Note 27) RM'000 | Translation exchange differences RM'000 | At 30.6.2020/ 1.7.2020 RM'000 | Recognised in profit or loss (Note 27) RM'000 | Translation exchange differences RM'000 | At 30.6.2021 RM'000 |
|---|---|---|---|---|---|---|---|
| Property, plant and equipment | | | | | | | |
| – capital allowances in excess of depreciation | (3,647) | (1,089) | (14) | (4,750) | 662 | (63) | (4,151) |
| – revaluation prior to MFRS adoption | (2,164) | (307) | - | (2,471) | (816) | - | (3,287) |
| – fair value of biological assets | (42) | (16) | - | (58) | (130) | - | (188) |
| Investment property | - | (319) | - | (319) | - | - | (319) |
| Contract assets | (151) | (49) | - | (200) | (5) | - | (205) |
| Provisions | 181 | 18 | - | 199 | (44) | - | 155 |
| Other items | 1,386 | (452) | 17 | 951 | (1,282) | 52 | (279) |
| | (4,437) | (2,214) | 3 | (6,648) | (1,615) | (11) | (8,274) |

## 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 | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Unabsorbed tax losses | 74,235 | 80,740 | 3,084 | 2,196 |
| Unabsorbed capital allowances | 2,911 | 15,251 | 202 | 142 |
| Other deductible temporary differences | 856 | 949 | 12 | 11 |
| | 78,002 | 96,940 | 3,298 | 2,349 |

Pursuant to the current 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 | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Expire in: | | | | |
| YA 2025 | 16,752 | 24,673 | 908 | 908 |
| YA 2026 | 1,387 | 1,388 | 505 | 505 |
| YA 2027 | 2,802 | 1,362 | 783 | 783 |
| YA 2028 | 906 | - | 888 | - |
| | 21,847 | 27,423 | 3,084 | 2,196 |

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.

## 13. INVENTORIES

| | Group | |
|---|---|---|
| | 2021 RM'000 | 2020 RM'000 |
| Raw materials | 17,767 | 12,071 |
| Work-in-progress | 2,676 | 3,348 |
| Finished goods | 10,538 | 8,609 |
| Consumable goods | 6 | 6 |
| | 30,987 | 24,034 |
| Carrying amount of inventories pledged as security for credit facilities granted to a subsidiary | 4,656 | 4,802 |
| **Recognised in profit or loss (Debit/(Credit)):** | | |
| Inventories recognised as cost of sales | 80,482 | 83,882 |
| Inventories written off | 368 | 309 |
| Inventories written down to net realisable value | 83 | 80 |
| Reversal of inventories written down | (57) | (204) |

The inventories written off, written down to net realisable value and reversal of written down are included in cost of sales.

The management reviews for obsolescence and decline in net realisable value to below cost. This review requires judgements and estimates. Possible changes in these estimates could result in revision to the valuation of inventories.

## 14. CONTRACT ASSETS

| | Group | |
|---|---|---|
| | 2021 RM'000 | 2020 RM'000 |
| Contract assets | 4,504 | 5,374 |

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 | |
|---|---|---|
| | 2021 RM'000 | 2020 RM'000 |
| **At the beginning of year** | 5,374 | 7,631 |
| Contract assets at the beginning of the year transferred to trade receivables | (3,714) | (3,584) |
| Revenue recognised on work completed but not yet billed | 2,844 | 2,776 |
| Contract assets written off | - | (1,449) |
| **At the end of year** | 4,504 | 5,374 |

## 15. TRADE AND OTHER RECEIVABLES

| | Note | Group 2021 RM'000 | Group 2020 RM'000 | Company 2021 RM'000 | Company 2020 RM'000 |
|---|---|---|---|---|---|
| **Trade** | | | | | |
| Trade receivables from contracts with customers | | 19,899 | 14,378 | - | - |
| Amount due from subsidiaries | 15.1 | - | - | 630 | 347 |
| | | 19,899 | 14,378 | 630 | 347 |
| **Non-trade** | | | | | |
| Other receivables | | 4,211 | 3,893 | 5 | 5 |
| Less: Impairment loss | 15.2 | (3,286) | (3,286) | - | - |
| | | 925 | 607 | 5 | 5 |
| Deposits | | 1,046 | 972 | 62 | 59 |
| Amount due from subsidiaries | 15.1 | - | - | 6,811 | 2,707 |
| Less: Impairment loss | 15.2 | - | - | (2,705) | (2,705) |
| | | - | - | 4,106 | 2 |
| Prepayments | | 1,392 | 1,344 | 1 | - |
| | | 3,363 | 2,923 | 4,174 | 66 |
| | | 23,262 | 17,301 | 4,804 | 413 |

### 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:

i) an impairment loss of RM Nil (2020: RM3,286,000) was made on the entire amount owing from a PSC partner for its cash call obligation;

ii) certain advances to subsidiaries of RM Nil (2020: RM12,782,000) together with its corresponding impairment losses of RM Nil (2020: RM2,921,000) were classified as non-current and were reclassified to investments in subsidiaries (Note 9); and

iii) an impairment loss of RM Nil (2020: RM157,000) on amount due from subsidiaries was recognised in the profit or loss.

## 16. CASH AND CASH EQUIVALENTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Deposits placed with licensed banks | 39,034 | 16,400 | 8,031 | 1,000 |
| Short term placement funds with approved financial institutions | 4,902 | 9,739 | - | - |
| Cash and bank balances | 29,037 | 26,865 | 238 | 847 |
| **Cash and cash equivalents in the statements of financial position** | 72,973 | 53,004 | 8,269 | 1,847 |
| Bank overdraft (Note 19) | - | (291) | - | - |
| **Cash and cash equivalents in the statements of cash flows** | 72,973 | 52,713 | 8,269 | 1,847 |

## 17. ASSET CLASSIFIED AS HELD FOR SALE

| | Group | |
|---|---|---|
| | 2021 RM'000 | 2020 RM'000 |
| Investment in shares | - | 4,646 |
| Share of post-acquisition reserves | - | (1,763) |
| Less: Impairment loss | - | (2,883) |
| | - | - |

In 2019, AutoV, a wholly-owned subsidiary of the Company had entered into a sale and purchase agreement with Sprintex Limited, an independent third party, to dispose its entire 50% equity interest in Proreka Sprintex Sdn Bhd ("PSSB") and accordingly, the investment in joint venture was classified as asset held for sale following the said commitment of the Group to dispose the asset.

During the financial year, the disposal was completed with AutoV receiving shares in Sprintex Limited ("Sprintex Shares"), which is listed on the Australian Stock Exchange as the disposal consideration. The disposal had the following effects to the Group.

| | RM'000 |
|---|---|
| Fair value of the Sprintex Shares on date of disposal of asset held for sale | 1,020 |
| Less: Carrying value of the asset held for sale | - |
| Gain on disposal of asset held for sale | 1,020 |

PSSB was the only joint arrangement in which the Group participated. PSSB was structured as a separate vehicle and provided the Group the right to its net assets.

## 17. ASSET CLASSIFIED AS HELD FOR SALE (CONT'D)

Details of the joint venture were as follows:

| Name of entity | Principal place of business/ Country of incorporation | Nature of the relationship | Effective ownership interest and voting interest 2021 % | 2020 % |
|---|---|---|---|---|
| Proreka Sprintex Sdn Bhd ("PSSB") | Malaysia | No operational or financial relationship | - | 50 |

## 18. CAPITAL AND RESERVES

### 18.1 Share capital

| | Group and Company Number of shares 2021 '000 | Amount 2021 RM'000 | Number of shares 2020 '000 | Amount 2020 RM'000 |
|---|---|---|---|---|
| Issued and fully paid shares with no par value classified as equity instruments: | | | | |
| Ordinary shares | | | | |
| At beginning/end of the year | 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.

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.

## 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 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 2019 | (157,064) | (44,479) | (554) | (202,097) |
| Foreign currency translation differences for foreign operations | - | - | 2,905 | 2,905 |
| At 30 June 2020/1 July 2020 | (157,064) | (44,479) | 2,351 | (199,192) |
| Foreign currency translation differences for foreign operations | - | - | (3,195) | (3,195) |
| At 30 June 2021 | (157,064) | (44,479) | (844) | (202,387) |
| **Company** | | | | |
| At 1 July 2019/30 June 2020/1 July 2020/ 30 June 2021 | - | (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.

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 2021 RM'000 | Group 2020 RM'000 |
|---|---|---|---|
| **Non-current** | | | |
| Term loans | 19.1 | 2,627 | 3,749 |
| | | 2,627 | 3,749 |
| **Current** | | | |
| Term loans | 19.1 | 1,081 | 2,938 |
| Trade financing | 19.2 | 9,896 | 9,951 |
| Murabahah capital financing | 19.3 | - | 284 |
| Bank overdraft | | - | 291 |
| | | 10,977 | 13,464 |
| | | 13,604 | 17,213 |

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

### 19.1 Term loans

The term loans are secured by either single security or combination of securities, comprising land, buildings, bearer plants, 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.

In 2020, 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.

### 19.3 Murabahah capital financing

The Murabahah capital financing in a subsidiary was 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.

The borrowing has been fully settled during the year.

## 20. DEFERRED INCOME

| | Group 2021 RM'000 | Group 2020 RM'000 |
|---|---|---|
| **Non-current** | | |
| Government grant | 1,873 | 1,329 |
| **Current** | | |
| Government grant | 271 | 160 |
| | 2,144 | 1,489 |

A subsidiary of the Group received government grants of RM905,000 (2020: RM1,595,000) during the financial year which was conditional upon the purchase of certain plant and machinery. The subsidiary has used the plant and machinery in its operations during the year and since 2018. The grants are being amortised over the useful life of the plant and machinery. During the financial year, RM250,000 (2020: RM106,000) has been amortised and recognised as other income in profit or loss.

## 21. PROVISIONS

| Group | Production sharing contract penalties RM'000 | Warranties RM'000 | Total RM'000 |
|---|---|---|---|
| At 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 2020/1 July 2020 | 26,265 | 133 | 26,398 |
| Provisions made during the year | - | 98 | 98 |
| Provisions used during the year | - | (85) | (85) |
| Reversal of provision during the year | - | (53) | (53) |
| Effect of movements in exchange rates | (837) | - | (837) |
| At 30 June 2021 | 25,428 | 93 | 25,521 |

**PSC penalties**

The penalties were provided in financial year 2019 for the Bontang Bengalon PSC and for the Muara Enim II PSC 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 2021 RM'000 | Group 2020 RM'000 | Company 2021 RM'000 | Company 2020 RM'000 |
|---|---|---|---|---|---|
| **Trade** | | | | | |
| Trade payables | 22.1 | 14,888 | 8,973 | - | - |
| Amount due to affiliated company | 22.2 | 240 | - | - | - |
| | | 15,128 | 8,973 | - | - |
| **Non-trade** | | | | | |
| Accrued expenses | | 7,714 | 6,378 | 340 | 238 |
| Employee benefits liabilities | 22.3 | 3,383 | 3,861 | - | - |
| Other payables | | 9,896 | 11,324 | - | - |
| Amount due to subsidiaries | 22.4 | - | - | 4,528 | 300 |
| | | 20,993 | 21,563 | 4,868 | 538 |
| | | 36,121 | 30,536 | 4,868 | 538 |

### 22.1 Trade payables

In 2020, included in trade payables of the Group was an amount of RM31,000 due to a company in which a director has interests, which was 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 is subject 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.

## 22. TRADE AND OTHER PAYABLES (CONT'D)

### 22.3 Employee benefits liabilities (Cont'd)

**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 2021 RM'000 | Group 2020 RM'000 |
|---|---|---|
| Balance at beginning of the year | 3,861 | 5,427 |
| **Included in profit or loss** | | |
| Current service cost | 259 | 309 |
| Actuarial changes | (59) | (2,335) |
| Past service cost | (704) | - |
| Remeasurement | (2) | (15) |
| Interest cost | 261 | 444 |
| | (245) | (1,597) |
| Benefit payment | (54) | (59) |
| Effect of movements in exchange rate | (179) | 90 |
| | (478) | (1,566) |
| Balance at end of the year | 3,383 | 3,861 |

**Actuarial assumptions**

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

| | Group 2021 | Group 2020 |
|---|---|---|
| Discount rate | 3.70% - 7.87% | 4.87% - 8.26% |
| Future salary growth | 5.0% | 5.0% |
| 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. TRADE AND OTHER PAYABLES (CONT'D)

### 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 | |
|---|---|---|---|---|
| | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| **Revenue from contracts with customers** | 160,722 | 163,464 | 1,534 | 1,589 |
| **Other revenue** | | | | |
| – Dividend income | - | - | 4,000 | - |
| – Rental income | 394 | 359 | - | - |
| **Total revenue** | 161,116 | 163,823 | 5,534 | 1,589 |

### 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.

## 23. REVENUE (CONT'D)

### 23.1 Disaggregation of revenue (Cont'd)

| Group | Reportable segments | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Integrated manufacturing services | | Resources | | Investment holding | | Total | |
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| **Primary geographical markets** | | | | | | | | |
| Malaysia | 79,567 | 83,049 | 7,169 | 5,351 | - | - | 86,736 | 88,400 |
| Indonesia | 39,922 | 45,299 | - | - | - | - | 39,922 | 45,299 |
| Singapore | 20,202 | 17,449 | - | - | - | - | 20,202 | 17,449 |
| United States of America | 5,202 | 4,390 | - | - | - | - | 5,202 | 4,390 |
| The People's Republic of China | 2,495 | 1,749 | - | - | - | - | 2,495 | 1,749 |
| Other countries | 6,165 | 6,177 | - | - | - | - | 6,165 | 6,177 |
| | 153,553 | 158,113 | 7,169 | 5,351 | - | - | 160,722 | 163,464 |
| **Major products and services lines** | | | | | | | | |
| Automotive parts and accessories | 60,404 | 63,642 | - | - | - | - | 60,404 | 63,642 |
| Precision stamping and tooling | 39,922 | 45,300 | - | - | - | - | 39,922 | 45,300 |
| Precision machining and automation systems | 53,227 | 49,171 | - | - | - | - | 53,227 | 49,171 |
| Fresh fruit bunches | - | - | 7,169 | 5,351 | - | - | 7,169 | 5,351 |
| | 153,553 | 158,113 | 7,169 | 5,351 | - | - | 160,722 | 163,464 |
| **Timing of recognition** | | | | | | | | |
| At a point in time | 125,280 | 133,063 | 7,169 | 5,351 | - | - | 132,449 | 138,414 |
| Overtime | 28,273 | 25,050 | - | - | - | - | 28,273 | 25,050 |
| | 153,553 | 158,113 | 7,169 | 5,351 | - | - | 160,722 | 163,464 |
| **Revenue from contracts with customers** | 153,553 | 158,113 | 7,169 | 5,351 | - | - | 160,722 | 163,464 |
| **Other revenue** | 394 | 359 | - | - | - | - | 394 | 359 |
| **Total revenue** | 153,947 | 158,472 | 7,169 | 5,351 | - | - | 161,116 | 163,823 |

## 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. |
| 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. |
| 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. |

## 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 | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Interest income of financial assets calculated using the effective interest method that are at amortised cost | 915 | 1,367 | 45 | 33 |

## 25. FINANCE COSTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Interest expense of financial liabilities that are not at fair value through profit or loss: | | | | |
| – Term loans | 263 | 399 | - | - |
| – Trade financing facilities | 436 | 573 | - | - |
| – Bank overdraft | 2 | 66 | - | - |
| | 701 | 1,038 | - | - |
| Interest expense on lease liabilities | 181 | 237 | 36 | 46 |
| Other finance costs | - | 21 | - | - |
| | 882 | 1,296 | 36 | 46 |

## 26. PROFIT/(LOSS) BEFORE TAX

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| **Profit/(Loss) before tax is arrived at after charging/(crediting):** | | | | |
| **Auditors' remunerations** | | | | |
| Audit fees: | | | | |
| – KPMG PLT | 358 | 355 | 115 | 115 |
| – Overseas affiliates of KPMG PLT | 578 | 452 | - | - |
| – Other auditors | 97 | 92 | - | - |
| Non-audit fees: | | | | |
| – KPMG PLT | 20 | 20 | 20 | 20 |
| – Local affiliates of KPMG PLT | 19 | 17 | 8 | 8 |

## 26. PROFIT/(LOSS) BEFORE TAX (CONT'D)

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| **Material expenses/(income)** | | | | |
| Amortisation of government grant | (250) | (106) | - | - |
| Amortisation of customer relationships | 395 | 395 | - | - |
| Amortisation of development costs | 34 | 2 | - | - |
| Changes in lease payments arising from rent concession | (28) | (70) | - | - |
| Contract assets written off | - | 1,449 | - | - |
| Depreciation of property, plant and equipment | 8,346 | 8,660 | 65 | 62 |
| Depreciation of right-of-use assets | 3,245 | 2,947 | 269 | 275 |
| Exploration consumables expensed off | - | 679 | - | - |
| Fair value changes on biological assets | (250) | (69) | - | - |
| Fair value changes on financial assets at fair value through profit or loss | (257) | 32 | - | - |
| Fair value gain on investment property | - | (3,194) | - | - |
| Gain on disposal of a subsidiary | - | - | - | (5) |
| Gain on disposal of gold royalty | (22,227) | - | - | - |
| Gain on disposal of property, plant and equipment | (2,857) | (135) | - | - |
| Gain on disposal of right-of-use assets | - | (86) | - | - |
| Impairment loss on advances to subsidiaries | - | - | - | 19,705 |
| Inventories written off | 368 | 309 | - | - |
| Inventories written down to net realisable value | 83 | 80 | - | - |
| Personnel expenses (including key management personnel): | | | | |
| – Contributions to Employees' Provident Fund | 2,296 | 2,344 | 189 | 156 |
| – Wages, salaries and others (Note a) | 29,039 | 31,113 | 1,579 | 1,440 |
| – Expenses related to defined benefit plans (net) | (245) | (1,597) | - | - |
| Property, plant and equipment written off | 20 | 3 | - | - |
| Provision/(Reversal of provision) for warranties (net) | 45 | (479) | - | - |
| Royalty expense | 99 | 69 | - | - |
| Realised foreign exchange loss/(gain) (net) | 338 | (43) | - | - |
| Reversal of inventories written down | (57) | (204) | - | - |
| Reversal of impairment loss on advances to subsidiaries | - | - | (26,150) | - |
| Unrealised foreign exchange loss/(gain) (net) | 954 | (130) | - | - |
| **Expenses arising from leases** | | | | |
| Expenses relating to short-term leases (Note b) | 165 | 237 | 4 | 3 |
| Expenses relating to leases of low-value assets (Note b) | 13 | 7 | 5 | 5 |
| **Net loss on impairment of financial instruments** | | | | |
| Financial assets at amortised cost | | | | |
| – Impairment loss on receivables | - | 3,286 | - | 157 |

**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 RM423,000 (2020: RM420,000) and RM Nil (2020: RM7,000) respectively was recognised in profit or loss as a deduction against personnel expenses.

## 26. PROFIT/(LOSS) BEFORE TAX (CONT'D)

**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 | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| **Income tax expense** | | | | |
| Malaysian – current year | 2,978 | 1,893 | - | - |
| – prior years | 559 | (38) | - | - |
| Overseas – current year | 961 | 864 | - | - |
| Total current tax expense recognised in profit or loss | 4,498 | 2,719 | - | - |
| **Deferred tax expense** | | | | |
| Origination and reversal of temporary differences | 636 | 1,970 | - | - |
| Under/(Over) provision in prior year | 163 | (63) | - | - |
| Adjustment of deferred tax liability on revaluation surplus of property arising prior to MFRS adoption | 816 | 307 | - | - |
| Total deferred tax recognised in profit or loss | 1,615 | 2,214 | - | - |
| Total income tax expense | 6,113 | 4,933 | - | - |
| **Reconciliation of tax expense** | | | | |
| Profit/(Loss) for the year | 28,466 | (1,105) | 28,534 | (21,331) |
| Total tax expense | 6,113 | 4,933 | - | - |
| Profit/(Loss) excluding tax | 34,579 | 3,828 | 28,534 | (21,331) |
| Income tax calculated using tax rate of 24% | 8,299 | 919 | 6,848 | (5,119) |
| Non-deductible expenses | 1,509 | 5,103 | 167 | 4,963 |
| Tax incentive | - | (170) | - | - |
| Tax exempt income | (1,761) | (248) | (7,243) | (1) |
| Effect of deferred tax assets not recognised | (4,545) | 43 | 228 | 157 |
| Under/(Over) provision in prior years | 722 | (101) | - | - |
| Adjustment of deferred tax liability on revaluation surplus of property arising prior to MFRS adoption | 816 | 307 | - | - |
| Effect of different tax rates in foreign jurisdictions | 1,073 | (773) | - | - |
| 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 | - | - |
| | 6,113 | 4,933 | - | - |

## 28. EARNINGS PER ORDINARY SHARE – GROUP

### i) Basic earnings per ordinary share

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

| | Group | |
|---|---|---|
| | **2021 RM'000** | **2020 RM'000** |
| Profit for the year attributable to owners of the Company | | |
| – from continuing operations | 19,380 | 2,348 |
| – from discontinued operation | 1,020 | - |
| | 20,400 | 2,348 |
| | **'000** | **'000** |
| Weighted average number of ordinary shares at 30 June | 269,087 | 269,087 |
| | **Sen** | **Sen** |
| Basic earnings per ordinary share | | |
| – from continuing operations | 7.202 | 0.873 |
| – from discontinued operation | 0.379 | - |
| | 7.581 | 0.873 |

### 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.

## 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.

## 29. OPERATING SEGMENTS (CONT'D)

### 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.

| | IMS RM'000 | Resources RM'000 | Energy RM'000 | Investment holding RM'000 | Consolidation adjustments RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|
| **2021** | | | | | | |
| **Segment Profit/(Loss)** | 15,514 | 768 | 19,856 | (1,853) | 689 | 34,974 |
| *Income/(Expense) included in the measure of Segment Profit/(Loss) are:* | | | | | | |
| Revenue from external customers | 153,947 | 7,169 | - | - | - | 161,116 |
| Inter-segment revenue | - | - | - | 5,534 | (5,534) | - |
| Depreciation and amortisation | (8,552) | (2,653) | (86) | (334) | - | (11,625) |
| Fair value gain on biological assets | - | 250 | - | - | - | 250 |
| Fair value changes on financial assets at fair value through profit or loss | (71) | - | 281 | 47 | - | 257 |
| Finance costs | (305) | (554) | (911) | (36) | 924 | (882) |
| Finance income | 1,103 | - | 1 | 45 | (234) | 915 |
| Gain on disposal of gold royalty | - | - | 22,227 | - | - | 22,227 |
| Gain on disposal of property, plant and equipment | 2,857 | - | - | - | - | 2,857 |
| Inventories written off | (368) | - | - | - | - | (368) |
| Inventories written down to net realisable value | (83) | - | - | - | - | (83) |
| Reversal of impairment loss on advances to subsidiaries | - | - | - | 26,150 | (26,150) | - |
| Reversal of inventories written down | 57 | - | - | - | - | 57 |
| Property, plant and equipment written off | (20) | - | - | - | - | (20) |

## 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 |
| *Income/(Expense) included in the measure of Segment Profit/(Loss) are:* | | | | | | |
| 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 |
| Gain on disposal of property, plant and equipment | (135) | - | - | - | - | (135) |
| 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) |

## 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 |
|---|---|---|---|---|---|---|
| **2021** | | | | | | |
| **Segment assets** | 174,031 | 47,842 | 126,082 | 109,425 | (94,094) | 363,286 |
| *Included in the measure of segment assets are:* | | | | | | |
| Additions to non-current assets other than financial instruments and deferred tax assets | 3,441 | 5 | 3,559 | 11 | - | 7,016 |
| **Segment liabilities** | 47,301 | 19,310 | 136,492 | 1,279 | (114,795) | 89,587 |
| **2020** | | | | | | |
| **Segment assets** | 163,447 | 48,140 | 108,272 | 102,388 | (87,762) | 334,485 |
| *Included in the measure of segment assets are:* | | | | | | |
| 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 |

**Reconciliation of segment profit, segment assets and liabilities**

***Reconciliation to consolidated profit before tax***

| | Group | |
|---|---|---|
| | 2021 RM'000 | 2020 RM'000 |
| Total segment profit | 34,974 | 4,223 |
| Unallocated expenses: | | |
| – Amortisation of customer relationships | (395) | (395) |
| Consolidated profit before tax | 34,579 | 3,828 |

## 29. OPERATING SEGMENTS (CONT'D)

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

***Reconciliation to consolidated total assets***

| | Group | |
|---|---|---|
| | 2021<br>RM'000 | 2020<br>RM'000 |
| Total segment assets | 363,286 | 334,485 |
| Customer relationships | 4,734 | 5,129 |
| Goodwill on consolidation | 22,182 | 22,182 |
| Consolidated total assets | 390,202 | 361,796 |

**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 regard to revenue, non-current assets (excluding financial instruments and deferred tax assets) and trade receivables of the Group can be shown as follows:

| | Revenue<br>RM'000 | Non-current assets<br>RM'000 | Trade receivables<br>RM'000 |
|---|---|---|---|
| **2021** | | | |
| Malaysia | 87,130 | 135,757 | 9,811 |
| Indonesia | 39,922 | 103,482 | 5,296 |
| Singapore | 20,202 | - | 2,661 |
| United States of America | 5,202 | - | 691 |
| The People's Republic of China | 2,495 | - | 571 |
| Other countries | 6,165 | - | 869 |
| | 161,116 | 239,239 | 19,899 |
| **2020** | | | |
| Malaysia | 88,759 | 133,825 | 9,648 |
| Indonesia | 45,299 | 119,615 | 1,109 |
| Singapore | 17,449 | - | 2,025 |
| United States of America | 4,390 | - | 522 |
| The People's Republic of China | 1,749 | - | 458 |
| Other countries | 6,177 | - | 616 |
| | 163,823 | 253,440 | 14,378 |

## 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:

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | Number of customers | RM'000 | Number of customers | RM'000 |
| **Segment** | | | | |
| IMS | 4 | 90,298 | 4 | 93,003 |

## 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.

| 2021 | Carrying amount RM'000 | AC RM'000 | FVTPL RM'000 |
|---|---|---|---|
| **Financial assets** | | | |
| **Group** | | | |
| Other financial assets | 2,151 | 2,151 | - |
| Other investments | 15,124 | - | 15,124 |
| Trade and other receivables* | 21,870 | 21,870 | - |
| Cash and cash equivalents | 72,973 | 72,973 | - |
| | 112,118 | 96,994 | 15,124 |
| **Company** | | | |
| Trade and other receivables* | 4,803 | 4,803 | - |
| Cash and cash equivalents | 8,269 | 8,269 | - |
| | 13,072 | 13,072 | - |
| **Financial liabilities** | | | |
| **Group** | | | |
| Loans and borrowings | (13,604) | (13,604) | - |
| Trade and other payables^ | (32,738) | (32,738) | - |
| | (46,342) | (46,342) | - |
| **Company** | | | |
| Trade and other payables | (4,868) | (4,868) | - |

## 30. FINANCIAL INSTRUMENTS (CONT'D)

### 30.1 Categories of financial instruments (Cont'd)

| 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

### 30.2 Net gains and losses arising from financial instruments

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Net gains/(losses) on: | | | | |
| Financial assets at fair value through profit or loss: | | | | |
| – Mandatorily required by MFRS 9 | 257 | (32) | - | - |
| Financial assets at amortised cost | (377) | 1,540 | 45 | 33 |
| Financial liabilities at amortised cost | (701) | (1,059) | - | - |
| | (821) | 449 | 45 | 33 |

## 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.

## 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 RM8,720,000 (2020: RM8,552,000) arising from the exposure to 4 major customers (2020: 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 2021 RM'000 | 2020 RM'000 |
|---|---|---|
| Not past due | 17,798 | 18,168 |
| Past due 1 – 30 days | 6,305 | 1,086 |
| Past due 31 – 120 days | 297 | 498 |
| Past due more than 120 days | 3 | - |
| | 24,403 | 19,752 |
| Trade receivables | 19,899 | 14,378 |
| Contract assets | 4,504 | 5,374 |
| | 24,403 | 19,752 |

## 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)*

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 2021, the Group recognised an allowance for impairment losses of RM Nil (2020: 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 2021, the Company had executed corporate guarantees in favour of licensed financial institutions up to a limit of RM30.9 million (2020: 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 RM12.4 million (2020: RM15.7 million) was outstanding at the end of the reporting period.

**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.

**Other investments**

*Credit risk on other investments mainly arising from investment in liquid securities. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.*

As at the end of the reporting period, there was no indication that the investments are not recoverable.

**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.

## 30. FINANCIAL INSTRUMENTS (CONT'D)

### 30.4 Credit risk (Cont'd)

**Inter-company loans and advances (Cont'd)**

*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.

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 |
|---|---|---|---|
| **2021** | | | |
| Low credit risk | 10,967 | - | 10,967 |
| Significant increase in credit risk | 59,800 | (17,925) | 41,875 |
| Credit impaired | 5,722 | (5,722) | - |
| | 76,489 | (23,647) | 52,842 |
| **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 |

## 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 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 2019 | 29,935 |
| Net remeasurement of loss allowance | 19,862 |
| Balance at 30 June 2020/1 July 2020 | 49,797 |
| Net remeasurement of loss allowance | (26,150) |
| Balance at 30 June 2021 | 23,647 |

### 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.

## 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 and lease liabilities as at the end of the reporting period based on undiscounted contractual payments:

| | 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 |
|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | |
| **2021** | | | | | | | |
| *Non-derivative financial liabilities* | | | | | | | |
| Secured term loans | | | | | | | |
| – floating rate | 3,708 | 3.40% - 7.47% | 4,813 | 1,163 | 1,204 | 2,446 | - |
| Trade financing | 9,896 | 5.30% | 9,896 | 9,896 | - | - | - |
| Lease liabilities | 1,969 | 2.28% - 5.17% | 2,092 | 1,237 | 589 | 266 | - |
| Trade and other payables | 32,738 | - | 32,738 | 32,738 | - | - | - |
| | 48,311 | | 49,539 | 45,034 | 1,793 | 2,712 | - |
| **2020** | | | | | | | |
| *Non-derivative financial liabilities* | | | | | | | |
| 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 |

## 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 and lease 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** | | | | | | |
| **2021** | | | | | | |
| *Non-derivative financial liabilities* | | | | | | |
| Lease liabilities | 757 | 3.22% - 5.17% | 802 | 286 | 286 | 230 |
| Other payables and accrued expenses | 4,868 | - | 4,868 | 4,868 | - | - |
| Financial guarantees | - | - | 12,400 | 12,400 | - | - |
| | 5,625 | | 18,070 | 17,554 | 286 | 230 |
| **2020** | | | | | | |
| *Non-derivative financial liabilities* | | | | | | |
| 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 | - | - |
| | 1,548 | | 17,330 | 16,528 | 286 | 516 |

### 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"), Chinese Yuan ("CNY") and Indonesia Rupiah ("IDR").

## 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** | | | | | |
| **2021** | | | | | | |
| RM | USD | - | 8,476 | 15,856 | (1,572) | 22,760 |
| RM | EUR | - | - | - | (554) | (554) |
| RM | JPY | - | - | - | (392) | (392) |
| RM | CNY | - | - | - | (143) | (143) |
| AUD | USD | - | 437 | 4,922 | - | 5,359 |
| AUD | IDR | - | 390 | 46 | (2,436) | (2,000) |
| IDR | USD | - | 1 | 252 | - | 253 |
| **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 |

## 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% (2020: 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 | |
|---|---|---|
| | 2021<br>RM'000 | 2020<br>RM'000 |
| **USD against RM** | (1,730) | (750) |
| **USD and IDR against AUD** | | |
| – USD | (408) | (221) |
| – IDR | 152 | 172 |
| | (1,986) | (799) |

A 10% (2020: 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.

## 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 and lease liabilities, based on carrying amounts as at the end of the reporting period was:

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| **Fixed rate instruments** | | | | |
| Financial assets | 39,034 | 19,400 | 8,031 | 1,000 |
| Financial liabilities | - | (579) | - | - |
| Lease liabilities | (1,969) | (3,695) | (757) | (1,010) |
| | 37,065 | 15,126 | 7,274 | (10) |
| **Floating rate instruments** | | | | |
| Financial assets | 7,053 | 12,877 | - | - |
| Financial liabilities | (13,604) | (16,634) | - | - |
| | (6,551) | (3,757) | - | - |

*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.

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | 100 bp increase RM'000 | 100 bp decrease RM'000 | 100 bp increase RM'000 | 100 bp decrease RM'000 |
| **Group** | | | | |
| Floating rate instruments | (50) | 50 | (29) | 29 |

**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*

As mentioned in Note 34 (b) and 34 (c), a significant amount of investments in equity securities were acquired during the year. These investments are traded on the TSX Venture Exchange in Canada ("TSX"), the Australia Securities Exchange ("ASX") and Bursa Malaysia Securities Berhad, and they fall under Level 1 of the fair value hierarchy.

This analysis assumes that all other variables remain constant and the Group's equity investments moved in correlation with their respective securities exchanges, namely the TSX Composite Index, ASX 200 and the FTSE Bursa Malaysia KLCI ("FBMKLCI"). A 1% strengthening in the equity investments traded on the TSX Composite Index, ASX 200 and the FBMKLCI at the end of the reporting period would have increased post-tax profit or loss by RM151,000 for the Group's equity investments. A 1% weakening in the equity investments traded on the TSX Composite Index, ASX 200 and the FBMKLCI would have had equal but opposite effect on profit or loss.

In 2020, investments in equity securities are not significant, as such, sensitivity analysis is not presented for 2020.

**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.

Save as disclosed above, there are no other financial instruments at the Company level. Hence, no analysis is made for financial instruments at fair value at Company level.

## 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 | Carrying amount |
|---|---|---|---|---|---|---|---|---|---|---|
| | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 | RM'000 | RM'000 |
| **2021** | | | | | | | | | | |
| **Financial assets** | | | | | | | | | | |
| Quoted shares | 15,071 | - | - | 15,071 | - | - | - | - | 15,071 | 15,071 |
| Club membership | - | - | 53 | 53 | - | - | - | - | 53 | 53 |
| | 15,071 | - | 53 | 15,124 | - | - | - | - | 15,124 | 15,124 |
| **Financial liabilities** | | | | | | | | | | |
| Term loans | | | | | | | | | | |
| – floating rate | - | - | - | - | - | - | 3,708 | 3,708 | 3,708 | 3,708 |
| | - | - | - | - | - | - | 3,708 | 3,708 | 3,708 | 3,708 |
| **2020** | | | | | | | | | | |
| **Financial assets** | | | | | | | | | | |
| Quoted shares | 164 | - | - | 164 | - | - | - | - | 164 | 164 |
| Club membership | - | - | 53 | 53 | - | - | - | - | 53 | 53 |
| | 164 | - | 53 | 217 | - | - | - | - | 217 | 217 |
| **Financial liabilities** | | | | | | | | | | |
| Term loans | | | | | | | | | | |
| – fixed rate | - | - | - | - | - | - | 295 | 295 | 295 | 295 |
| – floating rate | - | - | - | - | - | - | 6,392 | 6,392 | 6,392 | 6,392 |
| | - | - | - | - | - | - | 6,687 | 6,687 | 6,687 | 6,687 |

## 30. FINANCIAL INSTRUMENTS (CONT'D)

### 30.7 Fair value information (Cont'd)

**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 (2020: 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.

**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. |

## 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 | |
|---|---|---|
| | 2021 RM'000 | 2020 RM'000 |
| Loans and borrowings (Note 19) | (13,604) | (17,213) |
| Lease liabilities | (1,969) | (3,695) |
| Less: Fixed deposits with maturity more than three months but less than twelve months | - | 3,000 |
| Less: Cash and cash equivalents (Note 16) | 72,973 | 53,004 |
| Net cash | 57,400 | 35,096 |
| Total equity attributable to owners of the Company | 255,775 | 238,570 |
| 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 | |
|---|---|---|
| | 2021 RM'000 | 2020 RM'000 |
| **Capital expenditure commitments** | | |
| **Property, plant and equipment** | | |
| Contracted but not provided for | - | 18 |
| **Exploration expenditure** | | |
| Contracted but not provided for | 7,370 | 3,619 |

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 RM7,370,000 (2020: 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 RM13,485,000 (2020: RM17,452,000) 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.

## 33. 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.

**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 | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| **A. Subsidiaries** | | | | |
| Management fee income | - | - | (1,534) | (1,589) |
| Dividend income | - | - | (4,000) | - |
| **B. Affiliated company** | | | | |
| Purchases | 1,312 | 955 | - | - |
| Royalty expenses | 99 | 68 | - | - |
| **C. Companies in which certain Directors of the Group have interests** | | | | |
| Sales | (163) | (18) | - | - |
| Purchases | 71 | 269 | - | - |
| Rental income | (12) | (10) | - | - |
| **D. Key management personnel** | | | | |
| Directors: | | | | |
| – Fees | 158 | 270 | 150 | 164 |
| – Remuneration | 3,883 | 3,856 | 983 | 949 |
| – Estimated monetary value of benefits-in-kind | 11 | 11 | - | - |
| | 4,052 | 4,137 | 1,134 | 1,113 |
| Other key management personnel: | | | | |
| – Short term employee benefits | 2,543 | 3,914 | 316 | 316 |
| | 2,543 | 3,914 | 316 | 316 |
| | 6,595 | 8,051 | 1,450 | 1,429 |

## 34. SIGNIFICANT EVENTS

a) 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 in the current year 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.

b) During the financial year, NuEnergy and Sheraton (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 and assigning to Metalla, all of their rights, titles and interests in and to the gold royalty of the Subsidiaries, subject to the terms and conditions of the Royalty Agreement for a total consideration comprising A$2 million in cash and 467,730 shares in Metalla which are listed on the TSX Venture Exchange in Canada. This disposal has been completed during the year with a gain on disposal of RM22,227,000 and an investment in shares of RM16,490,000 being the fair value of the Metalla shares being recognised in the financial statements at the date of completion of the disposal.

c) During the financial year, AutoV, a wholly-owned subsidiary of the Company completed the disposal of its entire 50% equity interest in PSSB to Sprintex Limited, an independent third party which is listed on the Australian Stock Exchange, with AutoV receiving shares in Sprintex Limited, as the disposal consideration. The fair value of the Sprintex shares at the date of disposal amounted to RM1,020,000 and this resulted in a gain on disposal of PSSB of RM1,020,000.

d) During the financial year, AutoV also disposed its freehold factory building for a total cash consideration of RM8,050,000. The disposal resulted in a gain on disposal of RM2,857,000.

## 35. SUBSEQUENT EVENT

On 10 September 2021, the Company declared a single tier dividend of 3 sen per ordinary share totalling RM8,072,607 for the financial year ended 30 June 2021. The dividend will be recognised in the financial year ending 30 June 2022 and will be paid on 26 November 2021.

# STATEMENT BY DIRECTORS
## PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

In the opinion of the Directors, the financial statements set out on pages 59 to 154 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 2021 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

**Chen Heng Mun**
Director

Kuala Lumpur,

Date: 21 October 2021

# 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 59 to 154 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 21 October 2021.

**Chen Heng Mun**

Before me:

Samugam Vassoo
Commissioner for Oaths (W632)

# 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 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 59 to 154.

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 2021, 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.

**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 |
|---|---|
| The Group recorded revenue of RM161,116,000 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.<br><br>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. | Our audit procedures included, among others:<br><br>• We evaluated the design and implementation and tested the operating effectiveness of selected controls over the process of revenue recognition.<br><br>• 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.<br><br>• We checked samples of sales transactions that were recorded before and after the financial year end date of 30 June 2021 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 |
|---|---|
| As at 30 June 2021, the Group had incurred and recognised exploration and evaluation expenditure of RM103,479,000 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.<br><br>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. | Our audit procedures included, among others:<br><br>• 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.<br><br>• 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.<br><br>• 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. |

**Key Audit Matters (Cont'd)**

**Impairment of exploration and evaluation assets (Cont'd)**

| The key audit matter (Cont'd) | How the matter was addressed in our audit (Cont'd) |
|---|---|
| | Our audit procedures included, among others: (Cont'd)<br><br>• We further challenged the Group's recoverable amount assessment for key areas of interest, using our valuation specialists to assist in:<br>– challenging the forecast gas price, which we also compared to published views of key Indonesian regulatory authorities;<br>– we compared the forecast costs to project plans submitted to Indonesian regulatory authorities and minutes of meetings held with these authorities; and<br>– 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.<br><br>• 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 |
|---|---|
| As at 30 June 2021, the carrying amount of intangible assets stood at RM27,016,000.<br><br>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.<br><br>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. | Our audit procedures included, among others:<br><br>• 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.<br><br>• 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. |

**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 |
|---|---|
| As at 30 June 2021, the carrying amount of investments in subsidiaries stood at RM263,556,000. 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.<br><br>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 which are inherently uncertain. | Our audit procedures included, among others:<br><br>• 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.<br><br>• 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.

## 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.

**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

**Tai Yoon Foo**
Approval Number: 02948/05/2022 J
Chartered Accountant

Petaling Jaya, Selangor

Date: 21 October 2021

# OTHER INFORMATION

## 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

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 2021 or entered into since the end of the previous financial year.

### 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 5 OCTOBER 2021

| | | |
|---|---|---|
| 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 | 1,520 | 13.406 | 42,777 | 0.016 |
| 100 – 1,000 | 2,492 | 21.979 | 1,585,708 | 0.589 |
| 1,001 – 10,000 | 5,431 | 47.901 | 23,768,065 | 8.833 |
| 10,001 – 100,000 | 1,694 | 14.941 | 49,267,035 | 18.309 |
| 100,001 – 13,454,343 * | 196 | 1.729 | 98,444,647 | 36.585 |
| 13,454,344 and above ** | 5 | 0.044 | 95,978,663 | 35.668 |
| **Total** | **11,338** | **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 | 27,437,941 | 10.196 |
| 2. | Maybank Nominees (Tempatan) Sdn Bhd<br>*Pledged Securities Account for Goh Tian Chuan* | 20,075,481 | 7.460 |
| 3. | Kenanga Nominees (Tempatan) Sdn Bhd<br>*Pledged Securities Account for Goh Tian Chuan* | 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. | AMSEC Nominees (Tempatan) Sdn Bhd | 9,233,633 | 3.431 |
| 7. | Yong Nam Yun | 5,926,039 | 2.202 |
| 8. | Loke Mei Ping | 4,497,650 | 1.671 |
| 9. | Maybank Nominees (Tempatan) Sdn Bhd<br>*Pledged Securities Account for Juddy Chu Yen Tien* | 4,155,145 | 1.544 |
| 10. | CIMB Group Nominees (Tempatan) Sdn Bhd<br>*CIMB Commerce Trustee Berhad for Kenanga Growth Opportunities Fund (50154 TR01)* | 3,813,200 | 1.417 |

## LIST OF TOP 30 SHAREHOLDERS (CONT'D)

| No. | Name | Shares Held | % Of Issued Capital |
|---|---|---|---|
| 11. | CITIGROUP Nominees (Asing) Sdn Bhd<br>*Exempt an for Bank of Singapore Limited (Foreign)* | 3,718,445 | 1.381 |
| 12. | Ooi Boon Pin | 3,377,730 | 1.255 |
| 13. | Malacca Equity Nominees (Tempatan) Sdn Bhd<br>*Pledged Securities Account for Goh Tian Chuan* | 2,728,846 | 1.014 |
| 14. | CGS-CIMB Nominees (Tempatan) Sdn Bhd<br>*Pledged Securities Account for Goh Tian Chuan (MQ0008)* | 2,725,043 | 1.012 |
| 15. | Hiew Yon Fo | 2,475,000 | 0.919 |
| 16. | Te Kim Leng | 1,800,000 | 0.668 |
| 17. | CGS-CIMB Nominees (Asing) Sdn Bhd<br>*Exempt an for CGS-CIMB Securities (Singapore) Pte. Ltd. (Retail Clients)* | 1,754,750 | 0.652 |
| 18. | Chong Chiew Tshung | 1,540,000 | 0.572 |
| 19. | Alliancegroup Nominees (Tempatan) Sdn Bhd<br>*Pledged Securities Account for Ang Hung Teck (8083175)* | 1,500,000 | 0.557 |
| 20. | Toh Tian Hwa | 1,338,000 | 0.497 |
| 21. | Malacca Equity Nominees (Tempatan) Sdn Bhd<br>*Pledged Securities Account for Juddy Chu Yen Tien* | 1,148,006 | 0.426 |
| 22. | Chong Chee Yoong | 1,091,525 | 0.405 |
| 23. | CGS-CIMB Nominees (Tempatan) Sdn Bhd<br>*Pledged Securities Account for Voon Sze Lin (M55045)* | 1,066,400 | 0.396 |
| 24. | Yohanes Arif Lukman | 1,043,755 | 0.387 |
| 25. | Chang Chuen Lee | 989,290 | 0.367 |
| 26. | Public Nominees (Tempatan) Sdn Bhd<br>*Pledged Securities Account for Lee Kua Siah (E-JBU)* | 956,000 | 0.355 |
| 27. | Lai Yin Thai | 823,400 | 0.305 |
| 28. | HSBC Nominees (Asing) Sdn Bhd<br>*J.P. Morgan Securities PLC* | 738,000 | 0.274 |
| 29. | Lim Bah Kaw | 655,732 | 0.243 |
| 30. | Voon Sze Lin | 650,000 | 0.241 |
| | **Total** | **155,724,252** | **57.856** |

## SUBSTANTIAL SHAREHOLDERS SHAREHOLDINGS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

| | Name | No. of Shares Direct | % | No. of Shares Indirect | % |
|---|---|---|---|---|---|
| 1. | Tan Sri Datuk Seri Panglima (Dr.) Goh Tian Chuan, JP | 54,300,870 | 20.18 | - | - |
| 2. | Kong Kok Keong | 41,465,315 | 15.41 | 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 Direct | % | No. of Shares Indirect | % |
|---|---|---|---|---|---|
| 1. | Tan Sri Datuk Seri Panglima (Dr.) Goh Tian Chuan, JP | 54,300,870 | 20.18 | - | - |
| 2. | Kong Kok Keong | 41,465,315 | 15.41 | 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. | Datuk Yong Teck Shing, JP | - | - | - | - |
| 8. | 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.*

# STATISTICS ON WARRANTHOLDINGS
## AS AT 5 OCTOBER 2021

### ANALYSIS BY SIZE OF WARRANTHOLDINGS

| Size of Warrantholdings | No. of Holders | % | No. of Warrants | % |
|---|---|---|---|---|
| 1 – 99 | 2,514 | 25.007 | 100,351 | 0.149 |
| 100 – 1,000 | 4,816 | 47.906 | 1,913,751 | 2.845 |
| 1,001 – 10,000 | 1,953 | 19.427 | 6,044,817 | 8.986 |
| 10,001 – 100,000 | 638 | 6.346 | 22,936,307 | 34.095 |
| 100,001 – 3,363,585 * | 132 | 1.314 | 36,276,497 | 53.925 |
| 3,363,586 and above ** | 0 | 0.000 | 0 | 0.000 |
| **Total** | **10,053** | **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 Warants |
|---|---|---|---|
| 1. | Public Nominees (Tempatan) Sdn Bhd<br>*Pledged Securities Account for Alexander Gabriel (E-SS2)* | 1,600,000 | 2.378 |
| 2. | Teoh Yee Leong | 1,300,000 | 1.932 |
| 3. | Maybank Nominees (Tempatan) Sdn Bhd<br>*Ahmad Irwan Bin Ariffin @ Awang Pin* | 1,118,800 | 1.663 |
| 4. | Muhammad Taufik Bin Yahaya | 1,000,000 | 1.486 |
| 5. | CITIGROUP Nominees (Asing) Sdn Bhd<br>*Exempt an for Bank of Singapore Limited (Foreign)* | 929,611 | 1.381 |
| 6. | Lim Fong Yee | 900,000 | 1.337 |
| 7. | Public Nominees (Tempatan) Sdn Bhd<br>*Pledged Securities Account for Lye Tuck Choon (E-KLG)* | 600,000 | 0.891 |
| 8. | Foo Jin Ping | 580,000 | 0.862 |
| 9. | Chee Keat Hoe | 535,600 | 0.796 |
| 10. | Liew Chin Key | 500,000 | 0.743 |

### LIST OF TOP 30 WARRANTHOLDERS (CONT'D)

| No. | Name | Warrants Held | % Of Issued Warrants |
|---|---|---|---|
| 11. | Muhammad Nur Hissyam Bin Mustafar | 500,000 | 0.743 |
| 12. | Thomas Lee | 500,000 | 0.743 |
| 13. | Yap Lian Fatt | 500,000 | 0.743 |
| 14. | Mohd Faizal Bin Muntalib | 454,000 | 0.674 |
| 15. | Hiew Yon Fo | 446,200 | 0.663 |
| 16. | Affin Hwang Investment Bank Berhad<br>*IVT (AZH)* | 440,000 | 0.654 |
| 17. | Tranjit Singh A/L Mahima Singh | 430,062 | 0.639 |
| 18. | Kenanga Nominees (Tempatan) Sdn Bhd<br>*Rakuten Trade Sdn Bhd for Prabhu Moorthy A/L Raja Moorthy* | 405,000 | 0.602 |
| 19. | Abdul Rahman Bin Maarum | 400,050 | 0.594 |
| 20. | Iswan Zuraidi Bin Zainol | 400,000 | 0.594 |
| 21. | Mohd Noor Bin Setapa | 400,000 | 0.594 |
| 22. | Public Nominees (Tempatan) Sdn Bhd<br>*Pledged Securities Account for Ooi Soo Hong (E-TCS)* | 400,000 | 0.594 |
| 23. | Yow Eng How | 379,500 | 0.564 |
| 24. | Alliancegroup Nominees (Tempatan) Sdn Bhd<br>*Pledged Securities Account for Ang Hung Teck (8083175)* | 375,000 | 0.557 |
| 25. | Zulqaisar Bin Hamidin | 370,000 | 0.550 |
| 26. | Yohanes Arif Lukman | 366,288 | 0.544 |
| 27. | Wan Hong Lock | 359,800 | 0.534 |
| 28. | Kenanga Nominees (Tempatan) Sdn Bhd<br>*Rakuten Trade Sdn Bhd for Wong Chuo Ding* | 351,100 | 0.521 |
| 29. | Kenanga Nominees (Tempatan) Sdn Bhd<br>*Rakuten Trade Sdn Bhd for Lim Thiam Chong* | 350,000 | 0.520 |
| 30. | Mohd Sa'ari Bin Mohamad Isa | 333,800 | 0.496 |
| | **Total** | **17,224,811** | **25.592** |

## DIRECTORS' WARRANT HOLDINGS AS PER THE REGISTER OF DIRECTORS' WARRANT HOLDINGS

| | Name | No. of Warrants Direct | % | No. of Warrants Indirect | % |
|---|---|---|---|---|---|
| 1. | Tan Sri Datuk Seri Panglima (Dr.) Goh Tian Chuan, JP | - | - | - | - |
| 2. | Kong Kok Keong | - | - | 12 | * (1) |
| 3. | Ooi Boon Pin | - | - | - | - |
| 4. | Chen Heng Mun | 23,277 | 0.03 | 25,028 | 0.04 (1) |
| 5. | Ash'ari Bin Ayub | - | - | - | - |
| 6. | Wong Zee Shin | 241 | * | - | - |
| 7. | Datuk Yong Teck Shing, JP | - | - | - | - |
| 8. | Yong Nam Yun | - | - | - | - |

***Notes:***

(1) *Deemed interested by virtue of his spouse's interest pursuant to Section 59(11) of the Companies Act 2016.*
* *Negligible.*

### 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 2021 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 | 23 years | Lease over 60 years/ 10.7.2057 | 4,482 | 2 May 2012 * |
| 2. | 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 | 24 years | Lease over 30 years/ 24.9.2041 | 1,488 | 25 May 2012 |
| 3. | 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 | 9 years | Lease over 30 years/ 24.9.2025 | 4,972 | 25 May 2012 |
| 4. | 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 | 2 years | Lease over 60 years/ 25.1.2072 | 11,094 | October 2011 |

## PROPERTIES OF THE GROUP AS AT 30 JUNE 2021 (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 2021 RM'000 | Latest date of revaluation*/ Date of purchase |
|---|---|---|---|---|---|---|---|---|
| 5. | 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 | 32 years | Lease over 99 years/ 10.1.2089 | 5,296 | 25 May 2012 |
| 6. | 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 |

**PLANTATION ESTATES**

| No. | Location/ Address | Title type | Crop planted | Land area Hectares ("ha.") | Tenure/ Date of expiry of lease | Net book value as at 30 June 2021 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<br>b) 59.570 ha. Leasehold/ 31.12.2082<br>c) 5.830 ha. Leasehold/ 31.12.2082<br>d) 36.200 ha. Leasehold/ 31.12.2096<br>e) 23.990 ha. Leasehold/ 31.12.2100 | 8,878 | 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<br>b) 19.390 ha. Perpetual/ 31.5.2039 | 11,388 | 25 May 2012 |
| | | | | (ii) FR: 4.828 | Perpetual/ 31.5.2039 | | |
| | | | | (iii) PL : 9.801 | Leasehold/ 31.12.2079 | | |

# PROPERTIES OF THE GROUP
# AS AT 30 JUNE 2021 (CONT'D)

**PLANTATION ESTATES (CONT'D)**

| No. | Location/ Address | Title type | Crop planted | Land area Hectares ("ha.") | Tenure/ Date of expiry of lease | Net book value as at 30 June 2021 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<br>(ii) NT: 364.534 | Leasehold/ 31.12.2096<br>a) 361.271 ha. Perpetual/ 31.5.2039<br>b) 3.263 ha. Perpetual/ 13.7.2040 | 20,216 | 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<br>b) 7.020 ha. Perpetual/ 18.12.2038 | 4,495 | 25 May 2012 |

# NOTICE OF THE TENTH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Tenth Annual General Meeting of the Company will be held on a virtual basis 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 Tuesday, 30 November 2021 at 10.00 a.m. to transact the following businesses:

**AGENDA**

1. To receive the Audited Financial Statements for the financial year ended 30 June 2021 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 1 December 2021 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 1 December 2021 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) Tan Sri Datuk Seri Panglima (Dr.) Goh Tian Chuan, JP under Article 90(1) **Ordinary Resolution 3**
   (b) Mr. Ooi Boon Pin under Article 90(1) **Ordinary Resolution 4**
   (c) Datuk Yong Teck Shing, JP under Article 83 **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**

   "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 10% of the total number of issued shares of the Company for the time being." **Ordinary Resolution 9**

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

29 October 2021

***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 Tenth Annual General Meeting ("**10th AGM**" or "**Meeting**") of the Company will be held on a virtual basis and entirely via remote participation and voting. All members are advised to participate in the 10th AGM remotely via the Remote Participation and Voting facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("**Tricor**") 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 10th AGM.*

3. *The Broadcast Venue of the 10th 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.*

4. *Only depositors whose names appear in the Record of Depositors as at 23 November 2021 shall be regarded as members and entitled to attend, speak and vote at the Meeting.*

5. *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.*

6. *A member may appoint up to two (2) proxies to participate in 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.*

7. *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.*

8. *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.*

9. *The instrument appointing a proxy ("**Proxy Form**") 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.*

***Notes: (Cont'd)***

*10. 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 the Share Registrar of the Company at Tricor, 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. Kindly refer to the Procedure for Electronic Submission of Proxy Form in the Administrative Guide.*

*11. The last date and time for lodging the Proxy Form is Sunday, 28 November 2021 at 10.00 a.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 10th AGM on the Directors' fees and benefits in two (2) resolutions as follows:*

- *Ordinary Resolution 1 on payment of Directors' fees from 1 December 2021 until the next AGM*

  *The total amount of Directors' fees payable to the Non-Executive Directors from 1 December 2021 until the next AGM tabled for the members' approval is RM168,000. The figure is calculated with the assumption that there is no adjustment to the Directors' fees and no change in the Board size during the aforesaid period.*

- *Ordinary Resolution 2 on payment of Directors' benefits from 1 December 2021 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 1 December 2021 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.*

***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 cumulative period of 9 years. The Board wishes to retain both of them as Independent Director and is therefore seeking members' approval at the 10$^{th}$ AGM to retain them as Independent Director.*

*Should the members' approval be obtained at the 10$^{th}$ AGM, Tuan Haji Ash'ari Bin Ayub and Mr. Wong Zee Shin will continue to be the Independent Non-Executive Directors of the Company 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 2021.*

***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 to allot not more than 10% of the total number of issued shares of the Company subject to approvals of all the relevant governmental and/or other regulatory bodies and for such purposes as the Directors consider would be in the interest of the Company. This authorisation will, unless revoked or varied by the Company in general meeting, expire at the next AGM of the Company.*

*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 9$^{th}$ AGM held on 27 November 2020 and which will lapse at the conclusion of the 10$^{th}$ AGM.*

*The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital, acquisitions, repayment of bank borrowings, etc.*

# ADMINISTRATIVE GUIDE FOR THE TENTH ANNUAL GENERAL MEETING OF GLOBALTEC FORMATION BERHAD

| | | |
|---|---|---|
| Date | : | Tuesday, 30 November 2021 |
| Time | : | 10.00 a.m. |
| Broadcast Venue | : | Tricor Business Centre Manuka 2 & 3 Meeting Room<br>Unit 29-01, Level 29 Tower A<br>Vertical Business Suite, Avenue 3, Bangsar South<br>No. 8, Jalan Kerinchi<br>59200 Kuala Lumpur, Malaysia |

**MODE OF MEETING: PRECAUTIONARY MEASURES AGAINST THE CORONAVIRUS DISEASE ("COVID-19")**

In view of the COVID-19 outbreak and as part of the safety measures, the Tenth Annual General Meeting ("10th 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 amendments 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 10th AGM in person at the Broadcast Venue on the day of meeting.

Due to the constantly evolving Covid-19 situation in Malaysia, we may be required to change the arrangements of our 10th AGM at short notice. Kindly check the Company's website or announcements for the latest updates on the status of the 10th 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 10th 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 Procedures for RPV.

A shareholder who has appointed a proxy(ies) or attorney(s) or authorised representative(s) to participate at this 10th AGM via RPV must request his/her proxy(ies) or attorney(s) or authorised representative(s) to register himself/herself for RPV at TIIH Online website at https://tiih.online. Please refer to Procedures for RPV.

As the 10th AGM is a 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.

## PROCEDURES FOR RPV

Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) who wish to participate in the 10th 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 | • Using your computer, access the website at https://tiih.online. Register as a user under the "e-Services" and select "Create Account by Individual Holder". Refer to the tutorial guide posted on the homepage for assistance.<br>• Registration as a user will be approved within one working day and you will be notified via email.<br>• 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 | • Registration is open from Friday, 29 October 2021 until the day of the 10th AGM on Tuesday, 30 November 2021. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the 10th AGM to ascertain their eligibility to participate the 10th AGM using the RPV.<br>• Login with your user ID (i.e. e-mail address) and password and select the corporate event: **"(REGISTRATION) GLOBALTEC FORMATION BERHAD 10th AGM"**<br>• Read and agree to the Terms & Conditions and confirm the Declaration.<br>• Select "Register for Remote Participation and Voting".<br>• Review your registration and proceed to register.<br>• System will send an e-mail to notify that your registration for remote participation is received and will be verified.<br>• After verification of your registration against the General Meeting Record of Depositors as at 23 November 2021, the system will send you an e-mail after 28 November 2021 to approve or reject 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.<br>*(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 10th AGM remotely).* |
| **ON THE DAY OF THE AGM** | |
| (c) Login to TIIH Online | • Login with your user ID and password for remote participation at the 10th AGM at any time from 9.00 a.m. i.e. 1 hour before the commencement of the AGM on Tuesday, 30 November 2021 at 10.00 a.m., |
| (d) Participate through Live Streaming | • Select the corporate event: **"(LIVE STREAM MEETING) GLOBALTEC FORMATION BERHAD 10th AGM"** to engage in the proceedings of the 10th AGM remotely.<br>• 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 10th AGM. |

**PROCEDURES FOR RPV (CONT'D)**

| Procedure | Action |
|---|---|
| **ON THE DAY OF THE AGM (CONT'D)** | |
| (e) Online Remote Voting | • Voting session commences from 10.00 a.m. on Tuesday, 30 November 2021 until a time when the Chairman announces the end of the session. Select the corporate event: **"(REMOTE VOTING) GLOBALTEC FORMATION BERHAD 10th AGM"** or if you are on the live stream meeting page, you can select **"GO TO REMOTE VOTING PAGE"** button below the Query Box.<br>• Read and agree to the Terms & Conditions and confirm the Declaration.<br>• Select the CDS account that represents your shareholdings.<br>• Indicate your votes for the resolutions that are tabled for voting.<br>• Confirm and submit your votes. |
| (f) End of remote Participation | • Upon the announcement by the Chairman on the closure of the 10th 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 10th 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 **Sunday, 28 November 2021 at 10.00 a.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. 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.

### 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 **Sunday, 28 November 2021 at 10.00 a.m.** to participate via RPV in the 10th 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 **Sunday, 28 November 2021 at 10.00 a.m.** to participate via RPV in the 10th 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 |
|---|---|
| **i. Steps for Individual Shareholders** | |
| (a) Register as a User with TIIH Online | • Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services". Please do refer to the tutorial guide posted on the homepage for assistance.<br>• If you are already a user with TIIH Online, you are not required to register again. |

## PROCEDURE FOR ELECTRONIC SUBMISSION OF PROXY FORM (CONT'D)

| Procedure | Action |
|---|---|
| **i. Steps for Individual Shareholders (Cont'd)** | |
| (b) Proceed with submission of Proxy Form | • After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password.<br>• Select the corporate event: "Globaltec Formation Berhad 10th AGM -Submission of Proxy Form".<br>• Read and agree to the Terms & Conditions and confirm the Declaration<br>• Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf.<br>• Appoint your proxy(s) and insert the required details of your proxy(s) or appoint Chairman as your proxy.<br>• Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote.<br>• Review and confirm your proxy(s) appointment.<br>• Print proxy form for your record. |
| **ii. Steps for corporation or institutional shareholders** | |
| (a) Register as a User with TIIH Online | • Access TIIH Online at https://tiih.online.<br>• Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects **"Create Account by Representative of Corporate Holder"**.<br>• Complete the registration form and upload the required documents.<br>• Registration will be verified, and you will be notified by email within one (1) to two (2) working days.<br>• Proceed to activate your account with the temporary password given in the email and re-set with your own password.<br>*Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.* |
| (b) Proceed with submission of form of proxy | • Login to TIIH Online at https://tiih.online.<br>• Select the corporate exercise name: **GLOBALTEC FORMATION BERHAD 10th AGM "SUBMISSION OF PROXY FORM"**.<br>• Agree to the Terms & Conditions and Declaration.<br>• Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein.<br>• Prepare the file for the appointment of proxies by inserting the required data.<br>• Submit the proxy appointment file.<br>• Login to TIIH Online, select corporate exercise name: **GLOBATEC FORMATION BERHAD 10th AGM "SUBMISSION OF PROXY FORM"**.<br>• Proceed to upload the duly completed proxy appointment file.<br>• Select "Submit" to complete your submission.<br>• Print the confirmation report of your submission for your record. |

### POLL VOTING

The voting at the 10th 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 10.00 a.m. on **Tuesday, 30 November 2021** 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 10th 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 10th 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 **Sunday, 28 November 2021 at 10.00 a.m.**. The Board will endeavor to answer the questions received at the 10th AGM.

### DOOR GIFT/FOOD VOUCHER

There will be no door gifts or food vouchers for attending the 10th AGM.

### NO RECORDING OR PHOTOGRAPHY

Unauthorized recording and photography are strictly prohibited at the 10th AGM.

### ENQUIRY

If you have any enquiries on the above, please contact the following persons during office hours on Mondays to Friday from 8.30 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 |

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 Tenth Annual General Meeting of the Company to be held on a virtual basis 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 Tuesday, 30 November 2021 at 10.00 a.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 ________________, 2021

______________________________
Signature/Seal of Member

**Delete where not applicable*

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 Tenth Annual General Meeting ("**10th AGM**" or "**Meeting**") of the Company will be held on a virtual basis and entirely via remote participation and voting. All members are advised to participate in the 10th AGM remotely via the Remote Participation and Voting facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("**Tricor**") 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 10th AGM.*
3. *The Broadcast Venue of the 10th 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.*
4. *Only depositors whose names appear in the Record of Depositors as at 23 November 2021 shall be regarded as members and entitled to attend, speak and vote at the Meeting.*
5. *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.*
6. *A member may appoint up to two (2) proxies to participate in 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.*
7. *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.*
8. *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.*
9. *The instrument appointing a proxy ("**Proxy Form**") 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.*
10. *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 the Share Registrar of the Company at Tricor, 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. Kindly refer to the Procedure for Electronic Submission of Proxy Form in the Administrative Guide.*
11. *The last date and time for lodging the Proxy Form is Sunday, 28 November 2021 at 10.00 a.m.*

*Glue and seal along this line*

**www.globaltec.com.my**

**GLOBALTEC FORMATION BERHAD**
Reg. No. 201101024895 (953031-A)

**Unit 23A-12, Menara Q Sentral**
**No. 2A, Jalan Stesen Sentral 2**
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