



ANNUAL REPORT 2020

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Corporate Information



From left to right: Michael Moo Kai Wah (Independent Non-Executive Director), Chan Keng Leong (Executive Director), Tan Kok Chor (Chairman- Independent Non-Executive Director), Datuk Joseph Lee Yok Min @ Ambrose (Executive Director), Teo Kiew Leong (Executive Director), Seroop Singh Ramday (Senior Independent Non-Executive Director).

BOARD OF DIRECTORS

Tan Kok Chor
Chairman
(Independent Non-Executive Director)

Datuk Joseph Lee Yok Min @ Ambrose
(Executive Director)

Teo Kiew Leong
(Executive Director)

Chan Keng Leong
(Executive Director)

Michael Moo Kai Wah
(Independent Non-Executive Director)

Seroop Singh Ramday
(Senior Independent Non-Executive Director)

AUDIT COMMITTEE

Michael Moo Kai Wah
(Independent Non-Executive Director) - **Chairman**

Tan Kok Chor
(Independent Non-Executive Director) - **Member**

Seroop Singh Ramday
(Senior Independent Non-Executive Director) - **Member**

NOMINATION COMMITTEE

Seroop Singh Ramday
(Senior Independent Non-Executive Director) - **Chairman**

Tan Kok Chor
(Independent Non-Executive Director) - **Member**

Michael Moo Kai Wah
(Independent Non-Executive Director) - **Member**

Corporate Information (cont'd)

REMUNERATION COMMITTEE

Seroop Singh Ramday
(Senior Independent
Non-Executive Director) - **Chairman**

Tan Kok Chor
(Independent Non- Executive
Director) - **Member**

Michael Moo Kai Wah
(Independent Non-Executive
Director) - **Member**

COMPANY SECRETARIES

Chin Siew Kim (L.S.0000982)
Andrea Huang Jia Mei (MIA 36347)

REGISTERED OFFICE

1st & 2nd Floor , Victoria Point,
Jalan OKK Awang Besar,
87007, W.P. Labuan
Tel : 087-410509
Fax : 087-410515

PRINCIPAL PLACE OF BUSINESS

Lot 180, 2nd Floor,
Wisma SugarBun,
Section 19 KTLD, Jalan Satok,
93400, Kuching, Sarawak
Tel : 082-422000
Fax : 082-421833

17th Floor, Menara Hap Seng,
Letter Box: 63,
No.1 & 3, Jalan P. Ramlee,
50250 Kuala Lumpur, Malaysia
Tel : 03-20315092
Fax : 03-20315192

SHARE REGISTRAR

Labuan Corporate Services Sdn Bhd
1st & 2nd Floor, Victoria Point,
Jalan OKK Awang Besar,
87007, W.P. Labuan
Tel : 087-410748
Fax : 087-410515

STOCK EXCHANGE LISTING

Listed on Main Market of Bursa
Malaysia Securities Berhad on
28 Nov 1997.

Stock Name : BORNOIL
Stock Code : 7036

AUDITORS

STYL Associates PLT
(LLP0019500-LCA & AF001929)
Chartered Accountants
902, 9th Floor, Block A,
Damansara Intan, No. 1,
Jalan SS 20/27
47400 Petaling Jaya,
Selangor Darul Ehsan
Tel : 03-77242128

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad (88103-W)
Hong Leong Bank Berhad (97141-X)
Public Bank Berhad (6463-H)
Malayan Banking Berhad (3813-K)
RHB Bank Berhad (6171-M)
RHB Trustees Berhad (573019-U)
HSBC Bank Malaysia Berhad (127776-V)
Standard Chartered Bank Malaysia Berhad
(115793-P)
Ambank(M) Berhad (8515-D)
United Overseas Bank (Malaysia) Berhad
(271809-K)

SOLICITORS

Satem, Chai & Dominic Lai Advocates
Chung & Associates
H.C. Lee & Partners Advocates
Lai & Co.

WEBSITE

www.borneo-oil.com.my

Financial Highlights

GROUP FINANCIAL SUMMARY

	FYE 31.01.2016 RM'000	FYE 31.01.2017 RM'000	FPE 30.06.2018 RM'000	FYE 30.06.2019 RM'000	FYE 30.06.2020 RM'000
For the Year/Period					
Revenue	121,097	160,826	137,108	93,170	88,289
Profit/(Loss) before interest and tax	13,824	51,261	(1,210)	6,005	5,189
Finance costs	1,433	2,608	379	709	1,126
Profit/(Loss) after tax	11,456	46,446	(5,898)	(6,610)	1,598
At Year End					
Shareholders' equity	537,953	591,778	681,343	673,477	671,808
Total assets	722,482	816,587	716,854	734,814	729,487
Total liabilities	184,528	224,809	35,511	61,336	57,679
	RM	RM	RM	RM	RM
Net asset per share	0.19	0.21	0.13	0.13	0.13
	sen	sen	sen	sen	sen
Earnings/(Loss) per share	0.97	1.55	(0.13)	(0.13)	0.03

Financial Highlights (cont'd)

GROUP FINANCIAL HIGHLIGHTS



Chairman's Statement



Dear Valued Shareholders,

On behalf of the Board of Directors, I am delighted to present to you the Annual Report for the full financial year ended 30 June 2020.

Group Performance

The Group recorded a total revenue of RM88.29 million and a profit before tax of RM4.06 million for the financial year ended 30 June 2020 as compared to the total revenue of RM93.17 million and profit before tax of RM5.30 million for the preceding financial year.

Against the backdrop of COVID-19 pandemic and deteriorating U.S.-China trade war, the Group's financial performance has been impacted mainly due to Movement Control Order ("MCO") resulting in the reduction of business activities.

Food and Franchise Operations ("FFO") and Property Investment & Management ("PIM") segments recorded a reduction in revenue of RM8.11 million and RM5.73 million respectively.

Our F&B revenue during MCO saw a sharp decline of about 50% prior to the outbreak of COVID-19 as our F&B outlets were only restricted to take-away and food delivery services during this period.

PIM's project management of an Integrated Limestone Processing Plant was completed at construction phase during MCO only and could not proceed to installation of additional machineries and other civil works further attributed to the lower revenue for the current financial year.

However, the successful management of the limestone quarry saw an increase in revenue of RM8.67 million contributed during the year from the Resources & Sustainable Energy segment.

Economic Outlook

The emergence of the COVID-19 pandemic has made this year the most challenging affecting nearly every industry. During the second quarter of 2020, Malaysia's gross domestic product fell by 17.1 per cent. According to the Department of Statistics, this was the Malaysian economy's worst performance since the height of the Asian financial crisis in 1998. The decline reflected the unprecedented impact of the stringent containment measures to control the COVID-19 pandemic globally and domestically. The pandemic is also heightening tensions in the U.S.-China trade war, any further escalation between the world's two largest economies would have significant economic downsides and could prolong the current global recession.

Chairman's Statement (cont'd)

Moving Forward

Following this record contraction of the economy, the government added that the central bank was projecting a full year contraction of between 3.5 per cent and 5.5 per cent. However, the growth for 2021 is expected to rebound to between 5.5 per cent and 8.8 per cent.

There will be long-term implications from COVID-19 that will permanently change how the global economy, international trade, commerce and financial system will operate in the future. A crisis like this brings new opportunities and should be a trigger to explore new directions. We are likely entering a time in which people change consumption patterns.

We will constantly reassess our business model to adapt to new changes and also explore new business opportunities on a longer-term basis. Building on our business diversifications, we hope to emerge from this crisis stronger and more resilient.

Appreciation

On behalf of the Board of Directors, I would like to take this opportunity to express our sincere gratitude to the management and staff for their dedication and commitment to the Group. I would also like to extend our deepest appreciation to our clients, business partners, associates, bankers and the respective regulatory authorities for their support and contribution. Last but not least, thank you to all our valued shareholders for your unwavering support.

Tan Kok Chor

Chairman

26 October 2020

Profile of Directors



TAN KOK CHOR*

Chairman

Tan Kok Chor, aged 70, was appointed to the Board of Borneo Oil Berhad on 21st August 2001. He has over four decades of experience in the commercial, legal and administrative fields. He holds various directorships in several other private limited companies, incorporated in Malaysia.



DATUK JOSEPH LEE YOK MIN @ AMBROSE

Executive Director

Datuk Joseph Lee Yok Min @ Ambrose, aged 62 was appointed as an Executive Director of Borneo Oil Berhad on 27th March 2019. He graduated with a Bachelor of Law (Honours) Degree from Central Lancashire University, United Kingdom (1980) and qualified as a Barrister At Law (Lincoln's Inn) London in 1981. He was called to the Sabah Bar in 1982 and is an Advocate and Solicitor of the High Court of Sabah and Sarawak.

He is a Practicing legal consultant and an established businessman with more than 30 years of experience in various industries. He currently spearheads the strategic and sustainable growth of Borneo Oil Berhad.



CHAN KENG LEONG*

Executive Director

Chan Keng Leong, aged 73 was appointed to the Board of Borneo Oil Berhad on 5th November 2015. He has been serving Borneo Oil Berhad's subsidiaries in various senior managerial capacities since 2006 after retirement from Petronas where he served for 29 years.

As an Executive Director of Borneo Oil Berhad, he has been entrusted to spearhead the renewable energy and integrated limestones projects.

Profile of Directors (cont'd)**TEO KIEW LEONG****Executive Director*

Teo Kiew Leong, aged 55, obtained his college education at Graphic Design & Photography, Regent Fine Art & Design Academy, Kuala Lumpur. He joined the Group in 1986 and in June 2005, he was appointed General Manager of the fast food and franchise division and subsequently Executive Director of the same in 2007.

**SEROOP SINGH RAMDAY****Senior Independent Non-Executive Director*

Seroop Singh Ramday, aged 63, is a business graduate with post graduate qualifications in management (Warwick) and an MBA from the University of Aston in the UK. He has over 30 years of international experience based both in the UK and Malaysia.

He is a United Kingdom and United Nations accredited independent expert on International Joint Ventures and development projects and have delivered assignments across Europe, United States of America, Asia and Africa.

**MICHAEL MOO KAI WAH****Independent Non-Executive Director*

Michael Moo Kai Wah, aged 68, is a Non-Executive Director appointed to the Board of Borneo Oil Berhad on 15th January 2008. He obtained his college education at the University of Huddersfield, United Kingdom in 1977 in Business Studies.

He served over 20 years in the United Kingdom and in Malaysia on matters and positions involving accounting, tax, audit and secretarial services.

* Save as disclosed, none of the Directors have:-

1. any family relationship with any Directors and/or major shareholders of the Company;
2. any conflict of interest with the Company;
3. any conviction for offences within the past 5 years other than traffic offences; and
4. any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Management Discussion and Analysis

Financial Performance Review

The Group recorded a total revenue of RM88.29 million and a profit before tax of RM4.06 million for the financial year ended 30 June 2020 as compared to the total revenue of RM93.17 million and profit before tax of RM5.30 million for the preceding financial year. The total revenue and profit before tax declined by RM4.88 million and RM1.24 million respectively for the current financial year. These were mainly attributed to the ongoing COVID-19 pandemic and deteriorating US-China trade war that has weakened market sentiment and further dampened domestic economic activity.

Food and Franchise Operations (“FFO”)

Revenue in the FFO segment dropped by RM8.11 million in the current financial year from RM48.84 million in the preceding financial year to RM40.73 million in the current financial year. The reduction was mainly attributed to Movement Control Order (“MCO”) which saw a sharp decline in revenue of about 50% after the outbreak of COVID-19.

With the implementation of restricted business activities during MCO, our F&B outlets were only restricted to takeaway and food delivery services. The revenue loss was further aggravated with the extension of MCO till 12 May 2020 in Sarawak and Sabah where most of our F&B outlets are located.



Interior of Borneo Asian Food, Jln TAR (KL)



Soft launching of Borneo Asian Food, Jln TAR



Official signing of MOU for exclusive supply of Tilapia fish in support of developing Sarawak's aquaculture industry

However, the segmental results turned positive from a loss of RM3.73 million in the preceding financial year to a profit of RM0.27 million in the current financial year. These were mainly due to the closure of non-performing outlets. The closure exercise provided the Management with the opportunity to effectively utilise and reallocate the available resources. The segmental loss for the preceding financial year was also exacerbated with impairment of receivables of RM1.12 million.

As at 30 June 2020, the total number of SugarBun and Pezzo outlets were 124 as compared to 132 for the preceding financial year.

Management Discussion and Analysis (cont'd)

Property Investment and Management ("PIM")



Aerial View of the Integrated Limestone Processing Plant ("ILPP")

Revenue in the PIM segment declined by RM5.73 million in the current financial year from RM36.68 million in the preceding financial year to RM30.95 million in the current financial year. The revenue derived from the project management of a construction of an Integrated Limestone Processing Plant ("ILPP") was suspended when restrictions imposed on construction activity was put in place on 18 March 2020 to curb the spread of the coronavirus.



Clinker Silo and Additives Dosing facility



The lower segmental profit of RM6.63 million for the current financial year as compared to RM157.88 million was in line with the profit accruing from the ILPP undertaken. The notable segmental profit from the preceding financial year was mainly due to the revaluation gain on investment properties that was conducted in accordance to MFRS 140.

Central Control Room and Preheater

Management Discussion and Analysis (cont'd)

Resources & Sustainable Energy (“RSE”)

Revenue in the RSE segment grew by RM8.67 million in the current financial year from RM7.62 million in the preceding financial year to RM16.29 million in the current financial year. The stellar performance was contributed mainly from the increased in limestone sales during the current financial year.



Geologist recording mineralized veins

The RSE posted a segmental profit of RM8.48 million against a segmental loss of RM123.75 million was mainly attributed to the impairment of assets and expenditure relating to the mining and energy operations in the preceding financial year.



Terracing ground for drilling



Drilling exploration in progress

Outlook and Prospect

The Group expects challenges in the year ahead amidst the escalating COVID-19 pandemic and spilled over effect of the US-China trade war which was producing ripples throughout the Asian economies. The weak market sentiment further curtailed consumers spending and hold up the country's recovery from the coronavirus outbreak.

Business models are being reviewed to subsist the post-COVID-19 internal and external environment. Strategies and diversifications for long-term sustainable plans include implementation of digital synergy & automated operations.



Franchise Malaysia Pocket talk with YB Datuk Menteri Alexandra Nanta Linggi, Malaysia Minister of Domestic Trade and Consumer Affairs

Management Discussion and Analysis (cont'd)

Outlook and Prospect (cont'd)

SB Virtual Store, the brainchild of our 2020's hardships, merges our current grab and go kiosks with the global demand for delivery service. Equipped with an ordering app and mobile POS system, franchisees will benefit from setting up their business at high demand areas with minimal start-up cost and lower rental as the set-up requires small footprints. We will partner with major delivery services provider such as Foodpanda and others.

The features include a full-fledge miniature restaurant offering only selected menu items. This would appeal to our franchisee as the operational cost will be reduced in labour cost and stock keeping.



Foodpanda riders in front of Borneo Asian Food by SugarBun, Kuching

Prominent during this Covid-19 pandemic was the growth of cashless transaction. The group has invested in developing an in house E-Wallet & payment systems. Linking of our new e-wallet will enhance customer's experiences in our normal operations as well as smoothness in managing our own delivery app.

The FFO division has drawn plans to open 150 stores in East Malaysia for the next 2 years period. With the successful materialisation of the above strategic plans, we should emerge stronger from the current crisis and stay resilient forward. Under the PIM, due to the COVID-19 pandemic and restricted entry of foreign nationals to Malaysia who possesses the pre-requisite expertise to install the pre-fabricated plant and equipment at the ILPP, the expected date for completion is delayed till third quarter of 2021. However, the Management is confident that with the commissioning of ILPP, the turnover for limestone will improve further as limestone accounts for 80% of the main feedstock for clinker production.

Subsequent to the current financial year end, we have announced an Independent Reserves Assessment under the Australasian Code on Reporting of Exploration Results - Mineral Resources and Ore Reserves (JORC Report) on the Bukit Ibam Gold Prospect at Mukim Keratong. We have also signed a Memorandum of Understanding ("MOU") with Minetech Construction Sdn. Bhd. on a proposed joint collaboration on the gold mining works. The proposed joint collaboration under RSE will reduce the Group's capital outlay required for the gold mining works and free the Group's resources to continue with the gold exploration works on other Zones. The gold mining operations represent a golden opportunity to take advantage of the soaring gold prices and enhance the Group's profitability in the near future.

With the successful materialisation of the above strategic plans, we should emerge stronger and more resilient.

Statement on Sustainability

The formal role of sustainability in Borneo Oil Berhad has been consolidated under our Sustainable Committee chaired by our Executive Director. The committee is responsible for the formulation of policies and implementation of sustainable initiatives.

Borneo Oil Berhad acknowledges their responsibility on people's life, the natural environment and the commitment from their shareholders. Our corporate governance has established "action oriented principles" into our core business formula.

Our People + Our Planet = Our Profit

As part of its on-going efforts of enhance relationships between the Group and suppliers, customers and stakeholders, networking activities are organised regularly. The intent is to cultivate transparency amongst its multiple stakeholders.

The directors believe in maintaining a high level of transparency in dealing with all stakeholders including shareholders, regulatory authorities, business partners, bankers, suppliers, customers, employees and local communities.

Driven to provide only high quality products, agreed upon conditions and promised quality with fair and reasonable price point. Various communication channels such as regular meeting, timely disclosure to Bursa Malaysia Securities Berhad, Annual General Meeting and annual methods are the various communication channel the group's engagement.

STAKEHOLDERS	KEY ISSUES	ENGAGEMENT PLATFORMS	ACTIONS
Customers	<ul style="list-style-type: none"> Customer Satisfaction Product & Services Customer Safety 	<ul style="list-style-type: none"> Customer Surveys Feedback platforms 	<ul style="list-style-type: none"> Continue to enhance customer satisfaction level with continuous improvement of our products and services
Suppliers	<ul style="list-style-type: none"> Ethically Sourced Quality Assurance Supply Chain Management Fair Price Open tender 	<ul style="list-style-type: none"> Supplier's code of conduct Monthly Suppliers Visit 	<ul style="list-style-type: none"> Quality control checks Regular suppliers review
Franchisee	<ul style="list-style-type: none"> Quality of Service Growth & Expansion Relationship Management 	<ul style="list-style-type: none"> Meetings Visits to outlets on rotation Customer Service 	<ul style="list-style-type: none"> Training Programs Audit Checks Sales & Marketing Technical Support Customer Service
Employees	<ul style="list-style-type: none"> Talent retention and attraction Training & Well-being Safety Career Development 	<ul style="list-style-type: none"> Annual performance appraisal Regular department meetings Whistle-blowing policy Events & Gathering 	<ul style="list-style-type: none"> Remuneration & benefits Career progression Continuous learning and skills upgrade Safe working environment Education assistance & financial aids Welfare
Public	<ul style="list-style-type: none"> Responsible corporate citizenship Transparency 	<ul style="list-style-type: none"> Festive season events Charity events Donation Sponsorships CSR Projects Newspapers Social Media 	<ul style="list-style-type: none"> Fostering strong community ties Assisting the needy

Statement on Sustainability (cont'd)

STAKEHOLDERS	KEY ISSUES	ENGAGEMENT PLATFORMS	ACTIONS
Investors	<ul style="list-style-type: none"> Financial stability Long-term growth Risk Management Corporate Governance 	<ul style="list-style-type: none"> Quarterly financial results announcement Annual General Meeting (AGM) Media 	<ul style="list-style-type: none"> Performance and financial results Strategy Research Exploring new business and new markets

Our People

Our employees are our greatest assets. At present, the Group continues to focus on improving the career, well-being and safety of all employees within the organisation. It is in our greatest interest to ensure all employees are healthiest, well-trained and well-equipped to run our business effectively.

Through formal training or on the job experiences, our training core values are:-

- o Training to care for our customers
- o Training to look out for each other
- o Training to look after the environment

Home away from Home

The directors are committed to provide a safe, healthy, and quality working environment for the employees and customers and to minimise any preventable accidents and health hazards that may occur in any of the business premises.

The health and safety committee has raised awareness of occupational health and safety issues and to foster culture of safety within the organisation.

Safety talks were conducted by experienced staff to create awareness on the importance of personal safety and hygiene. Staffs are also provided with the opportunity of attending safety training courses to further enhance their knowledge on health and safety at the workplace.

The directors also ensure there are growth, development and progression opportunities for the employees through in-house training, seminar, workshop and pocket talks. The purpose here is to further groom skills, knowledge and ambition within the workforce.

- Regular external and in-house training, seminars in various relevant fields are conducted to enhance employees' technical competencies, productivity, leadership and managerial capabilities; and
- Regular gatherings between management and employees are organised to bridge gaps and foster harmonious relationships within the working environment.

The Company provides opportunity for rotation in different departments to pursue expansion of knowledge, experiences and understanding in various job scopes.

The directors commit to providing educational opportunities to the employees through financial aids, support for loans during emergencies and assistance for the less privileged.

In appreciation of the employee's loyalty, valuable support and commitments to the company, Long Service awards were presented to staffs who has worked more than 10 years with the Company.

Health consciousness and well-being are nurtured and encouraged. Sponsorship of goodies, food vouchers and rewards are directed towards health related activities organised by the Company.

Statement on Sustainability (cont'd)

Our Planet

The directors are also committed to continuous improvements to minimise any negative impact on the environment. They are to ensure that the business activities are conducted in compliance with approved applicable environment rules and regulations.

Going Green

The company has invested on the information technology system to reduce the usage of paper in the daily operations and to practice recycling paper waste.

- o Participating in efforts to improve environmental protection and understanding, especially through arboriculture education;
- o Banning of usage of plastic materials in daily F&B operations namely, plastic bag and straws;
- o Any wastes are disposed of ethically with guided standard operating procedures;
- o Introducing of bio-degradable packaging;
- o Using real dishware and cutlery as compared to disposables (this may not be the best in this COVID Pandemic);
- o Training programs to educate employees and franchisees on food wastes; and
- o Avoid unnecessary travel by making use of instant messaging, video and audio conferencing, telephone and email.

Recycling

- o Waste management is a crucial integration in our F&B operations. Waste materials from production are recycled where applicable or sold to scrap collectors;
- o Re-selling or donation of unused equipment as time progress with newer and better machines;
- o Re-using of old packaging from suppliers as containers instead of disposing plastic;
- o Reuse waste paper (from the printer) where possible, making use of the blank side for notes; and
- o Purchase products made with recycled paper.

Conserving of Energy

- o Employees are encouraged to switch off non-essential electrical machinery, equipment and appliance when not in use;
- o Choosing manual labour for minor roles;
- o Energy saving equipment;
- o Usage of Eco-friendly lightbulbs; and
- o Shared workplaces.

Our Profit

Balanced contribution to both social and environmental sustainability, our economy remains equitable and viable. Governed by Ethical principles, innovation, investment and strong financial foundation, the group rewards on:-

- o Branding;
- o Good Reputation;
- o High Quality Products;
- o Efficient use of Machineries;
- o Eco-friendly; and
- o Reputable workforce.

Corporate Governance Overview Statement

The Board of Directors of Borneo Oil Berhad (“BOB” or “the Company”) acknowledges the importance of the Principles and Best Practices as set out in the Malaysian Code on Corporate Governance (“the Code”) and is committed to ensure high standards of Corporate Governance are practised throughout Borneo Oil Berhad and its subsidiaries (“collectively known as the Group”) to safeguard shareholders investments and protects the interest of all stakeholders.

The Board is fully dedicated to continuously evaluate the Group’s Corporate Governance practices and procedures with a view to ensure the principles and recommendations in Corporate Governance as stipulated by the Malaysian Code on Corporate Governance (“MCCG”) are applied and adhered to.

This statement is prepared in compliance with Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities (“Bursa Securities”) and it is to be read together with the Corporate Governance Report 2020 (“CG Report”) which is available on the corporate website at www.borneo-oil.com.my.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

1. Board Roles and Responsibilities

The Group continues to be led and managed by an effective, active and experienced Board which ensures that the interest of the shareholders and stakeholders are protected by setting out the Group’s values and standards.

The Board plays a pivotal role in the stewardship of the Group’s direction and operations, including enhancing long-term shareholder value. In order to fulfill this role, the Board is explicitly responsible for reviewing and adopting the Group’s strategic plans, overseeing the conduct of the business operations of the Group, reviewing adequacy of the internal control, identifying principal risks and ensuring that the risks are properly managed, establishing a succession plan, developing and implementing a shareholders communications policy, reviewing management information and internal control system of the Group and promote good Corporate Governance culture within the Group which reinforces ethical, prudent and professional behavior.

The management is accountable to the Board and to fulfill their responsibility through the provision of reports, briefings and presentations on a regular basis throughout the year.

The delegation of authority for Board Committee is stipulated in their respective Terms of Reference which are reviewed periodically to ensure effective and efficient decision making in the Group.

The Board receives reports at its meetings from the Chairman of each Committee on current activities and it is the general policy of the Company that all major decisions shall be considered by the Board as a whole.

The Chairman has been acting as facilitator at meetings of Directors and to ensure smooth functioning of the Board in the interest of good Corporate Governance practice. The Chairman is also responsible to provide leadership for the Board so that the Board can perform its responsibilities effectively.

The Non-Executive Directors are independent of management and free from any business relationship and decision-making that could interfere with the exercise of their independent judgement to the Group and the Company.

Corporate Governance

Overview Statement (cont'd)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1. Board Roles and Responsibilities (Cont'd)

The following are among the key responsibilities of the Board:-

- (a) Identifying principal risks and ensuring the implementation of appropriate internal controls and risk management measures.

The Audit Committee ("AC"), through guidance by the Internal Auditors, advises the Board on areas of high risk faced by the Group and the adequacy of compliance and control throughout the organization. The AC reviews the action plans implemented and makes relevant recommendations to the Board to manage risks.

- (b) Reviewing and adopting the Company's strategic plans

The Board has put in place a strategy planning process, whereby the Directors present to the Board its recommended strategies, together with the proposed business plans for the Board's review and approval.

- (c) Overseeing the conduct of the Company's business

Monitoring and review of the business and its operations in respect of regulatory, corporate and operational functions. The performance is assessed by the Board against the relevant targets and objectives of the Group.

- (d) Succession Planning

The Board has entrusted the Nomination Committee ("NC") and Remuneration Committee ("RC") with the responsibilities to review candidates for the Board and key management positions and to determine remuneration packages for these appointments, and to formulate nomination, selection, remuneration and succession policies for the Group.

This policy is designed to ensure the Company recognise and develop employees through training and job rotation to enhance skills and knowledge allowing for progression and succession.

- (e) Overseeing the development and implementation of an investors communication policy for the Company

The Company strongly believes that effective and timely communication is essential in maintaining good relations with the investors. The Board strives to provide useful and timely information via the timely release of announcements. The Company endeavors to provide as much information as possible within the legal and regulatory framework governing the release of material and price sensitive information.

- (f) Reviewing the adequacy and integrity of management information and internal control system of the Company

The Board is responsible for the adequacy and integrity of the Company's internal control system. Details pertaining to the Company's internal control system and the reviews of its effectiveness are set out in the Statement on Risk Management and Internal Control of this Annual Report.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. Company Secretary

The Company Secretaries are responsible for advising the Board on issues relating to compliance with the relevant laws, rules, procedures and regulations affecting the Board and the Group, as well as best practice of governance. The Directors are regularly updated by the Company Secretaries on new statutory as well as regulatory requirements relating to Directors' duties and responsibilities or the discharge of their duties as Directors of the Company.

The Company complies with Practice 1.4 of the Code where the Company is supported by the Company Secretaries who are qualified, competent and capable of carrying out the duties required. Such tasks include:-

- (i) Managing all Board and Committees' meeting logistics. Attending all Board meetings and ensuring that the minutes of all Board and Committees' meetings are properly recorded and kept.
- (ii) Advising the Board on fulfilling the fiduciary roles and responsibilities in shaping the corporate direction of the Company.
- (iii) Assisting the Company to ensure that the processes and proceedings of the Annual General Meeting are managed properly.
- (iv) Facilitating Board communications and ensuring that the deliberations performed at Board and Committees' meeting are properly conveyed to the relevant Management Personnel for further actions.
- (v) Monitoring the development in Corporate Governance and assisting the Board to apply governance practices to meet the Board's needs and stakeholders' expectations.
- (vi) Advising the Board on issues relating to compliance with provisions of MMLR of Bursa Securities, the Companies Act 2016 and other relevant laws, rules, procedures and regulations affecting the Board and the Group.

3. Conflict of Interest

Members of the Board are required to make a declaration to that effect at the Board meeting in the event that they have interests in proposals being considered by the Board, including where such interest arises through family members, in line with various statutory requirements on disclosure.

Any Director with an interest in a proposed subject shall abstain themselves from deliberations and decision of the Board.

4. Insider Trading

In line with the MMLR and the relevant provisions of the Capital Markets and Services Act 2007, all Directors, key management personnel and principal officers of the Company are prohibited from trading in securities on any kind of price sensitive information and knowledge, which have not been publicly announced.

5. Code of Ethics and Conduct

This Code sets out the principles and standards of business ethics and conduct of the Group. The Code covers managing conflicts of interest, maintaining confidential information, insider information and securities trading, protection of assets and funds, maintaining reliable business records and control, compliance with law, health and safety, outside interest, fair and courteous behaviour and misconduct. The Board will periodically reviews and updates the Code in accordance with the needs of the Group to ensure that they continue to remain relevant and appropriate.

The whistle-blowing policy provides an avenue to encourage employees and stakeholders to raise genuine concerns about unethical behaviours, illegal activities, malpractices and/or failure in compliance with legal or regulatory requirements at workplace.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

6. Board Composition and Balance

As at the financial year ended 30 June 2020, the Board has six (6) members comprising:-

- an Independent Non-Executive Chairman;
- 3 Executive Directors; and
- 2 other Independent Non-Executive Directors.

The composition of the Board complies with Practice 4.1 of the Code and Paragraph 15.02 of the MMLR of Bursa Securities that requires at least 2 Directors or 1/3 of the total number of Directors, whichever is higher, must be independent.

The Group practices a division of responsibility between the Executive and Non-Executive Directors. The Executive Directors are responsible for the overall management of the Group, to oversee operations and to coordinate the development and implementation of business and corporate strategies.

The presence of Independent Non-Executive Directors assures an element of balance to the Board as they provide an independent view, advice and judgement to ensure that the interests of minority shareholders and the general public are given due consideration in the decision-making progress.

7. Diverse Board and Key Senior Management Team

Members of the Board comprise senior professionals from diverse backgrounds. Their wide range of expertise and international experience will contribute positively in both the management and the strategic development and growth of the group. The profile of each Director is presented on page 8 to 9 of this Annual Report 2020. The appointment of Key Senior Management was also made with due regard for diversity in skills, experience, age, cultural background and gender.

8. Board Meetings and Access to Information

The Board usually meet regularly but due to COVID-19, most of the meetings are via zoom/webinar whereby urgent matters need to be discussed. At times, Board Resolutions were circulated via email or other electronically means.

The Board has held eleven (11) meetings during the financial year under review and their attendance record are as follows:-

Names of Directors	Attendance
(i) Tan Kok Chor	10/11
(ii) Datuk Joseph Lee Yok Min@Ambrose	11/11
(iii) Teo Kiew Leong	11/11
(iv) Chan Keng Leong	9/11
(v) Michael Moo Kai Wah	11/11
(vi) Seroop Singh Ramday	10/11

The Board is provided with appropriate information and comprehensive Board papers prior to Board meetings to enable the Directors to discharge their duties and responsibilities competently and in a well-informed manner. Management is invited to attend the Board and Board Committees meetings and to brief and provide explanations to the Board and Board Committees on the operations of the Group. Upon conclusion of the meeting, minutes are circulated in a timely manner.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

9. Board Performance Evaluation

The evaluation of the effectiveness of the Board, Board Committees as well as individual Directors including Independent Director was conducted in-house under the purview of the NC and facilitated by the Company Secretary.

The evaluation criteria for the Board, Board Committees and individual Directors are primarily anchored on regulatory enumerations and emerging best practices of MCCG as the method of evaluation.

10. Appointment to the Board

The NC is responsible for making recommendations to the Board for the re-election and re-appointment of Directors who retire by rotation. This recommendation is based on formal reviews on the performance of Directors, taking into consideration the Board competency matrix and the Directors' contribution to the Board through their knowledge and commitments, experiences, level of independence and ability to act in the best interest of the Group in decision making.

11. Re-election of Directors

Director's re-election provides an opportunity for shareholders to renew their mandate conferred to the Directors. In this respect, Clause 143 of the Constitution of the Company provides that all Directors shall retire by rotation once in every 3 years or at least one-third (1/3) of the Directors shall retire from office and be eligible to offer themselves for re-election at the Annual General Meeting ("AGM").

Any Director appointed during the year is required under the Company's Constitution to retire and seek re-election by shareholders at the following AGM immediately after his/her appointment.

At the forthcoming 36th AGM, Mr. Chan Keng Leong and Mr. Tan Kok Chor will be retiring by rotation pursuant to Clause 143 of the Constitution of the Company, and being eligible, have offered themselves for re-election.

12. Board Committees

The Board delegates certain of its governance responsibilities to the following Board Committees, which operate within clearly defined Terms of Reference, primarily to assist the Board in discharging its responsibilities. The Chairman of the various committees will report to the Board the outcome of the respective committee meetings and such reports were incorporated in the minutes of the Board meeting.

(a) Audit Committee ("AC")

The AC is authorised by the Board to investigate any activities within its Terms of Reference and has unrestricted access to both the internal and external auditors and members of the senior management of the Group. The composition of the AC and the activities carried out by the AC are summarised in the AC Report as stated on page 30 to 32 of this Annual Report 2020.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

12. Board Committees (Cont'd)

(b) Nomination Committee ("NC")

The members of the NC comprises exclusively of Independent Non-Executive Directors, of which the Chairman is the Senior Independent Non-Executive Director of the Company.

The NC carried out its duties with its Terms of Reference during the financial year ended 30 June 2020 where all the NC members attended.

- NC Charter, process and procedure of assessment for new appointment, re-election or retention/removal of Directors and policies on board composition, independence of Directors, board diversity and directors' training;
- Composition of Board and Board Committees;
- Mix of skills, professional qualifications, experience and other qualities of Directors including gender, ethnicity and age balance;
- Independence of Independent Directors and their tenure;
- Training undertaken by Directors and recommendation of training programmes for Directors; and
- Re-election of Directors.

Having reviewed the Board composition, the NC was satisfied that the current Board comprises a good mix of skills and that the current size and composition of the Board are appropriate and effective in discharging its function.

The NC has evaluated the performance of the Board including diversity, gender, ethnicity and age balance through the annual assessment conducted during the financial year ended 30 June 2020. The NC was satisfied that they have continued to operate effectively in discharging their duties and responsibilities and suitably qualifies to hold their positions.

(c) Remuneration Committee ("RC")

The RC's duty is to make recommendations to the Board on the remuneration framework for all Executive Directors. The policy practised on Directors' remuneration is to provide the remuneration necessary to attract, retain and motivate Executive Directors of the quality required to manage the businesses of the Company.

Annually, the RC reviews the remuneration of the Executive Directors to ensure that it commensurate with the market expectation, the Directors' experience and competency and the performance of the Group. Directors do not participate in decisions regarding their own remuneration. Meetings of the RC are held as and when necessary, and at least once a year.

The full details of the RC's Terms of Reference are as follows:-

- **Remuneration Procedure**

The Board establishes the RC and it operates under a Terms of Reference approved by the Board. The RC oversees the remuneration arrangement for Directors and Management Team of the Company within the Remuneration Policy.

The RC assesses the appropriateness of Directors and Management Team's remuneration on an annual basis by reference to the principles of this Policy, overall employment market conditions, scope of work and the Company's financial position.

The RC recommends remuneration for all the Directors to the Board for approval.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

12. Board Committees (Cont'd)

(c) Remuneration Committee ("RC") (Cont'd)

- Remuneration of the Board

The Independent Non-Executive Directors' fees reflects the experience, expertise and level of responsibilities undertaken by the Independent Non-Executive Directors.

The Directors' fees payable to the Independent Non-Executive Directors and any benefit payable to the Directors of the Company shall from time to time be determined and approved by the Shareholders at the AGM.

The remuneration of the Executive Directors are reviewed and recommended by the RC to the Board for approval, taking into account the individual performance, economic conditions, the inflation price index, achievement of budget and information from independent sources on the rates of salary for similar positions in other comparable companies.

Directors' Remuneration

The details of the remuneration of Directors of the Company comprise the remuneration received from the Group and from the Company during the financial year ended 30 June 2020 are as follows:-

Category	EDs RM	Non-EDs RM	Total RM
Fees	1,338,500	351,960	1,690,460
Salaries	169,800	–	169,800
EPF and SOCSO	16,764	–	16,764
Total	1,525,064	351,960	1,877,024

Company Directors	salaries RM	fees RM	Benefits in Kind RM	Statutory Contributions RM	Total RM
Executive Directors					
1. Datuk Joseph Lee Yok Min @ Ambrose		880,000			880,000
2. Chan Keng Leong		288,000			288,000
3. Teo Kiew Leong		60,000			60,000
Non-Executive Directors					
1. Michael Moo Kai Wah		99,960			99,960
2. Seroop Singh Ramday		60,000			60,000
3. Tan Kok Chor		192,000			192,000
		1,579,960			1,579,960

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

12. Board Committees (Cont'd)

(c) Remuneration Committee ("RC") (Cont'd)

- Remuneration of the Board (Cont'd)

Directors' Remuneration (Cont'd)

Group Directors	salaries RM	fees RM	Benefits in Kind RM	Statutory Contributions RM	Total RM
Executive Directors					
1. Datuk Joseph Lee Yok Min @ Ambrose		880,000			880,000
2. Chan Keng Leong		324,000			324,000
3. Teo Kiew Leong	169,800	60,000		16,764	246,564
4. Anthony Foo		16,000			16,000
5. Prashad M Koshy @ Matthew Koshy		58,500			58,500
Executive Directors					
1. Micheal Moo Kai Wah		99,960			99,960
2. Seroop Singh Ramday		60,000			60,000
3. Tan Kok Chor		192,000			192,000
Sub-Total		351,960			351,960
Grand Total	169,800	1,690,460		16,764	1,877,024

The number of Directors whose total remuneration falls within the following bands for the financial year ended 30 June 2020 are as follows:-

Range of Remuneration	Number of Directors	
	Executive Directors	Non-Executive Directors
Below RM50,000	1	-
RM50,001 to RM100,000	1	2
RM100,001 to RM200,000	-	1
RM200,001 to RM300,000	1	-
RM300,001 to RM400,000	1	-
RM400,001 and above	1	-

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

13. Tenure of Independent Directors

Mr Tan Kok Chor was appointed to the Board on 21 August 2001 and has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nineteen (19) years. The Board of Directors had, vide the NC, assessed the independence of Mr Tan Kok Chor, and recommended him to continue to act as an Independent Non-Executive Director of the Company.

Mr Michael Moo Kai Wah was appointed to the Board on 15 January 2008 and has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years. The Board of Directors had, vide the NC, assessed the independence of Mr Michael Moo Kai Wah, and recommended him to continue to act as an Independent Non-Executive Director of the Company.

They have also proven their commitment, experience and competency for informed and balance decision making. As such the Board would be seeking shareholders' approval at the forthcoming 36th AGM for them to continue in office as Independent Directors.

14. Time commitment of the Board members

The Board is mindful of the importance of devoting sufficient time and effort to carry out their responsibilities and enhance their professional skills. Thus, each Director is expected to commit sufficient time and required to notify the Board prior to accepting any additional appointment of directorships in other public listed companies. The notification shall include an indication of time commitment required under the new appointment as recommended by the Code. The number of directorships in listed corporations held by any Board member at any one time shall comply with the MMLR of Bursa Securities. Currently, none of the existing Directors of the Company hold any other directorships in other public listed corporations.

15. Directors' Training

The Board also firmly believes that it is important for its Directors to invest the time and effort to update their knowledge and enhance their skill-set through relevant training programs. This will ensure that members of the Board are kept abreast of the latest developments in the areas of the capital markets, regulatory and corporate governance while equipping themselves with the know-how to contribute further to the effectiveness of the Board.

All Directors of the Company have attended and successfully completed the Mandatory Accreditation Programme as required by the MMLR of Bursa Securities. The Directors are encouraged to attend continuous education programmes, talks, seminars/webinars, workshops and conferences to further enhance their knowledge and to ensure Directors keep abreast with new developments in the business environment and enhance their skills and knowledge. During the financial year ended 30 June 2020, the Board of Directors attended the following programme:-

High Impact Governance Seminar on Corporate Compliance: Financial Reporting & Disclosure Obligations – What Directors & Management Need to Know

Corporate Governance Overview Statement (cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

• AUDIT COMMITTEE

The members of the AC, comprising exclusively of Independent Non-Executive Directors who are financially literate and possess the appropriate level of expertise and experience, are as follows:-

Chairman

Mr Michael Moo Kai Wah (Independent Non-Executive Director)

Members

Mr Tan Kok Chor (Independent Non-Executive Director)

Mr Seroop Singh Ramday (Senior Independent Non-Executive Director)

The Terms of Reference of the AC is available on the corporate website at www.borneo-oil.com.my.

The AC is responsible to carry out a review of the performance of External Auditors, including assessment of suitability and independence of External Auditor. The AC would obtain the written assurance from the External Auditors which confirmed that they were and had been independent throughout the conduct of the audit engagement in accordance to the terms of all relevant professional and regulatory requirements, including the By-Laws of the Malaysian Institute of Accountants.

The AC would also undertake an annual assessment of the quality of audit which encompassed the performance of the External Auditors, including the quality of services, sufficiency of resources, communications and interaction with AC, and their independence, level of non-audit fees, objectivity and professionalism.

• ACCOUNTABILITY AND AUDIT

Financial Reporting and Disclosure

The Board aims to provide and present a clear, balanced and comprehensive view of the Group's financial performance and prospects, primarily through the annual audited financial statements, quarterly announcements and the annual report as well as corporate announcement on significant developments affecting the Company in accordance with the MMLR. The AC assists the Board in scrutinising information for disclosure to ensure accuracy and completeness and oversee the Group's financial reporting processes and the quality of its financial reporting.

Relationship with External Auditors

To maintain a transparent and formal relationship with the Company's External Auditors, the AC reviews the appointment, performance, independence and remuneration of the External Auditors.

The AC Report covers the following areas:-

- (i) the composition of the AC;
- (ii) the number of AC meetings held during the financial year and details of attendance of each AC member;
- (iii) a summary of the work/activities of the AC; and
- (iv) a summary of the work of the internal audit function.

The AC has reviewed the independence of the External Auditors, via amongst others, an annual review of the non-audit services rendered by the External Auditors and the related amount of fees. The AC had also obtained assurance from the External Auditors confirming their independence throughout the audit engagement in accordance with the terms of relevant professional and regulatory requirements.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

• EFFECTIVE GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL

The Board is updated on the Group's internal control system which encompasses risk management practices as well as financial, operational and compliance controls on a quarterly basis. Ongoing reviews are performed throughout the year on quarterly basis to identify, evaluate, monitor and manage significant risks affecting the business and ensure that adequate and effective controls are in place. Such continuous review processes are conducted by the Group's independent and sufficiently resourced internal audit function as well as the Company's management team.

Please refer to the Statement on Risk Management and Internal Control on page 37 to 39 of this Annual Report 2020.

The Group has out-sourced the Internal Audit Function to an independent consulting firm to provide an independent assessment of the adequacy, efficiency, effectiveness of the Group's internal control system. The Internal Auditors report directly to the AC on its activities based on approved annual Internal Audit plan.

The principal responsibility of the Internal Audit Function is to undertake regular and systematic review of the systems of internal control, risk management process and compliance with the Group's established policies and procedures so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively in the Group. Functionally, the Internal Auditor reviews and assesses the Group's systems of internal control and report to the AC directly.

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

Dialogue between the Company and Investors

The Board endeavors to provide timely and accurate disclosure of all material information of the Group to the shareholders and investors. Information is disseminated through various disclosures and announcements made to Bursa Securities which includes the quarterly financial results, audited financial statements and Annual Reports.

This information is also electronically published on Bursa Securities and the Company's corporate website at <http://www.bursamalaysia.com> and at www.borneo-oil.com.my respectively which is accessible by the public as well.

The Board adheres strictly to Bursa Securities disclosure framework to provide investors and the public with accurate and complete information on a timely basis and not merely to meet the minimum regulatory requirements for disclosure. The Board ensures that confidential information is handled properly by authorised personnel to avoid leakage and improper use of such information. The Board is also mindful that information which is expected to be material must be announced immediately.

General Meetings

The Board regards the AGM and other General Meetings as an opportunity to communicate directly with shareholders and encourage attendance and participation in dialogue.

Notice of the 36th AGM, together with a copy of the Company's annual report are sent to shareholders at least twenty-eight (28) days prior to the meeting, in excess of the 21 days requirement under the Companies Act 2016. At each AGM, the Board presents the performance and progress of the Group and provides shareholders with the opportunity to raise questions pertaining to the Group. The Chairman and the Board will respond to the questions raised by the shareholders during the AGM. Each shareholder can vote in person or by appointing a proxy to attend and vote on his/her behalf. The Board has also ensured that an explanatory statement will accompany each item of ordinary/special businesses included in the notice of meeting on the effects of the proposed resolution.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE C : INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

General Meetings (Cont'd)

Pursuant to Paragraph 8.29A(1) of the MMLR, any resolutions set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting of the Company will be subjected to poll voting by the shareholders. The votes cast at the general meeting will be validated by a scrutineer, who is independent of the person undertaking the polling process, is not an officer of the Company and is not interested in the resolution to be passed at the general meeting.

COMPLIANCE STATEMENT

The Board has deliberated, reviewed and approved this Corporate Governance Overview Statement ("CG Overview Statement"). The Board considered that the CG Overview Statement provides the information necessary to enable shareholders of the Company to evaluate how the principles and best practices as set out in the MCCG have been complied with. The Board shall remain committed in attaining the highest possible standards through the continuous adoption of the principles and best practices of the MCCG and all other applicable laws and regulations.

The Board considers that the Company has complied with the provisions and applies the key principles of the MCCG throughout the financial year ended 30 June 2020.

ADDITIONAL COMPLIANCE INFORMATION

Other Directorship of Public Companies

None of the directors and key senior management of the Company have any directorship in other public companies.

Share Buy-Back

The Company had obtained its shareholders' approval at the AGM to buy back shares of the Company.

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of proceeds received on their subsequent sale or issuance.

As at 30 June 2020, the Company has 217,946,000 (2019:151,646,000) ordinary shares held as treasury shares.

Options, Warrants or Convertible Securities

There were certain options, warrants or convertible securities still existing at the FYE 30.6.2020.

The exercise period for the warrants C 2015/2025 is ten years commencing from 9 November 2015 and expiring 8 November 2025.

The exercise period for the warrants D 2017/2027 is ten years commencing from 30 May 2017 and expiring 29 May 2027.

American Depositary Receipt (ADR) or Global Depositary Receipt (GDR) Programme

During the financial year, the Group did not sponsor any ADR or GDR programme.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE C : INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

Audit and Non-Audit Fees

The audit and non-audit fees payable to the External Auditors in relation to the audit services rendered to the Company and on a group basis respectively for the financial year ended 30 June 2020 are as follows :

	The Company RM	The Group RM
Audit Fees	70,000	294,500
Non-Audit Fees	34,000	34,000

Profit Guarantees

There were no profit guarantees given by the Group during FYE 30 June 2020.

Variance in results

There were no material variances of 10% or more in the profit after tax and minority interest between the audited and unaudited results announced for the FYE 30 June 2020.

Sanctions and/or Penalties

There were no public sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year ended 30 June 2020.

Audit Committee Report



From left to right: Tan Kok Chor (Independent and Non-Executive), Michael Moo Kai Wah (Independent and Non-Executive) & Seroop Singh Ramday (Senior Independent and Non-Executive).

ESTABLISHMENT AND COMPOSITION

For the financial year ended 30 June 2020, the Audit Committee comprises the following three (3) directors:-

Chairman	: Mr. Michael Moo Kai Wah	(Independent Non-Executive Director)
Members	: Mr. Tan Kok Chor	(Independent Non-Executive Director)
	: Mr. Seroop Singh Ramday	(Senior Independent and Non-Executive Director)

COMMITTEE MEETINGS

The Audit Committee members ("AC") held five (5) meetings during the financial year ended 30 June 2020 and up to the date of this Report. The details of the Audit Committee's meetings held and attended by the Committee during the financial year are as follows:-

Audit Committee	Director's Name	Status of Directorship	Meetings Attended
Chairman	Michael Moo Kai Wah	Independent and Non-Executive	5/5
Member	Tan Kok Chor	Independent and Non-Executive	5/5
Member	Seroop Singh Ramday	Senior Independent and Non-Executive	5/5

Audit Committee Report (Cont'd)

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR ENDED 30 JUNE 2020

During the financial year ended 30 June 2020, the activities of the AC included the following:-

1. Financial Reporting

- (a) Reviewed the unaudited quarterly financial results to ensure the disclosures were in compliance with the applicable Malaysian Financial Reporting Standards ("MFRS") and other regulatory requirements as laid out in accordance with Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR") before recommending to the Board of Directors ("Board") for approval to release to Bursa Malaysia Securities Berhad ("Bursa Securities") accordingly; and
- (b) Reviewed the audited financial statements for the financial year ended 30 June 2020 and discussed particularly on any change in the accounting policies and its implementation; significant and unusual events arising from the audit; going concern assumption; compliance with accounting standards and other legal requirements; significant matters highlighted in the financial statements; and significant judgements made by management prior to recommending the same to the Board for approval.

2. External Audit

- (a) During the financial year ended 30 June 2020, the AC reviewed and endorsed the External Auditor's, STYL Associates PLT ("STYL") presentation which are as follows:-
 - (i) Audit Planning Memorandum which outlined its engagement team, audit approach, scope of work, timeline and proposed fees for the annual statutory audit; and
 - (ii) Audit Review Memorandum for the financial year ended 30 June 2020 which highlights the audit scope and approach, Independence-Policies and Procedures, Statutes of Audit, Fraud Related Matters, Related Party Transactions, Significant Audit Findings, proposed Key Audit Matters, matters for control improvements; significant outstanding matters, uncorrected misstatements, accounting developments and other information included in Annual Report 2020.
- (b) Scrutinised potential Key Audit Matters raised by the External Auditors and ensured that adequate work had been done to support the audit conclusions and overall impact on the financial statements;
- (c) Reviewed the list of services comprising of audit and non-audit services provided by the External Auditors to ensure the engagement was in compliance with the Group's policy on the "Provision of Non-Audit Services by External Auditors" which was not likely to create any conflict of interest or impair their independence and objectivity. The non-audit service fees incurred for the FYE 30 June 2020 was RM34,000;
- (d) The AC had undertaken an annual assessment of the suitability and independence of the External Auditors and based on the results of the assessment, the AC was satisfied with the suitability of STYL to be re-appointed as the External Auditors of the Company and had made recommendation to the Board for the External Auditors' re-appointment;
- (e) Discussed with the External Auditors on updates in relation to new or proposed changes in accounting standards and regulatory requirements and considered the implications to the financial statements presentation and disclosure arising from the adoption of the new MFRS;
- (f) Met with the External Auditors during the financial year ended 30 June 2020 without the presence of the Executive Directors and management to discuss on audit findings, assistance given by the management to the External Auditors or any observations noted during the audit process; and
- (g) Reviewed the audit fees payable to the External Auditors and recommended the same to the Board for approval.

Audit Committee Report (Cont'd)

3. Internal Audit

The Group outsourced its internal function to an independent professional firm, Valens Consult Services Sdn Bhd ("Valens"). The overall objective of the internal audit review is to identify and highlight for improvements to the management on the adequacy and integrity of internal controls and governance process with regards to reporting revenue based on contractual agreements, requisition and payment processing.

The cost incurred for the internal audit function in respect of the financial year ended 30 June 2020 is RM18,000.

During the financial year ended 30 June 2020, the audit procedures were designed to understand, document, evaluate risks and its related controls, and to identify exclusions for opportunities to improve the existing processes and practices.

Due to the limitations imposed by the Movement Control Order ("MCO") and the subsequent Conditional Movement Control Order ("CMCO") the audit program has been redesigned to allow for the audit to be done remotely with plans for subsequent onsite follow up in the ensuing audit.

Based on the review, which includes cross referencing transactions, contracts review and standard operating procedures ("SOP") to documentation received, the audit had identified risks, areas of concerns and improvements which is summarised as follows:-

- Regular statement of account or invoices to be acknowledged receipt by customer as preventive measures from delay due to non-receipt of invoices/billings;
- Payment processing SOP to be updated to reflect involvement of all parties; and
- Formalised the Limits Of Authority ("LOA") in procurement and payment approval.

The principal responsibility of the internal audit department is to undertake regular and systematic review of the systems of internal control, risk management process and compliance with the Group's established policies and procedures so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively in the Group. Functionally, the Internal Auditors reviews and assesses the Group's system of internal control and report to the AC directly.

The final reports containing the audit findings and recommendations together with responses by management were circulated to all members of the AC. Areas of improvement identified were communicated to the management for further action. All internal audit reports were reviewed by the AC and discussed at Committee meetings and recommendations were duly acted upon by the management. Follow-up reviews would subsequently be performed to ascertain the extent of implementation of the recommended corrective action for improvements.

4. Related Party Transactions

- (a) Reviewed any related party transactions (if any) and conflict of interest situations that may arise within the Group including any transactions, procedures or course of conduct that raises questions of management integrity and to ensure its compliance with MMLR; and
- (b) Considered the impact of any unusual transactions including related party transactions (if any).

Nomination Committee Report

The Nomination Committee ("NC") was established comprising exclusively of Independent Non-Executive Directors of the Company with the primary objective of discharging the following duties and responsibilities under its written Terms of Reference:-

COMPOSITION AND ATTENDANCE

The NC comprises of three members. All the Committee members are Independent Non-Executive Directors. The NC's composition and the respective members' attendance at meetings for FYE 30 June 2020 are as follows:-

Nominating Committee	Director's Name	Status of Directorship	Meetings Attended
Chairman	Seroop Singh Ramday	Senior Independent Non-Executive	2/2
Member	Tan Kok Chor	Independent Non-Executive	2/2
Member	Michael Moo Kai Wah	Independent Non-Executive	2/2

The functions of the NC include the following:-

- (a) **Appointment of New Director (If any)**
- (b) **Board Evaluation**
- (c) **Re-election and Re-appointment of Directors**

Eg : procedures on appointment of new Director;

- (i) Identification of candidates;
- (ii) Conduct Assessment and Evaluation by NC;
- (iii) Recommendation by NC to the Board; and
- (iv) Approved or rejected by Board.

The current process with regards to the appointment of new Directors to the Board are based on the recommendations of the NC, Directors' network and referrals from major shareholders.

The NC, in making a recommendation to the Board on the candidate for recruitment or new Board appointment, shall have regards to:-

- Size, composition, diversity (including gender diversity) and other qualities of the existing Board, level of commitment, resources and time that the recommended candidate can contribute to the existing Board and the Group;
- The candidate's skills, knowledge, expertise and experience, professionalism, integrity and, in the case of a candidate for the position of Independent Non-Executive Director, the independence criteria will need to be complied accordingly; and
- The appropriate number of Independent Non-Executive Directors to fulfill the requirements under MMLR which requires at least two (2) or one-third (1/3) of the membership of the Board, whichever is higher, must be Independent Directors.

The final decision as to who shall be appointed as Director remains the responsibility of the full Board after considering the recommendation of the NC.

Nomination Committee Report (Cont'd)

SUMMARY OF THE WORK OF THE NC

The work carried out by the NC in discharging its duties for the FYE 30 June 2020 were as follows:-

- Reviewed the Board composition with regards to the mix of skills, independence and diversity required to meet the need of the Company to comply with Para 2.20A of MMLR. The NC has considered the Company's existing Board composition which is based on the right mix of skill, experience and other qualities and will endeavor to fulfil it in all aspects at an appropriate time in the future;
- Reviewed the Board composition on the right mix of independent non-executive directors, not only to protect the interest of the minority shareholders but also to fulfill its pivotal role in corporate accountability;
- Reviewed the performance of the Board, committee and individual directors to ensure that they have carried out their respective duties and responsibilities in line with their Terms of Reference;
- Reviewed and assessed the effectiveness of the Board, committee and individual directors taking into consideration their efficiency, skill, competence, integrity, professionalism, experience, time devoted and other qualities before being recommended to the Board for approval of their appointment; and
- Endorsed the re-election of directors standing for re-election at the forthcoming 36th AGM after having assessed their suitability.

The NC has evaluated the performance of the Board through its annual assessment conducted during the financial year ended 30 June 2020 and was satisfied that they have continued to operate effectively in discharging their duties and responsibilities accordingly.

Remuneration Committee Report

The Remuneration Committee ("RC") was established comprising exclusively of Independent Non-Executive Directors of the Company with the primary objective of discharging the following duties and responsibilities under its written Terms of Reference:-

COMPOSITION AND ATTENDANCE

The RC comprises of three members. All the Committee members are Independent Non-Executive Directors. The RC's composition and the respective members' attendance at meetings for FYE 30 June 2020 are as follows:-

Remuneration Committee	Director's Name	Status of Directorship	Meetings Attended
Chairman	Seroop Singh Ramday	Senior Independent Non-Executive	2/2
Member	Tan Kok Chor	Independent Non-Executive	2/2
Member	Michael Moo Kai Wah	Independent Non-Executive	2/2

The functions of the RC include the following:-

- To review and recommend to the Board a framework of remuneration for the Board and key management personnel;
- To review and recommend to the Board the specific remuneration packages for each Director as well as for the key management personnel;
- To review all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, share-based incentives and awards, if any, benefits in kind and termination payments;
- To review and administer any share incentive scheme adopted by the Group and to decide on the allocations to eligible participants under the said scheme; and
- To review the Company's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service to ensure such contracts of services contain fair and reasonable termination clauses.

The role and functions of the RC are set out in its written Terms of Reference, which set out its authority and duties.

If required, the RC will seek expert advice inside and/or outside the Company on the remuneration of all Directors and key management personnel, and any such engagement of remuneration consultants would be disclosed, including a statement on whether they have any relationship with the Company. No remuneration consultants were engaged for FYE 30 June 2020.

The objective of the Group's remuneration policy is to ensure that the level and structure of the remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Group, taking into account its strategic objectives, its long-term interests and risk policies. The RC has structured remuneration packages for key management personnel on measured performance indicators taking into account financial and non-financial factors. Remuneration is structured to link a significant and appropriate proportion of rewards to corporate and individual performance.

The remuneration framework for Directors and key management personnel is aligned with the interests of shareholders and other stakeholders and appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long term.

Remuneration Committee Report (Cont'd)

COMPOSITION AND ATTENDANCE (CONT'D)

Non-Executive Directors including the Chairman, are paid fees, subject to the approval of shareholders at the AGM. The Directors' fees are appropriate to the level of contribution, taking into account factors such as effort, time spent and responsibilities of each Non-Executive Director. Non-Executive Directors are not overly compensated to the extent that their independence may be compromised. The Company does not have a retirement remuneration plan for Non-Executive Directors. No individual Director fixes his own remuneration.

SUMMARY OF THE WORK OF THE RC

The work carried out by the RC in discharging its duties for the FYE 30 June, 2020 were as follows:-

- Reviewed the remuneration is appropriate to attract, retain and motivate the Directors and key management personnel to successfully manage the Company for the long term given the low attrition rate of Directors and key management personnel;
- Assesses the appropriateness of Directors and Management Team's remuneration on an annual basis by reference to the principles of this Policy, overall employment market conditions, scope of work and the Company's financial position; and
- Recommends remuneration for all the Directors to the Board for approval.

A breakdown, showing the level and mix of each individual Director's remuneration for the FYE 30 June 2020 is disclosed in page 23 to 24 of the Corporate Governance Overview Statement.

Statement on Risk Management and Internal Control

Introduction

The Board of Directors ("Board") of Borneo Oil Berhad is pleased to present its Statement on Risk Management and Internal Control ("Statement"). This Statement was prepared in accordance with the "Statement on Risk Management and Internal Control – Guidance for Directors of Listed Issuers", Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

Board's Responsibilities

In accordance with the Malaysian Code of Corporate Governance, the Board who is responsible for the Group's risk management and internal control systems, shall set appropriate policies on internal control and seek assurance that the systems are functioning effectively and forming part of its corporate culture.

The Board undertakes the principal risks of the business that the Group involves and accepts that business decisions require the incurrence and balancing of risk and return in order to reward the shareholders. Functionally, risk management are the responsibility of all Executive Directors and management staff members who manage the business risks in the Group and ensure that businesses are under control. The Board also established an Audit Committee to review the systems of internal control of the Group objectively. As there are limitations that are inherent in any system of internal control, this system is designed to manage rather than eliminate risks that may impede the achievement of the Group's business objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss.

Control Environment

The Group has an organisation structure that is aligned to business requirements. The internal control mechanism is embedded in the various work processes at appropriate levels in the Group. The Board is accountable for ensuring the existence and effectiveness of internal control and provides leadership and direction to senior management on the manner the Group controls its businesses, the state of internal control and its activities. In developing the internal control systems, consideration is given to the overall control environment of the Group, assessment of financial and operational risks and an effective monitoring mechanism.

The main elements in the system of internal control framework include:-

- An organisation structure in the Group with formally defined lines of responsibility and delegation of authority;
- Documentation of written policies and procedures for operational areas, such as procurement and inventory management;
- Review of quarterly financial results by the Board and the Audit Committee ("AC");
- Active participation and involvement by the Executive Directors in the day-to-day running of the business operations; and
- Review of internal audit reports and findings by the AC.

Internal Audit

The Board is fully aware of the importance of the internal audit functions, and has engaged an independent professional firm to provide independent assurance to the Board and AC in providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system.

The internal audit adopts a risk based approach and prepares its audit plan based on the risk profiles from the risk assessment of the Group. Scheduled internal audits are carried out based on the annual audit plan approved by the AC. The internal audit reports are presented in the AC meetings accordingly.

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

Internal Audit (Cont'd)

During the period under review, Internal Audit reviews were carried out by the Internal Audit team to address the related internal control weaknesses. Significant weaknesses identified during the reviews together with the improvement measures to strengthen the internal control were reported to AC and the Board for deliberation.

The Internal Audit also periodically reports on the activities performed, key strategic and control issues observed to the AC. The AC assessed the effectiveness, performance and independence of the Internal Audit annually. The Internal Audit continues to adopt the risk-based audit plan to ensure the programmes carried out are prioritised based on the Group's key risks and core or priority areas.

Information and Communication

While management has full responsibility in ensuring the effectiveness of internal control which it establishes, the Board has the authority to assess the state of internal control as it deems necessary. In doing so, the Board has the right to enquire information and clarifications from management as well as to seek inputs from the AC, Internal Auditors and other experts at the expense of the Group.

Risk Management

The risk management processes in identifying, evaluating and managing risks are embraced in the operating and business processes in the respective management functions.

The Accounts and Finance function supplements the Audit Committee's review on the risks and controls when presenting their quarterly financial performance and results to the AC. The AC reviews the interim financial results in corroboration with management explanations of the business and the performance management of its subsidiaries. In addition, the integrity of the financial results, Annual Report and audited financial statements is reviewed in consultation with the External Auditors.

Board Review

In considering the effectiveness of the risk management and systems of internal control, the Board uses the following processes and information to derive its comfort which are in place during the financial year under review up to the date of approval of this Statement:-

- Quarterly review of financial covering financial performance and quarterly financial results;
- Discussion with management during the board meetings on business and operational information and updates;
- Audit Committee's review and consultation with management on the financial results, annual report and audited financial statements in order to assess the integrity of the financial results, annual report and audited financial statements in order to assess the integrity of the financial information and performance;
- The internal audit function assist the AC and the Board to carrying out independent assessment on the internal control systems and the governance practices; and
- Management assurance that the Group's risk management and internal control systems are adequate and effective, in all material respects.

Key Elements of Internal Control

At management level, the following key internal controls and its review mechanisms are put in place in the Group:

- i. Limit of authority and approval facilitating delegation of authority;
- ii. Management information systems generating financial data and information for reporting and monitoring purposes;
- iii. Job description and responsibility for management functions; and
- iv. Project planning, monitoring and reporting procedures ensuring timely completion of projects and achievement of business targets.

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

Management accountability and assurance

Management is accountable to the Board for identifying risks relevant to the business of the Group's objectives and strategies; implementing and maintaining sound systems of risk management and internal control; and monitoring and reporting to the Board of significant control deficiencies and changes in risks that could significantly affect the Group's achievement of its objectives and performance.

The Executive Directors have represented to the Board that, to the best of their knowledge that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects.

Board Assurance and Limitation

For the financial year under review, the Board is satisfied that the existing level of systems of risk management and internal control are effective to enable the Group to achieve its business objectives and there were no material losses resulted from significant control weaknesses that would require separate disclosure in the Annual Report 2020.

The Board recognises that the systems of risk management and internal control should be continuously improved. Despite the above, it should be noted that all risk management and of internal control systems could only manage rather than eliminate risks of failure to achieve business objectives. Therefore, these systems of risk management and internal control of the Group can only provide reasonable but not absolute assurance against material misstatements, frauds and losses.

Review of this Statement by External Auditors

The External Auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG 3"), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the Annual Report of the Group for the year ended 30 June 2020 and reported to the Board that nothing has come to their attention. The External Auditors' report was made solely for, and directed solely to the Board of Directors in connection with their compliance with the listing requirements of Bursa Malaysia Securities Berhad and for no other purpose or parties. As stated in their report, the External Auditors do not assume responsibility to any person other than the Board of Directors in respect of any aspect of this report.

AAPG 3 does not require the External Auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon.

Corporate Social Responsibility

Borneo Oil Berhad (“BOB”) commits to balancing sustainable growth of business with social responsibility. Driven to serve the communities and vicinities they engage with, Borneo Oil Berhad integrates sustainable, responsible practices and caring ethos towards their employees, stakeholders, customers and society at large.

The commitments of their social responsibility is done in 4 levels:-

- 1) Integration of ethics and responsible practices in their business models
- 2) Sponsorships
- 3) Partnerships
- 4) “Another Community Project by SugarBun”; a dedicated volunteering platform which dedicates it’s CSR funds towards social empowerment, health awareness, fostering education, and environmental responsibility

SOCIAL EMPOWERMENT

The aim - BOB dedicates it’s main CSR funds in creating social awareness for poverty, underprivileged, handicapped and filial piety.

The believe - Awareness from the public towards social affairs will drive a more nurturing and compassionate understanding of humanity.

- Sponsorship for Sarawak Society for the Deaf Charity (SSD) Food Fair 2019 (28th July 2019)
- Sponsorship for Persatuan Kebajikan Keluarga Bekas Polis dan Tentera (Cash Voucher)
- Sponsorship for Special Olympic Chapter (21st September 2019)
- Sponsorship for “Bowling For Special Kids Competition” – SK Jalan Arang (9th Oct 2019)
- St. Joseph Cathedral Parish Family Day 2019 (29th Sept 2019)
- Chinese New Year Treat by SugarBun – Salvation Army Children’s Home and Boys & Girls Visit (8th February 2020)
- Another Community Project – Visit to Rumah Seri Kenangan Old Folks Home (12th February 2020)
- Sponsorship for “Rakyat Fun Run 2019” – SK Rakyat Jalan Haji Bolhassan (5th Oct 2019)



St. Joseph Cathedral Parish Family Day 2019 (29th Sept 2019)



PKD SURIA KUCHING (26th September 2019)

Corporate Social Responsibility (Cont'd)



Chinese New Year Treat by SugarBun – Salvation Army Children's Home and Boys & Girls Visit (8th February 2020)



Another Community Project – Visit to Rumah Seri Kenangan Old Folks Home (5th February 2020)



Special Olympic Chapter (21st September 2019)



LOCAL ECONOMIC EMPOWERMENT

The aim - Through strategic partnerships and alliances, BOB encourages the growth of local business and talents.

The aim - Increase of talents and economic opportunities to steer the possibilities for employment, arts and culture and local products.

- Sponsorship for THE ADVOCATES ASSOCIATION OF SARAWAK "AAS" during Tripartite Bar Games 2019 at Kota Kinabalu SABAH (9th November 2020)
- F&B Partners with Produksi Seni 2020 Sdn. Bhd. for "JERUNAI" Movie Shooting (July – Sept 2019)
- Partnership with Borneo Eco Fish Sdn. Bhd. to introduce Batang Ai Contract farming of Sarawak Fresh Water Tilapia into supply chain
- Sponsorship for "Pentas Krismas 2019 BidayuhFM) (30th November 2019)
- Sponsorship for Astro Radio In Conjunction of Sarawak Day (22nd July 2019)

Corporate Social Responsibility (Cont'd)



Datuk Karim as special guest in movie scene of Jenurai, F&B Partners with Produksi Seni 2020 Sdn. Bhd. for "JERUNAI" Movie Shooting (July – Sept 2019)



Advocate Association of Sarawak during Tripartite Bar Games 2019 at Kota Kinabalu SABAH

EDUCATIONAL EMPOWERMENT

The aim - drive freedom, confidence, and skills in young minds to live their highest and healthiest vision for themselves, their relationships, their community, and their world.

The believe - Nurturing of Young Minds as creative, capable, and complete are essential to develop a personal experience of success based on each individual passion and intrinsic drive. BOB believes in fostering knowledge through education, sports, outside school educational trip and recreational visits.



"Lawatan Kembara Ilmu" – SK Nanga Assam, Saratok (27th Sept 2019)

- Sponsorship for SM Lodge Perfect Prefects' Telematch (7th July 2019)
- Sponsorship for Tunku Putra School – Kindy Kids Got Talent (6th September 2019)
- Sponsorship for "Lawatan Kembara Ilmu" – SK Nanga Assam, Saratok (27th Sept 2019)
- Sponsorship for "Sekolah Kebangsaan Kampong Baru Kapit" (12th October 2019)
- Sponsorship for "Kembara Sosial Ke Kuching) – SK Kangka Tebrau Johor Bahru (16th October 2019)
- SMK St. Joseph Prefectorial Board's Breakfast Sale (2nd February 2020)
- Sin Chew Education Fair 2020 (March 2020)
- Sponsorship for "Lawatan Kembara Ilmu" – SK Nanga Assam, Saratok (27th Sept 2019)
- Sponsorship for SAINS Community Run 2019 (14th July 2019)

Corporate Social Responsibility (Cont'd)

ENVIRONMENTAL AWARENESS

The aim - Reduce impact of Carbon Footprints in Daily Operations

The believe - Elimination of waste and emissions, maximizing energy efficiency and productivity and minimizing practices that may adversely affect utilization of natural resources by coming generations

- Banning of Plastic Bags in Pezzo Outlets
- Partnership with F&N 100 Plus for “No Plastic Straw” Campaign
- Ethical Conduct for Sourcing of Supplies



Campaign Poster; Pezzo's Stop Plastic Bags, Stop Pollution



Campaign Poster; Together We Save The Earth

Corporate Social Responsibility (Cont'd)

HEALTH & SAFETY DURING PANDEMIC

In 2020, a vast portion of our Health Awareness Campaign has been dedicated mainly to supporting front liners and medical sectors combating COVID-19.

- Meal Sponsorship for Blood Donors Award Presentation for the Year 2019 (5th Oct 2019)
- Meal Sponsorship For Sarawak General Hospital Blood Donation Drive (Dec' 2019)
- Meal Sponsorship for Miri General Hospital for Medical Front liners at with Collaboration SB Piasau (March 2020)
- Meal Sponsorship for Red Crescent Blood Donation Campaign (April 2020)
- Meal Sponsorship for Kota Kinabalu Army/Police front liners during MCO (March 2020)



Meal Sponsorship for Miri General Hospital for Medical Front liners at with Collaboration SB Piasau (March 2020)



Sponsoring front liner meals during MCO (March 2020)

Corporate
Social Responsibility (Cont'd)

Sponsorship of COVID-19 Test Kit to Ministry of Health Sabah



Press Cutting The Borneo Post Tuesday, 21st July 2020



Press Cutting Sin Chew Daily News Tuesday, 21st July 2020

Directors' Responsibilities Statement

The Directors 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 the applicable Financial Reporting Standards and provisions of the Companies Act, 2016 ("CA 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 Audited Financial Statements, the Directors have

- adopted suitable approved accounting standards and policies which are appropriate and applied consistently;
- prepared the Audited Financial Statements on the assumption that the Company and the Group will operate as a going concern;
- made judgements and estimates that are prudent and reasonable; and
- ensured that all applicable approved accounting standards have been followed subject to any material departure being disclosed and explained in the Audited Financial Statements.

The Directors have the general responsibilities for taking such steps as are reasonably available to them to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities.

Financial Statements

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Directors' Report

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

PRINCIPAL ACTIVITIES

The Company is principally engaged in provision of investment holding, provision of corporate and management services to the Group.

The principal activities of the subsidiaries are as stated in Note 6 to the financial statements.

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

RESULTS

	Group RM	Company RM
Net profit for the financial year	1,597,709	11,907,284
Other comprehensive loss, net of tax	(61,094)	–
Total comprehensive income for the financial year	1,536,615	11,907,284
Attributable to:-		
Owners of the parent	1,536,615	11,907,284
Total comprehensive income for the financial year	1,536,615	11,907,284

DIVIDENDS

No dividend was recommended by the directors for the financial year.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

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

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for doubtful debts in the financial statements of the Group and of the Company.

Directors' Report (cont'd)

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

In the opinion of the directors, no contingent liabilities or other liabilities of the Group and of the Company have become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company for the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUES OF SHARES AND DEBENTURES

There were no issuance of shares and debentures during the financial year.

Directors' Report (cont'd)

TREASURY SHARES

During the financial year, the Company repurchased 66,300,000 (2019: 22,900,000) of its issued ordinary shares from the open market for a total consideration of RM2,961,740/- (2019: RM1,277,220/-) including transaction costs. The average price paid for the share repurchased was RM0.045 (2019: RM0.056) per share. The shares purchased are being held as treasury shares in accordance with Section 127 (6) of the Companies Act, 2016 in Malaysia and are presented as a deduction of equity.

At 30 June 2020, the Company held a total of 217,946,000 (2019: 151,646,000) issued and paid-up ordinary shares as treasury shares. The treasury shares are held at a carrying amount of RM16,200,206/- (2019: RM13,238,466/-). The details of the treasury shares are disclosed in Note 19(b) to the financial statements.

WARRANTS C 2015/2025

The Company's issuance of new warrants via a Renounceable Rights Issue of 2,315,152,386 of new ordinary shares on the basis of one (1) new warrant for every two (2) right issues subscribed were listed on the Bursa Malaysia Securities Berhad on 17 November 2015.

The salient features and details of the Warrants C were disclosed in Note 20 to the financial statements.

The movement of the Warrants C 2015/2025 during the financial year is as follows:-

	Number of Warrants C		
	At 01.07.2019	Issued	At 30.06.2020
Warrants C (2015/2025)	1,734,679,850	–	1,734,679,850

WARRANTS D 2017/2027

The Company's issuance of new warrants via a Bonus Issue of 528,085,453 new warrants 2017/2027 on the basis of one (1) free warrant for every eight (8) existing ordinary shares held on 26 May 2017 were granted listing and quotation on the Bursa Malaysia Securities Berhad on 7 June 2017.

The salient features and details of the Warrants D were disclosed in Note 20 to the financial statements.

The movement of the Warrants D 2017/2027 during the financial year is as follows:-

	Number of Warrants D		
	At 01.07.2019	Issued	At 30.06.2020
Warrants D (2017/2027)	378,683,984	–	378,683,984

Directors' Report (cont'd)

DIRECTORS

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

TAN KOK CHOR
TEO KIEW LEONG
CHAN KENG LEONG
MICHAEL MOO KAI WAH
SEROOP SINGH RAMDAY
DATUK JOSEPH LEE YOK MIN @ AMBROSE

DIRECTORS OF SUBSIDIARIES OF THE COMPANY

Pursuant to Section 253(2) of the Companies Act, 2016 in Malaysia, the directors who held office in the subsidiaries of the Company during the financial year and during the period from the end of the financial year to the date of this report not including those directors mentioned above, are as follows:-

ANTHONY FOO
PRASHAD M. KOSHY @ MATHEW KOSHY
TING LAH CHING
SIN DARRELL

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of those directors who held office at the end of the financial period in shares in the Company, in the holding company and in the related company during the financial year ended 30 June 2020 are as follows:-

	At 01.07.2019	Number of ordinary shares		At 30.06.2020
		Bought	Sold	
The Company				
Direct Interests				
DATUK JOSEPH LEE YOK MIN @ AMBROSE	93,476,100	17,850,000	–	111,326,100
Indirect Interests				
DATUK JOSEPH LEE YOK MIN @ AMBROSE *	26,163,085	–	–	26,163,085
	At 01.07.2019	Number of Warrants D		At 30.06.2020
		Bought	Sold	
The Company				
Direct Interests				
DATUK JOSEPH LEE YOK MIN @ AMBROSE	9,462,000	–	(9,370,000)	92,000

* Deemed interested through immediate family members' shareholding in the Company.

None of the other directors had any interest in the shares and warrants of the Company at the end of the financial year.

Directors' Report (cont'd)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company or 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 except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interest as disclosed in Note 33 to the financial statements.

Neither during nor at the end of the financial year was the Group and the Company a party to any arrangement whose object were to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATIONS

The amounts of the remunerations of the directors of the Company comprising remunerations received/receivable from the Group and the Company during the financial year are disclosed in Note 28 to the financial statements.

INDEMNIFYING DIRECTORS, OFFICERS AND AUDITORS

No indemnities have been given or insurance premium paid, during or since the end of the financial year, for any person who is or has been the director, officer or auditor of the Company.

AUDITORS' REMUNERATIONS

Total amounts paid or receivable by the auditors as remunerations for their statutory audit services is disclosed in Note 27 to the financial statements.

SUBSIDIARIES OF THE COMPANY

Details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

SUBSEQUENT EVENTS

The subsequent events are disclosed in Note 37 to the financial statements.

*Directors'
Report (cont'd)***AUDITORS**

The auditors, **STYL Associates PLT**, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors,



TEO KIEW LEONG
Director

DATUK JOSEPH LEE YOK MIN @ AMBROSE
Director

Kota Kinabalu, Sabah.

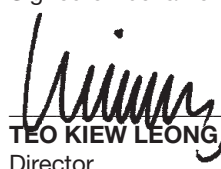
Date: 26 October 2020

Statement by Directors

(Pursuant to Section 251(2) of the Companies Act, 2016 in Malaysia)

We, **TEO KIEW LEONG** and **DATUK JOSEPH LEE YOK MIN @ AMBROSE**, being two of the directors of **BORNEO OIL BERHAD**, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 61 to 162 are properly drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the Board of Directors,


TEO KIEW LEONG
Director


DATUK JOSEPH LEE YOK MIN @ AMBROSE
Director

Kota Kinabalu, Sabah.

Date: 26 October 2020

Statutory Declaration

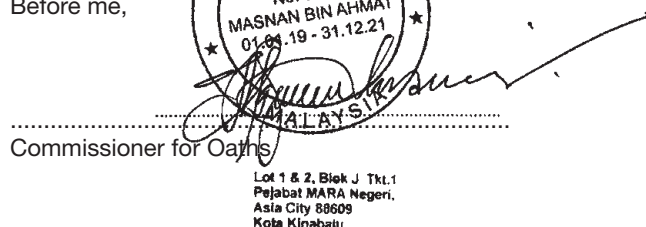
(Pursuant to Section 251(1)(b) of the Companies Act, 2016 in Malaysia)

I, **DATUK JOSEPH LEE YOK MIN @ AMBROSE**, being the Director primarily responsible for the financial management of **BORNEO OIL BERHAD**, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 61 to 162 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.


DATUK JOSEPH LEE YOK MIN @ AMBROSE

Subscribed and solemnly declared by the abovenamed at Kota Kinabalu in the state of Sabah on 26 October 2020

Before me,


Commissioner for Oaths
Lot 1 & 2, Blok J, Tkt. 1
Pejabat MARA Negeri,
Asia City 88609
Kota Kinabalu

Independent Auditors' Report

To the Members of Borneo Oil Berhad (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **BORNEO OIL BERHAD**, which comprise the statements of financial position as at 30 June 2020 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 61 to 162.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020, and of their financial performance and their cash flows for the financial 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 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 financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditors' Report (cont'd)

Key Audit Matters (Cont'd)

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of investment properties</p> <p>We identified the valuation of investment properties as a key audit matter due to the significance of the balance to the financial statements as a whole, combined with the significance judgements associated with determining the fair value.</p> <p>The Group's investment properties are stated at fair value based on valuation performed by an independent qualified professional valuer ("Valuer"). The fair value of investment properties was derived using the direct comparison method and investment method.</p> <p>As at 30 June 2020, the carrying amount of investment properties of the Group is amounted to RM612,267,480/- and, during the financial year, the Group recognised a net gain of RM3,231,394/- from the change in fair value of investment properties.</p> <p>Refer to summary of significant accounting policies in Note 2.3(c), significant accounting estimates and judgement in Note 2.4(c) and the disclosure in Note 5 to the financial statements.</p>	<p>Our audit procedures in relation to the valuation of the investment properties include the following:-</p> <ul style="list-style-type: none"> - Evaluated the competency, capabilities and objectivity of the Valuer and obtained an understanding of the Valuer's scope of work and the term of engagement; - Evaluated the appropriateness of the Valuer's valuation approach to assess if it is consistent with the requirements of MFRSs and industry norms; - Challenged the reasonableness of the key assumptions and judgements applied based on available market data and our knowledge of the property industry; - Obtained the detailed working of the Valuer on investment properties to evaluate the accuracy and relevance of key data inputs underpinning the valuation, including the recent market transaction of properties in similar location and condition and the adjustment factors applied in the valuation; and - Obtained the valuation reports and meeting with the Valuer to assess the reasonableness of the significant unobservable inputs and the accuracy of the source data used by the management and the Valuer by comparing them to where relevant and publicly available information of similar comparable properties and our knowledge of the property industry.

Independent Auditors' Report (cont'd)

Key Audit Matters (Cont'd)

Key audit matter (Cont'd)	How our audit addressed the key audit matter (Cont'd)
<p>Adoption of MFRS 16 "Leases"</p> <p>We identified the adoption of MFRS 16 "Leases" as a key audit matter because the impact is significant to the financial statements of the Group and of the Company, as the balances recorded are material and the implementation process and measurement are complex.</p> <p>The Group and the Company adopted MFRS 16 from 1 July 2019. It supersedes the previous standard MFRS 117. MFRS 16 modifies the accounting treatment of operating lease at inception with the recognition of a right-of-use on the leased asset and of a liability for the lease payments over the lease contract term. The Group and the Company applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings at 1 July 2019.</p> <p>As at 30 June 2020, the Group and the Company recorded right-of-use assets of RM9,086,575/- and RM354,130/- and lease liabilities of RM5,328,862/- and RM368,348/- respectively. As at 1 July 2019, the Group and the Company recorded an initial application adjustment of RM243,878/- and RM7,276/- to opening retained earnings respectively. The measurement of the right-of-use assets and lease liabilities are based on assumptions such as discount rate and lease terms, including termination and renewal options.</p> <p>Refer to summary of significant accounting policies in Note 2.3(i), significant accounting estimates and judgement in Note 2.4(i) and the disclosure in Note 4 and Note 38 to the financial statements.</p>	<p>Our audit procedures in relation to the adoption of MFRS 16 include the following:-</p> <ul style="list-style-type: none"> - Obtained understanding and evaluated the implementation process, including the review of the accounting policies; - Identified and assessed the lease agreements to determine the Group's and the Company's contractual obligations; - Considered completeness by testing the reconciliation to the Group's and the Company's operating lease commitments and assessed the contract contained a lease under MFRS 16; - Tested and checked the amount of right-of-use assets and lease liabilities as valued and recorded by the Group and the Company; - Assessed and evaluated the appropriateness of management assumptions used to determine the discount rate, lease terms and exercise options; and - Assessed the appropriateness of the disclosure and retrospective application in the financial statements.

Independent Auditors' Report (cont'd)

Key Audit Matters (Cont'd)

Key audit matter (Cont'd)	How our audit addressed the key audit matter (Cont'd)
<p>Revenue recognition for construction services</p> <p>The amount of revenue of the Group's construction services is recognised over the period of contract by reference to the progress towards complete satisfaction of the performance obligation. The progress towards complete satisfaction of performance obligation is determined by reference to the proportion of development costs incurred for works performed to date compared to the estimated total costs for each project.</p> <p>We focused on this area because significant Group's judgement is required, in particular with regards to determining the progress towards satisfaction of performance obligation. The estimated total revenue and costs are affected by a variety of uncertainties that depend on the outcome of future events.</p> <p>Refer to summary of significant accounting policies in Note 2.3(s)(v), significant accounting estimates and judgement in Note 2.4(f) and the disclosures in Note 26 to the financial statements.</p>	<p>Our audit procedures in relation to the projects include the following:-</p> <ul style="list-style-type: none"> - Evaluated the design and implementation of key controls over the Group's process in preparing project budget and the calculation of the stage of completion; - Assessed the Group's major assumptions of identified projects by comparing to contractual terms, historical margin and analyse the changes in the assumptions from previous year; - Assessed the progress of the projects with the respective project managers and to obtain an understanding of the basis on which the estimates are made; - Assessed the reasonableness of computed stage of completion for identified project; and - Recalculated the mathematical computation of the recognised revenue and corresponding cost of sales recognised during the financial year.

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 Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Independent Auditors' Report (cont'd)

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditors' Report (cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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 financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 6 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 contents of this report.



STYL ASSOCIATES PLT
LLP0019500-LCA & AF 001929
Chartered Accountants



ONG THIAN GHIM
No. 03331/10/2021(J)
Chartered Accountant

Petaling Jaya, Selangor

Date: 26 October 2020

Statements of Financial Position

As at 30 June 2020

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
ASSETS					
Non-current assets					
Property, plant and equipment	3	15,135,981	34,584,906	2,199,428	3,030,710
Right-of-use assets	4	9,086,575	–	354,130	–
Investment properties	5	612,267,480	615,545,480	–	–
Investment in subsidiaries	6	–	–	370,000,007	70,000,007
Golf club membership		55,000	64,000	55,000	64,000
Other investments	7	338,241	1	–	–
Development expenditure	8	–	–	–	–
Intangible assets	9	–	–	–	–
Exploration expenditure	10	1,693,449	–	–	–
Receivables	11	17,350,838	–	–	–
Total non-current assets		655,927,564	650,194,387	372,608,565	73,094,717
Current assets					
Inventories	12	21,208,522	25,206,167	–	–
Biological assets	13	–	32,790	–	–
Receivables	11	40,121,435	23,467,642	202,857	361,066
Contract asset	14	850,514	6,442,347	–	–
Amount owing by subsidiaries	15	–	–	264,642,827	553,157,496
Tax recoverables		1,824,440	1,826,560	–	213,822
Fixed deposits with licensed banks	16	3,957,051	3,624,588	2,148,323	2,089,002
Cash and bank balances	17	5,597,495	24,019,161	974,071	2,325,844
Total current assets		73,559,457	84,619,255	267,968,078	558,147,230
TOTAL ASSETS		729,487,021	734,813,642	640,576,643	631,241,947
EQUITY AND LIABILITIES					
Share capital	18	536,349,192	536,349,192	536,349,192	536,349,192
Reserves	19	77,272,742	80,295,576	77,241,216	80,202,956
Retained earnings		58,186,489	56,832,658	20,308,381	8,408,373
TOTAL EQUITY		671,808,423	673,477,426	633,898,789	624,960,521

Statements of Financial Position (cont'd)

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Non-current liabilities					
Loans and borrowings	21	12,213,549	11,128,646	–	–
Lease liabilities	4	3,504,303	–	269,053	–
Deferred tax liabilities	24	18,369,676	17,121,267	–	–
Payables	25	698,673	550,515	–	–
Total non-current liabilities		34,786,201	28,800,428	269,053	–
Current liabilities					
Payables	25	16,528,122	28,156,681	1,078,904	1,041,432
Amount owing to subsidiaries	15	–	–	5,230,602	5,239,994
Loans and borrowings	21	3,950,280	4,285,414	–	–
Lease liabilities	4	1,824,559	–	99,295	–
Tax payables		589,436	93,693	–	–
Total current liabilities		22,892,397	32,535,788	6,408,801	6,281,426
Total liabilities		57,678,598	61,336,216	6,677,854	6,281,426
TOTAL EQUITY AND LIABILITIES		729,487,021	734,813,642	640,576,643	631,241,947

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

Statements of Comprehensive Income

For the Financial Year Ended 30 June 2020

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Revenue	26	88,289,028	93,169,595	1,356,000	1,356,000
Cost of sales		(59,699,906)	(64,991,018)	–	–
Gross profit		28,589,122	28,178,577	1,356,000	1,356,000
Other income		8,250,319	115,388,335	20,285,417	60,161,746
Administrative and other expenses		(31,650,139)	(137,561,935)	(9,499,607)	(55,874,686)
Operating profit	27	5,189,302	6,004,977	12,141,810	5,643,060
Finance costs	29	(1,126,441)	(709,294)	(20,704)	–
Profit before taxation		4,062,861	5,295,683	12,121,106	5,643,060
Taxation	30	(2,465,152)	(11,906,135)	(213,822)	–
Profit/(Loss) for the financial year		1,597,709	(6,610,452)	11,907,284	5,643,060
Other comprehensive (loss)/ income for the financial year:-					
Foreign currency translation		(61,094)	22,110	–	–
Total comprehensive income/ (deficit) for the financial year		1,536,615	(6,588,342)	11,907,284	5,643,060
Profit/(Loss) attributable to:-					
Owners of the parent		1,597,709	(6,610,452)	11,907,284	5,643,060
Total comprehensive income/ (deficit) attributable to:-					
Owners of the parent		1,536,615	(6,588,342)	11,907,284	5,643,060
Basic earnings/(loss) per share (sen)	31	0.03	(0.13)		
Diluted earnings/(loss) per share (sen)	31	0.03	(0.13)		

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

Statements of Changes in Equity

For the Financial Year Ended 30 June 2020

	Note	Attributable to Owners of the Company					Total equity RM
		Share capital RM	Warrants reserve RM	Non-distributable Treasury shares RM	Translation reserve RM	Distributable Retained earnings RM	
Group							
At 1 July 2019		536,349,192	93,441,422	(13,238,466)	92,620	56,832,658	673,477,426
Adjustments on initial application of MFRS 16, net of tax	38	-	-	-	-	(243,878)	(243,878)
At 1 July 2019, restated		536,349,192	93,441,422	(13,238,466)	92,620	56,588,780	673,233,548
Total comprehensive income for the financial year:-							
Profit for the financial year		-	-	-	-	1,597,709	1,597,709
Other comprehensive deficit for the financial year		-	-	-	(61,094)	-	(61,094)
Total comprehensive income		-	-	-	(61,094)	1,597,709	1,536,615
Transactions with owners:-							
Acquisition of treasury shares		-	-	(2,961,740)	-	-	(2,961,740)
Total transactions with owners		-	-	(2,961,740)	-	-	(2,961,740)
At 30 June 2020		536,349,192	93,441,422	(16,200,206)	31,526	58,186,489	671,808,423

Statements of Changes in Equity (cont'd)

Group	Attributable to Owners of the Company					Total equity RM
	Share capital RM	Warrants reserve RM	Non-distributable Treasury shares RM	Translation reserve RM	Distributable Retained earnings RM	
At 1 July 2018, previously stated	536,349,192	93,441,422	(11,961,246)	70,510	66,695,909	684,595,787
Adjustments on initial application of MFRS 9, net of tax	-	-	-	-	(193,710)	(193,710)
Adjustments on initial application of MFRS 15, net of tax	-	-	-	-	(3,059,089)	(3,059,089)
At 1 July 2018, restated	536,349,192	93,441,422	(11,961,246)	70,510	63,443,110	681,342,988
Total comprehensive income/(deficit) for the financial year:-						
Loss for the financial year	-	-	-	-	(6,610,452)	(6,610,452)
Other comprehensive income for the financial year	-	-	-	22,110	-	22,110
Total comprehensive income/(deficit)	-	-	-	22,110	(6,610,452)	(6,588,342)
Transactions with owners:-						
Acquisition of treasury shares	-	-	(1,277,220)	-	-	(1,277,220)
Total transactions with owners	-	-	(1,277,220)	-	-	(1,277,220)
At 30 June 2019	536,349,192	93,441,422	(13,238,466)	92,620	56,832,658	673,477,426

Statements of Changes in Equity (cont'd)

		← Attributable to Owners of the Company →				
		Share capital	← Non-distributable → Warrants reserve	Treasury shares	Distributable Retained earnings	Total equity
	Note	RM	RM	RM	RM	RM
Company						
At 1 July 2019		536,349,192	93,441,422	(13,238,466)	8,408,373	624,960,521
Adjustments on initial application of MFRS 16, net of tax	38	–	–	–	(7,276)	(7,276)
At 1 July 2019, restated		536,349,192	93,441,422	(13,238,466)	8,401,097	624,953,245
Total comprehensive income		–	–	–	11,907,284	11,907,284
Transactions with owners:-						
Acquisition of treasury shares		–	–	(2,961,740)	–	(2,961,740)
Total transactions with owners		–	–	(2,961,740)	–	(2,961,740)
At 30 June 2020		536,349,192	93,441,422	(16,200,206)	20,308,381	633,898,789
Company						
At 1 July 2018, previously stated		536,349,192	93,441,422	(11,961,246)	18,849,308	636,678,676
Adjustments on initial application of MFRS 9, net of tax		–	–	–	(16,083,995)	(16,083,995)
At 1 July 2018, restated		536,349,192	93,441,422	(11,961,246)	2,765,313	620,594,681
Total comprehensive income		–	–	–	5,643,060	5,643,060
Transactions with owners:-						
Acquisition of treasury shares		–	–	(1,277,220)	–	(1,277,220)
Total transactions with owners		–	–	(1,277,220)	–	(1,277,220)
At 30 June 2019		536,349,192	93,441,422	(13,238,466)	8,408,373	624,960,521

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

Statements of Cash Flows

For the Financial Year Ended 30 June 2020

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES:-				
Profit before taxation	4,062,861	5,295,683	12,121,106	5,643,060
Adjustments for:-				
Bad debts written off				
- bad debts - trade receivables	57,857	73,161	-	-
- bad debts - other receivables	59,888	130,828	50,989	2,000
Bad debts recovered - other receivables	(330,000)	-	-	-
Prepayment written off	3,788	977,754	-	-
Depreciation of property, plant and equipment	3,996,926	6,394,384	664,733	637,938
Depreciation of right-of-use assets	2,915,846	-	106,239	-
Deposit written off	7,500	14,575,361	7,500	2,776
Property, plant and equipment written off	1,572,278	23,371,869	188,293	-
Interest income	(191,283)	(292,232)	(67,358)	(100,282)
Interest expenses	1,126,441	709,294	20,704	-
Fair value discount on retention payables	(139,819)	-	-	-
Fair value discount on retention receivables	2,080,487	-	-	-
Fair value loss/(gain) on biological assets	32,790	(1,691)	-	-
Fair value gain on investment properties	(3,231,394)	(114,076,346)	-	-
Fair value loss on investment in quoted shares	405,280	-	-	-
Loss/(Gain) on disposal of property, plant and equipment	620,781	(15,590)	-	(42,473)
Gain on disposal of right-of-use assets	(39,931)	-	-	-
Gain on disposal of investment properties	(557,020)	-	-	-
Impairment loss/(Reversal of impairment loss) on:-				
- trade receivables	208,696	1,344,035	-	-
- other receivables	(1,291,705)	3,787,846	12,624	-
- amount owing by subsidiaries	-	-	4,695,463	52,356,090
- development expenditure	221,014	3,884,200	-	-
- exploration expenditure	-	44,556,514	-	-
- intangible asset	-	14,000,000	-	-
- property, plant and equipment	-	3,640,080	-	-
- golf club membership	9,000	-	9,000	-
Waiver of debts	(129,760)	-	(129,760)	-
Dividend income	-	-	(20,000,000)	(60,000,000)
Unrealised gain on foreign exchange	(106,493)	(1,243)	(32,594)	(18,441)
Operating profit/(loss) before working capital changes and balance carried forward	11,364,028	8,353,907	(2,353,061)	(1,519,332)

Statements of Cash Flows (cont'd)

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES:- (Cont'd)				
Operating profit/(loss) before working capital changes and balance brought forward	11,364,028	8,353,907	(2,353,061)	(1,519,332)
Changes in working capital:-				
Inventories	3,997,645	(11,603,520)	–	–
Receivables	(34,757,094)	14,173,784	87,096	626,862
Payables	(11,454,700)	5,364,001	159,956	47,730
Contract asset	5,591,833	(6,442,347)	–	–
Subsidiary companies	–	–	303,859,093	(5,961,020)
	(25,258,288)	9,845,825	301,753,084	(6,805,760)
Tax paid	(718,880)	(1,175,773)	–	–
Tax refunded	–	349,203	–	82,160
Interest paid	(1,126,441)	(709,294)	(20,704)	–
Net Operating Cash Flows	(27,103,609)	8,309,961	301,732,380	(6,723,600)
CASH FLOWS FROM INVESTING ACTIVITIES:-				
Addition of development expenditure	(221,014)	(513,917)	–	–
Addition of exploration expenditure	(1,693,449)	(3,994,855)	–	–
Increase of investment in subsidiaries	–	–	(300,000,000)	–
Interest received	191,283	292,232	67,358	100,282
Purchase of investment properties	(64,980)	(622,239)	–	–
(Placement)/Withdrawal of fixed deposits with licensed banks	(332,463)	678,271	(59,321)	761,746
Purchase of quoted shares	(743,520)	–	–	–
Proceeds from disposal of investment properties	15,500,000	–	–	–
Proceeds from disposal of right-of-use assets	1,250,000	–	–	–
Proceeds from disposal of property, plant and equipment	411,941	203,348	–	104,000
Purchase of property, plant and equipment	(1,389,697)	(3,887,921)	(21,744)	(534,000)
Net Investing Cash Flows	12,908,101	(7,845,081)	(300,013,707)	432,028

Statements of Cash Flows (cont'd)

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
CASH FLOWS FROM FINANCING ACTIVITIES:-				
Drawdown of term loans	2,000,000	8,279,888	–	–
Repayment of term loans	(262,209)	(193,483)	–	–
Repayment of hire purchase payables, net	(933,010)	(657,288)	–	–
Drawdown of banker's acceptance, net	86,000	404,000	–	–
Repayment to subsidiaries	–	–	(9,392)	–
Acquisition of treasury shares	(2,961,740)	(1,277,220)	(2,961,740)	(1,277,220)
Payment of lease liabilities	(2,006,612)	–	(92,021)	–
Net Financing Cash Flows	(4,077,571)	6,555,897	(3,063,153)	(1,277,220)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(18,273,079)	7,020,777	(1,344,480)	(7,568,792)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(7,575)	68,288	(7,293)	–
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	22,288,266	15,199,201	2,325,844	9,894,636
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	4,007,612	22,288,266	974,071	2,325,844
ANALYSIS OF CASH AND CASH EQUIVALENTS:-				
Cash and bank balances	5,597,495	24,019,161	974,071	2,325,844
Bank overdrafts	(1,589,883)	(1,730,895)	–	–
	4,007,612	22,288,266	974,071	2,325,844

Statements of Cash Flows (cont'd)

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
CASH OUTFLOWS FOR LEASES AS A LESSEE					
Included in net cash from operating activities					
Payment relating to short-term leases	27	3,203	–	–	–
Interest paid in relation to lease liabilities	29	270,378	–	20,704	–
Included in net cash from financing activities					
Payment of lease liabilities		2,006,612	–	92,021	–
Total cash outflows for leases		2,280,193	–	112,725	–

Reconciliation of movements of liabilities to cash flows arising from financing activities:-

	Banker's acceptance RM	Hire purchase payables RM	Term loans RM	Lease liabilities RM
Group				
At 1 July 2018	777,000	3,627,937	1,445,111	–
Net changes from financing cash flows	404,000	(657,288)	8,086,405	–
At 30 June 2019	1,181,000	2,970,649	9,531,516	–
Adjustment on initial application of MFRS 16	–	–	–	7,335,474
At 1 July 2019, adjusted as per MFRS 16	1,181,000	2,970,649	9,531,516	7,335,474
Net changes from financing cash flows	86,000	(933,010)	1,737,791	(2,006,612)
At 30 June 2020	1,267,000	2,037,639	11,269,307	5,328,862
Company				
At 1 July 2018	–	–	–	–
Net changes from financing cash flows	–	–	–	–
At 30 June 2019	–	–	–	–
Adjustment on initial application of MFRS 16	–	–	–	460,369
At 1 July 2019, adjusted as per MFRS 16	–	–	–	460,369
Net changes from financing cash flows	–	–	–	(92,021)
At 30 June 2020	–	–	–	368,348

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

Notes to The Financial Statements

For the Financial Year Ended 30 June 2020

1. GENERAL INFORMATION

The Company is principally engaged in provision of investment holding, provision of corporate and management services to the Group. The principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There have been no significant changes to the nature of these principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of the Bursa Malaysia Securities Berhad.

The registered office of the Company is located at 1st & 2nd Floor, Victoria Point, Jalan OKK Awang Besar, 87007, WP Labuan.

The principal places of business of the Company is located at Lot 180, Section 19 KTLD, Jalan Satok, 93400 Kuching, Sarawak and 17th Floor, Menara Hap Seng, Letter Box No.63, No.1 & 3, Jalan P.Ramlee, 50250 Kuala Lumpur.

The financial statements are expressed in Ringgit Malaysia.

The financial statements of the Group and of the Company have been authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 October 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The financial statements of the Group and of the Company have been prepared under the historical cost basis, other than as disclosed in the significant accounting policies in Note 2.3 to the financial statements.

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

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.4 to the financial statements.

Notes to The Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int")

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

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

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

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 June 2020

- Amendments to MFRS 16, Leases – Covid-19 Related Rent Concessions

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

- Interest Rate Benchmark Reform Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)

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

- Amendments to MFRS 3, Business Combinations – Reference to the Conceptual Framework
- 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 1, First-time Adoption of Malaysian Financial Reporting Standards, MFRS 9, Financial Instruments, Illustrative Examples accompanying MFRS 16, Leases and MFRS 141, Agriculture (Annual Improvements to MFRS Standards 2018 – 2020 cycle)

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

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

MFRSs, Interpretations and amendments effective for annual periods 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

Notes to The Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (Cont'd)

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations from the annual period beginning on 1 July 2020 for the accounting standard, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2020.

The Group and the Company do not plan to apply MFRS 17, Insurance Contracts that is effective for annual period beginning on 1 August 2023 as it is not applicable to the Group and the Company.

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

2.3 Significant accounting policies

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

Arising from the adoption of MFRS 16, Leases, there are changes to the accounting policies applied to lease contracts entered into by the Group entities as compared to those applied in previous financial statements. The impacts arising from the changes are disclosed in Note 38 to the financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated 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.

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 investments includes transactions costs.

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

Notes to The Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(ii) Accounting for 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 acquisition, the Group measures goodwill at the acquisition date as:-

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest 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 acquire 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) Accounting for non-controlling interest

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 the Group's reserve.

(iv) 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 interest and the other components of equity related to the former subsidiary from 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.

Notes to The Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(v) Non-controlling interest

Non-controlling interest 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 interest in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interest and the 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.

(vi) 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.

(b) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(m) to the financial statements.

Subsequent to initial recognition, all property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and to the Company and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

Leasehold land is amortised in equal instalments over the lease period. Depreciation on other property, plant and equipment is charged to profit or loss on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

Notes to The Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant accounting policies (Cont'd)

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

The annual rates used for depreciation purpose are as follows:-

	Rate
Buildings *	10%
Stone quarry	2%
Factory	2%
Coldroom	10%
Equipment, furniture, fixture and fittings	10% - 20%
Motor vehicles	10% - 20%
Machinery and equipment	10% - 25%
Quarters	10%
Renovation	10% - 20%

* Upon adoption of MFRS 16 Leases, buildings have been reclassified as right-of-use assets as at the date of initial application, i.e. 1 July 2019.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

(c) Investment properties

Investment properties are properties which are owned or held under a leasehold interest 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 are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Subsequent to initial recognition, investment properties are stated at fair value which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Notes to The Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant accounting policies (Cont'd)

(d) Bearer plants

Bearer plants are living plants that are used in the production or supply of agricultural produce, which are expected to bear produce for more than one period. Bearer plants (oil palm trees) include mature plantations (fresh fruit bunches), immature plantations and nursery that are established or acquired by the Group.

Mature plantations are stated at cost, less accumulated depreciation and any impairment losses where the recoverable amount of the asset is estimated to be lower than its carrying amount. Depreciation is charged so as to write off the cost of mature plantations, using the straight-line method, over the estimated remaining useful lives of 9 years.

Costs incurred in the preparation of the nursery, purchase of seedlings and their maintenance are stated at cost. The accumulated costs will be transferred to immature plantations account at the time of planting.

Immature plantations are stated at cost. The costs of immature plantations consist mainly of the accumulated cost of planting, fertilising and maintaining the plantation, including borrowing costs on such borrowings and other indirect overhead costs up to the time the trees are harvestable and to the extent appropriate. An oil palm plantation is considered mature when such plantation starts to produce at the beginning of the fourth year.

Bearer plants are derecognised upon disposal or when no future economic benefits are expected from its use or disposed. Any gains or losses on disposal of bearer plants are recognised in the statements of comprehensive income in the year of disposal.

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

(e) Investments in golf club membership

Investments in golf club membership are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(m) to the financial statements.

On disposal of such investments, the differences between net disposal proceeds and their carrying amounts is recognised in the profit or loss.

(f) Intangible assets

(i) Patents and rights

Patents and rights are recognised as intangible assets if it is probable that the future economic benefits that are attributable to such assets will flow to the Group and the cost of such assets can be reliably measured.

Patents and rights are measured at cost less accumulated amortisation and impairment losses. The development expenditure is amortised on a straight-line method over a period of 10 years. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

Notes to The Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant accounting policies (Cont'd)

(f) Intangible assets (Cont'd)

(ii) Intellectual property rights

Intellectual property rights are recognised as intangible assets if it is probable that the future economic benefits that are attributable to such assets will flow to the Group and the costs of such assets can be measured reliably.

Intellectual property rights registered are exclusive and perpetual from the date of application with no renewal terms and therefore have indefinite useful lives and are stated at costs less impairment losses. Intellectual property rights are assessed for impairment annually or wherever there is an indication that the intangible assets may be impaired.

(iii) Development expenditure

Development expenditure is recognised as intangible assets if it is probable that the future economic benefits that are attributable to such assets will flow to the Group and the costs of such assets can be measured reliably.

Cost recognised with internally generated development expenditure arising from research activities is recognised in profit or loss in the period in which the expenditure is incurred.

An internally generated intangible asset arising from development activities is recognised only when all of the following conditions are demonstrated:-

- the technical feasibility of completing the intangible assets so that it will be available for use or sale;
- the intention to complete the intangible asset and thereafter use it or sell it;
- the ability to either use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and thereafter use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development phase.

Other development expenditure is recognised in profit or loss as and when it is incurred. Capitalised development expenditures are amortised from that point at which the asset is ready for use or sale, on a straight-line basis over the estimated useful life. Development expenditures are assessed for impairment annually or wherever there is an indication that the intangible assets may be impaired.

(iv) Exploration expenditure

Expenditure incurred on the exploration and evaluation of gold mining resources. The accounting policy for exploration expenditure is described separately in Note 2.3(g) to the financial statements.

Notes to The Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant accounting policies (Cont'd)

(g) Exploration expenditure

The Group follows the successful efforts method of accounting for the exploration expenditure.

(i) Exploration and evaluation expenditure

Pre-acquisition costs prior to obtaining concession rights are expensed off in the period in which they are incurred. Exploration and evaluation expenditure reflect the initial costs incurred on the exploration and evaluation of mineral deposits. The typical expenditure costs include concession rights, prospecting, sampling, mapping, diamond drilling and other works involved in searching for the mineral resources prior to commencement of production.

Gold mining expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward in relation to each area of interest to the extent the following conditions are satisfied:-

- the rights to tenure of the area of interest are current; and
- at least one of the following conditions are 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 reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas of interest are continuing.

If the area of interest does not result in successful discovery of economically recoverable volume of resources, such costs are written off in the period when the new information becomes available.

Where development plan is commercially viable and approved by the relevant authorities, the related exploration and evaluation costs are transferred to projects-in-progress in property, plant and equipment.

Exploration and evaluation expenditure include the cost of:-

- Conducting geological and geophysical surveys necessary to make informed decisions and estimates regarding the composition and volume of the resources;
- Establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either a mineral resource or a proven and probable reserve;
- Studies related to surveying, transportation, infrastructure requirements;
- Permitting activities; and
- Economic evaluations to determine whether development of the mineralised material is commercially justified, including scoping prefeasibility and final feasibility studies.

Notes to The Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant accounting policies (Cont'd)

(g) Exploration expenditure (Cont'd)

(ii) Development expenditure

Development expenditure comprises all costs incurred in bringing the area of interest to commercial production and is capitalised as incurred. The amount capitalised includes attributable interests and other financing costs incurred on exploration and development before commencement of production.

Upon commencement of production, the exploration and development expenditure initially capitalised and transferred to projects-in-progress in property, plant and equipment and are amortised using unit of production method, over the life of the area according to the rate of depletion of the proved developed reserves.

(h) Financial instruments

Recognition and initial measurement

A financial asset or a financial liability is recognised in the statements 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.

Financial instrument categories and subsequent measurement

Financial assets

The 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.

(i) 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.

Notes to The Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant accounting policies (Cont'd)

(h) Financial instruments (Cont'd)

Financial instrument categories and subsequent measurement (Cont'd)

Financial assets (Cont'd)

(i) Amortised cost (Cont'd)

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, where the effective interest rate is applied to the amortised cost.

(ii) Fair value through other comprehensive income

(a) Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, 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 debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets, where the effective interest rate is applied to the amortised cost.

(b) Equity investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

Notes to The Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant accounting policies (Cont'd)

(h) Financial instruments (Cont'd)

Financial instrument categories and subsequent measurement (Cont'd)

Financial assets (Cont'd)

(iii) Fair value through profit or loss ("FVTPL")

All financial assets not measured at amortised cost or fair value through other comprehensive income 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.

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 the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment.

Financial liabilities

The categories of financial liabilities at initial recognition are as follows:-

(i) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:-

- (a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
- (b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or
- (c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

Notes to The Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant accounting policies (Cont'd)

(h) Financial instruments (Cont'd)

Financial instrument categories and subsequent measurement (Cont'd)

Financial liabilities (Cont'd)

(i) Fair value through profit or loss (Cont'd)

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(ii) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

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

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 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.

Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current period.

Trade date accounting refers to:-

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

Notes to The Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant accounting policies (Cont'd)

(h) Financial instruments (Cont'd)

Regular way purchase or sale of financial assets (Cont'd)

Settlement date accounting refers to:-

- (i) the recognition of an asset on the day it is received by the Group or the Company, and
- (ii) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

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.

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.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Group and the Company currently have 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.

(i) Leased assets

The Group has applied MFRS 16 using the modified retrospective approach under cumulative effect of initial application is recognised as an adjustment to retained earnings as at 1 July 2019. Accordingly, the comparative information presented for the financial year ended 30 June 2019 has not been restated – i.e. it is presented, as previously reported under MFRS 117, Leases and related interpretations.

Notes to The Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant accounting policies (Cont'd)

(i) Leased assets (Cont'd)

Current financial year

(i) *Definition of a lease*

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

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

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.

(ii) *Recognition and initial measurement*

• 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's and Company's incremental borrowing rate. Generally, the Group and the Company use their incremental borrowing rate as the discount rate.

Notes to The Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant accounting policies (Cont'd)

(i) Leased assets (Cont'd)

Current financial year (Cont'd)

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

• As a lessee (Cont'd)

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.

• As a lessor

When the Group and the Company act 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 and the Company make 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.

If an arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group and the Company are an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group and the Company apply the exemption described above, then it classifies the sublease as an operating lease.

Notes to The Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant accounting policies (Cont'd)

(i) Leased assets (Cont'd)

Current financial year (Cont'd)

(iii) Subsequent measurement

- As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to 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.

- As a lessor

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

Prior to 1 July 2019

- As a lessee

(i) Finance leases

A lease is recognised as a finance lease if it transfers substantially to the Group and the Company all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statements of financial position as hire purchase payables. The impairment policy is in accordance with Note 2.3(m) to the financial statements.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

Notes to The Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant accounting policies (Cont'd)

(i) Leased assets (Cont'd)

Prior to 1 July 2019 (Cont'd)

- As a lessee (Cont'd)

(ii) Operating leases

All leases that do not transfer substantially to the Group and the Company all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the statements of financial position of the Group and of the Company.

Payments made under operating leases are recognised as an expense in the profit or loss on a straight-line method over the term of the lease. Lease incentives received are recognised as a reduction of rental expense over the lease term on a straight-line method. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

(j) Inventories

Inventories of finished goods, work-in-progress and raw materials are stated at the lower of cost and net realisable value. The cost of inventories is measured based on weighted average basis and first in, first out basis.

The cost of work-in-progress includes cost of raw materials, consumables, direct labour and an appropriate allocation of overhead. The cost of raw materials includes the original purchase price plus costs incurred to bring the inventories to their present locations and conditions.

Net realisable value is estimated based on the most reliable evidence available at the time the estimates are made as to what the inventories are expected to realise upon completion of the cycle.

(k) Contract assets and contract liabilities

(i) Contract assets

A contract asset is the right of the Group to consideration in exchange for goods or services that it has transferred to the customer when that right is conditional upon future performance but not through the passage of time. If the Group has performed its obligation by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised and presented net of any amounts that has been recognised as receivables. Contract asset is presented as the excess of cumulative revenue earned or recognised in profit or loss over the billings to date to the customer. Contract assets are subject to impairment assessment in accordance of MFRS 9: Financial Instruments with Note 2.3(m) to the financial statements.

Notes to The Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant accounting policies (Cont'd)

(k) Contract assets and contract liabilities (Cont'd)

(ii) Contract liabilities

A contract liability is the obligation of the Group to transfer goods and services to a customer for which it has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional before it transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs its obligation under the contract. Contract liability is the excess of the billings to date to the customer over the cumulative revenue earned or recognised in profit or loss. Contract liabilities include advance payment and down payments received from customers and other amounts where the Group has billed before the goods are delivered or services are provided to the customers.

(l) Contract cost

(i) Incremental cost of obtaining a contract

The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer which they would not have incurred if the contract had not been obtained. The incremental costs of obtaining a contract with a customer are recognised as contract cost assets when the Group expects those costs to be recoverable.

(ii) Cost to fulfil a contract

The costs incurred in fulfilling a contract with a customer who are not within the scope of other MFRSs, such as MFRS 102: Inventories, MFRS 116: Property, Plant and Equipment and MFRS 138: Intangible Assets, are recognised as contract cost assets when all of the following criteria are met:-

- costs relate directly to a contract or to an anticipated contract that can be specifically identified;
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

Contract cost assets are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. The amortisation shall be updated subsequently to reflect any significant change to the expected timing of transfer to the customer of the goods or services to which the asset relates in accordance with MFRS 108: Accounting Policies, Changes in Accounting Estimate and Errors.

Notes to The Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant accounting policies (Cont'd)

(l) Contract cost (Cont'd)

(ii) Cost to fulfil a contract (Cont'd)

Impairment loss is recognised in profit or loss to the extent that the carrying amount of the contract cost exceeds:-

- the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates; less
- the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

Before an impairment loss is recognised for contract costs, the Group shall recognise any impairment loss for assets related to the contract that are recognised in accordance with other MFRSs, such as MFRS 102, MFRS 116 and MFRS 138. The Group shall include the resulting carrying amount of the contract costs assets in the carrying amount of the cash-generating unit to which it belongs for the purpose of applying MFRS 136: Impairment of Assets to that cash-generating unit with Note 2.3(m) to the financial statements.

An impairment loss is reversed when the impairment conditions no longer exist or have improved. Such reversal is recognised in profit or loss.

(m) Impairment

(i) Impairment of financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets and lease receivables. 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, contract assets and lease receivables 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 and the Company's historical experience and informed credit assessment and including forward-looking information, where available.

Notes to The Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant accounting policies (Cont'd)

(m) Impairment (Cont'd)

(i) Impairment of financial assets (Cont'd)

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 using a provision matrix with reference to historical credit loss experience.

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.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income 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 determine 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.

(ii) Impairment of other assets

The carrying amounts of other assets (except for inventories and deferred tax asset) 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 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.

Notes to The Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant accounting policies (Cont'd)

(m) Impairment (Cont'd)

(ii) Impairment of other assets (Cont'd)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or 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 (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups 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 period in which the reversals are recognised.

(n) Provision for liabilities

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation.

(o) Equity instruments

Equity instruments are measured at cost on initial recognition and are not remeasured subsequently. Ordinary shares are classified as equity. Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

The Group measures a liability to distribute assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

Notes to The Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant accounting policies (Cont'd)

(p) Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, bank balances, deposits with banks and other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. Cash and cash equivalents are stated at net of bank overdrafts and deposits pledged to the financial institution.

(q) Foreign currency

The consolidated financial statements and separate financial statements of the Company are presented in Ringgit Malaysia, which is also the Company's functional currency, being the currency of the primary economic environment in which the entity operates. Items included in the financial statements of each individual entity within the Group are measured using the individual entity's own functional currency.

A foreign currency transaction is recorded in the functional currency using the exchange rate at transaction date. At the end of the reporting period, foreign currency monetary items are translated into the functional currency using the closing rate. Foreign currency non-monetary items measured at cost are translated using the exchange rate at transaction date whereas those measured at fair value are translated using the exchange rate at valuation date. Exchange differences arising from the settlement or translation of monetary items are recognised in profit or loss. Any exchange component of the gain or loss on a non-monetary item is recognised on the same basis as that of the gain or loss, i.e. in profit or loss or in other comprehensive income.

In translating the financial position and results of a foreign operation whose functional currency is not the required presentation currency, i.e. Ringgit Malaysia, assets and liabilities are translated into the presentation currency using the closing rate whereas income and expenses are translated using the exchange rates at transaction dates. All resulting exchange differences are recognised in other comprehensive income and accumulated in equity as currency translation reserve until the foreign operation is disposed of, at which time the cumulative exchange differences previously recognised in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment.

Any goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation to be expressed in its functional currency and translated into the presentation currency using the closing rate.

(r) Biological assets

The fresh fruit bunches ("FFB") that are growing on the bearer plants (oil palm trees) are accounted for as biological assets until the point of harvest. Biological assets are measured at fair value less estimated point-of-sale costs at the point of harvest. The fair values of FFB were determined with reference to their market prices. Any resultant gains or losses arising from changes in fair value are recognised in the profit or loss.

Notes to The Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant accounting policies (Cont'd)

(s) Revenue and other income

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, net of goods and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

(i) Sale of goods

The Group determines that the transfer of control of promised goods generally coincides with the transfer of risks and rewards of ownership. Accordingly, revenue from the sale of goods is recognised at a point in time when the significant risks and rewards of ownership have been transferred to the customer upon delivery.

(ii) Rendering of services

The Group determines that the transfer of control of promised services generally coincides with the Group's performance as the customer simultaneously receives and consumes the benefits of the performance as the Group performs. Accordingly, revenue from the rendering of services is recognised over time when the services are performed. The Group measures the progress towards complete satisfaction of the performance obligation using an output method, i.e. time elapsed or milestones reached.

(iii) Revenue from fast food and franchise operations

Revenue from fast food and franchise operations is recognised at point of sales, net of service tax, goods and services tax and discounts.

(iv) Franchisee fees income

Franchisee fees income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

(v) Construction contracts

Revenue from contract works is recognised overtime based on a percentage of completion method. Percentage of completion is determined on the proportion of contract costs incurred for work performed to-date against total estimated costs where the outcome of the project can be estimated reliably. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

Notes to The Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant accounting policies (Cont'd)

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

(vi) Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Rental income from sub-leased property is recognised as other income.

(vii) Management income

Management fee is recognised on an accrual basis.

(viii) Revenue from sale of oil palm produce

The Group determines that the transfer of control of promised agricultural produce generally coincides with the transfer of risks and rewards of ownership. Accordingly, revenue from the sale of agricultural produce is recognised at a point in time when the significant risks and rewards of ownership have been transferred to the customer upon delivery.

(ix) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(t) 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, or 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 assets 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 ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(u) Income tax

Income tax expense in the profit or loss represents the aggregate amount of current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or items recognised directly in equity or other comprehensive income.

Notes to The Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant accounting policies (Cont'd)

(u) Income tax (Cont'd)

Current tax expense is the expected tax payable or receivable to the taxation authorities in respect of the taxable profit or loss for the financial period and is measured using the tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period are recognised in profit or loss, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, for all 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 apply 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.

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.

Current tax assets and liabilities or deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, 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 liabilities and assets 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.

Unutilised investment tax allowance being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(v) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by 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, bonus issue and share options granted to employees.

(w) Operating segment

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. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer 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.

Notes to The Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant accounting policies (Cont'd)

(x) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits such as wages, salaries, bonuses and social security contributions are recognised in profit or loss, where appropriate, in the period in which the associated services are rendered by the employee.

(ii) Post-employment benefits

As required by law, the Group and the Company are required to make monthly contributions to the Employees Provident Fund ("EPF"), a statutory defined contribution plan for all its eligible employees based on certain prescribed rate of the employees' salaries. The Group's and the Company's contribution to EPF are disclosed separately and the employees' contributions to EPF are included in salaries, bonuses, allowances and other staff benefits. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(y) Contingencies

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

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

(z) Fair value measurement

Fair value is 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 Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The valuation techniques used include the following:-

Market approach - which uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities.

Cost approach - which reflects the amount that would be required currently to replace the service capacity of an asset.

Income approach - which converts future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted) amount.

Notes to The Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Significant accounting policies (Cont'd)

(z) Fair value measurement (Cont'd)

The inputs to valuation techniques used to measure fair value are categorised into the following levels of fair value hierarchy:-

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity 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.

Any transfers between the levels of fair value hierarchy are deemed to have occurred at the end of the reporting period.

Non-financial assets

The fair value measurement of the investment properties is determined by using the market approach (i.e. Level 3). The fair value is determined primary based on investment, cost replacement and comparison method. The fair value measurement of the investment properties is based on the highest and best use, which does not differ from their actual use.

The fair value measurement of the produce growing on bearer plants is determined by using the market approach (i.e. Level 2) by applying the estimated volume of the produce to the market price applicable at the reporting date.

Financial assets and financial liabilities

The carrying amounts of receivables, cash and cash equivalents, payables and loans and borrowings which are short-term nature or repayable on demand are reasonable approximations of fair values. The fair values of long-term loans and borrowings are measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities (i.e. Level 3).

The fair value of other investment is directly measured using its unadjusted closing price in an active market (i.e. Level 1).

The fair values of unquoted investments that are not making an adequate return on assets or are making only marginal levels of profits are measured using the adjusted net asset method which involves deriving the fair values of the investees' equity instruments by reference to the fair values of their assets and liabilities (i.e. Level 3).

(aa) Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

Notes to The Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Significant accounting estimates and judgements

The preparation of the 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 the following:-

(a) Impairment assessment of property, plant and equipment

The Group and the Company assess whether there is any indication that property, plant and equipment are impaired at the end of each reporting date. Impairment is measured by comparing the carrying amount of an asset with its recoverable amount. Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate.

Projected future cash flows are based on the Group's and the Company's estimates calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information.

As at end of reporting year, the directors of the Group and the Company are of the opinion that there is no impact resulting from the impairment review by the management.

(b) Impairment assessment of investment in subsidiaries

The Company tests investment in subsidiaries for impairment test when there is an indication exist in accordance with its accounting policy. Impairment is measured by comparing the carrying amount with its recoverable amount. Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flows derived from the subsidiary discounted at an appropriate discount rate.

Projected future cash flows are based on the Company's estimates calculated based on the operating results, approved business plans, sector and industry trends as well as future economic conditions, changes in technology and other available information.

Management estimates and judgements are used in the determination of the assumptions made, particularly the cash flow projections, discount rates and the growth rates used as disclosed in Note 6 to the financial statements.

Notes to The Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Significant accounting estimates and judgements (Cont'd)

(c) Fair value of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group engaged independent valuation specialist to access fair value for investment properties. Fair value is arrived at using comparison method, cost method or investment method and the key assumptions used to determine the fair value of the properties and sensitivity analysis are disclosed in Note 5 to the financial statements.

(d) Impairment assessment of financial assets

The Group and the Company assess the credit risk at each reporting date, whether there have been significant increases in credit risk since initial recognition on an individual basis. To determine whether there is a significant increase in credit risk, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is significant increase in credit risk, the Group and the Company determine the lifetime expected credit loss by considering the loss given default and the probability of default assigned to each counterparty customer. The financial assets are written off either partially or full when there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-offs.

The carrying amounts of the receivables, contract assets and amount owing by subsidiaries are disclosed in Note 11, Note 14 and Note 15 respectively to the financial statements.

(e) Net realisable values of inventories

Reviews are made periodically by management on inventories for excess inventories, obsolescence and decline in net realisable value below cost. These reviews involve judgements and estimation uncertainty in forming expectations about future sales and demands. Any changes in these accounting estimates will result in revisions to the valuation of inventories as disclosed in Note 12 to the financial statements.

(f) Construction contract

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

Significant estimation is involved in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and costs, as well as the recoverability of the contracts. In making the estimation, the Group evaluates based on past experiences and by relying on the work of specialists.

Where the total actual revenue and cost incurred are different from the total estimated revenue and cost incurred, such differences will impact the contract profit or losses recognised.

Any changes in these accounting estimates will affect the carrying amounts of contract assets as disclosed in Note 14 to the financial statements.

Notes to The Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Significant accounting estimates and judgements (Cont'd)

(g) Income taxes

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

(h) Deferred tax

Deferred tax assets are recognised for all unutilised tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management's judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(i) Extension options and incremental borrowing rate 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. The Group and the Company 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 apply judgement and assumptions in determining the incremental borrowing rate of the respective leases. The Group and the Company 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.

(j) Coronavirus disease ("Covid-19") outbreak

On 11 March 2020, the World Health Organisation declared the Covid-19 outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed the Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the Covid-19 outbreak in Malaysia. The Covid-19 outbreak also resulted in travel restriction, lockdown and other precautionary measures imposed in various countries. The emergence of the Covid-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Group operates. The Group exercises judgement, in light of all facts and circumstances, to assess what event in this series of events provides additional evidence about the condition that existed at the reporting date and therefore affects the recognition and measurement of the Group's assets and liabilities at the end of the reporting period.

Notes to The Financial Statements (cont'd)

3. PROPERTY, PLANT AND EQUIPMENT

Group	Note	Leasehold land RM	Buildings RM	Stone quarry RM	Factory RM	Coldroom RM	Equipment, furniture, fixture and fittings RM	Motor vehicles RM	Machinery and equipment RM	Quarters RM	Bearer plants RM	Renovation RM	Construction in progress RM	Total RM
At cost														
At 1 July 2019, previously stated		9,842,994	5,025,000	1,000,000	-	962,360	10,735,796	8,919,334	18,787,307	16,795	334,006	8,175,280	35,948	63,834,820
Adjustment on initial application of MFRS 16	4	(9,842,994)	(5,025,000)	-	-	-	-	-	-	-	-	-	-	(14,867,994)
Adjusted as per MFRS 16		-	-	1,000,000	-	962,360	10,735,796	8,919,334	18,787,307	16,795	334,006	8,175,280	35,948	48,966,826
Additions		-	-	-	-	-	225,311	-	642,973	5,400	-	33,000	483,013	1,389,697
Disposals		-	-	-	-	-	(124,772)	-	(585,639)	-	-	(945,104)	-	(1,655,515)
Written off		-	-	-	-	-	(667,281)	(60,000)	(1,563,865)	-	(334,006)	(215,586)	-	(2,840,738)
Exchange differences		-	-	-	-	-	672	301	3,327	-	-	8,091	-	12,391
At 30 June 2020		-	-	1,000,000	-	962,360	10,169,726	8,859,635	17,284,103	22,195	-	7,055,681	518,961	45,872,661
Accumulated depreciation														
At 1 July 2019, previously stated		119,872	502,500	108,194	-	425,112	5,518,734	6,768,829	8,474,228	2,106	51,996	3,638,263	-	25,609,834
Adjustment on initial application of MFRS 16	4	(119,872)	(502,500)	-	-	-	-	-	-	-	-	-	-	(622,372)
Adjusted as per MFRS 16		-	-	108,194	-	425,112	5,518,734	6,768,829	8,474,228	2,106	51,996	3,638,263	-	24,987,462
Charge for the financial year		-	-	-	-	95,351	597,860	934,663	1,395,004	1,995	14,856	957,197	-	3,996,926
Disposals		-	-	-	-	-	(75,175)	-	(373,647)	-	-	(173,971)	-	(622,793)
Written off		-	-	-	-	-	(322,729)	(25,000)	(818,812)	-	(66,852)	(35,067)	-	(1,268,460)
Exchange differences		-	-	-	-	-	258	182	1,255	-	-	1,770	-	3,465
At 30 June 2020		-	-	108,194	-	520,463	5,718,948	7,678,674	8,678,028	4,101	-	4,388,192	-	27,096,600
Accumulated impairment losses														
At 1 July 2019/30 June 2020		-	-	891,806	-	-	-	-	2,748,274	-	-	-	-	3,640,080
Net book value at 30 June 2020		-	-	-	-	441,897	4,450,778	1,180,961	5,857,801	18,094	-	2,667,489	518,961	15,135,981

Notes to The Financial Statements (cont'd)

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

	Leasehold land RM	Buildings RM	Stone quarry RM	Factory RM	Coldroom RM	Equipment, furniture, fixture and fittings RM	Motor vehicles RM	Machinery and equipment RM	Quarters RM	Bearer plants RM	Renovation RM	Construction in progress RM	Total RM
Group													
At cost													
At 1 July 2018	9,842,994	5,025,000	1,000,000	6,875,567	962,360	15,624,313	8,721,302	35,088,652	16,795	334,006	7,176,530	1,430,172	92,097,691
Additions	-	-	-	-	-	419,386	331,100	1,722,020	-	-	1,364,125	51,290	3,887,921
Disposals	-	-	-	-	-	(177,303)	(132,148)	(115,061)	-	-	-	-	(424,512)
Written off (Note 39)	-	-	-	(6,875,567)	-	(5,125,545)	-	(17,889,138)	-	-	(332,501)	(1,445,514)	(31,668,265)
Exchange differences	-	-	-	-	-	(5,055)	(920)	(19,166)	-	-	(32,874)	-	(58,015)
At 30 June 2019	9,842,994	5,025,000	1,000,000	-	962,360	10,735,796	8,919,334	18,787,307	16,795	334,006	8,175,280	35,948	63,834,820
Accumulated depreciation													
At 1 July 2018	90,003	-	68,333	769,066	329,467	5,643,806	5,578,075	11,025,885	426	22,284	2,825,818	-	26,353,163
Charge for the financial year	-	-	-	-	-	-	-	-	-	-	-	-	-
- recognised in P/L	29,869	502,500	39,861	137,512	95,645	1,055,196	1,097,366	2,489,056	1,680	29,712	915,987	-	6,394,384
- capitalised in exploration expenditure	-	-	-	-	-	77,550	194,601	1,134,434	-	-	687	-	1,407,272
Disposals	-	-	-	-	-	(115,777)	(100,647)	(20,330)	-	-	-	-	(236,754)
Written off (Note 39)	-	-	-	(906,578)	-	(1,140,663)	-	(6,147,951)	-	-	(101,204)	-	(8,296,396)
Exchange differences	-	-	-	-	-	(1,378)	(566)	(6,866)	-	-	(3,025)	-	(11,835)
At 30 June 2019	119,872	502,500	108,194	-	425,112	5,518,734	6,768,829	8,474,228	2,106	51,996	3,638,263	-	25,609,834
Accumulated impairment losses													
At 1 July 2018	-	-	-	-	-	-	-	-	-	-	-	-	-
Addition (Note 39)	-	-	891,806	-	-	-	-	2,748,274	-	-	-	-	3,640,080
At 30 June 2019	-	-	891,806	-	-	-	-	2,748,274	-	-	-	-	3,640,080
Net book value at 30 June 2019	9,723,122	4,522,500	-	-	537,248	5,217,062	2,150,505	7,564,805	14,689	282,010	4,537,017	35,948	34,584,906

Notes to The Financial Statements (cont'd)

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

	Buildings RM	Furniture, fixture and fittings RM	Motor vehicles RM	Office equipment RM	Total RM
Company					
At cost					
At 1 July 2018	4,000,000	4,166,205	708,049	7,442,988	16,317,242
Addition	–	534,000	–	–	534,000
Disposals	(4,000,000)	–	(97,148)	(6,918,100)	(11,015,248)
At 30 June 2019	–	4,700,205	610,901	524,888	5,835,994
Addition	–	21,744	–	–	21,744
Written off	–	(410,820)	–	–	(410,820)
At 30 June 2020	–	4,311,129	610,901	524,888	5,446,918
Accumulated depreciation					
At 1 July 2018	273,333	1,513,413	587,212	2,582,577	4,956,535
Charge for the financial year	–	579,938	58,000	–	637,938
Disposals	(273,333)	–	(97,147)	(2,418,709)	(2,789,189)
At 30 June 2019	–	2,093,351	548,065	163,868	2,805,284
Charge for the financial year	–	396,160	58,000	210,573	664,733
Written off	–	(222,527)	–	–	(222,527)
At 30 June 2020	–	2,266,984	606,065	374,441	3,247,490
Net book value at 30 June 2019	–	2,606,854	62,836	361,020	3,030,710
at 30 June 2020	–	2,044,145	4,836	150,447	2,199,428

(a) The property, plant and equipment of the Group acquired under hire purchase terms are as follows:-

	2020 RM	Group 2019 RM
Motor vehicles	615,470	889,823
Machinery and equipment	1,735,164	2,893,733
Equipment, furniture, fixture and fittings	–	14,671
Total	2,350,634	3,798,227

The carrying amounts of motor vehicles, machinery, equipment, furniture, fixtures and fittings are pledged to licensed bank to secure the loans and borrowings granted to the Group as disclosed in Note 22 to the financial statements.

Notes to The Financial Statements (cont'd)

4. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

4.1 Right-of-use assets

Group	Note	Leasehold land RM	Buildings RM	Land RM	Office RM	Hostel RM	Outlets RM	Total RM
Cost								
At 1 July 2019, previously stated		-	-	-	-	-	-	-
Adjustment on initial application of MFRS 16	38	9,842,994	5,025,000	659,473	1,257,635	658,293	8,802,669	26,246,064
Adjusted as per MFRS 16		9,842,994	5,025,000	659,473	1,257,635	658,293	8,802,669	26,246,064
Transfer to investment properties	5	(8,592,994)	-	-	-	-	-	(8,592,994)
Disposal		(1,250,000)	-	-	-	-	-	(1,250,000)
At 30 June 2020		-	5,025,000	659,473	1,257,635	658,293	8,802,669	16,403,070
Accumulated depreciation								
At 1 July 2019, previously stated		-	-	-	-	-	-	-
Adjustment on initial application of MFRS 16	38	119,872	502,500	54,956	259,853	232,047	3,495,740	4,664,968
Adjusted as per MFRS 16		119,872	502,500	54,956	259,853	232,047	3,495,740	4,664,968
Depreciation charge for the financial year		144,447	502,500	21,982	389,779	242,728	1,614,410	2,915,846
Transfer to investment properties	5	(224,388)	-	-	-	-	-	(224,388)
Disposal		(39,931)	-	-	-	-	-	(39,931)
At 30 June 2020		-	1,005,000	76,938	649,632	474,775	5,110,150	7,316,495
Net carrying amount at 30 June 2020		-	4,020,000	582,535	608,003	183,518	3,692,519	9,086,575

Notes to The Financial Statements (cont'd)

4. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

4.1 Right-of-use assets (Cont'd)

	Note	Office RM
Company Cost		
At 1 July 2019, previously stated		–
Adjustment on initial application of MFRS 16	38	531,195
Adjusted as per MFRS 16/30 June 2020		531,195
Accumulated depreciation		
At 1 July 2019, previously stated		–
Adjustment on initial application of MFRS 16	38	70,826
Adjusted as per MFRS 16		70,826
Depreciation charge for the financial year		106,239
At 30 June 2020		177,065
Net carrying amount at 30 June 2020		354,130

The Group has entered into non-cancellable operating lease agreement for the use of land and building, with no renewal or purchase option included in the agreement. The leases do not allow the Group to assign, transfer or sublease or create any charge, lien or trust in respect of or dispose of the whole or any part of the land. A tenancy is, however, allowed with the consent of the lessor.

The buildings have been pledged to licensed banks as security for the bank and credit facilities granted to the Group as disclosed in Note 23 to the financial statements.

The Group and the Company lease land, office, hostel and outlets that run between 1 year to 30 years, with an option to renew the lease after that date.

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

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

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

Notes to The Financial Statements (cont'd)

4. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

4.1 Right-of-use assets (Cont'd)

Extension options

Some leases of land, buildings and premises contain extension options exercisable by the Group and the Company up to five (5) 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 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.

4.2 Lease liabilities

	Group 2020 RM	Company 2020 RM
Non-current liabilities	3,504,303	269,053
Current liabilities	1,824,559	99,295
	5,328,862	368,348

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the Group's and the Company's weighted average incremental borrowing rate of 4.90%.

After initial recognition, lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liabilities, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications.

The Group and the Company determine the lease term of a lease as the non-cancellable period of the lease, together with periods covered by an option to extend or to terminate the lease if the Group and the Company are reasonably certain to exercise the relevant options. Management has considered the relevant facts and circumstances that create an economic incentive for the Group and the Company to either exercise the option to extend the lease, or to exercise the option to terminate the lease. Any differences in expectations from the original estimates would impact the carrying amounts of the lease liabilities of the Group and of the Company.

The Group and the Company have recognised the lease payments associated with short term leases and low value assets on a straight-line basis over the lease terms and recognised as rental expenses as disclosed in Note 27 to the financial statements.

Notes to The Financial Statements (cont'd)

5. INVESTMENT PROPERTIES

	2020 RM	Group 2019 RM
At Fair value		
At 1 July	615,545,480	500,846,895
Additions:-		
- transfer from right-of-use assets (Note 4)	8,368,606	–
- other cost	64,980	622,239
Disposals	(14,942,980)	–
Changes in fair value	3,231,394	114,076,346
At 30 June	612,267,480	615,545,480

Certain investment properties of the Group with carrying amount of RM3,125,000/- and RM10,500,000/- respectively (2019: RM3,125,000/- and RM10,500,000/-) are pledged to financial institution for borrowings granted to the Group as disclosed in Note 21(a) and Note 23 to the financial statements.

The investment properties consist of the following:-

	2020 RM	Group 2019 RM
At Fair Value		
Short term leasehold land	382,407,249	397,350,229
Long term leasehold land and building	226,735,231	215,070,251
Freehold condominium	3,125,000	3,125,000
	612,267,480	615,545,480

The short term and long term leasehold land and buildings have lease terms of 30 to 99 years respectively.

	2020 RM	Group 2019 RM
Rental income	354,060	397,723

- (a) Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value, which reflects market conditions at the end of the reporting period and changes in fair value are recognised in profit or loss.

Notes to The Financial Statements (cont'd)

5. INVESTMENT PROPERTIES (CONT'D)

- (b) External valuers are involved for valuation of significant assets. Selection criteria of external valuers include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the external valuers of the Group, which valuation techniques and inputs to use for each case and compares changes in fair value with relevant external sources to determine whether the change is reasonable. Management also verifies major inputs by agreeing information in the valuation to contracts and other relevant documents.

The Group uses assumptions that are mainly based on market conditions existing at the end of each reporting period. Fair value is determined using Level 3 inputs (defined as unobservable inputs for asset or liability) in the fair value hierarchy of MFRS 13 Fair Value Measurement. Changes in fair value are recognised in profit or loss during the reporting period in which they are reviewed.

- (c) Method of valuation

Comparison method

The comparison/cost method of valuation entails separate valuations of the land and buildings to arrive at the market value of the subject property.

Under the comparison method, a property's fair value is estimated based on comparable transactions. This approach is based upon the principle of substitution under which a potential buyer would not pay more for the property than it would cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold.

The land is valued by reference to transactions of similar lands in surrounding with adjustments made for differences in location, terrain, size and shape of the land, tenure, title restrictions, if any and other relevant characteristics.

Completed buildings are valued by reference to the current estimates on constructional costs to erect equivalent buildings, taking into consideration of similar accommodation in terms of size, construction, finishes contractors' overheads, fees and profits. Appropriate adjustments are then made for the factors of obsolescence and existing physical condition of the building.

All investment properties valued using the comparison method are categorised as Level 3 in the fair value hierarchy.

Investment method

A property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. As an accepted method within the income approach to valuation, the investment method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, an appropriate, market-derived discount rate is applied to establish the present value of the income stream associated with the real property.

Notes to The Financial Statements (cont'd)

5. INVESTMENT PROPERTIES (CONT'D)

(c) Method of valuation (Cont'd)

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

Description of valuation techniques and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Comparison approach:- Sales price of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.	Price per square foot	The estimated fair value would increase/(decrease) if the price per square foot is higher/(lower).
Investment approach:- Discounted cash flows: The valuation method considers the present value of net cash flows to be generated from the property, taking into consideration of the rights to extract limestones reserve and market price of marble blocks. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of limestones reserve extracted.	Limestone reserves calculation and estimation	The estimated fair value would increase/(decrease) if the estimated volume of extraction and the price per marble block is higher/(lower).

6. INVESTMENT IN SUBSIDIARIES

	Note	Company 2020 RM	2019 RM
Unquoted shares, at cost			
At 1 July		70,100,006	70,100,006
Add: Amount owing by subsidiaries	(a)	300,000,000	–
Less: Accumulated impairment loss	(b)	(99,999)	(99,999)
At 30 June		370,000,007	70,000,007

Notes to The Financial Statements (cont'd)

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:-

Name of Companies	Effective Equity Interest		Country of Incorporation and Place of Business	Principal Activities
	2020 %	2019 %		
Direct Subsidiaries				
Borneo Oil & Gas Corporation Sdn. Bhd.	100	100	Malaysia	Mining operations and related activities
SB Partners Sdn. Bhd. #	100	100	Malaysia	Investment holding
Tong Meng Global Pte. Ltd. * #	100	100	Singapore	Dormant
SB Resorts Sdn. Bhd.	100	100	Malaysia	Property management, plantation, trading of construction materials, construction and related activities
Indirect Subsidiaries				
<u>Held through Borneo Oil & Gas Corporation Sdn. Bhd.</u>				
Borneo Energy Sdn. Bhd. #	100	100	Malaysia	Oil, gas and energy and its related businesses
Segama Resources Sdn. Bhd.	100	100	Malaysia	Investment holding
Borneo Resources Limited * @	100	100	British Virgin Islands	Investment holding
<u>Held through SB Partners Sdn. Bhd.</u>				
SB Supplies & Logistics Sdn. Bhd. #	100	100	Malaysia	Manufacturing, sales and distributions of food products, franchising, provision of management and marketing services
Sugarbun Pty Ltd. * #	100	100	Australia	Fast food restaurants and related activities

Notes to The Financial Statements (cont'd)

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:- (Cont'd)

Name of Companies	Effective Equity Interest		Country of Incorporation and Place of Business	Principal Activities
	2020 %	2019 %		
Indirect Subsidiaries (Continued)				
<u>Held through SB Resorts Sdn. Bhd.</u>				
SB Lifestyle Sdn. Bhd.	100	100	Malaysia	Investment holding company
The Borneo Bar Sdn. Bhd. #	100	100	Malaysia	Fast food restaurants and related activities
SB Rainforest Travel & Tours Sdn. Bhd. #	100	100	Malaysia	Dormant
Bonushopping Sdn. Bhd.	100	100	Malaysia	Dormant
Applebee’s Bakery Sdn. Bhd. #	100	100	Malaysia	Dormant
SB Food Enterprise Sdn. Bhd.	100	100	Malaysia	Dormant
<u>Held through SB Supplies & Logistics Sdn. Bhd.</u>				
SB Franchise Management Sdn. Bhd.	100	100	Malaysia	Franchising and provision of management and marketing services
<u>Held through SB Franchise Management Sdn. Bhd.</u>				
L & V Trading Sdn. Bhd. #	100	100	Malaysia	Supply of franchise equipment and spare parts

* Not audited by STYL Associates PLT

@ This subsidiary was consolidated based on its unaudited management accounts as at 30 June 2020. The audited financial statements and auditor's report for the financial year was not available as it is not mandatory for British Virgin Islands incorporated companies to be audited. However, the financial statements of this subsidiary used for consolidation purposes were reviewed by STYL Associates PLT.

The audited financial statements and auditors' report for the financial year ended 30 June 2020 consists of emphasis of matter on going concern assumption.

Notes to The Financial Statements (cont'd)

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Amount owing by subsidiaries

During the financial year, the Company has classified an amount of RM300,000,000/- owing by subsidiaries as quasi investment.

(b) Impairment of investment in subsidiaries

The recoverable amounts are determined based on the value in use calculations using cash flow projections approved by directors covering a five-year period. The future cash flows are based on management's five-year business plan, which is the best estimate of future performance. The pre-tax discount rate applied to the cash flow projections for the five-year period is 9.55% per annum.

The calculation of value in use is most sensitive to the following assumptions:-

- (i) Budgeted revenue – Revenue is based on the sale of limestones and construction services.
- (ii) Budgeted gross margin – Gross margin is based on average values achieved in prior years preceding the start of the budget period. The anticipated growth rate for gross margin is projected to be minimal.
- (iii) Growth rates – Based on industry outlook for that segment and directors past experience.
- (iv) Pre-tax discount rate – Discount rate of 9.55% represents the weighted average cost of capital.

The value assigned to the key assumptions represents directors' assessment of future trends in the mining related business and construction and are based on both external sources and internal sources.

Sensitivity to changes in assumptions

Directors believe that no reasonable possible changes in any of the key assumptions above will cause the carrying values of the CGU to materially exceed its recoverable amount.

7. OTHER INVESTMENTS

	Note	2020 RM	Group 2019 RM
Quoted shares			
At fair value through profit or loss	(a)		
At 1 July		–	–
Addition		743,520	–
Changes in fair value		(405,280)	–
At 30 June		338,240	–
Unquoted shares			
At fair value through other comprehensive income	(b)		
At 1 July/30 June		1	1
Total		338,241	1

Notes to The Financial Statements (cont'd)

7. OTHER INVESTMENTS (CONT'D)

- (a) Quoted ordinary shares of the Group are categorised as Level 1 in the fair value hierarchy. Fair value of quoted ordinary shares of the Group are estimated based unadjusted closing price in active market.
- (b) Unquoted ordinary shares of the Group are categorised as Level 3 in the fair value hierarchy. Fair value of unquoted ordinary shares of the Group are estimated based on adjusted net asset method.

8. DEVELOPMENT EXPENDITURE

	2020 RM	Group 2019 RM
Cost		
At 1 July	5,389,202	4,875,285
Additions	221,014	513,917
At 30 June	5,610,216	5,389,202
Accumulated impairment losses		
At 1 July	(5,389,202)	(1,505,002)
Additions	(221,014)	(3,884,200)
At 30 June	(5,610,216)	(5,389,202)
Carrying amount		
At 30 June	—	—

Development expenditure principally comprise internally generated expenditure on Bio-Fraction Project where it is reasonably anticipated that the costs will be recovered through future commercial activities in converting biomass into biochar, biofuel and biogas.

The recoverable amount of the development expenditure is determined based on value-in-use calculation using cash flow projections based on financial budgets approved by the management covering a five (5) years period.

During the financial year, an impairment of RM221,014/- (2019: RM3,884,200/-) was recognised as the recoverable amount is less than the carrying amount.

Notes to The Financial Statements (cont'd)

9. INTANGIBLE ASSETS

	Patents and rights RM	Intellectual property rights RM	Total RM
Group and Company			
At cost			
At 30 June 2019/2020	5,000,000	14,000,000	19,000,000
Accumulated amortisation			
At 30 June 2019/2020	(5,000,000)	–	(5,000,000)
Accumulated impairment losses			
At 30 June 2019/2020	–	(14,000,000)	(14,000,000)
Carrying amounts			
At 30 June 2019/2020	–	–	–

Intellectual property rights

The intellectual property rights represent technology license for proprietary Bio-Fraction Project that converts biomass into biochar, biofuel and biogas.

The recoverable amount of the intellectual property rights is determined based on value-in-use calculation using cash flow projections based on financial budgets approved by the management covering a ten (10) years period. As at 30 June 2019, intellectual property rights was fully impaired. The impairment loss of intellectual property rights was included in the statement of comprehensive income in previous year.

10. EXPLORATION EXPENDITURE

	2020 RM	Group 2019 RM
Cost		
At 1 July	44,556,514	39,154,387
Additions:-		
- exploration costs	1,693,449	3,994,855
- depreciation capitalised	–	1,407,272
At 30 June	46,249,963	44,556,514
Accumulated impairment losses		
At 1 July	(44,556,514)	–
Additions	–	(44,556,514)
At 30 June	(44,556,514)	(44,556,514)
Carrying amount		
At 30 June	1,693,449	–

Notes to The Financial Statements (cont'd)

10. EXPLORATION EXPENDITURE (CONT'D)

Exploration expenditure consists of concession right to explore licensed areas, costs incurred such as geological and geophysical surveys, drilling, trenching and other direct attributable costs of exploration and appraisal including technical and administrative costs.

The Group reviews the carrying amounts of exploration expenditure as at the end of the reporting period to determine whether there is any indication of impairment. If any such indications exist, the recoverable amount is determined based on its value-in-use. The value-in-use is determined by discounting the future cash flows to be generated from projects based on the financial budgets prepared by the management covering a period of five (5) years.

11. RECEIVABLES

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Non-current					
Trade receivables	(a)	17,350,838	–	–	–
Current					
Trade receivables		28,885,335	17,344,881	–	–
Less: Accumulated for impairment losses		(1,725,982)	(1,517,286)	–	–
Less: Bad debts written off		(57,857)	(73,161)	–	–
Trade receivable, net	(a)	27,101,496	15,754,434	–	–
Other receivables		13,700,163	5,895,131	189,709	278,805
Less: Accumulated for impairment losses		(2,567,325)	(3,859,030)	(12,624)	–
Less: Bad debts written off		(59,888)	(130,828)	(50,989)	(2,000)
Other receivables, net	(b)	11,072,950	1,905,273	126,096	276,805
Deposits	(c)	1,357,218	5,636,350	76,761	84,261
Prepayments		589,771	171,585	–	–
		13,019,939	7,713,208	202,857	361,066
Total current receivables		40,121,435	23,467,642	202,857	361,066
Total receivables		57,472,273	23,467,642	202,857	361,066

Notes to The Financial Statements (cont'd)

11. RECEIVABLES (CONT'D)

(a) Trade receivables

The Group's credit period granted ranges from 30 days to 60 days (2019: 30 days to 60 days). Other credit terms are assessed and approved on a case by case basis.

The currency exposure profile of trade receivables is as follows:-

	2020 RM	Group 2019 RM
Brunei Dollar	32,459	39,839
United States Dollar	40,692	19,415
Ringgit Malaysia	44,379,183	15,695,180
Total	44,452,334	15,754,434

Included in trade receivables as at financial year ended are retention sum of RM17,350,838/- relating to construction contracts. Retention sum is unsecured, interest-free and is expected to be collected as follows:-

	2020 RM	Group 2019 RM
More than 1 year and less than 2 years	13,303,051	—
More than 2 years and less than 5 years	4,047,787	—
	17,350,838	—

Analysis of retention sum on impairment loss and deferred payment terms with discount rate of 9.55% per annum, being the weighted average cost of capital of the Group is as follows:-

	2020 RM	Group 2019 RM
Nominal value	19,431,325	—
Discounted	(2,080,487)	—
	17,350,838	—

Notes to The Financial Statements (cont'd)

11. RECEIVABLES (CONT'D)

(a) Trade receivables (Cont'd)

The ageing analysis of the Group's trade receivables is as follows:-

	2020 RM	Group 2019 RM
Neither past due nor impaired	9,795,072	14,922,564
Past due not impaired		
1 to 30 days	1,893,995	637,588
31 to 60 days	388,075	297,941
61 to 90 days	396,186	179,101
More than 90 days	16,354,150	1,234,526
Impaired	19,032,406 (1,725,982)	2,349,156 (1,517,286)
	27,101,496	15,754,434

Impairment of trade receivables

The Group determines that a trade receivable is credit-impaired when the customer is experiencing significant financial difficulty and has defaulted in payments. Unless otherwise demonstrated, the Group generally considers a default to have occurred when the trade receivable is more than 90 days past due. The gross carrying amount of a credit-impaired trade receivable is directly written off when there is no reasonable expectation of recovery. This normally occurs when there is reasonable proof of customer insolvency.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses using the simplified approach in accordance with MFRS 9. Such lifetime expected credit losses are calculated using a provision matrix based on historical observed default rates (adjusted for forward-looking estimates). The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished among the diversity of customer base.

The average credit loss rates were based on the payment profile of revenue over a period of 12 months and the corresponding historical credit losses experienced during the period. The rates were adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Notes to The Financial Statements (cont'd)

11. RECEIVABLES (CONT'D)

(a) Trade receivables (Cont'd)

The reconciliation of trade receivables' movements accumulated impairment losses of the Group is as follows:-

	Group RM
At 1 July 2018, adjusted as per MFRS 9	173,251
Impairment loss during the financial year	1,344,035
At 30 June 2019	1,517,286
Impairment loss during the financial year	208,696
At 30 June 2020	1,725,982

(b) Other receivables

Other receivables are unsecured and non-interest bearing. The currency exposure profile of other receivables is entirely in Ringgit Malaysia.

The reconciliation of other receivables' movements in accumulated impairment losses of the Group and the Company are as follows:-

	Group RM	Company RM
At 1 July 2018, adjusted as per MFRS 9	71,184	–
Impairment loss during the year	3,787,846	–
At 30 June 2019	3,859,030	–
(Reversal of impairment loss)/Impairment loss during the year	(1,291,705)	12,624
At 30 June 2020	2,567,325	12,624

(c) Deposits

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Deposits	1,364,718	20,211,711	84,261	87,037
Written off during the year	(7,500)	(14,575,361)	(7,500)	(2,776)
Total	1,357,218	5,636,350	76,761	84,261

Notes to The Financial Statements (cont'd)

12. INVENTORIES

	2020 RM	Group 2019 RM
At net realisable value		
Gold stock	35,485	96,952
At cost		
Food and beverages and packing materials	2,426,633	2,797,351
Machinery and spare parts	1,887,540	1,962,960
Limestone	16,858,864	20,348,904
Total	21,208,522	25,206,167

During the financial year, the cost of inventories recognised as an expense in the Group amounted to RM28,637,596/- (2019: RM 31,055,897/-).

13. BIOLOGICAL ASSETS

	2020 RM	Group 2019 RM
At fair value		
At 1 July	32,790	31,099
Changes in fair value	(32,790)	1,691
At 30 June	–	32,790

The fair value measurement of FFB is determined by using the market approach (i.e. Level 3) by applying the estimated volume of the produce to the market price applicable at the reporting date.

14. CONTRACT ASSET

	2020 RM	Group 2019 RM
Contract asset	850,514	6,442,347

The construction revenue is recognised progressively based on the actual cost incurred to date on the construction project as compared to the total budgeted cost for the project.

The contract asset primarily relates to the Group's right to consideration for work completed on construction contracts but not yet billed at the reporting date. The contract liabilities primarily relate to the advance consideration received from customers for construction contracts, which revenue is recognised overtime during the construction.

Notes to The Financial Statements (cont'd)

14. CONTRACT ASSET (CONT'D)

	2020 RM	Group 2019 RM
Represented by:-		
Contract asset		
Aggregate construction contract costs incurred to date	80,619,250	55,798,188
Add: Attributable profits	17,387,882	11,603,537
	98,007,132	67,401,725
Less: Progress billings	(97,156,618)	(60,959,378)
	850,514	6,442,347

15. AMOUNT OWING BY/(TO) SUBSIDIARIES

Amount owing by/(to) subsidiaries is unsecured, interest-free and recoverable/(repayable) on demand.

	2020 RM	Company 2019 RM
Amount owing by subsidiaries		
Non-trade balances	349,389,826	633,209,032
Less: Accumulated for impairment losses	(84,746,999)	(80,051,536)
	264,642,827	553,157,496
Amount owing to subsidiaries		
Non-trade balances	5,230,602	5,239,994

The reconciliation of amount owing by subsidiaries' movements in accumulated impairment losses of the Company is as follows:-

	Company RM
At 1 July 2018, adjusted as per MFRS 9	27,695,446
Impairment loss during the year	52,356,090
At 30 June 2019	80,051,536
Impairment loss during the year	4,695,463
At 30 June 2020	84,746,999

Notes to The Financial Statements (cont'd)

16. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period bore effective interest rates of 2.00% to 3.50% and 2.46% to 3.05% respectively (2019: 2.98% to 3.50% and 2.98% to 3.30% respectively) per annum. Fixed deposits were pledged with licensed banks as security for banking facilities granted to the Group as disclosed in Note 21 to the financial statements.

17. CASH AND BANK BALANCES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash on hand	124,654	170,710	10,523	11,762
Cash at banks	5,472,841	23,848,451	963,548	2,314,082
Total	5,597,495	24,019,161	974,071	2,325,844

The currency exposure profile of cash and bank balances is as follows:-

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Australian Dollar	249,863	105,505	–	–
Singapore Dollar	144,863	710,996	108,609	691,273
United States Dollar	52,907	47,088	–	–
Ringgit Malaysia	5,149,862	23,155,572	865,462	1,634,571
Total	5,597,495	24,019,161	974,071	2,325,844

18. SHARE CAPITAL

	Group and Company			
	2020		2019	
	Number of shares Unit	RM	Number of shares Unit	RM
Ordinary shares				
Issued and fully paid:-				
At 1 July/30 June	5,340,383,754	536,349,192	5,340,383,754	536,349,192

There were no issue of shares by the Group and the Company during the financial year.

Notes to The Financial Statements (cont'd)

19. RESERVES

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Warrants reserve	(a)	93,441,422	93,441,422	93,441,422	93,441,422
Treasury shares	(b)	(16,200,206)	(13,238,466)	(16,200,206)	(13,238,466)
Exchange reserve	(c)	31,526	92,620	–	–
Total		77,272,742	80,295,576	77,241,216	80,202,956

(a) Warrants reserve

Warrants reserve represents the proceeds from the issuance of warrants which is non-distributable. The warrants reserve is transferred to the share capital account upon the exercise of warrants and the warrants reserve in relation to the unexercised warrants at the expiry of the warrants will be transferred to retained earnings. Details of warrants are disclosed in Note 20 to the financial statements.

(b) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount as stated represents acquisition costs of the treasury shares. Details movement of treasury shares purchased and sold are as follows:-

	Group and Company			
	2020		2019	
	Number of shares Unit	RM	Number of shares Unit	RM
At beginning of year	151,646,000	13,238,466	128,746,000	11,961,246
Purchase of treasury shares	66,300,000	2,961,740	22,900,000	1,277,220
At end of year	217,946,000	16,200,206	151,646,000	13,238,466

(c) Exchange reserve

The exchange reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Notes to The Financial Statements (cont'd)

20. WARRANTS

Warrants C 2015/2025

The Company's issuance of new warrants via a Renounceable Rights Issue of 2,315,152,386 new warrants 2015/2025 on the basis of one (1) new warrant for every two (2) existing shares held were listed on Bursa Malaysia Securities Berhad on 17 November 2015. The exercise price of the warrants is subject to adjustments from time to time in accordance with the conditions stipulated in the Deed Poll dated 28 September 2015. On 28 September 2015, the exercise price was RM0.07 each.

The issue date of 1,157,576,189 Rights Issue of warrants was 9 November 2015. The warrants will expire on 8 November 2025. The exercise period for the Warrants C is ten (10) years commencing from and inclusive of the date of issue Warrants C. Warrants C which are not exercised during the exercise period shall thereafter lapse and cease to be valid.

The movement of Warrants C is as follows:-

	Unit	Company		Unit	RM
		2020		2019	
At 30 June	1,734,679,850	93,441,422	1,734,679,850	93,441,422	

Warrants D 2017/2027

The Company's issuance of new warrants via a Bonus Issue of 528,085,453 new warrants 2017/2027 on the basis of one (1) free warrant for every eight (8) existing ordinary shares held were listed on Bursa Malaysia Securities Berhad on 7 June 2017. The issue price of the Warrant D was free. The exercise price of the warrants is subject to adjustments from time to time in accordance with the conditions stipulated in the Deed Poll dated 12 May 2017. On 12 May 2017, the exercise price was RM0.07 each.

The issue date of 378,808,984 Bonus Issue of warrants was 30 May 2017. The warrants will expire on 29 May 2027. The exercise period for Warrants D is ten (10) years commencing from and inclusive of the date of issue of Warrants D. Warrants D which are not exercised during the exercise period shall thereafter lapse and cease to be valid. The movement of Warrants D (Warrants 2017/2027) is as follows:-

	Unit	Company		Unit	RM
		2020		2019	
At 30 June	378,683,984	–	378,683,984	–	

Notes to The Financial Statements (cont'd)

21. LOANS AND BORROWINGS

		2020 RM	Group 2019 RM
Current			
Secured:-			
Bankers' acceptances	(a)	1,267,000	1,181,000
Bank overdrafts	(b)	1,589,883	1,730,895
Hire purchase payables	22	791,682	1,066,082
Term loans	23	301,715	307,437
		3,950,280	4,285,414
Non-current			
Secured:-			
Hire purchase payables	22	1,245,957	1,904,567
Term loans	23	10,967,592	9,224,079
		12,213,549	11,128,646
Total loans and borrowings		16,163,829	15,414,060

- (a) Interest rates on bankers' acceptances for the financial year range from 1.80% to 3.84% (2019: 3.84% to 4.14%) per annum. The bankers' acceptances are secured by way of:-
- (i) corporate guarantee by the Company; and
 - (ii) first fixed legal charge over investment properties of a subsidiary company.
- (b) Interest rates on bank overdrafts for the financial year range from 7.05% to 8.35% (2019: 8.35%) per annum. The bank overdrafts are secured by way of:-
- (i) pledged of fixed deposits; and
 - (ii) corporate guarantee by the Company.

22. HIRE PURCHASE PAYABLES

	2020 RM	Group 2019 RM
Minimum hire purchase payments:-		
- not later than one year	1,092,323	1,246,391
- later than one year but not later than five years	1,088,783	2,025,216
	2,181,106	3,271,607
Less: Future finance charges	(143,467)	(300,958)
	2,037,639	2,970,649

Notes to The Financial Statements (cont'd)

22. HIRE PURCHASE PAYABLES (CONT'D)

	Note	2020 RM	Group 2019 RM
Analysis of present value of hire purchases payables:-			
Current	21		
- not later than one year		791,682	1,066,082
Non-current	21		
- later than one year but not later than five years		1,245,957	1,904,567
Total hire purchase payables		2,037,639	2,970,649

Interest rates on the hire purchase payables for the financial year range from 3.73% to 7.51% (2019: 3.82% to 7.51%) per annum. The hire purchase payables are secured by way of charge over the leased assets as disclosed in Note 3(b) to financial statements.

23. TERM LOANS

	Note	2020 RM	Group 2019 RM
Current	21		
Within the next twelve months		301,715	307,437
Non-current	21		
After the next twelve months			
- later than one year but not later than five years		1,618,064	2,875,828
- later than five years		9,349,528	6,348,251
		10,967,592	9,224,079
Total term loans		11,269,307	9,531,516

Interest rates on term loans for the financial year range from 4.50% to 4.90% (2019: 4.62% to 4.90%) per annum. The term loans are secured by way of the first legal charge over buildings and investment properties of the Group as disclosed in Note 4 and Note 5 to the financial statements.

*Notes to
The Financial Statements (cont'd)*

24. DEFERRED TAX LIABILITIES

	2020 RM	Group 2019 RM
At 1 July	17,121,267	5,222,579
Recognised in profit or loss (Note 30)	1,248,409	11,898,688
At 30 June	18,369,676	17,121,267
Presented after appropriate offsetting as follows:-		
Deferred tax liabilities	18,369,676	17,121,267

Deferred tax liabilities

	2020 RM	Property, plant and equipment 2019 RM
At 1 July	254,001	2,492,763
Recognised in profit or loss	923,312	(2,238,762)
At 30 June	1,177,313	254,001

	2020 RM	Revaluation on investment properties 2019 RM
At 1 July	16,867,266	2,729,816
Recognised in profit or loss	325,097	14,137,450
At 30 June	17,192,363	16,867,266

Notes to The Financial Statements (cont'd)

25. PAYABLES

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Non-current					
Trade payables	(a)	698,673	550,515	–	–
Current					
Trade payables	(a)	6,737,929	7,395,684	–	–
Other payables	(b)	4,226,652	12,439,267	1,014,581	1,009,282
Deposits	(c)	4,683,105	7,450,450	–	–
Accruals		880,436	871,280	64,323	32,150
		9,790,193	20,760,997	1,078,904	1,041,432
Total current payables		16,528,122	28,156,681	1,078,904	1,041,432
Total payables		17,226,795	28,707,196	1,078,904	1,041,432

(a) Trade payables

The credit period granted to the Group for trade purchases ranges from 30 to 90 days (2019: 30 to 90 days). The currency of trade payables is entirely in Ringgit Malaysia.

Included in trade payables as at financial year end is a retention sum of RM698,673/- (2019: RM550,515/-) relating to construction contracts. Retention sum is unsecured, interest-free and is expected to be collected as follows:-

	Group	
	2020 RM	2019 RM
More than 1 years and less than 5 years	698,673	550,515

Analysis of retention sum on deferred payment terms with discount rate of 9.55% per annum, being the weighted average cost of capital of the Group is as follows:-

	Group	
	2020 RM	2019 RM
Nominal value	838,492	550,515
Discounted	(139,819)	–
	698,673	550,515

Notes to The Financial Statements (cont'd)

25. PAYABLES (CONT'D)

(b) Other payables

The currency exposure profile of other payables is as follows:-

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Australian Dollar	–	34,071	–	–
Ringgit Malaysia	4,226,652	12,405,196	1,014,581	1,009,282
Total	4,226,652	12,439,267	1,014,581	1,009,282

Included in other payables is an amount of RM2,820,004/- (2019: RM2,993,591/-) of deferred income in relation to the franchise fees received from outlet franchisees.

Included in other payable is an amount of RM Nil (2019: RM7,719,967/-) in relation to advances from a payable, where the amount is unsecured, interest free and repayable on demand.

- (c) Included in deposits is an amount of RM1,150,000/- (2019: RM3,950,000/-) paid by sub-contractor for the quarry operations.

Included in deposits is an amount of RM3,430,000/- (2019: RM3,410,000/-) received from outlet franchisees.

26. REVENUE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Major products and service lines				
Resources and sustainable energy	16,288,981	7,621,242	–	–
Fast food and restaurant operations	40,404,773	48,177,494	–	–
Franchise fees	326,277	418,717	–	–
Management fees	156,000	156,000	1,356,000	1,356,000
Machinery and spare parts	287,073	241,066	–	–
Construction services	30,605,407	36,080,594	–	–
Sale of fresh fruit bunches	220,517	474,482	–	–
Total	88,289,028	93,169,595	1,356,000	1,356,000
Timing and recognition:-				
- at point in time	57,683,621	57,089,001	1,356,000	1,356,000
- over time	30,605,407	36,080,594	–	–
	88,289,028	93,169,595	1,356,000	1,356,000

Notes to The Financial Statements (cont'd)

26. REVENUE (CONT'D)

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Revenue from contracts with customers	88,133,028	93,013,595	–	–
Other revenue	156,000	156,000	1,356,000	1,356,000
Total revenue	88,289,028	93,169,595	1,356,000	1,356,000
Primary geographical market				
Malaysia	86,671,520	89,837,488	1,356,000	1,356,000
Australia	1,617,508	3,332,107	–	–
Total	88,289,028	93,169,595	1,356,000	1,356,000

Transaction price allocated to remaining performance obligations

As of 30 June 2020, the aggregate amount of the transaction price allocated to remaining performance obligations is RM28,843,382/-. The Group will recognise this amount of revenue as performance obligations are satisfied, which is expected to occur over the next 2 years.

The Group applies the practical expedient in paragraph 121(a) of MFRS 15 and to not disclose information about the remaining performance obligations that have original expected durations of one year or less.

Notes to The Financial Statements (cont'd)

26. REVENUE (CONT'D)

The following information reflects the typical transactions of the Group and the Company:-

Nature of goods and services	Timing of recognition	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Resources and sustainable energy	Revenue is recognised at a point in time when the goods are delivered to customers.	Credit period of 30 to 60 days from the invoice date.	Not applicable.	Not applicable.	Not applicable.
Fast food and restaurant operations	Revenue is recognised at a point in time when food delivered to customers.	Cash collection basis with no credit terms.	Trade discounts.	Not applicable.	Not applicable.
Management fees	Revenue is recognised at a point in time with the substance of the relevant terms of agreements/ contracts.	Credit period of 30 days from the invoice date.	Not applicable.	Not applicable.	Not applicable.
Franchise fees	Revenue is recognised at a point in time with the substance of the relevant terms of agreements/ contracts.	Credit period of 30 days from the invoice date.	Not applicable.	Not applicable.	Not applicable.
Machinery and spare parts	Revenue is recognised at a point in time when the goods are delivered to customers.	Credit period of 15 to 30 days from the invoice date.	Trade discounts.	Not applicable.	1 year warranty is given to customers.
Construction services	Revenue from construction contracts is recognised overtime using the cost incurred method.	Based on the stage of completion certified by architects. Credit period of 30 days from the invoice date.	Variation orders.	Not applicable.	Defect liability period up to 12 months is given to the contract customers.
Sale of fresh fruit bunches	Revenue is recognised at a point in time when the goods are delivered to customers.	Credit period of 30 days from the invoice date.	Trade discounts.	Not applicable.	Not applicable.

Notes to The Financial Statements (cont'd)

27. OPERATING PROFIT

Operating profit has been arrived at:-

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
After charging:-					
Auditors' remuneration:-					
- Company's auditors					
- statutory audit					
- current year		294,500	275,000	70,000	66,000
- underprovision in previous year		500	-	-	-
- other services		34,000	15,000	34,000	15,000
- Other auditors					
- statutory audit		15,779	19,112	-	-
Depreciation of property, plant and equipment		3,996,926	6,394,384	664,733	637,938
Depreciation of right-of-use assets		2,915,846	-	106,239	-
Directors' remuneration	28	1,877,024	917,983	1,579,960	567,980
Impairment loss/(Reversal of impairment loss) on:-					
- trade receivables		208,696	1,344,035	-	-
- other receivables		(1,291,705)	3,787,846	12,624	-
- amount owing by subsidiaries		-	-	4,695,463	52,356,090
- development expenditure		221,014	3,884,200	-	-
- exploration expenditure		-	44,556,514	-	-
- intangible asset		-	14,000,000	-	-
- property, plant and equipment		-	3,640,080	-	-
- golf club membership		9,000	-	9,000	-
Written off of:-					
- property, plant and equipment		1,572,278	23,371,869	188,293	-
- bad debts - trade receivables		57,857	73,161	-	-
- bad debts - other receivables		59,888	130,828	50,989	2,000
- deposits		7,500	14,575,361	7,500	2,776
- prepayments		3,788	977,754	-	-
Rental of machinery and vehicles		-	15,391	-	-
Rental of premises	#	3,203	2,938,061	-	80,000
Rental of land		-	50,000	-	-

Notes to The Financial Statements (cont'd)

27. OPERATING PROFIT (CONT'D)

Operating profit has been arrived at:- (Cont'd)

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
After charging:- (Cont'd)				
Staff costs:-				
- salaries, wages and bonuses	10,238,099	9,834,345	568,565	522,527
- Employees' Provident Fund & SOCSO	1,198,494	1,167,863	63,823	61,935
- other related staff costs	555,791	560,627	164,486	35,381
Fair value discount on retention receivables	2,080,487	-	-	-
Fair value loss on investment in quoted shares	405,280	-	-	-
Fair value loss on biological assets	32,790	-	-	-
Loss on disposal of property, plant and equipment	620,781	-	-	-
And crediting:-				
Bad debts recovered				
- other receivables	330,000	-	-	-
Dividend income	-	-	20,000,000	60,000,000
Fair value discount on retention payables	139,819	-	-	-
Fair value gain on biological assets	-	1,691	-	-
Fair value gain on investment properties	3,231,394	114,076,346	-	-
Government subsidy	539,194	-	19,200	-
Gain on disposal of property, plant and equipment	-	15,590	-	42,473
Gain on disposal of investment properties	557,020	-	-	-
Gain on disposal of right-of-use assets	39,931	-	-	-
Interest income	191,283	292,232	67,358	100,282
Rental income	603,153	397,723	-	-
Waiver of debts	129,760	-	129,760	-
Unrealised gain on foreign exchange	106,493	1,243	32,594	18,441

The Group leases hostel with contract term of 1 year. These leases are short-term. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Notes to The Financial Statements (cont'd)

28. DIRECTOR'S REMUNERATION

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Executive Directors				
- salaries, allowances and bonuses	169,800	173,760	–	–
- fees	1,338,500	476,000	1,228,000	320,000
- others	16,764	17,243	–	–
Total	1,525,064	667,003	1,228,000	320,000
Non-Executive Directors				
- fees	351,960	250,980	351,960	247,980
Total	1,877,024	917,983	1,579,960	567,980

29. FINANCE COSTS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Interest expenses on:-				
- bank overdraft	109,978	70,664	–	–
- hire purchase payable	177,423	238,901	–	–
- term loans	501,285	329,955	–	–
- banker's acceptance	67,377	69,774	–	–
- lease liabilities	270,378	–	20,704	–
Total	1,126,441	709,294	20,704	–

Notes to The Financial Statements (cont'd)

30. TAXATION

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Income tax				
- current year	1,093,867	142,400	–	–
- under/(over) accrual in prior years	122,876	(134,953)	213,822	–
	1,216,743	7,447	213,822	–
Deferred tax (Note 24)				
- current year	1,248,409	14,329,040	–	–
- over accrual in prior years	–	(2,430,352)	–	–
	1,248,409	11,898,688	–	–
Total	2,465,152	11,906,135	213,822	–

A reconciliation of income tax expenses applicable to profit before taxation at the statutory income tax rate to income tax expenses at the effective income tax rate of the Group and of the Company is as follows:-

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit before taxation	4,062,861	5,295,683	12,121,106	5,643,060
Taxation at applicable tax rate of 24%	975,087	1,270,964	2,909,065	1,354,334
Tax effects arising from:-				
- expenses not deductible for tax purposes	2,977,783	24,232,129	1,929,158	12,927,666
- non-taxable income	(999,897)	(27,378,323)	(4,838,965)	(14,400,000)
- deferred tax assets not recognised	205,976	3,961,220	742	118,000
- utilisation of deferred tax assets previously not recognised	(1,141,770)	(1,752,000)	–	–
- deferred tax liabilities on valuation gain	325,097	14,137,450	–	–
- under/(over) accrual in prior years:-				
- income tax	122,876	(134,953)	213,822	–
- deferred tax	–	(2,430,352)	–	–
Tax expenses for the financial year	2,465,152	11,906,135	213,822	–

Notes to The Financial Statements (cont'd)

30. TAXATION (CONT'D)

Deferred tax assets have not been recognised in respect of the following items:-

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Property, plant and equipment	8,618,839	6,061,958	298,032	294,942
Unutilised capital allowance carry forward	(2,861,757)	–	–	–
Unabsorbed losses carry forward	(15,480,458)	(19,684,476)	–	–
	(9,723,376)	(13,622,518)	298,032	294,942
Potential deferred tax assets not recognised	(2,333,610)	(3,269,404)	71,528	70,786

31. EARNINGS/(LOSS) PER ORDINARY SHARE

(a) Basic earnings/(loss) per share

	2020 RM	Group 2019 RM
Net profit/(loss) attributable to owners of the parent	1,597,709	(6,610,452)
Number of shares at 1 July	5,340,383,754	5,340,383,754
Less: Treasury shares	(217,946,000)	(151,646,000)
Weighted average number of ordinary shares as at 30 June	(5,122,437,754)	5,188,737,754
Basic earnings/(loss) per ordinary share (sen)	0.03	(0.13)

The basic earnings per ordinary share is calculated by dividing the consolidated net profit/(loss) attributable to equity owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

(b) Diluted earnings/(loss) per share

There is no dilution in the earnings/(loss) per share as the market value of the Company's ordinary shares at the end of financial year is lower than the exercise price of the outstanding Warrants C 2015/2025 and Warrants D 2017/2027. Accordingly, there would be no conversion of these outstanding instruments for the purpose of calculating diluted earnings/(loss) per share.

Notes to The Financial Statements (cont'd)

32. CONTINGENT LIABILITIES

The Company provides corporate guarantees up to a total amount of RM20,097,888/- (2019: RM17,097,888/-) to licensed banks for banking facilities granted to certain subsidiaries. Accordingly, the Company is contingently liable to the extent of the facilities utilised.

33. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Identification of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:-

- (i) Direct subsidiaries;
- (ii) Indirect subsidiaries; and
- (iii) Key management personnel which comprise persons (including the directors of the Company) having the authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly.

(b) Significant related party transactions

During the financial year, the significant related party transactions are as follows:-

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Subsidiaries:				
Management fee	–	–	1,320,000	1,320,000
Dividend income	–	–	20,000,000	60,000,000
Among subsidiaries				
Dividend income	25,000,000	100,000,000	–	–
Purchase of goods/ services	(3,481,325)	(10,529,123)	–	–
Sales of goods/ services	3,481,325	10,529,123	–	–
Rental income	96,000	96,000	–	–
Rental expenses	(96,000)	(96,000)	–	–
Consultancy fee	(398,608)	(326,509)	–	–

Notes to The Financial Statements (cont'd)

33. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

(c) Key management personnel remuneration

The remuneration of the key management personnel is as follow:-

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Salaries, allowances and bonuses	169,800	173,760	–	–
Fees	1,338,500	476,000	1,228,000	320,000
Others	16,764	17,243	–	–
Total	1,525,064	667,003	1,228,000	320,000

34. SEGMENT REPORTING

The Group adopted MFRS 8, Operating Segments. MFRS 8 requires the identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segments and assess their performance.

General information

The information reported to the Group's chief operating decision maker to make decisions about resources to be allocated and for assessing their performance is based on the nature of the products and services, and has five reportable operating segments as follows:-

- (a) Head office and others;
- (b) Fast food and franchise operations;
- (c) Management and operation of properties*; and
- (d) Oil, gas, energy and mining related services.

During the year, the Group has changed the name of the reportable operating segment as follows:-

- (a) Head office and others;
- (b) Food and franchise operations;
- (c) Property investment and management*; and
- (d) Resources and sustainable energy.

* Plantation business is included in this segment as it is immaterial to show as separate segment.

Measurement of reportable segments

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements. Segment profit or loss is profit earned or loss incurred by each segment without allocation of depreciation and amortisation, finance cost, income from other investment and income tax expense. There are no significant changes from prior financial period in the measurement methods used to determine reported segment profit or loss. All the Group's assets and liabilities are allocated to reportable segments other than deferred tax assets and deferred tax liabilities.

Notes to
The Financial Statements (cont'd)

34. SEGMENT REPORTING (CONT'D)

Group 2020	Head office and others RM	Food and franchise operations RM	Property investment and management RM	Resources and sustainable energy RM	Eliminations RM	Note	Consolidated RM
Revenue							
External sales	323,073	40,731,051	30,945,924	16,288,980	–		88,289,028
Inter-segment sales	1,718,608	729,954	–	1,431,371	(3,879,933)	(a)	–
Total revenue	2,041,681	41,461,005	30,945,924	17,720,351	(3,879,933)		88,289,028
Results							
Segment results	12,774,190	270,895	6,634,906	8,475,732	(15,804,662)	(a)	12,351,061
Depreciation of property, plant and equipment	(664,733)	(1,594,663)	(198,431)	(1,598,313)	59,214	(a)	(3,996,926)
Depreciation of right-of-use assets	(106,239)	(2,323,579)	(144,447)	(341,581)	–		(2,915,846)
Finance costs	(20,704)	(372,104)	(21,487)	(661,602)	(50,544)	(a)	(1,126,441)
Income tax expenses	(213,822)	(400,211)	(382,645)	(1,468,474)	–		(2,465,152)
Interest income	67,358	46,251	56,557	21,117	–		191,283
Other non-cash expenses (Note(i))	126,024	1,033,614	(1,431,701)	(168,207)	–		(440,270)
Profit for the financial year							1,597,709

Notes to The Financial Statements (cont'd)

34. SEGMENT REPORTING (CONT'D)

Group 2020	Head office and others RM	Food and franchise operations RM	Property investment and management RM	Resources and sustainable energy RM	Eliminations RM	Note	Consolidated RM
Asset							
Segment assets	641,059,366	34,520,091	508,401,302	270,121,124	(724,614,862)	(b)	729,487,021
Consolidated total asset							<u>729,487,021</u>
Other information							
Additions to property, plant and equipment	21,744	124,841	668,963	574,149	-		1,389,697
Liabilities							
Segment liabilities	7,243,324	33,906,865	447,223,292	272,264,199	(743,410,885)	(c)	17,226,795
Tax payables	-	6,735	-	582,701	-		589,436
Loans and borrowings	-	5,206,592	319,768	10,637,469	-		16,163,829
Deferred tax liabilities	-	366,436	13,860,695	4,142,545	-		18,369,676
Lease liabilities	368,350	3,349,994	-	931,744	678,774	(c)	5,328,862
Consolidated total liabilities							<u>57,678,598</u>

Notes to
The Financial Statements (cont'd)

34. SEGMENT REPORTING (CONT'D)

Group 2019	Head office and others RM	Fast food and franchise operations RM	Management and operation of properties RM	Oil, gas, energy and mining related businesses RM	Eliminations RM	Note	Consolidated RM
Revenue							
External sales	36,000	48,837,277	36,675,076	7,621,242	–		93,169,595
Inter-segment sales	1,646,509	1,002,569	–	–	(2,649,078)	(a)	–
Total revenue	1,682,509	49,839,846	36,675,076	7,621,242	(2,649,078)		93,169,595
Results							
Segment results	6,209,509	(3,728,831)	157,880,189	(123,750,944)	(20,750,815)	(a)	15,859,108
Depreciation of property, plant and equipment	(637,938)	(2,296,872)	(443,506)	(3,104,444)	88,376	(a)	(6,394,384)
Finance costs	–	(175,009)	(22,506)	(511,779)	–		(709,294)
Income tax expenses	–	39,120	(10,812,957)	(1,132,298)	–		(11,906,135)
Interest income	100,832	62,990	60,729	67,681	–		292,232
Other non-cash expenses (Note(i))	(37,697)	1,412,411	(76,839,313)	71,712,620	–		(3,751,979)
Loss for the financial year							(6,610,452)

Notes to The Financial Statements (cont'd)

34. SEGMENT REPORTING (CONT'D)

Group 2019	Head office and others RM	Fast food and franchise operations RM	Management and operation of properties RM	Oil, gas, energy and mining related businesses RM	Eliminations RM	Note	Consolidated RM
Asset							
Segment assets	631,756,585	34,108,792	491,085,909	267,534,010	(689,671,654)	(b)	734,813,642
Consolidated total asset							<u>734,813,642</u>
Other information							
Additions to property, plant and equipment	534,000	2,122,986	1,905,948	7,531,541	(8,206,554)	(a)	3,887,921
Liabilities							
Segment liabilities	7,300,093	52,747,861	412,689,861	272,844,090	(716,874,709)	(c)	28,707,196
Tax payables	-	6,736	-	86,957	-		93,693
Loans and borrowings	-	3,410,925	445,207	11,557,928	-		15,414,060
Deferred tax liabilities	-	254,000	13,535,599	3,331,668	-		17,121,267
Consolidated total liabilities							<u>61,336,216</u>

Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:-

- (a) Inter-segment transactions and revenue are eliminated on consolidation;
- (b) Inter-segment assets are eliminated on consolidation; and
- (c) Inter-segment liabilities are eliminated on consolidation.

Notes to The Financial Statements (cont'd)

34. SEGMENT REPORTING (CONT'D)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:-

(i) Other non-cash expenses consist of the following items:-

	2020 RM	Group 2019 RM
Impairment loss/(Reversal of impairment loss) on:-		
- trade receivables	208,696	1,344,035
- other receivables	(1,291,705)	3,787,846
- development expenditure	221,014	3,884,200
- exploration expenditure	-	44,556,514
- intangible asset	-	14,000,000
- property, plant and equipment	-	3,640,080
- golf club membership	9,000	-
Gain on disposal of investment properties	(557,020)	-
Loss/(Gain) on disposal of property, plant and equipment	620,781	(15,590)
Gain on disposal of right of use assets	(39,931)	-
Written off of:-		
- property, plant and equipment	1,572,278	23,371,869
- bad debts - trade receivables	57,857	73,161
- bad debts - other receivables	59,888	130,828
- deposits	7,500	14,575,361
- prepayments	3,788	977,754
Bad debt recovered - other receivables	(330,000)	-
Fair value loss/(gain) on biological assets	32,790	(1,691)
Fair value gain on investment properties	(3,231,394)	(114,076,346)
Fair value loss on investment in quoted shares	405,280	-
Fair value discount on retention receivables	2,080,487	-
Fair value discount on retention payables	(139,819)	-
Waiver of debts	(129,760)	-
Total	(440,270)	(3,751,979)

Geographical information

Revenue and non current assets are based on the geographical location of customers and assets respectively. Geographical information for revenue is disclosed in Note 26 to the financial statements.

	Non current assets	
	2020 RM	2019 RM
Geographical information		
Malaysia	655,306,148	649,361,222
Australia	621,416	833,165
Total	655,927,564	650,194,387

Notes to The Financial Statements (cont'd)

34. SEGMENT REPORTING (CONT'D)

Major customer

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

	Revenue		Segment
	2020 RM	2019 RM	
Customer A	31,910,422	36,080,594	Property investment and management & resources and sustainable energy

35. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

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

- (i) Financial assets measured at amortised cost
- (ii) Financial asset measured at fair value through profit or loss
- (iii) Financial asset measured at fair value through other comprehensive income
- (iv) Financial liabilities measured at amortised cost

	Carrying amounts RM	Financial assets at fair value through profit or loss RM	Financial assets at fair value through other comprehensive income RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM
Group 2020					
Financial assets					
Other investments	338,241	338,240	1	–	–
Receivables	56,882,502	–	–	56,882,502	–
Contract asset	850,514	–	–	850,514	–
Fixed deposits with licensed banks	3,957,051	–	–	3,957,051	–
Cash and bank balances	5,597,495	–	–	5,597,495	–
	67,625,803	338,240	1	67,287,562	–
Financial liabilities					
Payables	17,226,795	–	–	–	17,226,795
Lease liabilities	5,328,862	–	–	–	5,328,862
Loans and borrowings	16,163,829	–	–	–	16,163,829
	38,719,486	–	–	–	38,719,486

*Notes to
The Financial Statements (cont'd)*

35. FINANCIAL INSTRUMENTS (CONT'D)

(a) Categories of financial instruments (Cont'd)

	Carrying amounts RM	Financial assets at fair value through profit or loss RM	Financial assets at fair value through other comprehensive income RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM
Company					
2020					
Financial assets					
Receivables	202,857	–	–	202,857	–
Amount owing by subsidiaries	264,642,827	–	–	264,642,827	–
Fixed deposits with licensed banks	2,148,323	–	–	2,148,323	–
Cash and bank balances	974,071	–	–	974,071	–
	267,968,078	–	–	267,968,078	–
Financial liabilities					
Payables	1,078,904	–	–	–	1,078,904
Lease liabilities	368,348	–	–	–	368,348
Amount owing to subsidiaries	5,230,602	–	–	–	5,230,602
	6,677,854	–	–	–	6,677,854

Notes to The Financial Statements (cont'd)

35. FINANCIAL INSTRUMENTS (CONT'D)

(a) Categories of financial instruments (Cont'd)

	Carrying amounts RM	Financial assets at fair value through other comprehensive income RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM
Group 2019				
Financial assets				
Other investment	1	1	–	–
Receivables	23,296,057	–	23,296,057	–
Contract asset	6,442,347	–	6,442,347	–
Fixed deposits with licensed banks	3,624,588	–	3,624,588	–
Cash and bank balances	24,019,161	–	24,019,161	–
	57,382,154	1	57,382,153	–
Financial liabilities				
Payables	28,707,196	–	–	28,707,196
Loans and borrowings	15,414,060	–	–	15,414,060
	44,121,256	–	–	44,121,256
Company 2019				
Financial assets				
Receivables	361,066	–	361,066	–
Amount owing by subsidiaries	553,157,496	–	553,157,496	–
Fixed deposits with licensed banks	2,089,002	–	2,089,002	–
Cash and bank balances	2,325,844	–	2,325,844	–
	557,933,408	–	557,933,408	–
Financial liabilities				
Payables	1,041,432	–	–	1,041,432
Amount owing to subsidiaries	5,239,994	–	–	5,239,994
	6,281,426	–	–	6,281,426

Notes to The Financial Statements (cont'd)

35. FINANCIAL INSTRUMENTS (CONT'D)

(b) Net losses/(gain) arising from financial instruments

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Net losses/(gain) on:-				
Financial assets at amortised cost	(191,283)	(292,232)	(67,358)	–
Financial asset at fair value through profit or loss	405,280	–	–	–
Financial liabilities at amortised cost	1,126,441	709,294	20,704	–
	1,340,438	417,062	(46,654)	–
Net (gain)/losses on impairment of financial assets:-				
Financial assets at amortised cost	(1,287,764)	19,911,231	4,766,576	52,360,866

(c) Financial risk management

The activities of the Group are exposed to certain financial risks, including credit risk, liquidity risk, interest rate risk and other price risk. The overall financial risk management objective of the Group is to ensure that adequate financial resources are available for business development whilst minimising the potential adverse impacts of financial risks on its financial position, performance and cash flows.

The aforementioned financial risk management objective and its related policies and processes explained below have remained unchanged from the previous financial year.

(i) Credit risk

The Group's exposures to credit risk arises mainly from receivables, contract asset and fixed deposits placed with licensed banks. The Company's exposures to credit risk arises mainly from receivables. The Company is also exposed to credit risk in respect of its advances to subsidiaries and financial guarantees provided for credit facilities granted to certain subsidiaries. The maximum credit risk exposure of these financial assets is best represented by their respective carrying amounts in the statements of financial position.

Trade receivables and contract asset

Risk management objectives, policies and processes for managing the risk

The Group has a credit policy in place to monitor and minimise the exposure of default. Credit evaluations are performed on all customers requiring credit over certain amount. The Group also has an internal credit review which is conducted if the credit risk is material. Trade receivables and contract asset are monitored on an ongoing basis via Group management reporting procedures.

At each reporting date, the Group assesses whether any of the trade receivables and contract asset are credit impaired or written off.

Notes to The Financial Statements (cont'd)

35. FINANCIAL INSTRUMENTS (CONT'D)

(c) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables and contract asset (Cont'd)

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 asset are represented by the carrying amounts in the statements of financial position.

As at 30 June 2020, the Group has significant concentration of credit risk in the form of outstanding amount of approximately RM25,252,150/- (2019: RM12,303,153/-) due from four (4) trade receivables respectively which represents 93% (2019: 78%) of the total trade receivables of the Group. The directors are of the opinion that these amounts outstanding are fully recoverable. Credit risk and receivables are monitored on an ongoing basis. These procedures substantially mitigate credit risk of the Group.

Management has taken reasonable steps to ensure that trade receivables that are neither past due nor impaired are measured at their realisable values. 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. Any past due receivables having significant balances, which are deemed to have higher credit risk are monitored individually.

Expected credit losses ("ECL") assessment for trade receivables and contract asset

The Group uses simplified matrix approach to measure the ECLs of trade receivables and contract asset from individual customers. To measure the expected credit losses, trade receivables have been grouped based on credit risk ranking and days past due.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract asset:-

	Gross carrying amount RM	Loss allowance RM	Net balance RM
Group 2020			
Trade receivables- current			
Current (not past due)	9,795,072	129,837	9,665,235
1 to 30 days past due	1,893,995	36,522	1,857,473
31 to 60 days past due	388,075	10,728	377,347
61 to 90 days past due	396,186	7,129	389,057
	12,473,328	184,216	12,289,112
Credit impaired			
More than 90 days past due	16,354,150	1,541,766	14,812,384
	28,827,478	1,725,982	27,101,496
Contract asset	850,514	–	850,514

Notes to The Financial Statements (cont'd)

35. FINANCIAL INSTRUMENTS (CONT'D)

(c) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables and contract asset (Cont'd)

Expected credit losses ("ECL") assessment for trade receivables and contract asset (Cont'd)

	Gross carrying amount RM	Loss allowance RM	Net balance RM
Group 2019			
Trade receivables- current			
Current (not past due)	14,922,564	627,506	14,295,058
1 to 30 days past due	637,588	5,031	632,557
31 to 60 days past due	297,941	1,774	296,167
61 to 90 days past due	179,101	1,036	178,065
	16,037,194	635,347	15,401,847
Credit impaired			
More than 90 days past due	1,234,526	881,939	352,587
	17,271,720	1,517,286	15,754,434
Contract asset	6,442,347	–	6,442,347

Movements in the allowance for impairment losses in respect of trade receivables.

During the financial year, the Group recognised RM208,696/- (2019: RM1,344,035/-) of ECLs for trade receivables as disclosed in Note 11(a) to the financial statements.

Other receivables

As at the end of the reporting period, the maximum exposure to credit risk arising from other receivables is represented by the carrying amounts in the statements of financial position.

Expected credit loss of other receivables is determined individually after considering the financial strength, payment patterns and expected default rate of the other receivables. During the financial year, the Group recognised a reversal of ECLs of RM1,291,705/- for other receivables as disclosed in Note 11(b) to the financial statements.

Financial guarantee

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors the ability of the subsidiaries to service their loans on individual basis.

The maximum exposure to credit risk amounts to RM20,097,888/- (2019: RM17,097,888/-) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting date.

Notes to The Financial Statements (cont'd)

35. FINANCIAL INSTRUMENTS (CONT'D)

(c) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Financial guarantee (Cont'd)

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.

During the financial year, the Company has not credit impaired any financial guarantee.

Inter-company balances

The Company provides unsecured loans and advances to its subsidiaries. The Company monitors the results of the subsidiary regularly.

Credit risk and impairment losses for inter-company balances

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

Expected credit loss of inter-company loans and advances are determined individually after considering the financial strength, payment patterns and expected default rate of the inter-company. During the financial year, the Company recognised RM4,695,463/- (2019: RM52,356,090/-) of ECLs for inter-company loans and advances as disclosed in Note 15 to the financial statements.

Cash and cash equivalents

The cash and cash equivalents 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 statements 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.

(ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risks arises primarily from mismatched of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all financing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash or cash convertible investments to meet its working capital requirements.

Notes to The Financial Statements (cont'd)

35. FINANCIAL INSTRUMENTS (CONT'D)

(c) Financial risk management (Cont'd)

(ii) Liquidity risk (Cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations:-

Group	Carrying amounts RM	Contractual interest rate/ Discount rate	Contractual undiscounted cash flows RM	On Demand or Within 1 Year RM	1 - 5 Years RM	More than 5 Years RM
2020						
Financial liabilities						
Payables	17,226,795	-	17,226,795	16,528,122	698,673	-
Hire purchase payables	2,037,639	3.73% - 7.51%	2,181,106	1,092,323	1,088,783	-
Term loans	11,269,307	4.50% - 4.90%	11,821,503	316,499	1,697,349	9,807,655
Bank overdrafts	1,589,883	7.05% - 8.35%	1,589,883	1,589,883	-	-
Bankers' acceptances	1,267,000	1.80% - 3.84%	1,267,000	1,267,000	-	-
Lease liabilities	5,328,862	4.90%	5,589,976	1,913,962	3,676,014	-
	38,719,486		39,676,263	22,707,789	7,160,819	9,807,655
2019						
Financial liabilities						
Payables	28,707,196	-	28,707,196	28,707,196	-	-
Hire purchase payables	2,970,649	3.82% - 7.51%	3,271,607	1,246,391	2,025,216	-
Term loans	9,531,516	4.62% - 4.90%	9,998,560	322,501	3,016,744	6,659,315
Bank overdrafts	1,730,895	8.35%	1,730,895	1,730,895	-	-
Bankers' acceptances	1,181,000	3.81% - 4.14%	1,181,000	1,181,000	-	-
	44,121,256		44,889,258	33,187,983	5,041,960	6,659,315

Notes to The Financial Statements (cont'd)

35. FINANCIAL INSTRUMENTS (CONT'D)

(c) Financial risk management (Cont'd)

(ii) Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

Company	Carrying amounts RM	Contractual interest rate/ Discount rate	Contractual undiscounted cash flows RM	On Demand or Within 1 Year RM	1 - 5 Years RM	More than 5 Years RM
2020						
Financial liabilities						
Payables	1,078,904	-	1,078,904	1,078,904	-	-
Amount owing to subsidiaries	5,230,602	-	5,230,602	5,230,602	-	-
Lease liabilities	368,348	4.90%	386,397	104,160	282,237	-
Financial guarantee	-	-	20,097,888	20,097,888	-	-
	6,677,854		26,793,791	26,511,554	282,237	-
2019						
Financial liabilities						
Payables	1,041,432	-	1,041,432	1,041,432	-	-
Amount owing to subsidiaries	5,239,994	-	5,239,994	5,239,994	-	-
Financial guarantee	-	-	17,097,888	17,097,888	-	-
	6,281,426		23,379,314	23,379,314	-	-

Notes to The Financial Statements (cont'd)

35. FINANCIAL INSTRUMENTS (CONT'D)

(c) Financial risk management (Cont'd)

(iii) Interest rate risk

The Group's and the Company's exposure to interest rate risk arises mainly from interest-bearing financial instruments, namely term deposits and loans and borrowings.

The Group and the Company observe the movements in interest rates and strives to obtain the most favourable rates available for new financing or during repricing. It is also the Group's and the Company's policy to maintain a mix of fixed and floating rate financial instruments.

	2020		2019	
	Effective interest rate %	Carrying amounts RM	Effective interest rate %	Carrying amounts RM
Group				
Financial asset				
Fixed deposits with licensed banks	2.00 - 3.50	3,957,051	2.98 - 3.50	3,624,588
Financial liabilities				
Bankers' acceptances	1.80 - 3.84	1,267,000	3.81 - 4.14	1,181,000
Bank overdrafts	7.05 - 8.35	1,589,883	8.35	1,730,895
Hire purchase payables	3.73 - 7.51	2,037,639	3.82 - 7.51	2,970,649
Term loans	4.50 - 4.90	11,269,307	4.62 - 4.90	9,531,516
Lease liabilities	4.90	5,328,862	—	—
Company				
Financial asset				
Fixed deposits with licensed banks	2.46 - 3.05	2,148,323	2.98 - 3.30	2,089,002
Financial liability				
Lease liabilities	4.90	368,348	—	—

Notes to The Financial Statements (cont'd)

35. FINANCIAL INSTRUMENTS (CONT'D)

(c) Financial risk management (Cont'd)

(iii) Interest rate risk (Cont'd)

Sensitivity analysis for interest rate

As the Group does not account for its fixed rate financial instruments at fair value through profit or loss, any changes in interest rates at the end of reporting year would not affect its profit or loss. For floating rate financial instruments stated at amortised cost, the following table demonstrates the sensitivity of profit or loss to changes in interest rates that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	Group (Increase)/ Decrease in Profit or Loss 2020 RM	Group (Increase)/ Decrease in Profit or Loss 2019 RM
Increase in interest rate by 5%	(488,649)	(427,972)
Decrease in interest rate by 5%	488,649	427,972

(iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entity are kept to an acceptable level.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Australia, Singapore and British Virgin Island. The Group's investments in foreign operations are not hedged.

The financial assets and financial liabilities of the Group that are not denominated in the functional currencies are disclosed in respective notes to the financial statements.

Sensitivity analysis for foreign currency

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the exchange rates of United States Dollar ("USD"), Singapore Dollar ("SGD"), Australian Dollar ("AUD") and Brunei Dollar ("BRD") against the functional currency of the Group, with all other variables held constant.

Notes to The Financial Statements (cont'd)

35. FINANCIAL INSTRUMENTS (CONT'D)

(c) Financial risk management (Cont'd)

(iv) Foreign currency risk (Cont'd)

	Group Increase/ (Decrease) in Profit or Loss 2020 RM	Group Increase/ (Decrease) in Profit or Loss 2019 RM
USD/RM - strengthened 5%	3,557	2,527
- weakened 5%	(3,557)	(2,527)
SGD/RM - strengthened 5%	5,505	26,013
- weakened 5%	(5,505)	(26,013)
AUD/RM - strengthened 5%	9,495	19,336
- weakened 5%	(9,495)	(19,336)
BRD/RM - strengthened 5%	1,233	1,514
- weakened 5%	(1,233)	(1,514)

(v) Other price risk

The Group's exposure to other price risk arises mainly from other investment. The Group manages its exposure to other price risk by maintaining a portfolio of debt securities and equities with different risk profiles. Reports on the investment portfolio are submitted to the Group's senior management on a regular basis.

The following table demonstrates the sensitivity of profit or loss to reasonably possible price movements in other investments, with all other variables held constant:-

	Group Increase/ (Decrease) in Profit or Loss 2020 RM	Group Increase/ (Decrease) in Profit or Loss 2019 RM
Increase in price by 10%	25,706	-
Decrease in price by 10%	(25,706)	-

Notes to The Financial Statements (cont'd)

35. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair value information

The carrying amounts of short term receivables and payables and cash and cash equivalents approximate their fair values due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

The table below analyses the fixed rate current financial instruments carried at fair value is disclosed, together with its fair value and carrying amount shown in the statements of financial position:-

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
Group								
2020								
Financial assets								
Other investments	338,240	-	-	-	-	1	338,241	338,241
Retention sum (trade receivable)	-	-	-	-	-	19,431,325	19,431,325	17,350,838
Financial liabilities								
Hire purchase payables	-	-	-	-	-	2,181,106	2,181,106	2,037,639
Retention sum (trade payable)	-	-	-	-	-	838,492	838,492	698,673
2019								
Financial asset								
Other investment	-	-	-	-	-	1	1	1
Financial liabilities								
Hire purchase payables	-	-	-	-	-	3,271,607	3,271,607	2,970,649
Retention sum (trade payable)	-	-	-	-	-	550,515	550,515	550,515

Notes to The Financial Statements (cont'd)

35. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair value information (Cont'd)

Fair Value Hierarchy

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.

There has been no transfer between level 1 and level 2 fair values during the financial year.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities. The Group uses valuation techniques in determining fair values for financial instruments.

Type of financial instruments	Description of valuation technique and inputs used
Hire purchase payables	Discounted cash flows using a rate based on effective interest rate from hire purchase agreement
Retention sum	Discounted cash flows using a rate based on the weighted average of cost of capital of the Group

Notes to The Financial Statements (cont'd)

36. CAPITAL MANAGEMENT

The overall capital management objective of the Group and of the Company is to safeguard its ability to continue as a going concern so as to provide fair returns to shareholders and benefits to other stakeholders. In order to meet this objective, the Group and the Company always strive to maintain an optimal capital structure to reduce the cost of capital and sustain its business development.

The Group and the Company consider its total equity (including non-controlling interests) and total loans and borrowings to be the key components of its capital structure and do, from time to time, adjust the dividend payouts, purchase own shares, issue new shares, sell assets, raise or redeem debts, where necessary, to maintain an optimal capital structure. The Group and the Company monitor capital using a debt-to-equity ratio, which is calculated as total loans and borrowings divided by total equity.

The gearing ratio of the Group and of the Company is as follows:-

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Payables	17,226,795	28,707,196	1,078,904	1,041,432
Lease liabilities	5,328,862	–	368,348	–
Loans and borrowings	16,163,829	15,414,060	–	–
Total debts	38,719,486	44,121,256	1,447,252	1,041,432
Total equity	671,808,423	673,477,426	633,898,789	624,960,521
Capital and total debts	710,527,909	717,598,682	635,346,041	626,001,953
Gearing ratio	5.4%	6.1%	0.2%	0.2%

37. SUBSEQUENT EVENTS

(a) Private Placement

On 11 June 2020, the Company proposed to undertake a private placement of up to 10% of the total number of issued shares of the Company ("Bornoil Shares") to third party with an issue price of RM0.0221 per Placement Shares. A total up to 745,374,758 new Bornoil Shares ("Placement Shares") may be issued pursuant to the Proposed Private Placement.

On 8 July 2020, the Company announced that the Proposed Private Placement is expected to raise gross proceeds of up to approximately RM16,470,000/-.

Notes to The Financial Statements (cont'd)

37. SUBSEQUENT EVENTS (CONT'D)

(b) Employees' Share Option Scheme ("ESOS")

On 2 July 2020, the Company made an announcement on the offer and grant of options under employees' share option scheme ("ESOS") of the Company.

No.	Description of Offer under the ESOS Options	
1	Date	2 July 2020
2	Exercise price	RM0.027
3	Number of ESOS	400,000,000
4	Closing market price of Borneoil Shares	RM0.035
5	Number of ESOS Options to the Directors of the Company	Nil
6	Vesting period	N/A

On 7 August 2020, the Company made an announcement on the offer and grant of options under employees' share option scheme ("ESOS") of the Company.

No.	Description of Offer under the ESOS Options	
1	Date	6 August 2020
2	Exercise price	RM0.0434
3	Number of ESOS	400,000,000
4	Closing market price of Borneoil Shares	RM0.05
5	Number of ESOS Options to the Directors of the Company	Nil
6	Vesting period	N/A

On 16 October 2020, the Company made an announcement on the offer and grant of options under employees' share option scheme ("ESOS") of the Company.

No.	Description of Offer under the ESOS Options	
1	Date	16 October 2020
2	Exercise price	RM0.03684
3	Number of ESOS	400,000,000
4	Closing market price of Borneoil Shares	RM0.045
5	Number of ESOS Options to the Directors of the Company	Nil
6	Vesting period	N/A

(c) Acquisition of 100% interest in Winamewah Sdn. Bhd.

On 23 July 2020, SB Resorts Sdn. Bhd. ("SBR"), its wholly owned subsidiary of the Company entered into a Share Sale Agreement ("SSA") to acquire 100% equity interest of 750,000 ordinary shares in Winamewah Sdn. Bhd. ("WSB") for a total cash consideration of RM750,000/-.

(d) Memorandum of Understanding ("MOU") between Borneo Oil & Gas Corporation Sdn. Bhd. ("BOG") and Minetech Construction Sdn. Bhd. ("MCSB")

On 6 August 2020, the Company made an announcement that its wholly owned subsidiary, Borneo Oil & Gas Corporation Sdn. Bhd. ("BOG") had completed the first part of the exploration works on part of one of the eight Zones (Zone A to H) in the Bukit Ibam Gold Prospect and received a report under the Australasian Code of Reporting of exploration Results, Mineral Resources and Ore Reserves ("JORC Report").

Notes to The Financial Statements (cont'd)

37. SUBSEQUENT EVENTS (CONT'D)

(d) **Memorandum of Understanding ("MOU") between Borneo Oil & Gas Corporation Sdn. Bhd. ("BOG") and Minetech Construction Sdn. Bhd. ("MCSB") (Cont'd)**

On 13 August 2020, the Company announced that BOG has entered into an MOU with MCSB, a wholly owned subsidiary of Minetech Resources Berhad. An MOU was signed by both parties to express the intention to work together towards the materialisation of a business contract which will involve BOG appointing MCSB as the contractor for mining works for Bukit Ibam Gold Prospect at Mukim Keratong, Pahang.

38. CHANGES IN ACCOUNTING POLICIES

MFRS 16 adoption

During the year, the Group and the Company adopted MFRS 16.

Definition of a lease

On transition to MFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied MFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under MFRS 117 and IC Interpretation 4, Determining whether an Arrangement contains a Lease were not reassessed. Therefore, the definition of a lease under MFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

Where the Group and the Company are a lessee, the Group and the Company applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings at 1 July 2019.

At 1 July 2019, for leases that were classified as operating lease under MFRS 117, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group entities' incremental borrowing rate as at 1 July 2019. The weighted-average rate applied is 4.90%. Right-of-use assets are measure at either:-

- their carrying amount as of MFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at 1 January 2019; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group and the Company used the following practical expedients when applying MFRS 16 to leases previously classified as operating lease under MFRS 117:-

- applied a single discount rate to a portfolio of leases with similar characteristics;
- applied the exemption not to recognised right-of-use assets and liabilities for leases with less than 12 months of lease term as at 1 January 2019;
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application;
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease; and
- adjusted the right-of-use assets by the amount of provision for onerous contract under MFRS 137 immediately before the date of initial application, as an alternative to an impairment review.

For leases that were classified as finance lease under MFRS 117, the carrying amounts of the right-of-use asset and the lease liability at 1 January 2019 are determined to be the same as the carrying amount of the leased asset and lease liability under MFRS 117 immediately before that date.

Notes to The Financial Statements (cont'd)

38. CHANGES IN ACCOUNTING POLICIES

MFRS 16 adoption (Cont'd)

Impact on the financial statements

Since the Group and the Company applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application at 1 July 2019, there are no adjustments made to the prior period presented.

The effects on adoption MFRS 16 as at 1 July 2019 are as follows:-

	30 June 2019 RM	Effect on adoption of MFRS 16 RM	1 July 2019 RM
Group			
Consolidated Statements of Financial Position (Extract):-			
ASSET			
Non-current asset			
Right-of-use assets	–	21,581,096	21,581,096
EQUITY AND LIABILITY			
Retained earnings	56,832,658	(243,878)	56,588,780
Non-current liability			
Lease liabilities	–	5,069,984	5,069,984
Current liability			
Lease liabilities	–	2,265,490	2,265,490
Company			
Statement of Financial Position (Extract):-			
ASSET			
Non-current asset			
Right-of-use assets	–	460,369	460,369
EQUITY AND LIABILITY			
Retained earnings	8,408,373	(7,276)	8,401,097
Non-current liability			
Lease liabilities	–	361,073	361,073
Current liability			
Lease liabilities	–	99,296	99,296

Notes to The Financial Statements (cont'd)

39. COMPARATIVE FIGURES

In previous financial year, impairment loss of property, plant and equipment was erroneously classified as written off. The effects of correction of the error are disclosed below:-

	As previously reported RM	Adjustment RM	As restated RM
Property, plant and equipment (Extract):-			
At cost			
Written off	37,380,337	(5,712,072)	31,668,265
Accumulated depreciation			
Written off	10,549,162	(2,252,766)	8,296,396
Accumulated impairment losses			
Addition	180,774	3,459,306	3,640,080
Operating profit (Extract):-			
Impairment loss on:-			
- Property, plant and equipment	180,774	3,459,306	3,640,080
Written off of:-			
- Property, plant and equipment	26,831,175	(3,459,306)	23,371,869

List of Properties

List of Properties held by the Group as at 30 June 2020 and their carrying values are indicated as follows:

	Location	Description	Tenure	Land Area	Approximate Age of Building	Carrying Value RM'000	Date of Revaluation/ Acquisition
1	Kg. Mansiang, Kokol, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 30.4.2047	13.08 acres	Nil	2,616	21.6.2019
2	Kg. Mansiang, Kokol, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 30.4.2047	5.70 acres	Nil	451	21.6.2019
3	Kokol, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 30.4.2047	23.15 acres	Nil	14,469	26.6.2019
4	Kokol, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 30.4.2047	16.90 acres	Nil	875	25.6.2019
5	Kokol, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 30.4.2047	15.00 acres	Nil	881	25.6.2019
6	Kokol, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 30.4.2047	9.30 acres	Nil	500	26.6.2019
7	Kokol, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 30.4.2047	11.70 acres	Nil	7,312	26.6.2019
8	Tombongan, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 30.4.2047	12.67 acres	Nil	2,534	25.6.2019
9	Kg. Kiansom, Kota Kinabalu, Sabah	Vacant land	Leasehold, 99 years expiring 31.12.2069	20.78 acres	Nil	13,001	13.6.2019
10	Kg Kokol, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 30.4.2047	6.75 acres	Nil	396	25.6.2019
11	Kg. Togung, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 30.4.2047	2.76 acres	Nil	178	21.6.2019

List of Properties (cont'd)

List of Properties held by the Group as at 30 June 2020 and their carrying values are indicated as follows: (Cont'd)

	Location	Description	Tenure	Land Area	Approximate Age of Building	Carrying Value RM'000	Date of Revaluation/ Acquisition
12	Kg. Mansiang, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 30.4.2047	5.65 acres	Nil	1,130	21.6.2019
13	Kg. Mansiang, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 30.4.2047	3.89 acres	Nil	252	21.6.2019
14	Kg. Kokol, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 30.4.2047	12.95 acres	Nil	8,094	26.6.2019
15	Kg. Togung, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 28.2.2033	2.65 acres	Nil	140	21.6.2019
16	Kg. Kundasang, Ranau, Sabah	Vacant land	Leasehold, 99 years expiring 31.12.2081	1.57 acres	Nil	312	25.6.2019
17	Kg. Kokol, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 30.4.2047	12.66 acres	Nil	822	21.6.2019
18	Kg. Kokol, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 30.4.2047	14.59 acres	Nil	2,978	21.6.2019
19	Kg. Upak, Ulu Segama, Lahad Datu, Sabah	Vacant land	Leasehold, 99 years expiring 31.12.2086	14.41 acres	Nil	360	27.6.2019
20	Kg. Upak, Ulu Segama, Lahad Datu, Sabah	Land with oil palm	Leasehold, 30 years expiring 30.7.2046	11.28 acres	Nil	282	27.6.2019
21	Kg. Upak, Ulu Segama, Lahad Datu, Sabah	Land with oil palm	Leasehold, 30 years expiring 30.7.2046	14.63 acres	Nil	365	27.6.2019
22	Kg. Upak, Ulu Segama, Lahad Datu, Sabah	Land with oil palm	Leasehold, 30 years expiring 30.7.2046	15.80 acres	Nil	395	27.6.2019

List of Properties (cont'd)

List of Properties held by the Group as at 30 June 2020 and their carrying values are indicated as follows: (Cont'd)

	Location	Description	Tenure	Land Area	Approximate Age of Building	Carrying Value RM'000	Date of Revaluation/ Acquisition
23	Kg. Upak, Ulu Segama, Lahad Datu, Sabah	Land with oil palm	Leasehold, 30 years expiring 30.7.2046	14.36 acres	Nil	359	27.6.2019
24	Kg. Upak, Ulu Segama, Lahad Datu, Sabah	Land with oil palm	Leasehold, 30 years expiring 30.7.2046	15.28 acres	Nil	381	27.6.2019
25	Kg. Upak, Ulu Segama, Lahad Datu, Sabah	Land with oil palm	Leasehold, 30 years expiring 30.7.2046	14.69 acres	Nil	366	27.6.2019
26	Kg. Upak, Ulu Segama, Lahad Datu, Sabah	Land with oil palm	Leasehold, 30 years expiring 30.7.2046	15.79 acres	Nil	394	27.6.2019
27	Kg. Upak, Ulu Segama, Lahad Datu, Sabah	Land with oil palm	Leasehold, 30 years expiring 30.7.2046	14.88 acres	Nil	371	27.6.2019
28	Kg. Upak, Ulu Segama, Lahad Datu, Sabah	Land with oil palm	Leasehold, 30 years expiring 30.7.2046	16.53 acres	Nil	412	27.6.2019
29	Kg. Upak, Ulu Segama, Lahad Datu, Sabah	Land with oil palm	Leasehold, 30 years expiring 30.7.2046	15.84 acres	Nil	396	27.6.2019
30	Pulau Gaya, Kota Kinabalu, Sabah	Vacant land	Leasehold 30 years expiring 31.1.2042	2.05 acres	Nil	1,421.25	25.6.2019
31	Pulau Gaya Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 31.01.2042	5.16 acres	Nil	3,578.75	25.6.2019
32	1 unit Waikiki Condominium HC-1202, Kota Kinabalu, Sabah	Condominium	Leasehold, 999 years expiring 15.3.2925	4,550 sq ft	36 years	3,125	17.6.2019

List of Properties (cont'd)

List of Properties held by the Group as at 30 June 2020 and their carrying values are indicated as follows: (Cont'd)

	Location	Description	Tenure	Land Area	Approximate Age of Building	Carrying Value RM'000	Date of Revaluation/ Acquisition
33	Kg. Lesau, District of Ranau, Sabah	Vacant land	Leasehold, 99 years expiring 31.12.2068	31.80 acres	Nil	3,180	25.6.2019
34	Sg. Metah, Kinabatangan District, Sandakan, Sabah	Vacant land	Leasehold, 99 years expiring 31.12.2073	100.07 acres	Nil	2,500	27.6.2019
35	Kampung Ulu Segama, Lahad Datu, Sabah	Land with oil palm	Leasehold, 30 years expiring 30.7.2046	14.79 acres	Nil	29,600	28.6.2019
36	Ulu Segama, Lahad Datu	Vacant land	Leasehold, 99 years expiring 31.12.2072	71.47 acres	Nil	185,000	28.6.2019
37	Kg. Kokol, District of Kota Kinabalu	Vacant land	Leasehold, 30 years expiring 31.12.2046	3.00 acres	Nil	1,873	25.6.2019
38	Kg. Kokol, District of Kota Kinabalu	Vacant land	Leasehold, 30 years expiring 31.7.2046	1.45 acres	Nil	905	17.6.2019
39	Kg Upak, Ulu Segama, Lahad Datu, Sabah	Land with oil palm	Leasehold, 30 years expiring 30.7.2046	15.24 acres	Nil	18,286	28.6.2019
40	Kg Upak, Ulu Segama, Lahad Datu, Sabah	Land with oil palm	Leasehold, 30 years expiring 30.7.2046	15.17 acres	Nil	18,202	28.6.2019
41	Kg Upak, Ulu Segama, Lahad Datu, Sabah	Land with oil palm	Leasehold, 30 years expiring 30.7.2046	15.12 acres	Nil	18,158	28.6.2019
42	Kg Upak, Ulu Segama, Lahad Datu, Sabah	Land with oil palm	Leasehold, 30 years expiring 30.7.2046	16.51 acres	Nil	19,822	28.6.2019

List of Properties (cont'd)

List of Properties held by the Group as at 30 June 2020 and their carrying values are indicated as follows: (Cont'd)

	Location	Description	Tenure	Land Area	Approximate Age of Building	Carrying Value RM'000	Date of Revaluation/ Acquisition
43	District of Labuan	shoplot	Leasehold, 99 years expiring 27.11.2055	9,800 sq ft	53 years	10,552	27.6.2019
44	Ulu Segama, Lahad Datu, Sabah	Vacant land	Leasehold, 30 years expiring 30.9.2042	8.47 acres	Nil	169	28.6.2019
45	Ulu Segama, Lahad Datu, Sabah	Vacant land	Leasehold, 30 years expiring 30.9.2042	8.68 acres	Nil	174	28.6.2019
46	Ulu Segama, Lahad Datu, Sabah	Vacant land	Leasehold, 30 years expiring 30.9.2042	7.65 acres	Nil	153	28.6.2019
47	Ulu Segama, Lahad Datu, Sabah	Vacant land	Leasehold, 30 years expiring 30.9.2042	8.69 acres	Nil	174	28.6.2019
48	Kampung Silad, Ranau, Sabah	Vacant land	Leasehold, 30 years expiring 30.11.2042	18.08 acres	Nil	361	25.6.2019
49	Kampung Bongkud, Ranau, Sabah	Vacant land	Leasehold, 99 years expiring 31.8.2047	5.00 acres	Nil	99	25.6.2019
50	Ulu Segama, Lahad Datu, Sabah	Quarry land	Leasehold, 30 years expiring 30.6.2046	13.58 acres	Nil	27,162	28.6.2019
51	Silam Road Lahad Datu, Sabah	Vacant land	Leasehold, 30 years expiring 28.2.2042	16.16 acres	Nil	808	28.6.2019
52	Kampung Bongkud, Ranau, Sabah	Vacant land	Leasehold, 99 years expiring 31.12.2072	11.51 acres	Nil	230	25.6.2019
53	Kampung Kilimu Ranau, Sabah	Vacant land	Leasehold, 30 years expiring 1.6.2042	11.76 acres	Nil	940	25.6.2019

List of Properties (cont'd)

List of Properties held by the Group as at 30 June 2020 and their carrying values are indicated as follows: (Cont'd)

	Location	Description	Tenure	Land Area	Approximate Age of Building	Carrying Value RM'000	Date of Revaluation/ Acquisition
54	Ulu Segama, Lahad Datu, Sabah	Vacant land	Leasehold, 30 years expiring 30.6.2043	7.91 acres	Nil	158	28.6.2019
55	Kg. Upak, Ulu Segama, Lahad Datu, Sabah	Vacant land	Leasehold, 30 years expiring 30.3.2047	16.90 acres	Nil	336	28.6.2019
56	Bakapit, Lahad Datu, Sabah	Vacant land	Leasehold, 30 years expiring 30.3.2047	13.93 acres	Nil	417	28.6.2019
57	Ulu Segama, Lahad Datu, Sabah	Quarry land	Leasehold, 30 years expiring 30.1.2047	13.33 acres	Nil	26,662	28.6.2019
58	Ulu Segama, Lahad Datu, Sabah	Quarry land	Leasehold, 30 years expiring 30.1.2047	13.38 acres	Nil	26,762	28.6.2019
59	Ulu Segama, Lahad Datu, Sabah	Quarry land	Leasehold, 30 years expiring 30.1.2047	13.41 acres	Nil	26,826	28.6.2019
60	Ulu Segama, Lahad Datu, Sabah	Quarry land	Leasehold, 30 years expiring 30.1.2047	13.25 acres	Nil	26,518	28.6.2019
61	Ulu Segama, Lahad Datu, Sabah	Quarry land	Leasehold, 30 years expiring 30.1.2047	13.19 acres	Nil	26,390	28.6.2019
62	Ulu Segama, Lahad Datu, Sabah	Quarry land	Leasehold, 30 years expiring 30.1.2047	13.90 acres	Nil	27,804	28.6.2019
63	Ulu Segama, Lahad Datu, Sabah	Quarry land	Leasehold, 30 years expiring 28.2.2048	13.29 acres	Nil	26,578	28.6.2019

List of Properties (cont'd)

List of Properties held by the Group as at 30 June 2020 and their carrying values are indicated as follows: (Cont'd)

	Location	Description	Tenure	Land Area	Approximate Age of Building	Carrying Value RM'000	Date of Revaluation/ Acquisition
64	Kg Sarang, Kota Belud, Sabah	Vacant land	Leasehold, 30 years expiring 31.8.2048	9.43 acres	Nil	1,886	17.6.2019
65	Kg Sarang, Kota Belud, Sabah	Vacant land	Leasehold, 30 years expiring 31.8.2048	14.18 acres	Nil	2,836	17.6.2019
66	Ulu Segama, Lahad Datu, Sabah	Land with oil palm	Leasehold, 99 years expiring 31.12.2096	464.10 acres	Nil	11,600	30.6.2020
67	KKIP Selatan, Kota Kinabalu, Sabah	Factory	Leasehold, 99 years expiring 31.12.2096	759.9 sq ft	10 years	1,342	02.5.2018
68	Modern Light Industrial Estate, Muar Tuang Land, Kuching (Lot 40, Lot 41, Lot 42)	Shoplots	Leasehold, 99 years	35,564 sq ft	4 years	2,678	27.1.2016

Statement of Shareholdings

as at 30th September 2020

ANALYSIS OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
Less than 100	140	0.60	5,828	–
100 to 1,000	793	3.42	453,623	0.01
1,001 to 10,000	4,304	18.55	27,041,286	0.45
10,001 to 100,000	12,032	51.86	588,947,507	9.85
100,001 to less than 5% of Issued Shares	5,929	25.56	4,093,281,260	68.53
5% and above of Issued Shares	1	0.01	1,264,408,250	21.16
TOTAL	23,199	100.00	5,974,137,754	100.00

* The number of 5,974,137,754 ordinary shares which was arrived at after deducting 392,546,000 treasury shares held by the Company from its issued shares of 6,366,683,754 ordinary shares

DIRECTOR'S SHAREHOLDINGS AS AT 30TH SEPTEMBER 2020

Name	Direct Interest	%	Deemed Interest	%
1. Mr. Tan Kok Chor	–	–	–	–
2. Datuk Joseph Lee Yok Min @ Ambrose	113,326,100	1.780	26,163,085	0.411
3. Mr. Chan Keng Leong	–	–	–	–
4. Mr. Teo Kiew Leong	–	–	–	–
5. Mr. Seroop Singh Ramday	–	–	–	–
6. Mr. Michael Moo Kai Wah	–	–	–	–
TOTAL	113,326,100	1.780	26,163,085	0.411

Statement of Shareholdings (cont'd)

LIST OF TOP 30 SHAREHOLDERS AS AT 30TH SEPTEMBER 2020

NO.	NAME	NO. OF SHARES	%
1	AFFIN HWANG NOMINEES (ASING) SDN BHD (Pledged Securities Account for Lei Shing Hong Securities Limited)	1,264,408,250	21.16
2	RHB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Hap Seng Insurance Services Sdn Bhd)	273,000,000	4.57
3	CGS - CIMB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Lim Nyuk Sang @ Freddy Lim)	105,000,000	1.76
4	TAN SOH GEK	70,069,500	1.17
5	CGS - CIMB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Lee Yoke Foong)	69,000,000	1.15
6	KHOO YONG AI	64,050,000	1.07
7	LCP LIMITED	58,074,100	0.97
8	IBRAHIM HUSSAIN	50,000,000	0.84
9	MAYBANK NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Celeste Assets Sdn Bhd)	35,250,000	0.59
10	PUBLIC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Lim Geok Hoon)	35,175,000	0.59
11	KHOO BUCK CHEW	31,185,000	0.52
12	AMSEC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Jega Devan A/L M Nadchatiram)	26,520,000	0.44
13	AMSEC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Joseph Lee Yok Min @ Ambrose)	24,720,000	0.41
14	PUBLIC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Leng Kok Liang)	24,700,000	0.41
15	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Batu Bara Resources Corporation Sdn Bhd)	23,500,000	0.39
16	JEREMY KHO HUI JAQ	22,650,000	0.38
17	AMSEC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Victoria Capital Sdn Bhd)	21,868,500	0.37
18	MAYBANK NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Ong Yoong Nyock)	20,875,000	0.35

Statement of Shareholdings (cont'd)

LIST OF TOP 30 SHAREHOLDERS AS AT 30TH SEPTEMBER 2020 (CONT'D)

NO.	NAME	NO. OF SHARES	%
19	LCP LIMITED	19,935,500	0.33
20	TAN BENG SIM	18,756,900	0.31
21	CITIGROUP NOMINEES (ASING) SDN BHD (Pledged Securities Account for Sunnyvale Holdings Ltd)	17,856,550	0.30
22	CHU SHENG TAUR	16,500,000	0.28
23	CHU SOONG TAU	16,500,000	0.28
24	ONG SOI TAT	16,500,000	0.28
25	MAYBANK NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Pang Su Siong)	16,000,000	0.27
26	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Lu Li)	14,978,250	0.25
27	TA NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Yee Wei Meng)	14,240,000	0.24
28	QUECK HAN TIONG	14,000,000	0.23
29	KENANGA NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Chong Kon Tet)	13,421,000	0.22
30	UOB KAY HIAN NOMINEES (ASING) SDN BHD (Pledged Securities Account for UOB Kay Hian Pte Ltd (A/C Clients))	12,757,391	0.21
		2,411,490,941	40.34

SUBSTANTIAL SHAREHOLDERS AS AT 30TH SEPTEMBER 2020

NO.	NAME	NO. OF SHARES HELD			
		Direct	%	Indirect	%
1	AFFIN HWANG NOMINEES (ASING) SDN BHD (Pledged Securities Account for Lei Shing Hong Securities Limited)	1,264,408,250	21.16	–	–

Statement of Warrant C

(2015/2025) Holdings as at 30th September 2020

ANALYSIS OF WARRANT C (2015/2025) HOLDINGS

SIZE OF HOLDINGS	NO. OF WARRANT HOLDERS	%	NO. OF WARRANTS	%
Less than 100	126	2.63	7,330	–
100 to 1,000	67	1.40	35,984	–
1,001 to 10,000	541	11.29	3,681,442	0.21
10,001 to 100,000	2,242	46.80	112,851,546	6.51
100,001 to less than 5% of issued warrants	1,814	37.86	1,501,103,548	86.54
5% and above of issued warrants	1	0.02	117,000,000	6.74
TOTAL	4,791	100.00	1,734,679,850	100.00

DIRECTOR'S WARRANT C SHAREHOLDING AS AT 30TH SEPTEMBER 2020

Name	Direct Interest	%	Deemed Interest	%
1. Mr. Tan Kok Chor	–	–	–	–
2. Datuk Joseph Lee Yok Min @ Ambrose	–	–	–	–
3. Mr. Chan Keng Leong	–	–	–	–
4. Mr. Teo Kiew Leong	–	–	–	–
5. Mr. Seroop Singh Ramday	–	–	–	–
6. Mr. Michael Moo Kai Wah	–	–	–	–
TOTAL	–	–	–	–

LIST OF TOP 30 WARRANT C (2015/2025) HOLDERS AS AT 30TH SEPTEMBER 2020

NO.	NAME	NO. OF WARRANTS	%
1	RHB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Hap Seng Insurance Services Sdn Bhd)	117,000,000	6.74
2	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for UOB Kay Hian Pte Ltd)	60,238,500	3.47
3	CGS - CIMB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Lee Yoke Foong)	50,894,800	2.93
4	TAN SOH GEK	36,842,300	2.12
5	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Tie Ming Chung)	31,977,900	1.84
6	HLIB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Tan Teong Beng)	27,666,000	1.59
7	KHOO YONG AI	27,450,000	1.58
8	TIE MING CHUNG	23,005,700	1.33
9	PUBLIC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Poh Ewe Wing)	22,101,000	1.27

Statement of Warrant C (cont'd)

LIST OF TOP 30 WARRANT C (2015/2025) HOLDERS AS AT 30TH SEPTEMBER 2020 (CONT'D)

NO.	NAME	NO. OF WARRANTS	%
10	LUM YIN MUI	18,500,000	1.07
11	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Batu Bara Resources Corporation Sdn Bhd)	18,497,000	1.07
12	PUBLIC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Lee Yoke Foong)	18,000,000	1.04
13	JEREMY KHO HUI JAQ	17,849,850	1.03
14	TIE MING CHUON	14,000,000	0.81
15	PUBLIC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Poh Ewe Wing)	12,550,000	0.72
16	KENANGA NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Nisar Ahmad Bin Mohd Yusof)	12,338,700	0.71
17	LCP LIMITED	11,857,250	0.68
18	TEO TEE KHIANG @ TEO AH KUM	11,000,000	0.63
19	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Tan Keng Boon)	10,077,575	0.58
20	KENANGA NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Lee Jin Foh)	9,000,000	0.52
21	KHOO BUCK CHEW	9,000,000	0.52
22	TA NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Pang Chee Min)	8,404,650	0.48
23	MAYBANK NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Justin Loh Kean Loo)	8,120,000	0.47
24	BONG NAM JONG	8,000,000	0.46
25	MAYBANK NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Chew Boon Kian)	8,000,000	0.46
26	CGS - CIMB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Terry Yap Kwi Fah)	7,310,300	0.42
27	BIMSEC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Abdul Manap Bin Hashim)	7,193,000	0.41
28	PUBLIC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Liew Jew Fook)	6,795,075	0.39
29	PUA SOON HUAT	6,650,000	0.38
30	PAK LIEW MEI	6,000,000	0.35
		626,319,600	36.07

SUBSTANTIAL WARRANT C (2015/2025) HOLDERS AS AT 30TH SEPTEMBER 2020

NO.	NAME	NO. OF WARRANTS	%
1	RHB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Hap Seng Insurance Services Sdn Bhd)	117,000,000	6.74

Statement of Warrant D

(2017/2027) Holdings as at 30th September 2020

ANALYSIS OF WARRANT D (2017/2027) HOLDINGS

SIZE OF HOLDINGS	NO. OF WARRANT HOLDERS	%	NO. OF WARRANTS	%
Less than 100	1,037	11.89	45,610	0.01
100 to 1,000	1,681	19.27	741,398	0.20
1,001 to 10,000	3,570	40.93	14,404,114	3.80
10,001 to 100,000	1,906	21.85	65,508,294	17.30
100,001 to less than 5% of issued warrants	528	6.05	275,234,568	72.68
5% and above of issued warrants	1	0.01	22,750,000	6.01
TOTAL	8,723	100.00	378,683,984	100.00

DIRECTOR'S WARRANT D SHAREHOLDING AS AT 30TH SEPTEMBER 2020

Name	Direct Interest	%	Deemed Interest	%
1. Mr. Tan Kok Chor	–	–	–	–
2. Datuk Joseph Lee Yok Min @ Ambrose	92,000	0.024	–	–
3. Mr. Chan Keng Leong	–	–	–	–
4. Mr. Teo Kiew Leong	–	–	–	–
5. Mr. Seroop Singh Ramday	–	–	–	–
6. Mr. Michael Moo Kai Wah	–	–	–	–
TOTAL	92,000	0.024	–	–

LIST OF TOP 30 WARRANT D (2017/2027) HOLDERS AS AT 30TH SEPTEMBER 2020

NO.	NAME	NO. OF WARRANTS	%
1	RHB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Hap Seng Insurance Services Sdn Bhd)	22,750,000	6.01
2	LIM CHIN KIONG	9,783,900	2.58
3	CHEN MEE ING	6,648,600	1.76
4	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Tan Boon Huat)	6,000,000	1.58
5	HLIB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Tan Teong Beng)	5,000,000	1.32
6	PUA SOON HUAT	4,950,100	1.31
7	LCP LIMITED	4,700,125	1.24
8	PUA SOON HUAT	4,550,000	1.20

Statement of Warrant D (cont'd)

LIST OF TOP 30 WARRANT D (2017/2027) HOLDERS AS AT 30TH SEPTEMBER 2020 (CONT'D)

NO.	NAME	NO. OF WARRANTS	%
9	KHOO YONG AI	4,337,500	1.15
10	LCP LIMITED	3,962,500	1.05
11	HUONG LEE KANG	3,755,000	0.99
12	AFFIN HWANG NOMINEES (ASING) SDN BHD (Pledged Securities Account for Mohamed Yazid Merzouk)	3,624,900	0.96
13	FIORN AMBER LEE YEE FONG	3,550,000	0.94
14	TAN SOH GEK	3,264,125	0.86
15	YEE CHIN CHIN	3,100,000	0.82
16	MAK SUET CHEE	3,000,000	0.79
17	TAN CHING CHUA	3,000,000	0.79
18	HLIB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Huong Chiong Hee)	2,999,000	0.79
19	NIK FAIRUL ZAMRI BIN MOHD PAUZI	2,750,000	0.73
20	LOH KHEE FEEI	2,575,000	0.68
21	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Tan Keng Boon)	2,383,037	0.63
22	AHMAD NAQUIDDIN BIN MOHAMED	2,262,000	0.60
23	PUA SOON HUAT	2,240,000	0.59
24	HUONG CHIONG HEE	2,131,800	0.56
25	KENANGA NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Tiong Ing Ping)	2,000,000	0.53
26	LEE CHEE KIAN	2,000,000	0.53
27	CITIGROUP NOMINEES (ASING) SDN BHD (Pledged Securities Account for OCBC Securities Private Limited)	1,590,725	0.42
28	MAYBANK NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Ng Tian Meng)	1,500,100	0.40
29	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Tie Ming Chung)	1,500,000	0.40
30	GOH SOON AN	1,500,000	0.40
		123,408,412	32.61

SUBSTANTIAL WARRANT D (2017/2027) HOLDERS AS AT 30TH SEPTEMBER 2020

NO.	NAME	NO. OF WARRANTS	%
1	RHB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Hap Seng Insurance Services Sdn Bhd)	22,750,000	6.01

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirty-Sixth Annual General Meeting (“36th AGM”) of BORNEO OIL BERHAD (“Bornoil” or “the Company”) will be conducted by way of virtual meeting through live streaming and online remote participation using Remote Participation and Voting (“RPV”) Facilities from the Broadcast Venue at Lot 27, Jalan Kolam, Luyang, 88300, Kota Kinabalu, Sabah on Wednesday, 16 December 2020 at 10.00 am for the transaction of the following businesses :-

AGENDA

AS ORDINARY BUSINESSES :

1. To receive the Audited Financial Statements for the financial year ended 30 June 2020 together with the Reports of the Directors and Auditors thereon.
Please refer to Explanatory Note (i)
2. To re-elect the following directors who are retiring pursuant to Clause 143 of the Constitution of the Company and being eligible, have offered themselves for re-election:

(a) Mr. Chan Keng Leong.	Ordinary Resolution 1
(b) Mr. Tan Kok Chor.	Ordinary Resolution 2

Please refer to Explanatory Note (ii)
3. To approve the payment of Directors’ fees of RM351,960.00 to Non-Executive Directors for the financial year ended 30 June 2020.
Please refer to Explanatory Note (iii) Ordinary Resolution 3
4. To approve the Directors’ fees and benefits of up to an amount of RM1,800,000 payable from the 17th December 2020 until the next 37th AGM of the Company, or at any adjournment thereof. Ordinary Resolution 4
5. To re-appoint STYL Associates PLT as the External Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and to authorize the Directors to fix their remuneration. Ordinary Resolution 5

6. AS SPECIAL BUSINESSES:

To consider and, if thought fit, to pass the following Ordinary Resolutions:

(a) Continuation in office as Independent Non-Executive Director

- | | |
|--|-----------------------|
| (i) “That approval be and is hereby given to Mr. Tan Kok Chor who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve(12) years, be and is hereby retained as an Independent Non-Executive Director of the Company until the conclusion of the next AGM”.
Please refer to Explanatory Note (iv) | Ordinary Resolution 6 |
| (ii) “That authority be and is hereby given to Mr. Michael Moo Kai Wah who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, be and is hereby retained as an Independent Non-Executive Director of the Company until the conclusion of the next AGM”.
Please refer to Explanatory Note (iv) | Ordinary Resolution 7 |

Notice of Annual General Meeting (cont'd)

(b) Authority To Allot Shares Pursuant To Section 75 and Section 76 of the Companies Act, 2016:

Ordinary Resolution 8

“THAT subject always to the Companies Act 2016 (“Act”), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and approvals of any other relevant governmental/regulatory bodies where such approval is required, the Directors be and are hereby authorized and empowered pursuant to Section 75 and 76 of the Companies Act 2016, to allot and issue shares in the Company, to such persons, at any time upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued does not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND THAT such authority shall continue in force until the conclusion of the next AGM of the Company after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier, unless such approval is revoked or varied by the Company at a General meeting”.

Please refer to Explanatory Note (v)

(c) Proposed Renewal of Authority for Share Buy-Back

Ordinary Resolution 9

“That subject to compliance with Section 127 of the Companies Act 2016, the Constitution of the Company, the Main Market Listing Requirements of Bursa Securities and all other applicable laws and regulations, the Company be and is hereby authorized to allocate an amount not exceeding the total available retained profits of the Company for the purpose of and to purchase such amount of ordinary shares in the Company (“Proposed Purchase”) as may be determined by the Directors of the Company from time to time through Bursa Securities as the Directors may deem fit in the interest of the Company provided that the aggregate number of shares purchased and/or held pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase;

AND THAT upon completion of the purchase by the Company of its own shares, the Directors are authorized to retain the shares as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder;

AND THAT the Directors are further authorized to resell the treasury shares on Bursa Securities or distribute the treasury shares as dividends to the Company’s shareholders or to deal with the treasury shares in the manner as allowed by the Act;

AND THAT the Directors be and are hereby empowered to carry out the above immediately upon the passing of this resolution and from the date of the passing of this resolution until:

- (i) the conclusion of the next AGM of the Company, following this at which time the authority shall unless by an ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM is required by law to be held; or

Notice of Annual General Meeting (cont'd)

- (iii) revoked or varied by ordinary resolution passed by the shareholders at a general meeting,

whichever occur first but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provision of the Listing Requirements and any other relevant authorities;

AND THAT authority be and is hereby given to the Directors of the Company to take all steps as are necessary and/or to do all such acts and things as the Directors deem fit and expedient in the interest of the Company to give full effect to the Proposed Purchase with full powers to assent to any condition, modification, revaluation, variation and/or amendment (if any) as may be imposed by the relevant authorities”.

Please refer to Explanatory Note (vi)

7. To transact any other business for which due notice shall have been given.

By Order of the Board

CHIN SIEW KIM (L.S. 0000982)
ANDREA HUONG JIA MEI (MIA 36347)
Company Secretaries

Labuan F.T.
Dated : 30 October 2020

NOTES:

1. IMPORTANT NOTICE

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020 (including any amendment that may be made from time to time) which require the Chairman of the meeting to be present at the main venue of the meeting.

2. Shareholders/proxies/corporate representatives **WILL NOT BE ALLOWED** to attend the 36th AGM in person at the Broadcast Venue on the day of the meeting.
3. Shareholders of the Company are to participate, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, “participate”) remotely at the 36th AGM via the Remote Participation and Voting facilities (“RPV”) provided by Tricor Investor & Issuing House Services Sdn. Bhd. (“Tricor”) via its **TIIH Online** website at <https://tiih.online>. Please follow the Procedures for RPV provided in the Administrative Details for the 36th AGM and read the notes below in order to participate remotely via RPV.
4. A shareholder of the Company who is entitled to participate, speak and vote at the meeting via RPV is entitled to appoint one (1) or more proxies to participate, speak and vote in his stead. Where a shareholder appoints more than one (1) proxy in relation to the meeting, the appointments shall be invalid unless he specifies the proportions of his holding to be represented by each proxy. The proxy may but need not be a shareholder of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to participate, speak and vote at the meeting shall have the same rights as the Shareholder to speak at the meeting.
5. Shareholders of the Company may submit questions to the Board of Directors prior to the 36th 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 **Monday, 14 December 2020 at 10.00 a.m.** or to use the query box to transmit questions to the Chairman/Board via RPV during live streaming.

Notice of Annual General Meeting (cont'd)

6. Where a shareholder of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") 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.
7. A shareholder of the Company who has appointed a proxy or attorney or authorised representative to participate, speak and vote at this 36th AGM via RPV must request his/her proxy to register himself/herself for RPV at **TIIH Online** website at <https://tiah.online>. Please follow the Procedures for RPV in the Administrative Details for the 36th AGM.
8. The appointment of a proxy may be made by electronic means or in a hard copy form in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:
 - (i) By electronic form
The proxy form can be submitted via fax at: 087-410515 or email to borneo.re20@gmail.com or by electronically lodged.
 - (ii) Online via TIIH Online
The proxy form can be electronically lodged via TIIH Online website at <https://tiah.online> (applicable to individual shareholders only). Kindly refer to the Administrative Details for the 36th AGM on the procedures for electronic lodgement of proxy form via TIIH Online.
 - (iii) In hard copy form
In the case of an appointment made in hard copy form, the proxy form must be deposited with the Registered Office of the Company situated at 1st & 2nd Floor, Victoria Point, Jalan OKK Awang Besar, 87007, Wilayah Persekutuan Labuan.
9. Please ensure **ALL** the particulars as required in the proxy form are completed, signed and dated accordingly.
10. Last date and time for lodging the proxy form is **Monday, 14 December 2020 at 10.00 a.m.**
11. Any authority pursuant to which such an appointment is made by a power of attorney or appointment of corporate representative must be deposited with the Registered Office of the Company situated at 1st & 2nd Floor, Victoria Point, Jalan OKK Awang Besar, 87007, Wilayah Persekutuan Labuan not less than forty-eight (48) hours before the time appointed for holding the 36th AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
12. A corporate shareholder who has appointed a representative, please deposit the original/duly certified certificate of appointment with the Registered Office of the Company situated at 1st & 2nd Floor, Victoria Point, Jalan OKK Awang Besar, 87007, Wilayah Persekutuan Labuan. The certificate of appointment should be executed in the following manner:
 - (i) If the corporate shareholder has a common seal, the certificate of appointment should be executed under seal in accordance to the Section 66(2) of the Companies Act 2016.
 - (ii) If the corporate shareholder does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate shareholder (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 shareholder is incorporated.

Notice of Annual General Meeting (cont'd)

13. *For the purpose of determining a shareholder who shall be entitled to participate in the 36th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd., in accordance with Clause 77 of the Company's Constitution and Section 34(1) of the SICDA to issue a General Meeting Record of Depositors as at 8 December 2020. Only a depositor whose name appears therein shall be entitled to participate the said meeting or appoint a proxy to participate and/or vote on his stead.*

Explanatory Notes on Ordinary and Special Businesses:-

(i) Audited Financial Statements for the financial year ended 30 June 2020

The audited financial statements are for discussion only under Agenda 1, as it does not require shareholders' approval under the provision of Section 340(1)(a) of the Companies Act, 2016. Hence, this agenda is not put forward for voting by shareholders of the Company.

(ii) Ordinary Resolution 1 and 2 : Retirement of Directors

Pursuant to Clause 143 of the Company's Constitution and paragraph 7.26(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Listing Requirements), one-third (1/3) of the Directors shall retire from office at least once in three(3) years and shall be eligible for re-election at each AGM. A retiring Director shall retain office until the close of the meeting at which he retires. The Directors to retire shall be those who have been longest in office since their last election or appointment.

(iii) Ordinary Resolution 3 and 4 : Directors' fees

Section 230(1) of the Companies Act 2016 which came into effect on 31 January 2018, provides amongst others, that "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.

Clause 119 of the Company's Constitution on "Fees and benefits of Directors" states that the fees and benefits payable to Directors shall be subject to annual shareholders' approval at a general meeting.

Clause 120 of the Company's Constitution on "Fees of non-executive Directors" states that the fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover. Salaries payable to executive Directors may not include a commission on or percentage of turnover.

- Resolution 3 on payment of Directors' fees for Non-Executive Directors in respect of the year ended 30 June 2020.

Note : The Executive Directors are also receiving Directors fees amounting to RM1,338,500.00 for the financial year ended 30 June 2020.

(iv) Ordinary Resolution 6 and 7 : Continuation in office as Independent Non-Executive Directors

The proposed Ordinary Resolution No.6, if passed, will allow Mr. Tan Kok Chor to be retained as Independent Non-Executive Director ("INED") of the Company. The Board of Directors had, vide the Nomination Committee assessed the independence of Mr Tan Kok Chor, who have served as INED of the Company for a cumulative term of more than twelve (12) years and recommended him to continue to act as an INED of the Company. The justification of the Board of Directors for recommending and supporting the resolutions for him continuing in office as INED are set out under the Corporate Governance Overview Statement in the Company's 2020 Annual Report.

Notice of Annual General Meeting (cont'd)

The proposed Ordinary Resolution No.7, if passed, will allow Mr. Michael Moo Kai Wah to be retained as Independent Non-Executive Director ("INED") of the Company. The Board of Directors had, vide the Nomination Committee assessed the independence of Mr Michael Moo Kai Wah, who have served as INED of the Company for a cumulative term of more than twelve (12) years and recommended him to continue to act as an INED of the Company. The justification of the Board of Directors for recommending and supporting the resolutions for him continuing in office as INED are set out under the Corporate Governance Overview Statement in the Company's 2020 Annual Report.

Resolutions No. 6 & 7 if passed, will authorize Mr. Tan Kok Chor and Mr. Michael Moo Kai Wah to continue in office as INEDs of the Company until the conclusion of the next AGM of the Company.

(v) Ordinary Resolution 8 : Authority to Allot Shares pursuant to Section 75 and Section 76 of the Companies Act 2016

Ordinary Resolution No. 8 is to seek a renewal of the general mandate for the issue of new ordinary shares pursuant to Sections 75 and 76 of the Companies Act 2016 which was approved by shareholders at the AGM last year ("the previous mandate").

Bursa Securities had vide its letter dated 16 April 2020 allows listed issuer to seek a higher limit of General Mandate of not more than 20% of the total number of issued shares for issue of new securities ("20% General Mandate"). The 20% General Mandate may be utilized by listed issuer to issue new securities until 31 December 2021, and thereafter, the 10% general mandate will be reinstated.

Having considered the challenging times due to the Covid-19 pandemic and to ensure the long term sustainability and interest of the Company, the Board would like to procure approval for the 20% General Mandate from the shareholders at the 36th AGM of the Company. The Board is of the opinion that this 20% General Mandate is in the best interest of the Company and its Shareholders.

The renewed mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for the purpose of funding investment project(s), working capital and/or acquisition.

(vi) Ordinary Resolution 9 : Proposed Renewal of Authority for Share Buy Back

Ordinary Resolution 9, if passed, will empower the Company to purchase and/or hold up to ten percent (10%) of the issued shares of the Company. This authority will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next AGM of the Company.

The details of this proposed Ordinary Resolution are set out in the Statement to Shareholders of the Company dated 30 October 2020 which is despatched together with the Company's 2020 Annual Report.

Statement Accompanying Notice of Thirty-Sixth (36th) Annual General Meeting

(Pursuant to paragraph 8.27(2) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. Pursuant to Clause 143 of the Company's Constitution, the following Directors are standing for re-election at the 36th AGM of the Company:-
 - (a) Mr Chan Keng Leong
 - (b) Mr Tan Kok Chor
2. No individual is standing for election as a Director at the forthcoming 36th AGM of the Company other than the Directors seeking for re-election as a Director.
3. The profiles of the Directors who are standing for re-election at the 36th AGM are set out in the Company's Annual Report 2020 as follows :
 - (i) Directors' profile on pages 8 to 9
 - (j) Details of interest in the securities of the Company, if any, are disclosed in the Directors' shareholding on page 51
4. General Meeting Record of Depositors

For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Paragraph 7.16 (2) of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements, a Record of Depositors as at 8 December 2020, and a depositor whose name appears on such Record of Depositors shall be entitled to attend this meeting or appoint proxy to attend, speak and/or vote in his stead.
5. The Company will seek shareholders' approval on the general mandate to allot and issue shares. Please refer to the proposed Ordinary Resolution 8 as stated in the Notice of the 36th AGM of the Company for further details.

Administrative Details

36th Annual General Meeting of Borneo Oil Berhad

Date : Wednesday, 16 December 2020
 Time : 10.00 a.m.
 Broadcast Venue : Lot 27, Jalan Kolam, Luyang, 88300 Kota Kinabalu, Sabah

MODE OF MEETING

In view of the COVID-19 outbreak and as part of the safety measures, the 36th Annual General Meeting ("36th AGM" or "AGM") of Borneo Oil Berhad ("Bornoil" or the "Company") will be conducted through live streaming and online remote participation using Remote Participation and Voting ("RPV") Facilities as a **VIRTUAL** meeting at the Broadcast Venue. This is in line with the Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020 (including any amendment that may be made from time to time) ("Guidance Note").

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Guidance Note which require the Chairman of the meeting to be present at the main venue of the meeting. Shareholders/proxies **WILL NOT BE ALLOWED** to attend the 36th AGM in person at the Broadcast Venue on the day of the meeting.

REMOTE PARTICIPATION AND VOTING FACILITIES ("RPV")

Shareholders of the Company are to participate, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 36th AGM using RPV provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its **TIIH Online** website at <https://tiih.online>.

Shareholders of the Company who appoint proxies to participate via RPV in the 36th AGM must ensure that the duly executed Proxy Form are deposited in a hard copy form or by electronic means to Registered Office of the Company by fax at 087-410515 or email to borneo.re20@gmail.com no later than Monday, 14 December 2020 at 10.00 a.m.

Corporate representatives of corporate shareholders of the Company must deposit their original or duly certified certificate of appointment of corporate representative to Registered Office of the Company by fax at 087-410515 or e-mail to borneo.re20@gmail.com not later than **Monday, 14 December 2020 at 10.00 a.m.** to participate via RPV in the AGM.

Attorneys appointed by power of attorney are to deposit their power of attorney with Registered Office of the Company by fax at 087-410515 or e-mail to borneo.re20@gmail.com not later than **Monday, 14 December 2020 at 10.00 a.m.** to participate via RPV in the AGM.

A shareholder of the Company who has appointed a proxy or attorney or authorised representative to participate at this 36th AGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at <https://tiih.online>.

As the 36th AGM of Bornoil is a virtual AGM, shareholders of the Company who are unable to participate in this AGM may appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the Proxy Form.

Administrative Details

36th Annual General Meeting of Borneo Oil Berhad (cont'd)

PROCEDURES FOR RPV

Shareholders/proxies/corporate representatives/attorneys who wish to participate in the 36th AGM remotely using the RPV are to follow the requirements and procedures as summarised below:

	Procedure	Action
BEFORE THE DAY OF 36th AGM		
(a)	Register as a user with TIIH Online	<ul style="list-style-type: none"> Using your computer, access the website at https://tiih.online. Register as a user under the “e-Services”. Refer to the tutorial guide posted on the homepage for assistance. Registration as a user will be approved within one (1) working day and you will be notified via email. If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail from Tricor to notify you that the remote participation for the 36th AGM is available for registration at TIIH Online.
(b)	Submit your request	<ul style="list-style-type: none"> Registration is open from 10.00 a.m. Friday, 30 October 2020 until the day of 36th AGM on Wednesday, 16 December 2020. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to register or ascertain their eligibility to participate in the 36th AGM using the RPV. Login with your user ID and password and select the corporate event: “(REGISTRATION) BORNOIL 36TH AGM”. Read and agree to the Terms & Conditions and confirm the Declaration. Select “Register for Remote Participation and Voting”. Review your registration and proceed to register. System will send an e-mail to notify that your registration for remote participation is received and will be verified. After verification of your registration against the Record of Depositors as at 8 December 2020, the system will send you an e-mail to approve or registration for remote participation and the procedures to use the RPV are detailed therein. In the event your registration is not approved, you will also be notified via email. <p><i>(Note: Please ensure to allow sufficient time required for the approval as a new user of TIIH Online as well as the registration for RPV in order that you can login to TIIH Online and participate the 36th AGM remotely).</i></p>
ON THE DAY OF THE 36th AGM (16 DECEMBER 2020)		
(c)	Login to TIIH Online	<ul style="list-style-type: none"> Login with your user ID and password for remote participation at the 36th AGM at any time from 9.30 a.m. i.e. 30 minutes before the commencement of the 36th AGM on Wednesday, 16 December 2020 at 10.00 a.m.
(d)	Participate through Live Streaming	<ul style="list-style-type: none"> Select the corporate event: “(LIVE STREAM MEETING) BORNOIL 36th AGM” to engage in the proceedings of the 36th AGM remotely. If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will endeavor to respond to questions submitted by remote participants during the 36th AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.

Administrative Details

36th Annual General Meeting of Borneo Oil Berhad (cont'd)

	Procedure	Action
(e)	Online Remote Voting	<ul style="list-style-type: none"> Voting session commences from 10.00 a.m. on Wednesday, 16 December 2020 until a time when the Chairman announces the completion of the voting session of the AGM. Select the corporate event: “(REMOTE VOTING) BORNOIL 36TH AGM” or if you are on the live stream meeting page, you can select “GO TO REMOTE VOTING PAGE” button below the Query Box. Read and agree to the Terms & Conditions and confirm the Declaration. Select the CDS account that represents your shareholdings. Indicate your votes for the resolutions that are tabled for voting. Confirm and submit your votes.
(f)	End of remote participation	<ul style="list-style-type: none"> Upon the announcement by the Chairman on the closure of the 36th AGM, the live streaming will end.

Note to users of the RPV:

- Should your application to join the 36th AGM be approved, we will make available to you the rights to join the live streamed meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
- The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
- In the event you encounter any issues with logging-in, connection to the live streamed meeting or online voting, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 for assistance or e-mail to tiih.online@my.tricorglobal.com for assistance.

NO DOOR GIFT/FOOD VOUCHER

There will be **no distribution** of door gifts or food vouchers for the 36th AGM since the meeting is being conducted on a virtual basis.

We would like to thank our shareholders for your kind co-operation and understanding in these challenging times.

GENERAL MEETING RECORD OF DEPOSITORS (“ROD”)

- Only a depositor whose name appears on the ROD as at 8 December 2020 shall be entitled to participate, speak and vote at the 36th AGM or appoint proxies to participate and/or vote on his/her behalf.

PROXY

- The 36th AGM will be conducted via virtual meeting, if you are unable to attend the meeting via RPV on 16 December 2020, you may appoint the Chairman of the meeting as proxy and indicate the voting instructions in the Proxy Form.
- You may submit your Proxy Form to Registered Office of the Company by fax at 087-410515 or e-mail to **borneo.re20@gmail.com**. The Proxy Form or any authority pursuant to which such an appointment is made by a power of attorney or appointment of corporate representative must be deposited at registered Office of the Company situated at 1st & 2nd Floor, Victoria Point, Jalan OKK Awang Besar, 87007, Wilayah Persekutuan Labuan not less than forty-eight (48) hours before the time appointed for holding the AGM or any adjournment thereof, otherwise, the Proxy form or any authority pursuant to which such an appointment is made by a power of attorney or appointment of corporate representative shall **not** be treated as valid.

Administrative Details

36th Annual General Meeting of Borneo Oil Berhad (cont'd)

- As an alternative, you may also submit the Proxy Form electronically via **TIIH Online** website at <https://tiih.online> (applicable to individual shareholders only) no later than **Monday, 14 December 2020 at 10.00 a.m.** Please do read and follow the procedures to submit Proxy Form electronically below.

Poll Voting

- The Voting at the 36th AGM will be conducted by poll in accordance with Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Company has appointed Tricor as Poll Administrator to conduct the poll by way of electronic voting and Leou Associates PLT as Scrutineers to verify the poll results.
- Shareholders can proceed to vote on the resolutions at any time from the commencement of the 36th AGM at 10.00 a.m. 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 36th AGM, the Scrutineers will verify and announce the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

ELECTRONIC LODGEMENT OF PROXY FORM

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

	Procedure	Action
(a)	Register as a User with TIIH Online	<ul style="list-style-type: none"> Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services". Please do refer to the tutorial guide posted on the homepage for assistance. If you are already a user with TIIH Online, you are not required to register again.
(b)	Proceed with submission of Proxy Form	<ul style="list-style-type: none"> After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. Select the corporate event: "Submission of Proxy Form". Read and agree to the Terms & Conditions and confirm the Declaration. Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. Appoint your proxy(s) and insert the required details of your proxy(s) or appoint Chairman as your proxy. Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote. Review and confirm your proxy(s) appointment. Print proxy form for your record.

PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS

Shareholders of the Company may submit questions for the Board prior to the 36th 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 **Monday, 14 December 2020 at 10.00 a.m.** The Board will endeavour to answer the questions received at the 36th AGM.

Administrative Details

36th Annual General Meeting of Borneo Oil Berhad (cont'd)

RECORDING OR PHOTOGRAPHY

Strictly NO unauthorised recording or photography of the proceedings of the 36th AGM is allowed.

ENQUIRY

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

Tricor Investor & Issuing House Services Sdn. Bhd.

General Line	:	+603-2783 9299	
Fax Number	:	+603-2783 9222	
Email	:	is.enquiry@my.tricorglobal.com	
Contact Persons	:	Mr. Jake Too	+603-2783 9285 / Email: Chee.Onn.Too@my.tricorglobal.com
	:	Ms. Vivien Khoh	+603-2783 9091 / Email: Vivien.Khoh@my.tricorglobal.com
	:	Mr. Alven Lai	+603-2783 9283 / Email: Siew.Wai.Lai@my.tricorglobal.com



Registration No. 198901005309 (121919-H)
(Incorporated in Malaysia)

Proxy form

No. of Shares held	
CDS Number	

I/We _____ * NRIC/ Company No. _____

of _____

being *a member/members of BORNEO OIL BERHAD (Reg. No: 198901005309 (121919-H)) hereby appoint _____

_____ *NRIC No./Passport No. _____

of _____

email address _____ mobile No. _____

or failing *him/her _____ *NRIC No./Passport No. _____

of _____

email address _____ mobile No. _____

or failing *him/her, the Chairman of the Meeting as *my/our proxy/ proxies to participate, speak and vote for *me/us on *my/our behalf at the 36th Annual General Meeting ("AGM") of Borneo Oil Berhad ("**Company**") to be conducted through live streaming and online remote participation using Remote Participation and Voting ("RPV") Facilities as a **Virtual** meeting at the Broadcast Venue to be held at Lot 27, Jalan Kolam, 88300 Kota Kinabalu, Sabah on Wednesday, 16th December 2020 at 10.00 a.m.

*My/ our proxy is to vote as indicated below:-

NO.	RESOLUTION	FOR	AGAINST
1.	<u>ORDINARY RESOLUTIONS</u> To re-elect Mr. Chan Keng Leong as a Director.		
2.	To re-elect Mr. Tan Kok Chor as a Director.		
3.	To approve the payment of Directors' fees amounting to RM351,960.00 to Non-Executive Directors for the financial year ended 30 June 2020.		
4.	To approve the Directors' fees and benefits of up to RM1,800,000.00 payable from 17.12.2020 until the next 37 th Annual General Meeting.		
5.	To re-appoint STYL Associates PLT as the External Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and to authorize the Directors to fix their remuneration.		
6.	To approve the continuation in office of Mr. Tan Kok Chor as the Independent Non-Executive Director (tenure more than 12 years).		
7.	To approve the continuation in office of Mr. Michael Moo Kai Wah as the Independent Non-Executive Director (tenure more than 12 years).		
8.	Authority to allot Shares pursuant to Section 75 & 76 of the Companies Act, 2016.		
9.	Proposed Renewal of Authority for Share Buy-Back		

Please mark with "X" in either box if you wish to direct the proxy how to vote. If no mark is made the proxy may vote on the resolutions or abstain from voting as the proxy thinks fit.

- *Strike out whichever is not desired*

Signed this _____ day of _____, 2020

Signature(s) of Member(s)/Common Seal

Contact Number: _____



Notes:-

1. IMPORTANT NOTICE

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020 (including any amendment that may be made from time to time) which require the Chairman of the meeting to be present at the main venue of the meeting.

2. Shareholders/proxies/corporate representatives **WILL NOT BE ALLOWED** to attend the 36th AGM in person at the Broadcast Venue on the day of the meeting.
3. Shareholders/proxies/corporate representatives are to participate, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 36th AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its TIIH Online website at <https://tiih.online>. Please follow the Procedures for RPV provided in the Administrative Details for the 36th AGM and read the notes below in order to participate remotely via RPV.
4. A shareholder of the Company who is entitled to participate, speak and vote at the meeting via RPV is entitled to appoint one (1) or more proxies to participate, speak and vote in his stead. Where a shareholder appoints more than one (1) proxy in relation to the meeting, the appointments shall be invalid unless he specifies the proportions of his holding to be represented by each proxy. The proxy may but need not be a shareholder of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to participate, speak and vote at the meeting shall have the same rights as the Shareholder to speak at the meeting.
5. Shareholders/proxies/corporate representatives may submit questions to the Board of Directors prior to the 36th 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 **Monday, 14 December 2020 at 10.00 a.m.** or to use the query box to transmit questions to the Chairman/Board via RPV during live streaming.
6. Where a shareholder of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") 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.
7. A shareholder of the Company who has appointed a proxy or attorney or authorised representative to participate, speak and vote at this 36th AGM via RPV must request his/her proxy to register himself/herself for RPV at **TIIH Online** website at <https://tiih.online>. Please follow the Procedures for RPV in the Administrative Details for the 36th AGM.
8. The appointment of a proxy may be made by electronic means or in a hard copy form in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the EGM or adjourned general meeting at which the person named in the appointment proposes to vote:
 - (i) By electronic form
The proxy form can be submitted via fax at: 087-410515 or email to borneo.re20@gmail.com or by electronically lodged
 - (ii) Online via TIIH Online
The proxy form can be electronically lodged via **TIIH Online** website at <https://tiih.online> (applicable to individual shareholders only). Kindly refer to the Administrative Details for the 36th AGM on the procedures for electronic lodgement of proxy form via TIIH Online.
 - (iii) In hard copy form
In the case of an appointment made in hard copy form, the proxy form must be deposited with the Registered Office of the Company situated at 1st & 2nd Floor, Victoria Point, Jalan OKK Awang Besar, 87007, Wilayah Persekutuan Labuan.
9. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
10. Last date and time for lodging the proxy form is **Monday, 14 December 2020 at 10.00 a.m.**

11. Any authority pursuant to which such an appointment is made by a power of attorney or appointment of corporate representative must be deposited with the Registered Office of the Company situated at 1st & 2nd Floor, Victoria Point, Jalan OKK Awang Besar, 87007, Wilayah Persekutuan Labuan not less than forty-eight (48) hours before the time appointed for holding the 36th AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
12. A corporate shareholder who has appointed a representative, please deposit the original/duly certified certificate of appointment with the Registered Office of the Company situated at 1st & 2nd Floor, Victoria Point, Jalan OKK Awang Besar, 87007, Wilayah Persekutuan Labuan. The certificate of appointment should be executed in the following manner:
 - (i) If the corporate shareholder has a common seal, the certificate of appointment should be executed under seal in accordance to the Section 66(2) of the Companies Act 2016.
 - (ii) If the corporate shareholder does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate shareholder (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 shareholder is incorporated.
13. For the purpose of determining a shareholder who shall be entitled to participate in the 36th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd., in accordance with Clause 77 of the Company's Constitution and Section 34(1) of the SICDA to issue a General Meeting Record of Depositors as at **8 December 2020**. Only a depositor whose name appears therein shall be entitled to participate the said meeting or appoint a proxy to participate and/or vote on his stead.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the shareholder accepts and agrees to the personal data privacy terms set out in the Notice of the 36t AEGM dated 30 October 2020.

Fold this flap for sealing

Then fold here

AFFIX
POSTAGE
STAMP

THE COMPANY SECRETARY

BORNEO OIL BERHAD

Registration No. 198901005309 (121919-H)

1st & 2nd Floor,

Victoria Point,

Jalan OKK Awang Besar,

87007 W.P. Labuan

1st fold here



1st & 2nd Floor, Victoria Point,
Jalan OKK Awang Besar, 87007,
W.P. Labuan, Malaysia.