BORNEO OIL

Borneo Oil Berhad (Reg. No.: 198901005309 (121919-H))
Incorporated in Malaysia

ANNUAL REPORT
2021

Contents

CORPORATE INFORMATION

From left to right:

Datuk Joseph Ambrose Lee, Seroop Singh Ramday, Michael Moo Kai Wah, Tan Kok Chor, Chan Keng Leong and Teo Kiew Leong.

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)

Corporate Information (cont'd)

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**

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)
Practising Cert No. 202008004110

Andrea Huong Jia Mei (MIA 36347)
Practising Cert No. 202008003125

REGISTERED OFFICE

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

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

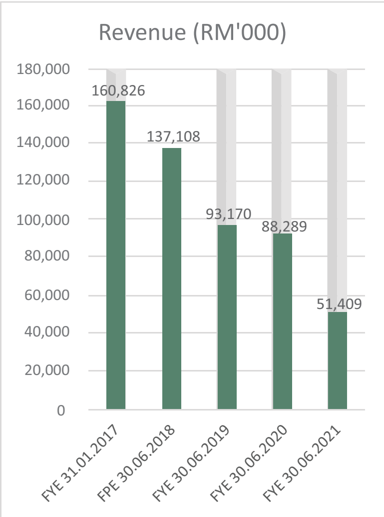
www.borneo-oil.com.my

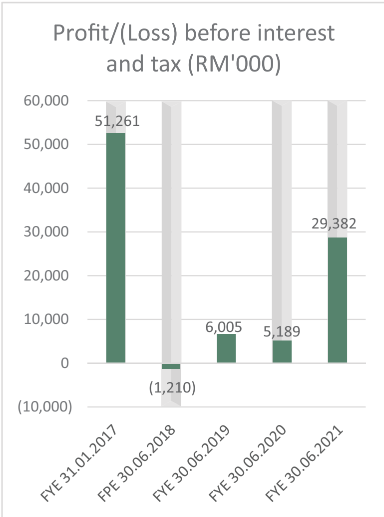
GROUP
FINANCIAL HIGHLIGHTS

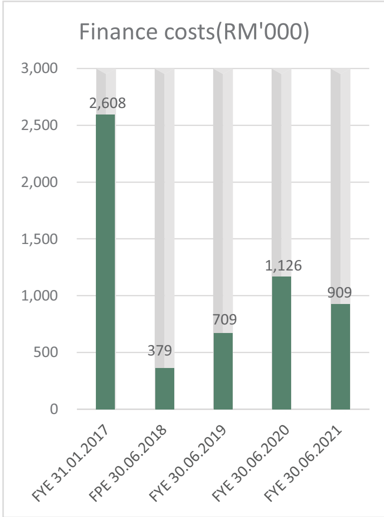
GROUP FINANCIAL SUMMARY

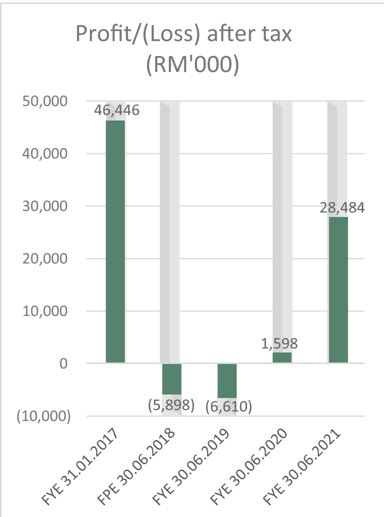
	FYE 31.01.2017 RM'000	FPE 30.06.2018 RM'000	FYE 30.06.2019 RM'000	FYE 30.06.2020 RM'000	FYE 30.06.2021 RM'000
For the Year					
Revenue	160,826	137,108	93,170	88,289	51,409
Profit/(Loss) before interest and tax	51,261	(1,210)	6,005	5,189	29,382
Finance costs	2,608	379	709	1,126	909
Profit/(Loss) after tax	46,446	(5,898)	(6,610)	1,598	28,484
At Year End					
Shareholders' equity	591,778	681,343	673,477	671,808	767,442
Total assets	816,587	716,854	734,814	729,487	823,292
Total liabilities	224,809	35,511	61,336	57,679	55,850
	RM	**RM**	**RM**	**RM**	**RM**
Net asset per share	0.21	0.13	0.13	0.13	0.11
	sen	**sen**	**sen**	**sen**	**sen**
Earnings/(Loss) per share	1.64	(0.13)	(0.13)	0.03	0.46

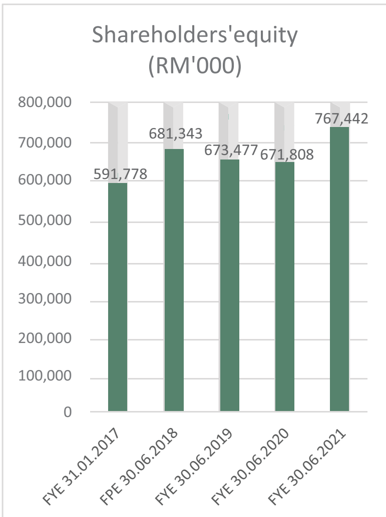
Group Financial Highlights (cont'd)

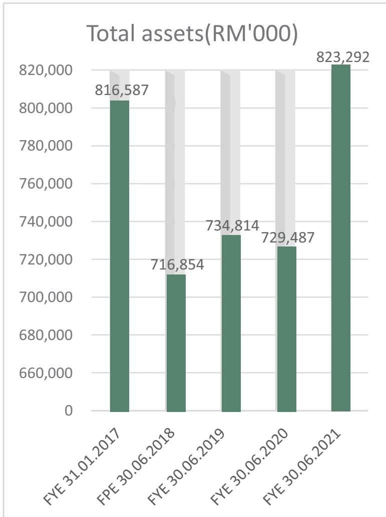


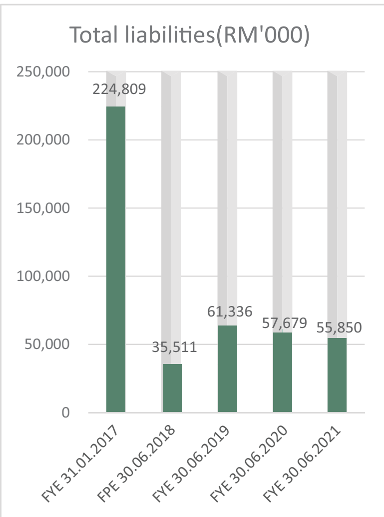


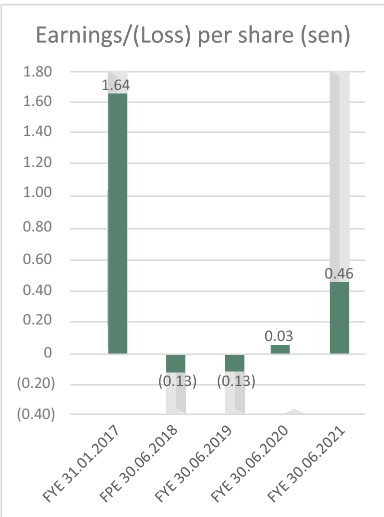


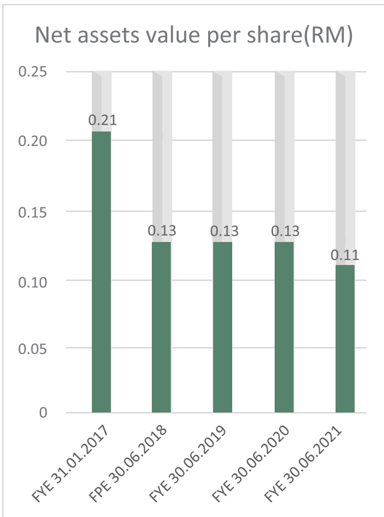












CHAIRMAN'S STATEMENT

Dear Shareholders,

Here I am again extending my Greetings to everyone. I hope everyone is well, safe and healthy.

The COVID-19 Pandemic has forced humankind to adopt new mindsets, causing continuous paradigm shifts to many aspects of human life and behaviour. Businesses are also not spared from all these shifts.

Never in recent human history have we seen so much devastation and collapse of businesses all over the world. In time to come, this current situation and period in history may well be defined as the pre and post COVID era.

As I write this Review, the pandemic is still raging in Malaysia and ongoing globally. The light at the end of the tunnel is still very dim and not bright enough for leaders of the world and business communities to set concrete and defined directions.

Malaysia is not spared from all that is happening globally, in fact, we are unfortunately facing not just this pandemic health crisis but the political uncertainty in the country over the last 18 months leaves much to be desired.

Against this backdrop, the Board and the Management have spent many Zoom hours with great determination to set the ways and modes of how to face, manage and overcome these states of affairs, which are multiple in facades.

Before I go further towards the forward-looking objectives and plans of the Group, let me now say something about the Group's performance and well-being for the financial year.

Chairman's Statement (cont'd)

Group Performance

The Group recorded a total revenue of RM51.41 million and a profit before tax of RM28.47million for the financial year ended 30 June 2021 as compared to the total revenue of RM88.29 million and profit before tax of RM4.06 million for the preceding financial year.

Food and Franchise Operations ("FFO") saw a further reduction of RM3.29 million in revenue due to the implementation of MCO 2.0 and 3.0 during the financial year. The outlets were restricted to takeaway and food delivery services during these MCO periods. However, a larger impact on revenue was largely avoided with the introduction of a timely collaboration with Foodpanda. FFO was able to generate about half of the total revenue using the food panda delivery network.

The project management of an Integrated Limestone Processing Plant ("ILPP") under Property Investment & Management ("PIM") was further delayed due to the MCO restrictions on construction activities resulting in a reduction in revenue of RM24.70 million against the preceding financial year.

Resources & Sustainable Energy ("RSE") also recorded a decrease in revenue of RM8.73 million attributable to the lower demand for limestone as the construction activities came to a halt due to the ongoing pandemic. However, the Board remains optimistic for RSE that the newly completed Pilot Carbon-In-Leach Plant ("Pilot CIL Plant") at Bukit Ibam will contribute positively to the gold mining division.

Economic Outlook

Malaysian gross domestic product (GDP) expanded by 16.1% year on year in the second quarter of 2021 after shrinking for four consecutive quarters. The operating environment is expected to remain challenging due to the rapid escalation of COVID-19 cases, the emergence of the Delta and other variants.

The economy is expected to bounce back in line with the gradual lifting of restrictions and barring any unforeseen circumstances, this should pave the way for a modest recovery later this year. The recovering foreign demand, particularly for electrical and electronic products, is expected to bolster the external sector.

However, the surging new infections, which could lead to tighter COVID-19 restrictions and the lingering political uncertainty, are likely to cloud Malaysia's outlook in the short term.

Moving Forward

(1) The Management is confident of the future. We have a strong balance sheet with total assets of RM823.29 million against total liabilities of RM55.85 million. We are very lowly geared with just RM18.24 million of short-term and long-term borrowings. Our cash position is in the region of RM35.48 million. We have increased our shareholders base from 3,792 in 2015 to 22,244 in 2021.

We also are holding an additional arsenal of reserves in the form of 541,526,000 treasury shares, bought at an average cost of RM0.058 per share, totaling RM31,493,087 at book cost as at current financial year end. The average cost of the treasury shares at RM0.058 per share is way below the Net Tangible Asset per share which presently stands at RM0.114 per share in this financial year. We can draw on this treasury box of shares in accordance with the Listing Rules as and when a need or an opportunity arises in the future.

(2) We have strong support from business friends like the Hap Seng Group, Institutional Investors like Macquarie Bank Limited and many others who have stood by us, believing in our vision over many years, even though we have not performed up to the stage of giving or distributing dividends in recent years. Our long-term vision and objectives are where our strength lies, and our determination to see through the maturity of our investments and assets are the driving pillars of our Group.

Chairman's Statement (cont'd)

(3) During the pandemic and despite the political upheavals, we have managed to continue to raise funds in the capital market and ESOS up to the tune of RM82.62 million (from July 2020 to June 2021).

(4) The Malaysian capital market (Bursa) performed reasonably well in 2020 but slumped back to pre-2019 level in the last 7 to 8 months. But we are not deterred as our view is that the Malaysian capital market belongs to the small penny stock investor, and this is the segment that we will have to work very hard to create and bring wealth and reward to, so that they will again contribute to the nation's wealth creation, that is based on a well to do middle class.

(5) Even in this pandemic, the Group had continued to retain all its employees, serviced all its creditors in spite of the drastic drop in revenue. In order to keep our social and livelihood responsibility to our employees and their families, we have spent RM6.22 million on wages and salaries, against a revenue of RM51.41 million for FYE2021 compared to RM10.24 million on wages and salaries, against a revenue of RM88.29 million for FYE2020. It may appear to be an imprudent move, but the Group places the utmost value on the livelihood and survival of its employees in line with our Corporate Social Responsibility in these challenging times.

(6) As most shareholders will know, the Group has five fundamental businesses: -

(i) Food processing, distribution, franchising and retailing (Food and Franchise Operations (FFO));

(ii) Legal and valid ownership of the very limited deposits of limestone in Sabah. Sabah being the only State in Malaysia importing cement (part of the RSE, resources and sustainable energy division);

(iii) Gold mining operations (exploration stage, early development stage) (part of the RSE, resources and sustainable energy division) ;

(iv) Biofraction on palm oil biomass (part of the RSE segment);

(v) Property Investment and Management (PIM).

(7) Substantial sums have been invested in all the five divisions of the Group's businesses and the Group in 2021 felt confident to allow the Biofraction to be injected into a U.S. OTC market (regulated by the Financial Industry Regulatory Authority and the U.S. Securities and Exchange Commission). The rationale for this is two fold :-

(i) the availability of capital through the U.S. OTC market which has a market capitalisation of over USD 6 trillion for foreign companies.

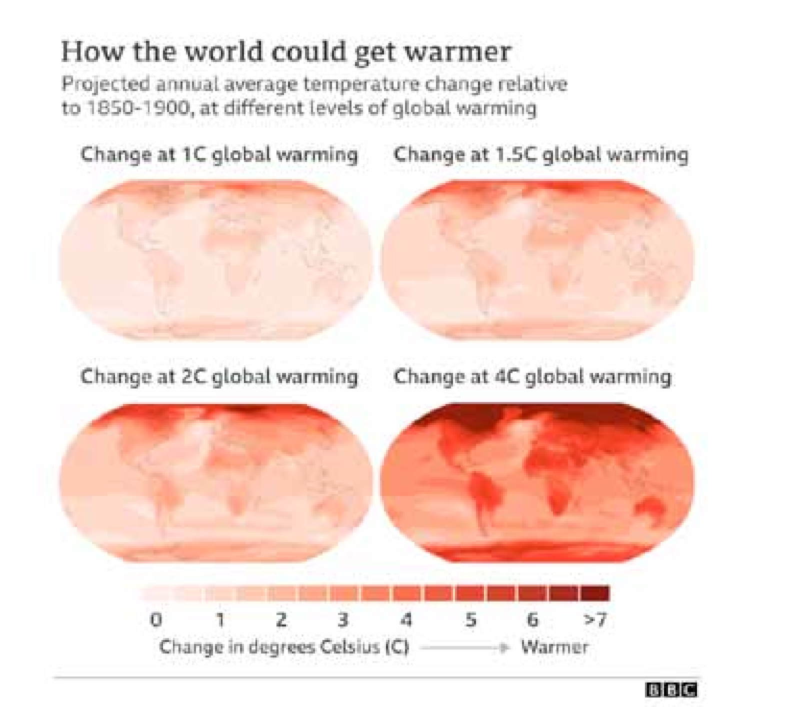
(ii) the current U.S. administration has a very strong agenda on tackling climate change with the main focus on the sequestration of atmospheric carbon.

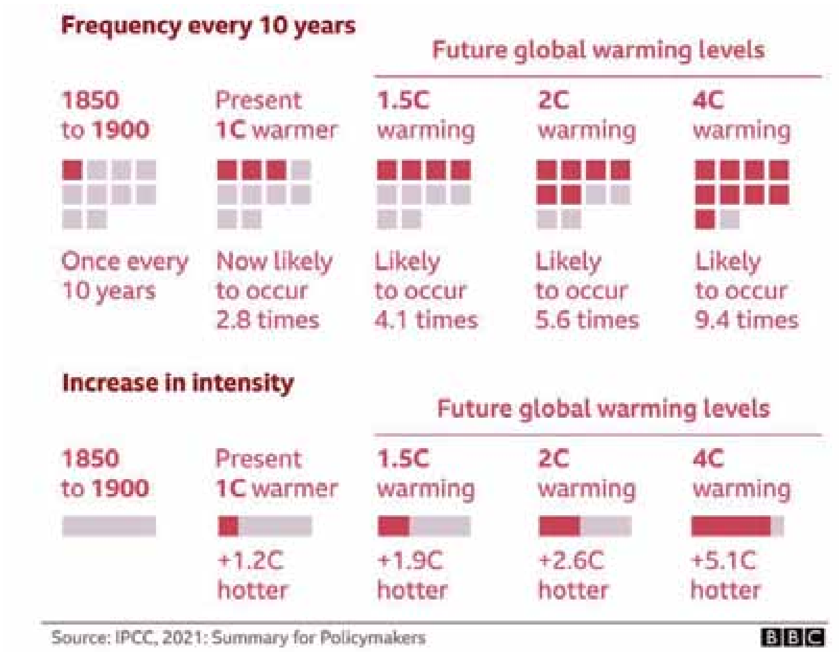
(8) Palm oil biomass being one of the largest feedstocks available for the Biofraction process, can produce products that are now scientifically proven to sequester carbon, replace fossil fuel and revitalise the ground for mycorrhiza growth, eventually resulting in the drastic reduction of large-scale application of synthetic fertilisers (being one of the main contributors to global warming).

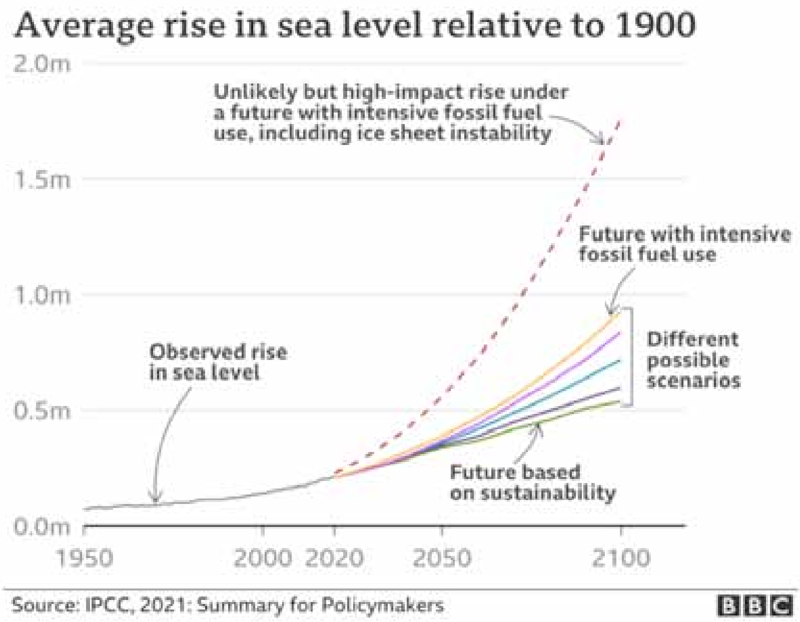
(9) There is a global agenda to limit the world's temperature increase to less than 1.5°C. Since the start of the industrial revolution, global temperature has risen by 1.1°C. Currently, global annual CO^2 emission is at 40 billion metric tons, whereas existing sequestration is at 10 billion metric tons, with a net emission of 30 billion metric tons per year. At the same time, with a conservative estimation of at least 5 billion net deficit metric tons per year since 1980, there are at least 200 billion metric tons of CO^2 deficit in the air,

Chairman's Statement (cont'd)

which is one of the main reasons for the 1.1°C rise in global temperature. Of this, 25% came from Methane. At USD35 per ton of CO^2 captured, the existing 200 billion metric tons of CO^2 in the air is valued at in the region of at least USD7 trillion. Added to that, there is an annual deficit of CO^2 equivalent to around USD1 trillion. We are optimistic that the Biofraction will have a role in this agenda. The Group currently holds around 19% in Verde Resources Inc. listed on the U.S. OTC market and is optimistic that eventually, carbon sequestration will be the next big thing after Tech and COVID.







(10) As for the other businesses, the time is coming soon for them to go to the next stage of value realisation. The Board and Management are mindful of the way forward and as and when it comes to an opportune time for the realisation or monetisation of these investments, the relevant details will be made known to you.

Appreciation

On behalf of the Board, I would like to extend our heartfelt gratitude to our shareholders, customers, employees and other stakeholders for their unwavering support and contributions.

As we forge ahead in the coming year, we remain resolute in our focus on enhancing shareholder value and delivering sustainable returns.

Tan Kok Chor
Chairman
27 October 2021

PROFILE OF DIRECTORS

TAN KOK CHOR

Chairman

Tan Kok Chor, a Malaysian aged 71, is an Independent Non-Executive Director of our Group and was appointed to the Board of Borneo Oil Berhad on 21st August 2001. He has experience in commercial, legal and administrative matters. He held 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, a Malaysian aged 63 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 35 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, a Malaysian aged 74, graduated with a Bachelor degree from University of Malaya and obtained MBA (Strategic Marketing) from University of Hull, UK in 1994.

After retirement from Petronas where he served for 29 years in various management capacities, including directorships of a few subsidiaries, he joined Borneo Oil Berhad's subsidiaries in 2006 and has since served in various senior managerial capacities.

He was appointed to the Board of Borneo Oil Berhad on 5th November 2015 as an Executive Director of Borneo Oil Berhad and has been entrusted to spearhead the renewable energy and integrated limestones project.

Profile of Directors (cont'd)

TEO KIEW LEONG

Executive Director

Teo Kiew Leong, a Malaysian aged 56, 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, a Malaysian aged 64, 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 35 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, a Malaysian aged 69, is an Independent Non-Executive Director who has been appointed to the Board of Borneo Oil Berhad since 15th January 2008. He obtained his college education at the University of Huddersfield, United Kingdom in 1977 in Business Studies.

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

Notes to Director's Profile

1 There are no family relationship amongst the Directors and/or major shareholders of the Company.
2 None of the Directors have any business arrangement with the Company in which he has personal interest or have any conflict of interest with the Company.
3 None of the Directors have any conviction for any offence within the past five (5) years, other than traffic offences, if any and no public sanction or penalty was imposed by the relevant regulatory bodies during the financial year.
4 The details of attendance of each Director at Board Meetings are set out in Page 38 of the 2021 Annual Report.
5 The details of the Directors' interest in the shares of the Company are set out in Page 69 of the 2021 Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE REVIEW

During the financial year under review, the Group posted a total revenue of RM51.41 million and a profit before tax of RM28.47 million as compared to the preceding financial year's total revenue of RM88.29 million and a profit before tax of RM4.06 million.

The total revenue declined by RM36.88 million, while the profit before tax rose by RM24.41 million for the current financial year. The reported decrease in revenue for the Group was mainly due to MCO restrictions on the construction activities for the project management of an Integrated Limestone Processing Plant. The losses attributed to the reduction in revenue were mitigated by the disposal of Bio-fraction Technology Assets and Intellectual Property Rights for a total consideration of USD5 million which were fully settled by allotment of shares in Verde Resources, Inc. The disposal registered a reversal of impairment of RM18.29 million on Bio-fraction related assets and fair value gain on investment in Verde Resources, Inc. of RM26.40 million.

FOOD AND FRANCHISE OPERATIONS ("FFO")

FFO segment registered a revenue of RM37.44 million for the current financial year against a revenue of RM40.73 million for the preceding financial year. The revenue further declined by RM3.29 million due to the imposition of MCO 2.0 and 3.0 during the year. However, the negative impact was mitigated with the timely collaboration with food delivery companies, which generated about half of FFO's total revenue. As at the end of the financial year, there were a total of 121 SugarBun and Pezzo outlets as compared to the preceding financial year of 124 total outlets.

The current financial year posted a loss before tax of RM6.48 million compared to a profit before tax of RM0.50 million for the preceding financial year, wherefore the loss for the current year was attributable to the share-based payment expense on Employee Share Option Scheme (ESOS) of RM6.22 million. Otherwise, FFO segment would have posted a profit of RM0.84 million for the current financial year.

PROPERTY INVESTMENT AND MANAGEMENT ("PIM")

PIM segment saw a reduction in revenue from RM30.95mil in the preceding financial year to RM6.25 million for the current financial year. The decrease in revenue of RM24.70 million was mainly due to the restrictions on construction and installation activities during the MCOs, resulting in the delay of the completion of the Integrated Limestone Processing Plant.

The disproportionate loss to the PIM for the current financial year of RM9.83 million was mainly due to the impairment of receivables of RM3.43 million and bad debts written off of RM1.02 million and coupled with the fair value adjustment on investment properties of RM1.95 million and share-based payment expense on Employee Share Option Scheme (ESOS) of RM2.46 million.

RESOURCES & SUSTAINABLE ENERGY ("RSE")

RSE posted a revenue of RM7.56 million for the current financial year against a revenue of RM16.29 million for the preceding financial year. The decline in revenue of RM8.73 million for the current year was in line with the contraction of the construction sector since the implementation of MCOs, which saw the reduction in demand for limestones required for the construction and building materials.

However, RSE posted a profit before tax of RM24.62 million for the current financial year compared to a profit before tax of RM5.21 million for the preceding financial year. The boost in profit for the current financial year was mainly attributable to the disposal of Biofraction Technology Assets and Intellectual Property Rights for a total consideration of USD5 million fully settled by allotment of shares in Verde Resources, Inc. The disposal registered a reversal of impairment of RM18.29 million on Biofraction related assets and fair value gain on investment in Verde Resources, Inc. of RM26.40 million.

Management Discussion And Analysis (cont'd)

OUTLOOK AND PROSPECT

Bank Negara Malaysia projects the economy to expand between 3% to 4% in 2021, the slowest pace of post-crisis rebound since the recession in 1985, reflecting the re-imposition of nationwide containment measures to contain COVID-19 and uncertainties arising from the new Delta variants.

Bank Negara slashes 2021 GDP forecast to 3-4%

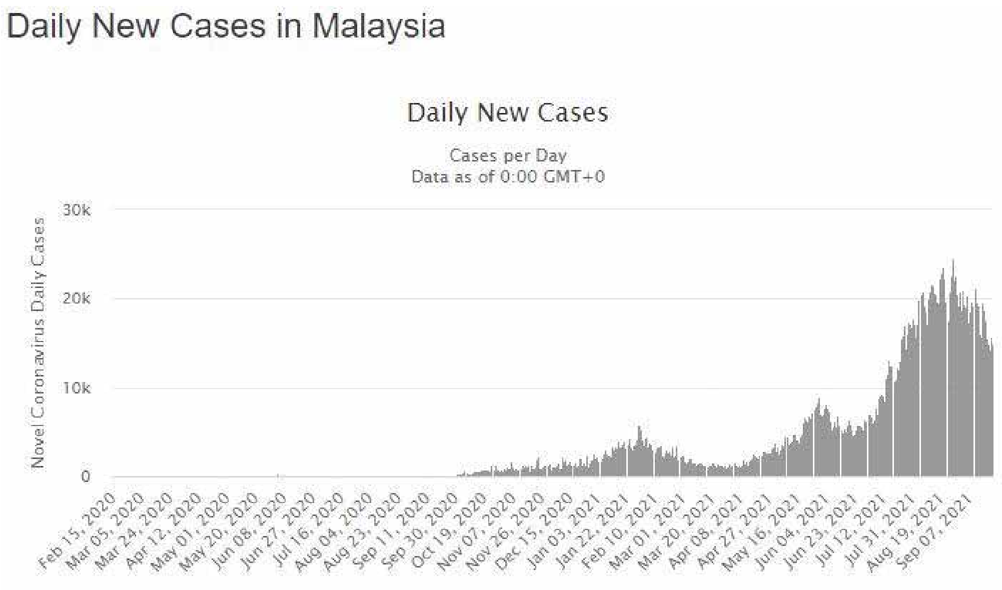
Imran Ariff - August 13, 2021 12:44 PM

159 Shares 86 24 33

Bank Negara said the revision was needed as growth had been hampered by Covid-19 mitigation measures.

Source:
https://www.freemalaysiatoday.com/category/nation/2021/08/13/bank-negara-slashes-2021-gdp-forecast-to-3-4/

Management Discussion And Analysis (cont'd)



Source: https://www.worldometers.info/coronavirus/country/malaysia/#graph-deaths-daily

Fitch Affirms Malaysia at 'BBB+'; Outlook Stable

Sun 18 Jul, 2021 - 9:19 PM ET

Source: https://www.fitchratings.com/research/sovereigns/fitch-affirms-malaysia-at-bbb-outlook-stable-18-07-2021#:~:text=Fitch%20Ratings%20%2D%20Hong%20Kong%20%2D%2018,of%20this%20rating%20action%20commentary.

Currency (Updated)

DBS Research downgrades ringgit forecast to 4.20 to 4.40 against US dollar

Esther Lee / theedgemarkets.com
August 17, 2021 20:12 pm +08

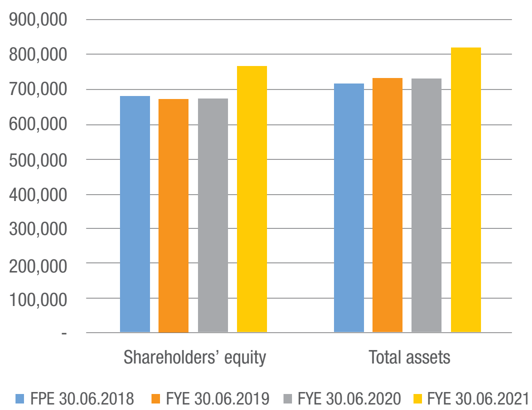
Source:
https://www.theedgemarkets.com/article/dbs-research-downgrades-ringgit-forecast-420-440-against-us-dollar

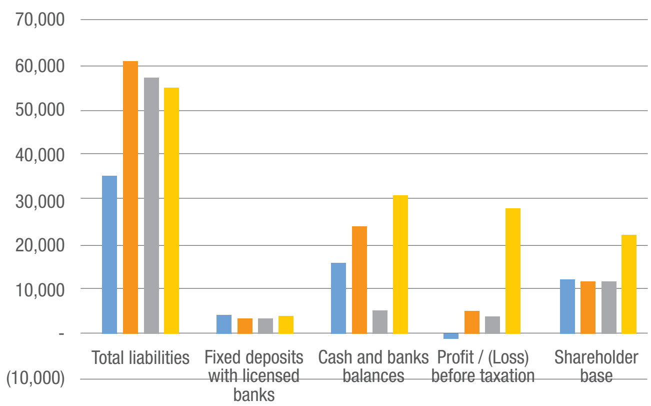
Management Discussion And Analysis (cont'd)

GROUP PERFORMANCE HIGHLIGHTS

The Group will continue to maintain a robust balance sheet while shoring up a strong cash position to safeguard against external events and is well-positioned to weather the challenges ahead. Tabulated below are some of the key financial highlights of the Group over the last 3 Financial Years

At Year End		FPE 30.06.2018	FYE 30.06.2019	FYE 30.06.2020	FYE 30.06.2021
Shareholders' equity	RM'000	681,343	673,477	671,808	767,442
Total assets	RM'000	716,854	734,814	729,487	823,292
Total liabilities	RM'000	35,511	61,336	57,679	55,850
Fixed deposits with licensed banks	RM'000	4,303	3,625	3,957	4,050
Cash and bank balances	RM'000	16,042	24,019	5,597	31,425
Profit / (Loss) before taxation	RM'000	(1,589)	5,296	4,063	28,473
Shareholder base	RM'000	12,313	12,047	12,162	22,244





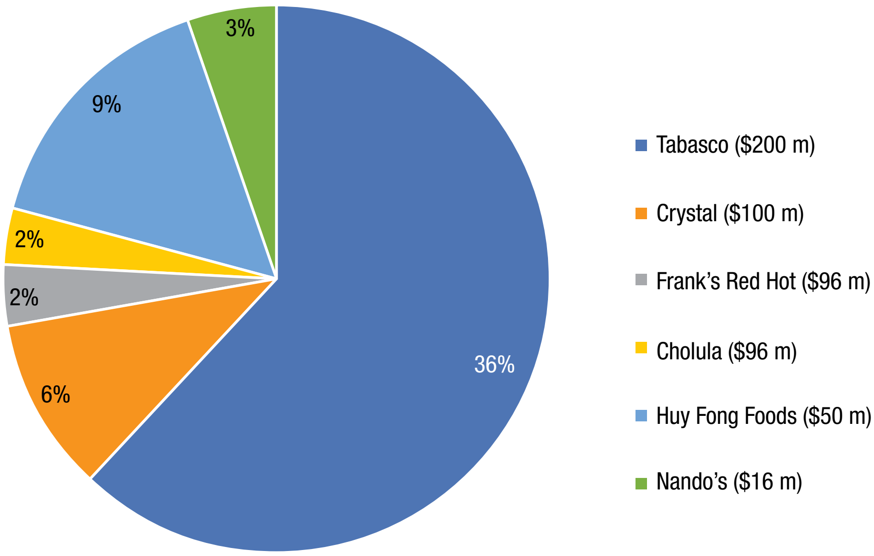
FFO

The FFO segment has gone through some very encouraging times, especially with the launch of the Sabasco Momporok Chilli. The town of Kunak in Sabah produces the best Momporok Chilli, which grows in volcanic and basalt soil particular to this area which gives it a unique taste, aroma and spiciness. The launching of the Sabasco Chilli Sauce in May this year has created great interest and the response has been overwhelming. The Management is confident that within a few years this Momporok Chilli Sauce will be a global product matching most of the other well-known chilli brands of the world. Encouraged by this success, the FFO has now restructured a new department under the brand name, The Borneo Food Company ("BFC"), to launch other iconic products like Bario rice, black pepper, heart of palm, kasturi, etc., which will in the Group's opinion have a global appeal and market. With these, the Group hope to strengthen the SugarBun Brand in the global market.

Management
Discussion And Analysis (cont'd)

Presently, these are the global producers of the hot sauce market.

Major Hot Sauce Companies - Estimated $558 million sales



- Global hot sauce market industry estimated at $1.5 million
- Estimated **sales data** from largest hot sauce producers was used to measure brand dominance

Malaysia is currently a small player, but with BFC in the forefront, the Group is confident that BFC will soon be a global player in the gourmet and niche hot sauce market.

Management
Discussion And Analysis (cont'd)

Bulbul Bird

SugarBun Stand Alone Drive-Thru (Artist Impression)

Visitors and paddy farmers walking in Bario (Source: Sarawak Tourism)

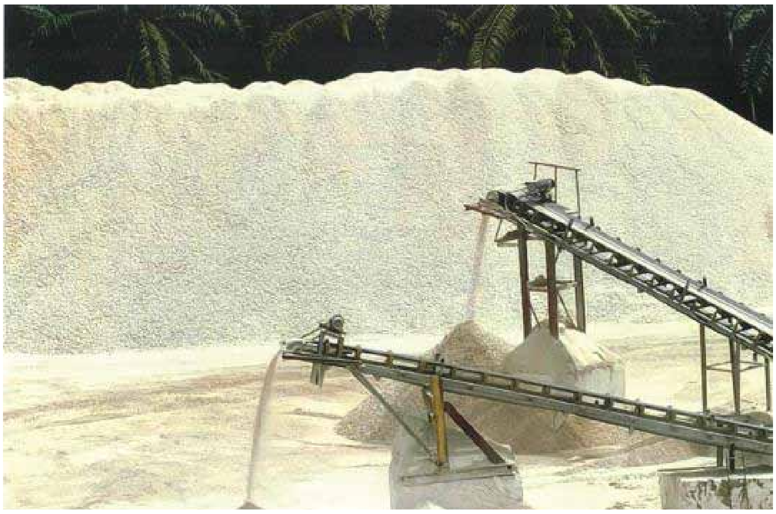
PIM

Under the PIM segment, the Integrated Limestone Processing Plant ("ILPP") is nearing completion, and the Group will benefit greatly as it will be the main supplier of limestone and other materials like sand, laterite and fuels to the ILPP. Great opportunities are available in this segment.

ILLP Aerial View

Management Discussion And Analysis (cont'd)

Limestones



Sand Mining

Management Discussion And Analysis (cont'd)

Sand Mining

Quarrying

Management Discussion And Analysis (cont'd)

Properties

The Group owns some of the choicest lands in Kokol Hills, Kota Kinabalu and some of its land bank in the East Coast of Sabah on top of having substantial mineral reserves, are very suitable for food production. The Group is currently exploring opportunities to maximise returns for these lands.

Kokol Club House (Artist Impression)

Kokol Hill Proposed Residence I (Artist Impression)

Properties (Cont'd)

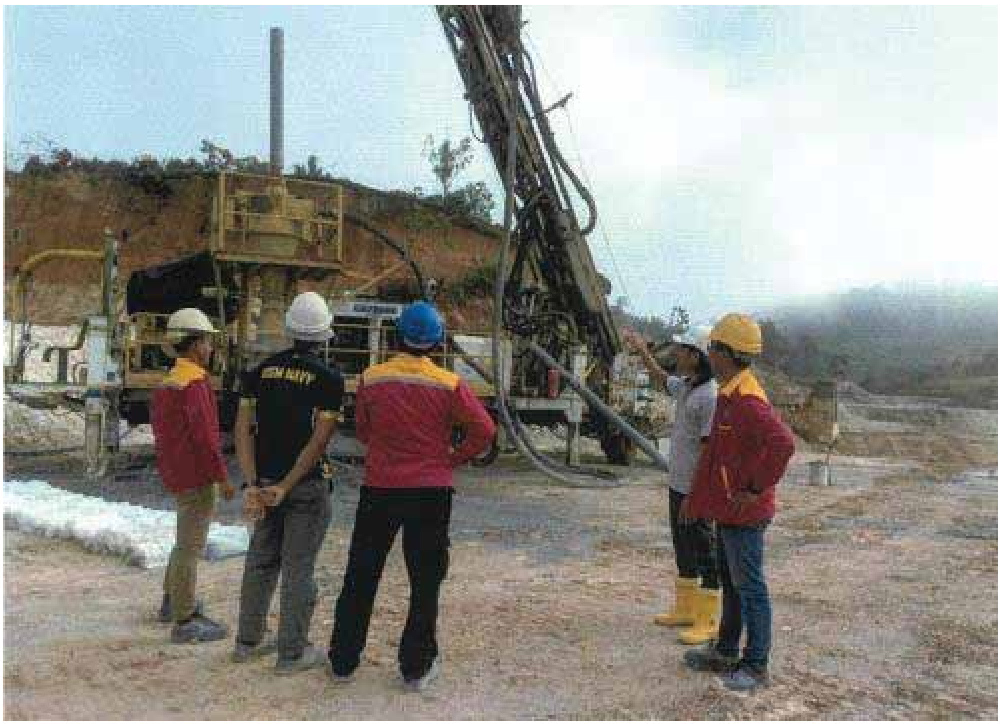
Kokol Hill Proposed Residence II (Artist Impression)

RSE

On the RSE segment, the division is poised to move both further into the 2nd JORC report and, at the same time, start to develop its production facilities. The Pilot CIL Plant is currently ready and operational, pending the issuance of relevant licenses and permits.

Side View of the CIL Pilot Plant

RSE (CONT'D)



RC Drilling in Progress

Inspections being carried out on the CIL Pilot Plant

RSE (CONT'D)

Mining Consultant Dr. Cheze Yves presentation, during JMG Assistant Directors (20 officers) from various state visit

Part of the team who completed the construction of CIL Pilot Plant

Site presentation by Chief Geologist

Chief Geologist briefing on the drilling planning and progress to JMG visitors

Barring any unforeseen circumstances, the plans and strategies adopted as mentioned above will steer the Group through the foreseeable future. The Board aspires to arrive at a day where shareholders will be rewarded in the way they deserve to be.

STATEMENT ON SUSTAINABILITY

This Statement presents Borneo Oil Berhad ("BOB") Group's sustainability performance between 1 July 2020 to 30 June 2021. Unless specified otherwise, the scope of the Statement covers BOB Group's business operations in Malaysia. This Statement also summarises BOB Group's policies, practices and performance relating to the Economic, Environmental and Social ("EES") aspects. BOB Group will strengthen its commitment to sustainability in the future and continue to expand its scope of disclosure subject to the materiality assessment and necessity.

OUR APPROACH TO SUSTAINABILITY

Sustainability is a vital part of our corporate strategy for achieving long-term growth. The values we create for our people, environment, and society very much determine our financial performance. With our vision and corporate values in mind, we are making an effort to integrate sustainability into the businesses of BOB Group so that it is systematic and seamless. Where possible, we incorporate sustainability considerations in our decision-making processes.

Our sustainability efforts are led by our senior management who ensures that BOB Group's business objectives align with our commitments to sustainable development. Senior management is responsible for ongoing communication to the Board of Directors. The senior management determined focus areas where BOB Group can have the most significant EES impact and the most important areas to our stakeholders.

BOB Group has made efforts to seek the opinion of internal and external stakeholders either formally or informally. We aspire to understand the needs and expectations of our key stakeholders and strive to build mutually beneficial relationships.

OUR STAKEHOLDER ENGAGEMENT

BOB Group values its stakeholders and their feedback regarding its businesses and sustainability aspects. To understand and address their key concerns, we have maintained close communication with our stakeholders that directly and significantly impact our business and those affected by our operations. We will continue to increase our involvement with stakeholders via constructive conversation to chart a course for long-term prosperity.

In formulating operational strategies and sustainability measures, BOB Group takes into consideration of the stakeholders' expectations and strives to improve its performance through cooperation with the stakeholders, resulting in creating greater value for them. The following table summarises our key stakeholders and their discussions, together with their corresponding engagement methods and actions.

STAKEHOLDERS	KEY ISSUES	ENGAGEMENT PLATFORMS	ACTIONS
Customers	• Customer satisfaction • Product quality and services	• Customer surveys • Feedback platforms	• Continued to enhance customer satisfaction level with improved service and quality products
Suppliers	• Quality assurance • Supply chain management	• Supplier's code of conduct • Monthly supplier visits	• Quality control checks • Regular suppliers review
Franchisees	• Quality of service • Growth and expansion	• Regular dialogue sessions • Visit the outlet by rotation	• Training and briefings • Conduct audit checks • Marketing and promotional events

STAKEHOLDERS	KEY ISSUES	ENGAGEMENT PLATFORMS	ACTIONS
Employees	• Talent retention and attraction • Training and well-being	• Annual performance appraisals • Regular department meetings • Whistle-blowing policy	• Compensation and benefits • Career progression • Continuous learning and skills upgrading
Communities	• Responsible corporate citizenship	• Festive season celebration events • Charity events and donations	• Helping the needy in the community • Foster strong community ties
Investors	• Financial stability • Long-term growth • Risk management • Corporate governance	• Quarterly financial results announcements • Annual General Meeting (AGM) • Media interviews • Dedicated Investor Relations website	• Performance and financial results • Business strategy and outlook • Explore new business and opening new markets

ECONOMIC

BOB Group sees economic performance as a material factor as we believe our business economic viability is essential to our stakeholders. We aim to attain sustainable economic growth to provide desirable returns to our shareholders annually.

More importantly, we strive to contribute positively to society through our economic presence by sustainable investment and maintaining good stewardship of the resources.

In FYE2021, we had achieved RM28.47 million profit before tax and generated new business opportunities within our organisation in the markets we operate in. Even though the COVID-19 pandemic continues to ravage the country, we still seek to demonstrate our commitment to actively contribute to the communities and other stakeholders to help each other overcome challenges posed by the pandemic.

For details of our financial performance, please refer to page 65 onwards of the Annual Report.

ENVIRONMENTAL

BOB Group recognises that the promotion of quality, environmental, safety and health of its employees and the prevention of pollution is an integral part of its operations and meets the requirements of customers, business partners, employees and the general public.

Guided by BOB Group's policy that "Safety is everybody's responsibility", we are driven by the steadfast commitment to our employees for a safe working environment in which one can work and excel with total confidence. In support of our policy, BOB Group commits itself to the provision of the workplace, health and safety, prevention of damages to property, the promotion of pollution-free environment and noise reduction to the general public through:

- Reducing environmental impact through "Reduce, Reuse and Recycle".
- Prevention of environmental pollution, injury, ill health and accident that potentially affect our employees, stakeholders, contractors, suppliers, and the general public.
- Continuously improving our management system, process and performance.
- Ensuring compliance to applicable legal legislation and other requirements.
- Green and Gracious practices/code approach protecting our mother earth and being gracious and considerate to the general public.

SOCIAL

Socioeconomic compliance is one of the key factors for BOB Group to fulfil its corporate social responsibility. The management of BOB Group regularly reviews the business activities, sets up clear policies and procedures in advance to prevent potential infringement of related laws and regulations. Employees are also encouraged to report suspected cases of violation in any laws and regulations. In FY2021, there were zero incidents of non-compliance with relevant material socioeconomic laws and regulations, and we aim to maintain this trend for the forthcoming year.

Employment

We recognise that human capital is the backbone in supporting the development of BOB Group. Their skills and expertise are vital to our business success. Thus, attracting and retaining talent are part of BOB Group's strategy for ensuring sustainable growth for our business.

BOB Group adopts a people-oriented management approach and realises the full potentials of our employees. BOB Group has formally established the Employee Handbook, covering the aspects of recruitment, compensation, promotion, working hours and rest periods, diversity and equal opportunity, etc. BOB Group reviews the Employee Handbook and its employment practices periodically to ensure continuous improvements in employment standards and compliance with relevant employment laws and regulations.

Recruitment And Remuneration

Employees are a key asset and play a critical role in the overall success of BOB Group. We believe high talent retention creates a positive work environment and helps strengthen employees' commitment to the organisation. Therefore, we offer competitive remuneration packages for our employees. In addition, BOB Group also recognises the importance of maintaining employee's well-being and stresses heavily on creating a balanced work-life lifestyle for our employees. Due to Covid-19 social distancing measures, social events were limited to adhere to Covid-19 safe management measures in the workplace.

Diversity and Equal Opportunity

We are committed to promoting a diverse workforce and maintaining a discrimination-free work environment. BOB Group is dedicated to providing equal opportunity in all aspects of employment and embraces diversity and inclusivity regardless of race, religion, gender, age, nationality, family status, and marital status. This covers all aspects of employment, including selection, job assignment, compensation, discipline, termination, and access to benefits and training. We respect and permit clothing and accessories that are dictated by religious beliefs, ethnicity or disability.

Statement On Sustainability (cont'd)

Health And Safety

At BOB Group, we regard health and safety as a top priority and see this as an essential part of our business. We strive to prioritise the health and safety of our employees, customers, third-party service providers and visitors. We realise the essentiality of maintaining a safe working environment at all of our facilities. Therefore, we have set health and safety policies to protect the health, safety and security of our employees, property and the public from the risk of harm.

Given the COVID-19 outbreak, BOB Group remains highly vigilant about the potential health and safety impact on its employees and customers. BOB Group has reminded employees of the importance of maintaining personal hygiene and implemented safe management measures such as regular cleaning of shared spaces and safe physical distancing. For its employees and customers, BOB Group required that their temperature be taken before entering BOB Group's premises; they were also required to wear facial mask at all times. BOB Group has also imposed measures to avoid the spreading of COVID-19, such as providing alcohol-based hand sanitisers and conducting Swab Self-Test kits approved by the Malaysian Ministry of Health ("MOH") to everyone prior to entering the Group's premises.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

The Malaysian Code of Corporate Governance defines corporate governance as: "The process and structure used to direct and manage the business and affairs of the Company towards promoting business prosperity and corporate accountability with the ultimate objective of realising long-term shareholder value, while taking into account the interest of other stakeholders."

The Board of Directors of Borneo Oil Berhad ("BOB" or "the Company") remains committed to subscribe to the principles of good corporate governance that is central to the effective operation of the Group and to ensure the highest standards of accountability and transparency. BOB supports the Corporate Governance framework and continues to improve existing practices and achieve the objectives of the Group.

The Board is pleased to set out below the manner in which the Group has applied the three (3) main principles in the Malaysian Code on Corporate Governance ("MCCG") 2017 and revised April 2021 throughout the financial year ended 30 June 2021:

(A) Board Leadership and Effectiveness
(B) Effective Audit and Risk Management
(C) Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

In making this Corporate Governance ("CG") Overview Statement, the Company is guided by Practice Note 9 of Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa") and the CG Guide (3rd edition) issued by Bursa.

This statement also serves as a compliance with paragraph 15.25(1) of the MMLR of Bursa and shall be read together with the CG Report 2021 of the Company, which provides a detailed application for each practice as set out in the MCCG. The CG Report is available on the Company's website at www.borneo-oil.com.my.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

BOARD RESPONSIBILITIES

The Board is collectively responsible for the overall strategic plans and long-term success of the Group. In discharging its fiduciary duties and leadership functions, the Board governs and sets the strategic direction of the Company while exercising effective oversight on Management's performance, risk assessment and controls over its business operations.

1.1 Strategic direction and objectives.

The Board plays a critical role in setting out its strategic direction, development and control of the Group including setting and reviewing of goals and strategic directions, overseeing the process and effectiveness of risk management and control environment.

The responsibilities of the Board are inclusive of but not limited to:

- Reviewing and adopting a strategic business plan for the Group;
- Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed;
- Identifying principal risks and ensuing the implementation of appropriate systems to manage these risks;
- Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- Reviewing the responsibilities of each Board Committee as and when required;
- Ensuring the integrity of the Company's financial and non-financial reporting, and
- Develops and implements an investor relation program or shareholders' communication policy for the Group.

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

BOARD RESPONSIBILITIES (CONT'D)

1.1 Strategic direction and objectives. (Cont'd)

The Board has a formal schedule of matters specifically reserved to itself for decisions to ensure that the direction and control of the Group is firmly in its hands. The schedule involves the approval of significant capital expenditure projects and consideration of assets acquisition and divestment policies, significant financial matters including the financial and operating performance of the Group.

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.

1.2 Separation of Roles of Chairman and Executive Director

The Board has established clear roles and responsibilities in discharging its fiduciary and leadership functions. The roles of the Chairman and Executive Director are separately held and each has a clear division and responsibilities between them to ensure the balance of control, power and authority.

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 Company and Group.

1.3 Qualified and competent Company Secretaries

The Company complies with Practice 1.4 of the Code where the Board is supported by the Company Secretaries who are qualified, competent and capable of carrying out the duties required. The Board has direct access to the advice and services of the Company Secretaries especially relating to procedural and regulatory requirements. Such advisory roles by the Company Secretaries 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 documented, and subsequently communicated to the relevant party for further appropriate actions.
(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 properly managed.
(iv) Monitoring the development in corporate governance and assisting the Board to apply governance practices to meet the Board's needs and stakeholders' expectations.
(v) Advising the Board on issues relating to compliance with provisions of MMLR of Bursa, the Companies Act 2016 and other relevant laws, rules, procedures and regulations affecting the Board and the Group.

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

BOARD RESPONSIBILITIES (CONT'D)

1.4 Access to Information and Advice

The Board members have full and unrestricted access to information on the Group's business and affairs to enable them to discharge their duties and responsibilities.

The Board meets at least four(4) times a year to facilitate the discharge of its responsibilities. Additional or special Board meetings are convened as and when necessary to consider and deliberate on any urgent proposals or matters arising under their purview and requires the Board's review or consideration.

The agenda for each Board meeting and its relevant papers relating to the agenda items are forwarded to all Directors for their perusal before the Board meeting. Adequate notice is provided to allow the Directors to review the Board papers so that matters arising could be deliberated adequately at the Board meetings, and the Board could make appropriate decisions. Senior Management and appointed advisers of the Company may be required to attend the Board meetings as and when necessary to provide the Board with explanation and clarifications to facilitate informed decision making on any matters.

GOOD BUSINESS CONDUCT AND CORPORATE CULTURE

2.1 Code of Conduct and Ethics

The Board recognises the importance to promote and reinforce ethical standards throughout the Group. Therefore, the Code of Conduct and Ethics, serves as a road map to guide the Board in carrying out its duties and responsibilities to the highest standards of personal and corporate integrity and comprises all aspects of its day-to-day business operations.

The Code of Conduct and Ethics will not only apply to every employee of the Group, but also to every Director (Executive and Non-Executive). Furthermore, the Group will strive to ensure that our consultants, agents, partners, representatives and others performing works or services for or on behalf of the Company comply with the Code of Conduct and Ethics.

2.2. 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.

2.3 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.

2.4 Anti-Bribery and Anti-Corruption Policies

The Group is committed to operating its business in an ethical and responsible manner, accompanied by the highest standards of integrity. The Board shall be incorporating such policies and procedures on anti-corruption to promote better governance culture and ethical behaviour within the Group and to prevent the occurrence of corrupt practices in accordance with the new Section 17A of the Malaysian Anti-Corruption Commission Act 2018 on corporate liability for corruption.

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

BOARD COMPOSITION

3.1 Composition of the Board

Currently, the Board consists of a total of six(6) members, comprising:

- 1 Independent Non-Executive Chairman
- 3 Executive Directors, and
- 2 other Independent Non-Executive Directors.

The Company has complied with paragraph 15.02 of the MMLR of having at least two(2) Directors or one third(1/3) of the Board comprising Independent Directors.

The Board deems that its composition is appropriate in terms of its membership and size as there is a good mix of skills and experience in the Board membership and no imbalance in power and authority. The Directors, with their differing backgrounds and specialisations, collectively bring with them a wide range of business, commercial and financial knowledge, expertise and skills essential in the management and direction of a corporation with regional presence.

3.2 Tenure of Independent Directors

The Board recognises the importance of independence and objectivity in the decision-making process. The Board is committed in ensuing that the Independent Directors are able to exercise independent judgement and act in the best interest of the Group.

The MCCG 2017, revised MCCG 2021 stipulates that the tenure of an Independent Director of the Company should not exceed a cumulative term of nine(9) years. An Independent Director may continue to serve the Board subject to re-designation as a Non-Independent Director. In the event the Board intends to retain the Independent Director after serving a cumulative term of 9 years, shareholders' approval will be sought. The Board believes that valuable contributions can be obtained from directors who have, over a period of time, developed valuable insight of the Company and its business. Their experience enables them to discharge their duties and responsibilities independently and effectively in the decision making processes of the Board, notwithstanding their tenure on the Board.

3.3 Board Diversity and Senior Management Team

The Board acknowledges the importance of diverse Board and Senior Management and views that the workplace and Board diversity is important to facilitate the decision-making process by harnessing different insights and perspectives.

Appointment of the Board and Senior Management are based on objective criteria, merit and due regard for diversity in skills, experience, age and cultural background. There is no specific target in the composition in terms of gender, age or ethnic of the Board and Senior Management.

The Nomination Committee is responsible for screening and conducting an initial selection, which includes as external search before making a recommendation to the Board on the new appointment. For the appointment of Independent Directors, considerations will also be given on whether the candidates meet the requirements for independence as defined in MMLR and time commitment expected from them to attend to matters of the Company in general, including attending meetings of the Board, Board Committees and Annual General Meeting.

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

BOARD COMPOSITION (CONT'D)

3.4 Audit Committee

The members and activities of the Audit Committee ("AC") during the financial year ended 30 June 2021 under review are set out in the AC Report on page 47 to page 50 in this 2021 Annual Report.

3.5 Nomination Committee

The present NC comprises of entirely all three(3) Independent Non-Executive Directors, of which the Chairman is the Senior Independent Non-Executive Director of the Company.

During the financial year under review, the NC has undertaken the following activities in discharging its duties:

(a) Conducted an annual assessment of the performance of the Board as a whole and made its recommendation to the Board; and
(b) Conducted an annual assessment of the Independent Directors and made its recommendation to the Board.

3.6 Remuneration Committee

The primary purpose of the RC is to assist the Board in fulfilling its oversight responsibility to shareholders by ensuring that the Company has coherent remuneration policies that fairly and responsibly reward individuals having regard to performance, the risk management framework, the law and good corporate governance.

The present RC consists of all three(3) Independent Non-Executive Directors.

During the financial year under review, the RC has undertaken the following activities in discharging its duties:

(a) Reviewed the performance of the Executive Directors and submitted recommendations to the Board on specific adjustments in remuneration and/or reward payments; and
(b) Reviewed and recommended Directors' fees and benefits payable to the Directors of the Group for Board's approval.

OVERALL BOARD EFFECTIVENESS

4.1 Annual Evaluation

The NC is responsible for evaluating performance and effectiveness of the entire Board, the Board Committees and individual Director on a yearly basis. The evaluation process is led by the NC Chairman and supported by the Company Secretaries via questionnaires.

The effectiveness of the Board is assessed in the areas of the Board's roles and responsibilities and composition, attendance record, the intensity of participation at meetings, quality of interventions and special contributions. Besides, the effectiveness of the Board Committees is assessed in terms of structure and processes, accountability and responsibility, as well as the effectiveness of the Chairman of the respective Board Committees.

Based on the annual assessment conducted for the financial year, the NC was satisfied with the existing Board composition and concluded that each Director has the requisite competence to serve on the Board and has sufficiently demonstrated their commitment to the Company in terms of time and participation during the financial year under review, and recommended to the Board the re-election of retiring Directors at the Company's forthcoming AGM. All assessments and evaluations carried out by the NC while in the stage of discharging their functions have been properly documented.

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

OVERALL BOARD EFFECTIVENESS (CONT'D)

4.2 Board Meetings

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 and other electronically means.

During the financial year under review, six(6) meetings were held in which the Board deliberated upon and considered various issues including the Group's financial results, the performance of the Group's business, significant investment, business plan and policies and strategies issues affecting the Group's business.

The following is the record of attendance of the Board Members:

Names of Directors	Attendance
(i) Tan Kok Chor	6/6
(ii) Datuk Joseph Lee Yok Min@Ambrose	6/6
(iii) Teo Kiew Leong	6/6
(iv) Chan Keng Leong	6/6
(v) Michael Moo Kai Wah	6/6
(vi) Seroop Singh Ramday	6/6

Based on the above , all Directors have complied with the minimum 50% attendance requirement in respect of Board meetings as stipulated in MMLR. The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities which is evidenced by the satisfactory attendance record of the Directors at each Board meeting.

4.3 Directors' Training

The Board recognises the importance of continuous training for Directors to enable them to discharge their duties effectively. The Directors undergo training programme and seminars from time to time and as when necessary, to constantly update themselves and keep abreast with industrial sector issues, the current and future developments of the Group's business and industry that may affect their roles and responsibilities.

The Board is also updated by the Company Secretaries on the latest update/amendments on MMLR, MCCG and other regulatory requirements relating to the discharge of the Directors' duties and responsibilities periodically.

During the financial year under review, the Directors have attended the following training, webinars, and online conferences:

Name of Director	webinars / online conference/ Training Programmes attended	Date
Tan Kok Chor	1. Related Party Transactions(RPT) – what Directors must know.	12.4.2021
Datuk Joseph Lee Yok Min @Ambrose	1. Related Party Transactions(RPT) – what Directors must know.	12.4.2021
	2. Pre & Post IPO Rules and key updates to Listing Requirements.	22.4.2021
	3. MIA Webinar Series: Share buy-back and dealings in Listed Securities, closed period and insider Trading.	16.6.2021

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

OVERALL BOARD EFFECTIVENESS (CONT'D)

4.3 Directors' Training (Cont'd)

During the financial year under review, the Directors have attended the following training, webinars, and online conferences: (Cont'd)

Name of Director	webinars / online conference/ Training Programmes attended	Date
Teo Kiew Leong	1. Related Party Transactions(RPT) – what Directors must know. 2. Pre & Post IPO Rules and key updates to Listing Requirements.	12.4.2021 22.4.2021
Chan Keng Leong	1. Related Party Transactions(RPT) – what Directors must know.	12.4.2021
Michael Moo Kai Wah	1. Related Party Transactions(RPT) – what Directors must know.	12.4.2021
Seroop Singh Ramday	1. Related Party Transactions(RPT) – what Directors must know.	12.4.2021

REMUNERATION

The Board acknowledges the level and composition of remuneration of Directors and Senior Management, with the view to attract, preserve and retain their respective talents in order to drive the Company's long term objectives.

Therefore, the Board has established RC and developed the remuneration policy to assist the Board in discharging its duties and responsibilities in the matters relating to the remuneration of the Board and Senior Management.

5.1 Directors' Remuneration

The detailed breakdown of the Directors' fees and benefits paid (both Company and Group level) for the financial year ended 30 June 2021 are as follows:

Category	EDs RM	Non-EDs RM	Total RM
Fees	1,284,000	351,960	1,635,960
Salaries	185,751	–	185,751
Total	1,469,751	351,960	1,821,711

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

REMUNERATION (CONT'D)

5.1 Directors' Remuneration (Cont'd)

The detailed breakdown of the Directors' fees and benefits paid (both Company and Group level) for the financial year ended 30 June 2021 are as follows: (Cont'd)

COMPANY

Company Directors	salaries RM	fees RM	Benefits in Kind RM	Statutory Contributions RM	TOTAL RM
Executive Directors					
1. Datuk Joseph Lee Yok Min @ Ambrose	–	900,000	–	–	900,000
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
	–	1,599,960	–	–	1,599,960

GROUP

Company Directors	salaries RM	fees RM	Benefits in Kind RM	Statutory Contributions RM	TOTAL RM
Executive Directors					
1. Datuk Joseph Lee Yok Min @ Ambrose	–	900,000	–	–	900,000
2. Chan Keng Leong	–	324,000	–	–	324,000
3. Teo Kiew Leong	175,164	60,000	–	–	235,164
4. Christopher Chin Cheong Vui	10,587	–	–	–	10,587
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
	185,751	1,635,960	–	–	1,821,711

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

REMUNERATION (CONT'D)

5.1 Directors' Remuneration (Cont'd)

The number of Directors whose total remuneration falls within the following bands for the financial year ended 30 June 2021 are as follows :

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

5.2 Remuneration of Senior Management

The remuneration paid to the top 5 Senior Management including salaries, benefits in-kind and other emoluments in bands of RM50,000 during the financial year under review are as follows:

Range of Remuneration	Number of Senior Management
RM50,000 to RM100,000	–
RM100,001 to RM150,000	3
RM150,001 to RM200,000	–
RM200,001 and above	2

5.3 Remuneration Procedure

The Board recognises that the level and composition of remuneration of Directors and Senior Management should take into account the Company's desire to attract and retain the right talent in the Board and Senior Management to drive the Company's long-term objectives. Therefore, the Board has adopted a Remuneration Policy to assist the RC in carrying out its duties within its terms of reference.

The remuneration of each Director reflects the responsibility and commitment, which goes with the Board membership. In the case of Executive Directors, the component parts of remuneration are structured to link rewards to individual and corporate performances while ensuring that the level of remuneration commensurate with the market, the experience and the level of responsibilities undertaken. For Non-Executive Directors, the level of fees are linked to the contribution and level of responsibilities undertaken by the individual director, including the time spent on the group's matters, as well as the size of the Group's business.

The RC recommends to the Board the remuneration packages for the Executive Directors. None of the Executive Directors participated in any way in determining their own individual remuneration. The Board as a whole determines the remuneration of Non-Executive Directors, with individual Directors abstaining from making decisions in respect of their individual remuneration. The Directors' fees are approved by the shareholders during the AGM of the Company.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

AUDIT COMMITTEE

6.1 Audit Committee

The Audit Committee ("AC") of the Company comprises three(3) Independent Non-Executive Directors. The Chairman of the AC is not the Chairman of the Board. The AC is fully informed about significant matters related to the Company's audit and its financial statements. The AC also reviewed the internal audit programme and invited the internal auditors to the meeting for discussion on the internal audit findings. Besides, such discussion also served as an avenue for the AC to appropriately communicate its insights, views and concerns about relevant transactions and events to the Internal and External Auditors.

The Board took note on Practice 7.2 of the MCCG on the policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the AC. Thus, the AC shall observe the said application in the event that a former key audit partner is appointed to the Board of the Company.

Further details on the work performed by AC in furtherance of its oversight role are set out in the AC Report on pages 47 to 50 of this 2021 Annual Report.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

7.1 Establishment of Risk Management and Internal Control Framework

The Board acknowledges its responsibility for ensuring the smooth maintenance of a sound system of internal controls and risk management. The Company has a risk management and internal control framework in place that provides the foundations and organisational arrangement on how to manage risks across the Group, safeguard the Group's assets and at the same time protect shareholders' interests.

The Board performs review on an annual basis covering not only financial, but operational and compliance controls and risk management systems, in all material aspects. Management is responsible for implementing the processes for identifying, evaluating, monitoring and reporting of risks and internal control, taking appropriate and timely corrective actions as needed, and for providing assurance to the Board that the processes have been carried out. The AC has been entrusted by the Board to ensure the effectiveness of the Group's internal control.

The internal audit function currently conducts independent audits within the Group to identify, evaluate and monitor significant risks affecting the business of the Group and ensure that adequate and effective controls are in place.

The Statement on Risk Management and Internal Control as set out on pages 55 to 57 of this 2021 Annual Report , provides an overview of the Group's approach to ensure the effectiveness of the risk management and internal processes within the Group.

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

COMMUNICATION WITH STAKEHOLDERS

8.1 Effective, Transparent and Regular Communication

The Board recognises the importance of effective communications with the shareholders, investors and the public at large, both in Malaysia and internationally, with the objective of providing a complete and clearer picture of the Group's overall performance. The Board also ensures its adherence to and compliance with the MMLR.

The Company maintains various methods of dissemination of information important to shareholders, stakeholders and the public at large through the timely announcement of events, the quarterly announcement of financial results and product information on the Company's website at www.borneo-oil.com.my.

CONDUCT OF GENERAL MEETINGS

9.1 Annual General Meeting

The Board has acknowledged that the Group's AGM or Extraordinary General Meetings is the important avenue for Board members to engage with shareholders, allowing the shareholders to review the Group's performance via the Company's Annual report and pose questions to the Board for clarification. The Board will ensure that the general meetings of the Company are conducted in an efficient manner, with the supply of comprehensive and timely information to shareholders and encouraging active participation at the general meetings.

The Board has adopted the recommendation of the MCCG for the Notice of the 37^{th} AGM to be given to the shareholders at least twenty-eight (28) days prior to the meeting so that the shareholders are given sufficient time to consider the resolutions that will be discussed at the AGM, wherever possible. Shareholders are given the opportunity to seek clarifications on the Group's performance, business activities and prospects as well as to communicate their expectations and concerns of the Group. The Chairman and the Board members are in attendance to respond to questions raised by the shareholders during the AGM.

Shareholders who are unable to attend the AGM are advised that they can appoint proxies in accordance with their Company's Constitution to attend and vote on their behalf.

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 Statement, and considers that this overview statement provides the information necessary to enable shareholders to evaluate how the MCCG has been applied. The Board considers and is satisfied that the Group has fulfilled its obligation under the MCCG, MMLR and all applicable laws and regulations throughout the financial year under review.

This Statement was approved by the Board of Directors of the Company on 27 October 2021

ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

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 Annual General Meeting 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 2021 , the Company has 541,526,000 (2020:151,646,000) ordinary shares held as treasury shares.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were certain options, warrants or convertible securities still existing at the FYE 30.6.2021.

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 DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR") PROGRAMME

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

AUDIT FEE AND NON-AUDIT FEES

The amount of audit fees and non-audit fees paid or payable to the Company's External Auditors by the Group and the Company for the financial year ended 30 June 2021 are as follows :

Type of fees	Company RM	Group RM
Audit Fees	73,000	304,500
Non-Audit Fees	26,000	26,000

PROFIT GUARANTEES

There were no profit guarantees given by the Group during FYE 30 June 2021.

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 2021.

Additional Compliance Information Disclosures (cont'd)

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 2021.

MATERIAL CONTRACTS

There were no material contracts outside the ordinary course of business entered into by the Company and its subsidiaries involving Director's and major shareholders' interest which were subsisting at the end of the financial year ended 30 June 2021 or entered into since the end of the previous financial year.

STATUS OF UTILISATION OF PROCEEDS FROM CORPORATE PROPOSAL

A General mandate of not more than 20% of the total number of issued shares as approved by the shareholders in the previous AGM dated 16 Dec 2020 has been carried out in the financial year ended 30 June 2021.

The Company proposed to undertake private placement of up to 20% of the total number of issued shares of the Company to independent third party investors ("Private Placement up to 20%"). The Private Placement up to 20% was completed on 13 January 2021 following the listing and quotation of 633,405,775 placement shares on the Main Market of Bursa Securities, raising RM23.98 million for the Company. As at 30 June 2021, the summary of the utilisation of proceeds were as follows:

Utilisation of proceeds	Intended time frame for utilisation	Actual proceeds raised (RM'000)	Actual Utilisation (RM'000)	Balance Available (RM'000)
1. Upgrading of general infrastructure at limestone quarry operations side	Within 24 months	5,000	–	5,000
2. Working capital expenses	Within 24 months	18,865	18,865	–
3. Estimated expenses in relation to the placement	Upon completion	110	110	–
Total		23,975	18,975	5,000

On 25 January 2021, the company proposed to undertake a Proposed subscription of up to 1,205,827,550 new ordinary shares, representing approximately 20% of its existing total number of issued shares. As at 30.6.2021, a total of 43 tranches comprising 915,000,000 Bornoil shares had been issued pursuant to the Proposed subscription. The total proceeds raised as at 30.6.2021 is approximately RM29.03 million.

Additional Compliance Information Disclosures (cont'd)

The status of the utilisation of the Proposed subscription proceeds were as follows:-

Utilisation of proceeds	Intended time frame for utilisation	Actual proceeds raised (RM'000)	Actual Utilisation (RM'000)	Balance Available (RM'000)
1. Business expansion and/or new investments	Within 36 months	5,624	500	5,124
2. Gold exploration works at Hutan Simpan Bukit Ibam, Pahang	Within 36 months	10,000	3,264	6,736
3. Working capital expenses	Within 36 months	12,410	7,832	4,578
4. Estimated expenses in relation to the Proposed subscription	Upon completion	1,000	286	714
Total		29,034	11,882	17,152

EMPLOYEES SHARE OPTION SCHEME ("ESOS")

There have been an establishment of a new employees' share option scheme of Bornoil ("ESOS) of up to 15% of the total number of issued shares in Bornoil (excluding treasury shares) at any point in time over the duration of the ESOS ("New ESOS").

The effective date for implementing the New ESOS is 22 June 2020, being the date on which the Company is in full compliance with Paragraph 6.43(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

RECURRENT RELATED PARTY TRANSACTIONS

During the financial year ended 30 June 2021, the Company did not enter into any recurrent related party transactions of revenue or trading nature.

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).

The Board of Directors of Borneo Oil Berhad is pleased to present the Audit Committee ("AC") Report which provides insights into the manner in which the AC discharged its functions for the Group in respect of the financial year ended 30 June 2021.

COMPOSITION

The AC currently comprises of the following members:-

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)

The present AC comprised exclusively of three(3) Non-Executive Directors , all being Independent Directors who are in compliance with Paragraph 15.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Malaysian Code on Corporate Governance.

One of the members of the AC has the relevant experience and expertise in finance, accounting and other relevant fields and all have carried out their duties in accordance with the terms of reference of the AC. The qualification and experience of the individual AC members are disclosed in the Directors' Profiles on page 11 to 12 this Annual Report 2021.

TERMS OF REFERENCE

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

MEETINGS AND ATTENDANCE

The AC conducted five (5) meetings during the financial year ended 30 June 2021 and their attendance 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

The meetings were appropriately structured through the use of agendas, which were distributed to members with sufficient notification. The Company Secretaries or the representatives were present at all the meetings. Upon invitation, the executive Board members, members of the top management as well as representatives of the external auditors and internal auditors also attended specific AC meetings to facilitate direct communication and to provide clarifications on audit issues and the operations of the Group.

The minutes of each AC meeting was recorded and tabled for confirmation at the next following AC meeting. After each AC meeting, the AC chairman reported on matters deliberated to the Board for their notation, including matters of significant concern as and when raised by the External Auditors or Internal Auditors. Matters reserved for Board approvals are tabled at Board Meetings, and decisions by the Board and actions required are forwarded to the management for their actions. AC may also take action by way of circular resolutions in lieu of convening a formal meeting.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR ENDED 30 JUNE 2021

The AC's activities for the financial year ended 30 June 2021 under review comprise the following:

1. Financial Reporting

(a) Overseeing the Group's financial reporting processes, AC reviewed and discussed the Group's Unaudited Quarterly financial results and final draft audited financial statements with the management and External Auditors at the AC meetings, 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") as well as discussing the performance of the Group, before presentation to the Board for consideration and approval.

(b) AC also reviewed and discussed on the impact of any changes/adoption of new accounting standards, auditing and regulatory issues and the impact to the Group's financial reporting processes such as the adoption of MFRS 16 on leases.

(c) AC obtained confirmations from the management that adequate processes and controls were in place for effective and efficient financial reporting and that reasonable estimates had been made in accordance with the requirements set out in the Malaysian Financial Reporting Standards, and that at every AC meeting held during the FYE 2021, unusual transactions including related party transactions, if any, had been reported to the AC.

Audit
Committee Report (cont'd)

2. Related Party Transaction and Conflict of Interest

(a) At each quarterly meeting, the AC reviewed the related party transactions ("RPT") and conflict of interest situation ("COI") that may arise within the Company and its Group.

(b) AC reviewed and ensured that adequate oversight over the controls on the identification of the interested parties and possible conflict of interest situation before entering into a transaction. At the same time ensure the RPTs had been conducted on the Group's normal commercial terms and were not detrimental to the Group's minority shareholders, and any disclosures (if any) that is required to be stated, are made in accordance with the MMLR.

3. External Auditors

During the financial year ended 30 June 2021, the AC reviewed and discussed with the External Auditor STYL Associates PLT ("STYL") on the following:

(i) Prior to the commencement of the audit, on the Audit Planning Memorandum ("APM") which include matters pertaining to the audit service team, scope of work, significant risks and areas of key audit focus, basis in which the external auditors assess materiality, internal control plan, technical updates, independent policies and procedures, timeline, fraud responsibilities etc.

(ii) Major audit findings arising from the external audit and resolution of the findings, including key audit matters ("KAM") raised by the External Auditors in their auditors' report. In the deliberation of KAM, the AC was satisfied that sufficient control mechanisms have been implemented and that management has assessed and addressed the above said matters appropriately.

(iii) Reviewed the competency, resource capacity, objectivity, professionalism and the independence of the External Auditors.

(iv) The AC had undertaken an annual assessment of the suitability and independence of the External Auditor in the provision of non-audit services to the Company and the Group.

In considering the nature and scope of non-audit services and related fees, the AC was satisfied that they were not likely to impair their independence. STYL Associates PLT has also given their independence assurance throughout their audit works for the FYE 2021. Pursuant thereto, the AC has recommended to the Board for the re-appointment of STYL Associates PLT as the External Auditors of the Company at the forthcoming Annual General Meeting.

4. Internal Auditors

(i) The AC reviewed and approved the Internal Audit Plan for FYE 2021 from the outsourced Internal Auditors, an independent professional firm, Valens Consult Services Sdn Bhd ("Valens") to ensure that the scope and coverage of the Internal Audit on the operations of the Group is adequate and major risk areas are audited accordingly in line with the latest development of the Group and the business environment.

(ii) The overall objective of the Internal Audit review is to identify and highlight for improvements to management on the adequacy and integrity of internal controls and governance process with regards to the revenue billing and collections based on system processes, documentation control, and procurement, requisition and payment ("PR&P") of one of its subsidiary, SB Supplies & Logistics Sdn Bhd. ("SBSL").

(iii) 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. There were no major controls weaknesses noted from the internal reports.

Audit Committee Report (cont'd)

Due to the limitations imposed by the pandemic and Movement Control Order ("MCO") and the continuous on-going current situation of the 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 processes ("SOP") to documentation reviewed, the audit had identified risks, areas of concerns and improvements which is summarized as follows:

I. Review of Revenue and Receipting Transactions includes:

- i. Cash sales and POS process;
- ii. Sample invoices issued and reconciliation to payment received as reflected in bank statements;
- iii. Review of credit notes issued and if necessary approval had been obtained;
- iv. Sample and review if there are any cause of variances between billings and amount received;
- v. Review of signatories on documents for sufficient segregation of duties ("SOD");
- vi. Review for exceptions and if there are any discrepancies to usual practice on sample basis; and
- vii. Review of invoicing terms and actual collections.

II. Review of Procurement, Requisition and Payment

- i. Review of SOPs for procurement with third parties and selection process;
- Ii. Review of SODs on whether sufficient internal controls are in place;
- iii. Review requisition, delivery and payment process, including signing parties on applicable documentation including maintenance Request Form ("MRF")/Service Request Form ("SRF"), Journal Voucher ("JV"), Payment Voucher ("PV"), Delivery Order("DO"), and Service Completion ("SC");
- iv. Regular statement of account or invoices to be acknowledged receipt by customer as preventive measures from the delay due to non-receipt of invoices/billings;
- v. Payment processing SOP to be updated to reflect the involvement of all parties; and
- vi. Formalized the limits of authority ("LOA") in procurement and payment approval.

A. Risk Management

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 auditor reviews and assess the Group's system of internal control and report to the AC directly.

B. Others

The AC also reviewed the following prior to recommending to the Board for approval to be included in the 2021 Annual Report:

- Statement on Risk Management and Internal Control;
- Statement of Management Discussion and Analysis;
- Sustainability Statement; and
- Corporate Governance Overview Statement.

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.

NOMINATION COMMITTEE REPORT

The Nomination Committee ("NC") has three(3) members, all of whom are Independent Non-Executive Directors. It has a clearly defined Terms Of Reference approved by the Board, which is available on the Company's website, www.borneo-oil.com.my.

COMPOSITION AND ATTENDANCE

The NC's composition and the respective members' attendance at meetings for FYE 30 June 2021 are as follows:

Nominating Committee	Director's Name	Status of Directorship	Meetings Attended
Chairman	Seroop Singh Ramday	Senior Independent Non-Executive	1/1
Member	Tan Kok Chor	Independent Non-Executive	1/1
Member	Michael Moo Kai Wah	Independent Non-Executive	1/1

The NC are tasked with the following responsibilities:

- To recommend candidates to fill the seats on the Board and Board Committees taking into consideration the suitability of candidates based on the criteria adopted , including, inter-alia, the required mix of skills, knowledge, expertise, experience, professionalism, integrity, competency, commitment and contribution expected;
- To review annually the independence of Independent Directors;
- To review annually the Board structure, size, composition and the balance between Executive Directors, Non-Executive Directors and Independent Directors to ensure that the Board has the appropriate mix of skills, experience and other qualities, including core competencies which the Directors should bring to the Board and the size and composition of the Board to ensure that it has the right attributes to lead the Group effectively;
- To identify suitable orientation, educational and training programmes for continuous development of the Directors;

The Board is confident that its current size and composition is sufficient and effective in discharging the Board's responsibilities and in meeting the Group's current needs and requirements.

The MCCG endorses a formal procedure for appointments to the Board and as such the NC oversees the Board succession planning and is responsible for assessing and recommending suitable candidates of Directors to fill Board vacancies and compliment the existing Board. New nomination will be assessed and recommended to the full Board for appointment when the need arises.

When there are changes in the regulatory requirements and retirement of Directors, the Board will through the NC review the composition of the Board members in order to ensure that the current composition of its Board functions competently.

As an integral element for the purpose of appointing new Directors, new appointees are briefed on the Group's business, competitive and regulatory environment in which it operates and other changes during meetings with Executive Directors.

The Directors are also advised on the appointment of their legal and other obligations as a Director of a Listed Company. They are also encouraged to attend training courses at the Company's expense.

Nomination Committee Report (cont'd)

SUMMARY OF THE WORK OF THE NC

During the financial year under review, the NC has:

- 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, skills, expertise, competence, integrity, professionalism, experience, time devoted and other qualities before being recommended to the Board for approval of their appointment;
- Endorsed the re-election of directors standing for re-election at the forthcoming 37th 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 2021 and was generally satisfied with the level of independence demonstrated by the Independent Non-Executive Directors and their ability to act independently and objectively in the best interest of the Company.

REMUNERATION COMMITTEE REPORT

The present Remuneration Committee ("RC") consists of three(3) members, all of whom are Independent Non-Executive Directors. Their respective roles, duties and responsibilities were laid out under its written Terms of Reference which is available on the Company's website, www.borneo-oil.com.my.

COMPOSITION AND ATTENDANCE

The members of RC and their composition and the respective members' attendance at meetings for FYE 30 June 2021 are as follows:

Remuneration Committee	Director's Name	Status of Directorship	Meetings Attended
Chairman	Seroop Singh Ramday	Senior Independent Non-Executive	1/1
Member	Tan Kok Chor	Independent Non-Executive	1/1
Member	Michael Moo Kai Wah	Independent Non-Executive	1/1

The RC with clearly defined Terms of Reference approved by the Board:

- Reviews and assess and recommends to the Board the remuneration packages of the Executive Directors.
- The RC and the Board ensure that the Company's remuneration policy remains supportive of the Company's corporate objectives, is aligned with the interest of shareholders, are designed to attract, retain and motivate the Executive Directors , and are reflective of their experience and level of responsibilities.
- The remuneration of the Executive Directors ("ED") are reviewed annually and the ED play no part in the decisions of their own remunerations.
- The RC 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
- The RC also review the Company's obligations arising in the event of any termination of the Executive Directors' and Key Management Personnel's contracts of service by ensuring such contracts of services contain fair and reasonable termination clauses.

The Board as a whole determines the remuneration of the Non-Executive Directors and will recommend the Directors' fees for shareholders' approval. Only the Non-Executive Directors are entitled to the Director's fees and meeting allowances for Board or Board Committee Meetings they attended.

If required, the Remuneration Committee 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.

The RC has reviewed and recommended to the Board, the remuneration for the Executive and Non-Executive Directors of the Company and their respective Directors' fees are subject to the approval of shareholders' at the forthcoming 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.

Remuneration Committee Report (cont'd)

SUMMARY OF THE WORK OF THE RC

During the financial year under review, the RC has undertaken the following activities in discharging its duties:

- Reviewed the performance of the Executive Director and submits recommendations to the Board on specific adjustments in remuneration and/or reward payments; and
- Reviewed and recommended Directors' fees and benefits payable to the Directors of the Group for the Board's approval.

The level and mix of each individual Director's remuneration for the FYE 30 June 2021 is disclosed in page 39 to 41 of the 2021 Annual Report on 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 on Risk Management and Internal Control which has been prepared in accordance with the "Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers" which is made pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

RESPONSIBILITY OF THE BOARD

The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal control for Borneo Oil Berhad's Group to safeguard shareholders' investment and the Group's assets. The Board, in maintaining its commitment towards a sound risk management and effective internal control system, continuously reviews and evaluates the adequacy and integrity of the Group's risk management and internal control system. In discharging their stewardship responsibilities, the Board is actively overseeing the risk identification and evaluation process as well as ensuring the implementation of appropriate internal control system to manage the Group's business risks.

Notwithstanding the above, the Board recognises that such system has inherent limitations as it is designed to manage, rather than eliminate the risks that impedes the achievement of the Group's business objectives. Therefore, such system can provide only reasonable and not absolute assurance against material misstatement, loss or contingencies.

RISK MANAGEMENT PROCESS

The AC, on behalf of the Board, reviews the adequacy and effectiveness of the risk management process from time to time. In this respect, it is assisted by the Executive Directors together with other key management to identify and assess risks as well as to ensure that the risk management process is adequate and effective. All policies and procedures formulated to identify, measure and monitor various risk components are reviewed by the AC. Additionally, the AC reviews and assesses the adequacy of the risk management policies and ensures that the infrastructure, resources and systems are in-place for implementing the risk management process.

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 are reviewed in consultation with the External Auditors.

Appropriate mitigating activities and control procedures are also put in place to deal with any identified weaknesses. In recent times, the Group has also taken all the necessary measures relating to health, safety and business continuity to mitigate the impact of the Coronavirus Disease 2019 pandemic that has affected business globally.

Statement On Risk Management And Internal Control (cont'd)

INTERNAL CONTROL SYSTEM

The Board acknowledges the importance of the internal audit function and is committed to implementing and reviewing the Group's system of internal control. The internal audit function has been outsourced to an independent professional service provider to assist the Board as well as the AC in discharging their responsibilities and duties. To ensure independence, the Internal Auditors report directly to the AC.

During the financial year ended 30 June 2021("FYE 2021"), the internal audit of the Group was carried out in accordance with a risk-based audit plan approved by the AC. The internal audit provides an assessment of the adequacy, efficiency and effectiveness of the Group's system of internal control to ensure that the internal controls are viable and robust. The audit findings and where necessary, recommended improvements, are presented to the AC during their quarterly meetings. In addition, the Internal Auditors also carried out follow-up reviews to ensure their recommendations for improvements to internal controls were implemented.

The key elements of the Group's system of internal control include:

1. A well-defined organisation structure with clearly defined lines of responsibility, authority and accountability;

2. Approval and authority limits are imposed on Executive Management in respect of day-to-day operations as well as significant non-operating transactions;

3. Formalised standard operating procedures are in place to ensure compliance with internal controls and the relevant laws and regulations;

4. The Board and the AC meet at least every quarter to discuss the Group's financial performance, business operations and strategies, corporate updates and internal audit findings, if any;

5. Regular training and development programmes are attended by employees and Directors to enhance their knowledge and competency;

6. Management financial statements and reports are prepared regularly for monitoring of actual performance by the Executive management;

7. A fully independent AC comprising solely of Independent Non-Executive Directors with full and unrestricted access to both Internal and External Auditors; and

8. The quarterly financial results and yearly audited financial statements were reviewed by the AC prior to their approval by the Board.

MANAGEMENT ACCOUNTABILITY AND BOARD ASSURANCE

The Board has reviewed the adequacy and effectiveness of the Group's risk management framework and system of internal control for the FYE 2021 and up to the date of this Statement and is of the view that the risk management process and system of internal control are in place for the period.

The Executive Directors are accountable to the Board for identifying risks relevant to the business of the Group, implementing and maintaining sound risk management practices and internal controls and monitoring and reporting to the Board of significant control deficiencies and changes in risks that could affect the Group's objectives and performance.

The management have provided assurance to the Board that the Group's risk management process and internal control system were operating adequately and effectively in all material aspects, and that there were no material losses incurred as a result of any weaknesses in internal controls that would require disclosure in this Annual Report.

The Board together with key management will continuously review and evaluate risks to ensure shareholder's interests and the Group's assets are preserved.

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 2021 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

Despite the ongoing COVID-19 pandemic, Borneo Oil Berhad ("BOB") was able to continue to conduct its Corporate Social Responsibility ("CSR") programmes and events. The Group continued to support the healthcare and public service frontliners by contributing and delivering food and drinks in appreciation of their sacrifices.

In May 2021, The Group launched *Sabasco*, a homegrown range of Sabah's *lada* with the elusively small but fiery *Momporok Chilli* from Kunak, Sabah. The Group's business decision to venture into the production of Sabasco Chilli sauce augurs well in the prevailing socio-economic situation by increasing job opportunities and security for the growing population in Sabah, particularly in the rural areas.

SB lunch packs for frontliners at vaccination center, Kuching, Sarawak.

Food and drinks donation to vaccination center at Klinik Tanah Puteh, Kuching, Sarawak.

Food and drinks donation to vaccination center at Kozi Square, Kuching, Sarawak.

Corporate
Social Responsibility (cont'd)

Food and drinks donation for medical staff during a blood donation drive at General Hospital, Kuching, Sarawak.

Complimentary Chicken Burger for Blood Donors.

Corporate
Social Responsibility (cont'd)

Delivery of food and drinks to support medical frontliners during the Movement Control Order (MCO), Kota Kinabalu, Sabah.

SugarBun and Pezzo Sabah supporting frontliners, Royal Malaysian Police (PDRM) and Malaysian Armed Forces (ATM) at Kota Kinabalu, Sabah, during the Movement Control Order (MCO).

Corporate Social Responsibility (cont'd)

Collaboration with Pertubuhan Peladang, Kunak, Sabah, on the cultivation of Kunak "Momporok" chilli.

The cultivation of Kunak "Momporok" chilli species.

Harvest and collection of Kunak "Momporok" chilli.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board is required by the Act to ensure that the financial statements prepared for each financial year have been made in accordance with applicable approved accounting standards , the provisions of the Companies Act, 2016 ("CA 2016") in Malaysia and the Main Market Listing Requirements("MMLR") of Bursa Malaysia Securities Berhad and give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and to the results and cash flows of the Group and of the Company for the financial year ended 30 June 2021.

The Directors are responsible for ensuring that the Group and the Company have maintained proper accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company, which enable them to ensure that the financial statements comply with the provisions of the Act.

The Board is satisfied that in preparing the Audited Financial Statements of the Group and of the Company for the financial year ended 30 June 2021:

- appropriate accounting policies have been consistently applied and supported by reasonable prudent judgement and estimates, that measures have been taken to ensure that accounting records are properly kept in accordance with the law;
- the preparation of the financial statements is on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operations for the foreseeable future; and
- The Board is also responsible for taking such steps to ensure that proper internal controls are in place to safeguard the assets of the Group and the Company, and to detect and prevent fraud and other irregularities.

Financial Statements

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 2021.

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	28,484,070	13,521,474
Other comprehensive loss, net of tax	(176,448)	–
Total comprehensive income for the financial year	28,307,622	13,521,474
Attributable to:-		
Owners of the parent	28,307,622	13,521,474
Total comprehensive income for the financial year	28,307,622	13,521,474

DIVIDEND

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.

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.

Directors' Report (cont'd)

ISSUES OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up capital of the Company was increased by RM82,618,608/- from RM536,349,192/- to RM618,967,800/- by way of issuance of:-

(a) 1,093,405,775 new ordinary shares via private placement at an average exercise price of RM0.0361; and

(b) 1,016,500,000 new ordinary shares from the exercise of options under the Company's Employees' Share Options Scheme ("ESOS") at an average exercise price of RM0.0424.

as disclosed in Note 19 to the financial statements.

There were no issuance of debentures during the year.

TREASURY SHARES

During the financial year, the Company repurchased 323,580,000 (2020: 66,300,000) of its issued ordinary shares from the open market for a total consideration of RM15,292,881/- (2020: RM2,961,740/-) including transaction costs. The average price paid for the share repurchased was RM0.047 (2020: RM0.045) 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 2021, the Company held a total of 541,526,000 (2020: 217,946,000) issued and paid-up ordinary shares as treasury shares. The treasury shares are held at a carrying amount of RM31,493,087/- (2020: RM16,200,206/-). The details of the treasury shares are disclosed in Note 20(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 21 to the financial statements.

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

	< --------------------- Number of Warrants C --------------------- >			
	At 01.07.2020	**Issued**	**Exercised**	**At 30.06.2021**
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 21 to the financial statements.

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

	< ---------------------- Number of Warrants D			**---------------------- >**
	At 01.07.2020	**Issued**	**Exercised**	**At 30.06.2021**
Warrants D (2017/2027)	378,683,984	–	–	378,683,984

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
CHRISTOPHER CHIN CHEONG VUI
PRASHAD M. KOSHY @ MATHEW KOSHY
TING LAH CHING
SIN DARRELL
BEDAN @ MOHD ADNAN BIN DAMIT *(Resigned on 28 September 2020)*
JAMIA BINTI ABIN *(Resigned on 28 September 2020)*

Directors' Report (cont'd)

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 2021 are as follows:-

	Number of ordinary shares			
	At 01.07.2020	Bought	Sold	At 30.06.2021
The Company				
Direct Interests				
DATUK JOSEPH LEE YOK MIN @ AMBROSE	111,326,100	2,000,000	–	113,326,100
Indirect Interests				
DATUK JOSEPH LEE YOK MIN @ AMBROSE *	26,163,085	3,500,000	–	29,663,085

	< -------------------- Number of Warrants D -------------------- >			
	At 01.07.2020	Bought	Sold	At 30.06.2021
The Company				
Direct Interests				
DATUK JOSEPH LEE YOK MIN @ AMBROSE	92,000	–	–	92,000

* Deemed interest 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' 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 34(b) 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 29 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 28 to the financial statements.

SUBSIDIARIES OF THE COMPANY

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

SIGNIFICANT EVENTS

The significant events are disclosed in Note 39 to the financial statements.

SUBSEQUENT EVENT

The subsequent event is disclosed in Note 40 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

Kuching, Sarawak

Date: 26 October 2021

DATUK JOSEPH LEE YOK MIN @ AMBROSE
Director

Kota Kinabalu, Sabah.

Date: 26 October 2021

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 79 to 191 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 2021 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

Kuching, Sarawak

Date: 26 October 2021

DATUK JOSEPH LEE YOK MIN @ AMBROSE
Director

Kota Kinabalu, Sabah.

Date: 26 October 2021

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 79 to 191 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, I960.

DATUK JOSEPH LEE YOK MIN @ AMBROSE

Subscribed and solemnly declared by the abovenamed at Kota Kinabalu in the state of Sabah on 26 October 2021

Before me,

PESURUHJAYA SUMPAH
A-S 111
NUR SYAKIRAH ANTONIUS ABDULLAH
MAHKAMAH KOTA KINABALU
(1.7.2021 - 30.6.2024)
MALAYSIA

Commissioner for Oaths

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 2021 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 79 to 191.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2021, and of their financial performance and 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.

Independent Auditors' Report (cont'd)

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.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
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. 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 the investment properties was derived using the direct comparison method and investment method. As at 30 June 2021, the carrying amount of the investment properties of the Group amounted to RM614,811,190/- and, during the financial year, the Group recognised a net loss of RM1,950,000/- from the change in fair value of investment properties. Refer to summary of significant accounting policies in Note 2.3(d), significant accounting estimates and judgement in Note 2.4(c) and the disclosure in Note 5 to the financial statements.	Our audit procedures in relation to the valuation of the investment properties include the following:- - 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 held 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)
Impairment of property, plant and equipment and right-of-use assets The Group and the Company recognised property, plant and equipment of RM16,312,328/- and RM1,671,046/- respectively. The Group and the Company recognised right-of-use assets with carrying amounts of RM9,175,329/- and RM247,891/- respectively. On an annual basis, management is required to assess for indicators of impairment to determine if impairment assessment should be carried out. The COVID-19 pandemic has adversely affected the operations of the Group and of the Company for the current financial year which indicates that certain property, plant and equipment and right-of-use assets may be impaired. The impairment assessment is a complex process which involves significant judgement and assumptions in the determination of the recoverable amounts, in particular, assumptions relating to gross margin, growth rates as well as overall market and economic conditions of the industry. Due to the significance of the amounts, the complexity and subjectivity involved in the impairment test, we considered this a key audit matter. Refer to summary of significant accounting policies in Note 2.3(c), Note 2.3(i) and Note 2.3(m)(ii) respectively, significant accounting estimates and judgement in Note 2.4(a) and the disclosure in Note 3 and Note 4 respectively to the financial statements.	Our audit procedures in relation to the impairment of property, plant and equipment and right-of-use assets include the following:- - Assessed the cash flow projections against recent performance and assessed the historical accuracy of the forecasts; - Evaluated the method used by the Group and the Company in measuring the recoverable amount is appropriate in the circumstances; - Made enquiries of and challenged management on the key assumptions and input used in the measurement method; - Verified the discount rate for the CGUs by comparing to market data and weighted average cost of capital of the Group and of the Company; - Evaluated the key assumptions and inputs used are reasonable and consistent by taking into consideration the future growth, market development, etc; - Agreed the input data used by management to supporting evidence such as actual results and financial budgets approved by management; and - Performed stress tests and sensitivity analysis to assess the impacts of those key assumptions and inputs on the measurement of the recoverable amount.

Key Audit Matters (Cont'd)

Key audit matter (Cont'd)	How our audit addressed the key audit matter (Cont'd)
Revenue recognition for construction services 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. 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. 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 27 to the financial statements.	Our audit procedures in relation to the revenue recognition include the following:- - 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 analysed 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. 03331/10/2023(J)
Chartered Accountant

Petaling Jaya, Selangor

Date: 26 October 2021

STATEMENTS OF
FINANCIAL POSITION
AS AT 30 JUNE 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
ASSETS					
Non-current assets					
Property, plant and equipment	3	16,312,328	15,135,981	1,671,046	2,199,428
Right-of-use assets	4	9,175,329	9,086,575	247,891	354,130
Investment properties	5	614,811,190	612,267,480	–	–
Investment in subsidiaries	6	–	–	370,000,007	370,000,007
Golf club membership		32,000	55,000	32,000	55,000
Other investments	7	45,362,961	338,241	45,242,960	–
Development expenditure	8	–	–	–	–
Intangible assets	9	–	–	–	–
Goodwill on consolidation	10	8,583	–	–	–
Exploration expenditure	11	5,309,608	1,693,449	–	–
Receivables	12	19,135,147	17,350,838	–	–
Total non-current assets		710,147,146	655,927,564	417,193,904	372,608,565
Current assets					
Inventories	13	42,807,398	21,208,522	–	–
Biological assets	14	–	–	–	–
Receivables	12	33,732,801	40,121,435	76,762	202,857
Contract asset	15	426,160	850,514	–	–
Amount owing by subsidiaries	16	–	–	279,157,571	264,642,827
Tax recoverables		702,445	1,824,440	–	–
Fixed deposits with licensed banks	17	4,050,394	3,957,051	2,185,673	2,148,323
Cash and bank balances	18	31,425,217	5,597,495	21,996,721	974,071
Total current assets		113,144,415	73,559,457	303,416,727	267,968,078
TOTAL ASSETS		823,291,561	729,487,021	720,610,631	640,576,643
EQUITY AND LIABILITIES					
Share capital	19	618,967,800	536,349,192	618,967,800	536,349,192
Reserves	20	61,803,413	77,272,742	61,948,335	77,241,216
Retained earnings		86,670,559	58,186,489	33,829,855	20,308,381
TOTAL EQUITY		767,441,772	671,808,423	714,745,990	633,898,789

Statements Of Financial Position (cont'd)

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Non-current liabilities					
Loans and borrowings	22	14,821,168	12,213,549	–	–
Lease liabilities	4	3,546,216	3,504,303	159,806	269,053
Deferred tax liabilities	25	17,724,635	18,369,676	–	–
Payables	26	845,965	698,673	–	–
Total non-current liabilities		36,937,984	34,786,201	159,806	269,053
Current liabilities					
Payables	26	14,185,787	16,528,122	379,649	1,078,904
Amount owing to subsidiaries	16	–	–	5,220,914	5,230,602
Loans and borrowings	22	3,423,163	3,950,280	–	–
Lease liabilities	4	1,302,855	1,824,559	104,272	99,295
Tax payables		–	589,436	–	–
Total current liabilities		18,911,805	22,892,397	5,704,835	6,408,801
Total liabilities		55,849,789	57,678,598	5,864,641	6,677,854
TOTAL EQUITY AND LIABILITIES		823,291,561	729,487,021	720,610,631	640,576,643

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Revenue	27	51,408,700	88,289,028	1,356,000	1,356,000
Cost of sales		(40,351,665)	(59,699,906)	–	–
Gross profit		11,057,035	28,589,122	1,356,000	1,356,000
Other income		59,048,151	8,250,319	26,847,908	20,285,417
Administrative and other expenses		(40,723,481)	(31,650,139)	(14,666,706)	(9,499,607)
Operating profit	28	29,381,705	5,189,302	13,537,202	12,141,810
Finance costs	30	(908,736)	(1,126,441)	(15,728)	(20,704)
Profit before taxation		28,472,969	4,062,861	13,521,474	12,121,106
Taxation	31	11,101	(2,465,152)	–	(213,822)
Profit for the financial year		28,484,070	1,597,709	13,521,474	11,907,284
Other comprehensive income for the financial year:-					
Foreign currency translation		(176,448)	(61,094)	–	–
Total comprehensive income for the financial year		28,307,622	1,536,615	13,521,474	11,907,284
Profit attributable to:-					
Owners of the parent		28,484,070	1,597,709	13,521,474	11,907,284
Total comprehensive income attributable to:-					
Owners of the parent		28,307,622	1,536,615	13,521,474	11,907,284
Basic earnings per share (sen)	32	0.46	0.03	–	–
Diluted earnings per share (sen)	32	0.46	0.03	–	–

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

STATEMENTS OF
CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	< ----- Attributable to Owners of the Company						----- >
	< ----- Non-distributable				----- >	Distributable	
	Share capital RM	ESOS reserve RM	Warrant reserve RM	Treasury shares RM	Translation reserve RM	Retained earnings RM	Total equity RM
Group							
At 1 July 2020	536,349,192	–	93,441,422	(16,200,206)	31,526	58,186,489	671,808,423
Total comprehensive income for the financial year:-							
Profit for the financial year	–	–	–	–	–	28,484,070	28,484,070
Other comprehensive deficit for the financial year	–	–	–	–	(176,448)	–	(176,448)
Total comprehensive income	–	–	–	–	(176,448)	28,484,070	28,307,622
Transactions with owners:-							
Acquisition of treasury shares	–	–	–	(15,292,881)	–	–	(15,292,881)
Issuance of new shares via private placement	39,482,471	–	–	–	–	–	39,482,471
Share-based payment	–	10,498,937	–	–	–	–	10,498,937
ESOS exercised	43,136,137	(10,498,937)	–	–	–	–	32,637,200
Total transactions with owners	82,618,608	–	–	(15,292,881)	–	–	67,325,727
At 30 June 2021	618,967,800	–	93,441,422	(31,493,087)	(144,922)	86,670,559	767,441,772

Statements Of Changes In Equity (cont'd)

	< ---------- Attributable to Owners of the Company				---------- >	
	< ---------- Non-distributable			---------- >	Distributable	
	Share capital RM	Warrant reserve RM	Treasury shares RM	Translation reserve RM	Retained earnings RM	Total equity 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	–	–	–	–	(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)

	< --- Attributable to Owners of the Company --- >					
	< --- Non-distributable --- >				Distributable	
	Share capital RM	ESOS reserve RM	Warrant reserve RM	Treasury shares RM	Retained earnings RM	Total equity RM
Company						
At 1 July 2020	536,349,192	–	93,441,422	(16,200,206)	20,308,381	633,898,789
Total comprehensive income	–	–	–	–	13,521,474	13,521,474
Transactions with owners:-						
Acquisition of treasury shares	–	–	–	(15,292,881)	–	(15,292,881)
Issuance of new shares via private placement	39,482,471	–	–	–	–	39,482,471
Share-based payment	–	10,498,937	–	–	–	10,498,937
ESOS exercised	43,136,137	(10,498,937)	–	–	–	32,637,200
Total transactions with owners	82,618,608	–	–	(15,292,881)	–	67,325,727
At 30 June 2021	618,967,800	–	93,441,422	(31,493,087)	33,829,855	714,745,990

	< ---------- Attributable to Owners of the Company			---------- >	
	< ---------- Non-distributable		---------- >	Distributable	
	Share capital RM	Warrant reserve RM	Treasury shares RM	Retained earnings RM	Total equity 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	–	–	–	(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

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
CASH FLOWS FROM OPERATING ACTIVITIES:-				
Profit before taxation	28,472,969	4,062,861	13,521,474	12,121,106
Adjustments for:-				
Provision for slow-moving inventories	1,082,759	–	–	–
Bad debts recovered - other receivables	(8,513,310)	(330,000)	(1,100)	–
Depreciation of property, plant and equipment	3,880,966	4,617,631	544,723	664,733
Depreciation of right-of-use assets	2,009,007	2,915,846	106,239	106,239
Interest income	(213,446)	(191,283)	(160,564)	(67,358)
Interest expenses	908,736	1,126,441	15,728	20,704
Fair value discount on retention payables	83,139	(139,819)	–	–
Fair value discount on retention receivables	(472,807)	2,080,487	–	–
Fair value loss on biological assets	–	32,790	–	–
Fair value loss/(gain) on investment properties	1,950,000	(3,231,394)	–	–
Fair value (gain)/loss on investment in quoted shares	(26,403,970)	405,280	(26,463,970)	–
(Gain)/Loss on disposal of property, plant and equipment	(800,517)	620,781	–	–
Gain on disposal of right-of-use assets	–	(39,931)	–	–
Gain on disposal of investment in subsidiary company	(12,017)	–	–	–
Gain on disposal of investment properties	–	(557,020)	–	–
Gain on disposal of development expenditures and intellectual property rights	(1,910,854)	–	–	–
Gain on disposal of quoted shares	(29,778)	–	–	–
Gain on lease modification	(59,864)	–	–	–
Impairment losses/ (Reversal of impairment losses)on:-				
- trade receivables	3,548,359	208,696	–	–
- other receivables	1,467,417	(1,291,705)	(12,624)	12,624
- amount owing by subsidiaries	–	–	8,345,957	4,695,463
- development expenditure	(4,105,214)	221,014	–	–
- intellectual property rights	(14,000,000)	–	–	–
- property, plant and equipment	(801,479)	(620,705)	–	–
- golf club membership	23,000	9,000	23,000	9,000
Reversal of waiver of debts	91,908	–	–	–
Waiver of debts	(77,600)	(129,760)	–	(129,760)
Waiver of rental	(114,769)	–	–	–
Written-off of:-				
- property, plant and equipment	687,437	1,572,278	1,266	188,293
- bad debts - trade receivables	1,728	57,857	–	–
- bad debts - other receivables	1,087,970	59,888	–	50,989
- deposits	–	7,500	–	7,500
- prepayments	–	3,788	–	–

Statements Of Cash Flows (cont'd)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
CASH FLOWS FROM OPERATING ACTIVITIES:- (CONT'D)				
Dividend income	–	–	–	(20,000,000)
Unrealised gain on foreign exchange	(240,029)	(106,493)	(185,150)	(32,594)
Operating (loss)/profit before working capital changes and balance carried forward	(12,460,259)	11,364,028	(4,265,021)	(2,353,061)
Changes in working capital:-				
Inventories	(22,681,635)	3,997,645	–	–
Receivables	11,499,987	(34,757,094)	139,819	87,096
Payables	(2,295,908)	(11,454,700)	(699,255)	159,956
Contract asset	424,354	5,591,833	–	–
Subsidiary companies	–	–	(22,679,286)	303,859,093
	(25,513,461)	(25,258,288)	(27,503,743)	301,753,084
Tax paid	(1,248,873)	(718,880)	–	–
Tax refunded	1,148,000	–	–	–
Interest paid	(908,736)	(1,126,441)	(15,728)	(20,704)
Net Operating Cash Flows	(26,523,070)	(27,103,609)	(27,519,471)	301,732,380
CASH FLOWS FROM INVESTING ACTIVITIES:-				
Net cash outflow on acquisition of subsidiary	(515,695)	–	–	–
Addition of development expenditure	(196,165)	(221,014)	–	–
Addition of exploration expenditure	(3,616,159)	(1,693,449)	–	–
Increase of investment in subsidiaries	–	–	–	(300,000,000)
Interest received	213,446	191,283	160,564	67,358
Purchase of investment properties	(4,493,710)	(64,980)	–	–
Placement of fixed deposits with licensed banks	(93,343)	(332,463)	(37,350)	(59,321)
Purchase of quoted shares	(2,063,500)	(743,520)	(18,778,990)	–
Proceeds from disposal of investment properties	–	15,500,000	–	–
Proceeds from disposal of right-of-use assets	–	1,250,000	–	–
Proceeds from disposal of quoted shares	188,018	–	–	–
Proceeds from disposal of property, plant and equipment	1,267,439	411,941	–	–
Purchase of property, plant and equipment	(5,039,975)	(1,389,697)	(17,607)	(21,744)
Net Investing Cash Flows	(14,349,644)	12,908,101	(18,673,383)	(300,013,707)

Statements Of Cash Flows (cont'd)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
CASH FLOWS FROM FINANCING ACTIVITIES:-				
Drawdown of term loans	4,300,000	2,000,000	–	–
Issuance of ordinary shares	39,482,471	–	39,482,471	–
ESOS exercised	43,136,137	–	43,136,137	–
Repayment of term loans	(195,118)	(262,209)	–	–
Repayment of hire purchase payables, net	(986,695)	(933,010)	–	–
(Repayment)/Drawdown of banker's acceptance, net	(727,000)	86,000	–	–
Repayment to subsidiaries	–	–	(9,688)	(9,392)
Acquisition of treasury shares	(15,292,881)	(2,961,740)	(15,292,881)	(2,961,740)
Payment of lease liabilities	(2,402,919)	(2,006,612)	(104,270)	(92,021)
Net Financing Cash Flows	67,313,995	(4,077,571)	67,211,769	(3,063,153)
NET CHANGE IN CASH AND CASH EQUIVALENTS	26,441,281	(18,273,079)	21,018,915	(1,344,480)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	67,126	(7,575)	3,735	(7,293)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	4,007,612	22,288,266	974,071	2,325,844
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	30,516,019	4,007,612	21,996,721	974,071
ANALYSIS OF CASH AND CASH EQUIVALENTS:-				
Cash and bank balances	31,425,217	5,597,495	21,996,721	974,071
Bank overdrafts	(909,198)	(1,589,883)	–	–
	30,516,019	4,007,612	21,996,721	974,071

Statements Of Cash Flows (cont'd)

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
CASH OUTFLOWS FOR LEASES AS A LESSEE					
Included in net cash from operating activities					
Payment relating to short-term leases	28	584,055	3,203	–	–
Interest paid in relation to lease liabilities	30	221,383	270,378	15,728	20,704
Included in net cash from financing activities					
Payment of lease liabilities		2,402,919	2,006,612	104,270	92,021
Total cash outflows for leases		3,208,357	2,280,193	119,998	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 2019	1,181,000	2,970,649	9,531,516	–
Adjustment on initial application of MFRS 16	–	–	–	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
Net changes from financing cash flows	(727,000)	(986,695)	(195,118)	(2,402,919)
Drawdown of hire purchase	–	370,000	–	–
Acquisition of new leases	–	–	–	2,958,440
Derecognition of lease liabilities	–	–	–	(920,543)
Drawdown of term loans	–	–	4,300,000	–
Waiver of rental	–	–	–	(114,769)
At 30 June 2021	540,000	1,420,944	15,374,189	4,849,071

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

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 2021.

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.

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 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 April 2021

- Amendments to MFRS 16, Leases - Covid-19-Related Rent Concessions beyond 30 June 2021

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
- Amendments to MFRS 101, Presentation of Financial Statements - Disclosure of Accounting Policies
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Error - Definition of Accounting Estimate
- Amendments to MFRS 112, Deferred Tax related to Assets and Liabilities arising from a Single Transactions

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

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations except for Amendments to MFRS 1, Amendments to MFRS 4, Amendments to MFRS 141 and MFRS 17 which is not applicable to the Group and the Company.

The initial application of the above mentioned 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

(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.

(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 acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

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

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

2.3 Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(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.

(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) Goodwill on consolidation

Goodwill is measured as the excess of consideration transferred, any non-controlling interests and the acquisition-date fair value of any previously-held equity interest over the fair value of the Group's share of the identifiable net assets acquired. Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units ("CGU") that are expected to benefit from the synergies of the business combination.

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

2.3 Significant accounting policies (Cont'd)

(b) Goodwill on consolidation (Cont'd)

The CGU to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the CGU may be impaired, by comparing the carrying amount of the CGU, including the allocated goodwill, with the recoverable amount of the CGU. Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a CGU and part of the operation within that CGU is disposed of the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the CGU retained.

(c) 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 cost of self-constructed assets also includes the cost of materials and direct labour. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(m)(ii) 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.

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. Property, plant and equipment under construction are not depreciate until the assets are ready for their intended use.

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

	Rate
Building	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%

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

2.3 Significant accounting policies (Cont'd)

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

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.

(d) 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. Right-of-use asset held under a lease contract that meets the definition of investment property is initially measured similarly as other right-of-use assets.

The fair value of investment properties held by the Group as a right-of-use asset reflects the expected cash flows. Accordingly, where valuation obtained for a property is net of all payments expected to be made, the Group added back any recognised lease liability to arrive at the carrying amount of the investment property using the fair value model.

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.

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

2.3 Significant accounting policies (Cont'd)

(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)(ii) 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.

(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.

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

2.3 Significant accounting policies (Cont'd)

(f) Intangible assets (Cont'd)

(iii) Development expenditure (Cont'd)

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.

(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.

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

2.3 Significant accounting policies (Cont'd)

(g) Exploration expenditure (Cont'd)

(i) Exploration and evaluation expenditure (Cont'd)

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 pre-feasibility and final feasibility studies.

(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.

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

2.3 Significant accounting policies (Cont'd)

(h) Financial instruments (Cont'd)

Recognition and initial measurement (Cont'd)

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.

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.

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)

(ii) Fair value through other comprehensive income (Cont'd)

(a) Debt investments (Cont'd)

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 or fair value through profit or loss. 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 or fair value through profit or loss. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

(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 or fair value through profit or loss, are subject to impairment assessment.

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

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.

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.

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

2.3 Significant accounting policies (Cont'd)

(h) Financial instruments (Cont'd)

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.

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.

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

2.3 Significant accounting policies (Cont'd)

(h) Financial instruments (Cont'd)

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

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

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group and the Company allocate the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group and the Company have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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.

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

2.3 Significant accounting policies (Cont'd)

(i) Leased assets (Cont'd)

(i) As a lessee (Cont'd)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group and the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Group and the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property 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 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 Group's and the Company's incremental borrowing rate. Generally, the Group and the Company use its incremental borrowing rate as the discount rate.

The Group and the Company determine its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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

- fixed payments, including in-substance fixed payments;
- 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; and
- the exercise price under a purchase option that the Group and the Company are reasonably certain to exercise, lease payments in an optional renewal period if the Group and the Company are reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group and the Company are reasonably certain not to terminate early.

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 change in the Group's and the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Group and the Company change their assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, 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.

The Group and the Company present right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statements of financial position.

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

2.3 Significant accounting policies (Cont'd)

(i) Leased assets (Cont'd)

(i) As a lessee (Cont'd)

Short-term leases and leases of low-value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. 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.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group and the Company allocate the consideration in the contract to each lease component on the basis of their relative standalone prices.

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. As part of this assessment, the Group and the Company consider certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group and the Company are an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease 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 sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group and the Company apply MFRS 15 to allocate the consideration in the contract.

The Group and the Company apply the derecognition and impairment requirements in MFRS 9 to the net investment in the lease. The Group and the Company further regularly review estimated unguaranteed residual values used in calculating the gross investment in the lease.

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 'other revenue'.

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

2.3 Significant accounting policies (Cont'd)

(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)(i) to the financial statements.

(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.

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

2.3 Significant accounting policies (Cont'd)

(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.

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)(ii) 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.

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

2.3 Significant accounting policies (Cont'd)

(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.

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.

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

2.3 Significant accounting policies (Cont'd)

(m) Impairment (Cont'd)

(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.

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.

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

2.3 Significant accounting policies (Cont'd)

(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.

(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.

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

2.3 Significant accounting policies (Cont'd)

(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.

(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, sales 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.

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

2.3 Significant accounting policies (Cont'd)

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

(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.

(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) 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, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the 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.

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

2.3 Significant accounting policies (Cont'd)

(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.

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.

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

2.3 Significant accounting policies (Cont'd)

(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.

(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.

(iii) Share-based payment transactions

The fair value of share-based payment granted to employees at grant date is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the fair value of the share-based payment at grant date is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the employee share options is measured using a binomial lattice model. Measurement inputs include share price on measurement date, exercise price of the instruments, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance condition attached to the transactions are not taken into account in determining fair value.

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

2.3 Significant accounting policies (Cont'd)

(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.

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.

<u>Non-financial assets</u>

The fair value measurement of the investment properties are 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 are based on the highest and best use, which does not differ from their actual use.

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

2.3 Significant accounting policies (Cont'd)

(z) Fair value measurement (Cont'd)

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.

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 and right-of-use assets

The Group and the Company assess whether there is any indication that property, plant and equipment and right-of-use assets 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.

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

2.4 Significant accounting estimates and judgements (Cont'd)

(a) Impairment assessment of property, plant and equipment and right-of-use assets (Cont'd)

Projected future cash flows are based on the Group's estimates calculated based on historical, sector and industry trends, general market and 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 3 and Note 4 respectively to the financial statements.

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.

(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.

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

2.4 Significant accounting estimates and judgements (Cont'd)

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

The carrying amounts of the receivables, contract assets and amount owing by subsidiaries are disclosed in Note 12, Note 15 and Note 16 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 13 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 15 to the financial statements.

(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.

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

2.4 Significant accounting estimates and judgements (Cont'd)

(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.

3. PROPERTY, PLANT AND EQUIPMENT

	Stone quarry RM	Factory RM	Coldroom RM	Equipment, furniture, fixture and fittings RM	Motor vehicles RM	Machinery and equipment RM	Quarters RM	Renovation RM	Construction in progress RM	Total RM
Group										
At cost										
At 1 July 2020	1,000,000	6,474,887	962,360	10,169,726	8,859,635	17,284,103	22,195	7,055,681	518,961	52,347,548
Additions	–	–	–	364,392	431,315	1,284,738	–	123,218	3,206,312	5,409,975
Disposals	–	–	–	(7,500)	(54,167)	(1,232,835)	–	–	–	(1,294,502)
Written off	–	–	–	(159,659)	–	(1,215,447)	–	(359,440)	–	(1,734,546)
Exchange differences	–	–	–	–	2,168	–	–	–	–	2,168
At 30 June 2021	1,000,000	6,474,887	962,360	10,366,959	9,238,951	16,120,559	22,195	6,819,459	3,725,273	54,730,643
Accumulated depreciation										
At 1 July 2020	128,194	892,046	520,463	5,718,948	7,678,674	9,149,235	4,101	4,388,192	–	28,479,853
Charge for the financial year	20,000	129,498	95,352	588,003	523,799	1,753,669	2,220	768,425	–	3,880,966
Disposals	–	–	–	(2,496)	(41,528)	(783,556)	–	–	–	(827,580)
Written off	–	–	–	(93,174)	–	(826,846)	–	(127,089)	–	(1,047,109)
Exchange differences	–	–	–	–	1,950	–	–	–	–	1,950
At 30 June 2021	148,194	1,021,544	615,815	6,211,281	8,162,895	9,292,502	6,321	5,029,528	–	30,488,080
Accumulated impairment losses										
At 1 July 2020	871,806	5,582,841	–	–	–	2,277,067	–	–	–	8,731,714
Reversal	(20,000)	(129,498)	–	–	–	(651,981)	–	–	–	(801,479)
At 30 June 2021	851,806	5,453,343	–	–	–	1,625,086	–	–	–	7,930,235
Net book value										
At 30 June 2021	–	–	346,545	4,155,678	1,076,056	5,202,971	15,874	1,789,931	3,725,273	16,312,328

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

	Note	Leasehold land RM	Buildings RM	Stone quarry RM Restated	Factory RM Restated	Coldroom RM	Equipment, furniture, fixture and fittings RM	Motor vehicles RM	Machinery and equipment RM Restated	Quarters RM	Bearer plants RM	Renovation RM	Construction in progress RM	Total RM
Group														
At cost														
At 1 July 2019, previously stated		9,842,994	5,025,000	1,000,000	6,474,887	962,360	10,735,796	8,919,334	18,787,307	16,795	334,006	8,175,280	35,948	70,309,707
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	6,474,887	962,360	10,735,796	8,919,334	18,787,307	16,795	334,006	8,175,280	35,948	55,441,713
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	6,474,887	962,360	10,169,726	8,859,635	17,284,103	22,195	-	7,055,681	518,961	52,347,548
Accumulated depreciation														
At 1 July 2019, previously stated		119,872	502,500	108,194	762,548	425,112	5,518,734	6,768,829	8,474,228	2,106	51,996	3,638,263	-	26,372,382
Adjustment on initial application of MFRS 16	4	(119,872)	(502,500)	-	-	-	-	-	-	-	-	-	-	(622,372)
Adjusted as per MFRS 16		-	-	108,194	762,548	425,112	5,518,734	6,768,829	8,474,228	2,106	51,996	3,638,263	-	25,750,010
Charge for the financial year		-	-	20,000	129,498	95,351	597,860	934,663	1,866,211	1,995	14,856	957,197	-	4,617,631
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		-	-	128,194	892,046	520,463	5,718,948	7,678,674	9,149,235	4,101	-	4,388,192	-	28,479,853

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

	Note	Leasehold land RM	Buildings RM	Stone quarry RM Restated	Factory RM Restated	Coldroom RM	Equipment, furniture, fixture and fittings RM	Motor vehicles RM	Machinery and equipment RM Restated	Quarters RM	Bearer plants RM	Renovation RM	Construction in progress RM	Total RM
Accumulated impairment losses														
At 1 July 2019		-	-	891,806	5,712,339	-	-	-	2,748,274	-	-	-	-	9,352,419
Reversal		-	-	(20,000)	(129,498)	-	-	-	(471,207)	-	-	-	-	(620,705)
At 30 June 2020		-	-	871,806	5,582,841	-	-	-	2,277,067	-	-	-	-	8,731,714
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

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

	Furniture, fixture and fittings RM	Motor vehicles RM	Office equipment RM	Total RM
Company				
At cost				
At 1 July 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
Addition	17,607	–	–	17,607
Written off	(2,450)	–	–	(2,450)
At 30 June 2021	4,326,286	610,901	524,888	5,462,075
Accumulated depreciation				
At 1 July 2019	2,093,351	548,065	163,868	2,805,284
Charge for the financial year	396,160	58,000	210,573	664,733
Disposals	(222,527)	–	–	(222,527)
At 30 June 2020	2,266,984	606,065	374,441	3,247,490
Charge for the financial year	523,203	4,832	16,688	544,723
Written off	(1,184)	–	–	(1,184)
At 30 June 2021	2,789,003	610,897	391,129	3,791,029
Net book value				
At 30 June 2020	2,044,145	4,836	150,447	2,199,428
At 30 June 2021	1,537,283	4	133,759	1,671,046

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

	Group	
	2021 RM	**2020 RM**
Motor vehicles	873,209	615,470
Machinery and equipment	1,396,422	1,735,164
Total	2,269,631	2,350,634

The carrying amounts of motor vehicles, machinery and equipment are pledged to licensed banks to secure the loans and borrowings granted to the Group as disclosed in Note 23 to the financial statements.

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

(b) The cash disbursed for the purchase of property, plant and equipment is as follows:-

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Cost of property, plant and equipment purchased	5,409,975	1,389,697	21,744	17,607
Amount financed through hire purchase	(370,000)	–	–	–
Cash disbursed for purchase of property, plant and equipment	5,039,975	1,389,697	21,744	17,607

(c) Construction in progress comprises of conveyor belt, lab and staff quarter. These construction in progress will be reclassified to appropriate categories of property, plant and equipment when they are ready for their intended use. The remaining capital commitment is disclosed in Note 35 to the financial statements.

As at 30 June 2021, the conveyor belt is pledged with financial institutions for banking facilities extended to the Group as disclosed in Note 24 to the financial statements.

(d) Impairment of property, plant and equipment

Property, plant and equipment has been allocated to a cash-generating unit ("CGU") for impairment testing purpose. The carrying amounts of property, plant and equipment amounting to RM16,312,328/- (2020: RM15,135,981/-).

The recoverable amount of the CGUs is determined based on the value in use calculations using cash flow projections on financial budgets approved by directors covering a five to ten years period. The future cash flows are based on management's five to ten years business plan, which is the best estimate of future performance. The pre-tax discount rate applied to the cash flow projections for the five to ten years period is 6.7% per annum.

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

(i) Budgeted revenue – Revenue is based on the fast food and restaurants operation and other related services, sales of limestones and gold mining activities.

(ii) Budgeted gross margin – Budgeted gross margin is based on values achieved in current year. The anticipated growth rate for gross margin is projected to be minimal.

(iii) Growth rates – Based on industry outlook for that segment.

(iv) Pre-tax discount rate – Discount rate of 6.7% represents the weighted average cost of capital of the CGU.

The value assigned to the key assumptions represents directors' assessment of future trends in the fast food and restaurants operation and other related services, sales of limestones and gold mining activities 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.

4. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

4. 1 Right-of-use assets

	Note	Leasehold land RM	Buildings RM	Land RM	Office RM	Hostel RM	Outlets RM	Total RM
Group								
Cost								
At 1 July 2019, previously stated		–	–	–	–	–	–	–
Adjustment on initial application of MFRS 16	3	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
Additions		1,038,091	–	–	492,445	137,039	1,290,865	2,958,440
Derecognition*		–	–	–	(265,598)	(106,239)	(1,333,316)	(1,705,153)
At 30 June 2021		1,038,091	5,025,000	659,473	1,484,482	689,093	8,760,218	17,656,357

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

4. 1 Right-of-use assets (Cont'd)

	Note	Leasehold land RM	Buildings RM	Land RM	Office RM	Hostel RM	Outlets RM	Total RM
Accumulated depreciation								
At 1 July 2019, previously stated		–	–	–	–	–	–	–
Adjustment on initial application of MFRS 16	3	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
Depreciation charge for the financial year		3,460	502,500	21,983	392,552	160,204	928,308	2,009,007
Derecognition*		–	–	–	(136,042)	(33,643)	(674,789)	(844,474)
At 30 June 2021		3,460	1,507,500	98,921	906,142	601,336	5,363,669	8,481,028
Net carrying amount								
At 30 June 2020		–	4,020,000	582,535	608,003	183,518	3,692,519	9,086,575
At 30 June 2021		1,034,631	3,517,500	560,552	578,340	87,757	3,396,549	9,175,329

* Derecognition of the right-of-use assets during the financial year is as a result of termination of leases.

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

4. 1 Right-of-use assets (Cont'd)

	Office RM
Company	
Cost	
At 1 July 2019, previously stated	–
Adjustment on initial application of MFRS 16	531,195
At 30 June 2020/2021, adjusted as per MFRS 16	531,195
Accumulated depreciation	
At 1 July 2019, previously stated	–
Adjustment on initial application of MFRS 16	70,826
Depreciation charge for the financial year	106,239
At 30 June 2020, adjusted as per MFRS 16	177,065
Depreciation charge for the financial year	106,239
At 30 June 2021	283,304
Net carrying amount	
At 30 June 2020	354,130
At 30 June 2021	247,891

Amount recognised in profit or loss

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Interest on lease liabilities	221,383	270,378	15,728	20,704
Expenses relating to short-term leases	584,055	3,203	–	–

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 24 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.

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

4. 1 Right-of-use assets (Cont'd)

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.

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 Impairment of right-of-use assets

Right-of-use assets have been allocated to a cash-generating unit ("CGU") for impairment testing purpose. The carrying amounts of right-of-use assets amounting to RM9,175,329/- (2020: RM9,086,575/-).

The recoverable amount of the CGUs is determined based on the value in use calculations using cash flow projections on financial budgets approved by directors covering a five (5) years period. The future cash flows are based on management's five (5) years business plan, which is the best estimate of future performance. The pre-tax discount rate applied to the cash flow projections for the five (5) years period is 6.7% per annum.

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

(i) Budgeted revenue – Revenue is based on the fast food and restaurants operation and other related services.

(ii) Budgeted gross margin – Budgeted gross margin is based on values achieved in current year. The anticipated growth rate for gross margin is projected to be minimal.

(iii) Growth rates – Based on industry outlook for that segment.

(iv) Pre-tax discount rate – Discount rate of 6.7% represents the weighted average cost of capital of the CGU.

The value assigned to the key assumptions represents directors' assessment of future trends in the fast food and restaurants operation and other related services are based on both external sources and internal sources.

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

4.2 Impairment of right-of-use assets (Cont'd)

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.

4.3 Lease liabilities

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Non-current liabilities	3,546,216	3,504,303	159,806	269,053
Current liabilities	1,302,855	1,824,559	104,272	99,295
Total lease liabilities	4,849,071	5,328,862	264,078	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 3.47% to 4.90% (2020: 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 28 to the financial statements.

5. INVESTMENT PROPERTIES

	Group 2021 RM	Group 2020 RM
At Fair value		
At 1 July	612,267,480	615,545,480
Additions:-		
- acquisition	4,250,000	–
- transfer from right-of-use assets (Note 4)	–	8,368,606
- other cost	243,710	64,980
Disposals	–	(14,942,980)
Changes in fair value	(1,950,000)	3,231,394
At 30 June	614,811,190	612,267,480

Certain investment properties of the Group with carrying amount of RM3,125,000/- and RM10,500,000/- respectively (2020: RM3,125,000/- and RM10,500,000/-) are pledged to financial institutions for borrowings granted to the Group as disclosed in Note 22(a) and Note 24 respectively to the financial statements.

The investment properties consist of the following:-

	Group 2021 RM	Group 2020 RM
At Fair Value		
Short term leasehold land	383,750,959	382,407,249
Long term leasehold land and building	227,935,231	226,735,231
Freehold condominium	3,125,000	3,125,000
	614,811,190	612,267,480

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

	Group 2021 RM	Group 2020 RM
Rental income	361,375	354,060

(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.

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.

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 proximately 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.	Natural 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 2021 RM	Company 2020 RM
Unquoted shares			
At cost			
At 1 July		70,100,006	70,100,006
Addition during the year		300,000,000	–
Add: Amount owing by subsidiaries as quasi investment	**(a)**	–	300,000,000
At 30 June		370,100,006	370,100,006
Accumulated impairment losses			
At 1 July/30 June		(99,999)	(99,999)
Carrying amount			
At 30 June		370,000,007	370,000,007

Details of the subsidiaries are as follows:-

Name of Companies	Effective Equity Interest 2021 %	Effective Equity Interest 2020 %	Country of Incorporation and Place of Business	Principal Activities
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				
Held through Borneo Oil & Gas Corporation Sdn. Bhd.				
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	British Virgin Islands	Investment holding

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

Name of Companies	Effective Equity Interest 2021 %	Effective Equity Interest 2020 %	Country of Incorporation and Place of Business	Principal Activities
Indirect Subsidiaries (Cont'd)				
Held through SB Partners Sdn. Bhd.				
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
Held through SB Resorts Sdn. Bhd.				
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
Unitimart Sdn. Bhd. (formerly know as 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
Winamewah Sdn. Bhd.	100	–	Malaysia	Dormant
Held through SB Supplies & Logistics Sdn. Bhd.				
SB Franchise Management Sdn. Bhd.	100	100	Malaysia	Franchising and provision of management and marketing services
Held through SB Franchise Management Sdn. Bhd.				
L & V Trading Sdn. Bhd. #	100	100	Malaysia	Supply of franchise equipment and spare parts

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

* Not audited by STYL Associates PLT

@ This subsidiary was consolidated based on its unaudited management accounts as at 30 June 2021. 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. This subsidiary was disposed by the Group on 30 June 2021.

The audited financial statements and auditors' report for the financial year ended 30 June 2021 consists of emphasis of matter on going concern assumption.

(a) Amount owing by subsidiaries

The Company has classified an amount of RM Nil (2020: 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 to ten year period. The future cash flows are based on management's five to ten 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 to ten year period is 6.7% (2020: 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, gold mining activities 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.
(iv) Pre-tax discount rate – Discount rate of 6.7% (2020: 9.55%) represents the weighted average cost of capital.

The value assigned to the key assumptions represents directors' assessment of future trends in the sales of limestone, 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.

(c) Acquisition of 100% equity interest in Winamewah Sdn. Bhd. ("WMSB")

On 23 July 2020, SB Resorts Sdn. Bhd., a wholly-owned subsidiary of the Company has entered into a Share Sale Agreement ("SSA") to acquire 100% equity interest in WMSB for a total consideration of RM750,000/- to be satisfied by way of cash.

Winamewah Sdn. Bhd. operates as contractor of sewer systems and sewage disposal plants.

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) Acquisition of 100% equity interest in Winamewah Sdn. Bhd. ("WMSB") (Cont'd)

(i) Fair value of the identifiable assets acquired and liability recognised:-

	RM
Assets	
Receivables	510,022
Tax recoverable	507
Cash and bank balances	234,305
Total assets	744,834
Liability	
Payables, representing total liability	(3,417)
Total identifiable net assets acquired	741,417
Goodwill (Note 10)	8,583
Share capital and pre-acquisition retained earning	741,417
Fair value of consideration transferred	750,000

(ii) Effect of acquisition on cash flow:-

	RM
Fair value of consideration transferred	750,000
Less: Non-cash consideration	–
Consideration paid in cash	750,000
Less: Cash and cash equivalents of a subsidiary acquired	(234,305)
Net cash outflows on acquisition	515,695

(iii) Effect of acquisition in statement of comprehensive income

From the date of acquisition, the subsidiary's contributed loss net of tax is as follow:-

	RM
Loss for the financial year	(17,830)

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) Acquisition of 100% equity interest in Winamewah Sdn. Bhd. ("WMSB") (Cont'd)

(iii) Effect of acquisition in statement of comprehensive income (Cont'd)

If the acquisition had occurred on 1 July 2020, the consolidated results for the financial year ended 30 June 2021 would have been as follows:-

	RM
Revenue	–
Loss for the financial year	(19,830)

(d) Disposal of 100% equity interest in Borneo Resources Limited ("BRL")

The Group disposed of its 100% equity interest in Borneo Resources Limited on 30 June 2021 for a total consideration of USD1 of cash. The subsidiary was previously reported as part of the head office and others segment.

The disposal had the following effects on the financial position of the Group as at the end of the year:-

	RM
Net identifiable liabilities	(12,013)
Total disposal proceeds	(4)
Gain on disposal to the Group	(12,017)
Disposal proceeds settled by:-	
Cash	4
Cash inflow arising on disposals:-	
Cash consideration	4
Cash and cash equivalents of subsidiary disposed	(4)
Net cash inflow on disposal	–

7. OTHER INVESTMENTS

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Quoted shares					
At fair value through profit or loss	**(a)**				
At 1 July		338,240	–	–	–
Addition		18,778,990	743,520	18,778,990	–
Disposal		(158,240)	–	–	–
Changes in fair value		26,403,970	(405,280)	26,463,970	–
At 30 June		45,362,960	338,240	45,242,960	–
Unquoted shares					
At fair value through other comprehensive income	**(b)**				
At 1 July/30 June		1	1	–	–
Total		45,362,961	338,241	45,242,960	–

(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 on 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

	Group 2021 RM	Group 2020 RM
Cost		
At 1 July	5,610,216	5,389,202
Additions	196,165	221,014
Disposal	(4,301,379)	–
At 30 June	1,505,002	5,610,216
Accumulated impairment losses		
At 1 July	(5,610,216)	(5,389,202)
Additions	–	(221,014)
Reversal	4,105,214	–
At 30 June	(1,505,002)	(5,610,216)
Carrying amount		
At 30 June	–	–

8. DEVELOPMENT EXPENDITURE (CONT'D)

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.

During the financial year, a reversal of impairment of RM4,105,214/- was recognised as the Group has disposed Bio Fraction Project to a third party for a total consideration of RM4,750,488/-.

9. INTANGIBLE ASSETS

	Patents and rights RM (Note a)	Intellectual property rights RM (Note b)	Total RM
Group and Company			
At cost			
At 30 June 2020	5,000,000	14,000,000	19,000,000
Disposal	–	(14,000,000)	(14,000,000)
At 30 June 2021	5,000,000	–	5,000,000
Accumulated amortisation			
At 30 June 2020/2021	(5,000,000)	–	(5,000,000)
Accumulated impairment losses			
At 30 June 2020	–	(14,000,000)	(14,000,000)
Reversal during the year	–	14,000,000	14,000,000
Total	–	–	–
Carrying amounts			
At 30 June 2020/2021	–	–	–

(a) Patents and rights

The patents and rights are in respect of the rights for use of a certain brand name and trademark acquired in financial year 2001 for a total consideration of RM5,000,000. These are amortised on straight-line basis over a period of ten years.

(b) Intellectual property rights

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

During the financial year, a reversal of impairment of RM14,000,000/- was recognised as the Group has disposed Bio Fraction Project to a third party for a total consideration of RM15,461,745/-.

10. GOODWILL ON CONSOLIDATION

	Note	Group 2021 RM	Group 2020 RM
At cost:-			
At 1 July		–	–
Acquisition of a subsidiary	6	8,583	–
At 30 June		8,583	–
Less: Accumulated impairment losses			
At 1 July/30 June		–	–
Carrying amount			
At 30 June		8,583	–

Goodwill arising from business combination has been allocated to a cash-generating unit ("CGU") for impairment testing purpose. The carrying amounts of goodwill amounting to RM8,583/- (2020: RM Nil) has been allocated to the investment in Winamewah Sdn. Bhd..

11. EXPLORATION EXPENDITURE

	Group 2021 RM	Group 2020 RM
Cost		
At 1 July	46,249,963	44,556,514
Additions:-		
- exploration costs	3,616,159	1,693,449
At 30 June	49,866,122	46,249,963
Accumulated impairment losses		
At 1 July/30 June	(44,556,514)	(44,556,514)
Carrying amount		
At 30 June	5,309,608	1,693,449

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 ten (10) years.

12. RECEIVABLES

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Non-current					
Trade receivables	(a)	19,135,147	17,350,838	–	–
Current					
Trade receivables		11,572,322	28,885,335	–	–
Less: Accumulated for impairment losses		(5,274,341)	(1,725,982)	–	–
Less: Bad debts written off		(1,728)	(57,857)	–	–
Trade receivable, net	(a)	6,296,253	27,101,496	–	–
Other receivables		13,197,423	13,712,787	–	189,708
Less: Accumulated for impairment losses		(4,047,366)	(2,579,949)	–	(12,624)
Less: Bad debts written off		(1,087,970)	(59,888)	–	(50,989)
Other receivables, net	(b)	8,062,087	11,072,950	–	126,095
Deposits	(c)	18,209,906	1,357,218	76,762	76,762
Prepayments		1,164,555	589,771	–	–
		27,436,548	13,019,939	76,762	202,857
Total current receivables		33,732,801	40,121,435	76,762	202,857
Total receivables		52,867,948	57,472,273	76,762	202,857

(a) Trade receivables

The Group's credit period granted ranges from 30 days to 60 days (2020: 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:-

	Group 2021 RM	Group 2020 RM
Australia Dollar	6,850	–
Brunei Dollar	47,343	32,459
United States Dollar	35,170	40,692
Ringgit Malaysia	25,342,037	44,379,183
Total	25,431,400	44,452,334

12. RECEIVABLES (CONT'D)

(a) Trade receivables (Cont'd)

Included in trade receivables as at financial year ended are retention sum of RM19,135,147/- (2020: RM17,350,838/-) relating to construction contracts. Retention sum is unsecured, interest-free and is expected to be collected as follows:-

	Group	
	2021	**2020**
	RM	**RM**
More than 1 year and less than 2 years	14,580,244	13,303,051
More than 2 years and less than 5 years	4,554,903	4,047,787
	19,135,147	17,350,838

Analysis of retention sum on impairment loss and deferred payment terms with discount rate of 6.70% (2020: 9.55%) per annum, being the weighted average cost of capital of the Group is as follows:-

	Group	
	2021	**2020**
	RM	**RM**
Nominal value	20,742,827	19,431,325
Discounted	(1,607,680)	(2,080,487)
	19,135,147	17,350,838

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

	Group	
	2021	**2020**
	RM	**RM**
Neither past due nor impaired	4,729,692	9,795,072
Past due not impaired		
1 to 30 days	337,989	1,893,995
31 to 60 days	155,588	388,075
61 to 90 days	148,510	396,186
More than 90 days	6,198,815	16,354,150
	6,840,902	19,032,406
Impaired	(5,274,341)	(1,725,982)
	6,296,253	27,101,496

12. RECEIVABLES (CONT'D)

(a) Trade receivables (Cont'd)

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.

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

	Group RM
At 1 July 2019	1,517,286
Impairment loss during the year	208,696
At 30 June 2020	1,725,982
Impairment loss during the year	3,548,359
At 30 June 2021	5,274,341

12. RECEIVABLES (CONT'D)

(b) Other receivables

Other receivables are unsecured and non-interest bearing.

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Ringgit Malaysia	4,200,727	11,072,950	–	126,095
United States Dollar	3,861,360	–	–	–
Total	8,062,087	11,072,950	–	126,095

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 2019	3,871,654	–
(Reversal of impairment loss)/Impairment loss during the year	(1,291,705)	12,624
At 30 June 2020	2,579,949	12,624
Impairment loss/(Reversal of impairment loss) during the year	1,467,417	(12,624)
At 30 June 2021	4,047,366	–

(c) Deposits

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Deposits	18,209,906	1,364,718	76,762	84,262
Written off during the year	–	(7,500)	–	(7,500)
Total	18,209,906	1,357,218	76,762	76,762

Included in deposits of the Group is an amount of RM15,975,500/- and RM200,000/- respectively (2020: RMNil) in relation to the purchase of two (2) pieces of land and one (1) shoplot. The remaining capital commitments are disclosed in Note 35 to the financial statements.

Notes To
The Financial Statements (cont'd)

13. INVENTORIES

	Group 2021 RM	2020 RM
At net realisable value		
Gold stock	641,337	35,485
At cost		
Food and beverages and packing materials	2,872,760	2,426,633
Machinery and spare parts	1,812,515	1,887,540
Limestone	38,563,545	16,858,864
At 30 June	43,890,157	21,208,522
Provision for slow-moving inventories		
At 1 July	–	–
Additions	(1,082,759)	–
At 30 June	(1,082,759)	–
Carrying amount		
At 30 June		
- At net realisable value	641,337	35,485
- At cost	42,166,061	21,173,037
	42,807,398	21,208,522

During the financial year, the cost of inventories recognised as an expense in the Group amounted to RM27,326,479/- (2020: RM 28,637,596/-).

14. BIOLOGICAL ASSETS

	Group 2021 RM	2020 RM
At fair value		
At 1 July	–	32,790
Changes in fair value	–	(32,790)
At 30 June	–	–

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.

15. CONTRACT ASSET

	Group	
	2021 RM	2020 RM
Contract asset	426,160	850,514

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.

	Group	
	2021 RM	2020 RM
Represented by:-		
Contract asset		
Aggregate construction contract costs incurred to date	85,664,302	80,619,250
Add: Attributable profits	18,475,994	17,387,882
	104,140,296	98,007,132
Less: Progress billings	(103,714,136)	(97,156,618)
	426,160	850,514

16. AMOUNT OWING BY/(TO) SUBSIDIARIES

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

	Company	
	2021 RM	2020 RM
Amount owing by subsidiaries		
Non-trade balances	372,250,527	349,389,826
Less: Accumulated for impairment losses	(93,092,956)	(84,746,999)
	279,157,571	264,642,827
Amount owing (to) subsidiaries		
Non-trade balances	(5,220,914)	(5,230,602)

Notes To
The Financial Statements (cont'd)

16. AMOUNT OWING BY/(TO) SUBSIDIARIES (CONT'D)

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

	Company RM
At 1 July 2019	80,051,536
Impairment loss during the year	4,695,463
At 30 June 2020	84,746,999
Impairment loss during the year	8,345,957
At 30 June 2021	93,092,956

17. 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 1.49% to 3.84% and 1.55% to 3.84% respectively (2020: 2.00% to 3.50% and 2.46% to 3.05% respectively) per annum. Fixed deposits were pledged with licensed banks as security for banking facilities granted to the Group as disclosed in Note 22 to the financial statements.

18. CASH AND BANK BALANCES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash on hand	107,060	124,654	8,719	10,523
Cash at banks	31,318,157	5,472,841	21,988,002	963,548
Total	31,425,217	5,597,495	21,996,721	974,071

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Australian Dollar	141,834	249,863	–	–
Singapore Dollar	194,536	144,863	109,305	108,609
United States Dollar	47,552	52,907	–	–
Ringgit Malaysia	31,041,295	5,149,862	21,887,416	865,462
Total	31,425,217	5,597,495	21,996,721	974,071

19. SHARE CAPITAL

	Group and Company			
	2021		2020	
	Number of shares Unit	RM	Number of shares Unit	RM
Ordinary shares				
Issued and fully paid:-				
At beginning of year	5,340,383,754	536,349,192	5,340,383,754	536,349,192
Add:-				
Issuance of ordinary shares via private placement	1,093,405,775	39,482,471	–	–
ESOS exercised	1,016,500,000	43,136,137	–	–
At end of year	7,450,289,529	618,967,800	5,340,383,754	536,349,192

During the financial year, the issued and paid-up capital of the Company was increased by RM82,618,608/- from RM536,349,192/- to RM618,967,800/- by way of issuance of:-

(a) 1,093,405,775 new ordinary shares via private placement at an average exercise price of RM0.0361, and

(b) 1,016,500,000 new ordinary shares from the exercise of options under the Company's Employees' Share Options Scheme ("ESOS") at an average exercise price of RM0.0424.

20. RESERVES

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Warrants reserve	**(a)**	93,441,422	93,441,422	93,441,422	93,441,422
Treasury shares	**(b)**	(31,493,087)	(16,200,206)	(31,493,087)	(16,200,206)
Exchange reserve	**(c)**	(144,922)	31,526	–	–
Total		61,803,413	77,272,742	61,948,335	77,241,216

(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 21 to the financial statements.

20. RESERVES (CONT'D)

(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			
	2021 Number of shares Unit	RM	2020 Number of shares Unit	RM
At beginnning of year	217,946,000	16,200,206	151,646,000	13,238,466
Purchase of treasury shares	323,580,000	15,292,881	66,300,000	2,961,740
At end of year	541,526,000	31,493,087	217,946,000	16,200,206

(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.

21. 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:-

	Company			
	2021		2020	
	Unit	RM	Unit	RM
At 30 June	1,734,679,850	93,441,422	1,734,679,850	93,441,422

21. WARRANTS (CONT'D)

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:-

	Company			
	2021		2020	
	Unit	RM	Unit	RM
At 30 June	378,683,984	–	378,683,984	–

22. LOANS AND BORROWINGS

		Group	
		2021	2020
	Note	RM	RM
Current			
Secured:-			
Bankers' acceptances	(a)	540,000	1,267,000
Bank overdrafts	(b)	909,198	1,589,883
Hire purchase payables	23	890,029	791,682
Term loans	24	1,083,936	301,715
		3,423,163	3,950,280
Non-current			
Secured:-			
Hire purchase payables	23	530,915	1,245,957
Term loans	24	14,290,253	10,967,592
		14,821,168	12,213,549
Total loans and borrowings		18,244,331	16,163,829

22. LOANS AND BORROWINGS (CONT'D)

(a) Interest rates on bankers' acceptances for the financial year is 2.59% (2020: 1.80% to 3.84%) 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 as disclosed in Note 5 to the financial statements.

(b) Interest rates on bank overdrafts for the financial year range from 7.05% to 8.35% (2020: 7.05% to 8.35%) per annum. The bank overdrafts are secured by way of:-

(i) pledged of fixed deposits as disclosed in Note 17 to the financial statements; and

(ii) corporate guarantee by the Company.

23. HIRE PURCHASE PAYABLES

	Note	Group 2021 RM	Group 2020 RM
Minimum hire purchase payments:-			
- not later than one year		925,262	1,092,323
- later than one year but not later than five years		555,282	1,088,783
		1,480,544	2,181,106
Less: Future finance charges		(59,600)	(143,467)
		1,420,944	2,037,639
Analysis of present value of hire purchases payables:-			
Current	22		
- not later than one year		890,029	791,682
Non-current	22		
- later than one year but not later than five years		530,915	1,245,957
Total hire purchase payables		1,420,944	2,037,639

Interest rates on the hire purchase payables for the financial year range from 1.29% to 6.89% (2020: 3.73% to 7.51%) per annum. The hire purchase payables are secured by way of charge over the leased assets as disclosed in Note 3(a) to financial statements.

24. TERM LOANS

	Note	Group 2021 RM	Group 2020 RM
Current	22		
Within the next twelve months		1,083,936	301,715
Non-current	22		
After the next twelve months			
- later than one year but not later than five years		5,306,912	1,618,064
- later than five years		8,983,341	9,349,528
		14,290,253	10,967,592
Total term loans		15,374,189	11,269,307

Interest rates on term loans for the financial year range from 5.00% to 9.13% (2020: 4.50% to 4.90%) per annum. The term loans are secured by way of the first legal charge over construction in progress, right-of-use assets and investment properties of the Group as disclosed in Note 3(c), Note 4 and Note 5 respectively to the financial statements.

25. DEFERRED TAX LIABILITIES

	Group 2021 RM	Group 2020 RM
At 1 July	18,369,676	17,121,267
Recognised in profit or loss (Note 31)	(645,041)	1,248,409
At 30 June	17,724,635	18,369,676
Presented after appropriate offsetting as follows:-		
Deferred tax liabilities	17,724,635	18,369,676

Deferred tax liabilities

	Property, plant and equipment 2021 RM	Property, plant and equipment 2020 RM
At 1 July	1,177,313	254,001
Recognised in profit or loss (Note 31)	(645,041)	923,312
At 30 June	532,272	1,177,313

25. DEFERRED TAX LIABILITIES (CONT'D)

Deferred tax liabilities (Cont'd)

	Revaluation on investment properties 2021 RM	Revaluation on investment properties 2020 RM
At 1 July	17,192,363	16,867,266
Recognised in profit or loss (Note 31)	–	325,097
At 30 June	17,192,363	17,192,363

26. PAYABLES

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Non-current					
Trade payables	(a)	845,965	698,673	–	–
Current					
Trade payables	(a)	6,424,292	6,737,929	–	–
Other payables	(b)	3,154,916	4,226,652	324,403	1,014,581
Deposits	(c)	3,668,417	4,683,105	–	–
Accruals		938,162	880,436	55,246	64,323
		7,761,495	9,790,193	379,649	1,078,904
Total current payables		14,185,787	16,528,122	379,649	1,078,904
Total payables		15,031,752	17,226,795	379,649	1,078,904

26. PAYABLES (CONT'D)

(a) Trade payables

The credit period granted to the Group for trade purchases ranges from 30 to 90 days (2020: 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 RM845,965/-(2020: RM698,673/-) relating to construction contracts. Retention sum is unsecured, interest-free and is expected to be collected as follows:-

	Group	
	2021 RM	2020 RM
More than 1 years and less than 5 years	845,965	698,673

Analysis of retention sum on deferred payment terms with discount rate of 6.70% (2020: 9.55%) per annum, being the weighted average cost of capital of the Group is as follows:-

	Group	
	2021 RM	2020 RM
Nominal value	902,645	838,492
Discounted	(56,680)	(139,819)
	845,965	698,673

(b) Other payables

Included in other payables is an amount of RM2,402,058/- (2020: RM2,820,004/-) of deferred income in relation to the franchise fees received from outlet franchisees.

(c) Deposits

Included in deposits is an amount of RM3,020,000/- (2020: RM3,430,000/-) received from outlet franchisees.

Included in deposits is an amount of RM550,000/- (2020: RM1,150,000/-) paid by sub-contractor for the quarry operations.

27. REVENUE

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Major products and service lines				
Resources and sustainable energy	7,559,864	16,288,981	–	–
Fast food and restaurant operations	36,881,729	40,404,773	–	–
Franchise fees	557,393	326,277	–	–
Management fees	156,000	156,000	1,356,000	1,356,000
Machinery and spare parts	120,550	287,073	–	–
Construction services	6,133,164	30,605,407	–	–
Sale of fresh fruit bunches	–	220,517	–	–
Total	51,408,700	88,289,028	1,356,000	1,356,000
Timing and recognition:-				
- Products transferred at point in time	45,275,536	57,683,621	1,356,000	1,356,000
- Products and services transferred over time	6,133,164	30,605,407	–	–
	51,408,700	88,289,028	1,356,000	1,356,000
Revenue from contracts with customers	51,252,700	88,133,028	–	–
Other revenue	156,000	156,000	1,356,000	1,356,000
Total revenue	51,408,700	88,289,028	1,356,000	1,356,000
Primary geographical markets				
Malaysia	51,408,700	86,671,520	1,356,000	1,356,000
Australia	–	1,617,508	–	–
Total	51,408,700	88,289,028	1,356,000	1,356,000

Transaction price allocated to remaining performance obligations

As of 30 June 2021, the aggregate amount of the transaction price allocated to remaining performance obligations is RM21,859,704/-. The Group will recognise this amount of revenue as performance obligations are satisfied, which is expected to occur over the next year.

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.

27. 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 is delivered to customers.	Cash collection basis with no credit terms.	Trade discounts.	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.
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.
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.

28. OPERATING PROFIT

Operating profit has been arrived at:-

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
After charging:-					
Provision for slow-moving inventories		1,082,759	–	–	–
Auditors' remuneration:-					
- Company's auditors					
- statutory audit					
- current year		304,500	294,500	73,000	70,000
- underprovision in previous year		–	500	–	–
- other services		26,000	34,000	26,000	34,000
- Other auditors					
- statutory audit		20,529	15,779	–	–
Depreciation of property, plant and equipment		3,880,966	4,617,631	544,723	664,733
Depreciation of right-of -use assets		2,009,007	2,915,846	106,239	106,239
Directors' remuneration	29	1,821,711	1,877,024	1,599,960	1,579,960
Impairment losses/ (Reversal of impairment losses) on:-					
- trade receivables		3,548,359	208,696	–	–
- other receivables		1,467,417	(1,291,705)	(12,624)	12,624
- amount owing by subsidiaries		–	–	8,345,957	4,695,463
- development expenditure		–	221,014	–	–
- golf club membership		23,000	9,000	23,000	9,000
Written-off of:-					
- property, plant and equipment		687,437	1,572,278	1,266	188,293
- bad debts - trade receivables		1,728	57,857	–	–
- bad debts - other receivables		1,087,970	59,888	–	50,989
- deposits		–	7,500	–	7,500
- prepayments		–	3,788	–	–
Rental of premises	#	584,055	3,203	–	–
Staff costs:-					
- salaries, wages and bonuses		6,217,543	10,238,099	535,570	568,565
- Employees' Provident Fund & SOCSO		923,378	1,198,494	54,414	63,823
- other related staff costs		367,448	555,791	133,320	164,486

28. OPERATING PROFIT (CONT'D)

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

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
After charging:- (Cont'd)					
Employee Share Option Scheme ("ESOS")		10,498,936	–	1,629,070	–
Fair value discount on retention receivables		–	2,080,487	–	–
Fair value discount on retention payables		83,139	–	–	–
Fair value loss on investment in quoted shares		–	405,280	–	–
Fair value loss on investment properties		1,950,000	–	–	–
Fair value loss on biological assets		–	32,790	–	–
Loss on disposal of property, plant and equipment		–	620,781	–	–
Realised loss on foreign exchange		5,780	9,505	–	–
Reversal of waiver of debts		91,908	–	–	–

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.

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
And crediting:-					
Bad debts recovered - other receivables		8,513,310	330,000	1,100	–
Dividend income		–	–	–	20,000,000
Fair value discount on retention receivables		472,807	–	–	–
Fair value discount on retention payables		–	139,819	–	–
Fair value gain on investment properties		–	3,231,394	–	–
Fair value gain on investment in quoted shares		26,403,970	–	26,463,970	–
Government subsidy	*	603,790	539,194	24,000	19,200

28. OPERATING PROFIT (CONT'D)

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
And crediting:- (Cont'd)					
Gain on disposal of development expenditure and intellectual property right		1,910,854	–	–	–
Gain on disposal of investment in quoted securities		29,778	–	–	–
Gain on disposal of investment in subsidiary company		12,017	–	–	–
Gain on disposal of property, plant and equipment		800,517	–	–	–
Gain on disposal of investment properties		–	557,020	–	–
Gain on disposal of right -of-use assets		–	39,931	–	–
Interest income		213,446	191,283	160,564	67,358
Gain on lease modification		59,864	–	–	–
Reversal of impairment loss on development expenditure		4,105,214	–	–	–
Reversal of impairment loss on intellectual property right		14,000,000	–	–	–
Reversal of impairment loss of property, plant and equipment		801,479	620,705	–	–
Rental income		534,575	603,153	–	–
Waiver of rental		114,769	–	–	–
Waiver of debts		77,600	129,760	–	129,760
Unrealised gain on foreign exchange		240,029	106,493	185,150	32,594

* The Group and the Company received government grants as wage subsidies to retain local employees during the approved period of economic uncertainty brought about by the Coronavirus (COVID-19) outbreak.

29. DIRECTOR'S REMUNERATION

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Executive Directors				
- salaries, allowances and bonuses	141,550	169,800	–	–
- fees	1,284,000	1,338,500	1,248,000	1,228,000
- others	44,201	16,764	–	–
Total	1,469,751	1,525,064	1,248,000	1,228,000
Non-Executive Directors				
- fees	351,960	351,960	351,960	351,960
Total	1,821,711	1,877,024	1,599,960	1,579,960

30. FINANCE COSTS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Interest expenses on:-				
- bank overdrafts	76,699	109,978	–	–
- hire purchase payables	97,037	177,423	–	–
- term loans	494,786	501,285	–	–
- bankers' acceptances	18,831	67,377	–	–
- lease liabilities	221,383	270,378	15,728	20,704
Total	908,736	1,126,441	15,728	20,704

31. TAXATION

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Income tax				
- current year	514,353	1,093,867	–	–
- under accrual in prior years	119,587	122,876	–	213,822
	633,940	1,216,743	–	213,822
Deferred tax (Note 25)				
- current year	165,836	1,248,409	–	–
- over accrual in prior years	(810,877)	–	–	–
	(645,041)	1,248,409	–	–
	(11,101)	2,465,152	–	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 are as follows:-

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit before taxation	28,472,969	4,062,861	13,521,474	12,121,106
Taxation at applicable tax rate of 24%	6,833,513	975,087	3,245,154	2,909,065
Tax effects arising from:-				
- expenses not deductible for tax purposes	6,161,724	2,977,783	911,747	1,929,158
- non-taxable income	(12,875,114)	(999,897)	(6,427,883)	(4,838,965)
- deferred tax assets not recognised	3,810,743	205,976	2,270,982	742
- utilisation of deferred tax assets previously not recognised	(3,250,676)	(1,141,770)	–	–
- deferred tax liabilities on valuation gain	–	325,097	–	–
- under/(over) accrual in prior years:-				
- income tax	119,586	122,876	–	213,822
- deferred tax	(810,877)	–	–	–
Tax expenses for the financial year	(11,101)	2,465,152	–	213,822

31. TAXATION (CONT'D)

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

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Property, plant and equipment	7,060,648	8,618,839	(119,359)	298,032
Unutilised capital allowance carry forward	(1,269,690)	(2,861,757)	(200,737)	–
Unabsorbed losses carry forward	(15,350,874)	(15,480,458)	(2,661,891)	–
Other temporary differences	(2,497,072)	–	(6,182,406)	–
	(12,056,988)	(9,723,376)	(9,164,393)	298,032
Potential deferred tax assets not recognised	(2,893,677)	(2,333,610)	(2,199,454)	71,528

32. EARNINGS PER ORDINARY SHARE

(a) Basic earnings per share

	Group 2021 RM	Group 2020 RM
Net profit attributable to owners of the parent	28,484,070	1,597,709
Number of shares as at 1 July	5,340,383,754	5,340,383,754
Issuance of ordinary shares via private placement	659,612,537	–
ESOS exercised	653,285,479	–
Less: Treasury shares	(394,074,301)	(197,619,525)
Weighted average number of ordinary shares as at 30 June	6,259,207,469	5,142,764,229
Basic earnings per ordinary share (sen)	0.46	0.03

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

(b) Diluted earnings per share

There is no dilution in the earnings 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 per share.

33. CONTINGENT LIABILITIES

The Company provides corporate guarantees up to a total amount of RM34,397,888/-(2020: RM20,097,888/-) to licensed banks for banking facilities granted to certain subsidiaries. Accordingly, the Company is contingently liable to the extent of the facilities utilised.

34. 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	
	2021 RM	2020 RM	2021 RM	2020 RM
<u>**Subsidiaries**</u>				
Management fee	–	–	1,320,000	1,320,000
Dividend income	–	–	–	20,000,000
<u>**Among subsidiaries**</u>				
Dividend income	–	25,000,000	–	–
Purchase of property, plant and equipment	4,809,668	–	–	–
Sales of property, plant and equipment	(4,809,668)	–	–	–
Purchase of goods/services	(989,744)	(3,481,325)	–	–
Sales of goods/services	989,744	3,481,325	–	–
Rental income	82,000	96,000	–	–
Rental expenses	(82,000)	(96,000)	–	–
Consultancy fee	(502,823)	(398,608)	–	–

34. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

(c) Key management personnel remuneration

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Salaries, allowances and bonuses	141,550	169,800	–	–
Fees	1,284,000	1,338,500	1,248,000	1,228,000
Others	44,201	16,764	–	–
Total	1,469,751	1,525,064	1,248,000	1,228,000

35. CAPITAL COMMITMENT

As of the reporting period, the Group has the following capital commitment:-

	Group	
	2021 RM	2020 RM
Asset under construction		
Contracted but not provided for	58,360	578,672
Purchase of properties		
Contracted but not provided for	1,580,000	–
	1,638,360	578,672

36. 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 four reportable operating segments 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.

36. SEGMENT REPORTING (CONT'D)

Group 2021	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	156,550	37,439,122	6,253,164	7,559,864	–		51,408,700
Inter-segment sales	1,822,823	555,052	–	434,692	(2,812,567)	(a)	–
Total revenue	1,979,373	37,994,174	6,253,164	7,994,556	(2,812,567)		51,408,700
Results							
Segment results	38,232,371	(3,369,147)	(22,977,184)	71,290,907	(840,253)	(a)	82,336,694
Depreciation of property, plant and equipment	(550,085)	(1,382,649)	(133,797)	(1,862,915)	48,480	(a)	(3,880,966)
Depreciation of right-of-use assets	(106,239)	(1,602,291)	(968)	(351,686)	52,177	(a)	(2,009,007)
Finance costs	(15,728)	(332,184)	(12,666)	(552,285)	4,127	(a)	(908,736)
Income tax expenses	-	(757,769)	(7,463)	776,333	–		11,101
Interest income	160,564	31,135	4,949	16,798	–		213,446
Other non-cash expenses (Note(i))	(25,281,824)	70,791	5,967,226	(28,034,655)	–		(47,278,462)
Profit for the financial year							28,484,070

36. SEGMENT REPORTING (CONT'D)

Group 2021	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	721,221,513	32,528,618	513,166,244	304,226,020	(747,850,834)	(b)	823,291,561
Consolidated total asset							823,291,561
Other information							
Additions to property, plant and equipment	116,241	509,290	1,751,807	6,480,396	(3,447,759)	(a)	5,409,975
Additions to right-of -use assets	–	1,544,009	23,221	758,043	633,167	(b)	2,958,440
Addition to exploration expenditures	–	–	–	3,616,159	–		3,616,159
Liabilities							
Segment liabilities	11,724,836	36,382,006	318,984,901	112,438,548	(464,498,539)	(c)	15,031,752
Loans and borrowings	–	4,412,960	201,382	13,629,989	–		18,244,331
Deferred tax liabilities	–	532,272	13,860,695	3,331,668	–		17,724,635
Lease liabilities	264,078	3,709,240	22,283	1,204,520	(351,050)	(c)	4,849,071
Consolidated total liabilities							55,849,789

36. 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	40,731,050	30,945,924	16,288,981	–		88,289,028
Inter-segment sales	1,718,608	729,954	–	1,431,371	(3,879,933)	(a)	–
Total revenue	2,041,681	41,461,004	30,945,924	17,720,352	(3,879,933)		88,289,028
Results							
Segment results	12,774,190	270,895	6,634,906	9,717,142	(15,804,662)	(a)	13,592,471
Depreciation of property, plant and equipment	(664,733)	(1,594,663)	(198,431)	(2,219,018)	59,214	(a)	(4,617,631)
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)	(788,912)	–		(1,060,975)
Profit for the financial year							1,597,709

36. 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	34,448,691	508,401,302	270,192,524	(724,614,862)	(b)	729,487,021
Consolidated total asset							729,487,021
Other information							
Addition to property, plant and equipment	21,744	124,841	668,963	574,149	–		1,389,697
Addition to right-of -use assets	460,340	13,487,217	–	1,221,502	1,234,011	(b)	16,403,070
Addition to exploration expenditures	–	–	–	1,693,449	–		1,693,449
Liabilities							
Segment liabilities	7,243,324	33,906,865	447,223,292	272,264,199	(743,410,885)	(c)	17,226,795
Tax payable	–	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							57,678,598

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.

36. 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:-

	Group	
	2021	**2020**
	RM	**RM**
Provision for slow-moving inventories	1,082,759	–
Impairment losses/(Reversal of impairment losses) on:-		
- trade receivables	3,548,359	208,696
- other receivables	1,467,417	(1,291,705)
- development expenditure	(4,105,214)	221,014
- golf club membership	23,000	9,000
- intellectual property right	(14,000,000)	–
- property, plant and equipment	(801,479)	(620,705)
Gain on disposal of investment properties	–	(557,020)
(Gain)/Loss on disposal of property, plant and equipment	(800,517)	620,781
Gain on disposal of development expenditure and intellectual property right	(1,910,854)	–
Gain on disposal of right of use assets	–	(39,931)
Gain on disposal of investment in quoted securities	(29,778)	–
Gain on disposal of subsidiary company	(12,017)	–
Gain on lease modification	(59,864)	–
Written- off of:-		
- property, plant and equipment	687,437	1,572,278
- bad debts - trade receivables	1,728	57,857
- bad debts - other receivables	1,087,970	59,888
- deposits	–	7,500
- prepayments	–	3,788
Reversal of waiver of debts	91,908	–
Bad debt recovered - other receivables	(8,513,310)	(330,000)
Fair value loss on biological assets	–	32,790
Fair value loss/(gain) on investment properties	1,950,000	(3,231,394)
Fair value (gain)/loss on investment in quoted shares	(26,403,970)	405,280
Fair value discount on retention receivables	(472,807)	2,080,487
Fair value discount on retention payables	83,139	(139,819)
Waiver of rentals	(114,769)	–
Waiver of debts	(77,600)	(129,760)
Total	(47,278,462)	(1,060,975)

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 27 to the financial statements.

36. SEGMENT REPORTING (CONT'D)

	Non current assets 2021 RM	Non current assets 2020 RM
Geographical information		
Malaysia	710,143,867	655,306,148
Australia	3,279	621,416
Total	710,147,146	655,927,564

Major customer

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

	Revenue 2021 RM	Revenue 2020 RM	Segment
Customer A	8,885,988	31,910,422	Property investment and management & resources and sustainable energy

37. 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

37. FINANCIAL INSTRUMENTS (CONT'D)

(a) Categories of financial instruments (Cont'd)

The table below provides an analysis of financial instruments categorised as follows:- (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
Group					
2021					
Financial assets					
Other investments	45,362,961	45,362,960	1	–	–
Receivables	51,703,393	–	–	51,703,393	–
Contract asset	426,160	–	–	426,160	–
Fixed deposits with licensed banks	4,050,394	–	–	4,050,394	–
Cash and bank balances	31,425,217	–	–	31,425,217	–
	132,968,125	45,362,960	1	87,605,164	–
Financial liabilities					
Payables	15,031,752	–	–	–	15,031,752
Lease liabilities	4,849,071	–	–	–	4,849,071
Loans and borrowings	18,244,331	–	–	–	18,244,331
	38,125,154	–	–	–	38,125,154

37. FINANCIAL INSTRUMENTS (CONT'D)

(a) Categories of financial instruments (Cont'd)

The table below provides an analysis of financial instruments categorised as follows:- (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					
2021					
Financial assets					
Receivables	76,762	–	–	76,762	–
Amount owing by subsidiaries	279,157,571	–	–	279,157,571	–
Fixed deposits with licensed banks	2,185,673	–	–	2,185,673	–
Cash and bank balances	21,996,721	–	–	21,996,721	–
	303,416,727	–	–	303,416,727	–
Financial liabilities					
Payables	379,649	–	–	–	379,649
Lease liabilities	264,078	–	–	–	264,078
Amount owing to subsidiaries	5,220,914	–	–	–	5,220,914
	5,864,641	–	–	–	5,864,641

37. FINANCIAL INSTRUMENTS (CONT'D)

(a) Categories of financial instruments (Cont'd)

The table below provides an analysis of financial instruments categorised as follows:- (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
Group					
2020					
Financial assets					
Other investment	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

37. FINANCIAL INSTRUMENTS (CONT'D)

(a) Categories of financial instruments (Cont'd)

The table below provides an analysis of financial instruments categorised as follows:- (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	368,368	–	–	–	368,368
Amount owing to subsidiaries	5,230,602	–	–	–	5,230,602
	6,677,874	–	–	–	6,677,874

37. FINANCIAL INSTRUMENTS (CONT'D)

(b) Net (gains)/losses arising from financial instruments

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Net (gains)/losses on:-				
Financial assets at amortised cost	(213,446)	(191,283)	(160,564)	(67,358)
Financial asset at fair value through profit or loss	(26,403,970)	405,280	–	–
Financial liabilities at amortised cost	908,736	1,126,441	15,728	20,704
	(25,708,680)	1,340,438	(144,836)	(46,654)
Net (gains)/losses on:- impairment of financial assets:-				
Financial assets at amortised cost	14,618,784	(1,287,764)	8,334,433	4,766,576

(c) Financial risk management

The activities of the Group are exposed to certain financial risks, including credit risk, liquidity risk, interest rate risk, foreign currency 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.

37. FINANCIAL INSTRUMENTS (CONT'D)

(c) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

<u>Trade receivables and contract asset</u>

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.

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 2021, the Group has significant concentration of credit risk in the form of outstanding amount of approximately RM5,604,888/- (2020: RM25,252,150/-) due from three (3) trade receivables respectively which represents 89% (2020: 93%) of the total current 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.

37. 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)

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract asset:-

Group	Gross carrying amount RM	Loss allowance RM	Net balance RM
2021			
Trade receivables- current			
Current (not past due)	4,729,692	1,460,861	3,268,831
1 to 30 days past due	337,989	19,019	318,970
31 to 60 days past due	155,588	8,338	147,250
61 to 90 days past due	148,510	8,285	140,225
	5,371,779	1,496,503	3,875,276
Credit impaired			
More than 90 days past due	6,198,815	3,777,838	2,420,977
	11,570,594	5,274,341	6,296,253
Contract asset	426,160	–	426,160
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

37. FINANCIAL INSTRUMENTS (CONT'D)

(c) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables and contract asset (Cont'd)

Movements in the allowance for impairment losses in respect of trade receivables.

During the financial year, the Group recognised RM3,548,359/-(2020: RM208,696/-) of ECLs for trade receivables as disclosed in Note 12(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 RM1,467,417/- of ECLs for other receivables and the Company recognised a reversal of ECLs of RM12,624/- for other receivables as disclosed in Note 12(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 RM34,397,888/-(2020: RM20,097,888/-) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting date.

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 RM8,345,957/- (2020: RM4,695,463/-) of ECLs for inter-company loans and advances as disclosed in Note 16 to the financial statements.

37. FINANCIAL INSTRUMENTS (CONT'D)

(c) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

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.

37. 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
2021						
Financial liabilities						
Payables	15,031,752	–	15,031,752	14,185,787	845,965	–
Bankers' acceptances	540,000	2.59%	540,000	540,000	–	–
Bank overdrafts	909,198	7.05% - 8.35%	909,198	909,198	–	–
Hire purchase payables	1,420,944	1.29% - 6.89%	1,480,544	925,262	555,282	–
Term loans	15,374,189	5.00% - 9.13%	16,777,852	1,182,899	5,791,433	9,803,520
Lease liabilities	4,849,071	3.47% - 4.90%	5,017,334	1,348,064	3,669,270	–
	38,125,154		39,756,680	19,091,210	10,861,950	9,803,520
2020						
Financial liabilities						
Payables	17,226,795	–	17,226,795	16,528,122	698,673	–
Bankers' acceptances	1,267,000	1.80% - 3.84%	1,267,000	1,267,000	–	–
Bank overdrafts	1,589,883	7.05% - 8.35%	1,589,883	1,589,883	–	–
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
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

37. FINANCIAL INSTRUMENTS (CONT'D)

(c) Financial risk management (Cont'd)

(ii) Liquidity risk (Cont'd)

<u>Maturity analysis</u> (Cont'd)

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:- (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
2021						
Financial liabilities						
Payables	379,649	–	379,649	379,649	–	–
Amount owing to subsidiaries	5,220,914	–	5,220,914	5,220,914	–	–
Lease liabilities	264,078	4.90%	277,017	109,381	167,636	–
Financial guarantee	–	–	34,097,888	34,097,888	–	–
	5,864,641		39,975,468	39,807,832	167,636	–
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	–

37. 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 strive 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.

	2021		2020	
	Effective interest rate %	Carrying amounts RM	Effective interest rate %	Carrying amounts RM
Group				
Financial asset				
Fixed deposits with licensed banks	1.49 - 3.84	4,050,394	2.00 - 3.50	3,957,051
Financial liabilities				
Bankers' acceptances	2.59	540,000	1.80 - 3.84	1,267,000
Bank overdrafts	7.05 - 8.35	909,198	7.05 - 8.35	1,589,883
Hire purchase payables	1.29 - 6.89	1,420,944	3.73 - 7.51	2,037,639
Term loans	5.00 - 9.13	15,374,189	4.50 - 4.90	11,269,307
Lease liabilities	3.47 - 4.90	4,849,071	4.90	5,328,862
Company				
Financial asset				
Fixed deposits with licensed banks	1.55 - 3.84	2,185,673	2.46 - 3.05	2,148,323
Financial liability				
Lease liabilities	4.90	264,078	4.90	368,348

37. 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 2021 RM	(Increase)/ Decrease in Profit or Loss 2020 RM
Increase in interest rate by 5%	(618,769)	(488,649)
Decrease in interest rate by 5%	618,769	488,649

(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.

37. FINANCIAL INSTRUMENTS (CONT'D)

(c) Financial risk management (Cont'd)

(iv) Foreign currency risk (Cont'd)

		Group	
		Increase/ (Decrease) in Profit or Loss 2021 RM	Increase/ (Decrease) in Profit or Loss 2020 RM
USD/RM	- strengthened 5%	150,014	3,557
	- weakened 5%	(150,014)	(3,557)
SGD/RM	- strengthened 5%	7,392	5,505
	- weakened 5%	(7,392)	(5,505)
AUD/RM	- strengthened 5%	5,390	9,495
	- weakened 5%	(5,390)	(9,495)
BRD/RM	- strengthened 5%	1,799	1,233
	- weakened 5%	(1,799)	(1,233)

(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 2021 RM	Increase/ (Decrease) in Profit or Loss 2020 RM
Increase in price by 10%	3,447,585	25,706
Decrease in price by 10%	(3,447,585)	(25,706)

37. 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	Carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM	RM	RM
Group								
2021								
Financial assets								
Other investments	45,362,960	–	–	–	–	1	45,362,961	45,362,961
Retention sum (trade receivable)	–	–	–	–	–	20,742,827	20,742,827	19,135,147
Financial liabilities								
Hire purchase payables	–	–	–	–	–	1,480,544	1,480,544	1,420,944
Retention sum (trade payable)	–	–	–	–	–	902,645	902,645	845,965

37. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair value information (Cont'd)

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:- (Cont'd)

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value	Carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM	RM	RM
2020								
Financial assets								
Other investment	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

37. 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

38. 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 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.

38. CAPITAL MANAGEMENT (CONT'D)

The gearing ratio of the Group and of the Company is as follows:-

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Payables	15,031,752	17,226,795	379,649	1,078,904
Lease liabilities	4,849,071	5,328,862	264,078	368,348
Amount owing to subsidiaries	–	–	5,220,914	5,230,602
Loans and borrowings	18,244,331	16,163,829	–	–
Total debts	38,125,154	38,719,486	5,864,641	6,677,854
Total equity	767,441,772	671,808,423	714,745,990	633,898,789
Capital and total debts	805,566,926	710,527,909	720,610,631	640,576,643
Gearing ratio	4.7%	5.4%	0.8%	1.0%

39. SIGNIFICANT EVENTS

(a) Impact of COVID-19 pandemic

The pandemic has significantly affected economic activities of the world. The economic impact is highly dependent on variables that are difficult to predict such as the degree of which governments prohibit business and personal activities, level of compliance by people in the countries, and the nature and effectiveness of government assistance. In 2021, the Group's operations have been affected by the spread of COVID-19.

The impact of the pandemic on the Group's financial performance reflected in the financial statements for the year ended 30 June 2021 are summarised below:-

(i) Management continues to have a reasonable expectation that the Group has adequate resources to continue in operation for at least the next 12 months and that the going concern basis of accounting remains appropriate.

(ii) During movement control order implementation period in 2021, border closures, production stoppages and workplace closures have resulted in periods where the Group's operations were temporarily suspended to adhere to the respective government's movement control measures. These have negatively impacted business operation in 2021, resulting in a negative impact on the Group's financial performance for 2021.

For year ending 30 June 2022, as economic environment remains challenging due to the pandemic, the Group cannot reasonably ascertain the full extent of the probable impact of the pandemic disruptions on its operation and financial performance.

39. SIGNIFICANT EVENTS (CONT'D)

(b) <u>Private Placement</u>

During the financial year, 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 at the average subscription price of RM0.0361 per Placement Shares. A total of 1,093,405,755 new Bornoil Shares ("Placement Shares") have been issued pursuant to the Proposed Private Placement. The Company had raised gross proceeds of RM39,482,471/- through the Proposed Private Placement.

(c) <u>Employees' Share Option Scheme ("ESOS")</u>

During the financial year, the Company had completed the offer and grant of options under employees' share option scheme ("ESOS") of the Company and all ESOS options have been exercised.

No.	Description of Offer under the ESOS Options	
1	Average exercise price	RM0.0424
2	Number of ESOS	1,016,500,000
3	Number of ESOS Options to the Directors of the Company	Nil
4	Vesting period	N/A

(d) <u>Acquisition of 100% interest in Winamewah Sdn. Bhd.</u>

On 23 July 2020, SB Resorts Sdn. Bhd. ("SBR"), its wholly owned subsidiary of the Company completed 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/-.

40. SUBSEQUENT EVENT

<u>Private Placement</u>

As at 7 October 2021, the Company had received 16 subscription notice from a third party for the subscription of 527,000,000 new Company Shares ("Placement Shares") at the average subscription price of RM0.0284. The Company had raised gross proceeds of RM14,940,000/- through the Proposed Private Placement.

41. COMPARATIVE FIGURES

In the previous year, impairment losses of property, plant and equipment was erroneously classified as written off. The effects of correction of the error are disclosed below:-

	Note	As previously reported 30.06.2020 RM	Adjustment RM	As restated 30.06.2020 RM
Property, plant and equipment (Extract):-				
At cost	**3**			
Factory		–	6,474,887	6,474,887
Accumulated depreciation	**3**			
Factory		–	762,548	762,548
Accumulated impairment losses	**3**			
Factory		–	5,712,339	5,712,339
Depreciations	**3**			
Stone quarry		–	20,000	20,000
Factory		–	129,498	129,498
Machine and equipment		–	471,207	471,207
Reversal of impariment losses	**3**			
Stone quarry		–	(20,000)	(20,000)
Factory		–	(129,498)	(129,498)
Machine and equipment		–	(471,207)	(471,207)
Statements of cash flows (Extract):-				
Adjustments for:-				
Depreciation of property, plant and equipment		3,996,926	620,705	4,617,631
Impairment loss/(Reversal of impairment loss) on:-				
- property, plant and equipment		–	(620,705)	(620,705)

LIST OF PROPERTIES

List of Properties held by the Group as at 30 June 2021 and their carrying values are indicated as follows:

	Location	Description	Tenure	Land Area	Age of Building	Carrying Value RM'000	Date of Valuation/ 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 2021 and their carrying values are indicated as follows: (Cont'd)

	Location	Description	Tenure	Land Area	Age of Building	Carrying Value RM'000	Date of Valuation/ 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 2021 and their carrying values are indicated as follows: (Cont'd)

	Location	Description	Tenure	Land Area	Age of Building	Carrying Value RM'000	Date of Valuation/ 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 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 31.1.2042	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	37 years	3,125	17.6.2019

List Of
Properties (cont'd)

List of Properties held by the Group as at 30 June 2021 and their carrying values are indicated as follows: (Cont'd)

	Location	Description	Tenure	Land Area	Age of Building	Carrying Value RM'000	Date of Valuation/ 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	1,149	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 2021 and their carrying values are indicated as follows: (Cont'd)

	Location	Description	Tenure	Land Area	Age of Building	Carrying Value RM'000	Date of Valuation/ acquisition
43	District of Labuan	Shoplot	Leasehold, 99 years expiring 27.11.2055	9,800 sq ft	54 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, 30 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 2021 and their carrying values are indicated as follows: (Cont'd)

	Location	Description	Tenure	Land Area	Age of Building	Carrying Value RM'000	Date of Valuation/ 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 2021 and their carrying values are indicated as follows: (Cont'd)

	Location	Description	Tenure	Land Area	Age of Building	Carrying Value RM'000	Date of Valuation/ 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	11 years	1,174	2.5.2018
68	Modern Light Industrial Estate, Muar Tuang Land, Kuching	Shoplots	Leasehold, 99 years	35,564 sq ft	5 years	2,344	27.1.2016
69	Kg Kokol, District of Kota Kinabalu	Vacant land	Leasehold, 30 years expiring 31.12.2051	1.80 acres	Nil	1,200	30.06.2021
70	Kg Tanjung Aru, District of Kota Kinabalu, Sabah	Double storey Semi detached house	Leasehold, 99 years expiring 22.7.2064	4,120 sq ft	43 years	1,100	30.06.2021
71	Bandar Sri Perdana, Jalan Silam, District of Lahad Datu, Sabah.	3-storey corner office Shoplot	Leasehold, 99 years	4,398 sq ft	10 years	1,035	15.10.2020

STATEMENT OF **SHAREHOLDINGS**

AS AT 30TH SEPTEMBER 2021

ANALYSIS OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
Less than 100	153	0.66	6,181	–
100 to 1,000	828	3.56	452,795	0.01
1,001 to 10,000	3,949	16.99	24,488,036	0.34
10,001 to 100,000	11,527	49.60	572,259,116	7.92
100,001 to less than 5% of Issued Shares	6,781	29.18	5,362,389,151	74.20
5% and above of Issued Shares	1	0.01	1,266,908,250	17.53
TOTAL	23,239	100.00	7,226,503,529	100.00

* The number of 7,226,503,529 ordinary shares was arrived at after deducting 740,786,000 treasury shares held by the Company from its issued shares of 7,967,289,529 ordinary shares

DIRECTOR'S SHAREHOLDINGS AS AT 30TH SEPTEMBER 2021

Name	Direct Interest	%	Deemed Interest	%
1. Mr. Tan Kok Chor	–	–	–	–
2. Datuk Joseph Lee Yok Min @ Ambrose	120,726,100	1.6710	29,663,085	0.4110
3. Mr. Chan Keng Leong	–	–	–	–
4. Mr. Teo Kiew Leong	–	–	–	–
5. Mr. Seroop Singh Ramday	–	–	–	–
6. Mr. Michael Moo Kai Wah	–	–	–	–
TOTAL	120,726,100	1.6710	29,663,085	0.4110

Statement Of Shareholdings (cont'd)

LIST OF TOP 30 SHAREHOLDERS AS AT 30TH SEPTEMBER 2021

NO.	NAME	NO. OF SHARES	%
1	AFFIN HWANG NOMINEES (ASING) SDN BHD (Pledged Securities Account for Lei Shing Hong Securities Limited)	1,262,408,250	15.861
2	RHB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Hap Seng Insurance Services Sdn Bhd)	273,000,000	3.78
3	KENANGA NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Victoria Capital Sdn Bhd)	151,139,300	2.09
4	CGS - CIMB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Lee Yoke Foong)	80,000,000	1.11
5	TAN SOH GEK	79,569,500	1.10
6	QUECK HAN TIONG	71,500,000	0.99
7	KENANGA NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Gonawin Sdn Bhd)	69,593,000	0.96
8	LIEW KUAT KIONG	67,000,000	0.93
9	KHOO YONG AI	64,050,000	0.89
10	MAYBANK NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for TNTT Realty Sdn Bhd)	62,350,000	0.86
11	CGS - CIMB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Lim Nyuk sang @ Freddy Lim)	59,279,500	0.82
12	LCP LIMITED	58,074,100	0.80
13	MAYBANK NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Samuel Lum Hon Whye)	50,200,000	0.69
14	IBRAHIM HUSSAIN	50,000,000	0.69
15	MAYBANK NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Muthukumar A/L Ayarpad De)	38,900,000	0.54
16	MAYBANK NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Celeste Assets Sdn Bhd)	35,250,000	0.49
17	PUBLIC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Lim Geok Hoon)	35,175,000	0.49
18	TOH PIK CHAI	34,648,000	0.48

Statement Of Shareholdings (cont'd)

LIST OF TOP 30 SHAREHOLDERS AS AT 30TH SEPTEMBER 2021 (CONT'D)

NO.	NAME	NO. OF SHARES	%
19	KHOO BUCK CHEW	31,185,000	0.43
20	MAYBANK NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Ong Yoong Nyock)	30,875,000	0.43
21	CIMSEC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Chu Soong Tau)	30,000,000	0.42
22	AMSEC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Joseph Lee Yok Min @ Ambrose)	28,720,000	0.40
23	JEREMY KHO HUI JAQ	26,650,000	0.37
24	AMSEC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Jega Devan A/L M Nadchatiram)	26,520,000	0.37
25	AMSEC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Victoria Capital Sdn Bhd)	24,518,500	0.34
26	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Batu Bara Resources Corporation Sdn Bhd)	23,500,000	0.33
27	LCP LIMITED	22,335,500	0.31
28	HLIB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Tan Teong Beng)	21,234,000	0.29
29	MAYBANK NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Pang Su Siong)	19,800,000	0.27
30	TAN BENG SIM	19,256,900	0.27
		2,851,231,550	39.47

SUBSTANTIAL SHAREHOLDERS AS AT 30TH SEPTEMBER 2021

		NO. OF SHARES HELD			
NO.	NAME	Direct	%	Indirect	%
1	AFFIN HWANG NOMINEES (ASING) SDN BHD (Pledged Securities Account for Lei Shing Hong Securities Limited)	1,262,408,250	15.861	–	–

STATEMENT OF WARRANT C (2015/2025) HOLDINGS

AS AT 30TH SEPTEMBER 2021

SIZE OF HOLDINGS	NO. OF WARRANT HOLDERS	%	NO. OF WARRANTS	%
Less than 100	136	3.18	7,853	–
100 to 1,000	74	1.73	35,514	–
1,001 to 10,000	465	10.87	3,104,289	0.18
10,001 to 100,000	1,904	44.51	97,034,421	5.59
100,001 to less than 5% of issued warrants	1,698	39.69	1,517,497,773	87.49
5% and above of issued warrants	1	0.02	117,000,000	6.74
TOTAL	4,278	100.00	1,734,679,850	100.00

DIRECTOR'S WARRANT C SHAREHOLDING AS AT 30TH SEPTEMBER 2021

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	–	–	–	–

Statement Of Warrant C (2015/2025) Holdings (cont'd)

LIST OF TOP 30 WARRANT C (2015/2025) HOLDERS AS AT 30TH SEPTEMBER 2021

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	TIE MING CHUNG	53,828,700	3.10
4	HLIB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Tan Teong Beng)	42,827,700	2.47
5	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Tie Ming Chung)	38,627,900	2.23
6	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Lee Yoke Foong)	37,500,000	2.16
7	TAN SOH GEK	36,842,300	2.12
8	KHOO YONG AI	27,450,000	1.58
9	PUBLIC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Poh Ewe Wing)	21,000,000	1.21
10	TIE MING CHUON	20,000,000	1.15
11	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Batu Bara Resources Corporation Sdn Bhd)	18,000,000	1.04
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	LEONG WAI SHIN	14,018,000	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	NORIZAM BIN TUKIMAN	10,743,300	0.62
19	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Tan Keng Boon)	10,577,575	0.61
20	BONG NAM JONG	10,000,000	0.58
21	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Tan Hui Lee)	9,880,500	0.57
22	HWANG YEE FAN	9,382,500	0.54
23	KHOO BUCK CHEW	9,000,000	0.52
24	MAYBANK NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Chew Boon Kian)	8,500,000	0.49
25	PUBLIC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Lim Yin Seng)	8,100,000	0.47

Statement Of Warrant C (2015/2025) Holdings (cont'd)

LIST OF TOP 30 WARRANT C (2015/2025) HOLDERS AS AT 30TH SEPTEMBER 2021 (CONT'D)

NO.	NAME	NO. OF WARRANTS	%
26	KENANGA NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Lee Jin Foh)	8,000,000	0.46
27	CHONG MOW CHAI	7,678,200	0.44
28	KENANGA NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Rakuten Trade Sdn Bhd)	7,500,000	0.43
29	NG HIANG CHEK	7,500,000	0.43
30	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Terry Yap Kwi Fah)	7,310,300	0.42
		674,101,275	38.84

SUBSTANTIAL WARRANT C (2015/2025) HOLDERS AS AT 30TH SEPTEMBER 2021

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 2021

SIZE OF HOLDINGS	NO. OF WARRANT HOLDERS	%	NO. OF WARRANTS	%
Less than 100	1,122	13.23	49,485	0.01
100 to 1,000	1,661	19.58	730,203	0.19
1,001 to 10,000	3,422	40.35	13,688,048	3.61
10,001 to 100,000	1,722	20.30	57,416,968	15.16
100,001 to less than 5% of issued warrants	553	6.53	284,049,280	75.02
5% and above of issued warrants	1	0.01	22,750,000	6.01
TOTAL	8,481	100.00	378,683,984	100.00

DIRECTOR'S WARRANT D SHAREHOLDING AS AT 30TH SEPTEMBER 2021

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	–	–

Statement Of Warrant D (2017/2027) Holdings (cont'd)

LIST OF TOP 30 WARRANT D (2017/2027) HOLDERS AS AT 30TH SEPTEMBER 2021

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	7,148,600	1.89
4	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Tan Hui Lee)	5,504,500	1.45
5	LCP LIMITED	4,700,125	1.24
6	PUA SOON HUAT	4,550,000	1.20
7	KHOO YONG AI	4,337,500	1.15
8	LCP LIMITED	3,962,500	1.05
9	HUONG LEE KANG	3,755,000	0.99
10	FIORN AMBER LEE YEE FONG	3,550,000	0.94
11	TAN SOH GEK	3,264,125	0.86
12	YEE CHIN CHIN	3,137,400	0.83
13	PUA SOON HUAT	3,125,100	0.83
14	HLIB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Huong Chiong Hee)	3,049,000	0.81
15	WONG LING BIU	3,000,000	0.79
16	NIK FAIRUL ZAMRI BIN MOHD PAUZI	2,750,000	0.73
17	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Tan Keng Boon)	2,583,037	0.68
18	AFFIN HWANG NOMINEES (ASING) SDN BHD (Pledged Securities Account for Mohamed Yazid Merzouk)	2,500,000	0.66
19	JF APEX NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Chen Teck Long)	2,500,000	0.66
20	TAN CHING CHUA	2,500,000	0.66
21	PUA SOON HUAT	2,240,000	0.59
22	TAN AH BOOY	2,156,250	0.57
23	HUONG CHIONG HEE	2,131,800	0.56
24	CHUA AH HOO	2,000,012	0.53
25	KENANGA NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Rakuten Trade Sdn Bhd)	2,000,000	0.53
26	LEE CHEE KIAN	2,000,000	0.53
27	KENANGA NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Kaw Kem Fatt)	1,825,000	0.48
28	MAYBANK NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Tey Hock Lai)	1,650,000	0.44

Statement Of Warrant D (2017/2027) Holdings (cont'd)

LIST OF TOP 30 WARRANT D (2017/2027) HOLDERS AS AT 30TH SEPTEMBER 2021 (CONT'D)

NO.	NAME	NO. OF WARRANTS	%
29	MAYBANK NOMINEES (ASING) SDN BHD (Pledged Securities Account for Lyu Li)	1,558,412	0.41
30	NG MAN YEE	1,557,400	0.41
		117,569,661	31.06

SUBSTANTIAL WARRANT D (2017/2027) HOLDERS AS AT 30TH SEPTEMBER 2021

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-Seventh Annual General Meeting ("37th AGM") of BORNEO OIL BERHAD ("Bornoil" or "the Company") will be conducted on a fully virtual manner through live streaming and online remote meeting platform of TIIH Online provided by Tricor Investor & Issuing House Services Sdn Bhd via its website at https://tiih.online on Friday, 17 December 2021 at 10.00 a.m. 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 2021 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. Seroop Singh Ramday — Ordinary Resolution 1

    (b) Mr. Teo Kiew Leong — Ordinary Resolution 2
Please refer to Explanatory Note (ii)

3. To approve the payment of Directors' fees of RM351,960 to Non-Executive Directors for the financial year ended 30 June 2021. — Ordinary Resolution 3
Please refer to Explanatory Note (iii)

4. To approve the Directors' fees and benefits of up to an amount of RM1,822,000 payable from the 18 December 2021 until the next 38th AGM of the Company, or at any adjournment thereof. — Ordinary Resolution 4
Please refer to Explanatory Note (iii)

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 authorise 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 nine (9) years, be and is hereby retained as an Independent Non-Executive Director of the Company until the conclusion of the next AGM". — Ordinary Resolution 6
Please refer to Explanatory Note (iv)

(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 nine (9) years, be and is hereby retained as an Independent Non-Executive Director of the Company until the conclusion of the next AGM". — Ordinary Resolution 7
Please refer to Explanatory Note (iv)

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 10% 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 lapse 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

(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) : Practising Cert No. 202008004110
ANDREA HUONG JIA MEI (MIA 36347) : Practising Cert No. 202008003125
Company Secretaries

Labuan F.T.
Dated : 29 October 2021

NOTES :

1. *The 37th AGM will be conducted fully virtual through live streaming and online meeting platform provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") in Malaysia via its TIIH Online website at https://tiih.online.*

2. *According to the Revised Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers by the Securities Commission Malaysia on 16 July 2021, an online meeting platform located in Malaysia is recognised as the meeting venue and all meeting participants of a fully virtual general meeting are required to participate in the meeting online.*

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 37th 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 37th 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.*

Notice Of
Annual General Meeting (cont'd)

5. *Shareholders of the Company may submit questions to the Board of Directors prior to the 37th AGM via Tricor's **TIIH Online** website at **https://tiih.online** by selecting "e-Services" to login, pose questions and submit electronically no later than **Wednesday, 15 December 2021** 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 37th 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 37th 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://tiih.online. Kindly refer to the Administrative Details for the 37th 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 **Wednesday, 15 December 2021 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 37th 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 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 37th 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 2021****. 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 2021

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 Executive 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 2021.

  Note: The Executive Directors are receiving Directors fees amounting to RM1,284,000.00 for the financial year ended 30 June 2021.

Notice Of
Annual General Meeting (cont'd)

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 nine (9) 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 2021 Annual Report.

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 nine (9) 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 2021 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

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").

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 10% General Mandate from the shareholders at the 37th AGM of the Company. The Board is of the opinion that this 10% 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 Share Buy Back Authority

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 29 October 2021 which is dispatched together with the Company's 2021 Annual Report.

STATEMENT ACCOMPANYING NOTICE OF THIRTY-SEVENTH (37 TH) 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 37th AGM of the Company:-

   (a) Mr Seroop Singh Ramday
   (b) Mr Teo Kiew Leong

2. No individuals are standing for election as Directors at the forthcoming fully virtual 37th 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 37th AGM are set out in the Company's Annual Report 2021 as follows :

   (i) Directors' profile on pages 11 to 12
   (j) Details of the Directors' interests in the securities of the Company as at 30 June 2021 are disclosed in the Directors' shareholding on page 69

4. General Meeting Record of Depositors

   For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Paragraph 7.16 (2) of Bursa Malaysia Securities Berhad's Main Market Listing Requirements, a Record of Depositors as at 8th December 2021, 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 Resolution 8 tabled under Special Business as per the Notice of 37th Annual General Meeting of the Company dated 29 October 2021 is a renewal of general mandate granted by shareholders of the Company at the last Annual General Meeting held on 16 December 2020.

   The proposed renewal of general mandate for issuance of shares 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 future investment, working capital and/or acquisition.

   As at the date of this notice, the Directors have not issued any shares pursuant to the general mandate granted at the last Annual General Meeting of the Company.

ADMINISTRATIVE DETAILS
37TH ANNUAL GENERAL MEETING OF BORNEO OIL BERHAD

Date : Friday, 17 December 2021
Time : 10.00 a.m.
Meeting Platform : TIIH Online website at https://tiih.online

MODE OF MEETING

In line with the Government's directive and the revised Guidance and Frequently Asked Questions (FAQs) on the Conduct of General Meetings for Listed Issuers by the Securities Commission of Malaysia on 16 July 2021 ("SC Guidance"), the AGM of the Company will be conducted fully virtual basis through live streaming and online voting via Remote Participation and Voting ("RPV") facilities via TIIH Online website at https://tiih.online. An online meeting platform used to conduct the meeting can be recognized as the meeting venue as required under Section 327(2) of the Companies Act 2016, provided that the online platform located in Malaysia. Pursuant to the SC Guidance, all meeting participants including the Chairman of the Meeting, board members, senior management and shareholders are to participate in the meeting online.

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

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 37th 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 37th AGM must ensure that the duly executed Proxy Form are deposited in a hard copy form or by electronic means to the Registered Office of the Company by fax at 087-410515 or email to borneo.re20@gmail.com no later than **Wednesday, 15 December 2021** 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 the Registered Office of the Company by fax at 087-410515 or e-mail to borneo.re20@gmail.com not later than **Wednesday, 15 December 2021** 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 the Registered Office of the Company by fax at 087-410515 or e-mail to **borneo.re20@gmail.com** not later than **Wednesday, 15 December 2021** 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 37th AGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at https://tiih.online.

As the 37th AGM of Bornoil is a virtual AGM, shareholders of the Company who are unable to participate in this AGM may appoint the Chaiman of the meeting as his/her proxy and indicate the voting instructions in the Proxy Form.

Administrative Details
37th Annual General Meeting Of
Borneo Oil Berhad (cont'd)

PROCEDURES FOR RPV

Shareholders/proxies/corporate representatives/attorneys who wish to participate in the 37th AGM remotely using the RPV are to follow the requirements and procedures as summarised below:

	Procedure	Action
BEFORE THE DAY OF 37th AGM		
(a)	Register as a user with TIIH Online	• Using your computer, access the website at https://tiih.online. Register as a user under the "e-Services". 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 37th AGM is available for registration at TIIH Online.
(b)	Submit your request	• **Registration is open from 10.00 a.m. Friday, 29 October 2021 until the day of 37th AGM on Friday, 17 December 2021. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to register ascertain their eligibility to participate in the 37th AGM using the RPV.** • Login with your user ID and password and select the corporate event: **"(REGISTRATION) BORNOIL 37TH 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 2021**, 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.** *(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 in the 37th AGM remotely).*
ON THE DAY OF THE 37th AGM (17 DECEMBER 2021)		
(c)	Login to TIIH Online	• Login with your user ID and password for remote participation at the 37th AGM at any time from **9.30 a.m.** i.e. 30 minutes before the commencement of the 37th AGM **on Friday, 17 December 2021 at 10.00 a.m.**.
(d)	Participate through Live Streaming	• Select the corporate event: **"(LIVE STREAM MEETING) BORNOIL 37th AGM"** to engage in the proceedings of the 37th 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 37th AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.

Administrative Details 37th Annual General Meeting Of Borneo Oil Berhad (cont'd)

	Procedure	Action
ON THE DAY OF THE 37th AGM (17 DECEMBER 2021)		
(e)	Online Remote Voting	• Voting session commences from **10.00 a.m. on Friday, 17 December 2021** until a time when the Chairman announces the completion of the voting session of the AGM. Select the corporate event: **"(REMOTE VOTING) BORNOIL 37TH 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	• Upon the announcement by the Chairman on the closure of the 37th AGM, the live streaming will end.

Note to users of the RPV:

1. Should your application to join the 37th 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.

2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.

3. In the event you encounter any issues with logging-in, connection to the live streamed meeting or online voting, 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 37th 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 2021** shall be entitled to participate, speak and vote at the 37th AGM or appoint proxies to participate and/or vote on his/her behalf.

Administrative Details
37th Annual General Meeting Of
Borneo Oil Berhad (cont'd)

PROXY

- The 37th AGM will be conducted via virtual meeting, if you are unable to attend the meeting via RPV on 17 December 2021, you may appoint the Chairman of the meeting as proxy and indicate the voting instructions in the Proxy Form.

- *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://tiih.online. Kindly refer to the Administrative Details for the 37th 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.

- *Please ensure* ***ALL*** *the particulars as required in the proxy form are completed, signed and dated accordingly.*

- *Last date and time for lodging the proxy form is* ***Wednesday, 15 December 2021*** *at* ***10.00 a.m.***

- *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 37th 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.*

- *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 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.*

Administrative Details
37th Annual General Meeting Of
Borneo Oil Berhad (cont'd)

POLL VOTING

- The Voting at the 37th 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 37th 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 37th 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**
i.	**Steps for Individual Shareholders**	
(a)	Register as a User with Tricor's TIIH Online website	• 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	• 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: **"BORNOIL 37TH AGM – Submission of Proxy Form"**. • Read and agree to the Terms & Conditions and confirm the Declaration. • Insert your CDS account number and indicate the number of shares for your proxy(ies) to vote on your behalf. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote. • Review and confirm your proxy(ies) appointment. • Print Proxy Form for your record.
ii.	**Steps for Corporation or Institutional Shareholders**	
(a)	Register as an User with Tricor's TIIH Online website	• Access TIIH online at https://tiih.online • Under e-Services, the authorised or nominated representative of the corporation or institutional member selects **"Create Account by Representative of Corporate Holder"**. • Complete the registration form and upload the required documents. • Registration will be verified, and you will be notified by email within one (1) to two (2) working days. • Proceed to activate your account with the temporary password given in the email and re-set your own password. *(Note: The representative of a corporation or institutional member must register as a user in accordance with the above steps before he/she can subscribe to this corporate member electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.)*

Administrative Details
37th Annual General Meeting Of
Borneo Oil Berhad (cont'd)

	Procedure	Action
(b)	Proceed with submission of Proxy Form	• Login to Tricor's TIIH Online website at https://tiih.online • Select the corporate event: **"BORNOIL 37TH AGM – Submission of Proxy Form"**. • Read and agree to the Terms & Conditions and confirm the Declaration. • Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxies by inserting the required data. • Proceed to upload the duly completed proxy appointment file. • Select "Submit" to complete your submission. • Print the confirmation report of your submission 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 37th AGM via Tricor's TIIH Online website at https://tiih.online by selecting "e-Services" to login, pose questions and submit electronically no later than **Wednesday, 15 December 2021 at 10.00 a.m.** The Board will endeavour to answer the questions received at the 37th AGM.

RECORDING OR PHOTOGRAPHY

Strictly **NO unauthorised recording or photography** of the proceedings of the 37th 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

BORNEO OIL
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 37th Annual General Meeting ("AGM") of Borneo Oil Berhad ("Company") to be conducted on a fully virtual manner through live streaming and online remote meeting platform of TIIH Online provided by Tricor Investor & Issuing House Services Sdn Bhd via its website at https://tiih.online on Friday, 17 December 2021 at 10.00 a.m. or any adjournment thereof.

*My/ our proxy is to vote as indicated below: -

NO.	RESOLUTION	FOR	AGAINST
1.	To re-elect Mr.Seroop Singh Ramday as a Director.		
2.	To re-elect Mr.Teo Kiew Leong as a Director.		
3.	To approve the payment of Directors' fees amounting to RM351,960 to Non-Executive Directors for the financial year ended 30 June 2021.		
4.	To approve the Directors' fees and benefits of up to an amount of RM1,822,000. payable from 18.12.2021 until the next 38th 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 9 years)		
7.	To approve the continuation in office of Mr. Michael Moo Kai Wah as the Independent Non-Executive Director (tenure more than 9 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 resolution or abstain from voting as the proxy thinks fit.

- *Strike out whichever is not desired*

Signed this day of , 2021

____
Signature(s) of Member(s)r/
Common Seal of Appointer

Contact Number: ______________________

Notes:

1. The 37th AGM will be conducted fully virtual through live streaming and online meeting platform provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") in Malaysia via its TIIH Online website at https://tiih.online.

2. According to the Revised Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers by the Securities Commission Malaysia on 16 July 2021, an online meeting platform located in Malaysia is recognized as the meeting venue and all meeting participants of a fully virtual general meeting are required to participate in the meeting online.

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 37th 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 37th 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 37th AGM via Tricor's TIIH Online website at https://tiih.online by selecting "e-services" to login, pose questions and submit electronically no later than **Wednesday, 15 December 2021 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 authorized 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 authorized 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 authorized representative to participate, speak and vote at this 37th 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 37th 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 37th 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://tiih.online. Kindly refer to the Administrative Details for the 37th AGM on the procedures for electronic lodgment of proxy form via TIIH Online.

(iii) <u>In hard copy form</u>
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 **Wednesday, 15 December 2021 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 37th 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 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) authorized officers, of whom one shall be a Director; or

        (b) Any Director and /or authorized 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 37th 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 2021**. 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 37th Annual General Meeting("AGM") dated 29 October 2021.

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.