



**ASTRAL ASIA BERHAD**  
199601002254 (374600-X)

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**A N N U A L  
R E P O R T  
2 0 2 0**

[www.astralasia.com](http://www.astralasia.com)

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

**DATO' HAJI ARPAN SHAH BIN SATU**

Independent Non-Executive Chairman  
(Appointed on 13 October 2020)

**DATO' LIM KANG POH**

Deputy Executive Chairman

**MR LIM GUAN SHIUN**

Managing Director

**TUAN HAJI MD ADANAN BIN ABDUL MANAP**

Deputy Managing Director

**TAN SRI DATO' LIM KANG YEW**

Executive Director  
(Appointed on 16 July 2020)

**DATO' SUHAIMI BIN MOHD YUNUS**

Non-Independent Non-Executive Director

**MR TAN EN CHONG**

Senior Independent Non-Executive Director

**TUAN HAJI KHALIT BIN KASMOIN**

Independent Non-Executive Director

**MR LIM DIAN HOONG**

Alternate Director to Tan Sri Dato' Lim Kang Yew  
(Appointed on 24 September 2020)

### COMPANY SECRETARIES

**Ms Chua Hoon Ping (ACIS)**  
**Mr Hoon Hui Kit (MIA)**

#### REGISTERED OFFICE

Level 12, Menara TSR  
No. 12, Jalan PJU 7/3  
Mutiar Damansara  
47810 Petaling Jaya  
Selangor Darul Ehsan  
Tel : 603-7717 5588  
Fax : 603-7717 5599

#### WEBSITE

[www.astralasia.com](http://www.astralasia.com)

#### SHARE REGISTRAR

Sectrars Management Sdn Bhd  
Lot 9-7, Menara Sentral Vista  
No. 150, Jalan Sultan Abdul Samad, Brickfields  
50470 Kuala Lumpur  
Tel : 603-2276 6138  
Fax : 603-2276 6131

### AUDITORS

**Grant Thornton Malaysia PLT**

(Member of Grant Thornton International Ltd)  
Chartered Accountants  
Level 11, Sheraton Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur  
Tel : 603-2692 4022  
Fax : 603-2691 5229

#### PRINCIPAL BANKERS

Malayan Banking Berhad  
Public Bank Berhad  
CIMB Bank Berhad  
RHB Bank Berhad

#### STOCK EXCHANGE LISTING

**Main Market of Bursa Malaysia Securities Berhad**

Stock Name : AASIA  
Stock Code : 7054  
Stock Sector : Plantation

## GROUP CORPORATE STRUCTURE

### PLANTATION

65%

**ASTRAL ASIA  
PLANTATION SDN BHD**

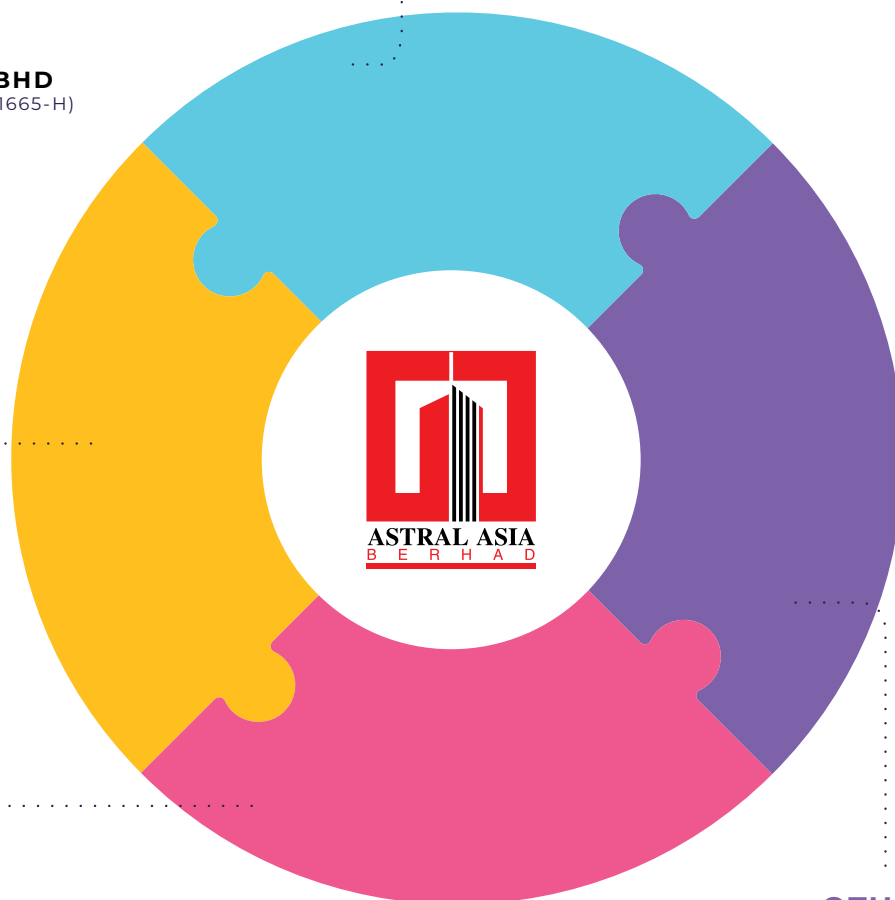
Reg. No. 197801004717 (41665-H)

### CONSTRUCTION

100%

**TASJA SDN BHD**

Reg. No. 199001018185 (209854-H)



### PROPERTY DEVELOPMENT

100%

**TASJA DEVELOPMENT  
SDN BHD**

Reg. No. 199501029631 (358837-U)

### OTHER INVESTMENTS

100%

**TASJA PROPERTIES SDN BHD**

Reg. No. 200801007115 (808399-W)

100%

**CLEAN LINK SDN BHD**

(Formerly known as Woodland Water Sdn Bhd)

Reg. No. 199501031947 (361153-W)

100%

**PTJ CONCRETE PRODUCTS SDN BHD**

Reg. No. 199501014958 (344159-U)

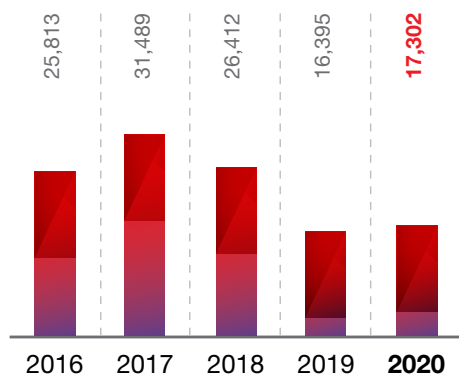
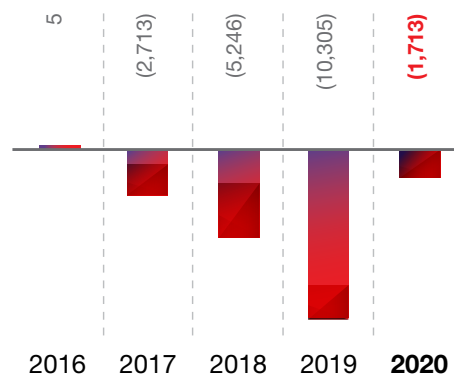
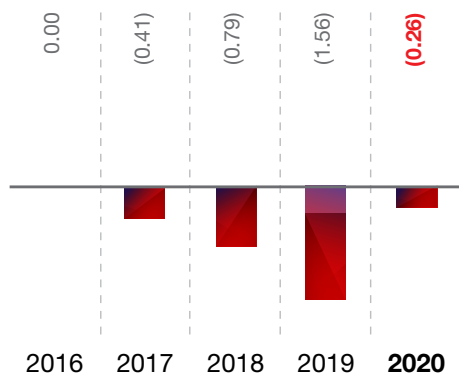
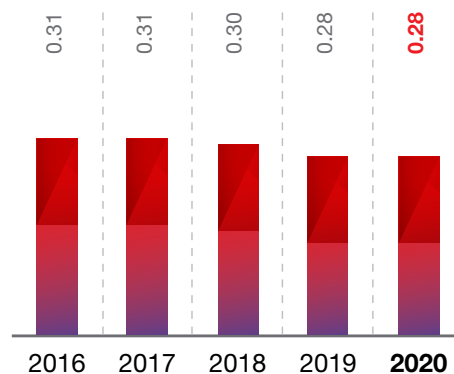
49%

**JOHOR CONCRETE  
PRODUCTS SDN BHD**

Reg. No. 199701021193 (436690-T)

## 5-YEAR FINANCIAL HIGHLIGHTS

		2016	2017	2018	2019	2020
Revenue	RM'000	25,813	31,489	26,412	16,395	<b>17,302</b>
Profit / (Loss) Before Taxation	RM'000	2,065	2,625	(5,370)	(11,842)	<b>(6,351)</b>
Net Profit / (Loss) attributable to Owners of the Parent	RM'000	5	(2,713)	(5,246)	(10,305)	<b>(1,713)</b>
Paid-up Capital	RM'000	131,997	131,997	131,997	131,997	<b>131,997</b>
Shareholders' Funds	RM'000	204,962	202,250	197,004	185,915	<b>184,202</b>
Total number of shares in issue	'000	659,984	659,984	659,984	659,984	<b>659,984</b>
Earnings / (Loss) Per Share	Sen	0.00	(0.41)	(0.79)	(1.56)	<b>(0.26)</b>
Net Assets Per Share	RM	0.31	0.31	0.30	0.28	<b>0.28</b>
Fresh Fruit Bunches ("FFB") Production	Tonne	37,239	43,492	40,872	38,651	<b>28,636</b>
Prices of Crude Palm Oil realised	RM/mt	2,643	2,761	2,248	2,071	<b>2,675</b>

**REVENUE**  
(RM'000)

**NET PROFIT / (LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT**  
(RM'000)

**EARNINGS PER SHARE**  
(SEN)

**NET ASSETS PER SHARE**  
(RM)


## DIRECTORS' PROFILE

### Dato' Haji Arpan Shah Bin Satu

*Independent Non-Executive Chairman  
Aged 66, Male, Malaysian*

**Dato' Haji Arpan Shah Bin Satu** was appointed as an Independent Non-Executive Chairman on 13 October 2020. He is also a member of the Audit, Nomination and Remuneration Committees.

Dato' Haji Arpan graduated with a Bachelor of Agricultural Science from Universiti Pertanian Malaysia in 1978 and Master of Business Administration ("MBA") from Universiti Kebangsaan Malaysia in 1998.

He has held various positions in the government sector. He was appointed as the Director General of Farmers Organization Authority ("FOA") in 2010 and has more than 37 years working experience with the FOA at the FOA Headquarters at State of Perak/Kelantan.

Currently, Dato' Haji Arpan is a Nazir in Masjid Al-Faizin, Desa Jaya, Kepong.

Dato' Haji Arpan does not hold any directorship in other public companies. He has no direct or indirect shareholdings in the Company nor having any family relationship with any director and/or major shareholders of the Company. He has no conflict of interest in any business arrangement involving the Company. He has no convictions for any offences within the past 5 years, and have not been subjected to any public sanctions and/or penalties imposed by any relevant regulatory bodies during the financial year.

Dato' Haji Arpan attended one (1) of the Board meeting held in the financial year ended 31 December 2020.

### Dato' Lim Kang Poh

*Deputy Executive Chairman  
Aged 64, Male, Malaysian*

**Dato' Lim Kang Poh** was appointed to the Board on 8 December 1995. He was subsequently re-designated as Managing Director of Astral Asia Berhad on 27 October 1997 and Deputy Executive Chairman on 1 December 2003.

Dato' Lim is one of the founder members of Tasja Sdn Bhd and was appointed to the Board on 8 December 1995. He started his career in the construction industry in 1976. He has been appointed as Managing Director of Astral Asia Plantation Sdn Bhd since April 2005. He is a director of several other private limited companies. His experience in the construction and plantation industries has strengthened the management of the Group.

Dato' Lim has a direct shareholdings of 89,552,289 ordinary shares in the Company. He is a brother of Tan Sri Dato' Lim Kang Yew and father to Mr Lim Guan Shiun. He is also an uncle to Mr Lim Dian Hoong. Save as disclosed, Dato' Lim does not have any family relationship with any other director and/or major shareholders of the Company. He has no conflict of interest in any business arrangement involving the Company. He has no convictions for any offences within the past 5 years, and have not been subjected to any public sanctions and/or penalties imposed by any relevant regulatory bodies during the financial year.

Dato' Lim attended all the five (5) Board meetings held in the financial year ended 31 December 2020.

## DIRECTORS' PROFILE

(CONT'D)

### Mr Lim Guan Shiun

*Managing Director*

*Aged 34, Male, Malaysian*

**Mr Lim Guan Shiun** was appointed to the Board as Executive Director on 15 April 2013 and re-designated as Managing Director on 2 November 2016.

Mr Lim graduated with a Bachelor of Engineering (Hons) in Civil Engineering and Master of Science in Management of Projects from University of Manchester. He is currently an Executive Director of Astral Asia Plantation Sdn Bhd, a position he has held since 2011. He is currently also the General Manager of Tasja Development Sdn Bhd.

Mr Lim has no direct or indirect shareholdings in the Company. He is a son of Dato' Lim Kang Poh and nephew to Tan Sri Dato' Lim Kang Yew. He is also a cousin to Mr Lim Dian Hoong. Save as disclosed, Mr Lim does not have any family relationship with any other director and/or major shareholders of the Company. He has no conflict of interest in any business arrangement involving the Company. He has no convictions for any offences within the past 5 years, and have not been subjected to any public sanctions and/or penalties imposed by any relevant regulatory bodies during the financial year.

Mr Lim attended four (4) out of the five (5) Board meetings held in the financial year ended 31 December 2020.

### Tuan Haji Md Adanan Bin Abdul Manap

*Deputy Managing Director*

*Aged 78, Male, Malaysian*

**Tuan Haji Md Adanan Bin Abdul Manap** was appointed to the Board of Astral Asia Berhad on 3 November 1997. He was re-designated as Executive Director on 3 September 2002 and as Deputy Managing Director on 2 November 2016.

Tuan Haji Md Adanan started his career as an Officer in the Accountant General office in 1970. In 1974, he was transferred to the Ministry of International Trade and Industry and was subsequently promoted to Higher Executive Officer in the Public Services Department in 1976. In 1984, he was transferred to the Ministry of Finance and served as Senior Executive Officer. In 1993 he joined the Ministry of Public Enterprise and retired optionally from service in 1996.

He does not have any family relationship with any director and/or major shareholders of the Company. He has no conflict of interest in any business arrangement involving the Company. He has no convictions for any offences within the past 5 years, and have not been subjected to any public sanctions and/or penalties imposed by any relevant regulatory bodies during the financial year.

Tuan Haji Md Adanan attended all the five (5) Board meetings in the financial year ended 31 December 2020.

## DIRECTORS' PROFILE

(CONT'D)

### Tan Sri Dato' Lim Kang Yew

*Executive Director*

*Aged 64, Male, Malaysian*

**Tan Sri Dato' Lim Kang Yew** was appointed to the Board on 16 July 2020.

Tan Sri Dato' Lim is a businessman with over 40 years of experience in the construction, property development and plantations related industries. His vast experience in various fields will provide new direction and leadership to the Group as he has established good rapport with some government agencies.

Currently, Tan Sri Dato' Lim is also the Managing Director of PLS Plantations Berhad and Deputy Executive Chairman of TSR Capital Berhad. He is also a director of several other private limited companies.

Tan Sri Dato' Lim has a direct shareholdings of 89,552,289 ordinary shares in the Company. He is a brother of Dato' Lim Kang Poh and father to Mr Lim Dian Hoong. He is also an uncle to Mr Lim Guan Shiun. Save as disclosed, Tan Sri Dato' Lim does not have any family relationship with any other director and/or major shareholders of the Company. He has no conflict of interest in any business arrangement involving the Company. He has no convictions for any offences within the past 5 years, and have not been subjected to any public sanctions and/or penalties imposed by any relevant regulatory bodies during the financial year.

Tan Sri Dato' Lim attended two (2) Board meetings held in the financial year ended 31 December 2020.

### Dato' Suhaimi Bin Mohd Yunus

*Non-Independent Non-Executive Director*

*Aged 55, Male, Malaysian*

**Dato' Suhaimi Bin Mohd Yunus** was appointed to the Board as Non-Independent Non-Executive Director on 8 August 2019.

Dato' Suhaimi graduated with a Master of Science in Land Administration and Development from University Technology of Malaysia.

He started his career in 1995 as Administration and Diplomatic Officer in Transport Ministry. Later, he moved to Public Service Department. In 1997, he was transferred back to Transport Ministry as Assistant Secretary and in 1999 he assumed the post as Assistant District Officer of Rompin, Pahang. Dato' Suhaimi was promoted as Chief Assistant Secretary in 2003 and he served in a few Ministries i.e. Agriculture and Natural Resources and Environment till 2005. He was appointed as Director of Pahang Sport Council until 2010 and later was promoted as Division Secretary and had served the Economy Planning Unit and Pahang State Secretary Office. In 2012 to 2014 he was appointed as a Secretary Division of Human Resources of Pahang State Secretary Office. In 2014, he was appointed as Deputy State Secretary (Development) of Pahang State Secretary Office till May 2019. Effective from 10 May 2019, he was appointed as a Chief Executive Officer of Perbadanan Kemajuan Pertanian Negeri Pahang, a substantial shareholder of the Company.

Currently, Dato' Suhaimi is also a Non-Independent Non-Executive Director of Far East Holdings Berhad and Tanah Makmur Berhad.

Dato' Suhaimi has no direct or indirect shareholdings in the Company. He does not have any family relationship with any director and/or major shareholders of the Company. He has no conflict of interest in any business arrangement involving the Company. He has no convictions for any offences within the past 5 years, and have not been subjected to any public sanctions and/or penalties imposed by any relevant regulatory bodies during the financial year.

Dato' Suhaimi attended three (3) out of the five (5) Board meetings held in the financial year ended 31 December 2020.

## DIRECTORS' PROFILE

(CONT'D)

### Mr Tan En Chong

*Senior Independent Non-Executive Director*  
Aged 72, Male, Malaysian

**Mr Tan En Chong** was appointed to the Board of Directors on 1 July 2001 and was re-designated as Senior Independent Non-Executive Director on 1 March 2018. He serves as the Chairman of the Audit and Remuneration Committees. He is also a member of the Nomination Committee.

Mr Tan graduated with a Bachelor of Science (Hons) from Royal Holloway College, University of London. He is a Fellow of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants. Upon graduation, he joined CHUBB Fire Security (UK) as Financial Assistant in 1976. He had served in various positions in construction, manufacturing, trading and property development companies. He is also a director of several other private limited companies.

Currently, Mr Tan is also an Independent Non-Executive Director of TSR Capital Berhad.

Mr Tan has no direct or indirect shareholdings in the Company. He does not have any family relationship with any other director and/or major shareholders of the Company. He has no conflict of interest in any business arrangement involving the Company. He has no convictions for any offences within the past 5 years, and have not been subjected to any public sanctions and/or penalties imposed by any relevant regulatory bodies during the financial year.

Mr Tan attended all the five (5) Board meetings held in the financial year ended 31 December 2020.

### Tuan Haji Khalit Bin Kasmoin

*Independent Non-Executive Director*  
Aged 63, Male, Malaysian

**Tuan Haji Khalit Bin Kasmoin** was appointed to the Board as Independent Non-Executive Director on 1 March 2018. He serves as the Chairman of the Nomination Committee. He is also a member of the Audit and Remuneration Committees.

Tuan Haji Khalit graduated with a Bachelor of Social Science, majoring in Anthropology and Sociology from University Science of Malaysia in 1992. Master in Sociology Industry from Universiti Kebangsaan Malaysia in 2000 and Master of Philosophy Anthropology Sociology Economy from Universiti Kebangsaan Malaysia in 2004.

He started his career as an Administrative Officer in 1993 at Pusat Khidmat Kontraktor ("PKK"). From 1997 to 2008 he was involved in policy making at Ministry of Entrepreneur Development and Cooperative. In 2009 he was appointed as Diplomatic Administrative Officer ("PTD") in the Ministry of Agriculture with a title of Head of Assistant Secretary until his retirement on 12 January 2018. He has a wide range of experience in developing and administrating the entrepreneurs and also the government policy maker.

Tuan Haji Khalit has no direct or indirect shareholdings in the Company. He does not have any family relationship with any director and/or major shareholders of the Company. He has no conflict of interest in any business arrangement involving the Company. He has no convictions for any offences within the past 5 years, and have not been subjected to any public sanctions and/or penalties imposed by any relevant regulatory bodies during the financial year.

Tuan Haji Khalit attended all the five (5) of the Board meetings held in the financial year ended 31 December 2020.

## DIRECTORS' PROFILE

(CONT'D)

### Mr Lim Dian Hoong

*Alternate Director to Tan Sri Dato' Lim Kang Yew  
Aged 33, Male, Malaysian*

**Mr Lim Dian Hoong** was appointed to the Board as Alternate Director to Tan Sri Dato' Lim Kang Yew on 24 September 2020.

Mr Lim graduated with a Master of Engineering in Civil Engineering from Imperial College London, UK. He has started his career with TSR Bina Sdn Bhd, a wholly-owned subsidiary of TSR Capital Berhad ("TSR") in 2011. He has been involved in the building construction and infrastructure projects managed by the TSR group. He also has an active role in helping the TSR group to expand its property development and hospitality business.

Currently, Mr Lim is also an Executive Director in TSR Capital Berhad.

Mr Lim has no direct or indirect shareholdings in the Company. He is a son of Tan Sri Dato' Lim Kang Yew and nephew to Dato' Lim Kang Poh. He is also a cousin to Mr Lim Guan Shiun. Save as disclosed, Mr Lim does not have any family relationship with any other director and/or major shareholders of the Company. He has no conflict of interest in any business arrangement involving the Company. He has no convictions for any offences within the past 5 years, and have not been subjected to any public sanctions and/or penalties imposed by any relevant regulatory bodies during the financial year.

Mr Lim attended one (1) Board meeting held in the financial year ended 31 December 2020.

## KEY SENIOR MANAGEMENT PROFILE

The Group is managed by a team of experienced and diversified Managers and Executives led by our Deputy Executive Chairman, Dato' Lim Kang Poh, Managing Director, Mr Lim Guan Shiun, Deputy Managing Director, Tuan Haji Md Adanan Bin Abdul Manap and Executive Director, Tan Sri Dato' Lim Kang Yew, whose profiles are disclosed in the Directors' profiles.

### Mr Lim Kuan Hwang

*Director of Tasja Development Sdn Bhd and Clean Link Sdn Bhd (formerly known as Woodland Water Sdn Bhd)*

*Aged 33, Male, Malaysian*

**Mr. Lim Kuan Hwang** was appointed as Director of Tasja Development Sdn Bhd, a position he has held since 2018 and manages the new e-commerce startup initiative under Clean Link Sdn Bhd (formerly known as Woodland Water Sdn Bhd).

Mr. Lim graduated with a Bachelor of Arts (Hons) degree from University College London, United Kingdom. He had served in various managerial positions for several businesses relating to digital and physical retail, trade distribution, food and beverage, as well as in property management. He was involved in the innovation and operation of new businesses and to date, he has founded and operated more than five new business ventures outside the Group.

Mr. Lim is also a Non-Independent Non-Executive Director of TSR Capital Berhad.

Mr Lim has no direct or indirect shareholdings in the Company. Mr. Lim is the son of Dato' Lim Kang Poh, the Deputy Executive Chairman and a substantial shareholder of AAB, a brother to Mr. Lim Guan Shiun, the Managing Director of AAB, a nephew to Tan Sri Dato' Lim Kang Yew, the Executive Director and a substantial shareholder of AAB and a cousin to Mr. Lim Dian Hoong, the Alternate Director to Tan Sri Dato' Lim Kang Yew. He does not hold any directorship in other public companies. He has no convictions for any offences within the past 5 years and no public sanction or penalty imposed by the regulatory bodies during the financial year, other than for traffic offences, if any.

### Dato' Ir How Pooi Gen

*Project Director, Construction and Properties Development Segments*

*Aged 59, Male, Malaysian*

**Dato' Ir How Pooi Gen** joined Astral Asia Berhad Group in 1995 as a General Manager, Construction.

Dato' Ir How graduated from University of Auckland, New Zealand with a Bachelor of Engineering (1st Class Hons) in 1985 and was subsequently admitted as a member of the Institution of Engineers in New Zealand and Malaysia. He is also a Professional Engineer registered with the Board of Engineers Malaysia. After graduation, he served for a year as Project Engineer in Ang Yoke Lin Construction Sdn Bhd. In 1987, he went to New Zealand and worked there for 4 years. He started as a Structural Engineer in a consulting firm for a year and later joined Auckland City Council from 1988 to 1991 where he was subsequently promoted to Project Manager. He returned to Malaysia in 1991 and joined Kiara Development Sdn Bhd as a Resident Manager cum Assistant Project Manager. In 1994 he joined Pembinaan Limbongan Setia Sdn Bhd, a civil engineering and construction company as Senior Manager prior to joining Astral Asia Berhad Group in 1995. He was an Executive Director of Astral Asia Plantation Sdn Bhd from 2005 to 2008.

He is currently the Project Director of Astral Asia Berhad Group overseeing the Construction and Properties Development segments.

Dato' Ir How has no direct or indirect shareholdings in the Company. He does not have any family relationship with any Directors and/or major shareholders of the Group nor any conflict of interest in any business arrangement involving the Company. He has no convictions for any offences within the past 5 years, and have not been subjected to any public sanctions and/or penalties imposed by any relevant regulatory bodies during the financial year.

## KEY SENIOR MANAGEMENT PROFILE (CONT'D)

### Mr Leonard Hoon Hui Kit |

*Chief Financial Officer*

*Aged 60, Male, Malaysian*

**Mr Leonard Hoon** joined Astral Asia Berhad Group in 2005 as a Senior Manager, Corporate Finance.

In 1982, Mr Hoon started his accounting career as a trainee auditor with KPMG in Kuala Lumpur. He was an articled student with the Malaysian Institute of Certified Public Accountants ("CPA") and obtained his CPA qualification in 1990. Mr Hoon has over 7 years of auditing experience gained from servicing clients involved in banking, construction, oil palm plantation, manufacturing and property development.

Mr Hoon pursued his accounting career in commercial sector in the second half of 1990. Over a span of 15 years, he held several finance positions in various companies and continued to acquire diverse knowledge and experience in accounting, finance and debt restructuring. In the course of works, Mr Hoon had been actively involved in a number of commercial litigation. Prior to joining AAB Group, he served as an Associate Director, Corporate Finance of Seloga Holdings Berhad, a construction and engineering group.

Mr Hoon is currently the Chief Financial Officer and Joint Secretary of Astral Asia Berhad and Group. Apart from his normal finance functions, he is also taking charge of the legal affairs of AAB Group. He is a member of the Malaysian Institute of Accountants and a member of the ASEAN Chartered Professional Accountant.

Mr Hoon has a direct shareholdings of 11,000 ordinary shares in the Company. He does not have any family relationship with any other Directors and/or major shareholders of the Group nor any conflict of interest in any business arrangement involving the Company. He does not hold any directorship in other public companies. He has no convictions for any offences within the past 5 years, and have not been subjected to any public sanctions and/or penalties imposed by any relevant regulatory bodies during the financial year.

## CHAIRMAN'S STATEMENT

### On behalf of the Board of Directors of Astral Asia Berhad ("AAB"),

I am pleased to present the Annual Report and Audited Financial Statements of AAB and its subsidiaries (hereinafter referred to as the "Group") for the financial year ended 31 December 2020.



### OPERATING RESULTS

For the financial year under review, the Group recorded a 5.5 % increase in revenue from RM16.4 million in the previous financial year to RM17.3 million in this financial year, a marginal increase of RM0.9 million.

At the operations level the Group recorded a lower loss after tax of RM2.4 million for the current financial year compared to a loss after tax of RM13.3 million in the previous financial year. This was mainly due to the significant higher crude palm oil commodity prices offset by a lower fresh fruit bunches production during the financial year under review.

The financial performance and prospects of the Group are further explained in the Management Discussion and Analysis section of this annual report.

### DIVIDEND

The Board of Directors does not recommend any dividend payment in respect of the current financial year.

### CORPORATE DEVELOPMENT

During the financial year, the Group had disposed of a piece of uncompleted commercial property known as Bangsar Land to a third party for a total cash consideration of RM12.1 million. The Group has realised a net gain of RM1.56 million arising from the sale of the property. I am pleased to report that the disposal of the Bangsar Land was completed on 5 February 2021.

In December 2020, Clean Link Sdn Bhd (formerly known as Woodland Water Sdn Bhd), a wholly-owned subsidiary of AAB has launched the e-commerce store under its business name "THE CLEAN SHOP". This e-commerce platform is currently focusing on branded household fast moving consumer goods ("FMCG") and household cleaning products.

There are no corporate proposals that are pending completion as of the date of this report.

### ACKNOWLEDGEMENTS

First and foremost, I would like to record my sincere appreciation to the Board of Directors of AAB for appointing me as the Chairman of the Board on 13 October 2020.

I would like to thank our customers, business partners, financiers and regulatory authorities and shareholders of AAB for your utmost commitment, contribution and support to the Group.

To the management and staff of various segments within the Group, I would like to express my sincere appreciation for your hard work, commitment and dedication towards achieving our business objectives.

Last but not least, my deep appreciation to my fellow members of the Board for your support, leadership and valuable contribution and I look forward to work with all of you as a team in the coming year.

**Dato' Haji Arpan Shah Bin Satu**  
 Chairman



Our pilot pineapple planting at Bukit Kuin 1 Estate.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FFB PRODUCTION, PERFORMANCE AND AREA STATEMENT

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020
Fresh Fruit Bunches ("FFB") Production (m/t)	52,415	57,698	49,918	46,020	37,238	43,491	40,872	38,651	28,636
Average mature area harvested (hectare)	3,274	3,274	3,274	3,274	3,127	3,314	3,647	3,152	2,752
Average yield m/t per hectare	16.0	17.6	15.2	14.1	11.9	13.1	11.2	12.3	10.4
Average prices of Crude Palm Oil realised RM per m/t	2,777	2,375	2,406	2,149	2,643	2,761	2,248	2,071	2,675
Average prices of Palm Kernel Oil realised RM per m/t	1,553	1,343	1,718	1,580	2,573	2,444	1,791	1,223	1,557
Plantation revenue RM'000	33,294	30,895	28,199	23,171	23,924	29,903	19,284	15,724	15,788
Plantation profit / (loss) before tax RM'000	18,650	13,272	10,798	3,511	6,478	11,452	(3,746)	(7,283)	(5,553)
Plantation profit / (loss) after tax RM'000	13,925	9,475	7,637	1,441	6,814	7,889	(4,482)	(8,675)	(2,119)

Estate	Planted area as at 31.12.2020			FFB Production (m/t)					
	Immature (ha)	Mature (ha)	Total (ha)	2015	2016	2017	2018	2019	2020
Bukit Kuin 1 (BK 1)	-	601	601	3,417	3,777	5,514	7,777	9,011	8,619
Bukit Kuin 2 (BK 2)	-	191	191	4,320	4,023	4,308	4,278	4,931	4,062
Kertau	800	817	1,617	20,300	16,093	17,929	15,509	12,433	6,609
Pejing	-	1,143	1,143	17,983	13,345	15,741	13,308	12,276	9,346
	800	2,752	3,552						
Buildings, roads and others			467						
Total area ( in hectare)			4,019						
Total FFB Production				46,020	37,238	43,491	40,872	38,651	28,636

Age profile for oil palm as at 31.12.2020		
Palm Age (Yrs)	Percentage	Area (Ha)
Immature	25.1%	800
Young & Prime (4-20 yrs)	21.5%	792
Old (21 yrs & above)	53.4%	1,960
	100.0%	3,552

# MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)



## PLANTATION SEGMENT

The plantation arm of the Group is Astral Asia Plantation Sdn Bhd (previously known as Syarikat Ladang LKPP Sdn Bhd, hereinafter referred to as "AAP"). AAP started oil palm cultivation business since 1981 and currently owns and manages 4,019 hectares of oil palm plantation located in the state of Pahang Darul Makmur.

For the financial year under review, the harvested fresh fruit bunches ("FFB") production of 28,636 m/t is 25.9 % lower compared with the harvested FFB in the previous financial year (2019: 38,651 m/t). The decrease in FFB production was mainly due to the replanting of an additional 400 hectares of oil palm at the Kertau estate and also the ageing oil palm at both the Kertau and Pejing estates. As at the FYE 2020, a total of 800 hectares of the Kertau Estate have been replanted. Both BK 1 and BK 2 estates registered a lower 4.3 % and 17.6 % FFB production respectively and this was consistent with the palm oil industry trend.

Malaysia's average FFB yield in year 2020 had decreased by 2.7 % to 16.73 m/t per hectare (2019:17.19 m/t per hectare). For the state of Pahang Darul Makmur, the Malaysian Palm Oil Board had also reported a 4.2 % lower annual average yield of 17.28 m/t per hectare (2019:18.03 m/t per hectare).

At present, the Group's FFB sales are conducted through appointed agents and palm oil millers. The realised Crude Palm Oil ("CPO") and Palm Kernel Oil ("PK") prices are based on the Malaysian Palm Oil Board monthly average prices. The Group has yet to engage in the trading of commodity future but may do so in the near future to take advantage of the prevailing strong CPO prices.

For the financial year under review, the Group's realised CPO was 29.1 % higher and at an average price of RM2,675 per m/t (2019: RM2,071 per m/t). The average realised price of PK increased by 27.3 % to RM1,557 per m/t (2019: RM1,223 per m/t).

The plantation segment had reported a lower loss after tax of RM2.1 million during the financial year under review compared to a loss after tax of RM8.7 million in the previous financial year. This was mainly attributed to the following factors:

	RM'000
Favourable CPO and PK prices variance	3,927
Lower FFB production variance	(4,469)
Lower maintenance and harvesting cost	1,626
Fair value gain on bearer biological assets	247
Pineapple pilot planting cost expended	(239)
Prihatin Wage Subsidy Programme received	256
Other operation items	1,452
Over provision of deferred tax	3,800
	6,600

For the FYE 2020, the Group had further written off bearer plants cost amounting to RM4.9 million (2019: RM4.7 million) due to the on-going replanting programme at the Kertau Estate.

The Management will continue to monitor and manage all risks inherent to oil palm operations. The Management will also continue with the replanting of the remaining 1,960 hectares of old oil palm at both the Kertau and Pejing estates.

To enhance best agriculture practices and environmental protection, the Group is supportive of the Malaysian Sustainable Palm Oil ("MSPO") standards since its inception and the Group will continue to be a MSPO certified planter. Our specific contribution to the United Nation's sustainable development goals are as set out in our Sustainability Report.

## PINEAPPLE PLANTING PILOT PROGRAMME

During the current financial year, the Group has initiated the trial run of pineapple planting. In the first phase, we planted a total of approximately 80,000 Millie Dillard 2 ("MD2") species suckers covering about four hectares of the low lying land in Bukit Kuin 1 estate. The cultivation of pineapple is under the careful supervision of qualified consultants and our estate manager. The harvesting

## MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

cycle for pineapple is about 12 to 18 months and a total of RM0.24 million had been expended on this pineapple project during the FYE. The Group is looking forward to the successful pineapple venture and at the same time exploring the prospects of other fast maturing crops.

### CONSTRUCTION SEGMENT

The construction arm of the Group is Tasja Sdn Bhd (hereinafter referred to as "Tasja"). Tasja was established in 1990 and registered with the Construction and Development Board as a Grade G7 contractor. It is also a registered "Class A" contractor with the Malaysian Government Contractor Services Centre ("Pusat Khidmat Kontraktor Malaysia").

During the financial year under review, Tasja had not undertaken new jobs but completed few minor sub-contract works. Nevertheless, Tasja will continue to look for new construction work opportunities in the near future.

### E-COMMERCE SEGMENT

In December 2020, Clean Link Sdn Bhd (formerly known as Woodland Water Sdn Bhd), a wholly-owned subsidiary of AAB has launched a diversification initiative into the e-commerce segment under its business name "THE CLEAN SHOP". This e-commerce platform will provide a more convenient shopping experience at competitive pricing compared to purchasing at conventional physical retail stores. THE CLEAN SHOP is currently focusing on branded household FMCG and cleaning products.

### PROPERTY SEGMENT

#### Kuantan Hi-Tech Park

The Management team will continue its efforts to implement and promote Kuantan Hi-Tech Park amidst the on-going local economic uncertainty and weak industrial property climate. The unprecedented outbreak of the COVID-19 pandemic will further dampen the property market in Kuantan. The Group is exploring other innovative development concepts that may be suitable for this property. In the meantime, this property with an area of 2,434 acres is planted with mature oil palm and is known as Bukit Kuin 1 estate and Bukit Kuin 2 estate.

#### Bangsar Land

During the financial year under review, the Group had disposed of this property to a third party for a total cash consideration of RM12.1 million. The Group had decided to unlock this property acquired in 2014 as the offer price

of RM12.1 million was considered attractive, taking into account the prolonged weak office space market in the city of Kuala Lumpur. The disposal of the Bangsar Land has provided an immediate cash inflow to the Group and reduced the Group's bank borrowings. The Group has realised a net gain of RM1.56 million arising from the sale of the Bangsar Land. The disposal of the Bangsar Land was completed on 5 February 2021.

### PROSPECTS

The outbreak of the Coronavirus Disease 2019 ("COVID-19") which started in December 2019 has now been declared as a pandemic by World Health Organization in March 2020. The pandemic will continue to materially affect the world economy in 2021 due mainly to international borders closures and Malaysia is not excluded from this health crisis. The various Movement Control Orders ("MCOs") implemented by the Malaysian Government have extended to 28 April 2021 and it will have substantial impact on most social and economic activities in Malaysia. In February 2021, the Malaysia Ministry of Health ("MOH") has kick-started the COVID-19 vaccination on a nationwide scale aimed to achieve the desired herd immunity. Phase 2 of the MOH COVID-19 vaccination is set to begin in April 2021 and it is hopeful that the vaccine will bring the pandemic to an end.

The Group's oil palm estates have been allowed to operate during the various MCOs as oil palm cultivation are considered as an essential economic sector. However, the lockdowns and the new foreign workers recruitment restrictions have severely affected the employment of new foreign workers required by the palm oil industry.

To expand the Group's business activities, the Group has started its maiden e-commerce business in December 2020. The new business entails the selling of FMCG via online trading platform. The Group is confident that this new e-commerce venture will be a source of income stream to the Group in the long term.

The prices of CPO started high in January 2021 and the price hit a 13-year high of RM4,247 per mt on 15 March 2021 and thereafter the prices had maintained above RM3,985 per mt since 31 March 2021. The CPO prices are expected to remain above RM3,000 during the year 2021. The current exceptional buoyant CPO prices will provide a better profit margin to the Group's plantation segment.

We expect a lower FFB production for the Group during the FYE 2021 due to the on-going oil palm replanting programme at the Kertau estate. In the absence of positive contributions from the Group's other business segments in the near term, the Group's operating results in the forthcoming FYE 2021 is not expected to improve further compared to FYE 2020.

## SUSTAINABILITY REPORT

Astral Asia Berhad Group ("AAB Group") is committed in creating meaningful value that is focused on three intertwined strategic dimensions i.e. Economic, Environmental and Social ("EES"). All of our subsidiaries play major roles in adopting a sustainable business and operational practices.

The year 2020 is a challenging year. The world is facing an unprecedented health and economic threat. COVID-19 is the most severe socio-economic challenge confronting the world today. It cannot be solely addressed by one nation, one sector or one company. We believe that whatever actions we take during this crisis will be important, and therefore intend to work with our stakeholders to be part of the solution.

### ABOUT THIS REPORT

**Scope:** This report covers the core business activity, in oil palm plantation business of Astral Asia Berhad ("AAB"), of which AAB has direct control and holds a majority stake in Astral Asia Plantation Sdn Bhd ("AAP") and a wholly-owned subsidiary of AAB, Clean Link Sdn Bhd's (formerly known as Woodland Water Sdn Bhd) new venture into e-commerce and related business.

We have also specified our actions in dealing with the Coronavirus Disease 2019 ("COVID-19") crisis. We will also provide a current assessment of how this crisis might change the ways by which we run our business, work with our stakeholders and develop strategies.

**Reporting Period:** The reporting period spans from 1 January 2020 to 31 December 2020. Historical data from previous years were included to provide comparison and trend.

**Reporting Cycle:** Annually; coinciding with our financial year end

**Reporting Guideline:** Bursa Malaysia Sustainability Reporting Guide (2nd Edition)

**Feedback:** Any comments or suggestions regarding our Report, please do not hesitate to contact us at [sustainability@astralasia.com](mailto:sustainability@astralasia.com)

This is our third sustainability report, and we have prepared this report to continuously convey to our stakeholders, as regards to our sustainability management and activities.

For this report, we present threshold data and information, which serve as a foundation in introducing sustainability in our business activities and operations.

Our Oil Palm operations have achieved Malaysian Sustainable Palm Oil ("MSPO") Certification. Following the guiding principles of MSPO, Malaysian Palm Oil Certification Order ("MPOCC") and Standards Malaysia, we aim to bring the palm oil industry to a higher level of sustainability by raising the bar and incorporating sustainability and transparency throughout the value chain of palm oil in Malaysia.

Consistent with the MSPO certification, we adopted the seven (7) MSPO principles to create a more sustainable landscape and contribute growth to the country's agricultural sector.



# SUSTAINABILITY REPORT (CONT'D)

## UNITED NATION'S SUSTAINABILITY DEVELOPMENT GOALS ("SDGs")



As the SDGs gains traction across the world, we demonstrate to stakeholders our contributions by incorporating strategies aligned with the SDGs. Our report reflects the UN SDGs, in line with Malaysia's commitment to SDGs Agenda 2030.



### Our Contributions



Goal 2. Promote Sustainable Agriculture: Adopted Good Agricultural Practices ("GAP").



Goal 5. Achieve gender equality: Upholded equal opportunity to its employees, suppliers and other stakeholders.



Goal 6. Sustainable management of water: Established river buffer zones.



Goal 8. Decent work for all: Increased employment opportunities through local hiring, material procurement and employment and improvement of local contractors. Promoted safe and secure working environments for all.



Goal 10. Reduce inequality within and among countries: Practice fair treatment in recruitment, housing and repatriation of foreign workers.



Goal 12. Sustainable consumption and production patterns: Practiced environmentally sound waste management.



Goal 13. Action to combat climate change: Certified to MSPO and minimised energy consumption.



Goal 14. Use of oceans, seas and marine resources for sustainable development: Implemented measures to diminish run-off and soil erosion to prevent water pollution.



Goal 15. Halt and reverse land degradation and halt biodiversity loss: Launched activities, such as terracing and the planting of cover crops in erosion-prone areas. Employed Integrated Pest Management ("IPM"), and responsible safeguarding of wildlife and their habitat.



Goal 16. Provide access to justice for all and build effective, accountable and inclusive institutions at all levels: Engaged with dialogues between the public and private sectors, and Code of Conduct prevents corruption and bribery in all their forms.

# SUSTAINABILITY REPORT (CONT'D)

## MATERIALITY

In 2020, we carried out a materiality analysis assessment to identify the material topics that affect our Group and our stakeholders. This process ensures that we address the issues that are most significant to our Group and our stakeholders. Also, it assures that the content contained in our sustainability report indicates the Group's economic, environmental and social impacts to our oil palm plantation operations.

### Materiality Process

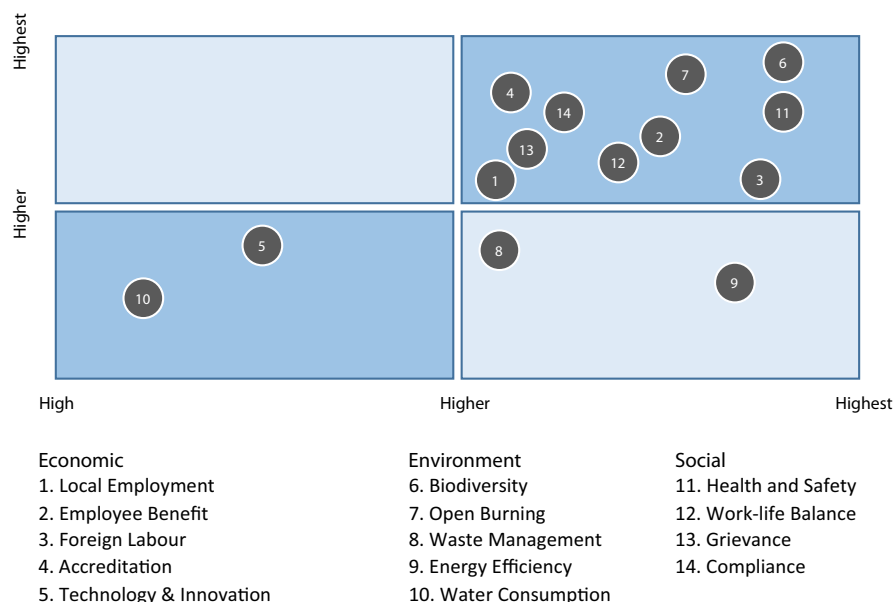


For the financial year under review, together with our heads of departments, we have reviewed our materiality themes. As there is no significant change applied to our scope of business, we are confident that it is unnecessary to revisit our materiality matrix in the current report.

### Materiality Matrix

The sustainability matrix shown below presents the result of our assessment. The Y-axis represents the decisions or matters that are important to the stakeholders, whereas the X-axis denotes the EES items and matters that are significant to the Group's core business.

In this report, we present our matrix, which identified fourteen (14) issues that are most material to the Group and the stakeholders. The matters situated on the top right of the matrix are the themes considered to be of the highest significance. The material issues that tie closely with the fundamental nature of our business and activities are Biodiversity, Open Burning, Health and Safety. Hence these ranks high in our priority and that of the stakeholders.



# SUSTAINABILITY REPORT (CONT'D)

## STAKEHOLDER ENGAGEMENT

We communicate with our stakeholders throughout the year to ascertain their expectations and respond to their latest concerns. We believe that engaging with our stakeholders and identifying their issues allow us to cater to their needs more effectively and foster better relationships.

Stakeholders	Issue	Response
Employees	Health and Safety ("H&S") Remuneration and Benefits Clear Policy	<ul style="list-style-type: none"> <li>- H&amp;S trainings</li> <li>- Performance review</li> <li>- Compliance to labour laws and regulations</li> <li>- Established policies and communicated to all employees</li> </ul>
Customers	Quality and Traceability of FFB Buying Price Food Health and Safety	<ul style="list-style-type: none"> <li>- Compliance with current market prices and FFB quality</li> <li>- Attended training organised by MPOB as regards to ripeness standard</li> <li>- Established traceability SOP, and appointed estate supervisor to implemented and maintained the traceability system.</li> <li>- Food hygiene and safety</li> </ul>
Community	Road Access Local Employment Grievance Procedure Local Purchasing	<ul style="list-style-type: none"> <li>- Grant the community access to Company-built road</li> <li>- Priority recruitment from the local community</li> <li>- Established grievance procedures</li> <li>- Prioritised local purchasing whenever applicable</li> </ul>
NGO's	Accreditation & Best Practices	<ul style="list-style-type: none"> <li>- Achieved MSPO Accreditation and adopted its principles</li> </ul>
Investor / Financier	Transparent Information and communication	<ul style="list-style-type: none"> <li>- Provide accurate, timely, consistent and fair disclosure of corporate information</li> </ul>
Government	Compliance and Environmental Protection	<ul style="list-style-type: none"> <li>- Engage with the Department of Wildlife and Natural Parks</li> <li>- Complied with DOE regulations</li> <li>- Updated relevant licences and permits</li> </ul>
Suppliers / Vendors / Contractors	Payment Price and terms Timely Delivery	<ul style="list-style-type: none"> <li>- Fair and transparent contracts</li> <li>- Fulfilment of contractual obligations</li> <li>- Transparent tender management</li> <li>- Delivery schedule management</li> </ul>

# SUSTAINABILITY REPORT

(CONT'D)

## SUSTAINABILITY GOVERNANCE

### The Board

Our AAB Board is tasked with the paramount duty of developing a sustainable strategic direction and formulating leadership and corporate strategies for managing our oil palm plantations. The Board regularly reviews our sustainable approaches, makes informed decisions and applies current sustainability trends that may influence our strategic direction.

### The Management

The Board of AAB appointed the Managing Director to manage all sustainability matters with the support of the Heads of Departments. The Managing Director is responsible for implementing, addressing, monitoring, and delivering EES growth and progress. He must also ensure that our sustainability strategies are aligned and guarantee that our goals are achieved whilst enhancing stakeholder value. In addition, the Managing Director must keep the Board well-informed of the current position of AAB's sustainability issues.

### Risk Management

The Group's Risk Management is compliant with applicable laws, regulation, and employment of foreign workers. Our Management will continue to manage all risks inherent to oil palm operations, strive for continuous sustainable improvement, and design appropriate action plans, as we work towards realising maximum sustainability in oil palm plantations.

### Ethics and Transparency

Our Code of Conduct upholds the spirit of social responsibility following the relevant legislation, regulation, and guidelines. It also guides our relationships with our various stakeholders, including employees, suppliers, shareholders and customers.

## ECONOMIC

Palm oil is used in most of the products sold in a typical supermarket and also as replacement for fossil fuel. The industry has also contributed significantly to the advancement of Malaysian economy through tax payments and the downstream business and jobs associated with the production of goods using palm oil.

### Direct Economic Impact

Economic Impact	FYE2020	FYE2019
o Plantation Area:	4,019 hectares	4,019 hectares
o Revenue:	RM 15.8 Million	RM 15.7 Million
o Number of Employees:	63	67
o FFB Production:	28,636 m/t	38,651 m/t

AAB Group's direct economic impact is directly related to the Group's revenue and the capacity to produce FFB. Besides, with the recent activities of AAB's subsidiary, Clean Link Sdn Bhd (formerly known as Woodland Water Sdn Bhd) on diversification of business activities to include online business on selling cleaning products, we believe that these will be able to increase the Group's revenue.

### Indirect Impact

The indirect economic impact is produced from our flow-on employment which include jobs generated as a result of plantation employees buying household necessities and demand of goods and services from the local suppliers. The local community is also benefiting from the internal roads built mainly for the use of estate.

# SUSTAINABILITY REPORT (CONT'D)

## Climate-Related Economic Risks and Opportunities

Financial risks and opportunities abound in palm oil cultivation. At AAB, we carry out the sustainable production and trade of palm oil by faithfully adhering to Malaysia's agenda of brand sustainable palm oil certification. We believe that being sensitive and responding to emerging regulations, policy changes, buyers' market and consumer behaviour will reduce risks and result in improved economic opportunities.

## SOCIAL: SUPPLY CHAIN MANAGEMENT

### Traceability

We espouse high social and environmental standards. We build relationships with our suppliers based on professionalism, trust, transparency and fairness. To this end, we subscribe to the MSPO supply chain standard to credibly guarantee our end-users that our FFB originated from a sustainably managed oil palm plantation throughout the supply chain.



Health & Safety Training

### Social Consideration

Our Company provides equal opportunities to all suppliers and contractors. As part of our purchasing policy, we direct our suppliers to follow the necessary protocol. A tender process is announced through published advertisements in leading newspapers. Then, interested suppliers are interviewed by the Management. During these meetings, suppliers and contractors are shortlisted, and prices are negotiated. The review and approval of suppliers and contractors are conscientiously performed by the Group's Managing Director, the Group's Chief Financial Officer and the General Manager in Charge.

### Supplier Monitoring

We regularly evaluate and monitor our supply chain to ensure compliance with our policies. Monitoring covers cost, pricing, quality and regulatory standard. We ensure that our quality and lead time delivery satisfy the government-mandated criteria. Non-compliant suppliers are given reminders, issued memorandum, invited to discussions and ultimately penalized should they fail to comply with the set criteria.

### COVID-19 Impact

The COVID-19 has now been declared as a pandemic by World Health Organization. The pandemic will materially affect the world economy in 2020 and beyond due mainly to international borders closures and Malaysia is not excluded from this health crisis. The various Movement Control Orders ("MCOs") implemented by the Malaysian Government will have substantial impact on most social and economic activities in Malaysia. The Group's oil palm estates are allowed to operate during the various MCOs but the lockdowns have severely affected the recruitment of foreign workers required by its estates.

We enclosed the actions that had been carried out:

**Temperature Screening:** The employees and visitors are compulsory to wearing face mask, hand sanitization and measure their temperature upon entering the working area and their results will be written down.

**Contact tracing:** For every visitors and workers that enter to working area, they need to record their details in the book provided or scan the QR code for easy contact tracing purposes.

**Movement Control Order ("MCO"):** The estate's community and workers are prohibited from leaving the plantation premises to avoid any cross-infection between them. All office employees are encouraged to work from home and meetings are conducted online.

**Stakeholder Communication:** A seamless communication platform was put in place to easily convey Standard of Procedures ("SOPs") and additional information to employees, the community, management, customers and the authorities, as need arise.

## SUSTAINABILITY REPORT (CONT'D)

### Technology & Innovation

Businesses have thrived through the adoption of new technology and innovation. AAB Group is moving into new business in the e-commerce business and related activities which initially specialises in cleaning products, serving a predominantly female and internet-savvy market. The Group is of the view that the current level of public awareness on hygiene and sanitation is at an all-time high as consumers pay attention to personal and household cleanliness in order to curb the spread of COVID-19 virus. The business model will take advantage of the low operating costs and the benefits of a large market of expanding online consumers to provide a more convenient shopping experience at competitive pricing.



### ENVIRONMENT

Pesticides are an essential agricultural tool for crop protection. Nonetheless, we understand that pesticides could pose potential health and environmental risks. Therefore, we guarantee that our purchase of pesticides complies with the Ministry of Agriculture's ("MOA") environmental regulations and is in accordance with Malaysia's pesticide legislative framework. We expect our suppliers to comply with the Pesticide Act 1974 as well as other relevant legislation concerning the labelling, importation and sale of controlled pesticides, amongst others.

We recognise that our operations may potentially affect biodiversity and the ecosystem. Therefore, we see it as our responsibility to understand, evaluate and minimise the environmental impacts of our operations to foster environmental protection and care.

### Good Agricultural Practices ("GAP")

To advance sustainable cultivation and plantation practices, we have adopted Buku Panduan Amalan Petanian Baik MPOB for GAP. The elements of GAP ensure that we are implementing environmentally sound, socially acceptable and profitable practices that do not exert adverse impacts.

### Zero Burning Policy

The recurring haze caused by open burning has become a perennial problem and has resulted in diplomatic, economic and health issues. In this light, we have established the Zero Burning Prevention Policy and have implemented strict monitoring and preventive measures to ensure that such an incident does not occur in any of the plantations of AAP.



### Soil Management

To address soil erosion, AAP has launched several activities, such as terracing and the planting of cover crops in erosion-prone areas. Contour terraces, roadside camber and platforms were constructed along steep slopes to diminish run-off and soil erosion as well as to divert water, thereby preventing surface damage. We plant Leguminous Cover Crops ("LCC") in our estates to prevent weed onset and to deter cattle and insects. LCC also increases the fertility of the surface soil, conserves water and hinders soil erosion.

### Pest and Pesticide Management

We employ Integrated Pest Management ("IPM") for the sustainable management of oil palm pests to minimise the frequency and use of synthetic pesticides. Moreover, we have also installed rat traps and have released barn owls to act as a natural biological rodent control. To ensure that any spill, regardless of amount, is well mitigated and properly managed, we have established an SOP for chemical spraying, mixing, storage and spillage.



### Biodiversity and Wildlife Protection

Human fate is closely interlinked with wildlife protection and biodiversity; as such, all land users must consider the effects of their activities on wildlife as well as on flora and fauna. At our estates, we have carried out measures for the responsible safeguarding of wildlife and their habitat.

## SUSTAINABILITY REPORT (CONT'D)

### Buffer Zones and Demarcation Points

We have initiated different programmes, such as establishing a buffer zone and instituting the reserve jungle, to address biodiversity loss and wildlife protection. The buffer zone at the Kertau Estate was created in 2006. It is a 20-metre wide area located near the river with a distance of approximately 13 km from the nearest community. No planting activities are conducted in the buffer zone, and no negative impact on the community and biodiversity have been recorded.

### Monitoring



Wild animals occasionally encroach into our plantations. When an animal is spotted by our CCTV cameras or workers within the boundaries of the estates, we immediately coordinate with the Department of Wildlife and National Parks, so that they can translocate the animals back to the forest reserve or the sanctuary.

The buddy patrol system will monitor the surrounding boundaries and high-risk areas for elephant and other wild animal sightings. They also monitor the buffer zones and look for signs of animal intrusion which will also discourages illegal or inappropriate hunting, fishing and collecting activities.

### Water Management

Water is a shared resource that must be conserved for our sustainable future. As such, AAP implements monitoring programmes to ensure that our water usage is consistent with the best environmental practices.

Water Consumption (m <sup>3</sup> )			
Water Consumption	2018	2019	2020
Kertau Estate – Underground / Tube well and surface water	1,115	767	1,256
Sg Pejing Estate - Underground tube well & surface water	580	407	601
Bukit Kuin Estates - Surface water	438	840	1,314
<b>Total Water Consumption</b>	<b>2,133</b>	<b>2,104</b>	<b>3,171</b>

Pejing and Bukit Kuin Estates draw water supply from local waterways or surface water, whereas Kertau Estate draws supply from the tube well. We have considerably invested in water treatment facilities that can treat our used water and make it available for reuse. The safety of the treated water is tested and certified by the Ministry of Health.

To reduce our dependence on ground water, we tap into nature's free resource by taking advantage of rainfall. A rain-harvesting equipment has been installed for use within our operations.

### Waste Management

Given that fresh fruit bunch ("FFB") production is our primary business activity, we do not produce palm oil mill effluents ("POME"). Nevertheless, we have identified our waste products and have devised 3R action plans for the management, elimination and reduction of waste.

### General Waste

When palm trees reach the end of their lifecycle and are no longer productive, they are felled to make way for new trees to be planted. The short trunks of the palm trees are left to decompose on their own, and the wood chips from the tree trunks are used for composting. We have initiated programmes for recycling empty chemical containers or for reusing them for the same purpose and domestic waste management.

## SUSTAINABILITY REPORT

(CONT'D)

### Scheduled Waste

Aligned with the scheduled waste guideline, empty pesticide containers are punctured to discourage reuse, and storage areas are strictly managed. In addition, only DOE-certified waste contractors are allowed to collect the scheduled wastes of the estates. More importantly, chemical handling SOP documents and training procedures are disseminated to instil awareness. Energy Management Greenhouse gas ("GHG") emission is one of the main contributors to climate change and one of the most serious threats faced by society. It requires global action, especially by companies worldwide. For our part, we continually endeavour to reduce our GHG emission in our operations. Apart from keeping a record of our energy consumption and checking for any leakage that could hamper efficiency, we also report to the electrical consultant should any abnormalities occur in our energy use.

ENERGY CONSUMPTION				
ESTATE LOCATION	FY: Mature acreage (hectare)	Electricity using Generator	Transportation	
		Diesel/Litres (Kertau and Pejing)	Diesel/Litres	Petrol/Litres
Kertau	2018: 1,671 2019: 1,271 2020: 817	91,381 43,455 38,598	69,130 31,626 16,389	5,745 1,730 1,568
Pejing	2018: 1,143 2019: 1,143 2020: 1,143	9,554 6,547 10,778	27,640 28,024 24,692	327 311 1,152
Bukit Kuin	2018: 902 2019: 902 2020: 792	89,407 Kwh 86,153 Kwh 68,206 Kwh	38,550 35,534 28,861	5,470 6,327 900

The majority of the palm trees in Kertau and Pejing have reached their end-of-life cycles, and the areas for the newly planted trees cover only 800 hectares. Thus, for Kertau estate, there is a decrease in energy consumption due to the lower harvesting activities. There is a significant increase of diesel consumption for Pejing estate because the figures on year 2018 and 2019 were under-reported.

A utility company supplies the fuel used by Bukit Kuin. The variation in fuel consumption recorded in the past three (3) years were attributed to the life cycle of the palm trees and the general upkeep requirements of the estates.

### Instilling Environmental Values

We recognise the importance of cultivating environmental awareness and pro-activeness amongst our employees in all environmental activities and situations. Our workforce is regularly educated through informal trainings particularly, on the subjects related to their job scopes. In this way, our workers are equipped with suitable knowledge and skills needed to accomplish their tasks whilst maintaining proper environmental management.

Our daily environmental awareness reminders consist of the following:

- Wildlife Spotting
- Barn Owl Protection
- Water Management
- Pesticide Handling
- Energy Monitoring
- Waste Management

# SUSTAINABILITY REPORT (CONT'D)

## Compliance

We comply with the relevant environmental regulations, and during the year under review, we had no non-compliance or fine directed to us by the DOE or any regulatory bodies. We strictly abide by the government regulations imposed on the controlled pesticides used in our operations. We guarantee that the relevant government regulatory body has approved all the pesticides and fertilisers that we use.

## SOCIAL: COMMUNITY

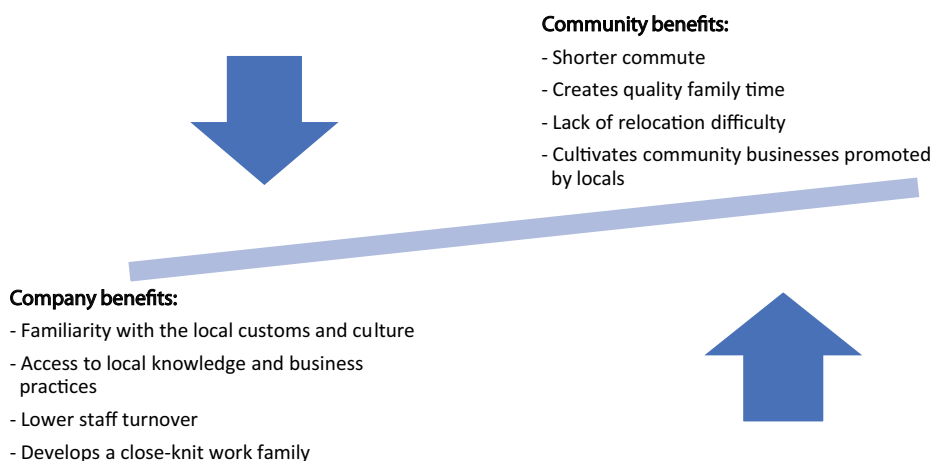
*At AAP, we ensure that the activities and operations of the Company do not impair the interests and wellbeing of society as a whole.*

### Human Rights

We have established the Social Policy and the Social & Humanity Management Policy as preventive measures against forced and child labour under 16 years of age as well as sexual harassment. We make sure that the recruitment of all of our foreign workers are conducted properly and ethically, and that recruitment agencies as well as the recruited workers are aware of our policies. More importantly, all of our existing estates are not encumbered by customary land rights.

### Developing Local Potential

“Developing local potential is a mutually advantageous and sustainable partnership.”



**Local Purchasing:** We pledge to purchase local goods and services to promote local social and economic empowerment. The use of local goods and services leads to advantages such as saved time, reduced cost, and timely delivery of maintenance and equipment. At the same time, we provide the local community with opportunities to stimulate businesses.

**Local Hiring:** We are committed in prioritising local hiring to encourage community involvement. We believe that this initiative is an empowering programme that can concretely address the needs of the community and yield long-term results.

### Accessibility

**Access to Infrastructure:** AAP has built roads for transporting the harvested FFB. However, aside from just transferring the harvest, these roads serve as a network for establishing connectivity and mobility as well as for linking communities socially and economically. Moreover, given that parts of the roads have been paved on community-owned land, AAP compensates and shoulders the repair and maintenance costs during the reporting period.

## SUSTAINABILITY REPORT (CONT'D)

**Access to Socio-Cultural Activities:** The strong preservation of cultural practices and rights is typical conducting business in rural areas, and AAP recognises that corporations and communities significantly influence one another. Aside from the Malay, Chinese and Indian communities living near our plantations, minority tribes called the Orang Asli also inhabit the nearby forest reserve. We stand by our promise to sustain and safeguard the Orang Asli's cultural practices and rights to a nomadic existence. We recognise and do not dispute their anthropological notion of culture as a way of life. They are free to fish or hunt in our plantations.

### Community Engagement

Community engagement suggests that everyone should have a say in the decision-making regarding matters that impact their community. For this reason, the Group maintains open communication with stakeholders, who during these interactions can voice their opinions and consequently influence our decisions on issues that affect the overall sustainability of neighbouring communities and oil palm plantations.

**Engagement with MSPO:** As a sign of our intent to push forward the Malaysian palm oil industry and promote good agricultural practices and environmental protection, AAP has been recognised with the MSPO certification since 2019.

### Engagement with Nearby Plantations

Information exchange and interactions amongst neighbouring plantations and smallholders are conducted casually. We attend one another's festive celebrations, occasionally meet at public spaces and participate in the same functions. In these gatherings, news and information are shared regarding employees, operational concerns and other general activities in the community. Additionally, shared infrastructure such as road maintenance are discussed with the nearby estates. We also provide financial support to the nearby estates' people as and when the need arises.



### Engagement with the Village Headman

To foster better relationships with the neighbouring communities, we hold monthly meetings with the village headman. In these meetings, we discuss issues that affect the estate and the village as well as exchange ideas and information about community. These meeting also serve as a platform the community to voice their concerns, issues and ideas.

Most importantly, members of the community are welcome to approach the plantation manager anytime for any urgent matters which they wish to discuss.



**Engagement with Authorities:** Our regular engagement with the authorities, such as the Immigration Department, the Pahang Land Office, the Department of Social Welfare and Department of Wildlife and National Parks, keeps up updated with regulations and allows us to collaborate on ideas to enhance our initiatives.

# SUSTAINABILITY REPORT (CONT'D)

## SOCIAL: EMPLOYEES

Employees are a significant component of our organisation. Their knowledge, skills, productivity and performance are critical tools that enable us to successfully achieve our goals and milestones.

### Training and Development

*"We uphold a policy that promotes professionalism and improves the competencies of the management and the employees by fostering a safe and productive working environment."*

Aligned with our policy, we ensure that our people acquire the ideal set of skills, knowledge, attitude and traits necessary for their particular roles. We have designed two types of training programmes, namely, office-based and plantation-based, which are geared towards attaining specific performance and capability targets. In addition, we conduct employees performance appraisal to assess and acknowledge their accomplishments. Through this strategy, we jointly plan their career path by evaluating their achievements and identifying areas for further growth. We also ensure that the estate workers complied with the Standard of Procedure ("SOP") by practising the efficient method of harvesting the FFB.

Trainings conducted during FY2020 are shown below.

No.	Training Topics	Number of Hours	Training
<b>Plantation-Based Training</b>			
1	Harvesting Ops	24	8
2	Spraying / P&D Ops	36	12
3	Environmental & Biodiversity	24	8
4	Planting Ops	3	1
5	Safety & Health Talk Session	21	7
<b>Office-Based Training</b>			
1	MSPO Certification Talk Session	6	2
2	SOP for Replanting Ops & Safety	3	1
3	Calibration Technique	6	2

### Plantation-Based Training:

Capability and competency on job programmes aimed towards equipping our field workers with the necessary skills and knowledge that would make them adept in accomplishing their tasks within their job scope. The training consists of acquiring plantation related knowledge, practical skills, SOP and laws and regulatory compliance.

**Office-Based Training:** Support the management as well as administrative and operational needs of the plantation.



## SUSTAINABILITY REPORT (CONT'D)



### Employee Benefits

Our core set of benefits consists of compulsory and non-compulsory benefits. Compulsory benefits are mandatory employee benefits that employers are legally required to provide, such as Employee's Provident Fund ("EPF") and SOCSO. We go beyond the basic coverage by taking care of our employees' immediate needs. Our compulsory benefits include bonuses, medical fees, free hospitalisation and different kinds of leaves (i.e. annual, medical, maternity, paternity, marriage and compassionate leaves).

Given the scarcity of local employees, foreign workers comprise a substantial proportion of our field workforce. As is typical of plantation and manufacturing sectors, foreign workers play a crucial role in our operations. We ensure that all of our foreign

workers are effectively managed starting from recruitment and training and by providing suitable living conditions, health management and sanitation as well as proper repatriation.

Due to the COVID-19 pandemic, there were no activities been held during the financial year in order to avoid cross-infection. The sports day which held annually also being cancelled to ensure the safety of the estate workers.

### Provide Food to Estate Workers during Festival

During the last Hari Raya Aidiladha festival, certain estate workers could not afford to purchase the necessities which they need as their residential place are far from the town area. Hence, we decided to provide meals to estate workers so that they could enjoy it happily.



# SUSTAINABILITY REPORT (CONT'D)

## Diversity

Our Company guarantees equal opportunities for all employees. We value workplace diversity and cultivate a culture of respects for all employees regardless of age, ethnicity, gender and nationality. However, male employees have consistently accounted for majority of our workforce due to the physically demanding work involve in the plantation.

Our goal is to find and develop leaders originating from diverse backgrounds who possess a wide array of skills, expertise, knowledge and perspectives. We strongly believe that such individualities will drive the Company's towards innovation and success.

The decrease in employee count is due to the end of work agreement with contractual foreign workers. AAP had not been able to recruit any foreign worker during FY 2020 due to new COVID-19 foreign workers recruitment restriction.

Ethnic Composition for AAP		
Ethnicity	2019	2020
Malay	65	66
Non-Malay	10	13
Foreign	168	75
<b>Total</b>	<b>243</b>	<b>154</b>

Gender Breakdown in the Workforce			
Year	2018	2019	2020
Male	30	35	30
Female	13	4	13
<b>Total</b>	<b>43</b>	<b>39</b>	<b>43</b>

Employee Turnover (Office based)			
	2018	2019	2020
Employee Turnover	6	2	1
Number of Newly Hired	7	15	5
Number of Resignations	13	17	4

Total Number of Employees						
Location	Office			Plantation		
Year	2018	2019	2020	2018	2019	2020
<b>Number of Employees</b>	41	39	43	265	204	111

Gender Representation in the Management									
Position	2018			2019			2020		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Board of Directors	4	1	5	4	1	5	4	1	5
Managers	11	0	11	8	0	8	8	0	8
Executives	17	4	21	11	4	15	1	6	7

## Health and Safety

*"Ensure adequate safety measures and deliver proper protection to workers and employees at the workplace."*

As mandated by our Code of Conduct, commitment to the Health and Safety of our employees is high in our sustainability issues. At AAP, we observe stringent measures and strictly adhere to the Occupational Safety and Health ("OSH") Committee Regulations 1996.

We are committed in reducing our risks and achieving the objectives of the OSH. In this respect, we refer to HIRARC as our basis for occupational safety and health. By applying HIRARC, we can plan, introduce and monitor preventive measures, and we ensure that risks are adequately controlled at all times. However, despite our best efforts, mishaps could still occasionally happen. In the event of an injury, our H&S team investigates the incident and determines the root cause. Appropriate advice and notices are issued to workers, such as suspending operations, if necessary. The assessment process strengthens and improves our safety and health programmes and consequently guarantees the safety of our workers.

## SUSTAINABILITY REPORT (CONT'D)

### Health Identification, Risk Assessment and Risk Control ("HIRARC")



### H&S Awareness and Training

One of our key strategies in reducing the occurrence of accidents in our operations is to enhance the safety awareness and competency of our employees. For the employees to effectively perform their tasks, they undergo both formal trainings, particularly in plantation estates, and informal trainings from their direct supervisors. Our H&S trainings emphasise to our employees the importance of safe work practices in our operations. OSH trainings are conducted during job commencement and are dutifully and consistently organised henceforth. At the plantation, ad hoc programmes are also implemented, so that employees can familiarise themselves about their duties as well as all aspects of PPE and amended SOPs.

To inculcate H&S awareness, safety precaution signage posts are placed around the plantation. The H&S Policy is displayed prominently on the employees' memo board, and employees are reminded of this policy during daily morning briefings.

Also, for the estate employees' safety purpose, we arrange the employees to join a talk regarding to the H&S at the workplace. We also provide body check-up in order to prevent the mosquito disease from infecting the estate employees.



# SUSTAINABILITY REPORT (CONT'D)

## Safety Performance

	Kertau Estate			Pejing Estate			Bukit Kuin Estate		
Financial Year (FY)	2018	2019	2020	2018	2019	2020	2018	2019	2020
<b>LOST WORK DAY</b>									
Number of Workers	78	70	37	64	62	28	68	72	46
Number of Sick Notes	197	204	100	83	115	38	54	17	9
Total Working Hours	1,576	1,632	820	664	920	306	432	136	70
<b>LOST TIME INJURY</b>									
Number of SH	6	0	0	0	0	0	6	0	0
Total Lost Hours	48	0	0	0	0	0	48	0	0
<b>OSHA RATE</b>									
Number of Cases	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0

Consistent with our safety performance over the past years, we are pleased to report that no fatalities and no lost time injuries were recorded during the FY 2020.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors supports the objective of the Malaysian Code on Corporate Governance 2017 (“MCCG 2017”) and also acknowledges its role to direct and manage the business and affairs of the Company towards enhancing business prosperity and corporate accountability with the ultimate objective of realising long-term shareholder value, whilst taking into account the interests of other stakeholders.

The Directors believe that good corporate governance results in quantifiable long-term success and creation of long-term shareholders’ value. The Board of Directors of the Company has endeavoured to observe the best practices and guidance by MCCG 2017 and will continue to review its compliance of the same to further strengthen and enhance corporate governance practices within the Group.

Pursuant to Bursa Malaysia’s corporate governance disclosure requirements per Para 15.25 and Practice Note 9 of the MMLR, the Board is pleased to set out a summary of the Group’s corporate governance practices during the financial year ended 31 December 2020 (“FYE 2020”) in this Corporate Governance Overview Statement (“CG Overview Statement”). In addition to this, the application of each of the Practices set out in the MCCG is disclosed in our Corporate Governance Report (“CG Report”) which is available on the Group’s corporate website at [www.astralasia.com](http://www.astralasia.com) and an announcement made by the Company on the website of Bursa Malaysia at [www.bursamalaysia.com](http://www.bursamalaysia.com).

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

#### Board Responsibilities

The Board views the importance of sustainable and responsible business practices in developing the corporate strategy of the Group. The Group’s businesses are conducted in responsible, trustworthy and ethical manner while accepting accountability for impacts on environment, social and governance.

The Group is led by an experienced and dynamic Board. It has a balanced board composition with effective independent directors. The Board provides leadership and stewardship to the Group’s strategic direction and operations and ultimately enhancing shareholders value. To fulfil this role, the Board is responsible for:

- Reviewing and adopting a strategic plan for the Group which will enhance the future growth and profitability of the Group;
- Overseeing the conduct of the Group’s business and to evaluate whether the business is being properly managed;
- Determining the level of risk tolerance and identify, assess and monitor principal risks of the business and ensure implementation of appropriate systems to manage these risks; and
- Reviewing adequacy and effectiveness of the Group’s risk management and internal control system and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

No individual or group of individuals dominates the Board’s decision making processes and the number of independent directors reflects fairly the investment of the minority shareholders. This is to ensure that issues of strategy, performance and resources are fully discussed and examined to take into account long-term interest of stakeholders of the Group.

#### Separation of Positions of the Chairman and Managing Director

The Board is led by an Independent Non-Executive Chairman. The distinction of responsibilities between the roles of the Chairman and Managing Director which is to ensure the balance of power and authority is also stated in the Board Charter.

The Independent Non-Executive Chairman, Dato’ Haji Arpan Shah Bin Satu is primarily responsible for the orderly conduct and working of the Board whilst the Managing Director, Mr Lim Guan Shiun is responsible for the overall operations of the business and the implementation of Board strategy and policy.

The Managing Director leads the Management team to ensure high level of work efficiency and plans towards profitable growth and operation of the Group. Management is responsible for the execution of activities to meet corporate plans as well as instituting various measures to ensure due compliance with various governing legislations.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Qualified Company Secretaries

The Company has appointed two named secretaries who are qualified to act as Company Secretary under Section 235 of the Companies Act 2016 ("CA") for the Company and its subsidiaries. One of them is an Associate member of Malaysia Institute of Chartered Secretaries and Administrators ("MAICSA") and another is a member of Malaysian Institute of Accountants ("MIA"). The Company Secretaries provide support to the Board in fulfilling its fiduciary duties and leadership role in shaping the CG of AAB Group. In this respect, they play an advisory role to the Board, particularly with regard to the Company's constitution, Board policies, procedures and its compliance with regulatory requirements, codes, guidance and legislations. The Company Secretaries also support the Board in managing the Group Governance Model to ensure its relevance and effectiveness.

The Company Secretaries are constantly keep themselves abreast of the evolving capital market environment, regulatory change and developments in CG through attendance at relevant conferences and training programmes. The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in discharging its functions.

### Meeting Materials and Supply of Information

The Senior Management has an obligation to supply the Board and its Committees with adequate information, in a timely manner. The agenda and full set of Board papers (including qualitative information of the Company) for consideration are distributed 7 days before each meeting of the Board to ensure that the Directors have sufficient time to study them and be properly prepared for discussion and decision making.

The Board's deliberation of the issues discussed and conclusions reached is duly recorded in the minutes of meetings which will be circulated to Board members and subsequently confirmed by the Chairman in the next meeting. Chairman of the respective Committees informs the Board at its meetings any salient matters raised at the Committee meetings which require the Board's approval.

All Directors of the Company whether in full Board or in their individual capacity, have access to all information within the Company and they could seek independent professional advice where necessary to discharge their duties.

The Company Secretaries attend all board meetings and ensure that accurate and adequate records of the proceedings of board meetings and decisions made are properly kept. The Board is updated by the Company Secretaries on the follow-up of its decisions and recommendations by the Management. During the FYE 2020, the Board was updated by the Company Secretaries with new regulatory, regulations or requirements concerning their duties and responsibilities mainly on the amendments in the MMLR of Bursa Malaysia and Companies Act 2016.

### Board Charter

The Board has established the Board Charter as a source of reference to the Board in the fulfilment of its authority, roles, functions, composition, duties and responsibilities which are in line with the principles of good corporate governance and provide a primary induction literature by providing insights to prospective Board members and Senior Management.

The Board updates the Board Charter from time to time to reflect changes to the Company's policies, procedures and processes as well as the latest relevant legislation and regulations. The Board reviews the Board Charter periodically. The Board Charter can be accessed at the Company's website at [www.astralasia.com](http://www.astralasia.com).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### Board Committees

The Board delegates specific responsibilities to the respective committees of the Board, namely Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee in order to enhance business and corporate efficiency and effectiveness. The Chairman of the respective Board Committee will brief the Board on the matters discussed at the respective Committees' meeting and minutes of these meetings are circulated to the Board. All the Board Committees operate within their clearly defined terms of reference and operating procedures whereupon the Board receives reports of their proceedings and deliberations with their recommendations. The ultimate responsibility for decision making lies with the Board.

Audit Committee is responsible for oversight of the Group's financial and reporting processes, the integrity of the financial statements, the external and internal audit and the systems of internal control and management.

Nomination Committee is responsible for review and recommend to the Board on the board composition and board evaluation while Remuneration Committee is responsible to the remuneration policy and recommend the remuneration packages of the Executive Directors and other members of the Executive Committee.

Risk Management Committee is responsible for oversight of the implementation of the risk management system and to ensure that the risk management process is in place and functioning effectively.

#### Directors' Code of Conduct

The Board has formalised a Code of Conduct to enhance the standard of corporate governance and corporate behaviour with the intention of achieving the following aims:

1. To establish a standard of ethical behaviour for Directors based on trustworthiness and values that can be accepted, are held or upheld by any one person; and
2. To uphold the spirit of responsibility and social responsibility in line with the legislation, regulations and guidelines for administering a company.

The Code of Conduct can be accessed at the Company's website at [www.astralasia.com](http://www.astralasia.com).

#### Whistleblowing Policy and Procedures

The Board believes in promoting high standard of integrity and accountability in managing its day-to-day businesses and operations and aims to conduct its affairs in an ethical, responsible and transparent manner.

The Board has established a Whistleblowing Policy for the Group to encourage employees and stakeholders to report or disclose any improper conduct in accordance with the procedures and provide protection to them from reprisal as consequences of making such disclosure.

The Whistleblowing Policy has been reviewed in 2020 to enhance its appropriateness and relevance to the Company and its compliance with the relevant laws, rules and regulations. The full version of the Whistleblowing Policy is published on the Company's website.

#### Anti-Bribery and Anti-Corruption Policy

A formal Anti-Bribery and Anti-Corruption Policy ("ABAC Policy") was adopted on 25 November 2020. The ABAC Policy serves to provide guidance on how to prevent, deal with and combat bribery and corrupt activities and issues that may arise in the course of business. The ABAC Policy is applicable to all Board, Employees and the Third Parties.

The ABAC Policy is available on the Company's website at <https://astralasia.com/abac-policy/>.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### Board Composition

The Board presently is having eight (8) members and one (1) alternate director. The eight (8) members comprising four (4) Executive Directors, one (1) Non-Executive Director and three (3) Independent Directors. This composition fulfils the requirements as set out under Main Market Listing Requirement ("MMLR") of Bursa Malaysia, which stipulates that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, must be Independent.

The Board which consists of members with a wide range of skills and experiences from financial, business public services background is capable of leading the Group. A brief profile of each director is presented in the "Directors' Profile" section of this Annual Report.

The Board continues to give close consideration to its size, composition and spread of experience and expertise to the Group's plantation, construction, property investment, e-commerce business and development businesses.

The Board is supportive of gender diversity policy. In its selection of Board members, the Board provides equal opportunity to all candidates who meet the criteria (i.e. individual experience, knowledge and competency) and other qualities vis-a-vis the Group present business portfolios and prospective investment. Presently, the Board strives to search and appoint female board member in future.

All the Independent Non-Executive Directors are independent of management and are free from any business or other relationship that could materially interfere with the exercise of their independent judgment. They have the calibre to ensure that the strategies proposed by the Management are fully deliberated and examined in the long-term interest of the Group, as well as its shareholders, employees and customers.

The Senior Independent Non-Executive Director acts as a point of contact for shareholders and other stakeholders with concerns or queries relating to the Group to be communicated through the normal channels.

The Board not only considered the state of mind of the long-serving Independent Directors but also focused on their background, current professional activities, economic and family relationships. The assessment also takes into account that they have performed their duties without being subject to the influence of Management. The quantitative aspects of independence is dealt with under the Listing Requirements and for the qualitative aspects, the Board takes into consideration various factors including character, values, and skills of the individual director.

#### Nomination

The Nomination Committee was established on 2 January 2002. The Nomination Committee is responsible for proposing and recommending new nominees to the Board and for assessing the performance of Directors on an on-going basis. The actual decision as to who shall be appointed is the responsibility of the full Board after considering the recommendations of the Nomination Committee.

The Nomination Committee comprises the following directors:

Chairman : Tuan Haji Khalit Bin Kasmoin  
Members : Dato' Haji Arpan Shah Bin Satu  
              Mr Tan En Chong

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### Nomination (Cont'd)

The Nomination Committee deliberated the following matters at its meetings:

- (a) Assessed the effectiveness of the Board, Board Committees and the contributions of each individual Directors through a set of questionnaires;
- (b) Reviewed the required mix of skills and experience and other core competencies, which Non-Executive Directors should bring to the Board;
- (c) Reviewed the profile of Directors retiring at the 25th AGM and recommended the same for re-election by shareholders;
- (d) Assessed the independence of Independent Directors based on the criteria of independence adopted by the Company; and
- (e) Reviewed the appointment of Dato' Haji Arpan Shah Bin Satu and Tan Sri Dato' Lim Kang Yew.

*All Directors shall abstain when matters affecting their own interests are discussed.*

The Board recognises the importance of having succession plan and will ensure that appropriate plans are in place, including appointing, training for replacing Board members and Senior Management of the Group.

Procedures relating to the appointment and re-election of Directors are contained in the Company's Constitution. New appointees will be considered and reviewed by the Nomination Committee. The Nomination Committee will then recommend the candidates to be approved and appointed by the Board. The Company ensures that all regulatory obligations are met before any appointment made.

During the financial year under review, Dato' Haji Arpan Shah Bin Satu was appointed as Independent Non-Executive Chairman on 13 October 2020 and Tan Sri Dato' Lim Kang Yew appointed as Executive Director on 16 July 2020.

New Directors are subject to re-election at the Annual General Meeting ("AGM"), following their first appointment. In addition, re-election of Directors shall take place each year and all Directors shall retire from office every three (3) years but shall be eligible for re-election. This has been consistently practised. This also provides an opportunity for shareholders to renew their mandate. The re-election of each retiring Director is voted separately. To assist shareholders in their decision, sufficient information such as personal profile, meeting attendance and shareholdings in the Company of each retiring Director standing for re-election are furnished in this Annual Report.

The names of the four Directors seeking for re-election at the forthcoming 25th AGM are disclosed in the Notice of AGM. The Board after having evaluated the recommendation of the Nomination Committee, and with retiring Directors abstaining, has endorsed the re-election of the retiring Directors.

During the financial year under review, the Nomination Committee and the Board, having evaluated the annual assessment of Mr Tan En Chong who has served a cumulative term of more than twelve (12) years on the Board as Independent Non-Executive Director, satisfied that Mr Tan has fulfilled the criteria of Independent Director set by the Company. His long tenure has to this day not created any adverse effect on his independency and has no conflict of interest or undue influence from interested parties. Further, Mr Tan's intellectual honesty, bona fide commitment and vast knowledge in various areas of finance matters warrant his retention as an Independent Non-Executive Director of the Company. Mr Tan does not involve in any operational matters of the Group nor having his own business which is in the same industry as the Group's.

The Board recommends that Mr Tan En Chong who has served in the capacity of an Independent Director for more than twelve (12) years to continue to serve on the Board. In line with the MCGG 2017, shareholders' approval will be sought through a two-tier voting process at the forthcoming 25th AGM for Mr Tan En Chong to continue serving the Company as an Independent Director. Mr Tan En Chong has been re-designated as Senior Independent Non-Executive Director since 1 March 2018.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Time Commitment

All the Board members shall notify the Chairman of the Board at least one (1) week before accepting any new directorships in public listed companies incorporated in Malaysia as well as directorships in corporations with similar businesses operating in the same jurisdiction. The Chairman of the Board shall notify all the Board members at least one (1) week before accepting any new directorships in public listed companies incorporated in Malaysia as well as directorships in corporations with similar businesses operating in the same industry. The notification should include an indication of the time that will be spent on the new appointment.

### Board Meetings

A pre-scheduled annual calendar of the Board Meetings are circulated to all the Board members at the end of each year to facilitate the Directors to plan their following year schedules ahead. The Board meets at least 5 times a year with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings with sufficient notice. Directors are allowed to participate in Board Meetings via tele-conference.

All the Directors have complied with the minimum 50% attendance requirement in respect of the Board Meetings as stipulated in the MMLR of Bursa Malaysia.

During the FYE 2020, 5 meetings of the Board were held. Details of attendance at Board meetings held in the FYE 2020 are as follows:

Name of Directors	No. of Meetings attended
Dato' Haji Arpan Shah Bin Satu***	1/1
Dato' Lim Kang Poh	5/5
Mr Lim Guan Shiun	4/5
Tuan Haji Md. Adanan Bin Abdul Manap	5/5
Tan Sri Dato' Lim Kang Yew*	2/2
Dato' Suhaimi Bin Mohd Yunus	3/5
Mr Tan En Chong	5/5
Tuan Haji Khalit Bin Kasmoin	5/5
Mr Lim Dian Hoong**	1/1

\* Appointed on 16/7/2020

\*\* Appointed on 24/9/2020

\*\*\* Appointed on 13/10/2020

### Directors' Training

During the FYE 2020, the training programme attended by the Directors are as follows:

Members of the Board	Training Attended
Dato' Haji Arpan Shah Bin Satu	Mandatory Accreditation Programme
Dato' Lim Kang Poh	2021 Budget Highlights
Mr Lim Guan Shiun	
Tuan Haji Md Adanan Bin Abdul Manap	
Tan Sri Dato' Lim Kang Yew*	
Dato' Suhaimi Bin Mohd Yunus	
Mr Tan En Chong	
Tuan Haji Khalit Bin Kasmoin	
Mr Lim Dian Hoong	

With the assistance of the Company Secretaries, the Board will continue to evaluate and determine the training needs of its members to assist them in discharging their duties as Directors of the Company effectively.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Remuneration

The Remuneration Committee was established on 2 January 2002. The Remuneration Committee reviews the performance of the Executive Directors and furnishes recommendations to the Board on specific adjustments in remuneration, including reward payments commensurate with the respective contributions of the Executive Directors for the year. In the case of Non-Executive Directors, the Board as a whole will determine the remuneration package. The level of remuneration reflects the level of experience and responsibilities undertaken and the individuals concerned are abstained from discussion and decision making.

The Remuneration Committee comprises the following directors:

Chairman : Mr Tan En Chong  
 Members : Dato' Haji Arpan Shah Bin Satu  
               Tuan Haji Khalit Bin Kasmoin

The remuneration for Executive Directors is structured so as to link reward to corporate and individual performance. In the case of Non-Executive Directors, the quantum of remuneration reflects the level of experience and responsibilities undertaken by them during the period under review.

Details of the remuneration of the Directors for the FYE 2020 for the Group and the Company are as follows:

	Group			Company		
	Fees (RM'000)	Salaries, Bonus & Other Benefits (RM'000)	Total (RM'000)	Fees (RM'000)	Salaries, Bonus & Other Benefits (RM'000)	Total (RM'000)
Names						
Dato' Haji Arpan Shah Bin Satu **	5.2	–	5.2	5.2	–	5.2
Dato' Lim Kang Poh	30.0	857.6	887.6	30.0	–	30.0
Mr Lim Guan Shiun	30.0	500.9	530.9	30.0	–	30.0
Tuan Haji Md Adanan Bin Abdul Manap	48.0	2.5	50.5	36.0	–	36.0
Tan Sri Dato' Lim Kang Yew*	12.5	–	12.5	12.5	–	12.5
Dato' Suhaimi Bin Mohd Yunus	24.0	–	24.0	24.0	–	24.0
Mr Tan En Chong	24.0	–	24.0	24.0	–	24.0
Tuan Haji Khalit Bin Kasmoin	24.0	–	24.0	24.0	–	24.0
Mr Ng Kim Keong ***	14.0	–	14.0	14.0	–	14.0
Subtotal	211.70	1,361.0	1,572.7	199.7	–	199.7
Subsidiaries' Directors (Excluding Company's Common Directors)	–	284.4	284.4	–	–	–
Total	211.70	1,645.4	1,857.1	199.7	–	199.7

\* Appointed on 16 July 2020

\*\* Appointed on 13 October 2020

\*\*\* Resigned on 16 July 2020

The Board opines that disclosure of the Senior Management personnel's names exclude the Executive Directors and the various remuneration components (salaries, bonuses, benefit-in-kind and other emoluments) would not be in the best interest of the Group to safeguard the confidentiality of the compensation among the Senior Management personnel and to avoid the poaching of our executives by competitors.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

#### Audit Committee

The Audit Committee comprises of three (3) Independent Non-Executive Directors, having explicit authority from the Board to investigate any matter and is given full responsibility within its term of reference and necessary resources which it needs to do so and has full access to information of the Group.

For the details of Audit Committee's composition and activities during the FYE 2020, please refer to the "Audit Committee Report" section in this Annual Report.

It is required under the Terms of Reference of Audit Committee for a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee. In the annual assessment on the suitability, objectivity and independence of the external auditors, the Audit Committee is guided by the factors as prescribed under Paragraph 15.21 of the MMLR.

The composition of the Audit Committee was reviewed by the Nomination Committee in June 2020 and recommended to the Board for approval to maintain the current membership of the Audit Committee. With the view to maintain an independent and effective Audit Committee, an Independent Non-Executive Directors who is financially literate, possesses the appropriate level of expertise and experience, and has the strong understanding of the Company's business would be considered for membership on Audit Committee.

The specific responsibilities of the Audit Committee are set out in its terms of reference and are available at the Company's website at [www.astralasia.com](http://www.astralasia.com).

In presenting the annual financial statements and quarterly announcement of results, the Directors aim to present a balanced, clear and understandable assessment of the Group's financial position and prospects. Each financial report and the information to be disclosed are reviewed by the Audit Committee and approved by the Board prior to its release to Bursa Securities. Timely release of announcements on quarterly and full year financial reports reflects the Board's accountability to its shareholders.

During the FYE 2020, the amount of statutory audit and non-audit fees paid to the external auditors by the Company and the Group respectively were as follows:

	Audit Fee (RM)	Non-Audit Fee (RM)
<b>Company</b>	28,000	5,000
<b>Group</b>	93,000	5,000

The Audit Committee is empowered by the Board to review all issues in relation to the appointment and re-appointment, resignation or dismissal of external auditors. In reviewing the nomination of Grant Thornton Malaysia PLT for re-appointment for the FYE 2020, the Audit Committee, had assessed and affirmed the independence and suitability of the external auditors to continue in office until close of the upcoming Annual General Meeting and the Audit Committee had evaluated the external auditors based on review of performance and written assurances from the external auditors as well as discussion with Management on the independence of the external auditors.

The External Auditors had confirmed, at an Audit Committee Meeting, that they are and have been, independent throughout the conduct of audit engagement in accordance with the terms of relevant professional and regulatory requirements.

The Audit Committee is satisfied with the competence and independence of the current external auditors and has recommended to the Board for their re-appointment, upon which the shareholders' approval will be sought at the forthcoming 25th Annual General Meeting.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board of Directors is primarily responsible for ensuring that the financial statements of the Group and the Company are drawn up in accordance with Malaysian Financial Reporting Standards and the requirements of the Companies Act 2016 and the Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2020 and of the results and cash flows of the Group and Company for the financial year ended on that date.

In the preparation of the financial statements, the Directors have taken the following steps:

- (a) adopted suitable accounting policies and applied them consistently;
- (b) made judgments and estimates that are prudent and reasonable;
- (c) ensured the adoption of applicable approved accounting standards; and
- (d) used the going concern basis for the preparation of the financial statements.

The Directors are responsible for ensuring proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Group and the Company and are kept in accordance with the Companies Act 2016. The Directors are also responsible for taking such steps as are reasonably open to them to safeguard the Group's assets and to prevent and detect fraud and other irregularities.

### Relationship with External Auditors

The Board maintains a formal and transparent relationship with its External Auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia. The External Auditors regularly bring up relevant matters that need to be addressed during the Audit Committee Meetings.

During the financial year under review, the external auditors were invited to attend two meetings of the Audit Committee without the presence of the Executive Directors and Management and were given access to books and records of the Group.

### Risk Management

The Board has the ultimate responsibility for reviewing the Company's policy, approving the risk management framework policy and overseeing the Company's strategic risk management and internal control framework.

The Risk Management Committee assists the Audit and Board in discharging these responsibilities by overseeing and reviewing the risk management framework and the effectiveness of risk management of the Company.

### Internal Control Framework

The Board has established an independent internal audit function that reports to the Audit Committee. The summary of the work of the internal audit function during the financial year under review is provided in the Audit Committee Report.

In addition, the Group's Risk Management and Internal Control are disclosed in the sections entitled "Statement on Risk Management and Internal Control" of this Annual Report provides an overview on the state of risk management and internal control systems within the Group.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

#### Communication with Stakeholders

The Board recognises the importance of keeping the shareholders, investors and general public informed of the Group's business and corporate developments. Such information is disseminated via the Company's annual report and the announcements made from time to time. Shareholders may obtain the Company's latest announcements from the Bursa Malaysia website. The Company also maintains its homepage that allows all shareholders and investor access to information about the Group at [www.astralasia.com](http://www.astralasia.com).

All shareholders including private investors have an opportunity to participate in discussion with the Board on matters relating to the Company's operation and performance at the Company's AGM. It is the principal forum for dialogue with shareholders. The Management will take note of the shareholders' suggestions and comments for consideration.

Whilst the Company endeavours to provide as much information as possible to its shareholders, it must also be wary of the legal regulatory framework governing the release of material and price-sensitive information. As such, corporate disclosure will take into account the prevailing legislative restrictions and requirements as well as the investors' needs for timely release of price-sensitive information, such as financial performance results and statements, material acquisitions, significant corporate proposals as well as other significant corporate events.

#### Conduct of General Meetings

The Directors of the Company together with the respective Chairman of the Board Committees participate in the AGM to facilitate discussion on matters such as audit, nomination, remuneration and risk management.

Notice of AGM has been sent to all shareholders more than recommended practice of 28 days in advance to allow them sufficient time to prepare for the general meeting and raise meaningful questions during the meeting. The Chairman of the meeting will provide sufficient time to shareholders' questions on matters pertaining to the Company's performance and would respond to the shareholders with regards to their concern and question raised. Members of the Board, Chairman of Board Committees and Key Senior Management, as well as the External Auditors of the Company are present to respond to questions raised at the meeting.

Extraordinary General Meeting is held as and when shareholders' approvals are required on specific matters. The Chairman and directors together with relevant Advisors to the Board, lawyers and/or Reporting Accountants engaged in advising the Board on these specific matters would respond to the questions raised by the shareholders.

All resolutions tabled at general meetings will be carried out by way of poll. To facilitate greater shareholder participation, electronic voting had been used at the 24th AGM held last year.

#### Summary of Corporate Governance Practices

The Board is pleased to report that during the FYE 2020, the Company had applied and adopted 28 of the 36 Practices (28 Practices and 1 Step Up) encapsulated in the 3 Principles of MCCG. The breakdown of the status of application by Principle is provided below:

Principle	Practice			Step-up	
	Applied	Departure	Not Applicable	Adopted	Not Adopted
A - Board Leadership and Effectiveness	17	2	–	–	2
B - Effective Audit and Risk Management	8	–	–	1	1
C - Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders	3	2	–	–	–
<b>Total</b>	<b>28</b>	<b>4</b>	<b>–</b>	<b>1</b>	<b>3</b>

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

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

### Summary of Corporate Governance Practices (Cont'd)

The summary of the 4 departed Practices is as follows:

Principal	Practice	Gap Summary
A - Board Leadership and Effectiveness	4.1 At least half of the board comprises independent directors.	3 out of 8 directors or 37.5% of the Board are independent directors.  Mr Tan En Chong had been appointed as a Senior Independent Non-Executive Director to ensure that board decisions are made objectively in the best interest of the Company.
	7.2 The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.	Due to confidentiality of the remuneration package of Senior Management, exclude the Executive Directors, it would be in the best interest of the Company not to disclose their remunerations on named basis.
C - Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders	11.2 Large Companies are encouraged to adopt Integrated Reporting based on a globally recognised framework	The Group does not fall under the category of large companies and has yet to adopt Integrated Reporting.  The Board and Senior Management will regularly review this practice requirement.
	12.3 Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate – - including voting in absentia; and - remote shareholders' participation at General Meetings.	The Board will explore and review the availability, feasibility, cost and benefit of the technology before implementing this practice.

Further information about the Company's corporate governance practices, in the form of the Corporate Governance Report, is available on the Company's website at [www.astralasia.com](http://www.astralasia.com).

### Key Focus Areas and Future Priorities

The Company's key focus during the year was to comprehend the Principles and Practices introduced in the MCCG, for the subsequent application and disclosure in the annual report for the FYE 2020. Consequently, the Group's existing Board Charter, Terms of Reference of the Board Committees and Code of Conduct have been reviewed and revised to be in line with the MCCG.

In 2020, the Group has applied most of the Practices under the MCCG, with the exceptions of 4 Practices. Nevertheless, the Board endeavours to achieve full application and adoption in the future.

This Corporate Governance Overview Statement was approved by the Board of Directors on 8 April 2021.

### Compliance Statement

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

## AUDIT COMMITTEE REPORT

The Audit Committee ("AC") of AAB was established on 12 February 1998. The principal objective of the AC is to assist the Board of Directors in discharging its duties and responsibilities in the areas of corporate disclosure and transparency, public accountability of the Company and its subsidiaries. The specific responsibilities of the AC are set out in its terms of reference and are available at the Company's website at [www.astralasia.com](http://www.astralasia.com).

### COMPOSITION AND MEETINGS

The AC consists of three Independent Non-Executive Directors. Mr Tan En Chong, the Chairman of the AC is a Fellow of the Association of Chartered Certified Accountants and also a member of the MIA.

During the FYE 2020, the AC held a total of five (5) meetings. The attendance of the AC members is set out below:

Members	No. of meetings attended
Mr Tan En Chong (Chairman) <i>Senior Independent Non-Executive Director</i>	5/5
Dato' Haji Arpan Shah Bin Satu* <i>Independent Non-Executive Director</i>	1/1
Tuan Haji Khalit bin Kasmoin <i>Independent Non-Executive Director</i>	5/5

\* Appointed on 13 October 2020

### SUMMARY OF WORK OF THE AC

#### 1. Financial Reporting

Reviewed the following Group financial statements and made recommendation to the Board for approval of the same:

Date of AC Meetings	Quarterly Results / Financial Statements Reviewed
26 February 2020	Unaudited fourth quarter results for the period ended 31 December 2019
11 June 2020	Audited Financial Statements for the financial year ended 31 December 2019
30 June 2020	Unaudited first quarter results for the period ended 31 March 2020
25 August 2020	Unaudited second quarter results for the period ended 30 June 2020
25 November 2020	Unaudited third quarter results for the period ended 30 September 2020

At the meetings held, the AC reviewed the annual financial statements and quarterly interim results of AAB and the Group before submission to the Board for approval, focusing particularly on:

- Changes in major accounting policies;
- Key audit matters;
- Significant and unusual events;
- Compliance with approved accounting standards and other legal requirements;
- Compliance with the Listing Requirements;
- Significant adjustments and recommendations arising from the audit;
- Going concern assumption;
- Major judgmental areas; and
- Related party transactions and conflict of interest situation.

# AUDIT COMMITTEE REPORT

(CONT'D)

## SUMMARY OF WORK OF THE AC (CONT'D)

### 2. External Audit

- a. Reviewed the audit scope, plan and report issued by the external auditors and their evaluation of the system of internal controls and followed up on the implementation of recommendation;
- b. Evaluated the performance of the external auditors and made recommendation to the Board the their re-appointment and audit fee; and
- c. Two private sessions were held with the external auditors without the presence of Management and Executive Directors.

### 3. Internal Audit

- a. Reviewed the internal audit plan issued by the Internal Auditors to ensure adequate scope and coverage on the activities of the Company and the Group;
- b. Reviewed and deliberated on the reports of audit conducted by the Internal Auditors;
- c. Appraised the adequacy of actions and remedial measures taken by the Management in solving the audit issues reported and the improvements required; and
- d. Reviewed and deliberated the internal audit function evaluation pursuant to Guidance for Practice 10.1 of MCCG 2017.

### 4. Other Duties

Reviewed Statement on Risk Management and Internal Control, Sustainability Statement and Corporate Governance Overview Statement before submitting the same for the Board's approval and inclusion into the Company's Annual Report 2020.

## SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The internal audit function of the Group is presently outsourced to a firm of Chartered Accountants to provide the Board and the AC with assurance on the adequacy and effectiveness of the system of internal control of the Group. The internal auditors focus their review on significant and high risk areas of the Group's businesses. The internal audit function reports directly to the AC.

During the financial year under review, the Internal Auditors had completed audit cycles with reviews being focused on revenue cycle and inventory management, payroll, corporate governance issues and other operational issues. Follow-up reviews were also being carried out to ascertain the extent of compliance with agreed implementation actions.

For the financial year ended 31 December 2020, the total fees incurred for the Internal Audit function were RM19,000.00.

## ADDITIONAL COMPLIANCE INFORMATION

### OTHER INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES

#### Utilisation of Proceeds

No proceeds were raised by the Company from any corporate exercise during the financial year.

#### Material Contracts

There were no material contracts of the Company and its subsidiaries involving directors' and major shareholders' interests for the financial year under review.

#### Contract Relating to Loans

There were no contracts relating to loans entered into by the Company.

#### Related Parties Transactions

There were no related parties' transactions during the financial year under review except as disclosed in Note 28 to the Financial Statements.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Malaysian Code on Corporate Governance 2017 requires listed companies to maintain a sound system of risk management and internal control to safeguard shareholders' investments and the Group's assets. Set out below is the Board of Directors' Statement on Risk Management and Internal Control ("Statement") as a Group for the financial year ended 31 December 2020 in compliance with paragraph 15.26(b) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), and in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers which is issued by the Taskforce on Internal Control with the support and endorsement of Bursa Malaysia.

## THE BOARD'S RESPONSIBILITY

The Board of Directors ("the Board") recognises the importance of maintaining sound internal control systems and risk management practices to ensure good corporate governance. The Board affirms its overall responsibility for reviewing the adequacy and integrity of the Group's system of risk management and internal control. However, as there are inherent limitations in any system of internal controls, such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives. It follows, therefore, the internal control system can only provide reasonable but not absolute assurance against material misstatement or loss to the Group.

## THE GROUP'S SYSTEM OF RISK MANAGEMENT AND INTERNAL CONTROL

The Board has implemented a risk management framework to identify, evaluate and manage the significant risks affecting the Group's operations. The Group has also established a Risk Management Committee ("RMC") to ensure communication of the Group's business objectives, operational and financial issues or risks through management meetings at various levels. In addition, the Board is of the opinion that it has experienced Executive Directors and qualified managers with relevant industry experience to run and manage the operations and businesses of the Group.

The RMC meets once a year in addition to the ad-hoc and scheduled meetings both at management and operational levels to deliberate and resolve business, financial and operational risks and/or matters.

In addition, the current system of internal control in the Group has within it, the following key elements:

- The Group maintains a formal organisation structure which defines the reporting lines up to the Board level.
- The Group has documented policies and procedures for all significant processes for its active subsidiaries to ensure that it maintains its effectiveness and continues to support the Group's business activities at all times as the Group continues to grow.
- The Board reviews and adopts the quarterly financial statements on a quarterly basis, in conjunction with the quarterly announcement of results of the Group to Bursa Malaysia.
- The Board plays an active role in discussing and reviewing the business plans, strategies, performance and risks faced by the Group.
- The internal audit function performs an independent assessment of the system of internal control and provides independent review of the risk management areas as well as identifies controls to mitigate these risks.

RMC is tasked by the Board with the duty of reviewing and monitoring the adequacy and effectiveness of the Group's system of risk management and internal control.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

### INTERNAL AUDIT FUNCTION

The AC has appointed a firm of Chartered Accountants to provide internal audit services on an outsourced basis.

The internal audit function provides the AC with reports, wherein it highlights observations and recommends to the Management where action plans necessary to be taken to improve the system of internal control.

### COVID-19 PANDEMIC

The declaration of COVID-19 as a pandemic by the World Health Organisation on 11 March 2020 has caused some disruptions to the Group's operations as a whole. In response to this, the Group will ensure that the appropriate and necessity directive Standard Operation Procedures that pertinent to COVID-19 health guidelines and requirements issued by relevant Authorities for all its business segments are always adhered to by all parties (employees, consultants, contractors, subcontractors, workers, visitors and suppliers) that is essential to avoid any closure/stop work order arising from COVID-19 infection, which may even cause further disruptions to the Group's operations.

### REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia's Main Market Listing Requirements, the External Auditors have reviewed this Statement for inclusion in the Annual Report. Their review was performed in accordance with the Recommended Practice Guide 5 (RPG 5), Guidance for Auditors on the Review of Directors' Statement on Risk Management and Internal Control issued by the Malaysian Institute of Accountants. Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and the integrity of the system of risk management and internal control for the Group.

### THE BOARD'S COMMITMENT

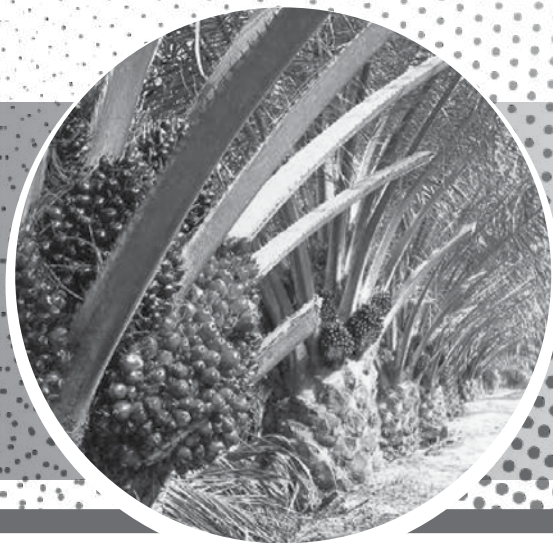
The Board is of the view that the internal control system that has been in place throughout the Group is adequate to safeguard shareholders' investment and the Group's assets. The Board, however, recognises that the Group operates in a dynamic business environment in which the internal control system must be responsive in order to be able to support its business objectives.

Assurance has been received by the Board from the Managing Director and the Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively in all material aspects and there are no major weaknesses at the existing level of operations of the Group. Recognising that the risk management and internal control system must continuously improve to meet the challenging business environment, the Board will continue to take appropriate action plans to strengthen the Group's risk management and internal control system.

To this end, the Board remains committed towards maintaining a sound system of risk management and internal control and therefore recognises that the system must continuously develop to support the growth and dynamics of the Group. As such, the Board, in striving for continuous improvement, will put in place appropriate action plans, when necessary, to further enhance the Group's system of risk management and internal control.

This statement was approved by the Board of Directors on 8 April 2021.

# FINANCIAL STATEMENTS



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## DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

### PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The principal activities of its subsidiaries are disclosed in Note 7 to the financial statements.

There have been no significant changes in the nature of activities of the Company and its subsidiaries during the financial year, except for Clean Link Sdn. Bhd. (formerly known as Woodland Water Sdn. Bhd.), a wholly-owned subsidiary of the Company has changed its principal activity from trading of bottled mineral water to trading of fast moving consumer goods and household cleaning products via e-commerce platform during the financial year.

### FINANCIAL RESULTS

	Group RM	Company RM
(Loss)/Profit for the financial year	(2,454,341)	168,595
Attributable to:-		
Owners of the Company	(1,712,814)	
Non-controlling interest	(741,527)	
	(2,454,341)	

### DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous 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.

### DIRECTORS OF THE COMPANY

The name of the Directors of the Company in office during the financial year and during the period commencing from the end of the financial year to the date of this report are:-

Dato' Haji Arpan Shah Bin Satu (Independent Non-Executive Chairman) (Appointed on 13 October 2020)  
Dato' Lim Kang Poh (Deputy Executive Chairman)  
Mr. Lim Guan Shiun (Managing Director)  
Tuan Haji Md Adanan Bin Abdul Manap (Deputy Managing Director)  
Tan Sri Dato' Lim Kang Yew (Executive Director) (Appointed on 16 July 2020)  
Dato' Suhaimi Bin Mohd Yunus (Non-Independent and Non-Executive Director)  
Mr. Tan En Chong (Senior Independent Non-Executive Director)  
Tuan Haji Khalit Bin Kasmoin (Independent Non-Executive Director)  
Mr. Lim Dian Hoong (Alternative Director to Tan Sri Dato' Lim Kang Yew) (Appointed on 24 September 2020)  
Mr. Ng Kim Keong (Independent Non-Executive Director) (Resigned on 16 July 2020)

# DIRECTORS' REPORT

(CONT'D)

## DIRECTORS OF THE COMPANY (CONT'D)

The Directors who held office in the subsidiaries of the Company (excluding Directors who are also Directors of the Company) during the financial year and during the period from the end of the financial year to the date of this report are:-

Dato' Sri Haji Shahrudin Bin Ab. Moin  
 Ms. Lim Hai  
 Mr. Lim Kuan Hwang

## DIRECTORS' REMUNERATION

During the financial year, the fees and other benefits received and receivable by the Directors of the Company are as follows:-

	Incurred by the Company RM	Incurred by the subsidiaries RM	Group RM
Directors' salaries and other emoluments	–	1,462,000	1,462,000
Directors' fees	199,726	12,000	211,726
Directors' defined contribution plan	–	180,660	180,660
Directors' social security contribution	–	2,769	2,769
	199,726	1,657,429	1,857,155

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of those who were Directors at the end of the financial year in the shares of the Company and its related corporations are as follows:-

	At 1.1.2020	Number of ordinary shares		At 31.12.2020
		Bought	Sold	
<b>Interests in the Company</b>				
<b>Direct interests</b>				
Dato' Lim Kang Poh	179,104,578	–	(89,552,289)	89,552,289
Tan Sri Dato' Lim Kang Yew	–	89,552,289	–	89,552,289

By virtue of his interest in shares of the Company, Dato' Lim Kang Poh and Tan Sri Dato' Lim Kang Yew are also deemed to have interest in the shares of all the subsidiaries to the extent that the Company has an interest under Section 59 of the Companies Act 2016.

Other than the disclosed above, none of the other Directors in office at the end of the financial year held any interest in the shares of the Company and its related corporations during the financial year.

## DIRECTORS' REPORT (CONT'D)

### ISSUE OF SHARES AND DEBENTURES

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

There was no issuance of debentures during the financial year.

### OTHER STATUTORY INFORMATION

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

- (a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of the provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (b) 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 which they might be expected so to realise.

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

- (a) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

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

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

In the opinion of the Directors:-

- (a) no contingent liability or other liability has 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 affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
- (b) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (c) 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 operations of the Group and of the Company for the current financial year in which this report is made.

## DIRECTORS' REPORT (CONT'D)

### INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

There is no indemnity coverage and insurance premium paid for Directors and Officers of the Company during the financial year.

### SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 33 to the financial statements.

### EVENT AFTER THE REPORTING PERIOD

The event after the reporting period is disclosed in Note 34 to the financial statements.

### AUDITORS

The total amount of fees paid to or receivable by the Auditors, Grant Thornton Malaysia PLT, as remuneration for their services as Auditors of the Company and its subsidiaries for the financial year ended 31 December 2020 are disclosed in Note 24 to the financial statements.

The Company has agreed to indemnify the Auditors as permitted under Section 289 of the Companies Act 2016 in Malaysia. No payment has been made to indemnify Grant Thornton Malaysia PLT for the financial year ended 31 December 2020.

The Auditors, Grant Thornton Malaysia PLT have expressed their willingness to continue in office.

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

.....  
**DATO' LIM KANG POH**

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) DIRECTORS  
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.....  
**TUAN HAJI MD ADANAN BIN ABDUL MANAP**

Kuala Lumpur  
16 April 2021

## STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 58 to 122 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of their financial performance and cash flows for the financial year then ended.

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

.....  
**DATO' LIM KANG POH**

Kuala Lumpur  
16 April 2021

.....  
**TUAN HAJI MD ADANAN BIN  
ABDUL MANAP**

## STATUTORY DECLARATION

I, Hoon Hui Kit, being the Officer primarily responsible for the financial management of Astral Asia Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 58 to 122 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by )  
the abovenamed at Kuala Lumpur in )  
the Federal Territory this day of )  
16 April 2021 )

.....  
**HOON HUI KIT**  
(MIA 6180)  
CHARTERED ACCOUNTANT

Before me:

Commissioner for Oaths  
RAMATHILAGAM A/P T RAMASAMY  
W671

# INDEPENDENT AUDITORS' REPORT

to the Members of Astral Asia Berhad

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### *Opinion*

We have audited the financial statements of Astral Asia Berhad, which comprise the statements of financial position as at 31 December 2020, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 58 to 122.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as of 31 December 2020, 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.

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# INDEPENDENT AUDITORS' REPORT

(CONT'D)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

### Key Audit Matters (Cont'd)

#### Group

Key Audit Matters	How our audit addressed the Key Audit Matter
<p>Impairment of property, plant and equipment and right-of-use assets (Notes 4 and 5 to the Financial Statements)</p> <p>The Group's carrying amount of property, plant and equipment and right-of-use assets are RM50,325,973 and RM283,341,318 respectively as at 31 December 2020. Property, plant and equipment and right-of-use assets measured at cost are depreciated on a straight-line basis over their useful life, in which management estimates the useful lives of the property, plant and equipment and right-of-use assets to be within 3 to 99 years and reviews the useful lives of depreciable assets at each end of the reporting period. This estimation however may vary due to change in the expected level of usage, technological developments and environmental exposure. We focused on this area because of its large carrying amount on the face of the statements of financial position and also due to high subjectivity and estimation involved in estimating the useful lives of each assets.</p> <p>We have identified impairment of property, plant and equipment and right-of-use assets as key audit matter because the determination of whether or not an impairment charge for these assets was necessary involved management judgements and estimation uncertainty in order to ensure the assets are recoverable at their carrying amounts.</p>	<p>Our audit procedures in relation to impairment review of these assets included:-</p> <ul style="list-style-type: none"> <li>Obtaining an understanding of: <ul style="list-style-type: none"> <li>how the Group identifies impairment indicators; and</li> <li>how the Group makes the accounting estimates for impairment.</li> </ul> </li> <li>Performing physical sighting of property, plant and equipment, right-of-use assets, and estate visits on sampling basis to ensure the property, plant and equipment, right-of-use assets, and estates are in good working condition.</li> <li>Referring to companies in similar industry to compare the depreciation rates for each category of assets and recalculating the depreciation charges recognised for the financial year.</li> <li>Reviewing the reasonableness of assumptions and judgement made by the management for the impairment assessment of assets.</li> </ul>
<p>Fair value on bearer biological assets (Note 10 to the Financial Statements)</p> <p>The fair value of bearer biological assets of the Group is RM998,409. The fair value of biological assets was subject to the life to maturity, mortality rate, production quantity, selling prices and variable costs and profit margin.</p> <p>We have identified the fair value on biological assets as a key audit matter because of the significant judgement and estimates involved in applying the valuation method on the biological assets.</p>	<p>Our audit procedures in relation to the fair value of biological assets included:-</p> <ul style="list-style-type: none"> <li>Assessing the reasonableness of discount rate used to reflect the time value of money and the risk.</li> <li>Assessing the adequacy and appropriateness of the disclosures relating to the valuation methodology and estimation made in the financial statements.</li> <li>Recalculating the average Malaysian Palm Oil Board ("MPOB") price to ensure the valuation technique used is reasonable.</li> </ul>

#### Company

There is no key audit matter to be communicated in respect of the audit of the financial statements of the Company.

# INDEPENDENT AUDITORS' REPORT

(CONT'D)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

### *Information Other than the Financial Statements and Auditors' Report Thereon*

The Directors of the Company are responsible for the other information. The other information comprises the information included in the 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, 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.

### *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 Standard 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.

# INDEPENDENT AUDITORS' REPORT

(CONT'D)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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

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 (Cont'd):-

- 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 Company or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the Directors, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

### *Other Matter*

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

GRANT THORNTON MALAYSIA PLT  
(201906003682 & LLP0022494-LCA)  
CHARTERED ACCOUNTANTS (AF 0737)

HOOI KOK MUN  
(NO: 02207/01/2022 J)  
CHARTERED ACCOUNTANT

Kuala Lumpur  
16 April 2021

# STATEMENTS OF FINANCIAL POSITION

as at 31 December 2020

	Note	2020 RM	Group 2019 RM	2020 RM	Company 2019 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	50,325,973	65,123,143	–	–
Right-of-use assets	5	283,341,318	287,235,190	–	–
Investment properties	6	18,800,000	18,800,000	–	–
Investment in subsidiaries	7	–	–	171,519,450	171,770,933
Investment in an associate	8	1,166,756	1,206,067	–	–
Total non-current assets		353,634,047	372,364,400	171,519,450	171,770,933
<b>Current assets</b>					
Inventories	9	974,150	332,109	–	–
Bearer biological assets	10	998,409	751,738	–	–
Trade receivables	11	317,476	964,144	–	–
Other receivables	12	11,653,580	501,687	6,300	1,000
Amount due from subsidiaries	13	–	–	554,325	384,225
Tax recoverable		66,028	17,227	39,571	39,571
Fixed deposits with licensed financial institutions	14	3,500	3,500	–	–
Cash and bank balances		3,643,157	2,581,453	29,878	17,070
Total current assets		17,656,300	5,151,858	630,074	441,866
<b>Total assets</b>		<b>371,290,347</b>	<b>377,516,258</b>	<b>172,149,524</b>	<b>172,212,799</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Equity attributable to owners of the Company:-					
Share capital	15	131,996,700	131,996,700	131,996,700	131,996,700
Retained earnings		52,205,421	53,918,235	36,346,769	36,178,174
		184,202,121	185,914,935	168,343,469	168,174,874
Non-controlling interest	7	84,978,125	86,769,652	–	–
<b>Total equity</b>		<b>269,180,246</b>	<b>272,684,587</b>	<b>168,343,469</b>	<b>168,174,874</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Loans and borrowings	16	10,271,389	10,624,656	–	–
Lease liabilities	5	7,737,431	7,764,583	–	–
Deferred tax liabilities	17	70,853,622	75,171,308	–	–
Total non-current liabilities		88,862,442	93,560,547	–	–

## STATEMENTS OF FINANCIAL POSITION

(CONT'D)

	Note	2020 RM	Group 2019 RM	2020 RM	Company 2019 RM
<b>Current liabilities</b>					
Trade payables	18	617,509	1,346,707	–	–
Other payables	19	4,892,017	5,520,055	66,084	37,904
Amount due to a subsidiary	20	–	–	3,739,950	4,000,000
Amount due to an associate	21	565,195	565,195	–	–
Dividend payable		21	21	21	21
Loans and borrowings	16	6,920,022	3,325,206	–	–
Lease liabilities	5	252,895	319,900	–	–
Tax payable		–	194,040	–	–
Total current liabilities		13,247,659	11,271,124	3,806,055	4,037,925
<b>Total liabilities</b>		102,110,101	104,831,671	3,806,055	4,037,925
<b>Total equity and liabilities</b>		371,290,347	377,516,258	172,149,524	172,212,799

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 31 December 2020

	Note	2020 RM	Group 2019 RM	2020 RM	Company 2019 RM
Revenue	22	17,301,636	16,395,204	1,950,000	–
Cost of sales	23	(8,303,535)	(8,043,811)	–	–
Gross profit		8,998,101	8,351,393	1,950,000	–
Other income		2,221,579	831,427	–	–
Administration expenses		(4,308,416)	(7,243,640)	(438,822)	(362,600)
Depreciation for property, plant and equipment and right-of-use asset		(7,059,431)	(7,777,057)	–	–
Property, plant and equipment written off		(4,918,395)	(4,742,136)	–	–
Net gain/(loss) on impairment of financial instruments		142,426	(142,426)	(1,091,100)	(2,410,268)
Other expenses		(308,097)	(27,797)	(251,483)	(3,104,563)
Finance costs		(1,083,630)	(1,068,168)	–	–
Finance income		4,599	14,665	–	–
Share of loss in associate		(39,311)	(37,960)	–	–
(Loss)/Profit before tax	24	(6,350,575)	(11,841,699)	168,595	(5,877,431)
Taxation	25	3,896,234	(1,499,866)	–	–
(Loss)/Profit for the financial year		(2,454,341)	(13,341,565)	168,595	(5,877,431)
Other comprehensive income		–	–	–	–
Total comprehensive (loss)/income for the financial year		(2,454,341)	(13,341,565)	168,595	(5,877,431)
<b>Loss for the financial year attributable to:-</b>					
Owners of the Company		(1,712,814)	(10,305,220)		
Non-controlling interest	7	(741,527)	(3,036,345)		
		(2,454,341)	(13,341,565)		
<b>Total comprehensive loss attributable to:-</b>					
Owners of the Company		(1,712,814)	(10,305,220)		
Non-controlling interest	7	(741,527)	(3,036,345)		
		(2,454,341)	(13,341,565)		
<b>Basic loss per share attributable to owners of the Company (sen)</b>	26	(0.26)	(1.56)		

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

# STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2020

## Attributable to owners of the Company

Group	Distributable		Total RM	Non- controlling interest RM	Total equity RM
	Share capital RM	Retained earnings RM			
Balance at 1 January 2019	131,996,700	64,223,455	196,220,155	89,805,997	286,026,152
Total comprehensive loss for the financial year	–	(10,305,220)	(10,305,220)	(3,036,345)	(13,341,565)
Balance at 31 December 2019	131,996,700	53,918,235	185,914,935	86,769,652	272,684,587
<i>Transactions with owners:-</i>					
Dividend paid to non-controlling interest	–	–	–	(1,050,000)	(1,050,000)
Total comprehensive loss for the financial year	–	(1,712,814)	(1,712,814)	(741,527)	(2,454,341)
Balance at 31 December 2020	131,996,700	52,205,421	184,202,121	84,978,125	269,180,246

## Attributable to owners of the Company

Company	Distributable		Total RM
	Share capital RM	Retained earnings RM	
Balance at 1 January 2019	131,996,700	42,055,605	174,052,305
Total comprehensive loss for the financial year	–	(5,877,431)	(5,877,431)
Balance at 31 December 2019	131,996,700	36,178,174	168,174,874
Total comprehensive income for the financial year	–	168,595	168,595
Balance at 31 December 2020	131,996,700	36,346,769	168,343,469

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

# STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2020

	Note	2020 RM	Group 2019 RM	2020 RM	Company 2019 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
(Loss)/Profit before tax		(6,350,575)	(11,841,699)	168,595	(5,877,431)
<b>Adjustments for:-</b>					
Depreciation of property, plant and equipment		2,904,651	3,482,752	–	–
Depreciation of right-of-use assets		4,154,780	4,294,305	–	–
Bad debts written off		40,225	27,797	–	–
Payables written off		–	(287,740)	–	–
Fair value gain on bearer biological assets		(246,671)	(74,782)	–	–
Property, plant and equipment written off		4,918,395	4,742,136	–	–
Dividend income		–	–	(1,950,000)	–
Gain on disposal of property, plant and equipment		(1,618,669)	(124,200)	–	–
Interest expense		1,083,630	1,068,168	–	–
Interest income		(4,599)	(14,665)	–	–
Allowance for expected credit loss on:-					
- trade receivables		–	142,426	–	–
- amount due from subsidiaries		–	–	1,091,100	2,410,268
Reversal of allowance for expected credit loss		(142,426)	–	–	–
Impairment loss on investment in subsidiaries		–	–	251,483	3,104,563
Share of loss in associate		39,311	37,960	–	–
Operating profit/(loss) before working capital changes		4,778,052	1,452,458	(438,822)	(362,600)
<b>Changes in working capital:-</b>					
Inventories		(642,041)	24,495	–	–
Receivables		756,976	5,352,246	(5,300)	–
Payables		(1,357,236)	(917,876)	28,180	2,270
Cash generated from/(used in) operations		3,535,751	5,911,323	(415,942)	(360,330)
Tax paid		(664,293)	(99,063)	–	–
Net cash from/(used in) operating activities		2,871,458	5,812,260	(415,942)	(360,330)

## STATEMENTS OF CASH FLOWS

(CONT'D)

	Note	Group 2020 RM	2019 RM	Company 2020 RM	2019 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Dividend received		–	–	1,950,000	–
Interest received		4,599	14,665	–	–
Proceeds from disposal of property, plant and equipment	A	1,017,124	124,200	–	–
Purchase of right-of-use assets	B	(20,988)	(43,559)	–	–
Purchase of property, plant and equipment		(3,589,251)	(2,639,439)	–	–
(Advances to)/Repayment from a subsidiary		–	–	(1,261,200)	264,200
Net cash (used in)/from investing activities		(2,588,516)	(2,544,133)	688,800	264,200
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Dividend paid to non-controlling interest		(1,050,000)	(1,050,000)	–	–
Drawdown of term loan		442,277	67,491	–	–
Repayment of term loan		(296,030)	(981,195)	–	–
Interest paid		(1,083,630)	(1,068,168)	–	–
Repayment of principal portion of lease liabilities		(329,157)	(476,362)	–	–
Repayment to a subsidiary		–	–	(260,050)	–
Net cash used in financing activities		(2,316,540)	(3,508,234)	(260,050)	–
<b>CASH AND CASH EQUIVALENTS</b>					
Net changes		(2,033,598)	(240,107)	12,808	(96,130)
Brought forward		358,588	598,695	17,070	113,200
Carried forward	C	(1,675,010)	358,588	29,878	17,070

### NOTES TO THE STATEMENTS OF CASH FLOWS

#### A. PROCEEDS FROM DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

	Group 2020 RM	2019 RM
Consideration on disposal of property, plant and equipment	12,177,124	124,200
Proceeds from disposal received for property, plant and equipment	(1,017,124)	(124,200)
Proceeds from disposal included in other receivables (Note 12)	11,160,000	–

# STATEMENTS OF CASH FLOWS

(CONT'D)

## B. PURCHASE OF RIGHT-OF-USE ASSETS

	2020 RM	Group 2019 RM
Right-of-use assets were acquired by the following means:-		
Lease liabilities	235,000	404,000
Cash payments	20,988	43,559
	<u>255,988</u>	<u>447,559</u>

## C. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following amounts:-

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash and bank balances	3,643,157	2,581,453	29,878	17,070
Fixed deposits with licensed financial institutions (Note 14)	3,500	3,500	–	–
Bank overdraft (Note 16)	(5,318,167)	(2,222,865)	–	–
	<u>(1,671,510)</u>	<u>362,088</u>	<u>29,878</u>	<u>17,070</u>
Less: Fixed deposits pledged	(3,500)	(3,500)	–	–
	<u>(1,675,010)</u>	<u>358,588</u>	<u>29,878</u>	<u>17,070</u>

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 1. GENERAL INFORMATION

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

The registered office and principal place of business of the Company are both located at Level 12, Menara TSR, No. 12, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan.

The Company is principally engaged in investment holding. The principal activities of its subsidiaries are disclosed in Note 7 to the financial statements.

There have been no significant changes in the nature of activities of the Company and its subsidiaries during the financial year, except for Clean Link Sdn. Bhd. (formerly known as Woodland Water Sdn. Bhd.), a wholly-owned subsidiary of the Company has changed its principal activity from trading of bottled mineral water to trading of fast moving consumer goods and household cleaning products via e-commerce platform during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 16 April 2021.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

### 2.2 Basis of measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention, except for investment in properties and biological assets that are measured at fair values at the end of each reporting period as indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 2. BASIS OF PREPARATION (CONT'D)

### 2.2 Basis of measurement (Cont'd)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:-

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

### 2.3 Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Company's functional currency and all values are rounded to the nearest RM except when otherwise stated.

### 2.4 Adoption of new standards/amendments/improvements to MFRSs

The Group and the Company have consistently applied the accounting policies set out in Note 3 to all periods presented in these financial statements.

At the beginning of the current financial year, the Group and the Company adopted new standards/amendments/improvements to MFRSs which are mandatory for the financial periods beginning on or after 1 January 2020.

Initial application of the new standards/amendments/improvements to the standards did not have material impact to the financial statements.

### 2.5 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopts these new and amended standards and interpretations, if applicable, when they become effective.

#### Effective for financial period beginning on or after 1 June 2020

- Amendments to MFRS 16 *Leases* - Covid-19-Related Rent Concessions

#### Effective for financial period beginning on or after 1 January 2021

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4\* and MFRS 16 – Interest Rate Benchmark Reform – Phase 2

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 2. BASIS OF PREPARATION (CONT'D)

### 2.5 Standards issued but not yet effective (Cont'd)

#### Effective for financial period 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 Contract-Cost of Fulfilling a Contract
- Annual Improvements to MFRS Standards 2018-2020

#### Effective for financial period beginning on or after 1 January 2023

- MFRS 17 Insurance Contracts \*
- Amendments to 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 Errors - Definition of Accounting Estimates

#### Deferred to a date to be determined by the MASB

- 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

\* Not applicable to the Group's and the Company's operations.

The initial application of the accounting standards, interpretations and amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company upon their first adoption.

### 2.6 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

#### 2.6.1 Estimation uncertainty

Information about significant estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below:-

##### **Fair value of biological assets**

The Group's bearer biological assets are measured at fair value less point-of-sale costs. In measuring fair values of fresh fruit bunches, management uses estimates of cash flows using inputs or assumptions of life to maturity, productivity quantity, mortality rate, selling prices of fresh fruit bunches, variable costs and profit margins. The probability-weighted cash flows are discounted using an appropriate discount rate that reflects the time value of money and the risk. As prices in agricultural business are volatile, the actual cash flows and discount rate may not coincide with the estimates made and this may have a significant effect on the Group's financial position and results.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. BASIS OF PREPARATION (CONT'D)

#### 2.6 Significant accounting estimates and judgements (Cont'd)

##### 2.6.1 Estimation uncertainty (Cont'd)

Information about significant estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below (Cont'd):-

##### **Useful lives of depreciable assets**

Property, plant and equipment and right-of-use assets are depreciated on a straight-line basis over their useful life. Management estimates the useful lives of the property, plant and equipment and right-of-use assets to be within 3 to 99 years and reviews the useful lives of depreciable assets at each end of the reporting period. As at 31 December 2020, management assesses that the useful lives represent the expected utility of the assets to the Group and the Company.

Actual results, however, may vary due to change in the expected level of usage and technological developments, which may result in the adjustment to the Group's and the Company's assets. The carrying amounts are analysed in Notes 4 and 5 to the financial statements.

Management expects that the expected useful lives of the property, plant and equipment would not have material difference from the management's estimates and hence it would not result in material variance in the Group's and the Company's loss for the financial year.

##### **Inventories**

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable value, management takes into account the most reliable evidence available at the times the estimates are made. The Group's core business is subject to economical changes which may cause selling prices to change rapidly, and the Group's loss to change.

The carrying amount of the Group's inventories at the reporting date is disclosed in Note 9 to the financial statements.

The management expects that the expected net realisable value of the inventories would not have material difference from the management's estimates and hence it would not result in material variance in the Group's loss for the financial year.

##### **Provision for expected credit losses ("ECLs") of trade receivables**

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product and inflation rates) are expected to deteriorate over the next year which can lead to an increased number of defaults in the construction and plantation sectors, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. BASIS OF PREPARATION (CONT'D)

#### 2.6 Significant accounting estimates and judgements (Cont'd)

##### 2.6.1 Estimation uncertainty (Cont'd)

Information about significant estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below (Cont'd):-

##### **Leases – Estimating the incremental borrowing rate**

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

##### **Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounting cash flows ("DCF") model. The cash flows are derived from the budget for the remaining useful life and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

##### **Income taxes and deferred tax liabilities**

The Group is exposed to income taxes. Significant judgement is involved in determining the Group's provision for income taxes and deferred tax liabilities. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

##### **Construction Contract**

Construction contract accounting requires reliable estimation of the completion. Using experience gained on each contract and taking into account of the expectation of the time and materials required to complete the contract, management uses budgeting tools to estimate the profitability of the contract at any time.

Construction contract accounting requires that variation, claims and incentive payments only be recognised as contract revenue to the extent that it is probable that they will be accepted by the customer. As the approval process often takes some time, a judgement is required to be made of its probability and revenue recognised accordingly.

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

### 2. BASIS OF PREPARATION (CONT'D)

#### 2.6 Significant accounting estimates and judgements (Cont'd)

##### 2.6.2 Significant management judgement

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:-

##### **Classification between investment properties and owner-occupied properties**

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. The Group accounts for the portions separately if the portions could be sold separately (or leased out separately under a financial lease). If the portion could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company applied the significant accounting policies, as summarised below, consistently throughout all periods presented in the financial statements, unless otherwise stated.

#### 3.1 Consolidation

##### 3.1.1 Subsidiaries

A subsidiary is an entity, including structured entity, controlled by the Company. Control exists when the Group 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. Besides, the Group 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.

Investment in a subsidiary is stated at fair value in the Company's statements of financial position.

Upon the disposal of investment in a subsidiary, the difference between the net disposal proceeds and its carrying amount is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income.

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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

#### 3.1 Consolidation (Cont'd)

##### 3.1.2 Basis of consolidation

The Group's financial statements consolidate the audited financial statements of the Company and all of its subsidiaries, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting date.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in asset, such as inventory and property, plant and equipment) are eliminated in full in preparing the consolidated financial statements. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

##### 3.1.3 Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

##### 3.1.4 Loss of control

Acquisition of subsidiary is accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

Any excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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

#### 3.1 Consolidation (Cont'd)

##### 3.1.5 Non-controlling interests

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

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if that results in a deficit balance.

##### 3.1.6 Associate

Associate is entity in which the Group has significant influence, but no control, over its financial and operating policies.

The Group's investment in its associate is accounted for using the equity method. Under the equity method, investment in an associate is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate since the acquisition date.

The share of the result of an associate is reflected in profit or loss. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, where there has been a change recognised directly in the equity of an associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statements of profit or loss and other comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investment is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

The financial statements of the associates are prepared as of the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies of the associates in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate. The Group determines at each end of the reporting period whether there is any objective evidence that the investments in the associates is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and their carrying value, then recognises the amount in the "share of profit of investments accounted for using the equity method" in profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

#### 3.1 Consolidation (Cont'd)

##### 3.1.6 Associate (Cont'd)

When the Group's interest in an associate decrease but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

#### 3.2 Property, plant and equipment

All property, plant and equipment, except for bearer plant, are measured at cost less accumulated depreciation and less any impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is recognised on the straight line method in order to write off the cost or valuation of each asset over its estimated useful life. Freehold land with an infinite life is not depreciated. Other property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:-

Buildings	2% - 15%
Plant and machinery	10% - 20%
Fittings and office equipment	10% - 33%
Motor vehicles	20%
Road and infrastructure	2%
Renovation	20%

Bearer plants comprise oil palm plants are stated at fair value deemed cost less any accumulated depreciation and any accumulated impairment losses. Cost of bearer plant includes expenditures that are directly attributable to the acquisition of the plants and any other costs directly attributable to bringing the plants to maturity. The cost also includes cost of planting, upkeep and maintenance, direct labour and estate overheads. For immature plants, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Immature bearer plants which are under construction are not depreciated. Upon maturity of the plants, accumulated cost will be depreciated over estimated production life of the plants of approximately 25 years from date of maturity. When the plants reach the end of their useful lives and are replanted, the carrying amount of the plants is derecognised.

Capital work-in-progress consists of buildings under construction/installation for intended use as production facilities. The amount is stated at cost and includes capitalisation of interest incurred on borrowings related to property, plant and equipment under construction/installation until the property, plant and equipment are ready for their intended use. Assets under construction are not depreciated until it is completed and ready for their intended use.

The residual values, useful lives and depreciation method are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable, or at least annually to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gain or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

#### 3.3 Inventories

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

Cost is determined on a first-in-first-out method. The costs of material and stores comprise costs of purchase.

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

#### 3.4 Investment properties

Investment properties consist of shop lots held for capital appreciation or rental purpose and not occupied or only an insignificant portion is occupied for use or in the operations of the Group.

Investment properties are stated at fair value, which reflects market conditions at the reporting date by external valuers. Changes in the fair values of investment properties are included in the profit or loss in the financial year in which they arise.

Investment properties are derecognised when either they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the year of retirement or disposal.

#### 3.5 Financial instruments

A financial instruments any contract that gives rise to a financial asset of one entity and a financial liability on equity instrument of another entity.

##### 3.5.1 Financial assets

###### Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

#### 3.5 Financial instruments (Cont'd)

##### 3.5.1 Financial assets (Cont'd)

###### Initial recognition and measurement (Cont'd)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

###### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:-

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

In the year presented, the Group and the Company carry financial assets at amortised cost only.

###### *Financial assets at amortised cost*

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's and the Company's financial assets at amortised cost includes fixed deposits with licensed financial institutions, cash and bank balances, trade and most other receivables and amount due from subsidiaries.

###### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:-

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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

#### 3.5 Financial instruments (Cont'd)

##### 3.5.1 Financial assets (Cont'd)

###### Derecognition (Cont'd)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

###### Impairment

The Group and the Company recognise an allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost. 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 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 experiences 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.

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

#### 3.5 Financial instruments (Cont'd)

##### 3.5.1 Financial assets (Cont'd)

###### Impairment (Cont'd)

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 and 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 and the Company's procedures for recovery amounts due.

##### 3.5.2 Financial liabilities

###### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

###### Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:-

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

In the year presented, the Group and the Company carry financial liabilities at amortised cost only.

###### *Financial liabilities at amortised cost*

This is the category most relevant to the Group and the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

The Group's and the Company's financial liabilities include trade and other payables, amount due to a subsidiary, amount due to an associate, dividend payable, loans and borrowings including bank overdrafts.

###### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

#### 3.5 Financial instruments (Cont'd)

##### 3.5.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

##### 3.5.4 Financial guarantee contracts

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

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

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

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

#### 3.6 Leases

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

##### 3.6.1 Group as a lessee

The Group as a lessee applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

##### 3.6.1.1 Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold land	Over the lease term from 60 to 99 years
Motor vehicles	5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment as set out in Note 3.9 Non-financial assets-Impairment to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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

#### 3.6 Leases (Cont'd)

##### 3.6.1 Group as a lessee (Cont'd)

###### 3.6.1.2 Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

###### 3.6.1.3 Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office building (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

##### 3.6.2 Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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

#### 3.7 Tax expense

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

##### 3.7.1 Current tax

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

Current tax is recognised in the statement of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

##### 3.7.2 Deferred tax

Deferred tax liabilities and assets are provided for under the liability method at the current tax rate in respect of all temporary differences at the reporting date between the carrying amount of an asset or liability in the statements of financial position and its tax base including unutilised tax losses and unabsorbed capital allowances.

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of a deferred tax asset is reviewed at each reporting date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or that entire deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

Current and deferred tax are recognised as expenses in the profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the reporting date.

#### 3.8 Biological assets

Biological assets comprised produce growing on bearer plants. Biological assets are measured at fair value less costs of disposal. Any gains or losses arising from changes in the fair value less costs of disposal net of transfers to produce stocks are recognised net in profit or loss. Fair value is determined based on the present value of expected net cash flows from the biological assets. The expected net cash flows are estimated using the expected output method and the estimated market price of the biological assets.

Biological assets are classified as current assets for bearer plants that are expected to be harvested on a date not more than 12 months after the reporting date, and the balance is classified as non-current.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

#### 3.9 Impairment of non-financial assets

At each reporting date, the Group and the Company review carrying amounts of its non-financial assets to determine whether there is any indication of impairment. Non-financial assets is tested for impairment at least once annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. If any such indication exists, or when annual impairment testing for an asset is required, the recoverable amount is estimated and an impairment loss is recognised whenever the recoverable amount of the asset or a cash-generating unit is less than its carrying amount. Recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

In assessing value in use, estimated future cash flows are discounted to 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. Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset. An impairment loss is recognised as an expense in profit or loss immediately, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

All reversals of impairment losses are recognised as income immediately in profit or loss unless the asset is carried at revalued amount, in which case the reversal in excess of impairment loss previously recognised through profit or loss is treated as revaluation increase. After such a reversal, depreciation charge is adjusted in future periods to allocate the revised carrying amount of the asset, less any residual value, on a systematic basis over its remaining useful life.

#### 3.10 Revenue recognition

Revenue is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

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

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

##### 3.10.1 Sales of fresh fruit bunches

Revenue from sale of fresh fruit bunches from operation of oil palm estates is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the fresh fruit bunches. The normal credit term is 30 days upon delivery.

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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

#### 3.10 Revenue recognition (Cont'd)

##### 3.10.2 Construction revenue

Revenue from construction contracts are accounted for under the percentage of completion method. The stage of completion is measured by reference to the survey work performed for each contract. Any anticipated loss will be recognised in full.

##### 3.10.3 Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

##### 3.10.4 Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

##### 3.10.5 Dividend income

Dividend income is recognised when the Group's right to receive payment is established, which is generally when shareholders approve the dividend.

##### 3.10.6 Sales of goods

Revenue relating to sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Transaction price of the sales of goods will be net of sales returns and discount.

#### 3.11 Employee benefits

##### 3.11.1 Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the financial year, in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occurred.

##### 3.11.2 Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions into separate entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contributions are recognised as expenses in the profit or loss as incurred. As required by law, the Group and the Company made such contributions to Employees Provident Fund ("EPF").

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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

#### 3.12 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, fixed deposits with licensed financial institutions and overdraft which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown in current liabilities in the statements of financial position.

For the purpose of the statement of cash flows, cash and cash equivalent are presented net of pledged fixed deposits and bank overdrafts.

#### 3.13 Contingent liabilities

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

#### 3.14 Equity, reserves and distributions to owners

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Share capital represents the nominal value of shares that have been issued.

Retained earnings include all current year's loss and prior periods' retained profits.

Dividends on ordinary shares are accounted for in shareholders' equity as an appropriation of retained earnings.

All transactions with owners of the Company are recorded separately within equity.

#### 3.15 Operating segments

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

#### 3.16 Goods and services tax

The Malaysia Government has zero rated the GST effective from 1 June 2018. This means the GST rate on supplying of goods or services or on the importation of goods has been revised from 6% to 0%.

The GST was replaced with the Sales and Services Tax effective from 1 September 2018. The rate for sale tax is fixed at 5% or 10%, while the rate for service tax is fixed at 6%.

The net amount of GST recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statements of financial position.

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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

#### 3.17 Sales tax

Expenses and assets are recognised net of the amount of sales tax, except:-

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

#### 3.18 Earnings per ordinary 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 shares of the Group over the average number of ordinary shares outstanding during the period.

#### 3.19 Provision

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### 3.20 Borrowing cost

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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

#### 3.21 Related parties

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

A party is related to an entity if:-

(a) A person or a close member of that person's family is related to the Group if that person:-

- (i) has control or joint control over the Group; or
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group.

(b) An entity is related to the Group if any of the following conditions applies:-

- (i) the entity and the Group are members of the same group.
- (ii) the entity is an associate or joint venture of the Group.
- (iii) both the Group and the entity are joint ventures of the same third party.
- (iv) the Group is a joint venture of a third entity and the other entity is an associate of the same third entity.
- (v) the entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
- (vi) the entity is controlled or jointly-controlled by a person identified in (a) above.
- (vii) a person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity.
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Bearer plants RM	Leasehold buildings RM	Freehold land and buildings RM	Plant and machinery RM	Motor vehicles RM	Fittings and equipment RM	Road and infrastructure RM	Renovation RM	Capital work-in-progress RM	Total RM
<b>Cost</b>											
At 1 January 2019	9,875,763	91,072,813	9,242,410	4,504,207	6,130,670	8,977,283	3,400,235	1,489,503	1,022,470	-	135,715,354
Additions	-	2,346,824	-	-	68,760	-	44,221	-	80,000	99,634	2,639,439
Written off	-	(10,033,121)	-	-	-	-	-	-	-	-	(10,033,121)
Disposal	-	-	-	-	-	(686,078)	-	-	-	-	(686,078)
At 31 December 2019	9,875,763	83,386,516	9,242,410	4,504,207	6,199,430	8,291,205	3,444,456	1,489,503	1,102,470	99,634	127,635,594
Additions	-	2,832,797	-	-	9,679	-	65,457	-	38,950	642,368	3,589,251
Written off	-	(11,013,587)	-	-	-	(182,167)	(48,560)	-	-	-	(11,244,314)
Disposal	(9,810,763)	-	-	-	-	(306,578)	-	-	(56,541)	(742,002)	(10,915,884)
Reclassification	-	-	(3,655,840)	3,655,840	-	-	-	-	-	-	-
At 31 December 2020	65,000	75,205,726	5,586,570	8,160,047	6,209,109	7,802,460	3,461,353	1,489,503	1,084,879	-	109,064,647
<b>Accumulated depreciation</b>											
At 1 January 2019	-	44,254,128	2,941,399	164,047	6,076,498	7,808,666	2,888,308	86,194	787,522	-	65,006,762
Charge for the financial year	-	2,430,516	240,677	-	15,607	443,301	102,362	29,796	220,493	-	3,482,752
Written off	-	(5,290,985)	-	-	-	-	-	-	-	-	(5,290,985)
Disposal	-	-	-	-	-	(686,078)	-	-	-	-	(686,078)
At 31 December 2019	-	41,393,659	3,182,076	164,047	6,092,105	7,565,889	2,990,670	115,990	1,008,015	-	62,512,451
Charge for the financial year	-	2,186,155	81,286	163,201	23,583	275,554	98,164	29,796	46,912	-	2,904,651
Written off	-	(6,095,192)	-	-	-	(182,167)	(48,560)	-	-	-	(6,325,919)
Disposal	-	-	-	-	-	(306,577)	-	-	(50,852)	-	(357,429)
Reclassification	-	-	(369,322)	369,322	-	-	-	-	-	-	-
Reclassification from right-of-use assets	-	-	-	4,920	-	-	-	-	-	-	4,920
At 31 December 2020	-	37,484,622	2,894,040	701,490	6,115,688	7,352,699	3,040,274	145,786	1,004,075	-	58,738,674
<b>Net carrying amount</b>											
At 31 December 2020	65,000	37,721,104	2,692,530	7,458,557	93,421	449,761	421,079	1,343,717	80,804	-	50,325,973
At 31 December 2019	9,875,763	41,992,857	6,060,334	4,340,160	107,325	725,316	453,786	1,373,513	94,455	99,634	65,123,143

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

Company	Office equipment RM
<b>Cost</b>	
At 1 January 2019/31 December 2019/2020	5,330
<b>Accumulated depreciation</b>	
At 1 January 2019/31 December 2019/2020	5,330
<b>Net carrying amount</b>	
At 1 January 2019/31 December 2019/2020	–

- (a) Bearer plants of the Group with a net carrying amount of RM857,361 (2019: RM896,435) were pledged as a security for bank overdraft facilities granted to the subsidiary as disclosed in Note 16 to the financial statements.
- (b) The buildings and the freehold land of the Group with a net carrying amount of RM7,439,204 (2019: RM17,408,248) were pledged as a security for credit facilities granted to the subsidiaries as disclosed in Note 16 to the financial statements.
- (c) During the financial year, the write-down of bearer plant is a result of replanting works in Kertau estate.

### 5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

#### Right-of-use assets

The Group has lease contracts for leasehold land and motor vehicles used in its operations. Lease of land are between 60 to 99 years; motor vehicles generally have lease terms of 3 years. Generally, the Group is restricted from assigning and subleasing the leased assets.

The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the “short-term lease” and “lease of low-value assets” recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period.

Group	Leasehold land RM	Motor vehicles RM	Total RM
<b>Cost</b>			
At 1 January 2019	316,514,890	663,961	317,178,851
Additions	–	447,559	447,559
At 31 December 2019	316,514,890	1,111,520	317,626,410
Additions	–	255,988	255,988
Adjustment	(1,048,987)	–	(1,048,987)
At 31 December 2020	315,465,903	1,367,508	316,833,411

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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

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

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period. (Cont'd)

Group (Cont'd)	Leasehold land RM	Motor vehicles RM	Total RM
<b>Accumulated depreciation</b>			
At 1 January 2019	25,975,941	120,974	26,096,915
Charge for the financial year	4,125,861	168,444	4,294,305
At 31 December 2019	30,101,802	289,418	30,391,220
Charge for the financial year	3,911,145	243,635	4,154,780
Adjustment	(1,048,987)	–	(1,048,987)
Reclassification to property, plant and equipment	(4,920)	–	(4,920)
At 31 December 2020	32,959,040	533,053	33,492,093
<b>Net carrying amounts</b>			
At 31 December 2020	282,506,863	834,455	283,341,318
At 31 December 2019	286,413,088	822,102	287,235,190

- (a) Leasehold land of the Group with a net carrying amount of RM188,458,154 (2019: RM191,075,604) is registered in the name of a shareholder, Perbadanan Kemajuan Pertanian Negeri Pahang.
- (b) Leasehold land of the Group with a net carrying amount of RM4,784,209 (2019: RM4,851,032) were pledged as a security for bank overdraft facilities granted to the subsidiary as disclosed in Note 16 to the financial statements.

### Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the financial year:-

	2020 RM	Group 2019 RM
At 1 January	8,084,483	8,156,845
Additions	235,000	404,000
Interest expense on lease liabilities	389,111	392,861
Payments	(718,268)	(869,223)
At 31 December	7,990,326	8,084,483
<b>Analysed as:</b>		
Current	252,895	319,900
Non-current	7,737,431	7,764,583
	7,990,326	8,084,483

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

#### Lease liabilities (Cont'd)

Lease liabilities are secured over the right-of-use assets.

Lease liabilities bear interest rates ranging from 4.57% to 5.64% (2019: 1.68% to 4.90%) per annum.

The maturity analysis of lease liabilities is disclosed in Note 30 to the financial statements.

The following amounts are the amounts recognised in profit or loss:

	2020 RM	Group 2019 RM
Depreciation of right-of-use assets	4,154,780	4,294,305
Interest expense on lease liabilities	389,111	392,861
Expenses included in administrative expenses:		
- Short-term leases	242,784	242,784
Total amount recognised in profit or loss	4,786,675	4,929,950

### 6. INVESTMENT PROPERTIES

	2020 RM	Group 2019 RM
<b>At fair value</b>		
Freehold land and building		
1 January/31 December	18,800,000	18,800,000

Investment properties are stated at fair value, which have been determined based on valuation performed by Hartamas Valuation and Consultancy Sdn. Bhd. (2019: Hartamas Valuation and Consultancy Sdn. Bhd.), a registered valuer using comparison method in arriving at the market value.

The comparison method entails critical analysis of recent evidence of values of comparable properties in the neighbourhood and making adjustments for any differences noted.

The investment properties with a net carrying amount of RM18,800,000 (2019: RM18,800,000) have pledged to financial institutions for credit facilities granted to a subsidiary.

Investment properties at valuation are categorised at Level 2 fair value.

#### Level 2 Fair Value

Level 2 fair values of investment properties have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 6. INVESTMENT PROPERTIES (CONT'D)

### Income and expenses recognised in profit or loss

	<b>Group</b>	
	<b>2020 RM</b>	<b>2019 RM</b>
Rental income	448,595	671,452
Direct operating expenses:		
- Income generating investment properties	297,480	279,768

## 7. INVESTMENT IN SUBSIDIARIES

	<b>Company</b>	
	<b>2020 RM</b>	<b>2019 RM</b>
Unquoted shares:-		
Brought forward	181,523,000	185,540,000
Written off	–	(4,017,000)
Carried forward	181,523,000	181,523,000
Less: Impairment losses	(10,003,550)	(9,752,067)
	171,519,450	171,770,933

The movement of impairment losses is as follows:-

	<b>Company</b>	
	<b>2020 RM</b>	<b>2019 RM</b>
Brought forward	9,752,067	10,664,504
Impairment loss recognised	251,483	3,104,563
Written off	–	(4,017,000)
Carried forward	10,003,550	9,752,067

The write off of impairment loss in the investment in a subsidiary was due to the subsidiary being struck off.

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

### 7. INVESTMENT IN SUBSIDIARIES (CONT'D)

The particulars of the subsidiaries are as follows:-

	Name of company	Place of incorporation/ Principal place of business	Effective equity interest		Principal activities
			2020 %	2019 %	
1.	Tasja Sdn. Bhd.	Malaysia	100	100	Civil engineering and building construction
2.	PTJ Concrete Products Sdn. Bhd.	Malaysia	100	100	Dormant
3.	Tasja Development Sdn. Bhd.	Malaysia	100	100	Property development
4.	Clean Link Sdn. Bhd. (formerly known as Woodland Water Sdn. Bhd.)	Malaysia	100	100	E-commerce
5.	Tasja Properties Sdn. Bhd.	Malaysia	100	100	Properties investment
6.	Astral Asia Plantation Sdn. Bhd. ("AAP")	Malaysia	65	65	Operations of oil palm estates

#### Non-controlling interests in subsidiary

The Group's subsidiary that has material non-controlling interests are as follows:-

	Astral Asia Plantation Sdn. Bhd.	
	2020	2019
Percentage of ownership interest and voting interest (%)	35%	35%
Carrying amount of non-controlling interests (RM)	84,978,125	86,769,652
Loss allocated to non-controlling interests (RM)	(741,527)	(3,036,345)

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 7. INVESTMENT IN SUBSIDIARIES (CONT'D)

### Non-controlling interests in subsidiary (Cont'd)

The summary of financial information before intra-group elimination for the Group's subsidiary that has a material non-controlling interests is as below:-

	<b>Astral Asia Plantation Sdn. Bhd.</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
<b>Financial Position as at 31 December</b>		
Non-current assets	322,175,708	330,454,268
Current assets	5,731,943	3,759,984
Non-current liabilities	(82,214,400)	(85,941,413)
Current liabilities	(6,773,268)	(4,234,208)
Net assets	238,919,983	244,038,631
<b>Summary of financial performance for the financial year ended</b>		
Loss/Total comprehensive loss for the financial year	(2,118,648)	(8,675,270)
Included in the total comprehensive loss is:-		
Revenue	15,778,204	15,723,752
<b>Summary of cash flows for the financial year ended</b>		
Net cash (outflow)/inflow from		
- operating activities	5,131,002	3,553,837
- investing activities	(2,819,496)	(2,449,521)
- financing activities	(3,799,244)	(1,416,033)
Net cash outflow	(1,487,738)	(311,717)
<b>Other information</b>		
Dividends paid to non-controlling interests	1,050,000	-

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

### 8. INVESTMENT IN AN ASSOCIATE

	2020 RM	Group 2019 RM
Unquoted shares, at cost	2,450,000	2,450,000
Share of post-acquisition loss	(1,283,244)	(1,243,933)
	1,166,756	1,206,067

Details of the associate are as follows:-

Name of company	Place of incorporation/ Principal place of business	Effective equity interest		Principal activity
		2020 %	2019 %	
Johor Concrete Products Sdn. Bhd. (436690 - T) *	Malaysia	49	49	Dormant

\* Associate not audited by Grant Thornton Malaysia PLT.

The following table summarised the information of the Group's associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate:-

	2020 RM	2019 RM
<b>Financial position as at 31 December</b>		
Non-current assets	2,874,407	2,948,467
Current assets	763,095	768,207
Current liabilities	(1,254,845)	(1,253,790)
Net assets	2,382,657	2,462,884

#### Summary of financial performance for the financial year ended 31 December

Loss for the financial year/Total comprehensive  
loss for the financial year

80,227	77,470
--------	--------

#### Reconciliation of net assets to carrying amount as at 31 December

Group's share of net assets	1,189,682	1,228,993
Negative goodwill	(22,926)	(22,926)
Carrying amount in the statements of financial position	1,166,756	1,206,067

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 8. INVESTMENT IN AN ASSOCIATE (CONT'D)

The following table summarised the information of the Group's associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate (Cont'd):-

	2020 RM	2019 RM
<b>Group's share of results for the financial year ended 31 December</b>		
Group's share of loss/total comprehensive loss	39,311	37,960

## 9. INVENTORIES

	2020 RM	Group 2019 RM
Materials and stores	885,709	332,109
Finished goods	88,441	–
	974,150	332,109
Recognised in profit or loss:-		
Inventories recognised in cost of sales	4,863	–

## 10. BEARER BIOLOGICAL ASSETS

	2020 RM	Group 2019 RM
<b>At valuation</b>		
At 1 January	751,738	676,956
Fair value gain	246,671	74,782
At 31 December	998,409	751,738

The Group's biological assets were fair valued within Level 3 of the fair value hierarchy. Fair value assessments have been completed consistently using the same valuation techniques.

There were no transfers between Level 2 and Level 3 of the fair value hierarchy during the financial year.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 10. BEARER BIOLOGICAL ASSETS (CONT'D)

The biological assets have the following maturity periods:-

	2020 RM	2019 RM
Current		
Due not later than one year	998,409	751,738

The biological assets of the Group comprise of:-

#### Oil palm

Oil palm represents the fresh fruit bunches ("FFB") of up to 2 weeks prior to harvest for use in the Group's palm producer operations. During the financial year, the Group harvested approximately 28,636 metric tonnes ("MT") of FFB (2019: 38,651 MT).

The Group attributes a fair value on the FFB prior to harvest at each statements of financial position date as required under MFRS 141 "Agriculture". FFB are produce of oil palm trees and are harvested continuously throughout the financial year to be used in the production of crude palm oil ("CPO").

Each FFB takes approximately 22 weeks from pollination to reach maximum oil content to be ready for harvesting. The value of each FFB at each point of the FFB production cycle will vary based on the cumulative oil content in each fruit.

In determining the fair values of FFB, management has considered the oil content of all unripe FFB from the week after pollination to the week prior to harvest. As the oil content accrues exponentially in the 2 weeks prior to harvest, the FFB prior to 2 weeks before harvesting are excluded in the valuation as the fair values are considered negligible.

The valuation model adopted by the Group is a discounted cash flow model which includes all cash inflows, cash outflows and imputed contributory asset charges where no actual cash associated with the use of assets essential to the agricultural activity are accounted for. The net present value of cash flows is then determined with reference to the market value of CPO at the date of harvest, size of the land, metric ton produced and other cost to sell at the point of harvest. Changes to the assumed prices of the FFB and tonnage included in the valuation will have a direct effect on the reported valuation.

The following valuation techniques and significant inputs were used to measure the biological assets:-

Description	Fair value at 2020 RM	Valuation technique	Discount rate	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Oil palm	998,409	Average MPOB price	5%	Estimation of produce growing on trees	95.84 MT to 638.06 MT	The higher the average MPOB price and metric ton produced, the higher the fair value

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 10. BEARER BIOLOGICAL ASSETS (CONT'D)

The following valuation techniques and significant inputs were used to measure the biological assets (Cont'd):-

Description	Fair value at 2019 RM	Valuation technique	Discount rate	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Oil palm	751,738	Average MPOB price	5%	Estimation of produce growing on trees	79.92 MT to 807.78 MT	The higher the average MPOB price and metric ton produced, the higher the fair value

### Risks

The Group is exposed to a number of risks regarding its bearer biological assets:-

- Regulatory and environmental risks

The Group's plantation operations are subject to laws and regulations. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

- Supply and demand risks

The Group is exposed to risks arising from the fluctuations of price and sales volumes of its agricultural produces. Management performs regular industry trend analysis to ensure that the Group's pricing structure is in line with the market and to ensure that projected harvest volumes are consistent with the expected demand.

- Other risks

The Group's oil palm plantations are exposed to the risk of damage from climate changes, disease, forest fires and other natural forces.

The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular forest health inspections and industry and pest disease surveys. The Group also insures itself, where cost-effective, against natural disasters such as fire.

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

### 11. TRADE RECEIVABLES

	2020 RM	Group 2019 RM
Trade receivables	1,129,313	1,918,407
Less: Allowance for expected credit loss	(811,837)	(954,263)
Net trade receivables	317,476	964,144

The movement of allowance for expected credit losses during the financial year is as follow:-

	2020 RM	Group 2019 RM
Brought forward	954,263	811,837
Allowance for expected credit losses	–	142,426
Reversal	(142,426)	–
Carried forward	811,837	954,263

#### Reversal of allowance for expected credit losses (“ECL”)

The allowance for ECL on trade receivables was reversed during the financial year as a result of subsequent receipts and write off.

The normal credit terms granted by the Group to the trade receivables ranging from 30 to 60 (2019: 30 to 60) days.

### 12. OTHER RECEIVABLES

	2020 RM	Group 2019 RM	2020 RM	Company 2019 RM
Non-trade receivables	13,209,972	2,043,592	10,603	5,303
Retention fund receivables	25,255	–	–	–
Deposits	331,633	336,303	1,000	1,000
Less: Allowance for expected credit loss	(2,005,641)	(2,005,641)	(5,303)	(5,303)
	11,561,219	374,254	6,300	1,000
Prepayments	3,237	20,331	–	–
GST receivable	89,124	107,102	–	–
	11,653,580	501,687	6,300	1,000

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 12. OTHER RECEIVABLES (CONT'D)

The movement of allowance for expected credit loss is as follows:-

	<b>Group</b>		<b>Company</b>	
	<b>2020 RM</b>	<b>2019 RM</b>	<b>2020 RM</b>	<b>2019 RM</b>
Brought forward/Carried forward	2,005,641	2,005,641	5,303	5,303

Included in the non-trade receivables of the Group is an amount of RM11,160,000 (2019: Nil) due from a third party for the disposal of freehold land as disclosed in the Note 4 to the financial statements.

## 13. AMOUNT DUE FROM SUBSIDIARIES

	<b>Company</b>	
	<b>2020 RM</b>	<b>2019 RM</b>
Amount due from subsidiaries	26,398,655	25,137,455
Less: Allowance for expected credit losses	(25,844,330)	(24,753,230)
	554,325	384,225

The movement of allowance for expected credit loss is as follows:-

	<b>Company</b>	
	<b>2020 RM</b>	<b>2019 RM</b>
Brought forward	24,753,230	22,342,962
Allowance for expected credit loss recognised	1,091,100	2,410,268
Carried forward	25,844,330	24,753,230

The amount due from subsidiaries arising from non-trade transactions is unsecured, bears no interest and repayable on demand.

## 14. FIXED DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

### Group

The fixed deposits with licensed financial institutions amounted to RM3,500 (2019: RM3,500) are pledged for the guarantee facilities granted to a subsidiary.

The interest rate of fixed deposits with licensed financial institutions is 3.35% (2019: 3.25% to 3.95%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 15. SHARE CAPITAL

	Group and Company No. of ordinary shares		Group and Company Amount	
	2020	2019	2020 RM	2019 RM
<b>Issued and fully paid with no par value:-</b>				
Brought forward/Carried forward	659,983,500	659,983,500	131,996,700	131,996,700

## 16. LOANS AND BORROWINGS

	2020 RM	Group 2019 RM
Secured:-		
Term loan 1	11,361,243	11,659,506
Term loan 2	512,001	67,491
Bank overdraft	5,318,167	2,222,865
	17,191,411	13,949,862

The term loans and bank overdraft are repayable as follows:-

	2020 RM	Group 2019 RM
Within 1 year	6,920,022	3,325,206
More than 1 year but less than 2 years	1,145,009	1,089,854
More than 2 years but less than 5 years	3,765,962	3,600,495
More than 5 years	5,360,418	5,934,307
	10,271,389	10,624,656
	17,191,411	13,949,862

	2020 %	Group 2019 %
Term loans	4.70 – 8.35	4.70 – 8.35
Bank overdraft	4.90 – 6.95	4.90

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 16. LOANS AND BORROWINGS (CONT'D)

Term loan 1 is repayable over 180 monthly installments of RM137,465 each commencing after one month from the date of full disbursement.

Term loan 2 is repayable over 60 monthly installments of RM82,066 each commencing from the date of full disbursement.

Term loan 1 and 2 are secured by the following:-

- (a) Legal charge against the Group's freehold land and building as disclosed in Notes 4 and 6 to the financial statements;
- (b) Corporate guarantee by the Company;
- (c) Deed of Assignment and Power of Attorney in respect of the rental proceeds from the security property of the lender; and
- (d) Charge over the customer's ESCROW account with the bank.

The bank overdraft are secured by:-

- (a) legal charge over the bearer plants, freehold land and buildings, leasehold land and investment properties as disclosed in Notes 4 and 5 to the financial statements; and
- (b) Corporate guarantee by the Company.

## 17. DEFERRED TAX LIABILITIES

### Recognised deferred tax liabilities

	2020 RM	Group 2019 RM
At 1 January	75,171,308	73,841,277
Recognised in profit or loss (Note 25)	(4,317,686)	1,330,031
At 31 December	70,853,622	75,171,308

The balance of deferred tax liabilities is made up of tax effect on temporary differences arising from the following items:-

	2020 RM	Group 2019 RM
Carrying amount of qualifying property, plant and equipment in excess of their tax base	7,166,260	7,957,487
Revaluation of leasehold land and buildings	61,377,309	61,894,821
Revaluation of bearer plants	2,352,160	5,403,226
Revaluation of biological assets	239,618	180,417
Right-of-use assets and lease liabilities	(281,725)	(264,643)
	70,853,622	75,171,308

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 17. DEFERRED TAXATION (CONT'D)

#### Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items due to uncertainty of its recoverability:-

	2020 RM	Group 2019 RM
Unabsorbed capital allowances	1,755,000	1,687,000
Unutilised tax losses	112,432,000	111,194,000
Carrying amount of qualifying property, plant and equipment in excess of their tax base	(160,000)	(209,000)
	114,027,000	112,672,000

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiaries companies that have a recent history of losses.

Effective Year of Assessment 2019 as announced in the Annual Budget 2019, the unutilised tax losses of the Group as of 31 December 2020 and thereafter will only be available for carry forward for a period of 7 consecutive years. Upon expiry of the 7 years, the unabsorbed tax losses will be disregarded.

The expiry of the unutilised tax losses as follows:

	2020 RM	Group 2019 RM
Year of assessment 2026	111,194,000	111,194,000
Year of assessment 2027	1,238,000	-
	112,432,000	111,194,000

### 18. TRADE PAYABLES

#### Group

Included in trade payables is retention sums on contracts amounted to RM93,694 (2019: RM115,314). The normal credit terms granted by the trade payables range from 30 to 60 (2019: 30 to 60) days.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 19. OTHER PAYABLES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Non-trade payables	744,042	1,375,918	33,084	–
Accrual of expenses	427,013	594,038	33,000	37,904
Deposit received	756,437	851,873	–	–
Advances from customers	3,110	–	–	–
Provision for compensation loss (Note 19.1)	263,189	–	–	–
Amount due to corporate shareholders	2,698,226	2,698,226	–	–
	<b>4,892,017</b>	<b>5,520,055</b>	<b>66,084</b>	<b>37,904</b>

One of the corporate shareholders refer to Perbadanan Kemajuan Pertanian Negeri Pahang, who is a shareholder of the Company and a minority shareholder of a subsidiary, Astral Asia Plantation Sdn. Bhd..

The amount due to corporate shareholders arising from non-trade transactions is unsecured, bears no interest and repayable on demand.

### 19.1 Provision for compensation loss

	RM
At 31 December 2019/1 January 2020	–
Provision made during the financial year	263,189
At 31 December 2020	<b>263,189</b>

The Group has allocated a provision for compensation loss arising from the litigation claim filed by a vendor against Astral Asia Plantation Sdn. Bhd. ("AAP") for replanting works completed in year 2014. After a full trial, the Sessions Court granted Judgement against AAP in the sum of RM234,547 together with costs of RM10,200.

On 8 September 2020, AAP then filed an appeal to the High Court against the decision of the Sessions Court which is currently fixed for decision on 20 May 2021. AAP is in the midst of appealing and the claim amount has been provided for prudence reason.

## 20. AMOUNT DUE TO A SUBSIDIARY

The amount due to a subsidiary arising from non-trade transactions is unsecured, bears no interest and repayable on demand.

## 21. AMOUNT DUE TO AN ASSOCIATE

The amount due to an associate arising from non-trade transactions is unsecured, bears no interest and repayable on demand.

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

### 22. REVENUE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>Type of goods or services</b>				
Dividend income	–	–	1,950,000	–
Sales of fresh fruit bunches	15,778,204	15,723,752	–	–
Construction revenue	1,070,994	–	–	–
Rental income	448,595	671,452	–	–
Sales of goods	3,843	–	–	–
	<b>17,301,636</b>	<b>16,395,204</b>	<b>1,950,000</b>	<b>–</b>
<b>Timing of revenue recognition</b>				
Goods transferred and services rendered at a point in time	16,230,642	16,395,204	1,950,000	–
Performance obligations satisfied over time	1,070,994	–	–	–
	<b>17,301,636</b>	<b>16,395,204</b>	<b>1,950,000</b>	<b>–</b>

### 23. COST OF SALES

	Group	
	2020 RM	2019 RM
Cost of oil palm produce	7,053,249	7,764,043
Construction contract costs	947,943	–
Insurance	25,584	7,872
Building maintenance charges	204,372	204,372
Quit rent & assessment	67,524	67,524
Purchases of goods	4,863	–
	<b>8,303,535</b>	<b>8,043,811</b>

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 24. LOSS/(PROFIT) BEFORE TAX

Loss/(Profit) before tax has been determined:-

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>After charging/(crediting):-</b>				
Auditors' remuneration				
- statutory	93,000	98,000	28,000	28,000
- non-statutory	5,000	5,000	5,000	5,000
Expenses relating to short-term leases	242,784	242,784	-	-
Interest expenses:-				
- lease liabilities	389,111	392,861	-	-
- term loans	462,264	584,733	-	-
- bank overdrafts	232,255	90,574	-	-
Interest income:-				
- fixed deposits interest	-	(14,665)	-	-
- current account	(4,599)	-	-	-
Rental income – parking lot	-	(24,000)	-	-

## 25. TAXATION

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Current tax:-				
- current year provision	635,253	693,372	-	-
- over provision in prior years	(213,801)	(523,537)	-	-
	421,452	169,835	-	-
Deferred tax (Note 17):-				
- current year	(965,835)	(881,402)	-	-
- (over)/under provision in prior years	(3,351,851)	2,211,433	-	-
	(4,317,686)	1,330,031	-	-
	(3,896,234)	1,499,866	-	-

Malaysian income tax is calculated at the statutory tax rate of 24% of the estimated assessable profits for the financial year.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 25. TAXATION (CONT'D)

A reconciliation of income tax of statutory tax rate to effective tax rate of the Group and of the Company are as follows:-

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
(Loss)/Profit before tax	(6,350,575)	(11,841,699)	168,595	(5,877,431)
Taxation at Malaysian statutory tax rate of 24%	(1,524,138)	(2,842,008)	40,463	(1,410,583)
Tax effects in respect of:-				
Deferred tax assets not recognised	325,200	572,377	-	-
Expenses not deductible for tax purposes	1,371,865	2,174,805	427,537	1,410,583
Income not subject to tax	(503,509)	(93,204)	(468,000)	-
Over provision of taxation in prior years	(213,801)	(523,537)	-	-
(Over)/Under provision of deferred tax in prior years	(3,351,851)	2,211,433	-	-
Taxation	(3,896,234)	1,499,866	-	-

The Group's unutilised tax losses and unabsorbed capital allowances which can be carried forward to offset against future taxable profits amounted to approximately RM112,432,000 (2019: RM111,194,000) and RM1,755,000 (2019: RM1,687,000) respectively.

### 26. LOSS PER SHARE

#### Basic loss per ordinary shares

Basic loss per share are calculated based on the loss of the financial year attributable to ordinary equity holders of the Company and the number of ordinary shares in issue during the financial year.

	Group	
	2020 RM	2019 RM
Loss attributable to owners of the Company (RM)	(1,712,814)	(10,305,220)
Number of ordinary shares in issue:-		
Brought forward/Carried forward	659,983,500	659,983,500
Basic loss per ordinary shares (sen)	(0.26)	(1.56)

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 26. LOSS PER SHARE (CONT'D)

### Diluted loss per ordinary shares

The earnings per share is not diluted as the Company does not have any dilutive potential ordinary shares as at the end of the reporting period.

## 27. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Salaries, bonuses and allowances	3,338,665	3,590,988	199,726	184,000
Defined contribution plan	287,788	308,223	–	–
Social security contributions	93,397	105,694	–	–
Other benefits	70,330	29,957	–	–
	3,790,180	4,034,862	199,726	184,000

Included in employee benefits expense is directors' remuneration as below:-

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<u>Executive</u>				
Salaries and other emoluments	1,462,000	1,622,000	–	–
Defined contribution plan	180,660	189,543	–	–
Social security contribution	2,769	–	–	–
Fees	120,500	108,000	108,500	96,000
	1,765,929	1,919,543	108,500	96,000
<u>Non-executive</u>				
Fees	91,226	88,000	91,226	88,000
	91,226	88,000	91,226	88,000

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 28. RELATED PARTY DISCLOSURES

- (a) Significant related party transactions during the financial year are as follows:-

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Dividend received from a subsidiary	—	—	1,950,000	—
Lease payment to a corporate shareholder	375,791	375,791	—	—

Related parties transactions have been entered into the normal course of business under normal trade terms.

- (b) The Group and the Company have no other members of key management personnel apart from the Board of Directors. Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provides key management personnel services to the Group and the Company. The Directors' remuneration is disclosed in Note 27 to the financial statements.
- (c) The outstanding balances arising from related party transactions as at reporting date are disclosed in Notes 13, 19, 20 and 21 to the financial statements.

### 29. CATEGORIES OF FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments categorised as financial assets and financial liabilities are measured at amortised cost ("AC").

Group	Carrying amount RM	AC RM
<b>2020</b>		
<b>Financial assets</b>		
Trade receivables	317,476	317,476
Other receivables	11,561,219	11,561,291
Fixed deposit with licensed financial institutions	3,500	3,500
Cash and bank balances	3,643,157	3,643,157
	<b>15,525,352</b>	<b>15,525,352</b>
<b>Financial liabilities</b>		
Trade payables	617,509	617,509
Other payables	4,628,828	4,628,828
Amount due to an associate	565,195	565,195
Borrowings	17,191,411	17,191,411
Dividend payable	21	21
	<b>23,002,964</b>	<b>23,002,964</b>

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 29. CATEGORIES OF FINANCIAL INSTRUMENTS (CONT'D)

The table below provides an analysis of financial instruments categorised as financial assets and financial liabilities are measured at amortised cost ("AC"). (Cont'd)

Group (Cont'd)	Carrying amount RM	AC RM
<b>2019</b>		
<b>Financial assets</b>		
Trade receivables	964,144	964,144
Other receivables	374,254	374,254
Fixed deposit with licensed financial institutions	3,500	3,500
Cash and bank balances	2,581,453	2,581,453
	<b>3,923,351</b>	<b>3,923,351</b>
<b>Financial liabilities</b>		
Trade payables	1,346,707	1,346,707
Other payables	5,520,055	5,520,055
Amount due to an associate	565,195	565,195
Borrowings	13,949,862	13,949,862
Dividend payable	21	21
	<b>21,381,840</b>	<b>21,381,840</b>
<b>Company</b>		
<b>2020</b>		
<b>Financial assets</b>		
Other receivables	6,300	6,300
Amount due from subsidiaries	554,325	554,325
Cash and bank balances	29,878	29,878
	<b>590,503</b>	<b>590,503</b>
<b>Financial liabilities</b>		
Other payables	66,084	66,084
Amount due to a subsidiary	3,739,950	3,739,950
Dividend payable	21	21
	<b>3,806,055</b>	<b>3,806,055</b>
<b>2019</b>		
<b>Financial assets</b>		
Other receivables	1,000	1,000
Amount due from subsidiaries	384,225	384,225
Cash and bank balances	17,070	17,070
	<b>402,295</b>	<b>402,295</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 29. CATEGORIES OF FINANCIAL INSTRUMENTS (CONT'D)

The table below provides an analysis of financial instruments categorised as financial assets and financial liabilities are measured at amortised cost ("AC"). (Cont'd)

Company (Cont'd)	Carrying amount RM	AC RM
<b>2019</b>		
<b>Financial liabilities</b>		
Other payables	37,904	37,904
Amount due to a subsidiary	4,000,000	4,000,000
Dividend payable	21	21
	4,037,925	4,037,925

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

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
<b>Net gains/(losses) on:</b>				
Financial assets at amortised cost	147,025	(127,761)	(1,091,100)	(2,410,268)
Financial liabilities at amortised cost	(1,083,630)	(1,068,168)	–	–
	(936,605)	(1,195,929)	(1,091,100)	(2,410,268)

### 30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

#### Financial Risks

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. Financial risk management policy is established to ensure that adequate resources are available for the development of the Group's and the Company's business whilst managing its credit risk, liquidity risk and interest rate risk. The Group and the Company operate within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows:-

#### (a) Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It is the Group's and the Company's policy to enter into financial instrument with a diversity of creditworthy counterparties. The Group and the Company do not expect to incur material credit losses of its financial assets or other financial instruments.

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

### 30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

#### Financial Risks (Cont'd)

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (Cont'd):-

#### (a) Credit risk (Cont'd)

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation of the Group's and the Company's total credit exposure. The Group's and the Company's portfolio of financial instrument is broadly diversified along industry, product and geographical lines, and transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

The Group's maximum exposure credit risk is represented by the carrying amount of trade and other receivables in the statements of financial position.

The Company's maximum exposure credit risk is represented by the carrying amount of trade and other receivables including amount due from subsidiaries in the statements of financial position.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group and the Company do not offer credit terms without the approval of the management.

Following are the areas where the Group and the Company are exposed to credit risk:-

#### (i) Trade receivables

The Group's exposure to credit risk are influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The Director has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external rating, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the Director.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 11 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

#### Financial Risks (Cont'd)

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (Cont'd):-

#### (a) Credit risk (Cont'd)

##### (i) Trade receivables (Cont'd)

Set out below is the information about the credit risk exposure and ECLs on the Group's trade receivables which are grouped together as they are expected to have similar risk nature:

Group	Gross-carrying amount RM	Loss allowances RM	Net balance RM
<b>2020</b>			
Current (not past due)	280,727	–	280,727
91- 120 days past due	7,954	–	7,954
More than 121 days past due	28,795	–	28,795
<b>Credit impaired</b>			
Individually impaired	811,837	(811,837)	–
	<b>1,129,313</b>	<b>(811,837)</b>	<b>317,476</b>
<b>2019</b>			
Current (not past due)	162,642	–	162,642
61- 90 days past due	51,197	–	51,197
91- 120 days past due	716,785	–	716,785
More than 121 days past due	33,520	–	33,520
<b>Credit impaired</b>			
Individually impaired	954,263	(954,263)	–
	<b>1,918,407</b>	<b>(954,263)</b>	<b>964,144</b>

##### (ii) Other receivables

The maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

##### (iii) Intercompany balances

The maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

The Company provides unsecured advances to subsidiaries and monitors their results regularly.

As of the end of the reporting date, there was no indication that advances to subsidiaries are not recoverable except for amount due from subsidiaries amounted to RM25,844,330 (2019: RM24,753,230)

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### Financial Risks (Cont'd)

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (Cont'd):-

#### (a) Credit risk (Cont'd)

##### (iv) Financial guarantees

The maximum exposure to credit risk is amounted to RM17,191,411 (2019: RM13,949,862), represented by the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an on-going basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

Financial guarantees have not been recognised since the fair value on initial recognition was not material.

#### (b) Liquidity risk

Liquidity risk is a risk that the Group and the Company will not be able to meet their financial obligations as they fall due as a result of shortage of funds.

In managing their exposure risk arises from payables and borrowings, the Group and the Company maintain a level of cash and cash equivalents deemed adequate by management to ensure that they will have sufficient liquidity to meet their obligations as and when they fall due.

The summary of the maturity profile based on the contractual undiscounted repayment obligations is as follows:-

Group	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	1 to 2 years RM	2 to 5 years RM	More than 5 years RM
<b>2020</b>						
Trade payables	617,509	617,509	617,509	—	—	—
Other payables	4,628,828	4,628,828	4,628,828	—	—	—
Amount due to an associate	565,195	565,195	565,195	—	—	—
Dividend payable	21	21	21	—	—	—
Lease liabilities	7,990,326	30,671,052	660,559	553,370	1,178,850	28,278,273
Loans and borrowings	17,191,411	19,549,649	7,382,286	1,574,763	4,724,291	5,868,309
<b>Total</b>	<b>30,993,290</b>	<b>56,032,254</b>	<b>13,854,398</b>	<b>2,128,133</b>	<b>5,903,141</b>	<b>34,146,582</b>
<b>2019</b>						
Trade payables	1,346,707	1,346,707	1,346,707	—	—	—
Other payables	5,520,055	5,520,055	5,520,055	—	—	—
Amount due to an associate	565,195	565,195	565,195	—	—	—
Dividend payable	21	21	21	—	—	—
Lease liabilities	8,084,483	31,237,174	698,993	596,372	1,187,745	28,754,064
Loans and borrowings	13,949,862	16,330,746	3,810,116	1,519,608	4,558,824	6,442,198
<b>Total</b>	<b>29,466,323</b>	<b>54,999,898</b>	<b>11,941,087</b>	<b>2,115,980</b>	<b>5,746,569</b>	<b>35,196,262</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

#### Financial Risks (Cont'd)

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (Cont'd):-

#### (b) Liquidity risk (Cont'd)

The summary of the maturity profile based on the contractual undiscounted repayment obligations is as follows (Cont'd):-

Company	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	1 to 2 years RM	2 to 5 years RM	More than 5 years RM
<b>2020</b>						
Other payables	66,084	66,084	66,084	-	-	-
Amount due to a subsidiary	3,739,950	3,739,950	3,739,950	-	-	-
Dividend payable	21	21	21	-	-	-
<b>Total</b>	<b>3,806,055</b>	<b>3,806,055</b>	<b>3,806,055</b>	<b>-</b>	<b>-</b>	<b>-</b>
Corporate guarantee *	-	17,191,411	-	-	-	-
<b>2019</b>						
Other payables	37,904	37,904	37,904	-	-	-
Amount due to a subsidiary	4,000,000	4,000,000	4,000,000	-	-	-
Dividend payable	21	21	21	-	-	-
<b>Total</b>	<b>4,037,925</b>	<b>4,037,925</b>	<b>4,037,925</b>	<b>-</b>	<b>-</b>	<b>-</b>
Corporate guarantee *	-	13,949,862	-	-	-	-

\* This exposure is included in liquidity risk for illustration only. No financial guarantee was called upon by the holders as at end of the reporting period.

#### (c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

### 30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

#### Financial Risks (Cont'd)

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (Cont'd):-

#### (c) Interest rate risk (Cont'd)

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

	Group RM
<u>2020</u>	
<b>Fixed rate instruments</b>	
<u>Financial asset</u>	
Fixed deposits with licensed financial institutions	3,500
<u>Financial liability</u>	
Lease liabilities	7,990,326
<b>Floating rate instrument</b>	
<u>Financial liability</u>	
Loans and borrowings	17,191,411
<u>2019</u>	
<b>Fixed rate instruments</b>	
<u>Financial asset</u>	
Fixed deposits with licensed financial institutions	3,500
<u>Financial liability</u>	
Lease liabilities	8,084,483
<b>Floating rate instrument</b>	
<u>Financial liability</u>	
Loans and borrowings	13,949,862

#### *Fair value sensitivity analysis for fixed rate instruments:*

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

The following table illustrates the sensitivity of profit or loss and equity to a reasonable possible change in interest rates of +/- 50 basis point ("bp"). These changes considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

#### Financial Risks (Cont'd)

The main areas of financial risks faced by the Group and the Company and the policy in respect of the major areas of treasury activity are set out as follows (Cont'd):-

#### (c) Interest rate risk (Cont'd)

	Loss for the year RM		Equity RM	
	+50 bp	-50bp	+50bp	-50bp
<b>2020</b>	(85,957)	85,957	(85,957)	85,957
<b>2019</b>	(69,749)	69,749	(69,749)	69,749

#### Fair value of financial instruments

The carrying amounts of short-term borrowings (except for lease liabilities), receivables, 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.

#### Reconciliation of assets and liabilities arising from financing activities

Group	1 January	Cash	Others	31
2020	RM	flows RM	RM	December RM
Term loans	11,726,997	146,247 (iii)	–	11,873,244
Lease liabilities	8,084,483	(329,157)	235,000 (i)	7,990,326
Dividend payable	21	(1,050,000)	1,050,000 (ii)	21
	19,811,501	(1,232,910)	1,285,000	19,863,591
<b>2019</b>				
Term loans	12,640,701	(913,704) (iii)	–	11,726,997
Lease liabilities	8,156,845	(476,362)	404,000 (i)	8,084,483
Dividend payable	1,050,021	(1,050,000)	– (ii)	21
	21,847,567	(2,440,066)	404,000	19,811,501

(i) Being addition of right-of-use assets under lease liabilities amounting to RM235,000 (2019: RM404,000).

(ii) Being dividends declared to minority shareholder of Astral Asia Plantation Sdn. Bhd. during the year amounting to RM1,050,000 (2019: RMNil).

(iii) The amounts are net of drawdown and repayment during the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### Reconciliation of assets and liabilities arising from financing activities (Cont'd)

Company 2020	1 January RM	Cash flows RM	Others RM	31 December RM
Amount due to a subsidiary	4,000,000	(260,050)	–	3,739,950

## 31. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that it maintains a strong credit rating and financially prudent capital ratios in order to support its current business as well as future expansion so as to maximise shareholders' value.

The Group and the Company manage their capital structure and make adjustments to them, in light of changes in economic conditions including the interest rate movements. To maintain and adjust the capital structure, the Group and the Company may adjust dividend payment to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

There were no changes in the Group's and the Company's approach to capital management during the financial year.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid-up capital. The Company has complied with this requirement.

## 32. OPERATING SEGMENTS

### (a) Business segments

Management currently identifies the Group's operating segment into the following:-

<u>Business segments</u>	<u>Business activities</u>
Investment	Investment holding
Property development and construction	Development and civil engineering and building construction
Plantation	Operations of oil palm estates
Trading	E-commerce

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

### 32. OPERATING SEGMENTS (CONT'D)

(a) Business segments (Cont'd)

2020	Note	Investment RM	Property development and construction RM	Plantation RM	Trading RM	Adjustments and eliminations RM	Total RM
<b>Revenue</b>							
External revenue		448,595	1,070,994	15,778,204	3,843	-	17,301,636
Intersegment revenue	(i)	2,578,884	-	-	-	(2,578,884)	-
Total revenue		3,027,479	1,070,994	15,778,204	3,843	(2,578,884)	17,301,636
<b>Results</b>							
Finance income		-	-	4,599	-	-	4,599
Finance cost		(462,264)	(180,089)	(441,277)	-	-	(1,083,630)
Depreciation of property, plant and equipment and right-of-use assets		(199,853)	(377,643)	(6,481,383)	(552)	-	(7,059,431)
Taxation		(56,488)	517,512	3,435,210	-	-	3,896,234
Other non-cash expenses	(ii)	-	1,556,546	(4,507,400)	-	(39,311)	(2,990,165)
Segment profit/(loss)		992,912	(1,885,770)	(2,118,648)	(74,013)	631,178	(2,454,341)

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 32. OPERATING SEGMENTS (CONT'D)

(a) Business segments (Cont'd)

2020 (Cont'd)	Note	Investment RM	Property development and construction RM	Plantation RM	Trading RM	Adjustments and eliminations RM	Total RM
<b><u>Assets</u></b>							
Investment in associate		-	1,167,503	-	-	(747)	1,166,756
Additions to non-current assets	(iii)	50,950	649,518	3,121,219	23,552	-	3,845,239
Segment assets		200,249,197	28,317,604	327,907,651	247,318	(185,431,423)	371,290,347
<b><u>Liabilities</u></b>							
Segment liabilities		30,594,321	30,458,337	88,987,668	319,427	(48,249,652)	102,110,101

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

### 32. OPERATING SEGMENTS (CONT'D)

(a) Business segments (Cont'd)

2019	Note	Investment RM	Property development and construction RM	Plantation RM	Others RM	Adjustments and eliminations RM	Total RM
<b>Revenue</b>							
External revenue		671,452	-	15,723,752	-	-	16,395,204
Intersegment revenue	(i)	672,939	-	-	-	(672,939)	-
Total revenue		1,344,391	-	15,723,752	-	(672,939)	16,395,204
<b>Results</b>							
Finance income		-	-	14,665	-	-	14,665
Finance cost		(584,733)	(105,973)	(377,462)	-	-	(1,068,168)
Depreciation of property, plant and equipment and right-of-use assets		(374,666)	(533,184)	(6,869,207)	-	-	(7,777,057)
Taxation		(107,625)	-	(1,392,241)	-	-	(1,499,866)
Other non-cash expenses	(ii)	-	411,940	(4,837,577)	-	(37,960)	(4,463,597)
Segment loss		(8,853,494)	(3,638,883)	(8,675,270)	(5,672)	7,831,754	(13,341,565)

# NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

## 32. OPERATING SEGMENTS (CONT'D)

(a) Business segments (Cont'd)

2019 (Cont'd)	Note	Investment RM	Property development and construction RM	Plantation RM	Others RM	Adjustments and eliminations RM	Total RM
<b><u>Assets</u></b>							
Investment in associate		-	1,206,814	-	-	(747)	1,206,067
Additions to non-current assets	(iii)	93,710	239,102	2,754,186	-	-	3,086,998
Segment assets		199,394,761	30,671,841	334,214,252	4,754	(186,769,350)	377,516,258
<b><u>Liabilities</u></b>							
Segment liabilities		30,732,797	30,926,804	90,175,621	2,850	(47,006,401)	104,831,671

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 32. OPERATING SEGMENTS (CONT'D)

(a) Business segments (Cont'd)

- (i) Inter-segment revenue are eliminated on consolidation.
- (ii) Other non-cash (expenses)/income consist of the following items as presented in the notes to the financial statements:-

	2020 RM	Group 2019 RM
Fair value gain on bearer biological assets	246,671	74,782
Bad debts written off	(40,225)	(27,797)
Payables written off	–	287,740
Gain on disposal of property, plant and equipment	1,618,669	124,200
Allowance of ECL on trade receivables	–	(142,426)
Reversal of ECL on trade receivables	142,426	–
Property, plant and equipment written off	(4,918,395)	(4,742,136)
Share of loss in associate	(39,311)	(37,960)
	(2,990,165)	(4,463,597)

- (iii) Additions to non-current assets consist of:-

	2020 RM	Group 2019 RM
Property, plant and equipment	3,589,251	2,639,439
Right-of-use assets	255,988	447,559
	3,845,239	3,086,998

(b) Geographical segment

No geographical segmental information being presented as the Group operates principally within Malaysia.

(c) Information about a major customer

Revenue from one major customer amounted to RM15,778,204 (2019: RM15,723,752), arising from sales by the plantation segment.

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

### 33. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 11 March 2020, the World Health Organisation declared the Coronavirus ("COVID-19") outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed the Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the COVID-19 outbreak in Malaysia. The COVID-19 outbreak also resulted in travel restriction, lockdown and other precautionary measures imposed in various countries. The emergence of the COVID-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Group and the Company operate.

The Group and the Company are significantly impacted by the COVID-19. As such, the Group and the Company have implemented several measures to go through this current challenging time. These efforts are on-going as the Group and the Company continue to seek support from their vendors and business partners to address their cash flow requirements. The following measures had been taken, with further additional efforts to be taken:-

#### Operations

The Group have temporarily shut down its premises from 18 March 2020 in alignment with the MCO Policy. The Group achieved full operation in early May 2020 when the MCO Policy has been lifted. The disruption of its operations during the financial year due to MCO and the relevant financial impact has been taken into account in the financial results of the Group.

#### Working Capital Management

The Group managed to obtain a total wage subsidy of RM264,600 under Prihatin Wage Subsidy Programme to reduce the staff cost incurred.

- (b) Tasja Sdn. Bhd., a wholly-owned subsidiary of the Company, has on 9 October 2020 simultaneously entered into a Sale and Purchase Agreement ("SPA") and Construction Agreement to dispose the freehold land and the building under construction ("the Property") for a total sale consideration of RM12.1 million. The proposed disposal of the Property has been completed on 5 February 2021.

### 34. EVENT AFTER THE REPORTING PERIOD

The Government of Malaysia has again imposed the MCO and Conditional Movement Control Order ("CMCO") for selected states which are severely affected by the COVID-19 pandemic on 11 January 2021. Besides, the Malaysia King declared state of emergency for the country until 1 August 2021 to curb the spread of COVID-19 on 12 January 2021.

The restrictions imposed have not, however, negatively impacted the Group's and the Company's financial performance as the businesses were allowed to operate throughout the MCO/CMCO, under guidelines set by the National Security Council, Ministry of Health and Ministry of International Trade and Industry respectively.

As at the date of authorisation of the financial statements, the COVID-19 pandemic situation is still evolving and uncertain. The Group and the Company will continue to actively monitor and manage their funds and operations to minimise any impact arising from the COVID-19 pandemic.

## GROUP'S PROPERTIES

as at 31 December 2020

	Address /Location	Description/ Existing	Land Area	Built Up Area	Tenure	Age of Building	Net Book Value RM	Year Revalued/ Acquired
1.	HS (D) 28295 PT 86317 HS (D) 38537 PT 104729 HS (D) 38538 PT 104730 Mukim of Kuala Kuantan District of Kuantan Pahang	Oil palm estate	985 hectares	–	Leasehold expiring in between years 2090 and 2106	–	84,326,000	2017
2.	HS(D) 853 PT 631 HS(D) 854 PT 632 HS(D) 406 PT 608 Mukim of Kertau HS(D) 609 PT 5616 HS(D) 852 PT 6566 Mukim of Luit HS(D) 610 PT 11316 HS(D) 611 PT 11317 HS(D) 612 PT 11318 HS(D) 849 PT 21456 HS(D) 850 PT 21457 HS(D) 851 PT 21458 Mukim of Chenor District of Maran, Pahang	Oil palm estate	3034 hectares	–	Leasehold expiring between years 2094 and 2101	–	188,458,000	2017
3.	HSM 61911 (PT 85592) to HSM 61961 (PT 85642), Mukim of Kuala Kuantan District of Kuantan Pahang	51 Units Vacant Shoplot	6,886 square metres	–	Leasehold year 2104	–	2,036,000	2017
4.	B28, Lorong Tun Ismail 11 Jalan Tun Ismail 25000 Kuantan	3-storey Corner Shop Office	184 square metres	954 square metres	Freehold	17 Years	1,520,000	2017
5.	HS (D) 2820 PT 6156 HS (D) 2821 PT 6157 HS (D) 2854 PT 6190 HS (D) 2855 PT 6191 HS (D) 2856 PT 6192 HS (D) 3096 PT 6422 HS (D) 3088 PT 6430 Mukim Bernam Timur Daerah Batang Padang Perak	Vacant Bungalow Lots	8,925 square metres	–	Leasehold expiring in year 2095	–	1,356,000	2017
6.	Level 10, 11 & 12, Menara TSR, No. 12, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan	3 levels Office Lot	–	2,875 square metres	Freehold	7 Years	26,550,000	2017
7.	No. 77-1, Jalan SBC 1, Taman Sri Batu Caves, 68100 Batu Caves, Selangor Darul Ehsan	1 unit of office premise	–	123 square metres	Freehold	22 Years	236,000	2018

## ANALYSIS OF SHAREHOLDINGS

as at 31 March 2021

Total Number of Issued Shares	: 659,983,500
Class of shares	: Ordinary Shares
Voting rights	: One vote per ordinary share
No of Shareholders	: 1,985

### ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of shareholders	%	No. of shareholdings	%
Less than 100	43	2.17	2,152	0.00
100 – 1,000	209	10.53	98,911	0.02
1001 – 10,000	474	23.88	2,991,117	0.45
10,001 – 100,000	1,082	54.51	37,910,823	5.74
100,001 – less than 5% of issued shares	173	8.71	204,391,050	30.97
5% and above issued shares	4	0.20	414,589,447	62.82
<b>TOTAL</b>	<b>1,985</b>	<b>100.00</b>	<b>659,983,500</b>	<b>100.00</b>

### SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Direct shareholdings	%	Indirect shareholdings	%
1. Perbadanan Kemajuan Pertanian Negeri Pahang	177,622,559	26.91	2,379,850*	0.36
2. Dato' Lim Kang Poh	89,552,289	13.57	–	–
3. Tan Sri Dato' Lim Kang Yew	89,552,289	13.57	–	–
4. Agur Tegap Sdn Bhd	57,862,310	8.77	–	–

### DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct shareholdings	%	Indirect shareholdings	%
Dato' Lim Kang Poh	89,552,289	13.57	–	–
Tan Sri Dato' Lim Kang Yew	89,552,289	13.57	–	–

#### Note

\* By virtue of deemed interest in LKPP Corporation Sdn Bhd

## ANALYSIS OF SHAREHOLDINGS

(CONT'D)

### THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of shareholders	No. of shareholdings	%
1.	Perbadanan Kemajuan Pertanian Negeri Pahang	177,622,559	26.91
2.	Dato' Lim Kang Poh	89,552,289	13.57
3.	Tan Sri Dato' Lim Kang Yew	89,552,289	13.57
4.	Agur Tegap Sdn Bhd	57,862,310	8.77
5.	Terusan Al-Maju Sdn Bhd	23,361,500	3.54
6.	Ngai Sok Tien	19,776,350	3.00
7.	Lim Hai	16,145,250	2.45
8.	Yap Kong Wooi	15,677,600	2.38
9.	Kencang Kuasa Sdn Bhd	13,330,850	2.02
10.	RHB Nominees (Tempatan) Sdn Bhd		
	Pledged Securities Account - Veloo A/L Karupayah	11,439,300	1.73
11.	Rahaimi Bin Abdul Rahman	11,004,900	1.67
12.	Wan Ah Keow	9,824,400	1.49
13.	Puan Sri Datin Wong Chooi Fah	7,852,100	1.19
14.	Lee Hun Kheng	5,676,000	0.86
15.	Wong Chooi Lin	5,269,550	0.80
16.	Dato' Lim Kang Swee	4,950,000	0.75
17.	RHB Nominees (Tempatan) Sdn Bhd		
	Pledged Securities Account for VM Team Engineering Sdn Bhd	3,500,000	0.53
18.	Maybank Nominees (Tempatan) Sdn Bhd		
	Pledged Securities Account for Liew Kon Sing @ Liew Kong	2,848,700	0.43
19.	Tan Sri Dato' Husein Bin Ahmad	2,805,000	0.43
20.	Tiang Seng Diong	2,542,000	0.39
21.	TA Nominees (Tempatan) Sdn Bhd		
	Pledged Securities Account for LKPP Corporation Sdn Bhd	2,379,850	0.36
22.	Mohd Saini Bin Kariman	2,058,350	0.31
23.	Ravindran A/L Mogana	2,000,000	0.30
24.	Chan Ling Lee	1,861,750	0.28
25.	Baskaran A/L Krishnan	1,279,800	0.19
26.	Tiong Sheue Yng	1,233,500	0.19
27.	Citigroup Nominees (Asing) Sdn Bhd		
	Exempt An for OCBC Securities Private Limited (Client A/C-NR)	1,216,050	0.18
28.	Maybank Nominees (Tempatan) Sdn Bhd		
	Pledged Securities Account for Mohammad Anuwar Bin Ahmad	970,100	0.15
29.	Mohd Azmi Bin Md Yusof	930,000	0.14
30.	Ang Ah Bah	792,250	0.12
<b>TOTAL</b>		<b>585,314,597</b>	<b>88.70</b>

# NOTICE OF THE 25<sup>TH</sup> ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 25th Annual General Meeting of the Company will be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Tuesday, 22 June 2021 at 11.00 a.m. for the following purposes :-

## AGENDA

### ORDINARY BUSINESS

- |   |   |
|---|---|
| 1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon.                 | <b>[PLEASE REFER TO EXPLANATORY NOTE (1)]</b> |
| 2. To approve the payment of Directors' Fees and Benefits for the financial year ended 31 December 2020.  | <b>[ORDINARY RESOLUTION 1]</b>                |
| 3. To approve the payment of Directors' Benefits of up to an amount of RM50,000.00 from the 25th Annual General Meeting until the next Annual General Meeting of the Company. | <b>[ORDINARY RESOLUTION 2]</b>                |
| 4. To re-elect Dato' Lim Kang Poh who is retiring pursuant to Article 119 of the Company's Constitution.  | <b>[ORDINARY RESOLUTION 3]</b>                |
| 5. To re-elect Tuan Haji Khalit Bin Kasmoin who is retiring pursuant to Article 119 of the Company's Constitution.  | <b>[ORDINARY RESOLUTION 4]</b>                |
| 6. To re-elect Tan Sri Dato' Lim Kang Yew who is retiring pursuant to Article 123 of the Company's Constitution.  | <b>[ORDINARY RESOLUTION 5]</b>                |
| 7. To re-elect Dato' Haji Arpan Shah Bin Satu who is retiring pursuant to Article 123 of the Company's Constitution.  | <b>[ORDINARY RESOLUTION 6]</b>                |
| 8. To re-appoint Grant Thornton Malaysia PLT, as auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.                       | <b>[ORDINARY RESOLUTION 7]</b>                |

### SPECIAL BUSINESS

To consider and if thought fit, to pass, with or without modifications, the following Resolutions:-

- |   |                                |
|---|--------------------------------|
| 9. <b>CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR</b>  |                                |
| “ <b>THAT</b> approval be and is hereby given to Mr Tan En Chong who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, to continue to act as an Independent Non-Executive Director of the Company and to hold office until the conclusion of the next Annual General Meeting.” | <b>[ORDINARY RESOLUTION 8]</b> |

## NOTICE OF THE 25<sup>TH</sup> ANNUAL GENERAL MEETING (CONT'D)

### 10. **AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016**

"**THAT** pursuant to Sections 75 and 76 of the Companies Act 2016, and subject to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of the relevant Governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company, at such time and 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 pursuant to this resolution in any one financial year does not exceed 10% of the issued share capital of the Company for the time being **AND THAT** the Directors be and are also empowered to obtain approval from Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued **AND THAT** such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company or at the expiry of the period within which the next Annual General Meeting is required to be held in accordance with the provisions of the Companies Act 2016, whichever is the earlier."

**[ORDINARY  
RESOLUTION 9]**

11. To transact any other business of which due notices shall be given.

BY ORDER OF THE BOARD,

CHUA HOON PING, ACIS  
HOON HUI KIT, MIA  
Company Secretaries

Petaling Jaya  
28 April 2021

#### **Notes :**

1. In respect of deposited securities, only depositors whose names appear in the Record of Depositors on 15 June 2021 ("General Meeting Record of Depositors") shall be regarded as a member and entitled to attend, speak and vote at this meeting or appoint proxy(ies) to attend and vote on his/her behalf.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or more (subject to a maximum of two (2) proxies) to attend and vote in his stead. A proxy may but need not be a member of the Company.
3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy/proxies and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority must be deposited at the registered office of the Company at Level 12, Menara TSR, No. 12, Jalan PJU 7/3, Mutiara Damansara 47810 Petaling Jaya, Selangor Darul Ehsan, not less than 48 hours before the time for holding the meeting or adjourned meeting.

# NOTICE OF THE 25<sup>TH</sup> ANNUAL GENERAL MEETING (CONT'D)

## EXPLANATORY NOTES

1. The Item 1 of the Agenda is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence this Agenda item is not put forward for voting.

## Special Business

### 2. Resolution 1 & 2

Section 230(1) of the CA 2016 provides amongst other, 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. In this respect, the Board of Directors ("Board") agreed that the members' approval shall be sought at the 25th Annual General Meeting ("AGM") on the Directors' fees and benefits.

- Resolution 1 on payment of Directors' fees and benefits for the financial year ended 31 December 2020

The total amount of Directors' fees and benefits payable to the Directors for the financial year ended 31 December 2020 tabled for the members' approval.

Details of the Directors' fees and benefits payable to the Directors for the financial year ended 31 December 2020 are disclosed in the Corporate Governance Overview Statement as contained in Annual Report 2020.

- Resolution 2 on payment of Directors' benefits from the 25th AGM until the next AGM

The total amount of Directors' benefits payable to the Directors tabled for the members' approval is for an amount up to RM50,000.00. The figure is calculated with the assumption that there will be changes to the Board size during the aforesaid period.

The Board will seek members' approval at the next AGM in the event the amount of Directors' benefits is insufficient due to an increase in Board size.

### 3. Resolution 3 & 4

Article 119 of the Company's Constitution expressly states that at the Annual General Meeting in every subsequent year, one-third of the Directors for the time being or, if their number is not three or a multiple of three, then, the number nearest to one-third shall retire from office and be eligible for re-election.

Pursuant to Article 119, Dato' Lim Kang Poh and Tuan Haji Khalit Bin Kasmoin are standing for re-election at this Annual General Meeting.

The profiles of the Directors standing for re-election are set out in their respective profiles in the Annual Report. The Nomination Committee of the Company has assessed the criteria and contribution of Dato' Lim Kang Poh and Tuan Haji Khalit Bin Kasmoin and recommend for their re-election.

The Board endorsed the Nomination Committee's recommendation that Dato' Lim Kang Poh and Tuan Haji Khalit Bin Kasmoin be re-elected as Directors of the Company.

### 4. Resolutions 5 & 6

Article 123 of the Company's Constitution expressly stated that the Directors shall have power at any time and from time to time, to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors but so that the total number of Directors shall not at any time exceed the maximum number fixed in accordance with these Articles.

Any Director so appointed shall hold office only until the next Annual General Meeting, and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are retire by rotation at that meeting.

## NOTICE OF THE 25<sup>TH</sup> ANNUAL GENERAL MEETING (CONT'D)

### EXPLANATORY NOTES (CONT'D)

#### 4. Resolutions 5 & 6 (Cont'd)

Pursuant to Article 123, Tan Sri Dato' Lim Kang Yew and Dato' Haji Arpan Shah Bin Satu are standing for re-election at this Annual General Meeting. The profiles of the Directors standing for re-election are set out in their respective profiles in the Annual Report. The Nomination Committee of the Company has assessed the criteria and contribution of Tan Sri Dato' Lim Kang Yew and Dato' Haji Arpan Shah Bin Satu and recommended for their re-election.

The Board endorsed the Nomination Committee's recommendation that Tan Sri Dato' Lim Kang Yew and Dato' Haji Arpan Shah Bin Satu be re-elected as Directors of the Company.

#### 5. Resolution 7

The Audit Committee and the Board have recommended the re-appointment of Grant Thornton Malaysia PLT as Auditors of the Company as they have met the relevant criteria prescribed under Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

#### 6. Resolution 8

The Proposed Resolution 8, if passed, will allow Mr Tan En Chong to continue in office as Independent Non-Executive Director.

The Malaysian Code on Corporate Governance states that if the Board intends to retain an Independent Director beyond twelfth years, it should justify and seek annual shareholders' approval through a two-tier voting process.

Key justifications for him to continue as Independent Non-Executive Directors are as follows:

- a. Fulfills the Independent Director criteria set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
- b. Relevant experience and expertise as set out in his profile in the Annual Report; and
- c. Long service with the Company enhances his knowledge and understanding of the business operations of the Group which enable him to contribute actively and effectively during deliberations or discussion at Audit and Committee and Board meetings.

#### 7. Resolution 9

The Proposed Resolution 9, if passed, will empower the Directors of the Company to issue and allot shares in the Company up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being for such purposes as they consider would be in the interest of the Company. This authority unless revoked or varied at a general meeting will expire at the next Annual General Meeting. As at the date of this notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 28 July 2020 and which will lapse at the conclusion of the 25th Annual General Meeting. The general mandate will provide flexibility to the Company for any possible fund raising activities including but not limited for further placing of shares for purpose of funding future investment(s), working capital and/or acquisitions and to avoid incurring any costs or delay in convening a general meeting.

## STATEMENT ACCOMPANYING **NOTICE OF ANNUAL GENERAL MEETING**

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, there are no individuals who are standing for election as directors at the 25th Annual General Meeting of the Company.



## ASTRAL ASIA BERHAD

Registration no. 199601002254 (374600-X)

# PROXY FORM

No. of Shares held

CDS Account No.

I/We (full name in block) \_\_\_\_\_ NRIC/Company/Passport No. \_\_\_\_\_

of (full address) \_\_\_\_\_

being members(s) of Astral Asia Berhad, hereby appoint:

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and / or\* (\*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the CHAIRMAN OF THE MEETING as \*my/our proxy to attend and vote for \*me/us and on \*my/our behalf at the 25th Annual General Meeting of the Company to be held on Tuesday, 22 June 2021 at 11.00 a.m. at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur and at any adjournment thereof.

No	Resolutions		For	Against
1.	To approve the payment of Directors' Fees and Benefits for the financial year ended 31 December 2020.	(Resolution 1)		
2.	To approve the payment of Directors' Benefits of up to an amount of RM50,000.00 from the 25th Annual General Meeting until the next Annual General Meeting of the Company.	(Resolution 2)		
3.	To re-elect Dato' Lim Kang Poh as Director (Article 119).	(Resolution 3)		
4.	To re-elect Tuan Haji Khalit Bin Kasmoin as Director (Article 119).	(Resolution 4)		
5.	To re-elect Tan Sri Dato' Lim Kang Yew as Director (Article 123).	(Resolution 5)		
6.	To re-elect Dato' Haji Arpan Shah Bin Satu as Director (Article 123).	(Resolution 6)		
7.	To re-appoint Grant Thornton Malaysia PLT as Auditors and to authorise the Directors to fix their remuneration.	(Resolution 7)		
<b>SPECIAL BUSINESS</b>				
8.	To approve Mr Tan En Chong to continue to act as an Independent Non-Executive Director.	(Resolution 8)		
9.	Proposed Authority for Directors to Allot and Issue Shares.	(Resolution 9)		

\* *Strike out whichever not applicable*

Dated this ..... day of ..... 2021

.....  
Signature of Shareholder(s)

### Notes :

- In respect of deposited securities, only depositors whose names appear in the Record of Depositors on 15 June 2021 ("General Meeting Record of Depositors") shall be regarded as a member and entitled to attend, speak and vote at this meeting or appoint proxy(ies) to attend and vote on his/her behalf.
- A member entitled to attend and vote at the meeting is entitled to appoint a proxy or more (subject to a maximum of two (2) proxies) to attend and vote in his stead. A proxy may but need not be a member of the Company.
- Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy/proxies and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority must be deposited at the registered office of the Company at Level 12, Menara TSR, No. 12, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, not less than 48 hours before the time for holding the meeting or adjourned meeting.



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AFFIX  
STAMP

The Company Secretaries  
**ASTRAL ASIA BERHAD [Registration No. 199601002254 (374600-X)]**  
Level 12, Menara TSR  
No. 12, Jalan PJU 7/3  
Mutiara Damansara  
47810 Petaling Jaya  
Selangor Darul Ehsan

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**ASTRAL ASIA BERHAD**

199601002254 (374600-X)

Level 12, Menara TSR, No. 12, Jalan PJU 7/3, Mutiara Damansara  
47810 Petaling Jaya, Selangor Darul Ehsan

Tel: **+603 7717 5588** Fax: **+603 7717 5599**

**ANNUAL REPORT 2020**