



Boustead Holdings Berhad
(A member of LTAT Group)

ANNUAL REPORT 2020

RE^{DN}VENTING BOUSTEAD





REINVENTING BOUSTEAD

This year's cover visual is distinctly focused on our Reinventing Boustead strategy, reflecting our vision to renew and revitalise the Group towards achieving long-term sustainable growth and unlocking value for shareholders by strengthening opportunities for our core businesses in this evolving digital age. The visual depicts our new iconic 3D Boustead logo, with the DNA symbol showcasing our focus on embedding this strategy within the Group's foundation.

Annual Report



Sustainability Report



ONLINE VERSION



www.boustead.com.my

The soft copies of Boustead Holdings Berhad Annual Report 2020 and Sustainability Report 2020 are available on our website.

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59th

ANNUAL GENERAL MEETING



Thursday, 24 June 2021
9.30 a.m.



Royale Chulan Kuala Lumpur
5 Jalan Conlay
50450 Kuala Lumpur



OVERVIEW OF BOUSTEAD HOLDINGS BERHAD

REINVENTING BOUSTEAD

ACCELERATING VALUE CREATION WITH
PERFORMANCE IMPROVEMENT PROGRAMMES,
NEW & SUSTAINABLE INITIATIVES TO MAXIMISE
REVENUE GROWTH FOR SHAREHOLDERS

VISION

- To place the interest of all our shareholders as the highest priority by maximising shareholder value, especially Lembaga Tabung Angkatan Tentera as our majority shareholder and enhance the lives of the Malaysian Armed Forces service members, veterans and their family members.
- To realign and strengthen Boustead Holdings Berhad's fundamental priority under the Reinventing Boustead strategy which includes performance improvement programmes, and new value creation within the Groups existing core businesses, adapting business models to tap into new revenue sources, rationalising non-strategic assets as well as venturing into the technology sector and digital services.

MISSION

- To embrace a strong value of creativity and innovation in all our initiatives without compromising integrity.
- To implement the identified high-impact initiatives under the Reinventing Boustead strategy.
- To improve corporate discipline in adherence to the highest standard of governance.
- To optimise the utilisation of our capital and cash as well as embrace minimalist mentality by implementing Smart Spend and cost-saving initiatives.
- To eliminate old processes that are not aligned with the Reinventing Boustead strategy in order to expedite execution, maximise and drive value across the Group.
- To create and nurture a strong ecosystem of partnership and collaboration with identified partners to support our initiatives.
- To identify and nurture 300 leadership talents Group-wide in support of the Reinvention Strategy Execution and Succession Planning plans.

WHO WE ARE

- Boustead Holdings Berhad was established in 1828 and is today a diversified conglomerate with a portfolio spanning across five divisions, namely Plantation, Property & Industrial, Pharmaceutical, Heavy Industries as well as Trading, Finance & Investment.
- The Group employs over 17,000 individuals across all listed and non-listed business units that join hands to propel the Group's progress and drive the Reinventing Boustead strategy.
- Boustead's total assets for the reporting period ended 31 December 2020 was RM16.0 billion while shareholders' funds stood at RM3.1 billion.

CORPORATE INFORMATION

DIRECTORS

Dato' Seri Mohamed Khaled Nordin

Non-Independent Non-Executive Chairman

Dato' Sri Mohammed Shazalli Ramly

Group Managing Director

Izaddeen Daud

Deputy Group Managing Director

Datuk Zainun Aishah Ahmad

Senior Independent Non-Executive Director

Lieutenant General Dato' Fadzil Mokhtar (R)

Independent Non-Executive Director

Dato' Nonee Ashirin Dato' Mohd Radzi

Independent Non-Executive Director

Tan Sri Abu Bakar Haji Abdullah

Independent Non-Executive Director

Datuk Seri Hajjah Zurainah Musa

Non-Independent Non-Executive Director

REGISTERED OFFICE

28th Floor, Menara Boustead
69 Jalan Raja Chulan
50200 Kuala Lumpur, Malaysia
Tel : (03) 2141 9044
Fax : (03) 2141 9750
www.boustead.com.my

REGISTRAR

Tricor Investor & Issuing House
Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur, Malaysia
Tel : (03) 2783 9299
Fax : (03) 2783 9222

COMPANY SECRETARIES

Affendi Mohd Yob
Juniza Azizan

PRINCIPAL BANKERS

Affin Bank Berhad
Affin Hwang Investment Bank Berhad
Alliance Bank Malaysia Berhad
Ambank (M) Berhad
CIMB Bank Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
RHB Bank Berhad
United Overseas Bank Berhad

AUDITORS

Ernst & Young PLT

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Stock name: BSTEAD
Stock code: 2771

HOLDING CORPORATION

Lembaga Tabung Angkatan Tentera



WHAT WE DO

DIVISIONAL HIGHLIGHTS

We are one of Malaysia's established conglomerates, anchored by several lines of businesses.

Today, the Boustead Group has grown more than 80 companies which comprised of listed and non-listed subsidiaries and associate companies, with a presence in key sectors of the Malaysian economy via our five Divisions. With a renewed mission through our purpose-driven Reinventing Boustead strategy, we aim to revitalise the Group's core businesses in this digital age and achieve sustainable long-term growth.



PLANTATION DIVISION

The Plantation Division is recognised for its decades of expertise and proven record of excellence in plantation management. With estates and mills spanning Peninsular Malaysia as well as Sabah and Sarawak, the Division advocates sustainable agricultural practices across all its operations.



PROPERTY & INDUSTRIAL DIVISION

The Property & Industrial Division primarily engages in property development, property investment, hotel operations, project management as well as the manufacturing and distribution of building materials. The Division has established a strong presence and an extensive portfolio of assets including a hotel chain, award-winning townships, retail establishments as well as commercial and residential developments.



PHARMACEUTICAL DIVISION

The Pharmaceutical Division is an established pharmaceutical Group, servicing the pharmaceutical and healthcare sectors. The Division is involved in logistics and distribution, manufacturing of generic pharmaceuticals and medical devices, sales and marketing, distribution of medical products and hospital equipment as well as retail pharmacy.



HEAVY INDUSTRIES DIVISION

The Heavy Industries Division caters to the defence, security and marine sectors, servicing Government and commercial clients through the provision of shipbuilding and maintenance, repair and services, among others.



TRADING, FINANCE & INVESTMENT DIVISION

The Trading, Finance & Investment Division's portfolio extends across various sectors within the Malaysian economy. The Division is primarily involved in the operations of Malaysia's only other home-grown retail petroleum network as well as the supply of financial products and solutions, quality education services as well as travel and tourism related services.



FINANCIAL CALENDAR

FINANCIAL YEAR



1 January 2020 to 31 December 2020

RESULTS



1st quarter

Announced
19 June 2020



3rd quarter

Announced
30 November 2020



2nd quarter

Announced
27 August 2020



4th quarter

Announced
31 March 2021



ANNUAL REPORT

Issued
31 May 2021



ANNUAL GENERAL MEETING

To be held
24 June 2021



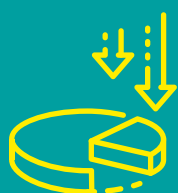
FACTS AT A GLANCE

REVENUE **RM 7.9** BILLION



EBITDA

RM **585** MILLION



LOSS BEFORE TAXATION & ZAKAT **RM 420** MILLION

CAPEX & ACQUISITION

RM **115** MILLION

LOSS AFTER TAXATION & ZAKAT **RM 501** MILLION



TOTAL ASSETS



RM **16.0** BILLION

SHAREHOLDERS' EQUITY

RM **3.1** BILLION



NET ASSETS PER SHARE

154 SEN



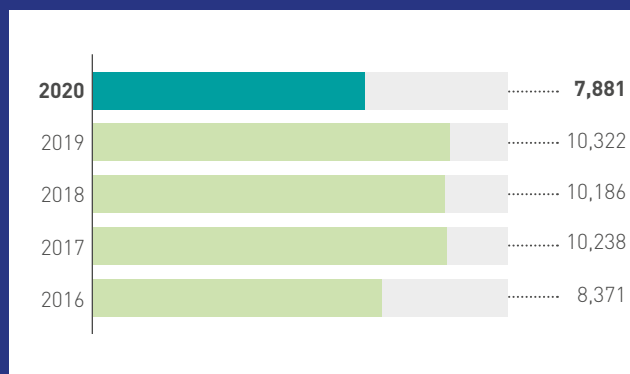
FIVE-YEAR FINANCIAL HIGHLIGHTS

		2020	2019	2018	2017	2016
FINANCIAL PERFORMANCE						
Revenue		7,881	10,322	10,186	10,238	8,371
(Loss)/profit before taxation and zakat		(420)	(1,336)	(479)	1,073	740
(Loss)/profit after taxation and zakat		(501)	(1,386)	(554)	875	589
(Loss)/profit attributable to shareholders		(551)	(1,279)	(535)	436	369
(Loss)/earnings per share	sen	(27.2)	(63.1)	(26.4)	21.5	20.0
Return on equity	%	(16.1)	(29.3)	(9.9)	7.2	7.0
Return on assets	%	(0.4)	(5.6)	(1.3)	7.0	5.8
Return on revenue	%	3.2	1.7	(0.3)	12.1	7.0
DIVIDENDS FOR THE YEAR						
Dividend for the year		–	–	101	223	305
Dividend per share	sen	–	–	5.0	11.0	17.5
Dividend yield	%	–	–	3.5	2.9	6.6
Dividend cover	times	–	–	(5.3)	2.0	1.2
GEARING						
Borrowings		7,584	7,910	7,533	6,184	7,317
Gearing	times	1.48	1.39	0.97	0.67	0.82
Interest cover	times	(0.2)	(2.8)	(1.0)	6.0	3.5
OTHER FINANCIAL STATISTICS						
Net assets per share	sen	154	184	246	305	295
Share price – high	sen	96	160	292	307	271
Share price – low	sen	35	93	136	241	186
Price earning ratio	times	(2)	(2)	(5)	13	13
Paid up share capital		2,736	2,736	2,736	2,736	1,014
Shareholders' equity		3,117	3,729	4,995	6,182	5,985
Total equity		5,119	5,688	7,804	9,243	8,875
Total assets		16,002	16,975	18,417	18,263	18,530

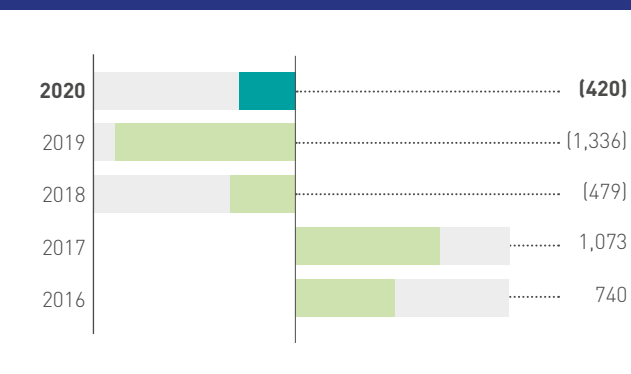
Notes:

- All figures are in RM million unless otherwise stated.
- The financial information relating to 2020, 2019, 2018 and 2017 are in accordance with the Malaysian Financial Reporting Standard (MFRS) Framework.
- The financial information relating to 2016 are in accordance with the Financial Reporting Standard (FRS) Framework.

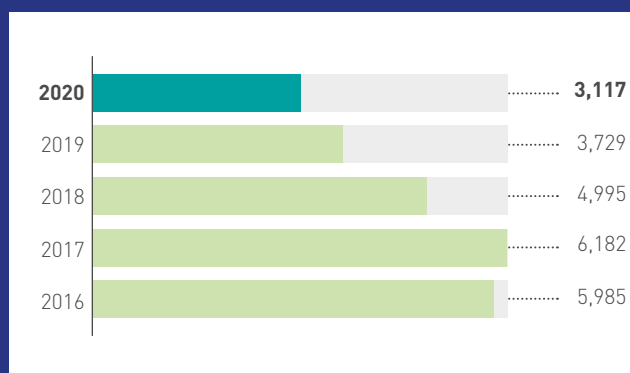
REVENUE
(RM Million)



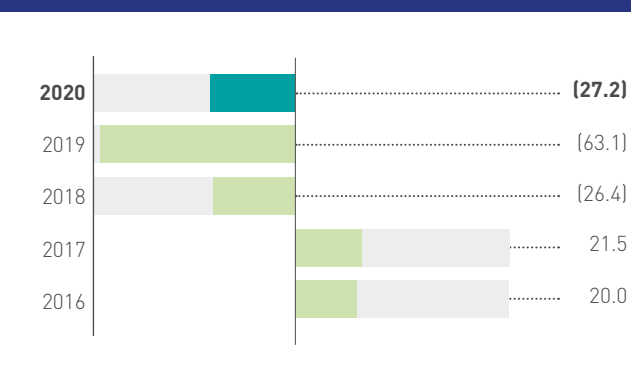
PROFIT/(LOSS) BEFORE TAXATION AND ZAKAT
(RM Million)



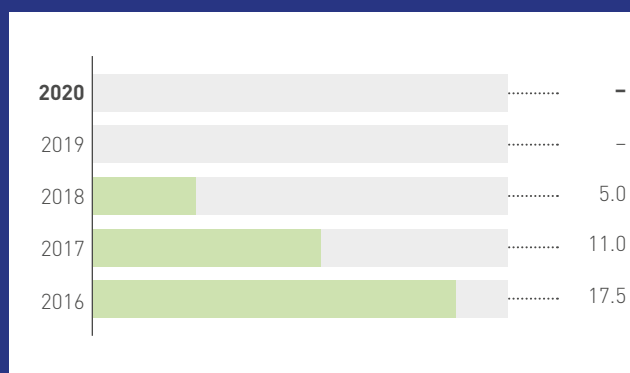
SHAREHOLDERS' EQUITY
(RM Million)



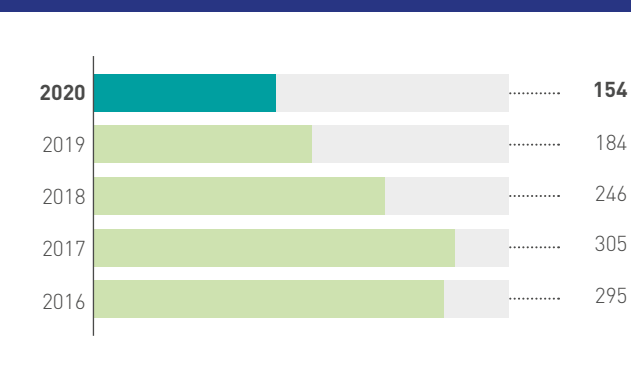
EARNINGS/(LOSS) PER SHARE
(Sen)



DIVIDEND PER SHARE
(Sen)



NET ASSETS PER SHARE
(Sen)





BOARD OF DIRECTORS



**LIEUTENANT GENERAL
DATO' FADZIL MOKHTAR (R)**

Independent
Non-Executive Director

**DATO' NONEE ASHIRIN
DATO' MOHD RADZI**

Independent
Non-Executive Director

**DATO' SERI MOHAMED
KHALED NORDIN**

Non-Independent
Non-Executive Chairman

**DATUK ZAINUN AISHAH
AHMAD**

Senior Independent
Non-Executive Director



IZADDEEN DAUD
Deputy Group Managing
Director

**DATO' SRI MOHAMMED
SHAZALLI RAMLY**
Group Managing Director

**TAN SRI ABU BAKAR
HAJI ABDULLAH**
Independent
Non-Executive Director

**DATUK SERI HAJJAH
ZURAINAH MUSA**
Non-Independent
Non-Executive Director



PROFILE OF DIRECTORS



DATO' SERI MOHAMED KHALED NORDIN

Non-Independent
Non-Executive Chairman

Working experience

- 1983 – Legal Executive, Petronas
- 1983 to 1986 – Political Secretary, Federal Territory Minister
- 1986 to 1987 – Political Secretary, Social Welfare Minister
- 1990 to 2004 – Johor Bahru Member of Parliament
- 1999 to 2004 – Deputy Works Minister
- 2004 to 2008 – Minister of Entrepreneur and Co-operatives Development
- 2004 to 2013 – Member of Parliament, Pasir Gudang Johor
- 2008 to 2013 – Minister of Higher Education
- 2013 to 2018 – State Assembly Member for Permas, Johor
- 2013 to 2018 – 15th Chief Minister (Menteri Besar) of Johor
- Dato' Seri Mohamed Khaled was the Chairman of Johor Corporation Berhad, its group companies and several state-owned entities.

Qualification

- 1982 – LLB Honours, Universiti Malaya

Details of any interest in the securities of Boustead Holdings Berhad

- Nil

Directorship in other public listed companies

- Nil

Directorship in public companies

- Boustead Properties Berhad
- UAC Berhad

Family relationship with any director and/or major shareholder of the Company

- No

Conflict of interests with the Company

- No

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

- Nil

Nationality/Age/Gender

Malaysian

62

Male

Date of Appointment

1 May 2020

Length of Service

1 year

Date of last Re-election

22 July 2020

Board Committee(s)

- Nil

Board Meeting attended in the financial year

7/7



DATO' SRI MOHAMMED SHAZALLI RAMLY

Group Managing Director

Working experience

- 1987 to 1993 – Group Brand Manager, Unilever
- 1993 to 1996 – Group Brand International Marketing Manager, Malaysian Tobacco Company Kuala Lumpur and British American Tobacco United Kingdom
- 1996 to 1997 – Marketing Director, ASTRO
- 1998 to 2005 – Chief Executive Officer (CEO), NTV7
- 2005 to 2016 – CEO and Director, Celcom Axiata Berhad
- 2016 to 2017 – Regional CEO (Indonesia, Cambodia and Singapore) and Corporate Executive Vice President, Axiata Group Berhad
- April 2017 to June 2018 – Managing Director/CEO, Telekom Malaysia Berhad
- 2018 to 2020 – Consultant, Strategic Brand Resources & Consultancy, Malaysia
- December 2020 to present – Group Managing Director, Boustead Holdings Berhad

Qualification

- Master of Business Administration, St. Louis University, Missouri, United States of America
- Bachelor of Science (Marketing), Indiana University Bloomington, Indiana, United States of America

Details of any interest in the securities of Boustead Holdings Berhad

- Nil

Directorship in other public listed companies

- Pharmaniaga Berhad
- Boustead Heavy Industries Corporation Berhad

Directorship in public companies

- Nil

Family relationship with any director and/or major shareholder of the Company

- No

Conflict of interests with the Company

- No

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

- Nil

Nationality/Age/Gender

Malaysian

59

Male

Date of Appointment

1 December 2020

Length of Service

Less than 1 year

Date of last Re-election

–

Board Committee(s)

- Nil

Board Meeting attended in the financial year

None, as Dato' Sri Mohammed Shazalli Ramly was appointed to the Board on 1 December 2020



PROFILE OF DIRECTORS



IZADDEEN DAUD

Deputy Group Managing Director

Working experience

- 1991 – Auditor, Ernst & Young
- 1992 – Senior Officer, Oriental Bank Berhad
- 1992 to 1998 – Senior Manager, Perwira Affin Merchant Bank Berhad
- 1999 to 2007 – Assistant Vice President, Permodalan Nasional Berhad
- 2007 to 2008 – Chief Executive Officer (CEO), ASM Investment Services Berhad
- 2008 to 2009 – Managing Director, MARA Incorporated
- 2013 to January 2021 – Executive Chairman, E&E Gas Sdn Bhd
- July 2020 to February 2021 – Executive Director, Group Business Development, Boustead Holdings Berhad (BHB)
- November 2020 to present – Acting CEO, Boustead Properties Berhad
- 1 March 2021 to present – Deputy Group Managing Director, BHB

Qualification

- Certified Financial Planner, Financial Planning Association of Malaysia
- Fellow Member, Institute of Public Accountant, Australia
- B.Sc (Hons) Accounting and Law, De Monfort University, Leicester, United Kingdom

Details of any interest in the securities of Boustead Holdings Berhad

- Nil

Directorship in other public listed companies

- Boustead Plantations Berhad
- Pharmaniaga Berhad
- Boustead Heavy Industries Corporation Berhad
- Olympia Industries Berhad

Directorship in public companies

- Boustead Properties Berhad

Family relationship with any director and/or major shareholder of the Company

- No

Conflict of interests with the Company

- No

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

- Nil

Nationality/Age/Gender

Malaysian

—

52

—

Male

Date of Appointment

18 May 2020

Length of Service

1 year

Date of last Re-election

22 July 2020

Board Committee(s)

- Nil

Board Meeting attended in the financial year

6/6



DATUK ZAINUN AISHAH AHMAD

Senior Independent
Non-Executive Director

Working experience

- In her 35 years of service, Datuk Zainun has held various senior positions in the Malaysian Industrial Development Authority (MIDA), as well as in some of Malaysia's strategic councils
- Senior positions held:
 - 1986 to 1995 – Deputy-Director General
 - 1995 to 2004 – Director General
- Others:
 - Member of the Industrial Coordination Act Advisory Council
 - Member of the Defence Industry Council
 - Member of the Business Competitiveness Council
 - Member of the National Project for Majlis Penyelarasan Perindustrian

Qualification

- Bachelor of Economics, Universiti Malaya

Details of any interest in the securities of Boustead Holdings Berhad

- Nil

Directorship in other public listed companies

- Berjaya Food Berhad

Directorship in public companies

- Pernec Corporation Berhad (Chairman)

Family relationship with any director and/or major shareholder of the Company

- No

Conflict of interests with the Company

- No

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

- Nil

Nationality/Age/Gender

Malaysian

74

Female

Date of Appointment

1 December 2017

Length of Service

4 years

Date of last Re-election

22 July 2020

Board Committee(s)

- Chairman of Sustainability Committee
- Member of Audit Committee
- Member of Risk Committee
- Member of Nominating and Remuneration Committee

Board Meeting attended in the financial year

11/11



PROFILE OF DIRECTORS



**LIEUTENANT GENERAL DATO'
FADZIL MOKHTAR (R)**

Independent Non-Executive Director

Working experience

- Lieutenant General Dato' Fadzil has served in the Malaysian Armed Forces for more than 41 years, during which he held various senior command and staff positions including:
 - 1997 – Legal Adviser to the Malaysian Contingent in Bosnia Herzegovina
 - 2011 to 2013 – Head of Human Resource, Malaysian Army
 - 2013 to 2014 – Head of Mission, International Monitoring Team in Mindanao, Philippines
 - 2015 to 2016 – General Officer Commanding 2nd Division
 - 2016 to 2018 (retirement) – Joint Force Commander, Malaysian Armed Forces
- Others:
 - 2002 – Lee Kuan Yew Fellow, National University of Singapore
 - Present – Academic Fellow, National Defence University of Malaysia

Qualification

- Bachelor of Laws (First Class Honours), Universiti Teknologi MARA
- Master of Public Management, National University of Singapore
- Master of Arts, Universiti Kebangsaan Malaysia

Details of any interest in the securities of Boustead Holdings Berhad

- Nil

Directorship in other public listed companies

- Nil

Directorship in public companies

- Nil

Family relationship with any director and/or major shareholder of the Company

- No

Conflict of interests with the Company

- No

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

- Nil

Nationality/Age/Gender

Malaysian

—

62

—

Male

Date of Appointment

15 July 2019

Length of Service

2 years

Date of last Re-election

22 July 2020

Board Committee(s)

- Chairman of Risk Committee
- Member of Audit Committee
- Member of Sustainability Committee

Board Meeting attended in the financial year

11/11



Working experience

- 2001 to 2003 – Lawyer, Mohammad Ali & Co.
- 2003 to 2006 – Business Development Manager, Eurocopter Malaysia
- 2006 to 2008 – Vice President, Business Development, Unique Globe Sdn Bhd
- 2009 to 2010 – Vice President, Business Development and Sales, HELIPARTNER Sdn Bhd
- 2011 to 2017 – Chairman and Chief Executive Officer, Global Turbine Asia Sdn Bhd
- Present – Chairman, Global Turbine Asia Sdn Bhd
- Present – Partner, Arthur Yeong Nonee Ashirin Advocates & Solicitors

Qualification

- 1996 – LLB Degree, Wolverhampton University, United Kingdom
- 1997 – Barrister-at-Law, Lincoln's Inn, United Kingdom

Details of any interest in the securities of Boustead Holdings Berhad

- Nil

Directorship in other public listed companies

- Nil

Directorship in public companies

- Nil

Family relationship with any director and/or major shareholder of the Company

- No

Conflict of interests with the Company

- No

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

- Nil

Nationality/Age/Gender

Malaysian

49

Female

Date of Appointment

15 July 2019

Length of Service

2 years

Date of last Re-election

22 July 2020

Board Committee(s)

- Chairman of Nominating and Remuneration Committee
- Member of Sustainability Committee

Board Meeting attended in the financial year

11/11



PROFILE OF DIRECTORS



**TAN SRI ABU BAKAR
HAJI ABDULLAH**

Independent Non-Executive Director

Working experience

- September 1977 – Assistant Director of Domestic Trade Division, Ministry of International Trade & Industry
- 1988 – Principal Assistant Secretary of the Armed Forces Council, Ministry of Defence
- 2000 – Development Division, Ministry of Defence
- 2001 – Secretary of Federal Territories Development and Klang Valley Planning, Prime Minister's Department (PMD)
- 2004 – Deputy Secretary General, Federal Territories Ministry
- 2005 – Deputy Secretary General, PMD
- July 2007 – Secretary General, Ministry of Defence
- July 2010 to June 2012 – Director General, Public Services Department
- March 2013 to February 2019 – Chairman, Bank Simpanan Nasional Berhad

Qualification

- Masters in International Studies, University of Denver, Colorado, United States of America
- BA (Hons) History, Universiti Malaya

Details of any interest in the securities of Boustead Holdings Berhad

- 4,620 Ordinary Shares

Directorship in other public listed companies

- Nil

Directorship in public companies

- MHS Aviation Berhad

Family relationship with any director and/or major shareholder of the Company

- No

Conflict of interests with the Company

- No

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

- Nil

Nationality/Age/Gender

Malaysian

—

66

—

Male

Date of Appointment

21 August 2020

Length of Service

Less than 1 year

Date of last Re-election

–

Board Committee(s)

- Member of Audit Committee
- Member of Risk Committee

Board Meeting attended in the financial year

3/3



DATUK SERI HAJJAH ZURAINAH MUSA

Non-Independent
Non-Executive Director

Working experience

- 1984 to 1985 – Secretary, Kenyon & Eckhardt, Advertising
- 1985 to 1986 – Personal Assistant, Bangladesh High Commission
- 1986 to 1988 – General Manager, SHRM Sdn Bhd, Malaysia, Singapore
- 1988 to 1989 – Senior Secretary, Servcop, Venture Capital Pty Ltd, Australia
- 1989 to 1992 – Supervisor, Commercial Union Travel & General Insurance, Australia
- 1992 to 1994 – General Manager, MMI Insurance Malaysia
- 1995 to 2010 – Managing Director, Permata Kancil (M) Sdn Bhd
- 2010 to present – Executive Director, Berjaya Corporation Berhad

Qualification

- 2020 (in progress) – Doctor of Philosophy, Management, Universiti Kuala Lumpur
- 2016 – Master, Business Administration, Berjaya University College of Hospitality
- 1997 – Post Graduate Diploma, Human Resource Management, University of Newcastle, Australia
- 1993 – Diploma, Occupational Health & Safety, University of New South Wales/NSCA
- 1983 – Diploma, Secretarial Science, Universiti Teknologi MARA

Details of any interest in the securities of Boustead Holdings Berhad

- Nil

Directorship in other public listed companies

- Berjaya Corporation Berhad
- UZMA Berhad

Directorship in public companies

- Tioman Island Resort Berhad

Family relationship with any director and/or major shareholder of the Company

- No

Conflict of interests with the Company

- No

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

- Nil

Nationality/Age/Gender

Malaysian

59

Female

Date of Appointment

21 August 2020

Length of Service

Less than 1 year

Date of last Re-election

–

Board Committee(s)

- Member of Sustainability Committee
- Member of Nominating and Remuneration Committee

Board Meeting attended in the financial year

3/3



OUR APPRECIATION TO FORMER DIRECTORS



DATO' ABDUL HAMID SH MOHAMED

Independent Non-Executive Director
Malaysian | 55 | Male

(Resigned w.e.f. 16 April 2021)

Working experience

- 1989 – Corporate Services Assistant, Messrs. Lim Ali & Co/Arthur Young (now known as Ernst & Young)
- 1989 to 1994 – Officer, Corporate Banking, Bumiputera Merchant Bankers Berhad. His last position was Manager in the Corporate Banking Department
- 1994 to 1998 – Senior Manager, Corporate Planning, Amanah Capital Malaysia Berhad.
- 1998 to 2003 – Senior Vice-President, Strategic Planning & International Affairs, Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Berhad). He was promoted to Deputy President and later redesignated as Chief Financial Officer as his last position
- 2003 to present – Executive Director, Symphony House Sdn Bhd



DATO' SRI AMRIN AWALUDDIN

Managing Director/Chief Executive Officer
Malaysian | 54 | Male

(Resigned w.e.f. 15 November 2020)

Working experience

- 1990 – Officer, Corporate & Commercial Loans, Development & Commercial Bank Berhad
- 1990 to 1996 – Manager, Structured & Project Finance, Amanah Merchant Bank Berhad
- 1996 to 1999 – Senior General Manager, Renong Berhad
- 1999 to April 2000 – Head of Corporate Finance, Malaysian Resources Corporation Berhad
- 2001 – Chief Operating Officer, Putera Capital Berhad
- 2001 to 2005 – Group Chief Financial Officer, Media Prima Berhad
- 2006 to 2008 – Chief Executive Officer (CEO), Natseven TV Sdn Bhd (ntv7)
- 2008 to 2009 – CEO, Sistem Televisyen Malaysia Berhad
- 2009 to 2017 – Group Managing Director (GMD), Media Prima Berhad
- 2017 to 2019 – GMD, Sime Darby Property Berhad
- May 2019 to November 2020 – MD/CEO, Boustead Holdings Berhad



NIK AMLIZAN MOHAMED

Non-Independent Non-Executive Director
Malaysian | 52 | Female

(Resigned w.e.f. 5 October 2020)

Working experience

- Puan Nik Amlizan was the Chief Executive of Lembaga Tabung Angkatan Tentera (LTAT)
- Prior to joining LTAT, she was the Chief Investment Officer of Kumpulan Wang Persaraan (Diperbadankan), and had served the organisation for 11 years
- She has held several senior positions in fund management industry as Senior Director, Equity; General Manager/Head of Equity (Syariah Ethical); and Head of Investment Research/Senior Portfolio Manager
- Other organisations that she had served include RHB Asset Management Sdn Bhd, Maybank Investment Management Sdn Bhd, BBMB Unit Trust and Georgiou Inc. (based in San Francisco, California, United States of America)



ABRAHAM VERGHESE A/L TV ABRAHAM

Independent Non-Executive Director
Malaysian | 65 | Male

(Retired w.e.f. 22 July 2020)

Working experience

- 1979 to 1990 – Various senior positions, Hanafiah Raslan & Mohamad
- 1990 to 1994 – Principal/Senior Manager, Arthur Andersen/Hanafiah Raslan & Mohamad
- 1994 to 1997 – National Partner, Arthur Andersen
- 1997 to 2001 – Worldwide Partner, Arthur Andersen
- 2002 to 2016 – Partner, Ernst & Young/Ernst & Young Asia Pacific



LOONG CAESAR

Independent Non-Executive Director
Malaysian | 61 | Male

(Retired w.e.f. 22 July 2020)

Working experience

- 1985 – Advocate & Solicitor, High Court of Malaya
- 1985 to 1992 – Legal Assistant, Skrine
- 1993 to 1995 – Founding Partner, Hishammuddin Loong (renamed Lee Hishammuddin Allen & Gledhill)
- 1994 – Advocate & Solicitor, Supreme Court of Singapore
- 1995 to 2017 – Founding Partner, Raslan Loong
- 2017 to present – Founding and Managing Partner, Raslan Loong, Shen & Eow



EXECUTIVE COMMITTEE MEMBERS



FAHMY ISMAIL

Group Finance
Director

IZADDEEN DAUD

Deputy Group
Managing Director

**DATO' SRI
MOHAMMED
SHAZALLI RAMLY**

Group Managing
Director

**AHMAD
SHAHREDZUAN
MOHD SHARIFF**

Chief Reinvention &
Strategy Officer

NAWAL HANAFIAH

Acting Chief People
Officer

PROFILE OF EXECUTIVE COMMITTEE MEMBERS



Malaysian | 44 | Male

Date of appointment to present position

1 October 2017

FAHMY ISMAIL

Group Finance Director

Group Finance

Working experience

- 1999 to 2005 – Began his career as a management trainee and assumed several finance roles within the Renong Group, ranging from accounting, performance reporting, treasury and corporate finance. Last held position prior to joining Boustead Holdings Berhad (BHB) was Assistant Manager, Corporate Finance for SapuraCrest Petroleum Berhad
- 2006 – Manager, Corporate Planning Department, BHB
- 2009 – Chief Executive Officer (CEO), Boustead REIT Managers Sdn Bhd, the Manager of Al-Hadharah Boustead REIT
- 2014 to May 2018 – CEO, Boustead Plantations Berhad
- January 2019 to July 2020 – Chief Operating Officer, BHB
- 2017 to present – Group Finance Director, BHB

Qualification

- 1998 – Bachelor of Commerce in Accounting and Finance, University of Sydney, Australia
- 2003 – Certified Practising Accountant, CPA Australia
- 2003 – Chartered Accountant, Malaysian Institute of Accountants

Details of any interest in the securities of Boustead Holdings Berhad

- Nil

Directorship in other public listed companies

- Boustead Plantations Berhad
- Boustead Heavy Industries Corporation Berhad

Directorship in public companies

- MHS Aviation Berhad
- Boustead Properties Berhad

Family relationship with any director and/or major shareholder of the Company

- No

Conflict of interests with the Company

- No

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

- Nil



PROFILE OF EXECUTIVE COMMITTEE MEMBERS



Malaysian | 38 | Male

Date of appointment to present position

1 March 2021

AHMAD SHAHREDZUAN MOHD SHARIFF

Chief Reinvention & Strategy Officer

Group Reinvention & Strategy

Working experience

- August 2006 to June 2015 – Various positions in Permodalan Nasional Berhad. Last position was Senior Manager at the Office of President and Group Chief Executive
- June 2015 to November 2019 – Implementation Consultant, McKinsey & Company, Kuala Lumpur, Malaysia
- November 2019 to April 2020 – Senior General Manager, Boustead Holdings Berhad (BHB)
- May 2020 to February 2021 – Chief Transformation Officer, BHB
- March 2021 to present – Chief Reinvention & Strategy Officer, BHB

Qualification

- 2006 – BSc. Economics, University of Warwick, United Kingdom
- 2012 – Graduate Diploma of Applied Finance, Kaplan Higher Education, Australia

Details of any interest in the securities of Boustead Holdings Berhad

- Nil

Directorship in other public listed companies

- Boustead Plantations Berhad

Directorship in public companies

- UAC Berhad

Family relationship with any director and/or major shareholder of the Company

- No

Conflict of interests with the Company

- No

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

- Nil



Malaysian | 57 | Female

**Date of appointment
to present position**

1 March 2021

NAWAL HANAFIAH

Acting Chief People Officer
Group Human Capital Management

Working experience

- October 1986 to December 1987 – Tutor and Student Counsellor, KPP/ITM Shah Alam
- January to September 1988 – Associate Consultant, Hanafiah, Raslan and Mohammed
- October 1988 to April 1995 – Manager, Human Resource, Boustead Holdings Berhad (BHB)
- End 1995 to March 1996 – Manager, Human Resource, Groupe Schneider
- April 1996 to February 2021 – Senior General Manager, Group Human Capital Management, BHB
- March 2021 to present – Acting Chief People Officer, Group Human Capital Management, BHB

Qualification

- 1986 – Bachelor of Science, Majoring in Economics and Minor in Computer Science, Northern Illinois University, DeKalb, United States of America
- 2010 – Senior Management Development Programme, Harvard Business School

Details of any interest in the securities of Boustead Holdings Berhad

- 370,832 Ordinary Shares

Directorship in other public listed companies

- Nil

Directorship in public companies

- Nil

Family relationship with any director and/or major shareholder of the Company

- No

Conflict of interests with the Company

- No

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

- Nil



BOUSTEAD GROUP MANAGEMENT COUNCIL MEMBERS



**DATUK ZULKARNAIN
MD EUSOPE**

Pharmaniaga Group
Managing Director
Pharmaniaga Berhad

**IBRAHIM ABDUL
MAJID**

Chief Executive Officer
Boustead Plantations
Berhad

FAHMY ISMAIL

Group Finance Director

**AHMAD
SHAHREDZUAN
MOHD SHARIFF**

Chief Reinvention &
Strategy Officer

**SHARIFUDDIN MD
ZAINI AL-MANAF**
Chief Executive Officer
Boustead Heavy
Industries
Corporation Berhad

**DATO' SRI MOHAMMED
SHAZALLI RAMLY**
Group Managing Director/
Chief Customer Engagement
and Experience Officer

IZADDEEN DAUD
Deputy Group Managing
Director/Chief Group
Business Development/
Acting Chief Executive
Officer of Boustead
Properties Berhad

**LESLIE NG**

Chief Executive Officer
**Boustead Petroleum
 Marketing Sdn Bhd**

MOHD ZAIDI ZAINOL RASHID

General Manager,
 Group Legal & Compliance

AFFENDI MOHD YOB

Head, Group
 Secretarial

NAWAL HANAFIAH

Acting Chief People
 Officer

GAN BOON TING

Managing Director/
 Chief Executive Officer
UAC Berhad

**AHMAD FAZIL
 MOHD FAUZI**

Head, Group Internal Audit,
 Risk Management and
 Integrity & Governance

**MUZAMIR SHAH
 MOHAMED SHARIFF**

Head, Group
 Information Technology



PROFILE OF BOUSTEAD GROUP MANAGEMENT COUNCIL MEMBERS



Malaysian | 53 | Male

Date of appointment to present position
1 September 2020

DATUK ZULKARNAIN MD EUSOPE Pharmaniaga Group Managing Director Pharmaniaga Berhad

Working experience

- 1991 to 1995 – Electrical Engineer, Tenaga Nasional Berhad
- 1996 to 2000 – Project Manager, EPE Power Corporation Berhad
- 2001 to 2005 – Project Coordinator (Infrastructure and Power Plant Development), Malaysia Resources Corporation Berhad
- 2006 to 2009 – Senior Vice President, Empire Energy Corp LLC
- 2010 to 2013 – Commercial and Corporate Advisor of various companies
- 2014 to 2016 – Chief Investment Officer, FELCRA Berhad
- 2016 to 2018 – Chief Executive Officer, FELCRA Berhad
- 2020 to present – Pharmaniaga Group Managing Director, Pharmaniaga Berhad

Qualification

- Bachelor in Engineering, Northern Arizona University, United States of America

Details of any interest in the securities of Boustead Holdings Berhad

- Nil

Directorship in other public listed companies

- Nil

Family relationship with any director and/or major shareholder of the Company

- No

Conflict of interests with the Company

- No

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

- Nil



Malaysian | 51 | Male

Date of appointment to present position
1 April 2020

SHARIFUDDIN MD ZAINI AL-MANAF Chief Executive Officer

Boustead Heavy Industries Corporation Berhad

Working experience

- 2001 to 2004 – Head of LPG Business, Shell Gas Brunei
- 2004 to 2005 – Supply Chain Manager – Malaysia & Singapore, Shell Gas Malaysia
- 2005 – 2007 – Country Business Manager – Malaysia, Singapore & Indonesia, Shell Bitumen
- 2007 to 2009 – General Manager, Global Supply & Trading, Petrofield (M) Sdn Bhd
- 2009 to 2014 – Director & Country Manager, Petrolink Energy Services Sdn Bhd
- 2016 to 2020 – Chief Executive Officer (CEO), Orkim Sdn Bhd
- 2020 to present – CEO, Boustead Heavy Industries Corporation Berhad

Qualification

- 1994 – Bachelor of Engineering (Honours) in Aeronautical Engineering, Imperial College London, United Kingdom

Details of any interest in the securities of Boustead Holdings Berhad

- Nil

Directorship in other public listed companies

- Nil

Directorship in public companies

- Nil

Family relationship with any director and/or major shareholder of the Company

- No

Conflict of interests with the Company

- No

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

- No



Malaysian | 61 | Male

Date of appointment to present position

1 December 2019

IBRAHIM ABDUL MAJID
Chief Executive Officer
Boustead Plantations Berhad

Working experience

- 2007 to 2009 – Plantation Adviser, Sime Darby Plantation Berhad (SDP)
- 2009 to 2012 – Head, Plantation Operations, PT Minamas Gemilang, Indonesia, SDP
- 2013 to 2017 – Plantation Adviser, SDP
- 2017 to 2019 – Regional Chief Executive Officer, Southern Region, SDP
- December 2019 to present – Chief Executive Officer, Boustead Plantations Berhad

Qualification

- 1976 – Malaysia Certificate of Education

Details of any interest in the securities of Boustead Holdings Berhad

- Nil

Directorship in other public listed companies

- Nil

Directorship in public companies

- Nil

Family relationship with any director and/or major shareholder of the Company

- No

Conflict of interests with the Company

- No

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

- Nil



Malaysian | 55 | Male

Date of appointment to present position

1 April 2020

LESLIE NG
Chief Executive Officer
Boustead Petroleum Marketing Sdn Bhd

Working experience

- 1991 to 2001 – Various positions in Retail, Marketing & Distribution, Shell
- 2001 to 2007 – Marketing Manager, Shell China
- 2007 to 2009 – Global Fuels Marketing Manager – East Region, Shell
- 2009 to 2014 – Retail General Manager, Shell Malaysia
- 2014 to 2017 – General Manager – Lubricants for Malaysia & Singapore, Shell
- 2018 to 2019 – Chief Executive Officer (CEO), Blue Ocean Group
- 2020 to present – CEO, Boustead Petroleum Marketing Sdn Bhd

Qualification

- 1987 – Bachelor of Computer Science, Monash University
- 1990 – Bachelor of Engineering (Hons), Monash University

Details of any interest in the securities of Boustead Holdings Berhad

- Nil

Directorship in other public listed companies

- Nil

Directorship in public companies

- Nil

Family relationship with any director and/or major shareholder of the Company

- No

Conflict of interests with the Company

- No

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

- Nil



PROFILE OF BOUSTEAD GROUP MANAGEMENT COUNCIL MEMBERS



Malaysian | 58 | Male

Date of appointment to present position
1 July 2016

GAN BOON TING

Managing Director/Chief Executive Officer
UAC Berhad

Working experience

- January 1988 to July 1988 – Process Engineer, National Semiconductor (M) Sdn Bhd
- August 1988 to April 1990 – Factory Manager, Global Glove (M) Sdn Bhd
- April 1990 to March 1992 – Section Head (Engineering), Sumitomo Electric Sintered Component (M) Sdn Bhd
- April 1992 to May 1994 – Production Manager, Hume Industrial Rubber Products Sdn Bhd (Hong Leong Group Malaysia Affiliate)
- June 1994 to July 1995 – Factory Manager, Hong Leong Industries Ltd. Malaysia
- July 1995 to August 1997 – Operation Manager, Champion Photochemistry (Malaysia) Sdn Bhd (CPM)
- September 1997 to December 2002 – Sales Director, CPM
- January 2003 to October 2006 – Director/General Manager, Champion Photochemistry (Shanghai) Trading Company Ltd & Director, CPM
- November 2006 to October 2007 – General Manager, APRIL, China
- November 2007 to July 2008 – Director of Sales, Tasek Corporation Berhad (TCB)
- August 2008 to September 2009 – Chief Operating Officer (COO), TCB
- October 2009 to June 2010 – Group COO, TCB
- July 2010 to January 2011 – Group Chief Executive Officer (CEO), TCB

- July 2011 to January 2012 – Deputy COO, UAC Berhad (UAC)
- February 2012 to June 2014 – COO, UAC
- July 2014 to June 2016 – Deputy CEO, UAC
- July 2016 to present – Managing Director/CEO, UAC
- Currently he is a member of FMM Customs Committee and FMM Export & International Business Committee (EIBC)

Qualification

- 1996 to 1998 – Master in Business Administration, Universiti Putra Malaysia
- 1984 to 1987 – Bachelor Degree in Chemistry, Universiti Malaya

Details of any interest in the securities of Boustead Holdings Berhad

- Nil

Directorship in other public listed companies

- Nil

Directorship in public companies

- UAC Berhad

Family relationship with any director and/or major shareholder of the Company

- No

Conflict of interests with the Company

- No

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

- Nil



Malaysian | 50 | Male

Date of appointment to present position
1 September 2013

MOHD ZAIDI ZAINOL RASHID

General Manager
Group Legal & Compliance

Working experience

- 1998 to 2000 – Legal Executive, Percon Corporation Sdn Bhd (Permodalan Nasional Berhad Group)
- 2000 to 2004 – Officer, Listing Division, Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Securities Berhad)
- 2009 to 2013 – Manager, Legal Services, Boustead Holdings Berhad (BHB)
- 2013 to present – General Manager, Group Legal & Compliance, BHB

Qualification

- 1995 – LLB Degree, International Islamic University Malaysia
- 1996 – Advocate & Solicitor, High Court of Malaya

Details of any interest in the securities of Boustead Holdings Berhad

- Nil

Directorship in other public listed companies

- Nil

Directorship in public companies

- Nil

Family relationship with any director and/or major shareholder of the Company

- No

Conflict of interests with the Company

- No

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

- Nil



Malaysian | 43 | Male

Date of appointment to present position

1 January 2020

AFFENDI MOHD YOB

Head

Group Secretarial

Working experience

- 2002 – Assistant Company Secretary, Mega-Wan Secretarial Services Sdn Bhd
- 2002 – Assistant Company Secretary, Konsortium Peniaga-Peniaga Bandaraya Sdn Bhd
- 2003 to 2009 – Assistant Company Secretary, Inter Millenia Services Sdn Bhd
- 2009 to 2010 – Company Secretary, Inter Millenia Services Sdn Bhd
- 2010 to 2014 – Company Secretary, Prudential BSN Takaful Berhad
- 2014 to 2016 – Assistant Vice President, CIMB Investment Bank Berhad
- 2016 to present – Company Secretary, Boustead Holdings Berhad (BHB) and Boustead Plantations Berhad
- 1 January 2020 to present – Head, Group Secretarial, BHB

Qualification

- 1999 – Diploma in Public Administration, Universiti Teknologi MARA (UiTM)
- 2001 – Bachelor of Corporate Administration, UiTM

Details of any interest in the securities of Boustead Holdings Berhad

- Nil

Directorship in other public listed companies

- Nil

Directorship in public companies

- Nil

Family relationship with any director and/or major shareholder of the Company

- No

Conflict of interests with the Company

- No

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

- Nil



Malaysian | 38 | Male

Date of appointment to present position

8 October 2018

AHMAD FAZRIL MOHD FAUZI

Head

Group Internal Audit, Risk Management and Integrity & Governance

Working experience

- 2007 to 2015 – Accountant, Boustead Holdings Berhad (BHB)
- 2015 to 2018 – Financial Controller, BHB
- Present – Head, Group Internal Audit, Risk Management and Integrity & Governance, BHB

Qualification

- 2006 – Bachelor of Commerce, Deakin University, Australia
- 2011 – Certified Public Accountant, The Malaysian Institute of Certified Public Accountants
- 2012 – Chartered Accountant, Malaysian Institute of Accountants

Details of any interest in the securities of Boustead Holdings Berhad

- Nil

Directorship in other public listed companies

- Nil

Directorship in public companies

- Nil

Family relationship with any director and/or major shareholder of the Company

- No

Conflict of interests with the Company

- No

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

- Nil



PROFILE OF BOUSTEAD GROUP MANAGEMENT COUNCIL MEMBERS



Malaysian | 49 | Male

Date of appointment to present position
23 March 2020

MUZAMIR SHAH MOHAMED SHARIFF

Head

Group Information Technology

Working experience

- 1991 to 1993 – Analyst Programmer, MBF Food Division Sdn Bhd
- 1993 to 1995 – Analyst Programmer, Solsis (M) Sdn Bhd
- 1995 to 1996 – Executive of System Development, TV3
- 1996 to 1998 – Senior Executive of Special Project, TV3
- 1998 to 2000 – Head of IT Special Project, TV
- 2000 to 2003 – Manager of System Development, TV3
- 2003 to 2006 – Manager of MIS, TV Networks and Media Prima Berhad (TVN and Media Prima)
- 2006 to 2011 – Head, IT Operations, TVN and Media Prima
- 2011 to 2014 – General Manager, IT Operations, TVN and Media Prima
- 2014 to 2016 – General Manager, Head of IT Infrastructure, Media Prima
- 2016 to 2019 – Senior General Manager MIS/Chief Technology Officer, QSR Brands (M) Holdings Bhd (QSR)
- 2019 to 2020 – Head, Innovative Solutions and Special Project, QSR
- March 2020 to present – Head, Group Information Technology, Boustead Holdings Berhad

Qualification

- Master of Science (MSc) in Business Information System, University of East London, United Kingdom
- Executive Master of Business Administration (MBA), University of Bern, Switzerland

- Cambridge International Diploma in Management, Cambridge University
- Post Graduate Diploma, Computer Science & Information Technology, Informatics (M) and NCC Education and Diploma NCC Threshold in Computer Studies, United Kingdom

Membership

- Member of Institute of Corporate Directors Malaysia (ICDM), ICDM Affiliate Member
- Corporate Integrity Development Centre of the Malaysia Anti-Corruption, Certified Integrity Officer

Details of any interest in the securities of Boustead Holdings Berhad

- Nil

Directorship in other public listed companies

- Nil

Directorship in public companies

- Nil

Family relationship with any director and/or major shareholder of the Company

- No

Conflict of interests with the Company

- No

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

- Nil

HEADS OF OPERATING COMPANIES



IZADDEEN DAUD
Acting Chief Executive Officer
Boustead Properties Berhad



DATUK ZULKARNAIN MD EUSOPE
Pharmaniaga Group Managing
Director
Pharmaniaga Berhad



IBRAHIM ABDUL MAJID
Chief Executive Officer
Boustead Plantations Berhad



SHARIFUDDIN MD ZAINI AL-MANAF
Chief Executive Officer
Boustead Heavy Industries
Corporation Berhad



LESLIE NG
Chief Executive Officer
Boustead Petroleum Marketing
Sdn Bhd



GAN BOON TING
Managing Director/
Chief Executive Officer
UAC Berhad



LAU KIM JEAN
Insurance Manager
Boustead Global Risk Solution
Sdn Bhd



CHOO KOK LEONG
Acting General Manager
Boustead Travel Services Sdn Bhd



RAMZI MASDUKI
General Manager
Boustead Shipping Agencies
Sdn Bhd



NAZRI SUHAIMIE MOHD NASIR
General Manager
Boustead Credit Sdn Bhd



SYED JA'AFFAR SYED MOHAMED
General Manager, Operations
Boustead Cruise Centre Sdn Bhd



RAHMAT HUSSAIN
Project Director
MHS Aviation Berhad



PROFESSOR SAM KINGMAN
Interim CEO and Provost
The University of Nottingham in
Malaysia Sdn Bhd



CHAIRMAN'S STATEMENT

Dear Valued Shareholder,

While the Boustead Group experienced the profound consequences of the COVID-19 pandemic which impacted the world in 2020, it was also a year that demonstrated the immense need for adaptability and resilience, bringing about an opportunity to reinvent.

Our diversified nature enabled us to push through the volatile period, as the Group's Plantation and Pharmaceutical Divisions were the key drivers of our corporate earnings. Hence, while the Group posted a lower revenue for the financial year, we also saw an improvement, recording a lower deficit. This was despite the adverse conditions which resulted in weak consumer demand, subsequently affecting our Trading, Finance & Investment Division, as well as the slowdown in property and tourism-related sectors which affected the Property & Industrial Division and lacklustre shipyard operations for the Heavy Industries Division.

Movement restrictions and other COVID-19 linked economic and social hurdles did not dampen our commitment and spirit, but instead strengthened our resolve to adapt and change for the long-term health of the Group. Various operational enhancement measures introduced during the year also propelled us to make strides in restructing our core businesses to improve efficiencies and optimise value, while laying the groundwork to pave the way forward for the Group.

REINVENTING BOUSTEAD

The capacity for change often begins during times of adversity, when limitations drive imagination. Notwithstanding the challenging environment, the pandemic provided

an opportunity to course-correct and redouble our efforts to revitalise and reinvent the Group.

Rethinking how the Group does business with a renewed focus will allow us to tap opportunities for growth and deeper value creation. Digitalisation is also a key aspect of how we are reshaping ourselves. By building greater resilience in our operations with more sustainable business models adapting to new norms, we will be better equipped to weather the hardships and face future disruptions.

In all that we do, we are driven by our commitment to deliver sustainable returns to all shareholders, particularly our majority shareholder Lembaga Tabung Angkatan Tentera (LTAT) to contribute to improving the livelihoods of the members of the Armed Forces and their families.

ECONOMIC LANDSCAPE

The crisis-ridden year due to COVID-19 saw the global economy contracting by 3.5%. If not for smaller contractions in developed countries and China's rebound, the world economy would have been more harshly hit. Nevertheless, it was mainly the emerging markets and developing economies that received the brunt of the slowdown.

This included Malaysia whose economy contracted by 5.6% in 2020 as a result of the virus severely affecting trade and the expected economic recovery dampened by the third wave of the COVID-19

pandemic, targeted lockdowns and business activity disruption. Various Government stimulus initiatives prevented the economy from shrinking further but despite this, numerous sectors including construction, manufacturing and services, were negatively affected.

FINANCIAL PERFORMANCE

The pandemic and movement restrictions left their mark on the financial standing of companies and the Boustead Group was not spared. Testament to our resilience and unwavering commitment to push through the difficulties, we recorded a loss of RM420 million, on the back of a revenue of RM7.9 billion for the financial year. EBITDA also stood higher at RM585 million. Among the factors that contributed to this were the profitable Plantation and Pharmaceutical Divisions, which helped to cushion the weaker results from our other Divisions that were affected by the pandemic by varying degrees. However, due to the unprecedented impact to our businesses, the Group will not be declaring dividend.

With plans already underway to enhance the Divisions' value creation in keeping with our Reinventing Boustead strategy, we expect to see the fruits of our labour within the current financial year.

The financial year under review saw net assets per share of RM1.54, while shareholders' funds stood at RM3.1 billion.



The capacity for change often begins during times of adversity, when limitations drive imagination.

**Dato' Seri Mohamed
Khaled Nordin**
Chairman



CHAIRMAN'S STATEMENT

NURTURING TALENT

In an especially trying year, our talent pool continued to be the heartbeat of our company. I am honoured to have worked alongside Bousteadors who rose to the challenge, with many displaying tenacity and resolve that enabled them to flexibly navigate through the uncertainties.

A key aspect was working remotely and as it became ingrained into corporate culture, the Group strategically upskilled our talent with relevant abilities, particularly in keeping with the acceleration of digital adoption. In tandem with this, providing a safe environment when they returned to the workplace was also a key priority with the virus in our midst.

Our efforts to build talent capability and capacity were sustained with streamlined knowledge-building and training programmes, to not only help them adjust to movement restrictions and related standard operating procedures during the year under review, but in the post pandemic time ahead.

CORPORATE GOVERNANCE

We are committed to cultivating an organisational culture anchored in corporate governance best practices. To inculcate a strong ethical code and instil the highest standards of integrity, transparency and accountability amongst all our employees, we established the Anti-Bribery and Corruption Policy across the Group.

Driving this, we have established a Group Integrity & Governance department (GIG) which reports to the Board. Guided by the ISO 37001:2016 Anti-Bribery Management System, which is in development, GIG's purview extends to overseeing governance and assessing the effectiveness of existing



Oil palm replanting at Sungai Jernih Business Unit, Pahang

policies and procedures, managing potential misconduct and ensuring appropriate corrective action is taken, and implementing programmes to continuously enhance integrity within the Group.

SUSTAINABILITY

The sustainability strategy of our operations was thoroughly re-evaluated to ensure that the Group remained resilient during the financial year under review. This resulted in the establishment of our refreshed sustainability theme, *Replanting the Seeds of Sustainability*, reflecting a revitalised approach in line with our Reinventing Boustead strategy.

Focusing on the fundamentals, we are persistent in our ongoing efforts to strengthen corporate governance. We also reviewed our social responsibility in a way that will enable long-term sustainability.

Reducing our environmental footprint and striving for positive social contribution continued to be key drivers, with new solutions introduced to keep us on track with our sustainability agenda.

Realising that the pandemic would lead to certain communities becoming more vulnerable, we took measures to alleviate livelihoods and provide support through contributions and donations of essential products to those in need.

In addition, the Group reaffirmed our commitment to the United Nations' Sustainable Development Goals, while ensuring sustainability was reflected in our financial reporting. Complete details can be found in our standalone Sustainability Report.

OUTLOOK

Vaccine distribution will undoubtedly have a significant impact on controlling the spread of COVID-19 in 2021. However, global economic recovery will not be swift. According to the World Bank, a 4% growth is expected this year but achieving pre-pandemic levels of economic output is likely to take time as the world continues to grapple with the disruptions to global value chains, rise in debt risks, and slowdown in trade and tourism.

On the home front, Malaysia is likely to continue dealing with uncertainties, although the tide is expected to turn in the second half of 2021 as a result

of a more measured rollout of the National COVID-19 Immunisation Programme. The forecast by Bank Negara Malaysia which sets the national Gross Domestic Product (GDP) to grow between 6% and 7.5% provides the much-needed prospect of brighter days ahead.

With global trade and supply chains expected to reshape and rebound this year as more advanced economies recover following widespread vaccination, this should contribute positively to Malaysia's trade performance. Additional Government stimulus measures like the Malaysian Economic and Rakyat's Protection Assistance Package (PERMAI) play a pivotal role in boosting economic recovery, as will the anticipated rise in private investments, infrastructure projects and consumer spending.

Within the Group, following a series of discussions on the possible privatisation of Boustead involving our major shareholder LTAT, a decision was reached to not move forward with the exercise. The Board of Directors and Management of Boustead have welcomed this decision as a means to forge ahead with the Reinventing Boustead strategy.

We are encouraged by the announcement issued by the Ministry of Defence on the approval to continue the Littoral Combat Ship (LCS) project this year and we are committed to ensuring that the project is completed successfully in strict adherence with the conditions outlined by the Government.

Leveraging on the vast opportunities of digitalisation and focusing on improving prospects for our core businesses, we are confident that this strategy will propel us forward to emerge as a fundamentally stronger organisation that maximises shareholder value.

ACKNOWLEDGEMENT

It is my pleasure to welcome Dato' Sri Mohammed Shazalli Ramly as the Group Managing Director. Without a doubt, his notable capabilities, extensive experience and track record will commendably steer the Group forward in our journey to reinvent Boustead.

In addition, several new directors were appointed to the Board, namely Tan Sri Abu Bakar Abdullah as Independent Non-Executive Director, Datuk Seri Hajjah Zurainah Musa as Non-Independent Non-Executive Director and Encik Izaddeen Daud as Deputy Group Managing Director. Their illustrious backgrounds will certainly strengthen the Board's role.

On behalf of the Board, I would like to record our gratitude and sincere appreciation to our former Managing Director, Dato' Sri Amrin Awaluddin, for his astute leadership and commitment to leading the Group through one of our most trying periods. We wish him the very best in his new endeavour.

The Board also bid farewell to Puan Nik Amlizan Mohamed as well as Dato' Abdul Hamid Sh Mohamad who resigned in 2020 and 2021, respectively. The year 2020 also saw Mr Abraham Verghese A/L TV Abraham and Mr Loong Caesar retire from the Board. We would like to express our sincere gratitude for their contributions to the Board and wish them well.



Pharmaniaga products undergo stringent quality tests to ensure quality, safety and efficacy

To the Management Team and our valued employees, the Board thanks you for remaining steadfast and rising up to meet the challenges of the year. There is much work to be done as we move forward and we are relying on your continued loyalty and commitment to build a brighter future for the Group.

We are also grateful for the trust bestowed on the Group by our major shareholder, LTAT, as we continue to strive to enhance value to benefit Armed Forces members and their families.

Last but not the least, we would like to express our gratitude to other shareholders, financiers, business associates, vendors, consultants and the regulatory authorities for their continued support.

Dato' Seri Mohamed Khaled Nordin

Chairman

31 May 2021



GROUP MANAGING DIRECTOR'S REVIEW

Dear Shareholder,

The adversity that we are faced with has sparked a reawakening for the Group. It presents an opportunity to reinvent ourselves by realigning and strengthening our commitment to our fundamental priority: placing the interests of all our shareholders as our highest priority by maximising shareholder value, particularly for our majority shareholder Lembaga Tabung Angkatan Tentera (LTAT), to enhance the lives of members of the Armed Forces.

This is encapsulated in our vision of Reinventing Boustead, which we have embarked on to reimagine and rethink our diversified core businesses in the digital age, premised upon driving creativity and innovation supported by a strong foundation of integrity.

On this note, I am honoured to pen my inaugural statement as Group Managing Director, showcasing the resilience of the Boustead Group in the financial year ended 31 December 2020, and the course we have set to improve prospects and maximise value for all our shareholders.

REINVENTING BOUSTEAD

Boustead Holdings is an institution that has withstood the test of time. However, the challenges of the COVID-19 pandemic brought to light the need to re-establish digital evolution as our core priority before we become irrelevant. Led by our renewed mission of placing the interests of our key stakeholders first, specifically the brave members of the Armed Forces who serve the nation, the Reinventing Boustead strategy was born.

Anchored by this sense of responsibility towards the wellbeing of Armed Forces members and by extension their families, we aim to revamp the way in which we do business by capitalising on emerging opportunities and accelerating value creation within the Group's existing core businesses as well as embarking on our performance improvement programmes.

The strategy will also include leveraging on the vast prospects of digitalisation and the Industrial Revolution 4.0 by venturing into the digital services and technology sector, adapting innovative business models to tap new revenue sources and rationalising non-strategic assets to strengthen our focus on our reinvented core businesses.

Reinventing Boustead is supported by the three pillars of Boustead's DNA, consisting of Creativity to reimagine our business values and discover new opportunities; Integrity as the foundation anchoring our corporate governance standards towards best practices; and Innovation to explore relevant technology-driven solutions utilising platforms guided by the adoption of data analytics.

We have put in place a clear blueprint of Group-wide initiatives which we are already in the process of implementing. To support and ensure the successful execution of these initiatives, we are focused on developing a pool of 300 talents to drive the Reinventing Boustead strategy. With these initiatives progressing steadily, we will be able to define a clearer direction to revitalise Boustead and contribute to the long-term sustainability of the Group.

It is a new dawn, a new day and a new life for the Group, as we reinvent ourselves hereafter.

TOTAL ASSETS
RM16.0 BILLION

FINANCIAL PERFORMANCE

Amidst the challenging environment brought about by COVID-19, the Group leveraged on our diversified nature to generate a revenue of RM7.9 billion for the financial year ended 31 December 2020. While the tough economic conditions affected most of our Divisions, our Plantation and Pharmaceutical Divisions performed commendably, which helped to mitigate the impact and enabled the Group to record a lower deficit of RM420 million for the year. This translated into a higher EBITDA of RM585 million compared with RM455 million in the previous financial year. However, to preserve cash flow and ensure business continuity against the difficult landscape, we were unable to declare dividends for the year.

The Group's gearing ratio at the end of the financial year was 1.48 times. Meanwhile, total borrowings reduced to RM7.6 billion from RM7.9 billion in the previous fiscal year. Total assets amounted to RM16.0 billion while shareholders' funds stood at RM3.1 billion.

**Dato' Sri Mohammed
Shazalli Ramly**
Group Managing Director





GROUP MANAGING DIRECTOR'S REVIEW

One of our key positive contributors to the Group was the Plantation Division, clocking in a profit of RM83 million. This marked a significant jump compared to the deficit recorded last year, which arose from impairment on property, plant and equipment and right-of-use assets. The improved results for the year under review were achieved on the back of better palm product prices as well as higher production of fresh fruit bunches, testament to the efficacy of ongoing enhancement measures to rejuvenate our plantation operations.

We also see a commendable performance by the Pharmaceutical Division, which posted a profit of RM30 million. Although the concession business was affected by reduced demand, the Division took on a key role in the nation's fight against the virus, appointed by the Ministry of Health to supply critical personal protective equipment (PPE) and other COVID-19 related items to healthcare facilities across the nation.

The Heavy Industries Division posted a lower loss of RM107 million, a reduction from the previous year's deficit of RM1.0 billion. This was mainly attributable to lower impairment of goodwill amounting to RM36 million. The Division also recorded an operating profit of RM26 million as a result of contributions from the Littoral Combat Ship project.

The Trading, Finance & Investment Division registered a deficit of RM83 million. Although the Division realised a one-off gain of RM45 million on the disposal of an associate company, Kao (Malaysia) Sdn Bhd, this was offset by the challenges of the pandemic which affected core businesses. This included a stockholding loss by Boustead Petroleum Marketing arising from a steep drop in average fuel prices and lower sales volume during the Movement Control Order (MCO) enforced to contain the spread of the virus. Similarly, our tourism-related entities under this Division were significantly affected by the pandemic due to border closures which impacted the tourism and travel industry. Our associate company AFFIN Bank Berhad also reported a lower contribution due to increased allowances for credit losses, higher operating expenses and a one-off modification loss relating to COVID-19 relief measures.

The Property & Industrial Division posted a deficit of RM343 million, as the property sector experienced significant disruptions during the pandemic and the MCO. The property development segment was impacted by lower progress billings, while the property investment segment recorded higher fair value losses. The hotel segment experienced lower room occupancy and a decline in F&B revenue, in addition to higher impairment on hotel buildings. The industrial segment was also affected by weaker sentiment amidst the pandemic.



Aerial view of Trong Palm Oil Mill

SUSTAINABILITY COMMITMENT

Our Reinventing Boustead strategy is deeply rooted in achieving sustainable growth for the Group. As we have progressed in our sustainability journey, we are conscious that more meaningful impact can be made to enhance value and achieve our goals.

Reflecting this, we created our dedicated sustainability theme, Replanting the Seeds of Sustainability. This theme embodies our aim to breathe new life into our sustainability efforts by sowing the seeds of integrity, which is integral to Reinventing Boustead, deeply embedding this across our economic, environmental and social commitments.

Our sustainability efforts are comprehensively captured in our standalone Sustainability Report, which is developed in accordance with the standards and requirements of the Bursa Malaysia Main Market Listing Requirements (Practice Note 9) and the Bursa Malaysia Sustainability Reporting Guide. We also benchmarked the report against the Global Reporting Initiative (GRI) Standards, presenting our material topics for the year, related impact and key achievements.

As we continuously work to enhance our reporting standards, in 2020 we incorporated new performance indicators and specific targets for key indicators. This allows for comparative analysis and helps us better track our progress to achieve our sustainability goals. As COVID-19 had far-reaching effects during the year, this is also reflected in our report, depicting our response from a sustainability perspective which also allowed us to ensure business continuity.



REVENUE
RM 7.9 Bil



PLANTATION DIVISION PROFIT
RM 83 Mil



PHARMACEUTICAL DIVISION PROFIT
RM 30 Mil

Moving forward, we will scale up our sustainability commitments in meaningful, relevant ways through value creation, equipped with a strong set of ethical principles and adhering to the highest standards of governance and integrity.

OUTLOOK

Although the pandemic is certainly not over, vaccination programmes undergoing in many countries sets a more positive tone for 2021. Brighter prospects are projected for the year ahead, as the world gradually moves forward on the road to recovery.

Having weathered through this adversity, we continue to steward the Group back towards our vision of enhancing the lives of Armed Forces members. This will be achieved by our Reinventing Boustead strategy, to future-proof the Group and put us on stronger footing as we evolve.

Reflecting our capabilities, our Pharmaceutical Division was entrusted by the Government to play an instrumental role in the National COVID-19 Immunisation Programme, inking an agreement to supply 12 million doses of the Sinovac COVID-19 vaccine, to be filled and finished at our small volume injectable plant. With the arrival of the first batch of the bulk vaccine from Beijing, China for Process Validation in February 2021, the Division marked a milestone with the first human vaccine in history to be filled and finished in Malaysia. With fill and finish manufacturing activities progressing well, we aim to distribute the vaccines in May 2021.



GROUP MANAGING DIRECTOR'S REVIEW



Pharmaniaga is playing an instrumental role in supplying the Sinovac COVID-19 vaccine to the nation

Apart from this, following the conditional approval from the authorities for the Division's Sinovac COVID-19 vaccine finished product in March 2021, the Government has procured an additional supply of 400,000 finished product and it has been delivered to all MOH facilities in support of the Government's National COVID-19 Immunisation Programme.

For our Plantation Division, we continue to undertake operational enhancements to improve long-term prospects. A key feature is our 25 Year Replanting Programme, RP25, to rebalance and optimise the age profile of our oil palms. The RP25 programme also entails improvement of in-field infrastructure to facilitate mechanisation activities and enable efficient management of the replanting process.

In tandem, we will refine and ramp up our mechanisation initiatives across our plantation operations to increase efficiencies. This is applied to key areas such as harvesting, in-field crop evacuation, external crop transporting, mature weeding and manuring.

Additionally, under the Reinventing Boustead strategy, we have implemented a Plantation Performance Improvement Programme. This focuses on enhancing yields via artificial intelligence and big data for precision farming.

We will continue to pursue viable opportunities for the various segments under our Property & Industrial Division. In keeping with the Reinventing Boustead strategy to rethink and revitalise our businesses, we are undertaking the redevelopment of one of our signature destinations in the Mutiara Damansara township, eCurve. Plans for a landmark development are already in motion to spark an urban rejuvenation for the area.

Better progress is expected for our property development segment, particularly given the positive take-up rate recorded thus far for One Cochrane Residences, with all units on track to be sold by end-2021. Our property investment segment is also generating a steady stream of rental income from building properties. For the industrial segment, we are widening our presence in export markets and seeking out strategic partnerships in both the public and private sectors, including supporting affordable housing projects with our innovative Industrial Building System products.

Meanwhile, although challenges will persist for the hotels segment as the tourism industry remains impacted with international travel still restricted and large gatherings not yet permitted, we are taking the initiative to strengthen customer relationship management and streamline direct booking. In addition, we are introducing new features such as a rewards programme to support guest retention. Aside from this, in February 2021 we successfully completed the disposal of the Royale Chulan Bukit Bintang Hotel.

In our Trading, Finance & Investment Division, we aim to expand our network of petrol stations to grow our market share. Complementing this, we are seeking opportunities for new partnerships with other quick service restaurants as well as car wash operators to broaden our offerings for consumers. Further to this, our own brand of ready-to-eat offerings will be introduced at select petrol stations commencing early 2021.

We are exiting our cruise terminal business, which is a non-core business. In line with this, in March 2021, the Group entered into a share sale agreement for the proposed disposal of Boustead Cruise Centre Sdn Bhd for a total cash consideration of RM230 million. With completion targeted for the third quarter of 2021, subject to fulfilment of the conditions precedent, the proceeds will contribute to reducing the Group's gearing and strengthening our liquidity and cash flow position.

Our Heavy Industries Division will continue to undertake defence-related shipbuilding and ship repair activities. Encouragingly, the Littoral Mission Ship (LMS) project is demonstrating good progress. Along with this, our contracts

with the Royal Malaysian Air Force and the Malaysian Maritime Enforcement Agency for the maintenance of helicopters have been extended, which will further contribute to the Division. We are also focused on commercial ship repair activities, successfully securing new contracts for maintenance, repair and overhaul works for four commercial vessels in 2021.

Progress is underway to resume the Littoral Combat Ship (LCS) project which was halted since 2019. We are grateful for the announcement made by the Ministry of Defence regarding the conditional resumption of the LCS project and are committed in delivering all LCS units.

The following pages provide a detailed account of the respective Divisions' performance, key challenges faced, as well opportunities in the year ahead.

As we begin a fresh chapter for the Group, I would like to express my appreciation to our former Managing Director, Dato' Sri Amrin Awaluddin, for steering the Group through much of the volatility of 2020. This certainly set in place the critical elements to embark on the Group's reinvention. Our sincere gratitude as well to former Board members, Dato' Abdul Hamid Sh Mohamed, Puan Nik Amlizan Mohamed, Mr Abraham Verghese A/L TV Abraham and Mr Loong Caesar for their valuable contributions during their respective tenures.

We were also pleased to welcome to the Board new Directors, namely Tan Sri Abu Bakar Abdullah, Datuk Seri Hajjah Zurainah Musa and Encik Izaddeen Daud.

Above all, with this reboot, we are steadfast in our commitment to our foremost priority, our ultimate stakeholders, the members of the Armed Forces. We are confident that with our strategy leading the way, we will be able to maximise value.

Our sincere appreciation to all our shareholders for their continued trust in the Group as we strive to do our utmost to deliver on our objectives. To my fellow Board members and all our Bousteadors who have rallied their spirits in a tough year, as well as our customers and all the regulatory authorities, thank you for your unwavering support.

Building on our strong foundation, we aim to reinvent ourselves as a dynamic, high-performing technology-forward organisation, with creativity, integrity and innovation deeply embedded within our DNA to achieve sustainable growth.



Dato' Sri Mohammed Shazalli Ramly
Group Managing Director
31 May 2021

PLANTATION



DIVISION



REVENUE

RM **763**
MILLION



PROFIT BEFORE
TAX & ZAKAT

RM **83**
MILLION

Key
Developments

45
TOTAL
ESTATES

19
PENINSULAR
MALAYSIA
ESTATES

20
SABAH
ESTATES

6
SARAWAK
ESTATES

10
PALM OIL
MILLS
ESTATES





MANAGEMENT DISCUSSION AND ANALYSIS PLANTATION DIVISION

THE PLANTATION DIVISION DEMONSTRATED RESILIENCE AGAINST A DIFFICULT ECONOMIC BACKDROP. THE PANDEMIC BROUGHT ABOUT VARIOUS CHALLENGES WHICH IMPACTED PALM OIL DEMAND, WHILE MOVEMENT CONTROL ORDERS AND NATIONWIDE PANDEMIC CONTROL MEASURES CAUSED OPERATIONAL DISRUPTIONS.

NEVERTHELESS, AS A RESULT OF THE GROUP'S ONGOING ENHANCEMENT MEASURES, THE DIVISION WAS ABLE TO REJUVENATE ITS OPERATIONS AND IMPROVE EFFICIENCIES. COUPLED WITH BETTER PALM PRODUCT PRICES, THE DIVISION REGISTERED A PROFIT BEFORE TAX AND ZAKAT OF RM83 MILLION FOR THE YEAR ENDED 31 DECEMBER 2020.

MARKET REVIEW

We faced one of the most volatile years for commodity prices in recent times. Vegetable oil prices commenced the year on a positive note before dropping drastically in May 2020 in tandem with the increase in COVID-19 cases and the prevalence of lockdowns globally.

Prices subsequently picked up in several key markets due to improvement in demand, coupled with lower than expected production. The price rally further accelerated from August as a result of unfavourable weather and lower production, underpinned by the improved demand for vegetable oils in various industries, including food, oleo chemicals and energy.

AVERAGE CPO PRICE

RM **2,811**
PER METRIC TONNE

↑ **32%**

In the fourth quarter of the year, CPO prices peaked to the highest in eight years due to rising crop concerns in South America, plummeting palm oil inventories in Malaysia as well as labour strikes in Argentina. This was further supported by existing factors, such as high demand for soybean by China and a shortage of sunflower seed products.

The Group registered a higher average CPO price of RM2,811 per metric tonne (MT), an increase of 32% from the previous financial year while average palm kernel price similarly saw a 31% increment to RM1,628 per MT.

ESTATES AND MILLS

As part of our ongoing enhancement measures, we undertook a consolidation of our 45 estates and 10 palm oil mills, which have been integrated into 10 Strategic Business Units (SBUs), with a clear chain of command for each SBU supported by centralised specialist teams. This enables us to streamline key operations while facilitating cost management and yield improvement.



TOTAL AREA
73,500 HA
UNDER CULTIVATION

FFB PRODUCTION
↑ **2%**
1,001,557 MT

The Division's total land bank stretched across 98,200 hectares (ha) in 2020, comprising 19 estates in Peninsular Malaysia, 20 estates in Sabah and six estates in Sarawak. The Division's total area under cultivation stands at 73,500 ha, with mature and immature oil palm areas comprising 66,800 ha and 6,700 ha respectively after taking into account land rebalancing exercise done during the year.

Our total fresh fruit bunches (FFB) production for the year increased by 2% to 1,001,557 MT with an average yield of 15.0 MT per ha. Several factors contributed to the increase including crop availability as a result of rehabilitation activities at our Tawai Business Unit, enhanced operational efficiency and improved facilities.

Average yield per ha for our Peninsular Malaysia operations climbed to 18.6 MT FFB due to better yield from our southern and east coast operations.

MANAGEMENT DISCUSSION AND ANALYSIS

PLANTATION DIVISION



Tertiary Plant for Effluent Treatment at Tawai Palm Oil Mill, Telupid, Sabah

Our Sabah estates registered an average yield of 14.2 MT per ha. This was primarily attributable to rehabilitation activities undertaken at the Boustead Pertama and Tawai estates, as well as continuous efforts to improve crop recovery at all estates.

As for our Sarawak estates, we registered an increase in average yield to 10.2 MT per ha driven by better stability of labour.

With the processing capacity of our 10 palm oil mills standing firm at 450 MT FFB per hour, we milled 1,152,763 MT FFB during the year, an 8% increment compared with 2019. The increase was due to additional crop from the Tawai Business Unit and higher yields from mature areas. Approximately 83% of total FFB processed comprised of fruits from our own estates.

Average FFB production cost was higher at RM298 per MT while our milling costs decreased to RM80 per MT due to higher FFB processed and enhanced operational efficiencies.

CPO production cost averaged at RM1,649 per MT, compared with RM1,535 per MT last year owing to the full-year effect of depreciation for our newly acquired Tawai Business Unit and

low mill utilisation for some of our business units, namely Trong, Loagan Bunut, Nak and Kanowit mills. In addition, we were impacted by lower oil extraction rate (OER) and kernel extraction rate (KER).

CPO production increased in tandem with the growth in FFB processed. We saw a 5% increase in CPO production to 243,080 MT while palm kernel production rose by 4% to 49,211 MT.

Average OER of 21.1% was lower compared with the previous year's 21.6%. Unfavourable weather conditions towards the fourth quarter of the year as well as the low volume of FFB processed at our mills in Sarawak dampened our overall OER. Despite these setbacks, our OER was higher than Malaysian Palm Oil Board's (MPOB) national average of 19.9%. Average KER was also lower at 4.3% against last year's average of 4.4%.

Against the difficult backdrop of a global pandemic, which resulted in movement restrictions and border closures, we were faced with a new reality of heightened labour shortage. This ramped up our efforts in improving efficiencies via mechanisation and digitalisation, to continue meeting demands and to further sustain our operations.

In 2020, we refined our existing mechanisation structure and implemented a strategic D-9 harvesting system to assist our operating units as a centralised process to accommodate mechanisation implementation. With the D-9 harvesting system, the FFB harvesting and evacuation process will be more efficient.

To ensure FFB quality and crop freshness, we deployed mechanical tractor grabbers across 33,200 ha and mini tractors for in-field FFB collection for over 4,300 ha. The bin system was utilised at eight of our estates, spanning an area of 15,800 ha.

We also equipped our Sungai Jernih Business Unit with four new units of semi-mechanised machinery which is capable of traversing various terrains to undertake fertiliser application at both mature and immature fields.

Using our Phantom IV Pro drones, which are Unmanned Aerial Vehicles, we are able to digitally map our estates and harvesting areas as well as plan for replanting.



Bin system for in-field FFB evacuation



Mechanical tractor grabber for in-field FFB collection

As part of our commitment to good agronomic practices and sustainable palm oil production, Roundtable on Sustainable Palm Oil (RSPO) and Malaysian Sustainable Palm Oil (MSPO) certification remains a key focus.

Six of our 10 palm oil mills have received RSPO certification while all our palm oil mills and estates are MSPO-certified. Despite the setbacks caused by the pandemic, our Tawai Business Unit received MSPO certification in the last quarter of 2020.

In addition, nine of our mills took part in a re-certification and upgrading audit for ISO 9001:2015 by SIRIM QAS International. Our Tawai Mill is expected to be certified in 2021.



MANAGEMENT DISCUSSION AND ANALYSIS

PLANTATION DIVISION

RESEARCH AND DEVELOPMENT

With our associate company, Applied Agricultural Resources Sdn Bhd at the forefront of our research and development (R&D), we strive to enhance yields and productivity through industry best planting materials and sustainable practises.

Aligned with our commitment to Agriculture 4.0, we are continuously exploring innovative labour-friendly technologies that can be incorporated into our operations in order to encourage higher productivity and lower operations costs.

In partnership with a local company and with the support of Malaysia Digital Economy Corporation under the Ministry of Communications and Multimedia, we developed Orcytes, a cutting-edge precision spot-spraying technology with an advanced aerial mapping system, which can spray insecticides autonomously onto targeted oil palm with a 96% accuracy rate.

Through this innovation, we reduce pesticide exposure for our employees by reducing the need for manual labour. At the same time, we are able to enhance efficiency as the drone is capable of covering two to three ha per hour.

We are making progress in increasing yield with our latest planting material, AA Hybrida LS, which has a long bunch-stalk, facilitating harvesting with motorised cutters.

In addition, we are also steadfast in our goal to produce superior beneficial microbes that can provide additional nutritional benefits to oil palms, stimulate palm growth, protect oil palms from diseases and restore soil health through our core nutrition R&D programme.



Oil palm plantlets in culture room with controlled environment



Palm oil seedlings nursery at Bekoh Estate, Tangkak, Johor



Staff quarters at Telok Sengat Palm Oil Mill, Kota Tinggi, Johor

OUTLOOK

Volatility and economic uncertainties due to COVID-19 are expected to continue into 2021, while labour shortages due to border closures will weigh down on production. We are also mindful of India's growing oilseed crop as well as the country's price sensitivities and China's rising import of soybean. These factors may undermine demand for palm oil.

However, Indonesia has raised its taxes and export levies for palm oil aggressively to meet its ambitious biodiesel programme. This could result in key importing nations turning to Malaysia as an alternative.

For the year ahead, the Division remains committed to continuing our robust strategies in yield improvement by enhancing productivity and efficiency through innovative mechanisation initiatives.

In tandem with the Reinventing Boustead strategy, we look to implement better cost and operational management to ensure continued excellence.

PROPERTY & INDUSTRIAL



DIVISION



REVENUE
RM **603**
MILLION



TOTAL ASSETS
RM **4.7**
BILLION



Royale Chulan Cherating villas



MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY & INDUSTRIAL DIVISION

THE GROUP'S REINVENTING BOUSTEAD STRATEGY SAW THE DIVISION RESTRUCTURED, MERGING THE PROPERTY AND INDUSTRIAL BUSINESS UNITS.

THE PROPERTY & INDUSTRIAL DIVISION WAS SIGNIFICANTLY AFFECTED BY THE REPERCUSSIONS OF THE PANDEMIC AND SUBSEQUENT MOVEMENT RESTRICTIONS, WHICH RESULTED IN WEAKER PERFORMANCES BY ALL THE SEGMENTS. COUPLED WITH INCREASED FAIR VALUE LOSSES ON INVESTMENT PROPERTIES, THIS SAW THE DIVISION RECORD A HIGHER DEFICIT OF RM343 MILLION FOR THE YEAR.

PROPERTY DEVELOPMENT

In 2020, this segment registered a loss of RM11.2 million, primarily due to lower progress billings amidst the difficult circumstances.

Our residential properties in our Taman Mutiara Rini township in Johor successfully launched 241 units, comprising 216 double storey terrace houses and 25 single storey low cost shops. The year also saw us handing over a total of 491 completed double storey terrace houses, double storey shop houses and single storey low cost shops to purchasers within the stipulated time frame.

Meanwhile, our condominium project, One Cochrane Residences in Jalan Cochrane, Kuala Lumpur, is approximately 78% completed. With a gross development value of RM344.6 million, the development is strategically located in a prime location with strong connectivity and accessibility, and has received strong interest from buyers with a current take-up rate of 74%, comprising 10% foreigners.

Our latest township and maiden development in Semenyih, Mutiara Hills, continued to progress in phases. A freehold integrated sustainable development, Mutiara Hills combines liveability and affordability, in addition to being well-situated in close proximity to educational institutions, amenities and major accessways.

PROPERTY INVESTMENT & MANAGEMENT

The segment reported a deficit of RM175.5 million on the back of fair value losses for its investment properties.

Although the retail sector suffered from lower footfall during the movement restrictions, our Mutiara Damansara retail properties, the Curve and eCurve, were able to maintain healthy occupancy rates of 87% and 77% respectively. We remained steadfast in our efforts to strengthen footfall in spite of the challenges caused by COVID-19, while upholding stringent preventive measures and compliance to the Ministry of Health's standard operating procedures (SOPs) to keep patrons and tenants safe.

Testament to these efforts, we welcomed of 20 new tenants at the Curve comprising both local and international brands, namely Football Republic & LFC, UJU Home, Vista Eye Kids, MajuHome Concept, IF Home and Tiny Button, amongst others.



Mutiara Hills sales gallery



MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY & INDUSTRIAL DIVISION

MyTOWN Shopping Centre recorded an occupancy rate of 73%, mainly due to the conclusion of the tenancy agreement with one of our anchor tenants, Parkson, in March 2020. While a new tenant has been secured, renovation work has been delayed due to restrictions during the Movement Control Order and stringent SOPs imposed by authorities.

Aside from this, we successfully renewed 80% of the tenancies that expired in 2020, in addition to introducing 19 new tenants such as Mr. DIY, Sorella, Pos Malaysia, Max Fashion, Hadramot Village and several others.

We also continued to attract visitors to our shopping malls with annual festive celebrations, with strict adherence to SOPs. Our campaigns during holiday periods such as Chinese New Year and Christmas were amplified by various communication channels, from traditional platforms to digital and social media.

The new normal of work from home arrangements had clear ramifications for office buildings, with indications of an oversupply in the Klang Valley. However, our office buildings remained resilient, with Menara Boustead Kuala Lumpur, Wisma Boustead, Menara Affin, Menara Boustead Penang and Curve NX recording high occupancy rates of above 90%. Our new MSC-certified Nucleus Tower registered a favourable occupancy rate of 75%, housing tenants such as Astra Zeneca, Adidas Malaysia, Hapag-Lloyd and Allianz Life Insurance.

HOTELS

The tourism sector was among the hardest hit amid the challenges of the pandemic, and the hotel industry was not spared, registering lower than average occupancy rates of 33% (FY2019: 53%) and room rates of RM169 (FY2019: RM229). This was particularly lower during the most severe phases of the Movement Control Order. Hence, the hotels segment reported a total revenue of RM62 million, reflecting a drastic 58% drop compared with RM85 million in 2019.

Against this tough backdrop, the segment implemented cost saving measures during the pandemic. This included temporarily closing down vacant areas, in addition to centralising and standardising room amenities and kitchen supplies to minimise costs.

In addition, we collaborated with the Government to participate in the Person Under Surveillance programme to ensure consistent room occupancies. Coupled with this, we executed dynamic room packages, "Work from Hotel" promotions as well as venturing into food and beverages delivery services.

Receiving industry accolades, our Royale Chulan Cherating Villas won the Booking.com 'Traveller Review Award', Hotels.com 'Loved by Guest' award and Tripadvisor 'Travellers' Choice' in 2020, as well as being recognised in the BrandLaureate SME's Signature Awards.



MyTown Shopping Mall is home to more than 400 retail and dining outlets



Night view of Royale Chulan Kuala Lumpur



Mutiara Hills show unit

INDUSTRIAL

UAC Berhad Group (UAC) posted a deficit, mainly due to fair value loss on Menara UAC. Despite this, UAC delivered an improved profit from operations driven by its export market. In addition, UAC was successful in promoting Industrialised Building Systems (IBS) to both government and private sectors.

For government sector, UAC continued to partner with Kementerian Pembangunan Luar Bandar to design and build houses for Program Perumahan Rakyat Termiskin (PPRT) using IBS Wall Systems. To date, UAC has supplied IBS Wall Systems to more than 600 PPRT's houses. With regards to private sector, UAC also partnered with various established property developers in their projects across Malaysia.

OUTLOOK

The property market is expected to see a better year ahead, with sentiment projected to improve as the economy recovers from the impact of the pandemic. This is supported by Government measures such as the extended Home Ownership Campaign, which will further incentivise prospective property buyers.

In line with the Group's Reinvention Boustead strategy, we aim to refresh our property brand and accelerate digitalisation. As part of this, we are embarking on the redevelopment of eCurve. Drawing on 14 years of success, our aim is to rejuvenate and revitalise the mall as a dynamic landmark in our Mutiara Damansara township, bringing enhanced liveability and new offerings.

Ramping up digitalisation, we are developing a customer relationship management or loyalty programme for our property investment and development segments, exploring potential collaboration with other Divisions to generate increased synergies within the Group. In addition, we are pursuing strategic initiatives for the Division's various segments, such as embracing paperless technology and digital knowledge management, installing a point of sales system for mall tenants, implementing building information modelling system and utilising drone technology for site monitoring and product delivery.

Despite some setbacks caused by the pandemic in 2020, projects are progressing for our property development segment. Building on our good take-up rate thus far for One Cochrane Residences and the encouraging response from interested buyers, we are confident that we will be able to sell all remaining units by end-2021.

We are progressively undertaking measures to strengthen our hotels segment, inviting feedback from guests to allow us to improve further. In addition, we are looking at establishing a rewards programme and enhancing our customer relations management to contribute to guest retention.

For our industrial segment, we will continue our current focus on export markets and tap on opportunities of IBS Wall Systems by undertaking strategic collaborations with key stakeholders, including from both the public and private sectors, along with well-established property developers.

PHARMACEUTICAL DIVISION



REVENUE
RM **2.7**
BILLION



PROFIT BEFORE TAX
RM **30**
MILLION

Key
Developments

**RETROFITTED AND
REPURPOSED SMALL
VOLUME INJECTABLE PLANT
FOR SINOVAC COVID-19 VACCINE
FILL AND FINISH MANUFACTURING**

163
**HALAL PRODUCTS
CERTIFIED TO
DATE**



Fill and finish manufacturing of Sinovac COVID-19 vaccine at our small volume injectable plant in Puchong, Selangor



MANAGEMENT DISCUSSION AND ANALYSIS

PHARMACEUTICAL DIVISION



THE PHARMACEUTICAL DIVISION WAS ONE OF THE KEY DRIVERS FOR THE GROUP DURING THE YEAR, GIVEN ITS ESSENTIAL ROLE IN THE HEALTHCARE SECTOR AND LEADERSHIP POSITION IN THE PHARMACEUTICAL INDUSTRY. PARTICULARLY WITH INTENSIFIED DEMAND FOR VITAL PERSONAL PROTECTIVE EQUIPMENT (PPE) AND OTHER COVID-19 RELATED MEDICAL ITEMS, THE DIVISION WAS ABLE TO OVERCOME THE CHALLENGES OF THE PANDEMIC TO CONTINUE MEETING THE NEEDS OF THE RAKYAT AND SERVING ITS OVERSEAS MARKETS. THIS SAW THE DIVISION DELIVERING AN IMPROVED PROFIT OF RM30 MILLION FOR THE YEAR ENDED 31 DECEMBER 2020.

LOGISTICS & DISTRIBUTION

Against the challenging landscape, the Logistics and Distribution segment posted a higher profit before zakat and taxation of RM30 million. This reflects a strong improvement compared with a deficit in the previous year, which was primarily owing to the full recognition of remaining unamortised Pharmacy Information System (PhIS) costs amounting to RM247 million, a one-off non-cash item.

RECORDED**99.6%****COMPLIANCE WITH ALL PERFORMANCE STANDARDS FOR THE PROVISION OF MEDICINES AND MEDICAL SUPPLIES TO MOH**

Although the concession business was impacted by low patient footfall in hospitals during the pandemic and the movement restrictions, we remained resilient by ensuring continuity of operations to meet the heightened demand for COVID-19 related medical supplies. Demonstrating our proven track record, we were honoured to be selected by the Ministry of Health (MOH) to provide support in the fight against COVID-19, managing the delivery of much-needed ventilators, PPE and medicines to healthcare facilities across the nation.

Much needed items such as ventilators worth RM36 million procured by the Government, Yayasan Hasanah and the GLC Disaster Relief Network as well as other medical equipment needed for critical care donated by Non-Governmental Organisations (NGOs) and other agencies were distributed to MOH facilities across Malaysia. The total cost of distributing donated items to MOH came to more than RM5.5 million which was absorbed by the Division as a corporate responsibility initiative.



Vial washing process in preparation for Sinovac COVID-19 vaccine fill and finish manufacturing

Our drive for excellence saw us upholding our high service levels, in line with the prescribed performance requirements of our concession contract with MOH for the provision of medicines and medical supplies. Testament to this, we recorded 99.6% compliance for the year, while our Customer Satisfaction Survey with MOH recorded ratings of 'Good' and 'Excellent' by 97% of respondents, marking our highest-ever rating since 2011. We also received positive feedback via dialogue sessions with State Health Departments, as well as from our clientele from the Ministry of Higher Education (MOHE) and private hospitals.

Further showcasing our quality service standards, we retained our ISO 18295-1:2017 Customer Care Contact Centre certification and delivered a service level of 92.6% incoming calls answered within 15 seconds during the year.

We continued to supply and distribute products under the Approved Products Purchase List (APPL) to MOH facilities throughout the country, along with university hospitals under MOHE. In tandem, we maintained our supply of selected products to the Ministry of Defence and Lembaga Tabung Haji.

MANAGEMENT DISCUSSION AND ANALYSIS

PHARMACEUTICAL DIVISION



Dry syrup being filled at the filling and capping machine at our manufacturing plant in Seri Iskandar, Perak

Scaling up our capabilities by leveraging on Industrial Revolution 4.0 and digitalisation, we applied Internet of Things (IoT) technology to improve real-time temperature monitoring in our cold rooms at our warehouses in Selangor, Sabah and Sarawak. This was implemented in our in-house and third-party transportation fleets as well, which were also equipped with IoT devices for GPS tracking.

Incorporating best practices across our operations, the ISO 45001: 2018 Occupational Health and Safety Management Systems certification was obtained by our Section 15, Shah Alam warehouse, ensuring a safe and conducive working environment for employees.

Amidst difficult market conditions, we were able to generate solid sales growth for our generic pharmaceutical products in core therapeutic segments. Our key generic brands Iqnyde, Simvastatin and Glumet continued to register double-digit growth, with Iqnyde and Aspira leading their respective categories as the most preferred generic brands in clinics and pharmacies nationwide, recording market share of 52% and 39% respectively.

Pursuing viable opportunities in the private sector, we marked a milestone with the launch of our first vaccine for pneumococcal disease, Pneumosil. This saw good uptake from paediatricians in private hospitals, with repeat orders placed.

Apart from this, we added new patented products to our portfolio of generic pharmaceuticals. As part of our commitment to deliver affordable chemotherapy and palliative care products for treatment of cancer in Malaysia, this included an oncology product for the treatment of lung cancer. We also introduced Aftamed for treatment of oral ulcers in an 8ml gel tube packaging, Atopshield for treatment of seborrheic dermatitis and Vaginal Hyal Gel for treatment of vaginal atrophy.

Our community pharmacy business under the RoyalePharma brand saw steady growth, driven by increased accessibility to our products available on multiple sales channels, from our website to e-Commerce platforms and other relevant online marketplaces. This was complemented by digital marketing initiatives to amplify engagement with consumers. To further solidify our presence in the market, we strengthened our strategic partnerships with independent pharmacies through our RoyalePharma Alliance Programme, expanding our network from 310 to 415 members.

MANUFACTURING

Although the pandemic affected order trends from both Government hospitals and the private sector, the Division was able to leverage on its broad manufacturing capabilities in tandem with ongoing cost optimisation measures to register a profit before zakat and taxation of RM10 million.

Building on our strong culture of compliance and integrity, we continued to drive best practices in our operations through the Pharmaniaga Integrated Quality System (PIQS). This allows us to ensure strict regulatory compliance by monitoring and integrating manufacturing quality systems across all our manufacturing sites. Through PIQS, we are able to improve market access for export activities and facilitate cross-referencing between sites.

As a result of our proven track record of manufacturing excellence, we were honoured to partner with the Government to undertake the fill and finish manufacturing of the Sinovac COVID-19 vaccine, following multiple visits by the Ministry of Science, Technology and Innovation (MOSTI), Halal Development Corporation Berhad (HDC) and the Malaysian Investment Development Authority (MIDA). The selected facility is our small volume injectable plant in Puchong, Selangor, which is equipped with lyophilised technology. To fulfil the requirements for aseptic COVID-19 vaccine fill and finish manufacturing, we completed retrofitting and repurposing of the facility in December 2020.

Expanding our vaccine manufacturing capabilities, we entered into a Memorandum of Understanding (MOU) with Serum Institute of India Private Limited (SERUM), a leading Indian pharmaceutical and biotechnology company, for the purchase of the pneumococcal vaccine. This will enable the Division to produce the vaccine utilising SERUM's expertise and licensed technology for fill and finish manufacturing.

Reflecting our aspiration to become a leading global Halal pharmaceutical provider, our five manufacturing sites are fully Halal-compliant and we have attained Halal certification for 163 products to date.



Research and development activity at our laboratory



MANAGEMENT DISCUSSION AND ANALYSIS

PHARMACEUTICAL DIVISION

INDONESIA

While the market was affected by the tough conditions brought about by the pandemic, Indonesia remains key to our growth. We are focused on tapping on strong prospects in the country, driven by PT Millennium Pharmacon International Tbk (MPI), our logistics and distribution arm, and PT Errita Pharma (Errita), our manufacturing plant.

Our Indonesian listed subsidiary, MPI, recorded net sales of RM768 million for the year. This was primarily due to increased demand for COVID-19 related products such as hand sanitisers, face masks, drugs and medical disposables for COVID-19 treatment, as well as health supplements and vitamins. MPI also opened a new branch during the year, bringing its total to 33 branches across the nation.

MPI expanded its distribution of products produced by Errita, introducing Citrex Curvita, Citrex Lysine, Citrex Multivit Kids, Sappmol Tablet, Rheumacare Muscle & Joint cream and Rheumacare Neck & Shoulder cream.

With a view towards growing our product portfolio, Errita successfully commercialised 13 new products for the market. In addition, 15 products were submitted to Indonesia's local product authority, Badan Pengawas Obat dan Makanan, for approval.

Meanwhile, to enhance efficiencies in our manufacturing operations through automation and technology, we commissioned three automated strip cartoning machines for solid line at our general plant.



Our central warehouse in Jakarta, Indonesia

RESEARCH & DEVELOPMENT

Through our dedicated Research and Development (R&D) efforts, we deliver high-quality products that resonate with evolving healthcare needs. As we strive to continuously expand our product portfolio, during the year we registered 31 new products locally in various categories, including scheduled poisons, biologics, over-the-counter (OTC), health supplements, cosmetics, medical devices and food supplements, with a total of 311 registered products.

In the international arena, we attained approval for 13 new products, bringing our total of approved export registrations to 190 products across 15 countries.

Apart from this, we submitted 39 products registration applications to the National Pharmaceutical Regulatory Agency (NPRA), while overseas, we submitted 17 products registration applications in six countries.

We also launched three new OTC products to the market, primarily consisting of vitamins and health supplements. In addition, we received approval for our natural sweetener, SweetRoyale Stevia, in the form of tablets and drops.

We are steadfast in our commitment to product safety and quality. In line with this and adhering to Good Clinical Practice, we conduct bioequivalence studies for all of our products. This allows us to ensure that our generic products are clinically interchangeable with innovator products. To date, a total of 70 products have received bioequivalent status, while nine products are under review by NPRA. We also adopt Good Pharmacovigilance Practices, extensively reviewing all products to identify and minimise potential side effects.



Arrival of the first 200-litre bulk Sinovac COVID-19 vaccine at KLIA

OUTLOOK

Supporting the fight against the COVID-19 pandemic is a critical priority for the Group in the year ahead. On this note, we have been appointed to play a key role in the Government's National COVID-19 Immunisation Programme by supplying 12 million doses of the Sinovac COVID-19 vaccine, which will be filled and finished at our small volume injectable plant in Puchong, Selangor.

Since receiving delivery of the first 200-litre bulk Sinovac COVID-19 vaccine in February 2021, we have manufactured four Process Validation batches and undertook a stability study to monitor the safety, quality and efficacy of the product throughout its shelf-life.

The results of the study were submitted to NPRA for evaluation and approval. Fill and finish manufacturing activities are in progress, while the first distribution of the filled and finished vaccine is planned for May 2021.

Concurrently, we remain dedicated to serving the healthcare needs of the *Rakyat* through our contract with MOH for the provision of medicines and medical supplies.

Beyond this, we are focused on the initiatives identified for this Division under the Reinventing Boustead strategy. This includes our Halal Vaccine Manufacturing Project which we are making good progress on. Collaborating closely with MIDA and HDC, we aim to establish the world's first Halal vaccine facility by 2022, thus creating a new revenue stream by 2024. This pioneer initiative will generate multiple spillover benefits which include developing a sustainable vaccine supply chain for the nation, in addition to positioning Malaysia as a global vaccine producer.

Other initiatives include developing the largest digital/omnichannel pharmaceutical value chain, exploring the usage of drones in the pharmaceutical logistic supply chain, SMART supply chain management and tapping on viable prospects in the veterinary business. In tandem, we will continue to pursue viable opportunities in our public and private sector businesses and in our overseas markets.

HEAVY INDUSTRIES DIVISION



The fourth unit of the Littoral Mission Ship, jointly built by Boustead Naval Shipyard for the Royal Malaysian Navy, during its launching in Wuhan, China in December 2020



REVENUE
RM **575**
MILLION



TOTAL ASSETS
RM **1.8**
BILLION

LITTORAL MISSION SHIP (LMS)
LAUNCHED

LMS3 & LMS4



MANAGEMENT DISCUSSION AND ANALYSIS

HEAVY INDUSTRIES DIVISION

THE HEAVY INDUSTRIES DIVISION WAS ABLE TO LOWER ITS LOSS BEFORE TAX TO RM107 MILLION DESPITE THE CHALLENGING BACKDROP DUE TO LOWER GOODWILL IMPAIRMENT. DESPITE THE SETBACKS FACED BY THE MARINE INDUSTRY DUE TO COVID-19, WE WERE ABLE TO ATTAIN SEVERAL MILESTONES.

DEFENCE & SECURITY

Since the beginning of 2020, the COVID-19 pandemic has upended the marine sector particularly in terms of the closure of ports and port congestion causing disruptions in the supply chain.

Likewise, many construction projects were impacted, including our Littoral Mission Ship (LMS) project with China Shipbuilding & Offshore International Co. given that Wuhan, China was under total lockdown until April 2020. As a result, we have had to revise our project milestones accordingly.

**BNS COMPLETED
MRO WORK FOR
FIVE
RMN SHIPS
THROUGH
PROJECTS
VALUED AT
RM110
MILLION**

Construction recommenced in April 2020 and we were able to launch LMS3 and LMS4 in October and December 2020 respectively.

The Division remained focused on delivering high-quality maintenance, repair and overhaul (MRO) works. During the year, Boustead Naval Shipyard Sdn Bhd (BNS) completed MRO work for five RMN ships through projects valued at RM110 million.

As for the Division's Littoral Combat Ship (LCS) project, we are working closely with the Malaysian Government and the Royal Malaysian Navy (RMN) to determine solutions and strategies to overcome the issues faced. The Group has developed a comprehensive proposal for the project which has been deliberated by the relevant authorities and was tabled to the Cabinet on 5 May 2021.



Boustead DCNS Naval Corporation Sdn Bhd provides Refit and In-Service Support for RMN's Scorpene submarine fleet

**BOUSTEAD DCNS NAVAL CORPORATION
SDN BHD SECURED A CONTRACT WORTH
RM154 MILLION
FOR A ONE-YEAR EXTENSION
OF THE IN-SERVICE SUPPORT
FOR RMN SUBMARINES**

Boustead DCNS Naval Corporation Sdn Bhd secured a contract worth RM154 million for a one-year extension of the In-Service Support for RMN submarines, which was successfully completed on 31 December 2020. A signing ceremony for the Refit Hull/Platform Acceptance of KD TUN RAZAK was held on 19 November 2020 at the RMN Submarine Command Headquarters, Teluk Sepangar, Kota Kinabalu. This marked the successful completion on KD TUN RAZAK's Refit Hull/Platform on 12 June 2020.

BHIC Defence Techservices Sdn Bhd (BDTS) specialises in MRO work for weapon systems and combat management systems. BDTS has carried out RM10 million worth of repair works for BNS and several local shipyards. Building on this, BDTS has secured a three-year contract worth RM2.4 million to undertake the maintenance of the Oto Melara Gun for RMN.



MANAGEMENT DISCUSSION AND ANALYSIS

HEAVY INDUSTRIES DIVISION

In the aerospace segment, BHIC AeroServices Sdn Bhd was granted a contract extension worth RM113 million to carry out MRO works for Royal Malaysian Air Force EC725 helicopters for the period 1 April 2020 to 31 March 2023. It was also awarded a contract extension for the provision of Integrated Maintenance and Logistics Support Services for Malaysian Maritime Enforcement Agency Dauphin AS365N3 helicopters from 1 July 2020 until 30 June 2021. This demonstrates our commitment to continue supporting the Government through our high-quality MRO works.

Airbus Helicopters Simulation Centre Sdn Bhd, in which BHIC Defence Technologies Sdn Bhd owns a 30% stake, conducted 800 hours of flight simulator training at its flight training centre in Subang, Selangor. Dedicated to ensuring that training was able to continue during the movement restrictions of the pandemic and to enable our foreign trainees to meet their required training hours, we developed holistic Standard Operating Procedures approved by the Civil Aviation Authority of Malaysia.

Despite the challenging landscape, we are optimistic that prospects remain promising for Malaysia's aerospace segment and we are well-positioned to tap into opportunities.

Testament to our proven track record for MRO services, our joint venture company, BHIC Bofors Asia Sdn Bhd was awarded a two-year contract extension valued at RM7 million for MRO services for the RMN's Bofors 57mm Gun. The company also has an ongoing contract valued at RM14 million to undertake MRO services for RMN's Bofors 40mm Gun for three years.



Boustead Naval Shipyard provides repair works for KD KEDAH, the lead ship of RMN's Kedah-class offshore patrol vessels

COMMERCIAL

During the year under review, Boustead Langkawi Shipyard secured a contract worth RM5.7 million to undertake MRO works for 44 passenger ferries, 20 leisure boats and crafts and one Government vessel, the RMN's CB90 craft. Services are mainly focused on engineering, propulsion, outfitting and underwater hull painting. In 2020, BLS also successfully received ISO 9001:2015 certification for Provision of Construction for Yacht and Marine Vessel of 500T DWT, as well as Provision for Maintenance, Repair and Overhaul for Yacht and Marine Vessel by Bureau Veritas.

BHIC Maritime Technology Academy conducted several training programmes, including the Technical Industry Application Training Programme Series 7/20. A total of 112 RMN trainees from the Faculty of Engineering KD PELANDOK, consisting of marine technicians propulsion, marine technicians hull, electrical technicians power and control and electrical technicians radio, participated in the training programme.

BNS made good progress in the commercial MRO segment in 2020, securing a drydocking contract worth RM1 million for EFOGEN NUHA, an anchor handling tug supply vessel by Efogen Ship Management Sdn Bhd. BNS also completed fabrication for the oil & gas industry, including hydraulic pipe repair and renewal for SAPURA FLB-1 from Sapura Energy Berhad and fabrication of a seawater cooling pipe for ASIC Offshore & Marine Sdn Bhd. Testament to our capabilities, BNS and BLS were both selected by PETRONAS as approved shipyards for its new building programme for offshore support vessels (OSV), comprising 72 OSV worth RM2.8 billion.



Through BHIC AeroServices Sdn Bhd, we provide MRO services to Government helicopters



Handover ceremony of LMS1 KD KERIS, jointly built by BNS, to RMN in Qidong, China

To promote BNS’ commercial shipbuilding and MRO capabilities, training and other services, we implemented effective marketing strategies such as organising a Mini Roadshow and virtual engagements with several OSV owners and other potential clients. The successful Mini Roadshow led to the award of several MRO contracts for BNS. This included a drydocking contract to repair the harbour tug NAUTICA TG. PUTERI II from E.A. Technique (M) Berhad, which is set to commence in 2021.

OUTLOOK

While we are cautious about the 2021 financial year given the fact that the impact of the pandemic has yet to wane, we are also committed to exploring new Government and commercial business opportunities in the aviation, marine and land sectors.

In the year ahead, the Division is pleased to note that the Ministry of Defence has announced the resumption of the LCS project, which was halted in 2019. We are steadfast in our preparation and the execution of the LCS project will be conducted in strict compliance with the conditions set by the Government. We foresee that the project will not only spur the growth of the Division but also create new employment opportunities.

Against this backdrop, we expect to improve our performance in 2021, particularly as we focus on the Group’s ongoing Reinventing Boustead strategy which is centred on improving our operational efficiency and financial performance. In line with this, we will continue to strengthen our corporate governance to achieve long-term sustainability and stability for the Division.

TRADING, FINANCE & INVESTMENT



DIVISION



REVENUE
RM **3.2**
BILLION



TOTAL ASSETS
RM **3.7**
BILLION





MANAGEMENT DISCUSSION AND ANALYSIS

TRADING, FINANCE & INVESTMENT DIVISION

AS PART OF THE GROUP'S REINVENTING BOUSTEAD STRATEGY, WE HAVE RESTRUCTURED THE DIVISION TO COMBINE OUR TRADING, FINANCE, INVESTMENT AND OTHER VARIED BUSINESS UNITS INTO ONE COHESIVE DIVISION.

FOR THE YEAR UNDER REVIEW, THE TRADING, FINANCE & INVESTMENT DIVISION RECORDED A LOSS OF RM83 MILLION. THIS WAS PRIMARILY ATTRIBUTABLE TO LOSS-MAKING COMPANIES UNDER THE DIVISION WHICH WERE SIGNIFICANTLY IMPACTED BY COVID-19 AND THE SUBSEQUENT NATIONWIDE MOVEMENT CONTROL ORDER (MCO) ENFORCED TO PREVENT THE SPREAD OF THE VIRUS, DISRUPTING ECONOMIC ACTIVITY AND BRINGING SEVERAL KEY SECTORS TO A HALT.

Boustead Petroleum Sdn Bhd (BHPetrol) reported a lower profit of RM12 million compared with RM152 million recorded in the previous financial year, largely due to the impact of the pandemic and plunging oil prices, which resulted in stockholding losses.

Volume growth was impacted by the COVID-19 pandemic and the resulting MCO, which saw contracted business hours across all petrol stations and businesses as well as an acute drop in consumer demand amidst travelling restrictions and slower economic activities.

Despite the challenging business climate, we launched ten new petrol stations across Malaysia and entered various quick service restaurant (QSR) partnerships for future stations including McDonald's and Chatime, amongst many others.

We also introduced the BHPetrol eCard mobile app that elevates the fuel loyalty experience for our loyal customers while providing added convenience. The app enables customers to earn and redeem loyalty points at BHPetrol Stations and eCard partners. The app also assists them in locating the nearest BHPetrol station while updating them on the latest news pertaining to BHPetrol offers and promotions.

To strengthen its position as a provider of quality products and services in the petroleum retail network sector, the Company continues its focus on brand building efforts coupled with network expansion, product excellence and cost optimisation initiatives.

As we move forward, we are looking to continue with our petrol station expansion programme as well as our initiatives to forge more QSRs and car wash collaborations in order to meet and exceed consumer expectations. We aim to strengthen our business through the introduction of more new product offerings to enhance our non-fuel income while improving the overall customer experience at all our outlets.

AFFIN Bank recorded a lower profit of RM387 million for the year. Conscious of the significant impact of the pandemic, the Bank was committed to support customers during the difficult year through the moratorium and financial relief packages. This saw the Bank register credit impairment losses, recognition of a one-off modification loss on loan moratorium accounts, as well as higher operating expenses. Nonetheless, net income grew by 18% for the year, primarily driven by increased gains on financial instruments.



Affin Bank kiosk in MyTown Shopping Centre



MANAGEMENT DISCUSSION AND ANALYSIS

TRADING, FINANCE & INVESTMENT DIVISION

Affin Islamic Bank Berhad recorded an improved profit of RM97 million in 2020 compared to RM93 million in 2019, primarily due to higher net profit income and higher net gain on sales of financial instruments.

Affin Hwang Investment Bank Berhad (Affin Hwang Capital) performed exceedingly well amidst continuing uncertainty and volatility, with a profit of RM351 million, an increase of RM177 million from the previous financial year. Affin Hwang Capital's results were owing to improved trading and investment activities for equities and fixed income as well as growing assets under administration.

Affin Hwang Capital completed the fiscal year as the No.1 Stockbroking firm in the country, with a 15% market share in Bursa Malaysia by value. Affin Hwang Capital became Malaysia's No.2 Asset Manager in the domestic Unit Trust industry.

AXA Affin Life Insurance Berhad reported a lower loss of RM1 million compared to a loss of RM8 million in 2019, mainly due to higher investment income and lower reserves for future policyholders' liabilities.

AXA Affin General Insurance Berhad delivered a higher profit of RM84 million, mainly attributable to the improved underwriting result.



Consultation and booking services available at Boustead Travel Services office in Menara Boustead

The Bank also launched its two-year AFFINITY IN MOTION 22 (AIM22) Transformation Programme as a continuation of its AFFINITY Transformation Programme. Focused on five key areas, AIM22 sets the Bank on a path to improve viability, sustainability as well as management of critical vulnerabilities.

During the year, the Bank reached an important milestone for its Islamic banking business as a result of the Priority Islamic Policy (PIP). AFFIN Islamic's contribution to the Bank's portfolio stood at 43%, exceeding the target set as part of Bank Negara Malaysia's (BNM) 10-year Financial Sector Strategic Blueprint.

In line with BNM's digital banking licensing framework announced in December 2020, the Bank is establishing an innovative digital banking proposition, Affin First Advance Digital Dimension Integrated Network (A1addin). This platform will allow all transactions to be performed entirely online, anywhere and anytime. Plans are well underway to release A1addin in the second quarter of 2021.

As part our commitment to expanding our cards portfolio, we launched the Affin DUO Credit Card and Affin Avance Credit Card in 2020. Within a short period, our Affin DUO Credit Card was named Best New Credit Card of 2020, Best Cashback Credit Card in Malaysia and Best Online Cashback Credit Card in Malaysia at the RinggitPlus Readers' Choice Awards 2020.

Boustead Travel Services Sdn Bhd recorded a loss for the first time in its history, as the unprecedented COVID-19 pandemic significantly impacted the tourism sector, bringing travel to a standstill. As a result, the company undertook the necessary measures including cost reduction exercises in order to survive.

In redoubling our efforts during these challenging times, the company successfully secured a new corporate client, providing a much-needed avenue for growth opportunities.

Moving forward, we are optimistic for the year ahead and the potential for a promising recovery in travel and tourism activities as more populations are vaccinated in Malaysia and globally.

Boustead Shipping Agencies Sdn Bhd (BSA) recorded a profit with revenue mainly derived from its logistics business activities in sea and air freight forwarding services. Being classified as an essential service provider during MCO helped BSA to safely navigate the uncertain period. Inter-Group businesses continued to be one of the core income contributors along with strong support from loyal external clients.

University of Nottingham in Malaysia Sdn Bhd reported consistent enrolment of local students for foundation and undergraduate programmes.

University of Nottingham in Malaysia Sdn Bhd ended the year with a higher profit of RM33 million. This was achieved on the back of consistent enrolment of local students for our foundation and undergraduate programmes in 2020 while the University's Bangladesh College Education Development Project also continued to deliver with its off-shore programmes.

The University implemented a stringent policy on emergency spending to lower financial costs following the MCO.

The pandemic brought many challenges of teaching, learning and research for both lecturers and students. However, the University continued to navigate through the challenges to improve the overall tertiary experience.

Boustead Credit Sdn Bhd recorded a loss primarily due to increase in provision for non-performing loans in 2020. In light of the COVID-19 pandemic, the company was not able to disburse new loans. As a result, cost saving measures were undertaken to cushion the impact of higher loan impairments.



University of Nottingham Malaysia comprises a global community of students from more than 85 countries (The photo was taken prior to the onset of the COVID-19 pandemic)

Boustead Global Risk Solutions Sdn Bhd closed the year with a lower profit as the bottom line was affected by the reduced commission income.

MHS Aviation Berhad undertook a cost optimisation exercise during the year under review, as part of its efforts to continue sustaining the validity of certificates, permits and licenses required as an air operator. Seeking out new opportunities, MHS submitted a bid for a long term offshore oil and gas contract in November 2020, with award of the contract expected to be announced by mid-2021.

Cadbury Confectionary Malaysia Sdn Bhd registered lower domestic and export sales in 2020, following the impact of COVID-19 lockdowns. To mitigate this, the company implemented strategic advertising campaigns, successfully achieving a turnaround for the domestic business, while export markets demonstrated signs of recovery. Moving forward, the company will continue to seek out viable opportunities to strengthen its position as Malaysia's number one chocolatier.

Drew Ameroid (M) Sdn Bhd was affected by the significant impact of COVID-19 which disrupted the company's sales activities. Nevertheless, the company continues to focus on its water treatment chemicals business with existing clientele, coupled with growing its paper chemicals business to boost revenue.



AUDIT COMMITTEE REPORT

MEMBERS AND MEETINGS

A total of four (4) meetings were held during the year. Details of the composition of the Committee and the attendance by each member at the Committee meetings are set out below:

Name of Director	Status of Directorship	Independent	Attendance of Meetings
Dato' Abdul Hamid Sh Mohamed <i>(Appointed w.e.f. 1 September 2020 and resigned w.e.f. 16 April 2021)</i>	Independent Non-Executive Director <i>(Former Chairman of the Committee)</i>	Yes	1/1
Datuk Zainun Aishah Ahmad	Independent Non-Executive Director	Yes	4/4
Lieutenant General Dato' Fadzil Mokhtar (R)	Independent Non-Executive Director	Yes	4/4
Tan Sri Abu Bakar Haji Abdullah <i>(Appointed w.e.f. 21 August 2020)</i>	Independent Non-Executive Director	Yes	2/2
Abraham Verghese a/l TV Abraham <i>(Retired w.e.f. 22 July 2020)</i>	Independent Non-Executive Director <i>(Former Chairman of the Committee)</i>	Yes	2/2
Loong Caesar <i>(Retired w.e.f. 22 July 2020)</i>	Independent Non-Executive Director	Yes	2/2
Izaddeen Daud <i>(Appointed w.e.f. 18 May 2020 and resigned w.e.f. 1 July 2020)</i>	Executive Director	No	1/1

During the year under review, the Audit Committee membership is in line with Paragraph 15.09 & 15.10 of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities and Malaysian Code on Corporate Governance (MCCG) Practice 8.1 & 8.2, in which;



On 22 July 2020, Mr Abraham Verghese a/l TV Abraham retired as Chairman of the Audit Committee and Dato' Abdul Hamid Sh Mohamed was appointed as Chairman of the Audit Committee following his appointment as Independent Non-Executive Director on 1 September 2020. Dato' Abdul Hamid Sh Mohamed resigned as Independent Non-Executive Director on 16 April 2021 and subsequently ceased as Chairman of the Audit Committee. The Group is currently sourcing for suitable candidates whom fulfil the requirements pursuant to Paragraph 15.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad of being a member of the Malaysian Institute of Accountants or other such qualifications/requirements, to be the Chairman of the Audit Committee.

The Audit Committee meetings were also attended by the Group Managing Director, Group Finance Director and Head of Group Internal Audit (GIA) at the Audit Committee's invitation and as and when appropriate. The Audit Committee also met with the external auditors during the year on two separate sessions, without the presence of management. The meetings have been appropriately structured with Audit Committee members receiving notices, agendas and papers sufficiently in advance of the meetings.

The Audit Committee Chairman reports to the Board on principal matters deliberated at Audit Committee meetings.

Minutes of each Audit Committee meeting are recorded and tabled for confirmation at the following meeting and

subsequently presented to the Board for notation. The Audit Committee Chairman also conveys to the Board matters of significant concern as and when raised by the external auditors or internal auditors.

All members of the Audit Committee have and will continue to undertake professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules. Details of the Audit Committee members' training can be viewed on page 93 to 94 of this Annual Report.

The Audit Committee Terms of Reference is accessible for viewing on the Company's official website at www.boustead.com.my.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

During the year, the Audit Committee carried out its duties as set out in its Terms of Reference. The main activities undertaken were as follows:



Financial Reporting

1. Reviewed the quarterly unaudited financial results and audited annual financial statements of the Group to ensure compliance with the MMLR, applicable approved accounting standards and other statutory and regulatory requirements prior to recommending for approval by the Board of Directors.
2. Reviewed the impact of any changes to the accounting policies and adoption of new accounting standards as well as accounting treatments used in the financial statements.
3. Obtained assurance from the Group Finance Director that:
 - appropriate accounting policies had been adopted and applied consistently;
 - the going concern basis applied in the annual financial statements and quarterly financial statements was appropriate;
 - prudent judgements and reasonable estimates had been made in accordance with Malaysian Financial Reporting Standards (MFRS);
 - adequate processes and controls were in place for effective and efficient financial reporting and disclosures under the MFRS and MMLR; and
 - the annual financial statements and the quarterly financial statements did not contain material misstatements and gave a true and fair view of the financial position of the Group and the respective companies within the Group for 2020.



AUDIT COMMITTEE REPORT



External Audit

During the year, the Audit Committee together with the external auditors:

1. Reviewed the 2020 audit plan and scope of work for the Group.
2. Reviewed the audit fees, the number and experience of audit staff assigned to the audit engagement, resources and effectiveness of the external auditors.
3. Assessed the performance of the external auditors, their independence and objectivity.
4. Discussed on audit reports and evaluation of the systems of internal control.
5. Reviewed major audit findings and reservations arising from the interim and final audits, significant accounting issues and any matter the external auditors wished to discuss.

6. Discussed the external auditors' review of the Statement on Risk Management and Internal Control for 2020.

7. Reviewed the external auditors' management letter(s) and management response(s).

The Audit Committee also met with the external auditors twice during the year in the absence of Management to discuss amongst others, audit issues and reservations arising from the interim and final audits.

The external auditors have assured the Audit Committee that in accordance with the terms of all relevant professional and regulatory requirements, they had been independent throughout the audit engagement for 2020.

The external auditor's service fees including the statutory audit fees are available on pages 115,170 and 265 of this Annual Report.



Internal Audit

During the year, the Audit Committee:

1. Reviewed with the internal auditors their annual audit plan which is risk-based and focused on significant risk areas to ensure adequate scope and comprehensive coverage over the activities of the Group.
2. Reviewed and deliberated internal audit reports and to monitor/follow-up on remedial action.
3. Reviewed the corrective actions taken by the Management in addressing and resolving issues as well as ensuring that all key issues were adequately addressed on a timely basis.
4. Reviewed the adequacy of resource requirements and competencies of staff within GIA to execute the annual audit plan and the results of the work.
5. Reviewed the effectiveness of internal audit processes of GIA.
6. Reviewed the Audit Committee Report and Corporate Governance Overview Statement and recommended to the Board for approval prior to their inclusion in the Company's Annual Report.



Related Party Transactions

1. Reviewed the Circular to Shareholders relating to shareholders' mandate for recurrent related party transactions of revenue or trading nature prior to recommending it for Board's approval.
2. Monitored the related party transactions entered by the Company and the Group pursuant to the shareholders' mandate obtained at the Annual General Meeting held on 22 July 2020.
3. Reviewed the related party transactions entered by the Company and the Group as well as the disclosure and the procedures relating to related party transactions.
4. Reviewed the Framework and Procedures on related party transactions in order for the said framework to be abreast of the provisions of the MMLR.



Integrity & Governance

During the year, the Audit Committee:

1. Reviewed the Boustead Group Anti-Bribery and Corruption Policy Statement and recommended to the Board for the adoption across the Group
2. Oversaw the practice of good governance, ethics and integrity within the Group
3. Reviewed the implementation of Adequate Procedures (T.R.U.S.T Principles) and monitored the development of BHB's proposed Anti-Bribery Management System (ABMS) to ensure it remains on track
4. Reviewed the anti-bribery and corruption training and awareness sessions conducted for employees of the Group



Internal Audit Function

The Audit Committee is supported by the Group Internal Audit Department (GIA), headed by Ahmad Fazril Mohd Fauzi, a member of The Malaysian Institute of Certified Public Accountants (MICPA) and Malaysian Institute of Accountants (MIA) with over 14 years of working experience in a wide range of fields including finance and accounting, risk management, integrity, governance, property and plantation. GIA's principal responsibility is to evaluate and improve the effectiveness of the risk management, control and governance processes of BHB and its Subsidiaries and recommend improvements to the processes, where required. This is accomplished through a systematic and disciplined approach of regular reviews and appraisals of the management, control and governance processes based on the review plan that is approved by the Audit Committee annually.

GIA adopts a risk-based methodology in planning and conducting audits by focusing on key risks areas and activities that are aligned with the Group's strategic plans. GIA has also adopted internal audit standards and best practices based on the International Professional Practices Framework (IPPF) promulgated by The Institute of Internal Auditors.

The terms of reference of GIA are clearly spelt out in the Internal Audit Charter. GIA has operated and performed in accordance with the principles of the Charter that provides for its independence. GIA reports directly to the Audit Committee and is independent of the activities it audits. GIA has an adequately resourced internal audit function to assist the Audit Committee and the Board in maintaining an effective system of internal control and overall governance practices within the Company and the Group.

GIA has in total 35 internal auditors as at 31 December 2020, comprising staff from diverse backgrounds. During the year, GIA has completed and issued internal audit reports for 79 assignments based on the approved annual audit plan. The audits conducted in 2020 covered a wide range of operational areas within the Group which include plantation, mill operations, manufacturing plant, sales and marketing, property investment and management, project development and management, hotel operations, IT system and services, retail and downstream activities, heavy industries, maintenance and repair services, back office and support functions, financial reporting processes and operations, human capital and many others. The corresponding audit reports were presented to the Management Audit Committee and Audit Committee for attention, deliberation and corrective actions.



AUDIT COMMITTEE REPORT

During the financial year, GIA undertook the following activities:

Prepared the annual audit plan for approval by the Audit Committee.

Performed risk-based audits based on the annual audit plan, including follow-up of matters from previous internal audit reports.

Conducted root-cause analysis as part of the internal audit work to enable relevant recommendations to address any weaknesses noted.

Issued internal audit reports on risk management, control and governance issues identified from the risk-based audits together with recommendations for improvements for these processes.

Undertook ad-hoc reviews and investigations on matters arising from the audits and/or requested by the Management and/or Audit Committee and issued reports accordingly.

Reported on a quarterly basis to the Management Audit Committee and Audit Committee on significant risk management, control and governance issues from the internal audit reports issued, the results of investigations and special reviews undertaken and the results of follow-up of matters reported.

Reported on a quarterly basis to the Audit Committee the achievement of the audit plan and status of resources of GIA.

Conducted regular follow-up and monitoring on the implementation of recommendations made to ensure that appropriate corrective actions are taken on a timely basis or within agreed timelines.

Liaised with the external auditors to maximise the use of resources and for effective coverage of the audit risks.

Reviewed the procedures relating to related party transactions entered into by the Group to ensure that the related party transactions have been conducted on the Group's normal commercial terms and are not to the detriment of the Group's minority shareholders.

Conducted workshops and communication sessions with the Management and operational staff on internal controls, internal audit observations and proposed action plans on the areas covered during the audit processes.

All audit work for the internal audit function during the year was conducted in-house. There were no areas of the internal audit programmes which were outsourced.

The total incurred for Group Internal Audit in respect of financial year 31 December 2020 amounted to RM3.9 million (2019: RM4.4 million).



Resources and Continuous Professional and Competency Development

There are a total of 35 internal auditors in Boustead Holdings Berhad in which they are teamed based on the various divisions within Boustead Group.

GIA continues its commitment to equip their internal auditors with the sufficient knowledge, skills and competencies to discharge their duties and responsibilities. They had attended various relevant training and courses as well as are strongly encouraged to obtain appropriate professional certifications and qualifications. As at December 2020, GIA had a total of 9 qualified professionals in its team who possess various professional qualifications and/or certifications as shown:

Qualification	No. of certification obtained
1) MBA/Masters	5
2) FCCA/CPA/CA/ACCA	7
3) Certified Internal Auditor (CIA)	1
4) Certified Fraud Examiner (CFE)	4



CORPORATE GOVERNANCE OVERVIEW STATEMENT

This Corporate Governance Overview Statement sets out the principal features of Boustead Holdings Berhad (BHB or the Company) and its subsidiaries' (collectively referred to as the Group) corporate governance approach, summary of corporate governance practices during the financial year as well as key focus areas and future priorities in relation to corporate governance. The Corporate Governance Overview Statement is made pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (MMLR) and guidance was drawn from Practice Note 9 of the MMLR and the Corporate Governance Guide (3rd edition) issued by Bursa Malaysia Securities Berhad (Bursa Malaysia).

The Corporate Governance Overview Statement is augmented with a Corporate Governance Report, based on a prescribed format as enumerated in Paragraph 15.25(2) of the MMLR so as to provide a detailed articulation on the application of the Group's corporate governance practices vis-à-vis the Malaysian Code on Corporate Governance (MCCG). The Corporate Governance Report is available on the Group's website, www.boustead.com.my as well as via an announcement on the website of Bursa Malaysia.

This Corporate Governance Overview Statement should also be read in tandem with the other statements in the Annual Report namely Statement on Risk Management and Internal Control, Audit Committee Report, Risk Committee Report and Sustainability Report.



CORPORATE GOVERNANCE APPROACH

The Board of Directors (Board) of BHB is committed towards reinforcing its market position in the five core business areas of the Group, whilst remaining true to the Group's well-established corporate governance philosophies which are ingrained in the Group's core values, namely, **Respect, Integrity, Teamwork** and **Excellence**. The Board believes that a robust and dynamic corporate governance framework is essential to form the bedrock of responsible and responsive decision making in the Group.

The Group's overall approach to corporate governance is to:

- promote heightened accountability at the leadership level (Board and Senior Management);
- adopt the substance behind corporate governance enumerations and not merely in form;
- conduct a thorough debate and rigorous enquiry process before establishing corporate governance systems, policies and procedures;
- identify opportunities to drive the synergistic implementation of corporate governance systems, policies and procedures for improved strategic and operational decision making; and
- find a fine balance in meeting the expectations of the different groups of stakeholders of the Group.

Given that the Board forms the pivot of good corporate governance, the Board steers efforts to promote meaningful and thoughtful application of good corporate governance practices.

The Group regularly reviews its corporate governance arrangements and practices to ascertain if they reflect prevailing norms, market dynamics, emerging trends, developments in the regulatory tapestry and evolving stakeholder expectations.

SUMMARY OF CORPORATE GOVERNANCE PRACTICES

In manifesting the Group's commitment towards sound corporate governance, the Group has benchmarked its practices against the relevant promulgations as well as other best practices.

BHB has applied all the Practices encapsulated in MCGG for the financial year ended 31 December 2020 except:

- Practice 4.5 – Policy on Gender Diversity;
- Practice 6.1 – Remuneration Policy for Directors and Senior Management;
- Practice 7.2 – Disclosure of the top five Senior Management personnel's remuneration on a named basis in bands of RM50,000; and
- Practice 11.2 – Adoption of integrated reporting.

In line with the latitude accorded in the application mechanism of MCGG, the Company has provided explanations for the departures from the said practices supplemented with a description on the alternative measures that seek to achieve the Intended Outcome of the departed Practices, measures that the Company has taken or intends to take to adopt the departed Practices as well as the timeframe for adoption of the departed Practices. Further details on the application of each individual Practice of MCGG are available in the Corporate Governance Report.

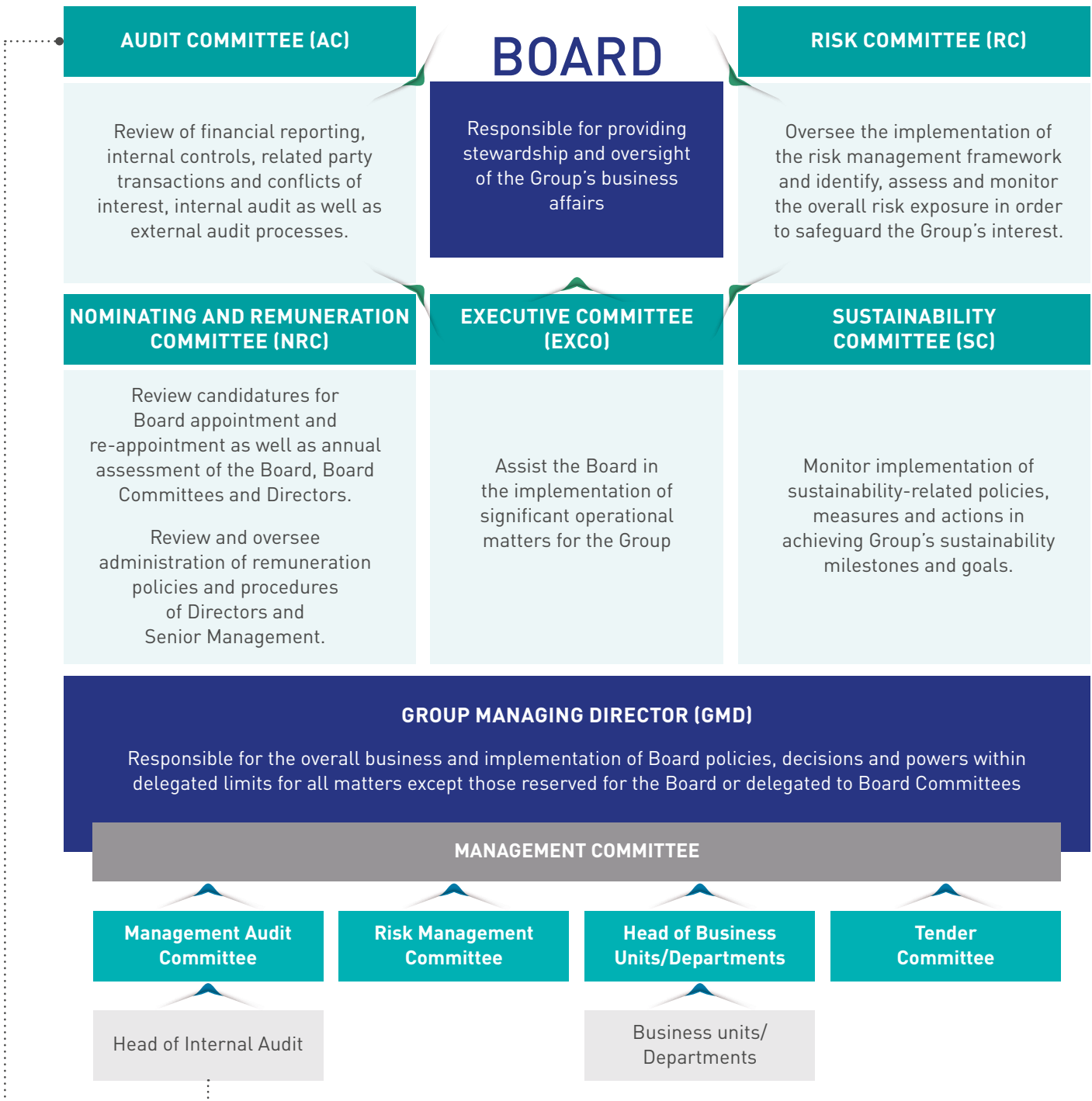


CORPORATE GOVERNANCE OVERVIEW STATEMENT

A summary of the Group’s corporate governance practices with reference to the MCCG is described below.

BOARD’S ROLES AND RESPONSIBILITIES

The Board is responsible for the corporate governance practices of the Group. Being at the helm of the Group, the Board governs the affairs of the Group on behalf of the shareholders and retains full and effective control over the Group.



As depicted in the earlier illustration, Board Committees have been established to assist the Board in its oversight function with reference to specific responsibility areas. However, it should be noted that the Board retains collective oversight over the Board Committees at all times. These Board Committees have been constituted with clear terms of reference and they are actively engaged to ensure that the Group is in adherence with good corporate governance.

The Board has formalised a Board Charter which sets out the ethos of the Group, structure and authority of the Board. The Board Charter is the primary document that elucidates on the governance of the Board, Board Committees and individual Directors. The Board Charter is made available on the Group's website, www.boustead.com.my and was last reviewed on 28 August 2019.

The Directors allocate sufficient time to discharge their responsibilities effectively and attend Board and Board Committee meetings with sufficient regularity to deliberate on matters under their purview. Board meetings are held at quarterly intervals with additional meetings convened for particular matters, when necessary. During the year, the Board has deliberated on business strategies and critical issues concerning the Group, including business plan, annual budget, significant acquisitions and disposals, financial results as well as key performance indicators. The attendance of individual Directors at Board and Board Committees meetings during the financial year 2020 is outlined below:

Director	Board	AC	RC	NRC	SC
Executive Directors					
Dato' Sri Mohammed Shazalli Ramly ¹	Nil				
Izaddeen Daud ²	6/6	1/1			
Dato' Sri Amrin Awaluddin ³	10/10				
Independent Non-Executive Directors					
Datuk Zainun Aishah Ahmad	11/11	4/4	4/4	2/2	3/3
Lieutenant General Dato' Fadzil Mokhtar	11/11	4/4	2/2	5/5 ⁹	3/3
Dato' Nonee Ashirin Dato' Mohd Radzi	11/11		2/2	2/2 ¹⁰	3/3
Tan Sri Abu Bakar Haji Abdullah ⁴	3/3	2/2	2/2		
Dato' Abdul Hamid Sh Mohamed ⁵	2/2	1/1	1/1		
Abraham Verghese a/l TV Abraham ⁶	7/7	2/2	2/2	5/5	
Loong Caesar ⁶	7/7	2/2	2/2	5/5	
Non-Independent Non-Executive Directors					
Dato' Seri Mohamed Khaled Nordin ⁷	7/7				
Datuk Seri Hajjah Zurainah Musa ⁴	3/3			2/2	1/1
Nik Amlizan Mohamed ⁸	9/9			6/6	1/1

Note:

¹ Appointed w.e.f. 1 December 2020.

² Appointed w.e.f. 18 May 2020. Re-designated from Independent Non-Executive Director to Executive Director w.e.f. 1 July 2020.

³ Resigned w.e.f. 15 November 2020.

⁴ Appointed w.e.f. 21 August 2020.

⁵ Appointed w.e.f. 1 September 2020 and resigned w.e.f. 16 April 2021.

⁶ Retired w.e.f. 22 July 2020.

⁷ Appointed w.e.f. 1 May 2020.

⁸ Resigned w.e.f. 5 October 2020.

⁹ Resigned as Chairman of NRC w.e.f. 21 August 2020.

¹⁰ Appointed as Chairman of NRC w.e.f. 21 August 2020.

■	Board/Board Committee Chairman
■	Member



CORPORATE GOVERNANCE OVERVIEW STATEMENT

There is clear delineation of roles of the Board and Management. The GMD is the conduit between the Board and the Management in driving the success of the Group's governance and management function. The GMD manages and implements the Board's policies and decisions through the Management Committees.

In performing their duties, all Directors have access to advice and services of a suitably qualified Company Secretary. The Company Secretary acts as a corporate governance counsel and ensures good information flow within Board, Board Committees and Senior Management. The Company Secretary attends all meetings of the Board and Board Committees and advises the Directors on the requirements encapsulated in the Company's Constitution and legislative promulgations such as the Companies Act 2016, Capital Markets and Services Act 2007 (Amendment 2012) and MMLR. Management provides Directors with complete, adequate and timely information prior to meetings and on an ongoing basis to enable them to make informed decisions.

As Integrity is a core value of the Group, the Board is cognisant of its responsibility to set the ethical tone for the Group. The Code of Ethics and Conduct and Whistleblowing Policy have been put in place to foster an ethical culture and allow legitimate ethical concerns to be escalated in confidence without risk of reprisal. The Code of Ethics and Conduct and Whistleblowing Policy are reviewed periodically by the Board. The Code of Ethics and Conduct is published on the Group's website, www.boustead.com.my.

BOARD COMPOSITION

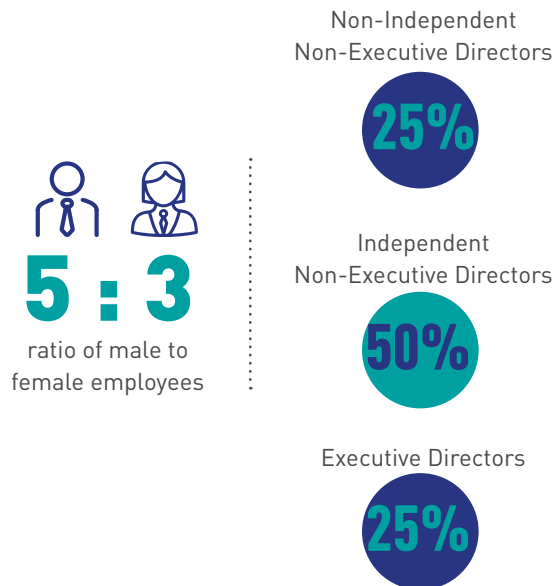
The Board of Directors comprises eight members, two of which are Executive Directors and six are Non-Executive Directors. Four of the Directors are Independent Directors which is in excess of the MMLR one third.

Recognising that the Group is a diversified conglomerate with five core businesses – plantation, property & industrial, pharmaceutical, heavy industries and trading, finance & investment, the Board strives to ensure that it has an appropriate mix of skills, qualifications and experience to discharge its role and responsibilities effectively based on the Group's nature of business. The Board, from time to time undertakes a review of its composition to determine areas of strengths and improvement opportunities.

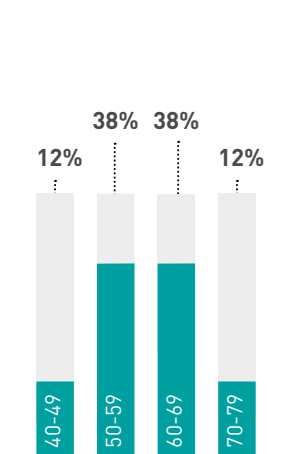
Appointments to the Board are made via a formal, rigorous and transparent process, premised on meritocracy and taking into account objective criteria such as qualification, skills, experience, professionalism, integrity and diversity needed on the Board in the context of the Group's strategic direction. In the case of Independent Directors, the NRC assesses the candidate's ability to bring the element of detached impartiality and objective judgement to boardroom deliberations. The Board is mindful that any diverse mix of Board members, in terms of age, ethnicity or gender should always be premised or precipitated on the best interest of the Company.

The Board, with the assistance of the NRC, regularly assesses the skills, experience, independence and diversity required collectively for the Board to effectively fulfil its role. The Board was satisfied that there was mutual respect among Directors which contributed to a democratic environment so as to constructively deliberate and undertake a robust decision-making process.

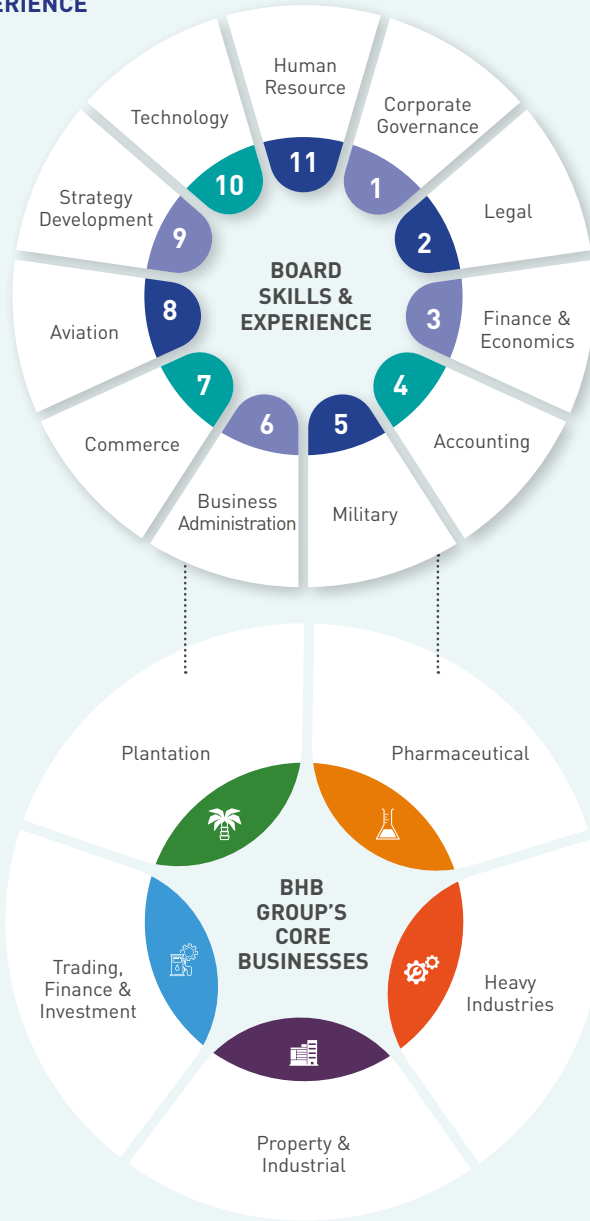
BOARD COMPOSITION:



AGE COMPOSITION:



BOARD SKILLS AND EXPERIENCE



The Board and Board Committees' composition had fulfilled the criteria required, possess a right blend of knowledge, experience and mix of skills. In addition, the Board endorsed the NRC's recommendation on the re-election of the relevant Directors at the forthcoming Annual General Meeting (AGM).

In reviewing the independence of Independent Directors, the NRC and Board adopt a qualitative approach in assessing if Independent Directors possess the intellectual honesty and moral courage to advocate professional views without fear or favour.

REMUNERATION

BHB aims to set remuneration at levels which are sufficient to attract and retain high calibre Directors and Senior Management needed to run the business successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved.

The NRC which comprises a majority of Non-Executive Directors is also responsible on remuneration matters. The NRC implements policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of Board and Senior Management.

A review on the quantum and composition of Executive Directors' remuneration is undertaken once every three years and once every four years for Non-Executive Directors.

The Board reviews its performance, and that of Board Committees and individual Directors on an annual basis based on a set of predetermined criteria in a process that is facilitated by the NRC. During the year under review, the NRC's key activity was to assess the overall Board and Board Committees' performance and effectiveness as a whole. The Board was satisfied with level of commitment of its Directors in fulfilling the Board's fundamental roles and responsibilities.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

Remuneration details of the Directors for the financial year ended 31 December 2020 for the Group and the Company are as follows:

In RM'000	Group						
	Fees	Salaries	Bonuses	Retirement funds	Meeting, travelling and other allowances	Benefits in kind	Total
Directors							
Executive Directors							
Dato' Sri Mohammed Shazalli Ramly	–	155	–	–	–	–	155
Izaddeen Daud ¹	49	374	–	–	6	3	432
Dato' Sri Amrin Awaluddin ²	–	1,640	–	–	–	13	1,653
Non-Executive Directors							
Dato' Seri Mohamed Khaled Nordin	162	–	–	–	144	4	310
Datuk Zainun Aishah Ahmad	137	–	–	–	36	–	173
Lieutenant General Dato' Fadzil Mokhtar (R)	136	–	–	–	39	–	175
Dato' Nonee Ashirin Dato' Mohd Radzi	121	–	–	–	30	–	151
Tan Sri Abu Bakar Haji Abdullah	51	–	–	–	11	–	62
Datuk Seri Hajjah Zurainah Musa	45	–	–	–	10	–	55
Dato' Abdul Hamid Sh Mohamed	51	–	–	–	8	–	59
Nik Amlizan Mohamed ³	84	–	–	–	24	–	108
Abraham Verghese a/l TV Abraham ⁴	106	–	–	–	28	–	134
Loong Caesar ⁴	87	–	–	–	24	–	111
Total	1,029	2,169	–	–	360	20	3,578

¹ Redesignated from Independent Non-Executive Director to Executive Director w.e.f. 1 July 2020.

² Resigned w.e.f. 15 November 2020.

³ Resigned w.e.f. 5 October 2020.

⁴ Retired as Director at the conclusion of the 58th Annual General Meeting of the Company held on 22 July 2020.

In RM'000	Company						
	Fees	Salaries	Bonuses	Retirement funds	Meeting, travelling and other allowances	Benefits in kind	Total
Directors							
Executive Directors							
Dato' Sri Mohammed Shazalli Ramly	-	155	-	-	-	-	155
Izaddeen Daud ¹	11	374	-	-	4	3	392
Dato' Sri Amrin Awaluddin ²	-	1,640	-	-	-	13	1,653
Non-Executive Directors							
Dato' Seri Mohamed Khaled Nordin	96	-	-	-	57	4	157
Datuk Zainun Aishah Ahmad	137	-	-	-	36	-	173
Lieutenant General Dato' Fadzil Mokhtar (R)	136	-	-	-	39	-	175
Dato' Nonee Ashirin Dato' Mohd Radzi	117	-	-	-	30	-	147
Tan Sri Abu Bakar Haji Abdullah	51	-	-	-	11	-	62
Datuk Seri Hajjah Zurainah Musa	45	-	-	-	10	-	55
Dato' Abdul Hamid Sh Mohamed	51	-	-	-	8	-	59
Nik Amlizan Mohamed ³	84	-	-	-	24	-	108
Abraham Verghese a/l TV Abraham ⁴	75	-	-	-	22	-	97
Loong Caesar ⁴	71	-	-	-	22	-	93
Total	874	2,169	-	-	263	20	3,326

¹ Redesignated from Independent Non-Executive Director to Executive Director w.e.f. 1 July 2020.

² Resigned w.e.f. 15 November 2020.

³ Resigned w.e.f. 5 October 2020.

⁴ Retired as Director at the conclusion of the 58th Annual General Meeting of the Company held on 22 July 2020.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

AUDIT COMMITTEE (AC)

The AC is relied upon by the Board to, amongst others, provide advice in the areas of financial reporting, external audit, internal control environment and internal audit process, review of related party transactions as well as conflict of interest situations. The AC also undertakes to provide oversight on the risk management framework of the Group.

During the year under review, the AC is chaired by an Independent Director who is distinct from the Chairman of the Board. All members of the AC are financially literate, whilst the Chairman of the AC is a member of the Association of Chartered Certified Accountants. The AC has full access to both the internal and external auditors who, in turn, have access at all times to the Chairman of the AC. The role of the AC and the number of meetings held during the financial year as well as the attendance record of each member are set out in the AC Report in the Annual Report.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board is cognisant that a robust risk management and internal control framework helps the Group to achieve its value-creation targets by providing risk information to enable better formulation of the Group's strategies and decision making. The Group has established policies and framework for the oversight and management of material business risks and has adopted a formal Risk Management Policy. The Group, through the Risk Management Committee (a Management level Committee), maintains detailed risk registers which are reviewed and updated on half yearly basis. Key focus areas of risks are reported and deliberated at the Risk Committee meetings. The Risk Committee was established on 11 July 2019 and in line with the MCCG Step Up Practice 9.3, the Risk Committee comprises a majority of Independent Directors.

The internal audit function is carried out by the in-house Group Internal Audit (GIA) of BHB. The GIA function reports directly to the AC and is independent of the activities it audits. GIA's authority, scope and responsibilities are governed by an Internal Audit Charter, approved by the AC.

Further information on the Group's risk management and internal control framework is made available on the Statement on Risk Management and Internal Control in the Annual Report.

COMMUNICATION WITH STAKEHOLDERS

The Group is fully committed to maintain a high standard for the dissemination of relevant and material information on the development of the Group. The Group also places strong emphasis on the importance of timely and equitable dissemination of information to shareholders and stakeholders. Key shareholder and stakeholder communication modes include Annual Report, quarterly results analyst briefings, announcement to Bursa Malaysia, Sustainability Report, corporate website and investor relation activities.

The Group's investor relations activities are aimed at developing and maintaining a positive relationship with all the stakeholders through active two-way communication.

Contact for enquiries regarding investor relation matters of the Group: ir@boustead.com.my.

CONDUCT OF GENERAL MEETINGS

The Group is of the view that General Meetings are important platforms to engage with its shareholders as well as to address their concerns. During the immediate preceding five years, all Directors were present at the AGMs to answer questions raised by shareholders. The Chairman, Group Managing Director, Executive Director, Group Finance Director and Chairman of Board Committees will provide written answers to any significant question that cannot be readily answered. The Group encourage shareholders to attend and participate in the AGM by providing adequate advance notice and holding the AGM at a readily accessible location. In light of the current COVID-19 pandemic, BHB will continue to implement remote shareholders' participation and online remote voting at the 59th AGM by leveraging on technology in accordance with Section 327(1) and (2) of the Companies Act 2016. Shareholders who attend the 59th AGM via remote participation will also be able to submit any questions during the AGM for the Company to respond. Shareholders are encouraged to take advantage of the said technology to participate in the AGM.

NOTICE OF AGM

Date : **24 June 2021**

Venue : **Royale Chulan Kuala Lumpur**

CORPORATE GOVERNANCE FOCUS AND INITIATIVES

The Board is committed towards continuous enhancement of governance practices throughout the Group. In 2020, the Group has undertaken the following activities:

Independence of the Board

It is recognised that having objectivity in the boardroom extends beyond quantitative measures such as number of independent directors and their respective tenures. In order to harness the collective wisdom from greater participation of Independent Directors, Independent Directors have access to key gatekeepers of the Group such as external and internal auditors to discuss or share concerns about the Group and exchange views on potential improvements in governance.

Boardroom Diversity

The Board recognises the importance of diversity in averting “groupthink” and “blindspots” in the deliberation and decision making process. Recognising gender as a key facet of the various diversity dimensions, the Board is committed to developing a corporate culture that also embraces the aspect of gender diversity.

Professional Development of Directors

During the year under review, Directors were accorded with a host of opportunities to develop and maintain their skills and knowledge. Directors attended various training programmes to keep themselves abreast of changes in legislative promulgations and industry practices. The Board, through the NRC was satisfied with the type of programmes attended by each Director during the year to enhance their knowledge and performance.

The list of training programmes that were attended by the Board members are outlined below:

Name	Programme title and Organiser	Date(s)
Executive Director		
Izaddeen Daud	<ul style="list-style-type: none"> Key Disclosure Obligations of a Listed Company – Financial Reporting (CKM Advisory) 	6 July 2020
Independent Non-Executive Directors		
Datuk Zainun Aishah Ahmad	<ul style="list-style-type: none"> Guidelines on Adequate Procedures: Safeguarding the Organisation Against Corruption (Securities Industry Development Corporation (SIDC)) Live Webinar “The Future of AGM – Fully Virtual/ Hybrid AGM” (Boardroom Corporate Services Sdn Bhd (BoardRoom)) Business Disruption – Priorities for Boards (SIDC) 	23 April 2020 14 May 2020 19 June 2020
Lieutenant General Dato’ Fadzil Mokhtar (R)	<ul style="list-style-type: none"> Mandatory Accreditation Programme for Directors of Public Listed Companies (Iclif Executive Education Center (ICLIF)) Force Majeure & Covid-19: How Are Contractual Relationships Affected and Managed? (ICLIF) Webinar on “Building and Reporting a Culture of Integrity” (Malaysian Institute of Corporate Governance (MICG)) Full-day Seminar on “Enterprise Risk Management” (MICG) 	20 - 22 April 2020 25 June 2020 14 July 2020 23 September 2020



CORPORATE GOVERNANCE OVERVIEW STATEMENT

Name	Programme title and Organiser	Date(s)
Independent Non-Executive Directors (cont'd.)		
Dato' Nonee Ashirin Dato' Mohd Radzi	<ul style="list-style-type: none"> Raising Defences – Section 17A, MACC Act (ICLIF) The Board Journey 2020 (Lead Women Sdn Bhd) Masterclass the Board Chair – The First Among Equals (Institute of Corporate Directors Malaysia (ICDM)) Entrusted: Doing the Right Thing to Ensure Continuity, Safety & Security (ICDM) Live Webinar “The Future of AGM – Fully Virtual/ Hybrid AGM” (BoardRoom) How to be an Effective NED in a Disruptive World (ICDM) The Role of Audit Committees in Ensuring Organisational Integrity, Risk & Governance (ICDM) 	8 January 2020 18 - 20 February 2020 4 March 2020 6 April 2020 14 May 2020 27 October 2020 7 - 10 December 2020
Non-Independent Non-Executive Directors		
Dato' Seri Mohamed Khaled Nordin	<ul style="list-style-type: none"> Mandatory Accreditation Program (MAP) (ASB Management Sdn Bhd) 	28 - 30 September 2020
Datuk Seri Hajjah Zurainah Musa	<ul style="list-style-type: none"> Company's Anti-Bribery Framework and Policies pursuant to Section 17A of the MACC Act 2009 (UZMA Berhad) Seminar Pembangunan Koperasi Negeri Wilayah Persekutuan (Angkatan Koperasi Kebangsaan Malaysia Berhad) T.R.U.S.T Concept & Bribery Risk Assessment (Berjaya Corporation Berhad) 	29 May 2020 23 June 2020 3 December 2020

All Directors have attended the training programmes during the financial year, save for the newly appointed Directors, Dato' Sri Mohammed Shazalli Ramly and Tan Sri Abu Bakar Haji Abdullah who are unable to attend any training in 2020 due to their tight schedule and time constraint. However, they have been keeping abreast on latest regulatory updates and information on the Group's business and operations, risk management activities and other initiatives undertaken by the Company from time to time.

Besides that, all the Directors have completed the Mandatory Accreditation Programme (MAP) as prescribed by Bursa Malaysia, save for Tan Sri Abu Bakar Haji Abdullah and he has registered to attend the MAP training scheduled on 28 June 2021 to 30 June 2021.

CORPORATE GOVERNANCE PRIORITIES (2021 AND BEYOND)

The Board recognises that there are always opportunities for improvement in its corporate governance activities in order for the Group to continue to engender trust and confidence amongst stakeholders. The Board has identified the following set pieces on its horizon that will help it to achieve its corporate governance objectives.

Board Diversity

In fostering gender diversity, the Board endeavours to establish and formalise a diversity policy, set targets, measures and annually assess both the targets and the progress in achieving them.

Presently, the Company has three female Directors (representing 38% of the Board). While this gender diversity is encouraging, any appointment shall always be in the best interest of the Company.

YEAR 2021–2022

Sustainability Reporting

BHB aims to leverage on its existing qualitative sustainability indices and adopt a more mature form of sustainability reporting. The Board will set the direction for Management to establish necessary systems and controls with the presence of quality non-financial data that will support the development of such forms of reporting. BHB will also actively engage stakeholders to formalise a better understanding of what is expected and desired from its sustainability reporting.

LONG-TERM PLAN



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (MMLR), the Board is pleased to provide the Statement on Risk Management and Internal Control for financial year ended 31 December 2020 which was prepared in accordance with Practice 9.1 & 9.2 of the Malaysian Code on Corporate Governance (MCCG) and the “Statement of Risk Management and Internal Control – Guidelines for Directors of Listed Issuers”.

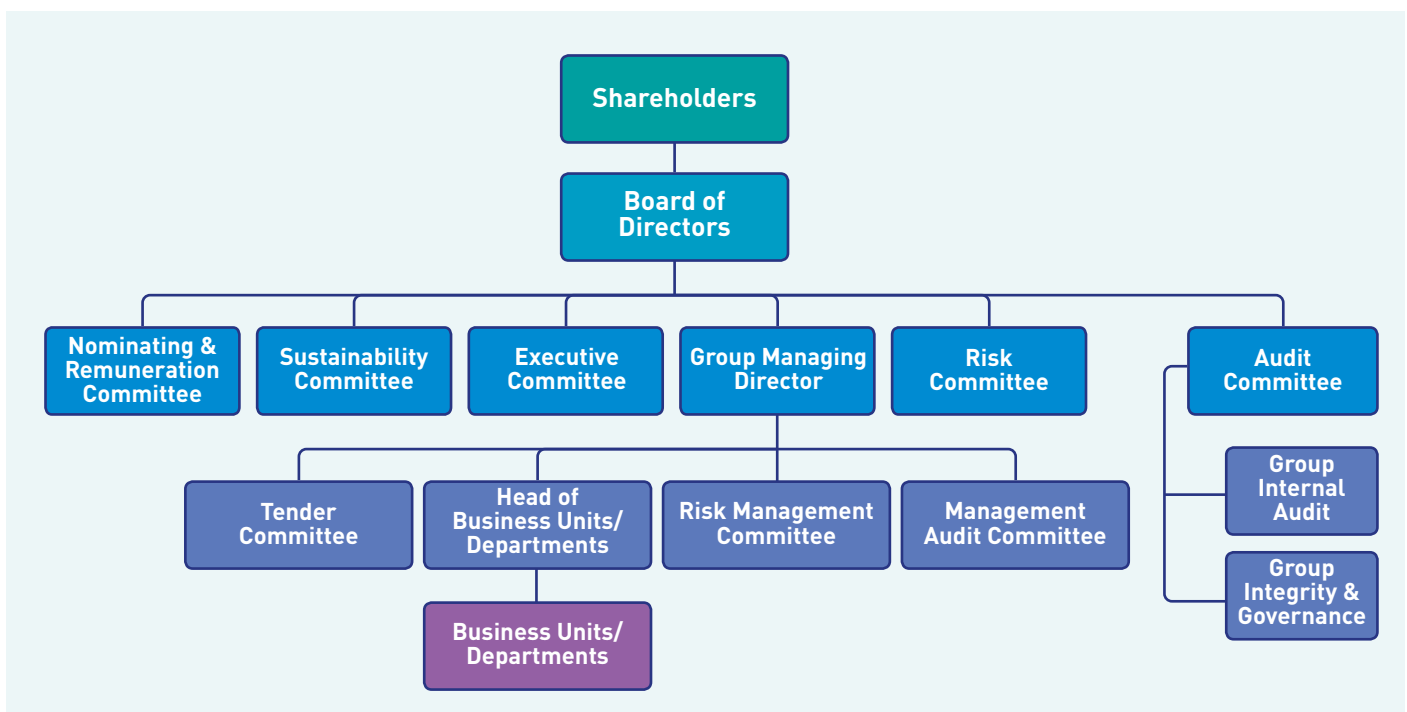
BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility for maintaining a sound system of internal control to safeguard shareholders’ investments and the Group’s assets and for reviewing the adequacy and integrity of the system. Notwithstanding this, due to the limitations that are inherent in any system of internal control, the Group’s internal control system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Group’s system of internal control covers risk management, integrity and governance, and financial, operational and compliance controls. The Board does not regularly review internal control systems of associates and joint ventures, as the Board does not have direct control over their operations. Notwithstanding the above, the Group’s interests are served through representation on the boards of the respective companies and the receipt and review of management accounts and inquiries thereon. Such representation also provides the Board with information for timely decision making on the continuity of the Group’s investments based on the performance of the associates and joint ventures. The representation report to the Group in the event that these associates or joint ventures do not appropriately manage significant risks.

Except for insurable risks where insurance covers are purchased, other significant risks faced by the Group (excluding associates and joint ventures) are reported to and managed by the respective boards within the Group.

The internal control system of the Group is supported by an appropriate organisational structure with clear reporting lines, defined lines of responsibilities and authorities from respective business units up to the Board level as follows:



RISK MANAGEMENT

Risk management is regarded by the Board as an important aspect of the Group’s diverse and growing operations with the objective of maintaining a sound internal control system.

The Risk Committee assists the Board in providing holistic oversight on Risk Management of the Group. The Risk Committee composition and roles and responsibilities are detailed on pages 102 to 103 of this Annual Report.

The Board implemented the Risk Management Policy and Framework and adopted a structured and systematic risk assessment, monitoring and reporting system which is tailored to the specific conditions of the Group. The Group’s Risk Management Policy and Framework was developed in alignment with the ISO 31000 international standard, which is an internationally accepted risk management framework, and was revised during the year to ensure alignment with the second edition of the standard.

The Risk Management Policy and Framework are designed to:



Risk management practices are considered as an integral part of the Group’s day-to-day operations to facilitate the Group in achieving its objectives as well as to maximise its shareholder value. The risk management practices are emphasized in the Risk Management Policy Statement that states that “The Board is committed to effective risk management, which is

central to the continued growth and profitability of the Group. The Board has a stewardship responsibility to understand these key risks, provide guidance on dealing with these key risks and to ensure key risks are managed proactively, in a structured and consistent manner to ensure the successful management of risk within the Group”.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The following outlines the Group's Risk Management policies:

- **To incorporate risk management into culture, business activities and decision-making process**

Risk management to be incorporated into daily routine activity and being seen as helpful in achieving the Group's vision and strategic goals. Risk management concept, thinking and initiatives must be embedded in the day-to-day business operations and decision-making process. A developed 'risk culture' will encourage all staff to identify risks and associated opportunities and to respond to the risks efficiently and effectively.

- **To provide reasonable assurance to the Group's stakeholders**

To put in place adequate and effective risk management framework, process and practices to manage risk in order to achieve the Group business objectives and provide reasonable assurance to the stakeholders on the state of risk management as part of its internal control system and ability to increase shareholders' value.

- **To manage risks pragmatically and be able to constantly anticipate and respond to changes from internal and external environments proactively**

Risk management is able to recognise the capabilities, perceptions and intentions of internal and external parties that can assist or delay the achievement of the Group's objectives. In dealing with risks, the Board understand that it is not always possible, cost effective or desirable to manage or eliminate risk altogether. A cost-benefit approach is needed where the returns must commensurate with the risk taken and reduce cost of risk controls.

- **To foster responsibility and accountability of all staff**

Successful risk management requires active involvement by all staff where everyone is expected to take responsibility and accountability in understanding, identifying, managing, monitoring, and timely communicating and reporting of risks in the organisation through available internal platforms to the Management and the Board.

- **To cultivate a systematic, timely and structured approach and implement a sustainable Risk Management Framework within the Group**

Risk management facilitates continuous improvement and enhancement as it will encourage the Group to be flexible and continually improve risk management maturity.

Risk management is a core management competency that incorporates a well-structured systematic process to identify business risks and lessen their impact to the Group. A well-structured and consistent ERM framework is essential for the Group to deploy its strategies effectively.

THE GROUP'S KEY RISKS

The Group has established a robust risk management framework to identify, evaluate, address, report and monitor key risk management issues. These issues pertain to effective governance and are relevant to the achievement of the Group's objectives. This also allows us to ensure that risk management processes are embedded throughout the Group to manage uncertainties and mitigate threats.

For the financial year ended 31 December 2020, the Group has identified the following key risks:

1. Financial Sustainability of BHB Group

For financial prudence and to adhere to accounting standards, Boustead Holdings Berhad (the Group) recorded impairments and fair value loss for specific subsidiaries, which has impacted profitability. In addition, potential liquidated ascertained damages for specific projects have further affected profitability. At this juncture, these conditions have impacted the Group's ability to remain profitable.

Amidst these concerns, the Board of Directors and Senior Management team are optimistic the Group is able to achieve sustainable growth in the coming years.

In July 2020, the Group unveiled its 3-Year Group-Wide Transformation Plan, also known as EDGE 20, as part of its commitment to strengthen prospects and unlock value. The plan comprises 20 transformation initiatives to achieve the Group's aspirations, focused on funding, structural, operational and corporate governance areas.

2. Liquidity Risk

The cash inflow from dividend income and interest income is currently insufficient to support the operating expenditure and financing requirements of the Group.

Recognising the current situation, the Group has taken the necessary steps to ensure sufficient cash flow to manage the OPEX and CAPEX. In addition, proactive and fruitful engagement has resulted in financial institutions providing the Group with a more comprehensive and holistic solution to manage cashflow requirements. The Group is also undertaking efforts to improve its cashflow position by rationalizing some of its low-yielding assets.

3. Breach of Financial Covenants

The Group has several financial covenants to comply with for the borrowings that have been obtained. To ensure full compliance with them, the Group forecasts its financial position and projected cash balance at the end of each quarter in order to gauge the expected closing balance for the Group. This provides a sound indicator of the status of financial covenants of the Group, while taking into consideration the necessary steps to ensure full compliance.

KEY ELEMENTS OF INTERNAL CONTROL

Internal control is embedded in the Group's operations as follows:

- Clearly defined objectives of the various Committees established by the Board through terms of reference.
- Defined level of authorities and lines of responsibilities from business units up to the Board level to ensure accountabilities for risk management and control activities.
- The Board is supported by a qualified and competent Company Secretary. The Company Secretary plays an advisory role to the Board, particularly on issues relating to compliance with the MMLR, the Companies Act 2016 and other relevant laws and regulations.
- Defined organisational structure within the Group with each division having clearly defined roles and responsibilities, levels of authority and lines of accountability.
- Each business unit is responsible for their own conduct and performance, including the identification and evaluation of significant risks applicable to their respective business areas, the design and operation of suitable internal control and in ensuring that an effective system of internal control is in place.
- The Group has various support functions comprising secretarial, legal & compliance, human capital, finance, treasury and IT which are centralised and based on their span of control.
- The Group had signed the Malaysian Anti-Corruption Commission's (MACC) Corruption-Free Pledge on 8 January 2018. The Group's participation in MACC's Corruption-Free Pledge is a reflection of its commitment to ensure good corporate governance and uphold the Group's core values of respect, integrity, teamwork and excellence, as well as to support the Government's call to cultivate a corruption-free nation and in line with the provision of the MACC Act 2018 on corporate liability. The development of the ISO 37001 Anti-Bribery Management System (ABMS) is also on track.
- Establishment of the Group Integrity and Governance department, consistent with the Prime Minister's Directive No. 1 of 2018/Series 1 No. 1 of 2018 which requires all Government Linked Companies (GLCs) to establish an Integrity and Governance unit within their organization. The department functions independently, with a direct reporting line to the Board, and is responsible for the following 4 core functions:
 - Complaints management
 - Detect and verification
 - Integrity enhancement
 - Governance



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- In line with the enforcement of Section 17A Corporate Liability Provision of the Malaysian Anti-Corruption Commission Act 2009 amended in 2018 (MACC Act) which took effect on 1 June 2020, the Group implemented the five principles of “T.R.U.S.T” as outlined in the Guidelines on Adequate Procedures published by the Prime Minister’s Department which consist of the following:
 - Top Level commitment
 - Risk assessment
 - Undertake control measures
 - Systematic review, monitoring and enforcement
 - Training and communication
- The Group adopts a zero-tolerance approach against all forms of bribery and corruption set out by the Anti-Bribery and Corruption Policy Statement, available on the Group’s website, which states the Group’s commitment to:
 - Comply with the provisions of the Malaysian Anti-Corruption Commission Act 2009 (Act 694) and the applicable law by inculcating integrity, transparency and accountability in all aspects of its business;
 - Prohibiting employees from soliciting, accepting and offering bribes and any form of corruption;
 - Ensuring all employees and business associates adhere to the Anti-Bribery and Corruption Policy and the related procedures set out by the Anti-Bribery Management System, and making efforts to continually improve the system; and
 - Promoting a culture of integrity by providing channels for reporting of any suspected acts of corruption and improper conducts.
- The Group has established a No Gift Policy governing the accepting and providing of gifts, entertainment and hospitality directly or indirectly for all employees within the Group. The No Gift Policy is published on the Group’s website.
- A Whistleblowing Policy to provide an avenue for reporting of any breach or suspected breach of any laws or regulations, including business principles and the Group’s policies and guidelines in a safe and confidential manner. The Group’s whistleblowing function is managed by the Group Integrity & Governance department to provide independence from the Management. The Whistleblowing Policy is published on the Group’s website.
- Corruption risk registers of the Group have been reviewed by the Board, which among others identifies possibilities of corruption elements in the key processes, gaps in the internal controls and plans for mitigation actions.
- Regular anti-bribery and corruption training and awareness sessions for the employees of the Group which emphasises on Corporate Liability under Section 17A of the MACC (Amendment) Act 2018, employee’s responsibilities and the Group’s initiatives to safeguard against the provision.
- The Group Legal & Compliance department reports to the Group Managing Director and monitors compliance with the applicable laws, rules and regulations that governs the Group’s core business. The function plays a key role in advising the Board and Management on legal matters and thereby preserving as well as safeguarding the Group’s interests from a legal perspective.
- The internal audit function provides assurance of the effectiveness of the system of internal control within the Group. Regular internal audit visits to review the effectiveness of the control procedures. Internal audit efforts are directed towards areas with significant risks as identified by Management and the Board. Review of internal audit reports and follow-up findings are deliberated by the Management Audit Committee. The internal audit reports and follow-up findings are then deliberated by the Audit Committee and are subsequently presented to the Board on a quarterly basis or earlier, as appropriate.
- Clearly documented standard operating procedure manuals set out the policies and procedures for day-to-day operations to be carried out. Regular reviews are performed to ensure that documentation remains current, relevant and aligned with evolving business and operational needs.
- Review and award of major contracts by the Tender Committee. A minimum of three quotations is called for and tenders are awarded based on criteria such as quality, track record and speed of delivery. The Tender Committee comprises members of Senior Management which ensures transparency in the award of contracts.
- Code of ethics are established and adopted for the Board and all employees to ensure high standards of conduct and ethical values in all business practices.
- Regular Board and Management meetings to assess the Group’s performance and controls.

- Consolidated monthly management accounts and quarterly forecast performance which allow Management to focus on areas of concern.
- Strategic planning, target setting and detailed budgeting process for each area of business which are approved both at the operating level and by the Board.
- Monthly monitoring of results against budget, with major variances being followed up and management action taken, where necessary.
- Regular visits to the business units by members of the Board and Senior Management.
- The Boustead Core Values Initiative aligns all business units' initiatives towards a Group-wide common goal.
- Performance Management System, which is linked to and guided by Key Performance Indicators and accountability. The Key Performance Indicators are quantifiable measurements, contracted beforehand, reflecting the critical success factors of the business units to enhance staff performance.
- Training and development programmes are established to ensure that staff are kept up to date with the necessary competencies to carry out their responsibilities towards achieving the Group's objectives.

MONITORING AND REVIEW OF THE ADEQUACY AND INTEGRITY OF THE SYSTEM OF INTERNAL CONTROL

The processes adopted to monitor and review the adequacy and integrity of the system of internal control include:

- Periodic confirmation by the Chief Executive Officer, Chief Financial Officer and/or Risk Officer of the respective business units on the effectiveness of the system of internal control, highlighting any weaknesses and changes in risk profile.
- Periodic examination of business processes and the state of internal control by the internal audit function. Reports on the reviews carried out by the internal audit function are submitted on a regular basis to the Management Audit Committee and Audit Committee.
- The monitoring, review and reporting arrangements in place provide reasonable assurance that the structure of controls and its operations are appropriate to the Group's operations and that risks are at an acceptable level throughout the Group's businesses. Such arrangements, however, do not eliminate the possibility of human error, deliberate circumvention of control procedures by employees and others, or the occurrence of unforeseeable circumstances.
- The Board believes that the development of the system of internal control is an ongoing process and has taken proactive steps throughout the year to improve its internal control system and will continue to undertake such steps. The Board is of the view that the system of internal control in place for the year under review is sound and sufficient to safeguard shareholders' investments, stakeholders' interests and preservation of the Group's integrity and assets.

WEAKNESSES IN INTERNAL CONTROL THAT RESULT IN MATERIAL LOSSES

There were no material losses incurred during the financial year under review as a result of weaknesses in internal control. Management continues to take measures to strengthen the control environment.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of Bursa Securities' MMLR, the external auditors have reviewed this Statement on Risk Management and Internal Control. The review was performed in accordance with Audit and Assurance Practice Guide (AAPG) 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

This statement is made in accordance with a resolution of the Board of Directors dated 31 May 2021.



RISK COMMITTEE REPORT

MEMBERS AND MEETINGS

The Risk Committee convened four (4) meetings during the financial year ended 31 December 2020. Details of the composition of the Committee and the attendance of each member at the Committee meetings are set out below:

Name of Director	Status of Directorship	Independent	Attendance of Meetings
Lieutenant General Dato' Fadzil Mokhtar (R) ¹ <i>(Appointed w.e.f. 21 August 2020)</i>	Independent Non-Executive Director <i>(Chairman of the Committee)</i>	Yes	2/2
Tan Sri Abu Bakar Haji Abdullah <i>(Appointed w.e.f. 21 August 2020)</i>	Independent Non-Executive Director	Yes	2/2
Datuk Zainun Aishah Ahmad	Independent Non-Executive Director	Yes	4/4
Dato' Abdul Hamid Sh Mohamed <i>(Appointed w.e.f. 1 September 2020 and resigned w.e.f. 16 April 2021)</i>	Independent Non-Executive Director	Yes	1/1
Loong Caesar <i>(Retired w.e.f. 22 July 2020)</i>	Independent Non-Executive Director <i>(Former Chairman of the Committee)</i>	Yes	2/2
Dato' Nonee Ashirin Dato' Mohd Radzi <i>(Resigned w.e.f. 21 August 2020)</i>	Independent Non-Executive Director	Yes	2/2
Abraham Verghese a/l TV Abraham <i>(Retired w.e.f. 22 July 2020)</i>	Independent Non-Executive Director	Yes	2/2

Note: ¹ The Risk Committee Chairman's profile can be viewed on page 16 of this Annual Report.

The Risk Committee membership is in line with the recommendation set out in Step Up 9.3 of the MCGG where the Risk Committee shall comprise a majority of independent directors.

The Risk Committee meetings were also attended by the Group Managing Director, Group Finance Director and Head of Group Risk Management (GRM) of Boustead Holdings

Berhad at the Risk Committee's invitation and as and when appropriate. The meetings were appropriately structured with Risk Committee members receiving notices, agendas, and papers sufficiently in advance of the meetings.

The Risk Committee Chairman reports to the Board on principal matters deliberated at Risk Committee meetings.

ROLES AND RESPONSIBILITIES

The role of the Risk Committee is to provide holistic oversight on Risk Management of the Group, which includes but is not limited to the following responsibilities:

- i) Oversee Enterprise Risk Management and Business Continuity Management implementation and practices within the Group;
- ii) Provide timely input to management on critical risks;
- iii) Engage management in an ongoing risk appetite dialogue as conditions and circumstances change and as new opportunities arise;
- iv) Oversee and provide additional precautions and plans for the management of specific risks, with regard to their complexity and significance;
- v) Oversee the conduct, and review the results of group-wide risk assessments, including the identification and reporting of critical risks;
- vi) Provide advice to the Board on risk strategies and coordinate the activities of the standing of the various Board Committees within the Group for risk oversight; and
- vii) Promote a healthy risk culture and watch for dysfunctional behaviour that could undermine the effectiveness of the risk management process (e.g. excessive risk-taking due to misaligned key performance indicators and remuneration scheme).

The detailed Risk Committee's Terms of Reference is accessible for viewing on the Company's official website at www.boustead.com.my.

ACTIVITIES DURING THE FINANCIAL YEAR

During the year, the Risk Committee carried out its duties as set out in its Terms of Reference. The main activities undertaken were as follows:

1. Reviewed the Risk Management Committee's report on key risks, including corruption risks and risk management activities. Recommended additional controls to mitigate key risks either existing or emerging risks;
2. Put in place the necessary risk infrastructure encompassing the risk assessment process, organisational oversight and reporting function to instil the appropriate discipline and control around continuously improving risk management capabilities;
3. Endorsed the Risk Management Policy & Framework, which was revised during the year to ensure alignment with the second edition of the ISO 31000 standard; and
4. Reviewed the Statement on Risk Management and Internal Control and recommend to the Board for approval prior to its inclusion in the Company's Annual Report.

RISK MANAGEMENT FUNCTION

The risk management function, through the Risk Management Committee, is entrusted with the responsibility of implementing and maintaining the Risk Management Policy & Framework to achieve the following objectives:

- Communicate the Board's vision, role, direction and priorities to all employees;
- Identify, assess, treat, report and monitor significant risks in an effective manner;
- Enable systematic risk reviews and reporting on key risks, existing control measures and any proposed action plan; and
- Create a risk-aware culture and build the necessary knowledge for risk management at every level of management.



RISK COMMITTEE REPORT

The Risk Management Policy & Framework is generally aligned with the principles of ISO 31000 which is an internationally recognised standard for risk management.

The Risk Management Committee, which sits on a quarterly basis, is chaired by the Group Managing Director of Boustead Holdings Berhad and its members consist Head of Key Business Units and the Head of Group Risk Management.

Significant risk issues evaluated by the Risk Management Committee and/or major changes proposed by this committee is discussed at the Risk Committee and Board of Directors' meetings. The Risk Management Committee is in turn assisted by the Group Risk Management department.

The Group Risk Management department is primarily responsible for the following, among others:

Continuously communicate, consult, share, evaluate and improve the Risk Management Policy and Framework, mechanisms and/or tools, and processes to the staff, Management and the Board;

Provide independent input/feedback on the comprehensiveness of risk assessment (risk types, root causes, existing controls and risk ratings), risk action plans and key risk indicators;

Heighten the risk awareness culture in the business processes through risk owners' accountability and sign-off for action plans and continuous monitoring;

Compile the business units' risk profiles in relation to the Group risk parameters, the top risks from each business segment and report to the Risk Management Committee, Risk Committee and Board of Directors for review, deliberation and approval;

Foster a culture of continuous improvement in risk management through risk review meetings and challenge sessions; and

Lead the Risk Management educational programmes and continuously build risk culture within the staff across the Group.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors reaffirm that they are collectively responsible for ensuring that the annual financial statements of the Group and the Company are drawn up in accordance with the applicable approved accounting standards in Malaysia, the provisions of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad; and that these financial statements give a true and fair view of the financial position, financial performance and cash flows of the Group and of the Company for the financial year ended 31 December 2020.

To ensure that financial statements are properly drawn up, the Directors have taken the following measures:

- applied the appropriate and relevant accounting policies on a consistent basis;
- made judgements and estimates that are prudent and reasonable; and
- prepared the financial statements on the going concern basis.

The Directors are responsible for ensuring that the Group and the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with the Companies Act 2016. The Directors have overall responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group and the Company as well as to prevent and detect fraud and other irregularities.

This statement is made in accordance with a resolution of the Board of Directors dated 31 May 2021.

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

Boustead Holdings Berhad is an investment holding company incorporated in Malaysia in 1960. The Company's other principal activities include the provision of management services to subsidiaries and property investment.

The principal activities of the subsidiaries, associates and joint ventures are stated on pages 250 to 257. There have been no significant changes in the nature of these activities during the financial year under review.

RESULTS

	Group RM Million	Company RM Million
(Loss)/profit for the year attributable to:		
Shareholders of the Company	(550.9)	(766.6)
Holders of Perpetual Sukuk	50.5	50.5
Non-controlling interests	(0.3)	-
	(500.7)	(716.1)

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

In the opinion of the Directors, the results of the 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, other than those disclosed in the financial statements.

HOLDING CORPORATION

The holding corporation is Lembaga Tabung Angkatan Tentera (LTAT), a local statutory body established under the Tabung Angkatan Tentera Act, 1973.

DIVIDENDS

The Directors do not recommend the payment of any final dividend for the financial year under review.

DIRECTORS' REPORT

DIRECTORS OF THE COMPANY

The Directors of the Company in office since the beginning of the financial year to the date of this report are:

Dato' Seri Mohamed Khaled Nordin [#]	(Appointed on 1 May 2020)
Dato' Sri Mohammed Shazalli Ramly [#]	(Appointed on 1 December 2020)
Datuk Zainun Aishah Ahmad	
Lieutenant General Dato' Fadzil Mokhtar (R)	
Dato' Nonee Ashirin Dato' Mohd Radzi [#]	
Izaddeen Daud [#]	(Appointed on 18 May 2020)
Tan Sri Abu Bakar Haji Abdullah [#]	(Appointed on 21 August 2020)
Datuk Seri Hajjah Zurainah Musa	(Appointed on 21 August 2020)
Dato' Abdul Hamid Sh Mohamed	(Appointed on 1 September 2020 and resigned on 16 April 2021)
Abraham Verghese a/l TV Abraham [#]	(Retired on 22 July 2020)
Loong Caesar [#]	(Retired on 22 July 2020)
Nik Amlizan Mohamed	(Resigned on 5 October 2020)
Dato' Sri Amrin Awaluddin [#]	(Resigned on 15 November 2020)

[#] Directors of the Company and certain of its subsidiaries

DIRECTORS OF THE COMPANY'S SUBSIDIARIES

The name of the Directors of the Company's subsidiaries since the beginning of the financial year to the date of this report, excluding those who are already the Directors of the Company, are:

Directors of Boustead Plantations Berhad:

Dato' Haji Ismail Haji Lasim (Chairman)	(Appointed on 1 September 2020)
Dato' Mohzani Abdul Wahab	
Maj. Gen. Dato' Seri Hj. Khairuddin Abu Bakar (R) J.P.	
Tan Sri Dato' Wira Aziah Ali	
Dato' Ahmad Rizal Abdul Rahman	
Datuk Hj. Shah Headan Ayoob Hussain Shah	(Appointed on 1 July 2020)
Ir. Abdul Aziz Julkarnain	(Appointed on 1 September 2020)
Dato' Haji Ahmad Tajuddin Haji Sulaiman	(Appointed on 5 August 2020 and resigned on 10 November 2020)
Dato' Indera Haji Mustaffar Kamal Ab Hamid	(Appointed on 10 March 2021)
Izaddeen Daud	(Appointed on 10 March 2021)
Fahmy Ismail	(Appointed on 10 March 2021)
Ahmad Shahredzuan Mohd Shariff	(Appointed on 10 March 2021)
Datuk Syed Tamim Ansari Syed Mohamed	(Retired on 24 June 2020)
Dato' Sri Ghazali Mohd Ali	(Retired on 24 June 2020)
Dato' Chan Kong Yew	(Retired on 24 June 2020)

(For list of Directors of Boustead Plantations Berhad's subsidiaries, please refer to annual report of Boustead Plantations Berhad for the financial year ended 31 December 2020)



DIRECTORS' REPORT

DIRECTORS OF THE COMPANY'S SUBSIDIARIES (CONT'D.)

Directors of Pharmaniaga Berhad:

Datuk (Dr.) Hafsah Hashim [#]	(Resigned on 26 February 2021)
Datuk Zulkarnain Md Eusope [#]	(Appointed on 1 September 2020)
Dato' Mohd Zahir Zahur Hussain [#]	(Resigned on 30 March 2021)
Dato' Dr Azhar Ahmad [#]	(Appointed on 3 August 2020)
Dato' Dr Najmi Faiz Mohamed Aris [#]	(Appointed on 3 August 2020)
Zulkifli Jafar [#]	(Appointed on 3 August 2020)
Dr Abdul Rahman Ahmad	(Appointed on 20 November 2020)
Dato' Farshila Emran	(Resigned on 31 March 2020)
Mohd Suffian Haron	(Resigned on 28 April 2020)
Brigadier General Dato' Mohd Shahrom Mohamad (RTD)	(Retired on 20 July 2020)
Dr. Salmah Bahri	(Appointed on 1 January 2020 and resigned on 20 July 2020)
Datuk Koo Hock Fee	(Resigned on 23 November 2020)
Lieutenant General Dato' Seri Panglima Dr Sulaiman Abdullah (Retired)	(Retired on 28 December 2020)
Dato' Sri Mohammed Shazalli Ramly	(Appointed on 1 March 2021)
Izaddeen Daud	(Appointed on 1 March 2021)
Zainal Abidin Shariff	(Appointed on 1 April 2021)

(For list of Directors of Pharmaniaga Berhad's subsidiaries, please refer to annual report of Pharmaniaga Berhad for the financial year ended 31 December 2020)

Directors of Boustead Heavy Industries Corporation Berhad:

Admiral Tan Sri Dato' Seri Ramlan Mohamed Ali (Retired)	
Rozi Baharudin [#]	
Tan Sri Dato' Wira Aziah Ali [#]	
Dato' Maznah Abdul Jalil [#]	
(Dr.) Salihin Abang	
Hajah Saadatul Nafisah Bashir Ahmad	
Vice Admiral Dato' Syed Zahiruddin Putra Syed Osman (Retired)	
Izaddeen Daud	(Appointed on 11 June 2020)
Datuk Norliza Abdul Rahim	(Appointed on 1 September 2020)
Dato' Sri Mohammed Shazalli Ramly	(Appointed on 4 March 2021)
Fahmy Ismail	(Resigned on 10 June 2020)
	(Appointed on 4 March 2021)
Admiral Tan Sri Dato' Seri Panglima (Dr.) Ahmad Kamarulzaman	
Hj Ahmad Badaruddin (Retired)	(Resigned on 21 July 2020)

(For list of Directors of Boustead Heavy Industries Corporation Berhad's subsidiaries, please refer to annual report of Boustead Heavy Industries Corporation Berhad for the financial year ended 31 December 2020)

DIRECTORS' REPORT

DIRECTORS OF THE COMPANY'S SUBSIDIARIES (CONT'D.)

Directors of other subsidiaries of the Company:

Admiral Tan Sri Dato' Setia Mohd Anwar Mohd Nor (R)	(Resigned on 11 May 2020)
Adzli Shaferul Ramli	
Affendi Mohd Yob	(Appointed on 15 January 2020)
Ahmad Shahredzuan Mohd Shariff	(Appointed on 15 January 2020)
Akhramsyah Muammar Ubaidah Sanusi	(Resigned on 1 May 2020)
Alisa Abdul Aziz	(Appointed on 15 January 2020)
Azah Hanim Ahmad	
Azhar Ahmad	(Appointed on 15 January 2020)
Choo Kok Leong	(Appointed on 15 January 2020)
Christina a/p A Martin	(Appointed on 15 January 2020)
Dato' Hj. Ab. Ghani Harun	(Appointed on 24 August 2020)
Dato' Ir. Jauhari Hamidi	(Appointed on 15 January 2020)
Dato' Kho Hui Meng	(Resigned on 24 August 2020)
Dato' Mohamad Satim Diman	(Appointed on 21 August 2020)
Dato' Mohzani Abdul Wahab	(Appointed on 17 August 2020)
Dato' Sri Ghazali Mohd Ali	
Dato' Zainal Abidin Haji Ahmad	(Resigned on 8 May 2020)
Datuk Zainal Abidin Mohd Rafique	(Appointed on 24 August 2020)
Fakril Zamani Mahmud	(Appointed on 15 January 2020)
Fazura Nur Jaafar	(Appointed on 15 January 2020)
Gan Boon Ting	
Harzilah Muhamad	(Appointed on 15 January 2020 and resigned on 2 November 2020)
Ir. Azman Ahmad	(Resigned on 29 January 2020)
Ir. Hairutdin Ayob	(Appointed on 31 January 2020)
Ir. Ma'som Mahadi	
Juniza Azizan	(Appointed on 15 January 2020)
Koh Chor Meng	(Resigned on 30 March 2020)
Lak. Tan Sri Mohd Reza Mohd Sany	
Lazarina Long Ahmad Zainal Abidin	(Appointed on 15 January 2020 and resigned on 15 July 2020)
Loon Peng Wai	
Lt. Gen. Dato' Sri Shahrom Ibrahim (Retired)	
Lt. Gen. Datuk Hj. Khairuddin Hj Mat Yusof (Retired)	
Fahmy Ismail	
Latteffah Haji Aliyaru Kunju	(Appointed on 8 March 2021)



DIRECTORS' REPORT

DIRECTORS OF THE COMPANY'S SUBSIDIARIES (CONT'D.)

Directors of other subsidiaries of the Company (cont'd.):

Mej. Jen. Dato' Mamat Ariffin Hj. Abdullah (Retired)	
Michael Wolfgang Muller	(Appointed on 24 August 2020)
Mohamad Azlan Jaafar	(Resigned on 16 January 2020)
Mohd Ali Zakaria	
Mohd Fakhrul Arifin Adinan	
Mohd Khairizul Azuan Mohamad Rizzuan	
Mohd Rosli Arshad	(Appointed on 15 January 2020)
Mohd Zaidi Zainol Rashid	
Mohsein Ma'som	(Resigned on 30 June 2020)
Muzamir Shah Mohamed Shariff	(Appointed on 15 June 2020)
Nawal Hanafiah	
Nazri Suhaimie Mohd Nasir	
Norlymalis Jazmi Kamarudin	
Phan Yoke Seng	(Appointed on 8 December 2020)
Professor Graham Kendall	
Professor Nicholas James Miles	
Professor Sayed Nader Azam-Ali	
Professor Shearer Carrol West	
Rosmawa Yusuf	
Rosni Mohd Sari	(Appointed on 15 January 2020)
Sarimah Mat Isa	(Appointed on 2 September 2020)
Sharifuddin Md. Zaini Al-Manaf	(Appointed on 15 June 2020)
Shahril Mohd Khairi @ Bakhri	
Sharudin Jaffar	(Resigned on 1 January 2020)
Syahida Abdul Kadir	(Appointed on 28 February 2020)
Tan Sri Datuk Mustafa Mansur	
Wan Asma' Haji Wan Omar	(Appointed on 15 January 2020 and resigned on 3 March 2021)
Wong Yun Kit	(Appointed on 15 January 2020)
YB Hj. Hahasrin Hj. Hashim	(Appointed on 21 August 2020)
YM Tengku Abu Bakar Ahmad Tengku Abdullah	
Zubair Abdullah	

DIRECTORS' REPORT

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in Note 6 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member or with a company in which he has a substantial financial interest, except as disclosed in Note 40 to the financial statements.

During the financial year, there was no indemnity given or insurance premium paid, for any person who is or had been the director or officer of the Company as the Company did not maintain a Directors' and Officers' Liability Insurance in respect of any legal action taken against the directors and officers in the discharge of their duties while holding office for the Company.

DIRECTORS' INTERESTS

According to the register of Directors' shareholding, the interests of Directors in office at the end of the financial year in shares of the Company and its related corporations were as follows:

	Number of ordinary shares			
	At 1/1/2020	Acquired	Sold	At 31/12/2020
Tan Sri Abu Bakar Haji Abdullah				
– Boustead Holdings Berhad	4,620	–	–	4,620

All other Directors do not have any interest in share in the Company or its related corporations during the financial year.

OTHER STATUTORY INFORMATION

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the Group and in the Company inadequate to any substantial extent; or
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.



DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (CONT'D.)

- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
 - (i) 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 or of the Company to meet their obligations as and when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT AND SUBSEQUENT EVENTS

Details of the significant and subsequent events are disclosed in Note 41 to the financial statements.

DIRECTORS' REPORT

AUDITORS AND AUDITORS' REMUNERATION

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remuneration is as below:

	Group		Company	
	2020 RM Million	2019 RM Million	2020 RM Million	2019 RM Million
Auditors' remuneration paid to Ernst & Young PLT				
– Statutory audit	3.8	4.1	0.4	0.5
– Others	0.7	0.9	0.3	0.1
	4.5	5.0	0.7	0.6
Auditors' remuneration paid to other firms				
– Statutory audit	1.0	1.0	–	–
Total remuneration paid to the external auditors	5.5	6.0	0.7	0.6

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young PLT during the financial year nor since the end of the financial year.

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

DATO' SERI MOHAMED KHALED NORDIN

DATO' SRI MOHAMMED SHAZALLI RAMLY

Kuala Lumpur
31 May 2021



STATEMENT BY DIRECTORS

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

We, Dato' Seri Mohamed Khaled Nordin and Dato' Sri Mohammed Shazalli Ramly, being two of the Directors of BOUSTEAD HOLDINGS BERHAD, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 126 to 257 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 year then ended.

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

DATO' SERI MOHAMED KHALED NORDIN

DATO' SRI MOHAMMED SHAZALLI RAMLY

Kuala Lumpur
31 May 2021

STATUTORY DECLARATION

STATUTORY DECLARATION PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Fahmy Ismail (CA 22119), being the officer primarily responsible for the financial management of BOUSTEAD HOLDINGS BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 126 to 257 are in my opinion 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 above named in Kuala Lumpur on 31 May 2021.

Before me

KAPT (B) AFFANDI AHMAD

Commissioner for Oaths
Kuala Lumpur

FAHMY ISMAIL



INDEPENDENT AUDITORS' REPORT

to the members of Boustead Holdings Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Boustead Holdings Berhad which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and income statements, statement of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 126 to 257.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

INDEPENDENT AUDITORS' REPORT

to the Members of Boustead Holdings Berhad (Incorporated in Malaysia)

Key audit matters (cont'd.)

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

1. Impairment assessment of non-financial assets

MFRS 136 Impairment of Assets ("MFRS 136") requires an entity to assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset.

In addition, irrespective of whether there is any indication of impairment, an entity shall also test goodwill acquired in a business combination for impairment annually. MFRS 136 requires a cash-generating unit ("CGU") or group of CGUs to which goodwill has been allocated to be tested for impairment annually by comparing the carrying amount of the CGU or group of CGUs, including the goodwill, with its recoverable amount.

MFRS 136 defines recoverable amount as the higher of an asset's or CGU's fair value less costs of disposal ("FVLCD") and its value in use ("VIU"). VIU is the present value of future cash flows expected to be derived from an asset or a CGU. The discount factor to be applied to the future cash flows should reflect current market assessments of the time value of money and the risks specific to the asset.

(a) Impairment assessment of goodwill

As at 31 December 2020, the Group's carrying amount of goodwill is RM269.0 million as disclosed in Note 21 to the financial statements. The Group is required to perform an impairment test annually by comparing the carrying amount of the cash-generating units ("CGU") or group of CGUs, including the goodwill, with their recoverable amounts.

The aforementioned impairment review gave rise to impairment losses on goodwill of RM36.1 million as disclosed in Note 21 to the financial statements.

(b) Impairment assessment of property, plant and equipment and right-of-use assets

As at 31 December 2020, the carrying amount of property, plant and equipment and right-of-use assets of the Group are RM4,457.8 million and RM2,289.4 million as disclosed in Notes 13 and 15 to the financial statements.

The Group is required to assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. During the financial year, management have identified indications of impairment mainly in the Property & Industrial Division, Trading, Finance & Investment Division and Plantation Division which are described below:

– Hotels (Property & Industrial Division)

During the financial year, the hotels were incurring losses and management had undertaken an assessment of the recoverable amount, which is defined as the higher of FVLCD and VIU.



INDEPENDENT AUDITORS' REPORT

to the Members of Boustead Holdings Berhad (Incorporated in Malaysia)

Key audit matters (cont'd.)

1. Impairment assessment of non-financial assets (cont'd.)

(b) Impairment assessment of property, plant and equipment and right-of-use assets (cont'd.)

- Cruise terminal, jetty and related assets (Trading, Finance & Investment Division)

During the financial year ended 31 December 2020, the Group incurred operating losses for operations of its cruise terminal, jetty and related assets. Management had then undertaken an assessment of the recoverable amount using FVLCD.

- Oil palm estates and mills (Plantation Division)

During the financial year, management had identified external and internal indicators of impairment in respect of the property, plant and equipment and right-of-use assets. Certain oil palm estates and mills of the Plantation were also incurring losses. Management had then undertaken an assessment of the recoverable amount using FVLCD.

Accordingly, impairment reviews performed for the abovementioned CGU or assets resulted in total impairment losses of property, plant and equipment of RM133.3 million and right-of-use asset of RM37.9 million as disclosed in Notes 13 and 15 to the financial statements respectively.

(c) Impairment assessment of investment in subsidiaries

As at 31 December 2020, the Company's carrying amount of investment in subsidiaries is RM2,417.6 million as disclosed in Note 17 to the financial statements.

The Company is required to assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset.

The market value of the Company's quoted investment in a subsidiary is lower than its carrying value. Certain subsidiaries have also reported continuing operating losses and/or depleting shareholder's funds.

The Company has performed impairment assessments by comparing the carrying amount of these investment in subsidiaries against their respective recoverable amounts.

The aforementioned impairment review gave rise to impairment losses of investment in subsidiaries of RM609.8 million as disclosed in Note 17 to the financial statements.

We have identified the above impairment reviews as important to our audit given the significance of the goodwill, property, plant and equipment and right-of-use assets to the Group and the investment in subsidiaries to the Company and the judgement and estimates involved in the assessment of the recoverable amount.

INDEPENDENT AUDITORS' REPORT

to the Members of Boustead Holdings Berhad (Incorporated in Malaysia)

Key audit matters (cont'd.)

1. Impairment assessment of non-financial assets (cont'd.)

Our procedures in reviewing the assessment of recoverable amount of the non-financial assets, include inter alia the following:

- To the extent that management relied on valuation reports provided by independent professional valuers, we have considered the competence, capabilities and objectivity of the professional valuers. We have also assessed the key assumptions and methodology used by independent professional valuers. This would include comparisons with recent transactions involving other similar assets and where applicable, the age, size and tenure.
- We have assessed the key assumptions on which the cash flow projections are based, including, and where relevant, comparing them against historical trends, existing contracts, order book, price forecasts and useful lives of the assets. We evaluated the probability of securing significant future contracts, variation orders and government compensation by making enquiries with the project teams and read project proposals to obtain an understanding of the status of negotiations and the likelihood that such cash inflows will materialise.
- We also assessed the discount rates in calculating the present value of the cash flows and whether the rates used, reflect the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive from the asset.
- We assessed the assumptions used relating to the forecasted and projected Crude Palm Oil ("CPO") and Fresh Fruit Bunches ("FFB") prices, FFB yield of the oil palm estates and the estimated remaining useful lives of the bearer plants. We assessed the CPO and FFB price assumptions through comparisons with long-term price forecasts by independent market analysts.

2. Valuation of investment properties

As at 31 December 2020, the carrying value of the Group's investment properties of RM1,404.9 million is as disclosed in Note 14 to the financial statements. The Group adopts fair value model for its investment properties. The Group is required to perform fair value assessment of its investment properties annually and has appointed independent professional valuers.

We identified the valuation of the investment properties as an area of audit focus given the significance of the carrying amount of investment properties and complexities in determining the fair value which involves significant judgement and estimates.

Our procedures in reviewing the valuation of investment properties, include inter alia the following:

- We assessed the competence, capabilities and objectivity of the independent professional valuers;
- We obtained an understanding of the methodology adopted by the independent professional valuers in estimating the fair value of the investment properties and assessed whether such methodology is consistent with those used in industry;
- We interviewed the independent professional valuers to obtain an understanding of their valuation process, the significant estimates, methodology and assumptions applied in their valuation model;
- We assessed the rental income and rental periods used in the valuation of the underlying lease agreements to ensure the accuracy and consistency with the data provided to independent valuer by management.



INDEPENDENT AUDITORS' REPORT

to the Members of Boustead Holdings Berhad (Incorporated in Malaysia)

Key audit matters (cont'd.)

2. Valuation of investment properties (cont'd.)

- For the comparison method of valuation (market approach), we assessed the source data of the comparable transactions used by the valuers. We also obtained an understanding of the adjustments made by the valuer in accounting for differences in, amongst others, the property's location, time factor, property's size and tenure;
- For investment method of valuation (income approach), we assessed whether the key assumptions used in deriving the discounted cash flows such as rental rates for reversion period, void rate, outgoings are consistent with the historical trend of the properties and comparable to similar properties. We also assessed whether the discount rate used to determine the present value of the cash flows reflects the return that investors would require if they were to choose an investment that would generate cash flows of amount, timing and risk' profile equivalent to those that the entity expects to derive.

3. Revenue recognition from shipbuilding, ship repair and property development

The Group is involved in a number of significant construction contracts and property development activities which span across multiple accounting periods as disclosed in Note 5 to the financial statements.

The Group determines that certain of its performance obligations in relation to these activities are satisfied over time and thus recognises revenue from shipbuilding, ship repair and property development activities over time. The Group applies the input method by reference to the proportion of costs incurred for work performed to date to the estimated total costs to measure progress towards the satisfaction of performance obligation.

We identified revenue and cost of sales recognised over time under the input method as matters requiring audit focus as significant management's judgement and estimates is involved in estimating the total construction and development costs which is a key input in determining the proportion of revenue to be recognised during the year.

In relation to the budgeted revenue, we have, amongst others and where applicable, agreed this to the signed contracts, letter of awards, and approved variation orders. We assessed the estimated deduction on the budgeted revenue due to delays in delivery or other contractual penalties, by reviewing the contractual delivery dates and other terms of the respective contracts against management's estimated delivery dates, progress reports, interviews with the project team and correspondences with customers.

In assessing management's assumptions in estimating the budgeted costs, we evaluated the budgeted costs to corresponding supporting evidence including but not limited to suppliers' and subcontractors' contracts as well as budgeted direct labour costs. We have assessed the actual costs incurred in examining evidences such as subcontractors' claims and suppliers' invoices. We recomputed progress towards the satisfaction of performance obligation using the input method by comparing actual costs incurred against total budgeted cost.

We also recomputed the revenue recognised by the Group using the input method based on applying the proportion of cost incurred to date over budgeted cost to the budgeted revenue. We also assess whether appropriate provisions have been made for onerous contracts where budgeted cost is expected to exceed budgeted revenue.

Specifically, in assessing adequacy of provisions for onerous contracts and revenue deductions due to delays in respect of the Group's contract to construct Littoral Combat Ships for the Government of Malaysia, we have considered the circumstances and disclosures set out in Note 41 (e) to the financial statements.

INDEPENDENT AUDITORS' REPORT

to the Members of Boustead Holdings Berhad (Incorporated in Malaysia)

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 this 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 Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the 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.



INDEPENDENT AUDITORS' REPORT

to the Members of Boustead Holdings Berhad (Incorporated in Malaysia)

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:

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

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

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

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

INDEPENDENT AUDITORS' REPORT

to the Members of Boustead Holdings Berhad (Incorporated in Malaysia)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed on pages 250 to 257.

OTHER MATTERS

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.

ERNST & YOUNG PLT

202006000003 (LLP0022760-LCA) & AF 0039

Chartered Accountants

Kuala Lumpur, Malaysia

31 May 2021

AHMAD ZAHIRUDIN BIN ABDUL RAHIM

No. 02607/12/2022J

Chartered Accountant



INCOME STATEMENTS

for the year ended 31 December 2020

	Note	Group		Company	
		2020 RM Million	2019 RM Million	2020 RM Million	2019 RM Million
Revenue	5	7,881.0	10,321.7	84.3	51.6
Operating cost	6	(7,631.6)	(10,261.8)	(154.5)	(107.5)
Results from operations		249.4	59.9	(70.2)	(55.9)
Gain on disposal of plantation land		-	119.5	-	-
Impairment of property, plant and equipment	13	(133.3)	(288.1)	-	-
Impairment of right-of-use assets	15	(37.9)	(22.4)	-	-
Impairment of goodwill	21	(36.1)	(763.3)	-	-
Accelerated amortisation of rights to supply	21	-	(247.3)	-	-
Fair value loss on investment properties	14	(110.8)	(7.6)	(17.6)	(3.5)
Other investment results	8	37.6	0.4	(555.1)	(109.7)
Share of results of associates	18	47.6	117.0	-	-
Share of results of joint ventures	19	(75.2)	47.0	-	-
Loss before interest, taxation and zakat		(58.7)	(984.9)	(642.9)	(169.1)
Finance cost	9	(387.2)	(399.7)	(221.9)	(204.8)
Interest income	7	25.6	48.8	146.4	162.3
Loss before taxation and zakat		(420.3)	(1,335.8)	(718.4)	(211.6)
Taxation	10	(76.9)	(47.9)	2.4	0.7
Zakat		(3.5)	(2.6)	(0.1)	(0.4)
Loss for the year		(500.7)	(1,386.3)	(716.1)	(211.3)
Attributable to:					
Shareholders of the Company		(550.9)	(1,278.8)	(766.6)	(290.7)
Holders of Perpetual Sukuk		50.5	79.4	50.5	79.4
Non-controlling interests		(0.3)	(186.9)	-	-
Loss for the year		(500.7)	(1,386.3)	(716.1)	(211.3)
Loss per share – sen					
Basic/diluted	11	(27.18)	(63.09)		

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 December 2020

	Group		Company	
	2020 RM Million	2019 RM Million	2020 RM Million	2019 RM Million
Loss for the year	(500.7)	(1,386.3)	(716.1)	(211.3)
Other comprehensive (loss)/income:				
Items that may be reclassified to profit or loss in subsequent periods (net of tax)				
Foreign currency translation	(4.2)	1.5	-	-
Share of other comprehensive income of investments accounted for using equity method	6.5	29.1	-	-
	2.3	30.6	-	-
Items that will not be reclassified to profit or loss in subsequent periods (net of tax)				
Net (loss)/gain on equity investment designated at fair value through other comprehensive income				
- Fair value changes	(0.9)	(0.1)	(0.4)	-
- Disposals	0.5	0.1	-	-
	(0.4)	-	(0.4)	-
Other comprehensive income for the year, net of tax	1.9	30.6	(0.4)	-
Total comprehensive loss for the year, net of tax	(498.8)	(1,355.7)	(716.5)	(211.3)
Attributable to:				
Shareholders of the Company	(547.5)	(1,249.4)	(767.0)	(290.7)
Holder of Perpetual Sukuk	50.5	79.4	50.5	79.4
Non-controlling interests	(1.8)	(185.7)	-	-
Total comprehensive loss for the year, net of tax	(498.8)	(1,355.7)	(716.5)	(211.3)

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.



STATEMENTS OF FINANCIAL POSITION

as at 31 December 2020

	Note	Group		Company	
		31 December 2020 RM Million	31 December 2019 RM Million	31 December 2020 RM Million	31 December 2019 RM Million
ASSETS					
Non-current assets					
Property, plant and equipment	13	4,457.8	4,878.7	1.9	2.4
Investment properties	14	1,404.9	1,568.1	87.4	104.5
Right-of-use assets	15	2,289.4	2,403.9	10.4	12.0
Deferred tax assets	16	37.0	53.1	-	-
Subsidiaries	17	-	-	2,417.6	2,877.4
Associates	18	2,125.0	2,116.5	981.1	959.5
Joint ventures	19	483.9	559.5	174.8	180.1
Investments	20	5.8	10.2	1.3	4.7
Intangible assets	21	343.0	374.4	-	-
Inventories	22	916.3	858.2	-	-
Receivables	23	244.2	202.6	1,913.2	2,173.4
Total non-current assets		12,307.3	13,025.2	5,587.7	6,314.0
Current assets					
Inventories	22	963.9	1,035.6	-	-
Receivables	23	829.7	932.6	324.9	233.2
Biological assets	24	25.0	22.2	-	-
Contract assets and contract cost assets	25	1,057.2	924.9	-	-
Deposits, cash and bank balances	26	496.4	941.4	160.6	432.2
		3,372.2	3,856.7	485.5	665.4
Assets classified as held for sale	27	322.6	92.9	-	-
Total current assets		3,694.8	3,949.6	485.5	665.4
Total assets		16,002.1	16,974.8	6,073.2	6,979.4

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2020

	Note	Group		Company	
		31 December 2020 RM Million	31 December 2019 RM Million	31 December 2020 RM Million	31 December 2019 RM Million
EQUITY AND LIABILITIES					
Equity attributable to shareholders of the Company					
Share capital	28	2,735.7	2,735.7	2,735.7	2,735.7
Reserves	29	381.5	993.7	(1,364.2)	(597.2)
Shareholders' equity		3,117.2	3,729.4	1,371.5	2,138.5
Perpetual Sukuk	30	609.3	608.9	609.3	608.9
Non-controlling interests		1,392.4	1,349.8	–	–
Total equity		5,118.9	5,688.1	1,980.8	2,747.4
Non-current liabilities					
Borrowings	31	2,962.3	3,522.9	2,042.3	2,339.8
Payables	32	20.9	24.6	–	–
Lease liabilities	15	54.7	30.1	8.1	9.9
Deferred tax liabilities	16	325.7	334.2	0.8	3.2
Total non-current liabilities		3,363.6	3,911.8	2,051.2	2,352.9
Current liabilities					
Borrowings	31	4,621.6	4,386.7	1,852.2	1,758.5
Payables	32	2,807.3	2,892.9	186.5	118.3
Contract liabilities	25	51.2	61.0	–	–
Lease liabilities	15	21.3	11.2	2.5	2.3
Taxation		18.2	23.1	–	–
Total current liabilities		7,519.6	7,374.9	2,041.2	1,879.1
Total liabilities		10,883.2	11,286.7	4,092.4	4,232.0
Total equity and liabilities		16,002.1	16,974.8	6,073.2	6,979.4

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.



STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2020

	Share capital RM Million	Reserves RM Million	Total attributable to shareholders of the Company RM Million	Perpetual Sukuk RM Million	Non- controlling interests RM Million	Total equity RM Million
Group						
At 1 January 2020	2,735.7	993.7	3,729.4	608.9	1,349.8	5,688.1
(Loss)/profit for the year	-	(550.9)	(550.9)	50.5	(0.3)	(500.7)
Other comprehensive income/(loss) for the year	-	3.4	3.4	-	(1.5)	1.9
Total comprehensive (loss)/income for the year	-	(547.5)	(547.5)	50.5	(1.8)	(498.8)
Perpetual Sukuk						
- Distribution	-	-	-	(50.1)	-	(50.1)
Share of an associate's movement in reserve	-	(1.0)	(1.0)	-	-	(1.0)
Changes in ownership interest in subsidiaries						
- Share options granted by a subsidiary	-	2.1	2.1	-	(1.2)	0.9
- Additional investment in a subsidiary	-	(65.8)	(65.8)	-	65.8	-
Dividends (Note 17)	-	-	-	-	(20.2)	(20.2)
At 31 December 2020	2,735.7	381.5	3,117.2	609.3	1,392.4	5,118.9

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2020

	Share capital RM Million	Reserves RM Million	Total attributable to shareholders of the Company RM Million	Perpetual Sukuk RM Million	Non- controlling interests RM Million	Total equity RM Million
Group						
At 1 January 2019	2,735.7	2,252.8	4,988.5	1,207.9	1,601.7	7,798.1
(Loss)/profit for the year	-	(1,278.8)	(1,278.8)	79.4	(186.9)	(1,386.3)
Other comprehensive income for the year	-	29.4	29.4	-	1.2	30.6
Total comprehensive (loss)/income for the year	-	(1,249.4)	(1,249.4)	79.4	(185.7)	(1,355.7)
Perpetual Sukuk						
- Distribution	-	-	-	(85.4)	-	(85.4)
- Redemption	-	-	-	(593.0)	-	(593.0)
Issue of shares during the year under share options granted by an associate	-	2.6	2.6	-	-	2.6
Share of an associate's obligation to buy its subsidiaries shares	-	(12.6)	(12.6)	-	-	(12.6)
Changes in ownership interest in subsidiaries						
- Share options granted by a subsidiary	-	0.3	0.3	-	2.6	2.9
Dividends (Note 17)	-	-	-	-	(68.8)	(68.8)
At 31 December 2019	2,735.7	993.7	3,729.4	608.9	1,349.8	5,688.1

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.



STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2020

	Share Capital RM Million	Reserves RM Million	Total attributable to shareholders of the Company RM Million	Perpetual Sukuk RM Million	Total equity RM Million
Company					
At 1 January 2019	2,735.7	(306.5)	2,429.2	1,207.9	3,637.1
(Loss)/profit for the year	-	(290.7)	(290.7)	79.4	(211.3)
Total comprehensive (loss)/income for the year	-	(290.7)	(290.7)	79.4	(211.3)
Perpetual Sukuk					
- Redemption	-	-	-	(593.0)	(593.0)
- Distribution	-	-	-	(85.4)	(85.4)
At 31 December 2019 and 1 January 2020	2,735.7	(597.2)	2,138.5	608.9	2,747.4
(Loss)/profit for the year	-	(766.6)	(766.6)	50.5	(716.1)
Other comprehensive loss for the year	-	(0.4)	(0.4)	-	(0.4)
Total comprehensive (loss)/income for the year	-	(767.0)	(767.0)	50.5	(716.5)
Perpetual Sukuk					
- Distribution	-	-	-	(50.1)	(50.1)
At 31 December 2020	2,735.7	(1,364.2)	1,371.5	609.3	1,980.8

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2020

	Group		Company	
	2020 RM Million	2019 RM Million	2020 RM Million	2019 RM Million
Operating activities				
Cash receipts from customers	7,777.6	10,507.4	7.3	7.4
Cash paid to suppliers and employees	(7,251.7)	(8,917.3)	(34.9)	(33.4)
Cash generated from/(used in) operations	525.9	1,590.1	(27.6)	(26.0)
Tax (paid)/refunded	(74.6)	(68.1)	(1.8)	1.1
Net cash generated from/(used in) operating activities	451.3	1,522.0	(29.4)	(24.9)
Investing activities				
Disposal of quoted shares	4.1	8.5	3.0	-
Disposal of an associate	67.3	-	67.3	-
Property, plant and equipment				
- Purchases	(105.0)	(277.1)	(0.1)	(0.2)
- Disposals	26.3	12.2	-	0.3
Rights-of-use assets				
- Purchase	(9.9)	(321.0)	-	-
- Disposals	-	0.5	-	-
Refund of deposit	3.8	16.3	-	-
Deposits received	6.0	-	-	-
Disposal of assets classified as held for sale	-	133.5	-	-
Purchase and development of property development	(169.2)	(230.1)	-	-
Subsequent expenditure on investment properties	(4.6)	(2.4)	(0.5)	(0.5)
Purchase of intangible assets	(23.4)	(41.6)	-	-
Dividends received	44.1	12.9	44.7	65.5
Interest received	25.6	48.8	143.2	147.7
Placement of fixed deposits	(7.6)	(5.4)	-	-
Net cash (used in)/generated from investing activities	(142.5)	(644.9)	257.6	212.8

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.



STATEMENTS OF CASH FLOWS

for the year ended 31 December 2020

	Group		Company	
	2020 RM Million	2019 RM Million	2020 RM Million	2019 RM Million
Financing activities				
Dividends paid				
– By the Company	–	(30.4)	–	(30.4)
– By subsidiaries	(20.2)	(68.8)	–	–
Perpetual Sukuk				
– Redemption	–	(593.0)	–	(593.0)
– Distribution	(50.1)	(85.4)	(50.1)	(85.4)
Advances from joint ventures	86.8	146.5	110.0	–
Proceeds from long term loans	4.3	1,375.4	–	1,055.4
Repayment of long term loans	(210.7)	(342.8)	(135.0)	(60.0)
Net repayment of revolving credits and bankers' acceptances	(132.5)	(650.0)	(82.0)	(60.0)
Net payments (to)/from Group companies	–	–	(132.3)	6.6
Repayment of lease liabilities	(36.9)	(9.2)	(2.9)	(3.0)
Interest paid	(407.3)	(424.3)	(218.3)	(180.6)
Net cash (used in)/generated from financing activities	(766.6)	(682.0)	(510.6)	49.6
Net (decrease)/increase in cash and cash equivalents	(457.8)	195.1	(282.4)	237.5
Foreign currency translation difference	0.3	0.3	–	–
Cash and cash equivalents at beginning of year	853.3	657.9	403.7	166.2
Cash and cash equivalents at end of year	395.8	853.3	121.3	403.7
Cash and cash equivalents at end of year				
Deposits, cash and bank balances (Note 26)	496.4	941.4	160.6	432.2
Less: Overdrafts (Note 31)	(55.4)	(46.6)	(39.3)	(28.5)
Less: Deposits with maturity more than 3 months (Note 26)	(49.1)	(41.5)	–	–
Add: Cash and bank balances classified as assets held for sale (Note 27)	3.9	–	–	–
	395.8	853.3	121.3	403.7

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

ACCOUNTING POLICIES

(A) BASIS OF PREPARATION

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

The financial statements of the Group and the Company are prepared under the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest million (RM Million) except when otherwise indicated.

(B) BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at and for the year ended 31 December of each year. Interests in associates and joint venture arrangements are equity accounted.

Subsidiaries are entities, including structured entities, controlled by the Company. In the Company's separate financial statements, investments in subsidiaries are measured at cost less impairment losses, unless the investment is classified as asset held for sale or distribution. Dividends received from subsidiaries are recorded as a component of revenue in the Company's separate statement of profit or loss.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing controls only when such rights are substantive. The Group also considers its 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.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Non-controlling interests at the reporting period, being the portion of the net assets of the subsidiaries attributable to equity interest that are not owned by the Group, whether directly or indirectly through subsidiaries, are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Acquisitions of subsidiaries are accounted for using the acquisition method of accounting. The identifiable assets acquired and the liabilities assumed are measured at their fair values at the acquisition date. Acquisition costs incurred are expensed and included in administrative expenses.



ACCOUNTING POLICIES

(B) BASIS OF CONSOLIDATION (CONT'D.)

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

The accounting policy for goodwill is set out in Note E(a).

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

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

Changes in the Group's equity 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 respective 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 shareholders' equity.

Upon loss of control of a subsidiary, the Group derecognises the assets (including goodwill) and liabilities of the former subsidiary, any non-controlling interest and the other components of equity related to the former subsidiary from the consolidated statement of financial position. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained earnings. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost and subsequently accounted for as an equity accounted investee or as an available for sale financial asset depending on the level of influence retained.

(C) INVESTMENT IN ASSOCIATES AND JOINT VENTURES

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control or joint control, over the financial and operating policy decisions.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

In the Company's separate financial statements, investment in associates and joint ventures are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is charged or credited to profit or loss.

ACCOUNTING POLICIES

(C) INVESTMENT IN ASSOCIATES AND JOINT VENTURES (CONT'D.)

Investments in associates and joint ventures are accounted for in the consolidated financial statements using the equity method. Under the equity method, the investment in an associate or joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associates or joint ventures is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The consolidated income statement reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of these investees is presented as part of the Group's OCI. In addition, where there has been a change recognised directly in the equity of an associate or a joint venture, the Group recognises its share of such change, when applicable, in the consolidated statement of changes in equity. Unrealised gains or losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures.

When the Group's share of losses exceeds its interest in an associate or joint venture, the Group does not recognise further losses except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

The most recent available financial statements of the associates and joint ventures are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Where necessary, adjustments are made to these financial statements to ensure consistency of the accounting policies used 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 its investment in associate or joint venture. The Group determines at each reporting date whether there is any objective evidence that the investment in associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value. Impairment loss is recognised in profit or loss.

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

(D) FAIR VALUE MEASUREMENT

The Group and the Company measure financial instruments, such as derivatives, and non-financial assets such as investment properties, at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 37.

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, 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 and the Company.



ACCOUNTING POLICIES

(D) FAIR VALUE MEASUREMENT (CONT'D.)

A fair value measurement of a non-financial asset 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.

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 the 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 the fair value measurement is directly or indirectly observable |
| Level 3 | – | Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable |

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

(E) INTANGIBLE ASSETS

(a) Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised, but instead, it is reviewed for impairment at least annually and whenever events or changes in circumstances indicate that the carrying value may be impaired.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed off, the goodwill associated with the operation disposed off is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

Goodwill disposed off in this circumstance is measured based on the relative fair values of the operation disposed off and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note (F).

ACCOUNTING POLICIES

(E) INTANGIBLE ASSETS (CONT'D.)

(b) Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding development costs, are not capitalised and the expenditure is reflected in the profit or loss in the year when incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the estimated useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gain or loss arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss when the asset is derecognised.

(i) Concession rights

A subsidiary of the Group was granted the concession relating to the privatisation of the medical laboratory and stores of the Ministry of Health for the distribution of selected medical products to Government-owned hospitals for 11 years since 1998. The concession agreement was extended for a further ten years commencing 1 December 2009. The right attached to this concession which was acquired as part of a business combination is initially measured at its fair value at the acquisition date. The fair value of the concession rights was computed by discounting the estimated future net cash flows to be generated from the acquisition date until the expiry of the current concession term which ends on 30 November 2019.

The fair value of the concession rights is amortised on a straight-line basis over the remaining tenure of the concession contract.

(ii) Rights to supply

Expenses incurred in providing and supplying to the Government of Malaysia certain hardware and software, being part and parcel of the ordinary contractual obligations under the concession agreement, are capitalised and carried at cost less accumulated amortisation and any accumulated impairment losses. The title of the said hardware and software vests with the Government of Malaysia.



ACCOUNTING POLICIES

(E) INTANGIBLE ASSETS (CONT'D.)

(b) Other intangible assets (cont'd.)

(iii) Research and development

Research expenditure is recognised as an expense when incurred. Costs incurred on development projects (relating to the design and testing of new and improved products) are recognised as intangible assets when the following criteria are fulfilled:

- (i) it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- (ii) management intends to complete the intangible asset and use or sell it;
- (iii) there is an ability to use or sell the intangible asset;
- (iv) it can be demonstrated how the intangible asset will generate probable future economic benefits;
- (v) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- (vi) the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in subsequent period.

Capitalised development costs recognised as intangible assets are amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding 15 years.

Development costs work in progress is tested for impairment annually, in accordance with MFRS 136 Impairment of Assets. See accounting policy Note (Q) on impairment of non-financial assets.

(iv) Pharmacy manufacturing licence, trade name, intellectual property and software

Pharmacy manufacturing licence and trade name acquired in a business combination are recognised at fair value at the acquisition date.

The pharmacy manufacturing licence represents the rights to manufacture pharmaceutical products in Malaysia and Indonesia. The licence has a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of pharmacy manufacturing licence over a period of 6 to 9 years.

Trade name represents the in-house branded generic products and have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trade name over a period of 15 years.

Intellectual property represents the patent rights for stevia formula and has a finite useful life and is carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of intellectual property over a period of 15 years.

Acquired software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. This cost is amortised over its estimated useful life of 10 to 15 years.

ACCOUNTING POLICIES

(F) CURRENCY CONVERSION

The Group's consolidated financial statements are presented in RM, which is also the functional currency of the Company. All transactions are recorded in RM. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations which are recognised initially in other comprehensive income and accumulated under foreign exchange currency reserve in equity. The foreign exchange currency reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(b) Consolidated financial statements

For consolidation purposes, the assets and liabilities of foreign operations are translated into RM at the rate of exchange prevailing at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange rate at the reporting date.



ACCOUNTING POLICIES

(G) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are initially recorded at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs if the recognition criteria are met.

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Oil palms are classified as bearer plants within property, plant and equipment. Expenditure that are directly related to the planting and upkeep of oil palms are capitalised until the palms reach maturity. Upon maturity, further maintenance and upkeep costs for oil palms are expensed to profit or loss. Bearer plants commence depreciation when oil palms reach maturity.

Freehold land is not amortised. Capital work-in-progress items are not available for use and thus not depreciated.

Other assets are depreciated on a straight-line basis to write off the cost of the assets to their residual values, over the term of their estimated useful lives as follows:

Buildings	5 – 80 years
Bearer plants	22 years from maturity
Aircraft and vessels	6 – 15 years
Plant and machinery	3 – 30 years
Furniture and equipment	2 – 15 years
Motor vehicles	3 – 10 years

The residual values, useful life and depreciation method of the property, plant and equipment are reviewed at each financial year and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

(H) BIOLOGICAL ASSETS

Biological assets comprise the produce growing on oil palms (bearer plants). Biological assets are measured at fair value less costs to sell. Changes in fair value less costs to sell are recognised in profit and 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 fresh fruit bunches (FFB) harvest and the market price at reporting date of crude palm oil (CPO) and palm kernel (PK) adjusted for extraction rates less processing, harvesting and transportation costs.

ACCOUNTING POLICIES

(I) INVESTMENT PROPERTIES

Investment property comprises completed property and property under development or re-development that is held, or to be held, to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when it is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions.

Investment property comprises property that is not occupied substantially for use by, or in the operations of, the Group and the Company, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. These buildings are substantially rented to tenants and not intended to be sold in the ordinary course of business.

Investment property is measured initially at cost, including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and (only in case of investment property held under a lease) initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. The fair values were determined based on the capitalisation of net income method ("investment method") and is premised on the principle that the value of an income-producing property is represented by the "present worth of future rights to income, or utility". The valuation is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment property are included in profit or loss in the period in which they arise, including the corresponding tax effect.

An investment property is derecognised when either it has been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the investment property is derecognised.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note (G) up to the date of change in use.

(J) BORROWING COSTS

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditure and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.



ACCOUNTING POLICIES

(K) REVENUE

Revenue from contracts with customers

Revenue from contracts with customers 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 (unless otherwise stated below) because it typically controls the goods or services before transferring them to the customer.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, non-cash consideration and consideration payable to the customer, if any). Depending on the terms of the contract, revenue is recognised when the performance obligation is satisfied, which may be at the point in time or over time.

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts relating to ship repair, ship building and property development allow for customers to deduct as liquidated damages from the consideration payable to the Group, in the event of delays in the supply of goods or services. Certain contracts relating to sale of building materials provide customers with a right of return. Liquidated damages and the right of return give rise to variable consideration.

Generally, the Group receives short-term advances from its customers. Using the practical expedient in MFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The Group also provides warranties for defects that existed at the time of sale. Provisions related to these assurance-type warranties are recognised when the product is sold or the service is provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

The Group's revenue from contracts with customers are further described below:

(a) Sale of plantation produce

The Plantation Division is principally involved in the sales of plantation produce which is derived from sales of crude palm oil (CPO), palm kernel (PK) and fresh fruit bunches (FFB). Revenue from sale of plantation produce is recognised at the point in time when control of the goods is transferred to the customer. The sale of plantation produce is either on cash terms (immediate payment or advance payment not exceeding 30 days); or on credit terms of up to 30 days.

ACCOUNTING POLICIES

(K) REVENUE (CONT'D.)

The Group's revenue from contracts with customers are further described below: (cont'd.)

(b) Sale of petroleum products

The Trading, Finance & Investment Division is mainly involved in the sale of petroleum products which are primarily sold to the retail and commercial sectors in Malaysia. Revenue from sale of petroleum products is recognised when the petroleum products are delivered and accepted by the customers at their premises. Payment for sales to the retail customers is on cash terms while a credit term of up to 60 days from the date of invoice is granted to the commercial customers.

(c) Sale of pharmaceutical products

The Pharmaceutical Division manufactures and sells a range of pharmaceutical products. Revenue from sale of pharmaceutical products is recognised at the point in time when the products have been shipped to the designated location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. The sale of pharmaceutical products is mainly on credit terms ranging from 30 days to 120 days.

(d) Sale of building materials

The Property & Industrial Division involves in the business of manufacturing and distributing of building materials products. Revenue from sale of building materials products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the building products. The sale of building materials is either on cash terms or on credit terms of up to 90 days.

(e) Shipbuilding and ship repair

(i) Heavy engineering, repair and maintenance and rendering of services

Revenue from heavy engineering construction contracts, repair and maintenance and rendering of services comprise multiple deliverables which represent a combined output for which the customer has contracted for or is a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer. It is therefore recognised as a single performance obligation.

For heavy engineering construction contract, the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. While for repair and maintenance and the rendering of services, the customer simultaneously receives and consumes the benefits provided by the Group. As such, the Group recognises revenue over time, using an input method, which is based on cost incurred to-date relative to the total expected cost to the satisfaction of the performance obligation. For certain arrangements, revenue is recognised at a point in time when the customer obtains control of the asset or services.

(ii) Sale of goods

Revenue from sale of goods and services is recognised at a point in time when control of the assets is transferred to the customer, generally on the delivery of the goods. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated such as warranties. In determining the transaction price for the sale of equipment, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).



ACCOUNTING POLICIES

(K) REVENUE (CONT'D.)

(f) Revenue from property development

Property development contracts with customers may include multiple promises to customers and are accounted for as separate performance obligations. Transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost-plus margin.

Revenue from property development is recognised as and when the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to-date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by using an input method which is based on cost incurred to-date relative to the total expected cost to the satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group recognises sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers.

(g) Hotel operations

Revenue from rental of hotel rooms, spaces for events and other ancillary services is recognised when the services are rendered. Payment terms are either on cash terms or on credit terms of up to 90 days for corporate customers.

ACCOUNTING POLICIES

(K) REVENUE (CONT'D.)

(h) Tuition fees

Tuition fees, non-refundable registration and enrolment fees are recognised over the period of instruction. Payment terms for tuition fees are on cash terms (immediate payment or advance payment not exceeding 30 days); or on credit terms of up to 90 days for sponsored students.

(i) Others

Other revenues from contracts with customers are recognised at a point in time basis unless otherwise stated:

(i) Plantation agency services

The Group's plantation agency services involve the provision of management and consultancy services to estates and mills. The Group recognises revenue from plantation agency services over time, using an input method to measure the progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group. Normal credit term is 30 days upon invoice being issued.

(ii) Sale of insurance policies

The Group is acting as an agent in these arrangements and records revenue at the net amount that it retains for its agency services.

(iii) Management fees

Management fee is recognised when the services are rendered.

(iv) Terminal operations

Revenue from terminal operations, parking fees and marine consulting and surveying services are recognised net of discounts as and when the services are rendered.

(v) Travel services

The Group is acting as an agent in these arrangements and recognises revenue at the net amount that it retains for its travel services.

Credit terms for the above is 30 days from the date of invoice unless otherwise stated.



ACCOUNTING POLICIES

(K) REVENUE (CONT'D.)

Contract balances

Contract balances comprise of:

(a) Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

In the context of revenue recognised over time in shipbuilding, ship repair and property development activities, contract asset is the excess of cumulative revenue earned over the billings to date.

When there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

(b) Trade receivables

A trade receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Revenue earned from shipbuilding, ship repair and property development activities but yet to be billed to customers, are initially recognised as contract assets and reclassified to trade receivables when the right to considerations becomes unconditional.

(c) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier).

In the context of revenue recognised over time in shipbuilding, ship repair and property development activities, contract liability is the excess of billings to date over cumulative revenue earned.

Contract liabilities include the down payments received from customers and other deferred income where the entity has billed or has collected the payment before the goods are delivered or services are provided to the customers.

Contract cost assets

(a) Cost to obtain a contract

In certain situations, the Group pays sales commission to its employees for each contract that they obtain. The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense sales commissions (included under employee benefits and part of cost of sales) because the amortisation period of the asset that the Group otherwise would have used is one year or less.

(b) Cost to fulfil a contract

The Group recognises:

- (i) costs related directly to a contract or to an anticipated contract that can be specifically identified;
- (ii) costs that generate or enhance resources of the Group that will be used in satisfying performance obligations in future; and
- (iii) the costs that are expected to be recovered as an asset.

ACCOUNTING POLICIES

(K) REVENUE (CONT'D.)

Revenue from other sources

Specific revenue recognition criteria for other revenue and income earned by the Group and the Company are as follows:

- (a) Dividend income – recognised when the right to receive payment is established.
- (b) Rental income – recognised on a straight-line basis over the term of the lease. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

Interest income

Interest income is recognised on accrual basis using the effective interest method.

(L) TAXATION

Taxation recognised in profit or loss for the year comprises current and deferred tax.

Current tax is the expected amount of taxation payable in respect of the taxable profit (including withholding taxes which are payable by subsidiaries and associates on distribution to the receiving entity and real property gains tax payable on disposals of property) for the year and is measured using the tax rates that have been enacted or substantively enacted by the reporting date.

Current tax relating to items recognised directly in equity is recognised in equity and not in the profit or loss.

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with the investments in subsidiaries, associates and joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.



ACCOUNTING POLICIES

(L) TAXATION (CONT'D.)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes related to the same taxable entity and the same taxation authority.

(M) EMPLOYEE BENEFITS

Short term benefits such as wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees. 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. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

As required by law, the Group and the Company make contributions to the Employees Provident Fund in Malaysia. Some of the Group's foreign subsidiaries make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the period in which the related service is performed. Termination benefits are paid in cases of termination of employment and are recognised as a liability and an expense when there is a detailed formal plan for the termination and is without realistic possibility of withdrawal.

(N) INVENTORIES

Inventories are stated at the lower of cost or net realisable value, cost being determined on the weighted average basis.

(i) Raw materials and work in progress, estate produce, goods for resale and consumable stores

Cost includes all incidental costs incurred in bringing the inventories to their present location and condition; and in the case of produce stocks, includes harvesting, manufacturing and transport charges, where applicable.

As for in-house manufactured finished goods and work in progress, labour and appropriate production overheads (based on normal operating capacity) are also included.

ACCOUNTING POLICIES

(N) INVENTORIES (CONT'D.)

(ii) Land held for property development

Land held for property development (classified within non-current assets) comprise land banks which are in the process of being prepared for development but have not been launched, or where development activities are not expected to be completed within the normal operating cycle.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Land held for property development are transferred to property development in progress, within inventories (classified within current assets) at the point when property development activities have commenced and where it can be demonstrated that the activities can be completed within the normal operating cycle.

(iii) Property development costs

Property development in progress comprises cost of land currently being developed together with related development cost common to the whole project and direct building cost.

The property development cost is subsequently recognised as an expense in profit or loss as and when the control of the inventory is transferred to the customer. Property development cost of unsold unit is transferred to completed properties once the development is completed.

(iv) Completed properties

Costs comprise costs of acquisition of land including all related costs incurred subsequent to the acquisition necessary to prepare the land for its intended use, related development costs to projects and direct building costs.

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

(O) 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 and the Company'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 and the Company have applied the practical expedient, the Group and the Company initially measure 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 and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15 (refer to the accounting policies in Note (K) revenue from contracts with customers).



ACCOUNTING POLICIES

(O) FINANCIAL ASSETS (CONT'D.)

Initial recognition and measurement (cont'd.)

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.

The Group's and the Company'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.

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 and the Company commit to purchase or sell the asset.

Subsequent measurement

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

- Financial assets at amortised cost (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

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group and the Company. The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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 include receivables (excluding prepayments and advances paid to the suppliers), deposits and cash and bank balances.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group and the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under MFRS 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument by-instrument basis.

ACCOUNTING POLICIES

(O) FINANCIAL ASSETS (CONT'D.)

Subsequent measurement (cont'd.)

Financial assets designated at fair value through OCI (equity instruments) (cont'd.)

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group and the Company elected to classify irrevocably its investments as disclosed in Note 20 under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments.

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 and the Company have transferred other rights to receive cash flows from the asset or have 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 and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.



ACCOUNTING POLICIES

(O) FINANCIAL ASSETS (CONT'D.)

Subsequent measurement (cont'd.)

Derecognition (cont'd.)

When the Group and the Company have transferred its rights to receive cash flows from an asset or have entered into a pass-through 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 and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have 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 and the Company could be required to repay.

(P) IMPAIRMENT OF FINANCIAL ASSETS

For trade receivables, contract assets and contract cost assets, the Group applies a simplified approach in calculating expected credit losses (ECLs). Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions in Note 4
- Trade receivables in Note 23
- Contract assets and contract cost assets in Note 25

ACCOUNTING POLICIES

(Q) IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying amounts of other assets are reviewed at the end of each reporting date to determine whether there is an indication of impairment. If such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGU).

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

An impairment loss is recognised if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation surplus. Impairment loss on goodwill is not reversed in a subsequent period.

(R) CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statements of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statements of cash flows, cash and cash equivalents consist of cash and short-term deposits with a maturity of three months or less and bank overdrafts which form an integral part of the Group's cash management.



ACCOUNTING POLICIES

(S) 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.

The Group's and the Company's financial liabilities include trade and other payables, lease liabilities, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

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 lease liabilities, interest-bearing loans and borrowings and payables. For more information, refer to Notes 15, 31 and 32.

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.

ACCOUNTING POLICIES

(S) FINANCIAL LIABILITIES (CONT'D.)

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.

(T) DERIVATIVE FINANCIAL INSTRUMENTS

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

(U) LEASES

The Group and the Company 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.

Group and Company as a lessee

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

(i) Right-of-use assets

The Group and the Company recognise 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:

Land	2 – 999 years
Buildings	1 – 50 years
Plant and machinery	20 years
Motor vehicles	1 – 5 years
Other equipment	1 – 4 years



ACCOUNTING POLICIES

(U) LEASES (CONT'D.)

(i) Right-of-use assets (cont'd.)

If ownership of the leased asset transfers to the Group and the Company 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.

(ii) Lease liabilities

At the commencement date of the lease, the Group and the Company recognise 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 the Company and payments of penalties for terminating the lease, if the lease term reflects the Group and the Company 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 and the Company use 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.

(iii) Short-term leases and leases of low-value assets

The Group and the Company apply the short-term lease recognition exemption to its short-term leases of building, machinery and equipment (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.

Group and Company as a lessor

Leases in which the Group and the Company do 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. Contingent rents are recognised as revenue in the period in which they are earned.

ACCOUNTING POLICIES

(V) NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment, right-of-use assets and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

(W) SEGMENT REPORTING

For management purpose, the Group is organised into operating segments based on their activities, products and services which are independently managed by the Divisional Directors responsible for the performance of the respective segments under their charge. The Divisional Directors report directly to the Group's chief operating decision maker who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance.

(X) EQUITY INSTRUMENTS AND RELATED EXPENSES

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 of the Company and the Junior Sukuk Musharakah (Perpetual Sukuk) are equity instruments.

Ordinary shares and the Perpetual Sukuk are classified as equity. Dividends on ordinary shares and distributions on the Perpetual Sukuk are recognised in equity in the period in which they are declared respectively. The attributable incremental transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax.

(Y) CONTINGENCIES

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

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



ACCOUNTING POLICIES

(Z) PROVISIONS

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value 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.

(AA) CURRENT VERSUS NON-CURRENT CLASSIFICATION

The Group and the Company present assets and liabilities in the statement of financial position based on current/ non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold and consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Boustead Holdings Berhad is an investment holding company. The Company's other principal activities include the provision of management services to subsidiaries and property investment. The Company is a public limited liability company, incorporated in Malaysia in 1960, and listed on the Main Market of Bursa Malaysia Securities Berhad. The Company's registered office is located at 28th Floor, Menara Boustead, 69 Jalan Raja Chulan, 50200 Kuala Lumpur.

Information on the Group's investment in subsidiaries, associates and joint ventures is set out on pages 250 to 257 of this annual report.

The Company is a subsidiary of Lembaga Tabung Angkatan Tentera, a local statutory body established under the Tabung Angkatan Tentera Act, 1973.

These financial statements are presented in Ringgit Malaysia and rounded to the nearest million, unless otherwise stated. These financial statements were approved and authorised for issue by the Directors on 31 May 2021.

2. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year, except in the current period, the Group and the Company adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2020:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101: Definition of Material	1 January 2020
Amendments to MFRS 108: Definition of Material	1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9	Effective immediately on 17 August 2020

The adoption of the above new and amended MFRSs did not have any significant financial impact to the Group and the Company.



NOTES TO THE FINANCIAL STATEMENTS

3. STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

Description	Effective for annual periods beginning on or after
Amendment to MFRS 16: COVID-19 Related Rent Concessions	1 June 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 16: COVID-19 Related Rent Concessions beyond 30 June 2021	1 April 2021
Annual improvements to MFRS Standards 2018 – 2020	1 January 2022
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of application.

NOTES TO THE FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Impairment of intangible assets

The Group assesses whether there are any indicators of impairment of intangible assets at each reporting date. Intangible assets (goodwill and intangible assets with indefinite useful lives) are tested for impairment annually and at any other time when such indicators exist. Intangible assets are tested for impairment when there are indicators that their carrying values may exceed the recoverable amounts. When value in use (VIU) calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit (CGU) and chooses a suitable discount rate in order to calculate the present value of those cash flows. The preparation of the estimated future cash flows involves significant judgement and estimations. While the Group believes that the assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable amounts and may lead to future impairment losses. Further details of the key assumptions applied in the impairment assessment of intangible assets are given in Note 21.

(b) Impairment of property, plant and equipment, right-of-use assets and investment in subsidiaries, joint ventures and associates

The Group and the Company review the carrying amounts of the above non-financial assets at each reporting date to determine whether there is any indication of impairment.

If any such indication exists, the Group and the Company shall estimate the recoverable amount of CGU or groups of CGU. The recoverable amount is measured at the higher of fair value less costs of disposal (FVLCD) or VIU.

Where assessment of the recoverable amount of CGU or groups of CGU is determined on the basis of FVLCD, the Group and the Company had amongst others, based the FVLCD on valuations by independent professional valuers which were derived from comparisons with recent transactions involving other similar assets and where applicable, the age, size and title tenure.

Determining the VIU of CGU or groups of CGU require the estimation of future cash flows expected to be derived from continuing use of the assets and from the ultimate disposal of such assets. In estimating the VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The estimation of the recoverable amounts involves significant judgement and estimations. While the Group and the Company believe that the assumptions are appropriate and reasonable, changes in the assumptions may materially affect the assessment of recoverable amounts.

The accumulated impairment losses for property, plant and equipment, right-of-use assets and investment in subsidiaries and a joint venture are disclosed in Notes 13, 15, 17 and 19 respectively.



NOTES TO THE FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

(c) Provision for expected credit loss of trade receivables, other receivables and contract assets

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

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

The carrying amounts of the receivables and contract assets are disclosed in Notes 23 and 25 respectively.

(d) Fair value biological assets

Biological assets represent the produce growing on oil palms. Fresh fruit bunches (FFB) are harvested from the oil palms for use in the production of crude palm oil (CPO) and palm kernel (PK). The growing produce are essentially FFB prior to harvest.

An oil palm fruit typically starts to develop oil from about 14 to 15 weeks after pollination. The oil content in the fruit increases exponentially over the next 5 weeks and reaches its maximum at about 22 weeks.

Management considered the maturity stages of FFB and concluded that unripe FFB of up to 3 weeks prior to the harvest would be used to determine the fair value of the biological assets.

The fair value of the growing produce is determined on the basis of present value of expected future cash flows which takes into consideration of the production and estimated selling prices of CPO and PK adjusted for extraction rates, processing, harvesting and transport costs.

The carrying amount of biological assets is disclosed in Note 24.

If the tonnage of unharvested FFB vary by 10%, the fair value of the Group's biological assets would increase or decrease by RM2.5 million (2019: RM2.2 million).

NOTES TO THE FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

(e) Property development

The Group recognises property development revenue and expenses in profit or loss by using an input method which is based on cost incurred to-date relative to the total expected cost to the satisfaction of that performance obligation.

Significant judgement is required in determining the measure of progress, the extent of the property development cost incurred, the estimated total property development revenue and cost, as well as the recoverability of the property development cost. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

The carrying amounts of the Group's land held for property development and property development in progress are disclosed in Note 22.

(f) Shipbuilding and ship repair

Where the performance obligations are satisfied over time, the Group recognises contract revenue and costs in the income statement by using the input method by reference to the proportion of cost incurred for work performed to date to the estimated total costs to measure progress towards the satisfaction of performance obligation.

Significant judgement is required in determining the extent of the contract costs incurred, the estimated total contract revenue and costs, the recoverability of the contract costs as well as assessing potential deductions to revenue due to delays in delivery or other contractual penalties. Further, significant judgement is also required in determining contract modification with approved change in the scope of work, but with contract price that has yet to be fixed. In making these judgements, the Group evaluates by relying on past experience, correspondence with customer and the work of internal specialists. Information on the Group's shipbuilding and ship repair contract assets and liabilities are disclosed in Note 25.

(g) Deferred tax assets

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

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating cost, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation.

These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statement of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

The total carrying value of the Group's recognised tax losses, capital allowances and agricultural allowances and the unrecognised tax losses, capital allowances and agricultural allowances and unabsorbed investment tax allowances are disclosed in Note 16.



NOTES TO THE FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

(h) Valuation of investment properties

The Group and Company carry its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss. For lands classified as investment properties, the Group and Company had applied the use of comparison valuation technique to assess the fair value of lands. For office buildings, the Group and Company had applied the use of multiple valuation techniques in measuring the fair value. The results are evaluated considering the reasonableness of the range of values indicated by those results. A fair value measurement is the point within that range that is most representative of fair value of the assets. In relation to shopping complexes, the Group had applied the income approach.

Professional valuers are involved for valuation of investment properties and decided upon annually by the management. Selection criteria of professional valuers include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Group's and Company's professional valuers, which valuation techniques and inputs to use for each case.

The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in Note 37.

NOTES TO THE FINANCIAL STATEMENTS

5. REVENUE

	Group		Company	
	2020 RM Million	2019 RM Million	2020 RM Million	2019 RM Million
Sale of plantation produce	762.3	575.7	-	-
Sale of petroleum products	3,015.1	4,786.3	-	-
Sale of pharmaceutical products	2,725.1	2,820.5	-	-
Sale of building materials	232.2	347.6	-	-
Shipbuilding	408.3	877.2	-	-
Ship repair	163.2	179.0	-	-
Property development	195.3	248.3	-	-
Hotel operations	58.3	147.6	-	-
Tuition fees	174.0	164.4	-	-
Others	26.5	48.4	6.0	9.2
Revenue from contracts with customers	7,760.3	10,195.0	6.0	9.2
Rental income	120.7	126.7	7.3	7.5
Gross dividends from quoted shares in Malaysia				
– Subsidiaries	-	-	21.0	28.2
– Associates	-	-	28.8	-
– Others	-	-	-	0.2
Gross dividends from unquoted shares in Malaysia				
– Subsidiaries	-	-	18.3	4.6
– Associates	-	-	2.9	1.9
	7,881.0	10,321.7	84.3	51.6



NOTES TO THE FINANCIAL STATEMENTS

5. REVENUE (CONT'D.)

Segment information of the Group's revenue:

2020	Property & Industrial RM Million	Plantation RM Million	Heavy Industries RM Million	Pharma- ceutical RM Million	Trading, Finance & Investment RM Million	Total RM Million
Sale of plantation produce	-	762.3	-	-	-	762.3
Sale of petroleum products	-	-	-	-	3,015.1	3,015.1
Sale of pharmaceutical products	-	-	-	2,725.1	-	2,725.1
Sale of building materials	232.2	-	-	-	-	232.2
Ship repair	-	-	163.2	-	-	163.2
Shipbuilding	-	-	408.3	-	-	408.3
Property development	195.3	-	-	-	-	195.3
Hotel operations	58.3	-	-	-	-	58.3
Tuition fees	-	-	-	-	174.0	174.0
Others	0.4	0.7	0.5	-	24.9	26.5
Revenue from contracts with customers	486.2	763.0	572.0	2,725.1	3,214.0	7,760.3
Rental income	116.7	-	3.2	-	0.8	120.7
	602.9	763.0	575.2	2,725.1	3,214.8	7,881.0

Disaggregated revenue from contracts with customers

a) Geographical markets

- Malaysia	404.9	763.0	572.0	1,902.4	3,214.0	6,856.3
- Outside Malaysia	81.3	-	-	822.7	-	904.0
	486.2	763.0	572.0	2,725.1	3,214.0	7,760.3

b) Timing of revenue recognition

Goods/services transferred:

- At a point in time	331.1	762.3	0.4	2,725.1	3,040.0	6,858.9
- Over time	155.1	0.7	571.6	-	174.0	901.4
	486.2	763.0	572.0	2,725.1	3,214.0	7,760.3

NOTES TO THE FINANCIAL STATEMENTS

5. REVENUE (CONT'D.)

Segment information of the Group's revenue:

2019	Property & Industrial RM Million	Plantation RM Million	Heavy Industries RM Million	Pharma- ceutical RM Million	Trading, Finance & Investment RM Million	Total RM Million
Sale of plantation produce	-	575.7	-	-	-	575.7
Sale of petroleum products	-	-	-	-	4,786.3	4,786.3
Sale of pharmaceutical products	-	-	-	2,820.5	-	2,820.5
Sale of building materials	347.6	-	-	-	-	347.6
Ship repair	-	-	179.0	-	-	179.0
Shipbuilding	-	-	877.2	-	-	877.2
Property development	248.3	-	-	-	-	248.3
Hotel operations	147.6	-	-	-	-	147.6
Tuition fees	-	-	-	-	164.4	164.4
Others	-	1.5	1.5	-	45.4	48.4
Revenue from contracts with customers	743.5	577.2	1,057.7	2,820.5	4,996.1	10,195.0
Rental income	122.3	-	3.3	-	1.1	126.7
	865.8	577.2	1,061.0	2,820.5	4,997.2	10,321.7

Disaggregated revenue from contracts with customers

a) Geographical markets

- Malaysia	653.6	577.2	1,057.7	2,008.8	4,996.1	9,293.4
- Outside Malaysia	89.9	-	-	811.7	-	901.6
	743.5	577.2	1,057.7	2,820.5	4,996.1	10,195.0

b) Timing of revenue recognition

Goods/services transferred:

- At a point in time	482.9	575.7	1.2	2,780.5	4,813.7	8,654.0
- Over time	260.6	1.5	1,056.5	40.0	182.4	1,541.0
	743.5	577.2	1,057.7	2,820.5	4,996.1	10,195.0



NOTES TO THE FINANCIAL STATEMENTS

6. OPERATING COST

	Group		Company	
	2020 RM Million	2019 RM Million	2020 RM Million	2019 RM Million
Changes in inventories of finished goods and work in progress	200.8	(4.3)	-	-
Finished goods and work in progress purchases	4,709.2	6,614.2	-	-
Raw materials and consumables used	802.0	1,553.8	-	-
Staff costs	663.1	667.1	17.8	16.7
Defined contribution plans	86.3	90.6	2.7	2.5
Depreciation and amortisation				
– Property, plant and equipment (Note 13)	253.0	323.6	0.6	0.8
– Right-of-use assets (Note 15)	79.0	60.1	2.6	2.5
– Intangible assets (Note 21)	4.0	11.6	-	-
Auditors' remuneration paid to Ernst & Young PLT				
– Statutory audit	3.8	4.1	0.4	0.5
– Others	0.7	0.9	0.3	0.1
Auditors' remuneration paid to other firms				
– Statutory audit	1.0	1.0	-	-
– Others	0.8	1.0	-	-
Directors' fees – current year	1.0	1.0	0.9	0.8
Directors' remuneration				
– Emoluments	2.6	2.7	2.4	1.6
– Benefits	-	0.2	-	0.1
Property, plant and equipment				
– Loss/(gain) on disposal	2.9	(9.2)	-	0.1
– Written off	2.3	2.0	-	-
Fair value gain on biological assets (Note 24)	(2.8)	(6.5)	-	-
Other operating cost	821.9	947.9	126.8	81.8
	7,631.6	10,261.8	154.5	107.5

NOTES TO THE FINANCIAL STATEMENTS

6. OPERATING COST (CONT'D.)

	Group		Company	
	2020 RM Million	2019 RM Million	2020 RM Million	2019 RM Million
Other operating cost includes:				
Expenses relating to short term lease (Note 15)	10.7	15.8	-	-
Expenses relating to leases of low-value assets (Note 15)	4.6	7.6	-	-
Variable lease payment (Note 15)	1.2	0.9	-	-
Investment properties				
- Direct operating expenses	42.8	53.8	3.5	3.5
Hire of equipment	3.8	3.8	-	-
Research and development	16.9	19.8	-	-
Net fair value loss on derivatives (Note 37)	1.3	6.3	-	-
Net foreign exchange loss/(gain)				
- Realised	5.2	(2.7)	-	-
- Unrealised	28.3	(8.2)	-	-
Inventories (Note 22)				
- Writedown	21.6	30.9	-	-
- Writeback	(0.1)	(2.2)	-	-
Allowance for expected credit loss:				
- Trade receivables (Note 23)	36.6	11.3	-	-
- Amount due from subsidiaries (Note 23)	-	-	116.6	70.1
- Amount due from joint venture (Note 23)	0.2	15.5	-	-
Reversal of allowance for expected credit loss				
- Trade receivables (Note 23)	(13.7)	(17.8)	-	-
- Contract assets (Note 25)	(11.1)	(1.2)	-	-
Assets classified as held for sale written down (Note 27)	2.1	-	-	-

7. INTEREST INCOME

	Group		Company	
	2020 RM Million	2019 RM Million	2020 RM Million	2019 RM Million
Interest income				
- Subsidiaries	-	-	141.5	136.7
- Associates and joint ventures	13.7	22.4	-	10.8
- Others	11.9	26.4	4.9	14.8
	25.6	48.8	146.4	162.3



NOTES TO THE FINANCIAL STATEMENTS

8. OTHER INVESTMENT RESULTS

	Group		Company	
	2020 RM Million	2019 RM Million	2020 RM Million	2019 RM Million
Gross dividends of quoted shares in Malaysia	0.2	0.2	-	-
Gross dividends of unquoted shares in Malaysia	-	0.2	-	-
(Impairment losses)/reversal of impairment losses				
- Subsidiaries (Note 17)	-	-	(609.8)	(149.6)
- Joint venture (Note 19)	-	-	(5.3)	39.9
- Goodwill of an associate	(7.1)	-	-	-
Profit on disposal of an associate (Note 41 (b))	44.5	-	60.0	-
	37.6	0.4	(555.1)	(109.7)

9. FINANCE COST

	Group		Company	
	2020 RM Million	2019 RM Million	2020 RM Million	2019 RM Million
Interest expense on				
- Bank borrowings	266.1	295.8	73.0	83.3
- Islamic medium term notes	143.6	118.6	143.5	118.6
- Asset-backed bonds	-	7.3	-	-
- Loans from subsidiaries	-	-	1.8	2.2
- Loan from joint venture	-	-	3.1	-
- Lease liabilities (Note 15)	4.5	2.2	0.5	0.7
	414.2	423.9	221.9	204.8
Capitalised in qualifying assets				
- Property, plant and equipment (Note 13)	(1.8)	(1.1)	-	-
- Inventories (Note 22)				
- Land held for property development	(21.4)	(21.7)	-	-
- Property development in progress	(3.8)	(1.4)	-	-
	(27.0)	(24.2)	-	-
	387.2	399.7	221.9	204.8

NOTES TO THE FINANCIAL STATEMENTS

10. TAXATION

	Group		Company	
	2020 RM Million	2019 RM Million	2020 RM Million	2019 RM Million
Taxation on profit for the year				
– Malaysian	72.9	99.2	1.8	3.0
– Foreign	2.2	2.0	–	–
Deferred tax relating to (Note 16):				
– Origination and reversal of temporary differences	20.2	(50.6)	(2.2)	(0.4)
	95.3	50.6	(0.4)	2.6
(Over)/under provision in prior year				
– Current income tax	(5.6)	(11.1)	(1.8)	(3.3)
– Deferred tax (Note 16)	(12.8)	8.4	(0.2)	–
	76.9	47.9	(2.4)	(0.7)

A reconciliation of taxation applicable to profit before taxation at the statutory income tax rate of 24% to taxation at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2020 RM Million	2019 RM Million	2020 RM Million	2019 RM Million
Loss before taxation	(420.3)	(1,335.8)	(718.4)	(211.6)
Taxation at Malaysian statutory rate of 24%	(100.9)	(320.6)	(172.4)	(50.8)
Income not subject to tax	(31.7)	(5.8)	(31.5)	(8.4)
Income subject to different tax rates	–	(22.5)	–	–
Share of results in associates and joint ventures	6.6	(39.4)	–	–
Non-deductible expenses	167.2	403.5	201.0	61.8
Expenses subject to double deduction	(4.3)	(4.5)	–	–
Deferred tax recognised at different tax rate	12.7	(15.2)	2.5	–
Tax incentives	(3.6)	(3.4)	–	–
Deferred tax assets not recognised	54.8	64.5	–	–
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances and agricultural allowances	(5.5)	(6.0)	–	–
	95.3	50.6	(0.4)	2.6
(Over)/under provision in prior year				
– Current income tax	(5.6)	(11.1)	(1.8)	(3.3)
– Deferred tax	(12.8)	8.4	(0.2)	–
Taxation recognised in profit or loss	76.9	47.9	(2.4)	(0.7)



NOTES TO THE FINANCIAL STATEMENTS

11. LOSS PER SHARE

Basic and diluted loss per share of the Group is calculated by dividing the consolidated loss for the year attributable to shareholders of the Company of RM550.9 million (2019: RM1,278.8 million) by the weighted average number of ordinary shares in issue during the year of 2,027.0 million (2019: 2,027.0 million).

12. DIVIDENDS

The Directors do not recommend the payment of dividend for the current and previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

13. PROPERTY, PLANT AND EQUIPMENT

	Others RM Million
Company – 2020	
Cost	
At 1 January 2020	11.7
Additions	0.1
Disposals	(0.3)
At 31 December 2020	11.5
Accumulated depreciation	
At 1 January 2020	9.3
Charge for the year (Note 6)	0.6
Disposals	(0.3)
At 31 December 2020	9.6
Net book value	
At 31 December 2020	1.9
Company – 2019	
Cost	
At 1 January 2019	12.2
Additions	0.2
Disposals	(0.6)
Transfers to group companies	(0.1)
At 31 December 2019	11.7
Accumulated depreciation	
At 1 January 2019	8.7
Charge for the year (Note 6)	0.8
Disposals	(0.2)
At 31 December 2019	9.3
Net book value	
At 31 December 2019	2.4



NOTES TO THE FINANCIAL STATEMENTS

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

	Land and buildings RM Million	Bearer plants RM Million	Aircraft and vessels RM Million	Plant and machinery RM Million	Others RM Million	Total RM Million
Group – 2020						
Cost						
At 1 January 2020	3,596.8	972.4	640.6	1,113.9	1,319.1	7,642.8
Additions	10.6	20.6	–	12.8	61.2	105.2
Disposals	(23.7)	–	–	(8.0)	(22.1)	(53.8)
Write off	(0.7)	(20.0)	–	(1.5)	(11.8)	(34.0)
Transfer to assets classified as held for sale (Note 27)	(197.4)	–	–	(16.6)	(21.4)	(235.4)
Interest capitalised (Note 9)	–	1.8	–	–	–	1.8
Reclassification	21.2	–	–	43.5	(64.7)	–
Exchange adjustment	1.9	–	–	(0.2)	(0.4)	1.3
At 31 December 2020	3,408.7	974.8	640.6	1,143.9	1,259.9	7,427.9
Accumulated depreciation and impairment losses						
At 1 January 2020	542.9	454.6	524.6	604.2	637.8	2,764.1
Depreciation charge for the year						
– Recognised in profit or loss (Note 6)	55.6	52.3	6.9	74.7	63.5	253.0
– Capitalised in contract cost	–	–	2.1	3.9	9.0	15.0
Transfer to assets classified as held for sale (Note 27)	(104.0)	–	–	(13.7)	(20.6)	(138.3)
Impairment losses	120.1	–	–	13.0	0.2	133.3
Disposals	–	–	–	(7.0)	(17.6)	(24.6)
Write off	(0.2)	(19.5)	–	(1.5)	(10.5)	(31.7)
Exchange adjustment	(0.2)	–	–	(0.1)	(0.4)	(0.7)
At 31 December 2020	614.2	487.4	533.6	673.5	661.4	2,970.1
Net book value						
At 31 December 2020	2,794.5	487.4	107.0	470.4	598.5	4,457.8
Accumulated impairment losses						
At 31 December 2020	180.0	136.5	199.4	13.0	59.5	588.4

NOTES TO THE FINANCIAL STATEMENTS

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

	Land and buildings RM Million	Bearer plants RM Million	Aircraft and vessels RM Million	Plant and machinery RM Million	Others RM Million	Total RM Million
Group – 2019						
Cost						
As 1 January 2019	3,386.6	901.3	660.3	1,046.1	1,289.1	7,283.4
Additions	44.7	87.5	0.3	33.2	142.1	307.8
Disposals	(1.1)	–	(20.0)	(5.2)	(18.7)	(45.0)
Write off	(0.4)	(17.3)	–	(4.7)	(84.8)	(107.2)
Transfer from/(to):						
– Assets classified as held for sale (Note 27)	223.4	–	–	–	–	223.4
– Investment properties (Note 14)	(21.7)	–	–	–	–	(21.7)
Interest capitalised (Note 9)	–	0.9	–	–	0.2	1.1
Reclassification	(35.0)	–	–	44.3	(9.3)	–
Exchange adjustment	0.3	–	–	0.2	0.5	1.0
At 31 December 2019	3,596.8	972.4	640.6	1,113.9	1,319.1	7,642.8
Accumulated depreciation and impairment losses						
As 1 January 2019	437.4	268.4	443.2	532.5	609.1	2,290.6
Depreciation charge for the year						
– Recognised in profit or loss (Note 6)	69.1	75.6	19.0	75.0	84.9	323.6
– Capitalised in contract cost	0.7	–	–	4.1	9.0	13.8
Transfer to investment properties (Note 14)	(5.1)	–	–	–	–	(5.1)
Impairment losses	54.1	126.9	80.4	–	26.7	288.1
Disposals	(1.0)	–	(18.0)	(5.0)	(18.0)	(42.0)
Write off	(0.4)	(16.3)	–	(4.0)	(84.5)	(105.2)
Reclassification	(11.9)	–	–	1.6	10.3	–
Exchange adjustment	–	–	–	–	0.3	0.3
At 31 December 2019	542.9	454.6	524.6	604.2	637.8	2,764.1
Net book value						
At 31 December 2019	3,053.9	517.8	116.0	509.7	681.3	4,878.7
Accumulated impairment losses						
At 31 December 2019	59.9	136.7	199.4	–	59.3	455.3



NOTES TO THE FINANCIAL STATEMENTS

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

	Group	
	2020	2019
	RM Million	RM Million
Analysis of net book value of land and buildings:		
Freehold property		
– Land	1,510.5	1,512.7
– Building	878.1	979.4
	2,388.6	2,492.1
Leasehold property		
Long leasehold		
– Building	228.7	382.5
Short leasehold		
– Building	177.2	179.3
	405.9	561.8
	2,794.5	3,053.9

Included in the Group's other property, plant and equipment is capital work in progress costing RM84.9 million (2019: RM116.3 million).

The other assets included under this category are motor vehicles and furniture and equipment.

Additions to the Group's property, plant and equipment during the financial year include the capitalisation of interest cost as disclosed in Note 9 is RM1.8 million (2019: RM1.1 million).

The net book value of property, plant and equipment pledged as securities for borrowings as disclosed in Note 31 is RM70.3 million (2019: RM104.5 million).

The freehold land of a subsidiary with carrying values of RM716.9 million (2019: RM716.9 million) are held by CIMB Islamic Trustee Berhad, acting as trustee for the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

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

During the financial year, management had identified internal and external indicators of impairment in respect of property, plant and equipment mainly in Trading, Finance & Investment Division, Property & Industrial Division and Plantation Division. Management had undertaken an assessment of the recoverable amount of the assets. Recoverable amount is defined as the higher of value-in-use and fair value less costs of disposal.

The aforementioned impairment review give rise to a total impairment loss of RM133.3 million (2019: RM288.1 million) recognised in current year of which:

(a) Trading, Finance & Investment Division

Impairment losses of property, plant and equipment and right-of-use assets of RM71.6 million and RM21.1 million respectively related to loss-making cruise terminal, jetty and related assets of Trading, Finance & Investment Division. The recoverable amount of these assets of RM225.8 million was based on fair value less costs of disposal using market approach (comparison approach) (Level 3 of the fair value hierarchy).

In the previous financial year, impairment losses of RM80.4 million related to the aircraft of which were not in use upon termination of contracts by the counter parties. The recoverable amount of RM93.5 million was based on market approach (comparison approach) (Level 3 of the fair value hierarchy).

(b) Property & Industrial Division

Impairment losses of property, plant and equipment and right-of-use assets of RM59.3 million (2019: RM47.1 million) and RM16.8 million (2019: RMNil) respectively related to loss-making hotel properties. The recoverable amount of the hotel properties of RM414.0 million (2019: RM95.8 million) was based on fair value less costs of disposal which derived from valuations performed by an independent professional valuer (Level 3 of the fair value hierarchy).

(c) Plantation

During the financial year, the Group recognised impairment losses of the property, plant and equipment of RM2.4 million in relation to assets which previously used in the sawmill business and are currently idle and not contributing to the core operations of the Group.

In the previous financial year, the Group recognised impairment losses of property, plant and equipment and right-of-use assets of RM160.6 million and RM15.4 million respectively in relation oil palm estates and mill of Plantation Division. The recoverable amount estimated in relation to the impaired estates and the impaired mill of Plantation Division was RM1,013.9 million based on fair value less costs of disposal. The fair value was determined by independent professional values using income approach (Level 3 of the fair value hierarchy).



NOTES TO THE FINANCIAL STATEMENTS

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

Movement of bearer plants are as follows:

	Mature RM Million	Immature RM Million	Total RM Million
Group – 2020			
Cost			
At 1 January 2020	876.7	95.7	972.4
Additions	–	20.6	20.6
Interest capitalised	–	1.8	1.8
Reclassification	35.5	(35.5)	–
Write off	(20.0)	–	(20.0)
At 31 December 2020	892.2	82.6	974.8
Accumulated depreciation			
At 1 January 2020	317.9	–	317.9
Charge for year	52.3	–	52.3
Write off	(19.3)	–	(19.3)
At 31 December 2020	350.9	–	350.9
Accumulated impairment losses			
At 1 January 2020	136.1	0.6	136.7
Write off	(0.2)	–	(0.2)
At 31 December 2020	135.9	0.6	136.5
Net carrying amount			
At 31 December 2020	405.4	82.0	487.4

NOTES TO THE FINANCIAL STATEMENTS

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

Movement of bearer plants are as follows: (cont'd.)

	Mature RM Million	Immature RM Million	Total RM Million
Group – 2019			
Cost			
At 1 January 2019	821.8	79.5	901.3
Additions	47.4	40.1	87.5
Interest capitalised	–	0.9	0.9
Reclassification	24.8	(24.8)	–
Write off	(17.3)	–	(17.3)
At 31 December 2019	876.7	95.7	972.4
Accumulated depreciation			
At 1 January 2019	258.6	–	258.6
Charge for year	75.6	–	75.6
Write off	(16.3)	–	(16.3)
At 31 December 2019	317.9	–	317.9
Accumulated impairment losses			
At 1 January 2019	9.8	–	9.8
Impairment losses for the year	126.3	0.6	126.9
At 31 December 2019	136.1	0.6	136.7
Net carrying amount			
At 31 December 2019	422.7	95.1	517.8



NOTES TO THE FINANCIAL STATEMENTS

14. INVESTMENT PROPERTIES

	Completed investment properties RM Million	Investment properties under construction at cost RM Million	Total RM Million
Group			
At 1 January 2019	1,496.5	6.9	1,503.4
Fair value loss	(7.6)	–	(7.6)
Additions from subsequent expenditure	2.4	–	2.4
Transfer from property, plant and equipment (Note 13)	16.6	–	16.6
Transfer from right-of-use assets (Note 15)	53.3	–	53.3
At 31 December 2019 and 1 January 2020	1,561.2	6.9	1,568.1
Fair value loss	(110.8)	–	(110.8)
Additions from subsequent expenditure	4.2	0.4	4.6
Transfer to assets classified as held for sale (Note 27)	(57.0)	–	(57.0)
Reclassification	6.9	(6.9)	–
At 31 December 2020	1,404.5	0.4	1,404.9
Company			
At 1 January 2019	107.5	–	107.5
Fair value loss	(3.5)	–	(3.5)
Additions from subsequent expenditure	0.5	–	0.5
At 31 December 2019 and 1 January 2020	104.5	–	104.5
Fair value loss	(17.6)	–	(17.6)
Additions from subsequent expenditure	0.5	–	0.5
At 31 December 2020	87.4	–	87.4

NOTES TO THE FINANCIAL STATEMENTS

15. LEASE

Group/Company as a lessee

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

	Land and buildings RM Million	Plant and machinery RM Million	Motor vehicles RM Million	Other equipment RM Million	Total RM Million
Group					
Cost					
At 1 January 2020	2,690.5	1.1	1.1	2.2	2,694.9
Additions	74.4	-	0.2	1.5	76.1
Disposal	(6.0)	-	-	(0.2)	(6.2)
Transfer to assets classified as held for sale (Note 27)	(101.2)	(1.1)	-	-	(102.3)
At 31 December 2020	2,657.7	-	1.3	3.5	2,662.5
Accumulated depreciation and impairment losses					
At 1 January 2020	289.8	0.3	0.7	0.2	291.0
Charge for the year (Note 6)	78.5	-	0.3	0.2	79.0
Disposal	(5.6)	-	-	-	(5.6)
Impairment loss	37.9	-	-	-	37.9
Transfer to assets classified as held for sale (Note 27)	(28.9)	(0.3)	-	-	(29.2)
At 31 December 2020	371.7	-	1.0	0.4	373.1
Net book value					
At 31 December 2020	2,286.0	-	0.3	3.1	2,289.4



NOTES TO THE FINANCIAL STATEMENTS

15. LEASE (CONT'D.)

Group/Company as a lessee (cont'd.)

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

	Land and buildings RM Million	Plant and machinery RM Million	Motor vehicles RM Million	Other equipment RM Million	Total RM Million
Group					
Cost					
At 1 January 2019	2,428.1	1.1	1.1	0.3	2,430.6
Additions	328.1	–	–	1.9	330.0
Derecognition	(1.2)	–	–	–	(1.2)
Transfer to investment properties (Note 14)	(64.5)	–	–	–	(64.5)
At 31 December 2019	2,690.5	1.1	1.1	2.2	2,694.9
Accumulated depreciation and impairment losses					
At 1 January 2019	219.8	0.2	0.4	–	220.4
Charge for the year (Note 6)	59.5	0.1	0.3	0.2	60.1
Derecognition	(0.7)	–	–	–	(0.7)
Impairment losses	22.4	–	–	–	22.4
Transfer to investment properties (Note 14)	(11.2)	–	–	–	(11.2)
At 31 December 2019	289.8	0.3	0.7	0.2	291.0
Net book value					
At 31 December 2019	2,400.7	0.8	0.4	2.0	2,403.9

NOTES TO THE FINANCIAL STATEMENTS

15. LEASE (CONT'D.)**Group/Company as a lessee (cont'd.)**

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

	Land and buildings RM Million
Company	
Cost	
At 1 January 2020	14.5
Additions	13.0
Write off	(14.5)
At 31 December 2020	13.0
Accumulated depreciation	
At 1 January 2020	2.5
Charge for the year (Note 6)	2.6
Write off	(2.5)
At 31 December 2020	2.6
Net book value	
At 31 December 2020	10.4



NOTES TO THE FINANCIAL STATEMENTS

15. LEASE (CONT'D.)

Group/Company as a lessee (cont'd.)

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

	Land and buildings RM Million
Company	
Cost	
At 1 January 2019	14.5
Additions	-
At 31 December 2019	14.5
Accumulated depreciation	
At 1 January 2019	-
Charge for the year (Note 6)	2.5
At 31 December 2019	2.5
Net book value	
At 31 December 2019	12.0

NOTES TO THE FINANCIAL STATEMENTS

15. LEASE (CONT'D.)

Group/Company as a lessee (cont'd.)

Set out below are the carrying amounts of lease liabilities and the movements during the year.

	Group		Company	
	2020 RM Million	2019 RM Million	2020 RM Million	2019 RM Million
At 1 January	41.3	45.0	12.2	14.5
Additions	67.4	3.3	13.0	-
Accretion of interest (Note 9)	4.5	2.2	0.5	0.7
Lease payments	(36.9)	(9.2)	(2.9)	(3.0)
Write off	-	-	(12.2)	-
Rebate	(0.3)	-	-	-
At 31 December	76.0	41.3	10.6	12.2
Current	21.3	11.2	2.5	2.3
Non-current	54.7	30.1	8.1	9.9
	76.0	41.3	10.6	12.2

The following are the amounts recognised in profit or loss:

	Group		Company	
	2020 RM Million	2019 RM Million	2020 RM Million	2019 RM Million
Depreciation expenses of right-of-use assets (Note 6)	79.0	60.1	2.6	2.5
Interest expense on lease liabilities (Note 9)	4.5	2.2	0.5	0.7
Impairment losses	37.9	22.4	-	-
Expenses relating to short term lease (Note 6)	10.7	15.8	-	-
Expenses relating to leases of low-value assets (Note 6)	4.6	7.6	-	-
Variable lease payment (Note 6)	1.2	0.9	-	-
	137.9	109.0	3.1	3.2

The Group and Company had total cash outflow for leases of RM36.9 million (2019: RM9.2 million) and RM2.9 million (2019: RM3.0 million) respectively in 2020. The Group also had non-cash additions to right-of-use assets and lease liabilities of RM66.2 million (2019: RM9.0 million) in 2020.

The leasehold land of a subsidiary with carrying book values of RM185.3 million (2019: RM186.6 million) are held by CIMB Islamic Trustee Berhad, acting as trustee for the subsidiary.

The leasehold land of subsidiaries with carrying amount of RM62.5 million (2019: RM65.0 million) are subleased from the registered owners.



NOTES TO THE FINANCIAL STATEMENTS

16. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2020 RM Million	2019 RM Million	2020 RM Million	2019 RM Million
At 1 January	(281.1)	(322.7)	(3.2)	(3.6)
Recognised in profit or loss (Note 10)	(7.4)	42.2	2.4	0.4
Exchange adjustment	(0.2)	(0.6)	-	-
At 31 December	(288.7)	(281.1)	(0.8)	(3.2)
Presented after appropriate offsetting as follows:				
Deferred tax assets	37.0	53.1	-	-
Deferred tax liabilities	(325.7)	(334.2)	(0.8)	(3.2)
	(288.7)	(281.1)	(0.8)	(3.2)

Deferred tax liabilities of the Company comprise mainly the taxable temporary differences on the Company's investment property.

The components and movements of deferred tax assets and liabilities for the Group during the financial year prior to offsetting are as follows:

	Tax losses RM Million	Unabsorbed capital allowances RM Million	Others RM Million	Total RM Million
Deferred tax assets – Group				
At 1 January 2019	53.9	83.8	59.8	197.5
Recognised in profit or loss	(8.9)	5.0	(55.6)	(59.5)
At 31 December 2019 and 1 January 2020	45.0	88.8	4.2	138.0
Recognised in profit or loss	(38.3)	19.4	174.0	155.1
At 31 December 2020	6.7	108.2	178.2	293.1

NOTES TO THE FINANCIAL STATEMENTS

16. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)

The components and movements of deferred tax assets and liabilities for the Group during the financial year prior to offsetting are as follows: (cont'd.)

	Fair value gain on investment properties RM Million	Accelerated depreciation RM Million	Others RM Million	Total RM Million
Deferred tax liabilities – Group				
At 1 January 2019	(18.6)	(430.6)	(71.0)	(520.2)
Recognised in profit or loss	(23.3)	36.4	88.6	101.7
Exchange adjustment	–	–	(0.6)	(0.6)
At 31 December 2019 and 1 January 2020	(41.9)	(394.2)	17.0	(419.1)
Recognised in profit or loss	50.4	(187.1)	(25.8)	(162.5)
Exchange adjustment	–	–	(0.2)	(0.2)
At 31 December 2020	8.5	(581.3)	(9.0)	(581.8)

Deferred tax assets which have not been recognised are as follows:

	Group		Company	
	2020 RM Million	2019 RM Million	2020 RM Million	2019 RM Million
Unused tax losses	1,755.7	1,617.7	–	–
Unabsorbed capital allowances and agricultural allowances	549.6	482.3	–	–
Unabsorbed investment tax allowances	140.1	140.1	–	–
	2,445.4	2,240.1	–	–

Effective from year of assessment of 2019, any unutilised tax losses can only be carried forward for a maximum period of seven consecutive years of assessment.

Deferred tax assets have not been recognised in respect of these items as it is not probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised.



NOTES TO THE FINANCIAL STATEMENTS

17. SUBSIDIARIES

	Company	
	2020 RM Million	2019 RM Million
At cost	3,393.9	3,243.9
Accumulated impairment losses		
At 1 January	(366.5)	(216.9)
Impairment losses (Note 8)	(609.8)	(149.6)
At 31 December	(976.3)	(366.5)
Total carrying amount	2,417.6	2,877.4
Shares quoted in Malaysia	795.4	902.8
Unquoted shares	1,622.2	1,984.6
Total carrying amount	2,417.6	2,887.4
Market value of quoted shares	1,608.0	1,485.1

As at 31 December 2020, the market value of the Company's investment in Boustead Heavy Industries Corporation Berhad (BHIC) is lower than its carrying amount and certain subsidiaries of the Company including Boustead Naval Shipyard Sdn Bhd (BNS) and MHS Aviation Berhad (MHSA) have also reported continuing operating losses and depleting shareholder's funds.

Management had estimated the recoverable amount of the investments at the higher of fair value less costs of disposal (FVLCD) or value-in-use (VIU) and recognised the following impairment losses:

- (a) The recoverable amount in respect of BHIC is based on the share price of BHIC and the impairment losses recognised during the year is RM107.4 million (2019: RM87.8 million).
- (b) In respect of BNS and MHSA, the impairment losses recognised are RM386.1 million (2019: RM Nil) and RM116.3 million (2019: RM25.5 million) respectively. The recoverable amounts are based on FVLCD, determined from their net assets adjusted for fair value of property, plant and equipment valued by independent professional valuers.

NOTES TO THE FINANCIAL STATEMENTS

17. SUBSIDIARIES (CONT'D.)**Non-controlling interests in subsidiaries**

The Group regards Boustead Plantations Berhad (BPlant Group), Boustead Petroleum Sdn Bhd (BPSB Group) and Pharmaniaga Berhad (Pharmaniaga Group) as subsidiaries that have material non-controlling interests (NCI). Details are as follows:

	BPSB Group RM Million	BPlant Group RM Million	Pharmaniaga Group RM Million	Other subsidiaries with immaterial NCI RM Million	Total RM Million
Group – 2020					
NCI percentage of ownership interest and voting interest	40%	43%	44%		
Carrying amount of NCI	309.7	942.6	192.3	(52.2)	1,392.4
Profit/(loss) allocated to NCI	4.3	9.1	11.0	(24.7)	(0.3)
Dividends paid to NCI	3.5	5.1	11.6	–	20.2



NOTES TO THE FINANCIAL STATEMENTS

17. SUBSIDIARIES (CONT'D.)

Non-controlling interests in subsidiaries (cont'd.)

The summarised financial information before inter-company eliminations are as follows:

	BPSB Group RM Million	BPlant Group RM Million	Pharmaniaga Group RM Million
As at 31 December 2020			
Non-current assets	1,024.2	3,961.8	653.9
Current assets	220.1	166.8	926.2
Non-current liabilities	(70.9)	(875.6)	(31.4)
Current liabilities	(543.8)	(777.9)	(1,193.8)
Net assets	629.6	2,475.1	354.9
Year ended 31 December 2020			
Revenue	3,015.1	763.0	2,725.1
Profit for the year	3.3	34.4	26.3
Other comprehensive income/(loss)	-	0.1	(3.0)
Total comprehensive income	3.3	34.5	23.3
Cash flows generated from/(used in)			
Operating activities	54.5	259.5	(25.7)
Investing activities	(53.8)	(38.4)	(32.6)
Financing activities	(21.8)	(197.5)	71.5
Net (decrease)/increase in cash and cash equivalents	(21.1)	23.6	13.2

NOTES TO THE FINANCIAL STATEMENTS

17. SUBSIDIARIES (CONT'D.)

Non-controlling interests in subsidiaries (cont'd.)

	BPSB Group RM Million	BPlant Group RM Million	Pharmaniaga Group RM Million	Other subsidiaries with immaterial NCI RM Million	Total RM Million
Group – 2019					
NCI percentage of ownership interest and voting interest	40%	43%	44%		
Carrying amount of NCI	308.9	938.5	197.3	(94.9)	1,349.8
Profit/(loss) allocated to NCI	63.8	(73.9)	(67.2)	(109.6)	(186.9)
Dividends paid to NCI	22.1	9.5	12.3	24.9	68.8

The summarised financial information before inter-company eliminations are as follows:

	BPSB Group RM Million	BPlant Group RM Million	Pharmaniaga Group RM Million
As at 31 December 2019			
Non-current assets	1,014.3	4,047.3	658.6
Current assets	317.1	152.3	933.7
Non-current liabilities	(46.9)	(936.1)	(34.8)
Current liabilities	(656.9)	(811.3)	(1,200.6)
Net assets	627.6	2,452.2	356.9
Year ended 31 December 2019			
Revenue	4,786.3	577.2	2,820.5
Profit/(loss) for the year	107.7	(157.3)	(149.4)
Other comprehensive income	–	0.8	2.3
Total comprehensive income/(loss)	107.7	(156.5)	(147.1)
Cash flows generated from/(used in)			
Operating activities	497.5	149.1	189.8
Investing activities	(78.7)	(316.6)	(72.7)
Financing activities	(442.2)	135.3	(125.3)
Net decrease in cash and cash equivalents	(23.4)	(32.2)	(8.2)



NOTES TO THE FINANCIAL STATEMENTS

18. ASSOCIATES

	Group		Company	
	2020 RM Million	2019 RM Million	2020 RM Million	2019 RM Million
At cost				
Shares quoted in Malaysia	929.9	901.1	929.9	901.1
Unquoted shares	83.9	91.1	51.2	58.4
	1,013.8	992.2	981.1	959.5
Shares of post acquisition reserves	1,111.2	1,124.3	-	-
	2,125.0	2,116.5	981.1	959.5
Market value of quoted shares	796.4	782.1	796.4	782.1

Material associate

The Group regards Affin Bank Berhad (Affin) as a material associate. The summarised information, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in associates are as follows:

	Affin RM Million
Group – 2020	
Percentage of ownership interest	20.81%
As at 31 December 2020	
Total assets	69,536.5
Total liabilities and non-controlling interests	(59,970.0)
Net assets	9,566.5
Year ended 31 December 2020	
Revenue	2,264.9
Profit for the year	221.1
Other comprehensive income	15.4
Total comprehensive income	236.5

NOTES TO THE FINANCIAL STATEMENTS

18. ASSOCIATES (CONT'D.)

Material associate (cont'd.)

	Affin RM Million	Associates that are not individually material RM Million	Total RM Million
Reconciliation of net assets to carrying amount as at 31 December 2020			
Group's share of net assets	1,990.8	129.9	2,120.7
Goodwill	-	4.3	4.3
Carrying amount in the statement of financial position	1,990.8	134.2	2,125.0
Group's share of results for the year ended 31 December 2020			
Group's share of profit	46.0	1.6	47.6
Group's share of other comprehensive income	3.2	0.2	3.4
Group's share of total comprehensive income	49.2	1.8	51.0
Other information			
Dividends received by the Group	28.8	11.6	40.4
			Affin RM Million
Group – 2019			
Percentage of ownership interest			20.7%
As at 31 December 2019			
Total assets			68,341.3
Total liabilities and non-controlling interests			(58,996.0)
Net assets			9,345.3
Year ended 31 December 2019			
Revenue			3,573.8
Profit for the year			487.8
Other comprehensive income			137.5
Total comprehensive income			625.3



NOTES TO THE FINANCIAL STATEMENTS

18. ASSOCIATES (CONT'D.)

Material associate (cont'd.)

	Affin RM Million	Associates that are not individually material RM Million	Total RM Million
Reconciliation of net assets to carrying amount as at 31 December 2019			
Group's share of net assets	1,934.5	162.5	2,097.0
Goodwill	15.2	4.3	19.5
Carrying amount in the statement of financial position	1,949.7	166.8	2,116.5
Group's share of results for the year ended 31 December 2019			
Group's share of profit	100.9	16.1	117.0
Group's share of other comprehensive income/(loss)	28.5	(0.5)	28.0
Group's share of total comprehensive income	129.4	15.6	145.0
Other information			
Dividends received by the Group	-	10.0	10.0

19. JOINT VENTURES

	Group		Company	
	2020 RM Million	2019 RM Million	2020 RM Million	2019 RM Million
Unquoted shares, at costs	545.6	545.6	250.0	250.0
Share of post acquisition reserves	(61.7)	13.9	-	-
	483.9	559.5	250.0	250.0
Less: Accumulated impairment losses	-	-	(75.2)	(69.9)
	483.9	559.5	174.8	180.1

During the year, the Company recognised impairment losses of RM5.3 million (2019: Reversal of impairment losses of RM39.9 million) which relates to Irat Properties Sdn Bhd (Irat) due to continuing operating losses and depleting shareholders' funds. The recoverable amount estimated by management is based on shareholders' funds of Irat.

NOTES TO THE FINANCIAL STATEMENTS

19. JOINT VENTURES (CONT'D.)**Material joint ventures**

The Group regards Boustead Ikano Sdn Bhd (BISB) and Irat Properties Sdn Bhd (Irat) as material joint ventures. The summarised information, adjusted for any differences in accounting policies and reconciliation of the information to the carrying amount of the Group's interest in joint ventures (JV) are as follows:

	Irat RM Million	BISB RM Million
Group – 2020		
Percentage of ownership interest	50%	50%
As at 31 December 2020		
Non-current assets	517.8	1,790.9
Cash and cash equivalents	22.7	16.4
Other current assets	240.5	17.2
Total current assets	263.2	33.6
Total assets	781.0	1,824.5
Trade and other payables	37.2	–
Other non-current financial liabilities	270.9	806.7
Total non-current liabilities	308.1	806.7
Trade and other payables	5.7	34.6
Other current financial liabilities	105.2	522.2
Total current liabilities	110.9	556.8
Non-controlling interests	39.2	–
Total liabilities and non-controlling interests	458.2	1,363.5
Net assets	322.8	461.0



NOTES TO THE FINANCIAL STATEMENTS

19. JOINT VENTURES (CONT'D.)

Material joint ventures (cont'd.)

	Irat RM Million	BISB RM Million
Group – 2020 (cont'd.)		
Year ended 31 December 2020		
Revenue	24.6	66.1
Loss for the year	(9.4)	(131.8)
Other comprehensive income	–	6.2
Total comprehensive loss	(9.4)	(125.6)

The following expenses/(income) have been charged/(credited) in arriving at profit or loss for the year:

Depreciation	–	5.7
Interest income	(4.5)	(1.5)
Interest expense	20.1	67.5
Taxation	–	(4.4)

	Irat RM Million	BISB RM Million	JV that are not individually material RM Million	Total RM Million
Reconciliation of net assets to carrying amount as at 31 December 2020				
Group's share of net assets	161.4	230.5	87.4	479.3
Goodwill	0.2	–	4.4	4.6
Carrying amount in the statement of financial position	161.6	230.5	91.8	483.9
Group's share of results for the year ended 31 December 2020				
Group's share of loss	(4.7)	(65.9)	(4.6)	(75.2)
Group's share of other comprehensive income	–	3.1	–	3.1
Group's share of total comprehensive loss	(4.7)	(62.8)	(4.6)	(72.1)
Other information				
Dividends received by the Group	–	–	3.5	3.5

NOTES TO THE FINANCIAL STATEMENTS

19. JOINT VENTURES (CONT'D.)

Material joint ventures (cont'd.)

	Irat RM Million	BISB RM Million
Group – 2019		
Percentage of ownership interest	50%	50%
As at 31 December 2019		
Non-current assets	551.8	1,834.6
Cash and cash equivalents	141.4	35.5
Other current assets	124.6	27.9
Total current assets	266.0	63.4
Total assets	817.8	1,898.0
Trade and other payables	39.8	–
Other non-current financial liabilities	282.2	834.9
Total non-current liabilities	322.0	834.9
Trade and other payables	5.0	28.9
Other current financial liabilities	102.7	447.5
Total current liabilities	107.7	476.4
Non-controlling interests	55.9	–
Total liabilities and non-controlling interests	485.6	1,311.3
Net assets	332.2	586.7
Year ended 31 December 2019		
Revenue	25.1	83.8
Profit/(loss) for the year	86.2	(10.5)
Other comprehensive income	–	2.2
Total comprehensive income/(loss)	86.2	(8.3)
The following expenses/(income) have been charged/(credited) in arriving at profit or loss for the year:		
Depreciation	–	7.6
Interest income	(0.3)	(0.1)
Interest expense	47.6	69.1
Taxation	0.6	(5.6)



NOTES TO THE FINANCIAL STATEMENTS

19. JOINT VENTURES (CONT'D.)

Material joint ventures (cont'd.)

	Irat RM Million	BISB RM Million	JV that are not individually material RM Million	Total RM Million
Reconciliation of net assets to carrying amount as at 31 December 2019				
Group's share of net assets	166.1	293.3	95.5	554.9
Goodwill	0.2	–	4.4	4.6
Carrying amount in the statement of financial position	166.3	293.3	99.9	559.5
Group's share of results for the year ended 31 December 2019				
Group's share of profit/(loss)	43.1	(5.3)	9.2	47.0
Group's share of other comprehensive income	–	1.1	–	1.1
Group's share of total comprehensive income/(loss)	43.1	(4.2)	9.2	48.1
Other information				
Dividends received by the Group	–	–	2.7	2.7

20. INVESTMENTS

	Group		Company	
	2020 RM Million	2019 RM Million	2020 RM Million	2019 RM Million
At 1 January	10.2	18.7	4.7	4.7
Fair value loss	(0.9)	(0.1)	(0.4)	–
Disposal	(3.5)	(8.4)	(3.0)	–
At 31 December	5.8	10.2	1.3	4.7

The investments in quoted shares are stated at market value.

NOTES TO THE FINANCIAL STATEMENTS

21. INTANGIBLE ASSETS

	Goodwill RM Million	Concession rights RM Million	Rights to supply RM Million	Others RM Million	Total RM Million
Group					
Cost					
At 1 January 2019	1,224.8	75.0	304.8	69.5	1,674.1
Additions	–	–	38.0	11.5	49.5
Exchange adjustment	1.3	–	–	0.2	1.5
At 31 December 2019 and 1 January 2020	1,226.1	75.0	342.8	81.2	1,725.1
Additions	–	–	–	15.5	15.5
Exchange adjustment	(1.6)	–	–	(5.1)	(6.7)
Write off	(955.5)	–	–	(4.9)	(960.4)
At 31 December 2020	269.0	75.0	342.8	86.7	773.5
Accumulated amortisation and impairment losses					
At 1 January 2019	156.1	67.3	95.5	9.2	328.1
Amortisation for the year (Note 6)	–	7.7	–	3.9	11.6
Accelerated amortisation	–	–	247.3	–	247.3
Impairment losses	763.3	–	–	–	763.3
Exchange adjustment	–	–	–	0.4	0.4
At 31 December 2019 and 1 January 2020	919.4	75.0	342.8	13.5	1,350.7
Amortisation for the year (Note 6)	–	–	–	4.0	4.0
Impairment losses	36.1	–	–	–	36.1
Write off	(955.5)	–	–	–	(955.5)
Exchange adjustment	–	–	–	(4.8)	(4.8)
At 31 December 2020	–	75.0	342.8	12.7	430.5
Net carrying amount					
At 31 December 2020	269.0	–	–	74.0	343.0
At 31 December 2019	306.7	–	–	67.7	374.4

Included in the Group's other intangible assets are pharmacy manufacturing licenses, trade name, intellectual property, software and capitalised development cost of work-in-progress.

In the previous financial year, the Group had revised the remaining useful life of its rights to supply from 10 years to nil year. The change had resulted in full amortisation charge of RM247.3 million.



NOTES TO THE FINANCIAL STATEMENTS

21. INTANGIBLE ASSETS (CONT'D.)

Goodwill

During the financial year, the Group recognised impairment losses of goodwill allocated to BHIC of RM36.1 million. BHIC had experienced declining project margins and incurred losses during the year. The recoverable amount is determined based on share price of BHIC.

In prior year, the Group recognised impairment losses of goodwill of RM763.3 million of which RM725.2 million and RM38.1 million relate to impairment of goodwill allocated to BNS and MHSA respectively. BNS had experienced declining project margins, while aircraft owned by MHSA, remain not in use upon the termination of contract by the counterparties.

For the remaining goodwill, the recoverable amounts are determined based on fair value less costs of disposal (quoted prices, Level 1 of the fair value hierarchy) or value in use calculations using budgeted cash flows approved by each entity's board of directors covering a three year period (Level 3 of the fair value hierarchy). The cash flow projections reflect management expectation of revenue growth, operating cost, margins, future contracts based on their recent experience and order book. Discount rates applied to the cash flow projections are derived from the CGU's pre-tax weighted average cost of capital plus a reasonable risk premium at the date of assessment of CGU.

22. INVENTORIES

	Group	
	2020	2019
	RM Million	RM Million
Non-current		
Land held for property development	916.3	858.2
Current		
Raw materials and work in progress	135.0	137.8
Goods for resale	623.1	669.5
Estate produce	9.5	14.3
Completed properties	23.4	13.0
Consumable stores	31.7	29.4
Property development in progress	141.2	171.6
	963.9	1,035.6

During the financial year, there was a net write down of inventories to net realisable value of RM21.5 million (2019: RM28.7 million) as disclosed in Note 6. The amount of inventories recognised as an expense of the Group amounted to RM5,712.0 million (2019: RM8,163.7 million).

NOTES TO THE FINANCIAL STATEMENTS

22. INVENTORIES (CONT'D.)

Land held for property development

	2020 RM Million	Group 2019 RM Million
At 1 January		
Freehold land, at cost	365.9	365.9
Leasehold land, at cost	2.3	2.6
Development costs	490.0	391.4
	858.2	759.9
Transfer to property development in progress:		
Leasehold land	(0.5)	(0.3)
Development costs	(40.3)	(153.2)
	(40.8)	(153.5)
Cost incurred during the year:		
Development costs	98.9	251.8
At 31 December	916.3	858.2
Interest cost capitalised during the year (Note 9)	21.4	21.7

Property development in progress

	2020 RM Million	Group 2019 RM Million
At 1 January	171.6	131.7
Cost incurred during the year:		
Development costs	38.2	9.7
Cost recognised in profit or loss	-	(21.4)
	38.2	(11.7)
Transfer from/(to):		
Land held for property development	40.8	153.5
Inventories	(24.8)	(12.3)
Contract costs assets	(84.6)	(89.6)
At 31 December	141.2	171.6
Interest cost capitalised during the year (Note 9)	3.8	1.4



NOTES TO THE FINANCIAL STATEMENTS

23. RECEIVABLES

	Group		Company	
	2020 RM Million	2019 RM Million	2020 RM Million	2019 RM Million
Non-current				
Amounts due from subsidiaries	-	-	2,021.6	2,270.4
Amounts due from joint ventures	244.2	202.6	-	-
	244.2	202.6	2,021.6	2,270.4
Allowance for expected credit loss:				
- Amount due from subsidiaries	-	-	(108.4)	(97.0)
	244.2	202.6	1,913.2	2,173.4
Current				
Trade receivables	647.6	662.1	-	-
Allowance for expected credit loss	(74.7)	(49.7)	-	-
	572.9	612.4	-	-
Dividends receivable	2.0	-	-	2.5
Deposits	16.0	25.0	-	-
Prepayments	36.5	34.1	0.3	0.7
Income tax receivable	19.1	22.5	3.8	2.0
Advances paid to suppliers	0.5	7.3	-	-
Other receivables	191.2	243.4	6.5	7.1
Amount due from holding corporation	2.2	1.8	-	-
Amounts due from subsidiaries	-	-	425.2	224.8
Amounts due from associates	6.1	5.2	0.8	1.5
Amounts due from joint ventures	52.3	47.9	-	1.1
Amounts due from other related companies	4.0	5.9	-	-
	902.8	1,005.5	436.6	239.7
Allowance for expected credit loss:				
- Other receivables	(35.1)	(35.1)	(5.9)	(5.9)
- Amounts due from subsidiaries	-	-	(105.8)	(0.6)
- Amounts due from joint ventures	(38.0)	(37.8)	-	-
	(73.1)	(72.9)	(111.7)	(6.5)
	829.7	932.6	324.9	233.2

NOTES TO THE FINANCIAL STATEMENTS

23. RECEIVABLES (CONT'D.)

The Group's normal trade credit terms range from payments in advance to 90 days (2019: 90 days). Other credit terms are assessed and approved on a case by case basis.

Amounts due from subsidiaries and joint ventures that are not expected to be realised within twelve months after the reporting period are classified as non-current.

Amounts due from subsidiaries are unsecured, bear interest at a weighted average rate of 5.7% (2019: 5.8%) per annum and are repayable on demand.

Amounts due from joint ventures of RM248.8 million (2019: RM203.9 million) and RM Nil (2019: RM1.1 million) for the Group and the Company respectively are unsecured, bear interest at a weighted average rate of 6.0% (2019: 6.0%) per annum and are repayable on demand.

The other amounts due from holding corporation, associates, joint ventures and other related companies are balances which are unsecured and interest free, with repayment in accordance with normal trading terms.

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

	Group	
	2020	2019
	RM Million	RM Million
Neither past due nor impaired	190.1	313.6
Past due		
– Less than 30 days	110.8	126.3
– 31 to 60 days	46.3	33.8
– 61 to 90 days	46.5	24.8
– 91 to 120 days	69.7	31.2
– More than 120 days	184.2	132.4
	457.5	348.5
	647.6	662.1

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit loss. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., geographical region, and product type, and coverage by letters of credit or other forms of credit insurance). 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.



NOTES TO THE FINANCIAL STATEMENTS

23. RECEIVABLES (CONT'D.)

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) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, 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.

Movement in allowance accounts

	Group	
	2020 RM Million	2019 RM Million
Trade receivables		
At 1 January	49.7	64.1
Allowance for expected credit loss (Note 6)	36.6	11.3
Reversal of allowance for expected credit loss (Note 6)	(13.7)	(17.8)
Write off	-	(6.1)
Bad debts recovered	3.0	-
Exchange adjustment	(0.9)	(1.8)
At 31 December	74.7	49.7

	Group		Company	
	2020 RM Million	2019 RM Million	2020 RM Million	2019 RM Million
Other receivables				
At 1 January/31 December	35.1	35.1	5.9	5.9

	Company	
	2020 RM Million	2019 RM Million
Amounts due from subsidiaries		
At 1 January	97.6	27.5
Allowance for expected credit loss (Note 6)	116.6	70.1
At 31 December	214.2	97.6

NOTES TO THE FINANCIAL STATEMENTS

23. RECEIVABLES (CONT'D.)**Movement in allowance accounts (cont'd.)**

	2020 RM Million	Group 2019 RM Million
Amounts due from joint ventures		
At 1 January	37.8	22.3
Allowance for expected credit loss (Note 6)	0.2	15.5
At 31 December	38.0	37.8

Other receivables

On 28 December 2018, CIMB Islamic Bank Trustee Berhad (First Plaintiff) acting as trustee for Boustead Plantations Berhad (BPB) and BPB (Second Plaintiff) filed a Writ of Summons and Statement of Claim on Setia Fontaines Sdn Bhd (Defendant) for breach of a Sale and Purchase Agreement dated 22 December 2016 for the sale of 677.78 hectares of freehold land (Lands). The claim is in respect of damages amounting to RM37.2 million for goods and services tax (GST) due from the Defendant together with interest at the rate of 8% per annum and other costs and relief deemed fit by the Court.

In July 2019, the Defendant filed an application for a judicial review against the Customs decision that if the Lands are intended to be used for commercial or mixed development purposes, then the commercial portion is subject to GST. The Plaintiffs are not party to the said judicial review proceedings. Pursuant to the Court's decision on the judicial review delivered on 11 September 2020, the Plaintiffs' solicitors were informed that the Court has decided, among others, that the sale of the Lands is an exempt supply under the GST (Exempt Supply) Order 2014 and is not subject to any GST.

The Minister of Finance and the Director-General of Customs did not file any appeal against the judicial review decision. The Group has therefore submitted a request to Customs in November 2020 for the GST refund of RM37.2 million, which is included in other receivables.

24. BIOLOGICAL ASSETS

	2020 RM Million	Group 2019 RM Million
At fair value less costs to sell:		
At 1 January	22.2	15.7
Fair value gain (Note 6)	2.8	6.5
At 31 December	25.0	22.2

The biological assets of the Group represent fresh fruit bunches (FFB) of 3 weeks prior to harvesting. The quantity of the unharvested FFB included in the valuation for the Group is 39,588 (2019: 47,612) metric tonnes. The expected net cash flows are estimated using the expected output (FFB harvest) and market price at reporting date of crude palm oil and palm kernel adjusted for extraction rates less processing, harvesting and transportation costs.

The fair valuation of biological assets correspond with Level 3 of the fair value hierarchy.



NOTES TO THE FINANCIAL STATEMENTS

25. CONTRACT ASSETS/(LIABILITIES) AND CONTRACT COST ASSETS

	Group	
	2020	2019
	RM Million	RM Million
Contract assets		
Contract assets from shipbuilding and ship repair	969.1	859.0
Accrued billings in respect of property development costs	80.2	54.5
	1,049.3	913.5
Contract cost assets in respect of property development costs		
At 1 January	11.4	5.9
Additions	141.8	158.3
Amortisation recognised in profit or loss	(145.3)	(152.8)
At 31 December	7.9	11.4
Total contract assets and contract cost assets	1,057.2	924.9
Contract liabilities		
Contract liabilities from shipbuilding and ship repair	(37.4)	(54.2)
Progress billings in respect of property development costs	(7.2)	-
Contract with customers for supply of medical and non-medical equipment	(6.6)	(6.8)
	(51.2)	(61.0)

Set out below is the amount of revenue recognised from:

	Group	
	2020	2019
	RM Million	RM Million
Amounts included in contract liabilities at the beginning of the year:		
– Shipbuilding and ship repair	53.9	105.6
– Property development	-	2.5
Performance obligations satisfied in previous years:		
– Shipbuilding and ship repair	-	1.2
	53.9	109.3

NOTES TO THE FINANCIAL STATEMENTS

25. CONTRACT ASSETS/(LIABILITIES) AND CONTRACT COST ASSETS (CONT'D.)

(a) Revenue from shipbuilding and ship repair

Contract asset is initially recognised for revenue earned from construction contracts as receipt of consideration is conditional on achieving billing milestones. Upon billing milestones, the contract assets are reclassified to trade receivables.

Contract liability is initially recognised when the Group receives consideration for an amount of consideration is due before the completion of construction. Contract liability is recognised as revenue when the Group performed under the contract.

During the year, reversal of allowance for expected credit loss of RM11.1 million (2019: RM1.2 million) is recognised from the contract assets.

As at 31 December 2020, the transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) of RM2,553.0 million (2019: RM3,095.0 million) relates to the contracts with customers for shipbuilding, repair and maintenance and rendering of services.

(b) Revenue from property development

Revenue from property development activities are recognised over time using the input method, which is based on the actual cost incurred to date on the property development project as compared to the total budgeted cost for the respective development projects.

As at 31 December 2020, the transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) of RM66.0 million (2019: RM106.9 million) relates to the contracts for property development activities.

(c) Revenue from supply of medical and non-medical equipment

The Group entered into a contract in the previous financial year to supply medical and non-medical equipment. Contract is billed progressively in accordance with the signed agreement. The schedule of billings does not correspond with the revenue recognition which is determined by reference to the progress towards completing the performance obligations.

As at 31 December 2020, the transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) of RM144.3 million (2019: RM144.2 million) relates to the contract with customers for supply of medical and non-medical equipment.

Set out below is the movement in allowance for expected credit loss of contract assets:

	Group	
	2020	2019
	RM Million	RM Million
As at 1 January	11.1	12.3
Reversal of allowance for expected credit loss (Note 6)	(11.1)	(1.2)
As at 31 December	-	11.1



NOTES TO THE FINANCIAL STATEMENTS

26. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2020 RM Million	2019 RM Million	2020 RM Million	2019 RM Million
Deposits with financial institutions	311.0	559.1	157.1	431.7
Cash held under Housing Development Accounts	22.5	58.0	–	–
Cash and bank balances	162.9	324.3	3.5	0.5
	496.4	941.4	160.6	432.2

The average maturity periods of the Group's and the Company's fixed deposits with financial institutions are 39 days (2019: 18 days) and 11 days (2019: 15 days) respectively. Bank balances are monies placed in current accounts with licensed banks which do not earn any interest.

The total amount of cash and bank balances and deposits placed by the Group and the Company with the financial institutions which are Government-related entities amounted to RM318.6 million (2019: RM628.2 million) and RM141.5 million (2019: RM250.2 million) respectively.

Housing Development Accounts held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and therefore, restricted from use in other operations.

Included in deposits and cash and bank balances with financial institutions of the Group and the Company are RM117.1 million (2019: RM126.2 million) and RM80.0 million (2019: RM80.0 million) respectively, of which are restricted for use and are maintained as part of the requirements of the terms of the Islamic medium term notes, asset-backed bonds and other term loans.

Also, included in deposits with financial institutions are deposits of RM49.1 million (2019: RM41.5 million) which mature more than 3 months and are excluded from cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

27. ASSETS CLASSIFIED AS HELD FOR SALE

- (a) On 15 March 2019, Boustead Hotel & Resorts Sdn Bhd, a wholly owned subsidiary of Boustead Properties Berhad, which in turn is a wholly owned subsidiary of Boustead Holdings Berhad (BHB), entered into a sale and purchase agreement with Every Room A Home Sdn Bhd, for a disposal of Royale Chulan Bukit Bintang Hotel.

The disposal was completed on 22 February 2021 and details on the disposal are disclosed in Note 41 (c).

- (b) On 22 December 2020, the Group's wholly owned subsidiary, Boustead Penang Shipyard Sdn Bhd has entered into three agreements for the sale of plant and equipment for RM3,448,000, RM310,000 and RM199,000 to A.D Metals Trading Sdn Bhd, Boustead Langkawi Shipyard Sdn Bhd and Boustead Naval Shipyard Sdn Bhd respectively. The Group had received a deposit of RM1,000,000 subsequent to year end and the proposed disposal is expected to be completed within the next 12 months.

As at 31 December 2020, the plant and equipment of the Group has been reclassified from property, plant and equipment and right-of-use assets to assets held for sale.

The Directors had assessed that the criteria were met in accordance with MFRS 5 Non-current Assets Held for Sale prior to classifying the following assets as held for sale.

- (c) On 19 March 2021, BHB has entered into a conditional share sale agreement with Westports Holdings Berhad and Klang Port Management Sdn Bhd, for a proposed disposal of the entire equity interest in Boustead Cruise Centre Sdn Bhd or a total of 369,712,894 ordinary shares. Details on the proposed disposal are disclosed in Note 41 (d).



NOTES TO THE FINANCIAL STATEMENTS

27. ASSETS CLASSIFIED AS HELD FOR SALE (CONT'D.)

The assets to be disposed pursuant to the above sale and purchase agreements are as follows:

Group	Note 27(a) RM Million	Note 27(b) RM Million	Note 27(c) RM Million	Total RM Million
Property, plant and equipment (Note 13):				
Land and building	90.2	2.1	91.3	183.6
Others	2.7	3.1	0.6	6.4
	92.9	5.2	91.9	190.0
Right-of-use assets (Note 15)	-	0.8	72.3	73.1
Investment properties (Note 14)	-	-	57.0	57.0
Other assets	-	-	0.7	0.7
Deposits, cash and bank balances	-	-	3.9	3.9
	92.9	6.0	225.8	324.7
Assets classified as held for sale written down (Note 6)	-	(2.1)	-	(2.1)
At 31 December 2020	92.9	3.9	225.8	322.6

Group	Note 27(a) RM Million	Note 27(b) RM Million	Note 27(c) RM Million	Total RM Million
Property, plant and equipment (Note 13):				
Land and building	90.2	-	-	90.2
Others	2.7	-	-	2.7
At 31 December 2019	92.9	-	-	92.9

28. SHARE CAPITAL

	2020		2019	
	Number of shares Million	RM Million	Number of shares Million	RM Million
Ordinary shares	2,027.0	2,735.7	2,027.0	2,735.7

NOTES TO THE FINANCIAL STATEMENTS

29. RESERVES

	← Non-distributable →				Total RM Million
	Fair value reserve of financial assets at FVOCI RM Million	Regulatory reserve RM Million	Other reserves RM Million	Retained earnings RM Million	
Group					
At 1 January 2020	51.3	143.6	435.1	363.7	993.7
Currency translation difference in respect of foreign operations	-	-	(2.7)	-	(2.7)
Net (loss)/gain on equity investment designated at fair value through other comprehensive income					
– Fair value changes	(0.9)	-	-	-	(0.9)
– Disposal	0.5	-	-	-	0.5
– Transfer upon disposal	(0.9)	-	-	0.9	-
Share of OCI investments accounted for using equity method	3.2	-	3.3	-	6.5
Other comprehensive income for the year	1.9	-	0.6	0.9	3.4
Loss for the year	-	-	-	(550.9)	(550.9)
Total comprehensive income/(loss) for the year	1.9	-	0.6	(550.0)	(547.5)
Share of an associate's movement in reserve	-	-	(1.0)	-	(1.0)
Changes in ownership interest in subsidiaries					
– Share options granted by a subsidiary	-	-	-	2.1	2.1
– Additional investment in a subsidiary	-	-	-	(65.8)	(65.8)
Transfer during the year					
– Regulatory reserve of an associate	-	10.2	-	(10.2)	-
At 31 December 2020	53.2	153.8	434.7	(260.2)	381.5



NOTES TO THE FINANCIAL STATEMENTS

29. RESERVES (CONT'D.)

	← Non-distributable →				Total RM Million
	Fair value reserve of financial assets at FVOCI RM Million	Regulatory reserve RM Million	Other reserves RM Million	Retained earnings RM Million	
Group					
As 1 January 2019	21.6	186.4	434.0	1,610.8	2,252.8
Currency translation difference in respect of foreign operations	-	-	0.3	-	0.3
Net (loss)/gain on equity investment designated at fair value through other comprehensive income					
- Fair value changes	(0.1)	-	-	-	(0.1)
- Disposal	0.1	-	-	-	0.1
- Transfer upon disposal	0.7	-	-	(0.7)	-
Share of OCI investments accounted for using equity method	29.0	-	0.8	(0.7)	29.1
Other comprehensive income/(loss) for the year	29.7	-	1.1	(1.4)	29.4
Loss for the year	-	-	-	(1,278.8)	(1,278.8)
Total comprehensive income/(loss) for the year	29.7	-	1.1	(1,280.2)	(1,249.4)
Issue of shares during the year under share options granted by an associate	-	-	-	2.6	2.6
Share of an associate's obligation to buy its subsidiaries shares	-	-	-	(12.6)	(12.6)
Changes in ownership interest in subsidiaries					
- Share options granted by a subsidiary	-	-	-	0.3	0.3
Transfer during the year					
- Regulatory reserve of an associate	-	(42.8)	-	42.8	-
At 31 December 2019	51.3	143.6	435.1	363.7	993.7

NOTES TO THE FINANCIAL STATEMENTS

29. RESERVES (CONT'D.)

	Non-distributable Fair value reserve of financial assets at FVOCI RM Million	Retained earnings RM Million	Total RM Million
Company			
1 January 2019	0.8	(307.3)	(306.5)
Loss for the year	-	(290.7)	(290.7)
Total comprehensive loss for the year	-	(290.7)	(290.7)
At 31 December 2019 and 1 January 2020	0.8	(598.0)	(597.2)
Net (loss)/income on equity investment designated at fair value through other comprehensive income			
- Fair value changes	(0.4)	-	(0.4)
- Transfer upon disposal	(0.9)	0.9	-
Other comprehensive (loss)/income for the year	(1.3)	0.9	(0.4)
Loss for the year	-	(766.6)	(766.6)
Total comprehensive loss for the year	(1.3)	(765.7)	(767.0)
At 31 December 2020	(0.5)	(1,363.7)	(1,364.2)

Fair value reserve of financial assets at FVOCI represents the cumulative fair value changes, net of tax, of equity investment designated at FVOCI until they are disposed.

The regulatory reserve was maintained by an associate in compliance with the provision of the Financial Services Act, 2013.

The other non-distributable reserves comprise mainly of the accretion in net assets of a subsidiary arising from its initial public offering in the prior years.



NOTES TO THE FINANCIAL STATEMENTS

30. PERPETUAL SUKUK

The Perpetual Sukuk was issued pursuant to the Junior Islamic Medium Term Note Programme of up to RM1.2 billion in nominal value which was approved by the Securities Commission Malaysia on 15 November 2013. The Perpetual Sukuk is accounted as equity as there is no contractual obligation to redeem the instrument.

At year end, the total nominal value of Perpetual Sukuk is as follows:

Tranches	Profit Rate %	2020 RM Million	Profit Rate %	2019 RM Million
T1	9.6	340.0	8.6	340.0
T3	8.6	51.0	7.6	51.0
T4	8.6	150.0	7.6	150.0
T7	7.75	66.0	6.25	66.0
		607.0		607.0

The salient features of the Perpetual Sukuk are as follows:

- (a) The Perpetual Sukuk is issued under the Islamic principle of Musharakah, while the principle of Commodity Musawamah will be employed to effect the deferral of the periodic distributions, if any.
- (b) Being perpetual in tenure, the Company has a call option to redeem the Perpetual Sukuk at the end of 5th year and on each periodic distribution date thereafter.
- (c) The Company also has the option to redeem the Perpetual Sukuk under the following circumstances:
 - (i) Accounting event – change in accounting standards resulting Perpetual Sukuk no longer being recognised as an equity instrument;
 - (ii) Change in control – change in the shareholding of the Company which resulted in LTAT, its major shareholder, to hold less than the agreed percentage of interest in the Company;
 - (iii) Leverage event – the finance to equity ratio of the Company has exceeded the agreed amount;
 - (iv) Privatisation event – the shares of the Company are no longer listed on Bursa Malaysia Securities Berhad; and
 - (v) Tax event – if the Company is and will become obliged to pay additional amount due to changes in tax laws or regulations.

NOTES TO THE FINANCIAL STATEMENTS

30. PERPETUAL SUKUK (CONT'D.)

The salient features of the Perpetual Sukuk are as follows: (cont'd.)

- (d) The periodic distribution rate of the Perpetual Sukuk for the first five years since issuance ranges from 6.1% to 6.25% per annum and is payable six months from the issue date of the relevant tranche and every six months thereafter.
- (e) If the Company does not exercise its option to redeem at the end of 5th year, the periodic distribution rate shall increase by 1.5% per annum for the 6th year. For the 7th year onwards, the periodic distribution rate will be further increased by 1% per annum for every year thereafter, subject to the maximum of 15% per annum.
- (f) The Company can elect to defer the periodic distribution indefinitely provided that the Company has not within the last six months declared or paid any dividend or payment or other distributions in respect of or repurchase or redeem its ordinary shares, or any other securities of the Company ranking junior to the Perpetual Sukuk. The deferred periodic distribution, if any, will be cumulative but will not earn additional profits (i.e there will be no compounding of the periodic distribution being deferred).
- (g) In the event the periodic distribution is deferred, no dividend or payment or other distributions shall be made in respect of or repurchase or redeem in respect of its ordinary shares, or any other securities of the Company ranking junior to the Perpetual Sukuk until the Company has paid any periodic distribution or deferred periodic/additional distribution in full.
- (h) Payment obligations on the Perpetual Sukuk will, at all times, rank senior to other equity instruments for time being outstanding or obligations of the Company that are subordinated to the Junior Sukuk, but junior to the claims of present and future creditors of the Company (other than obligations ranking pari passu with the Perpetual Sukuk).
- (i) The Perpetual Sukuk is unsecured and not rated.



NOTES TO THE FINANCIAL STATEMENTS

31. BORROWINGS

	Group		Company	
	2020 RM Million	2019 RM Million	2020 RM Million	2019 RM Million
Non-current				
Term loans				
– Denominated in Malaysian Ringgit	893.8	1,085.1	105.0	240.0
– Denominated in Great Britain Pound	47.5	60.6	–	–
	941.3	1,145.7	105.0	240.0
Islamic medium term notes	2,342.2	2,339.8	2,342.2	2,339.8
Revolving credits	270.0	420.0	–	–
	3,553.5	3,905.5	2,447.2	2,579.8
Repayable in 1 year	(591.2)	(382.6)	(404.9)	(240.0)
	2,962.3	3,522.9	2,042.3	2,339.8
Current				
Overdrafts	55.4	46.6	39.3	28.5
Bankers' acceptances				
– Denominated in Malaysian Ringgit	380.4	310.4	–	–
– Denominated in Indonesian Rupiah	123.4	160.8	–	–
Revolving credits	3,471.2	3,486.3	1,408.0	1,490.0
Short term loans	291.3	382.6	105.0	240.0
Islamic medium term notes	299.9	–	299.9	–
	4,621.6	4,386.7	1,852.2	1,758.5
Total borrowings	7,583.9	7,909.6	3,894.5	4,098.3

NOTES TO THE FINANCIAL STATEMENTS

31. BORROWINGS (CONT'D.)

The Islamic medium term notes (IMTN) comprise:

- i) 2 tranches of RM500 million each Sukuk Murabahah, which were issued in 2017, with maturity 7 years from the date of issue and carry profit rate of 5.9% per annum
- ii) 2 tranches of RM150 million each Sukuk Murabahah, which were issued in 2018, with maturity 3 years from the date of issue and carry profit rate of 5.7% per annum
- iii) 1 tranche of RM200 million Sukuk Murabahah, which was issued in 2018, with maturity 7 years from the date of issue and carries profit rate of 6.2% per annum
- iv) 1 tranche of RM200 million Sukuk Murabahah, which was issued in previous financial year, with maturity 7 years from the date of issue and carries profit rate of 6.2% per annum.
- v) 1 tranche of RM650 million Sukuk Murabahah, which was issued in previous financial year, with maturity 5 years from the date of issue and carries profit rate of 6.5% per annum.

The IMTN have been accounted for in the statement of financial position of the Group and of the Company as follows:

	Group/Company	
	2020	2019
	RM Million	RM Million
Nominal value	2,350.0	2,350.0
Unamortised transaction cost	(7.8)	(10.2)
Carrying amount	2,342.2	2,339.8

A subsidiary has a term loan of RM28.6 million (2019: RM42.8 million) and revolving credits of RM675.4 million (2019: RM674.4 million) which are secured by way of an assignment on contract proceeds.

A subsidiary has a term loan of RM3.6 million (2019: RM4.7 million) which is secured against an investment property owned by the subsidiary with a market value of RM14.5 million (2019: RM14.7 million).

A subsidiary has a term loan of RM14.6 million (2019: RM20.3 million) which is secured against the subsidiary's hire purchase contracts.

A subsidiary has a term loan denominated in Great Britain Pound equivalent to RM47.5 million (2019: RM60.6 million) which is secured against a property owned by the subsidiary with a net book value of RM70.3 million (2019: RM104.5 million) as disclosed in Note 13.

All the other borrowings are unsecured. Other information on financial risks of the borrowings are disclosed in Note 36.

The amount of borrowings obtained from the financial institutions which are Government-related entities amounted to RM4,136.0 million (2019: RM4,160.4 million).



NOTES TO THE FINANCIAL STATEMENTS

31. BORROWINGS (CONT'D.)

Change in liabilities arising from financing activities

Group

	At 1 January 2020 RM Million	Net drawdown/ (repayment) RM Million	Others RM Million	At 31 December 2020 RM Million
Overdrafts	46.6	8.8	-	55.4
Revolving credits	3,906.3	(165.1)	-	3,741.2
Bankers' acceptances	471.2	32.6	-	503.8
Islamic medium term notes	2,339.8	-	2.4	2,342.2
Other term loans	1,145.7	(206.4)	2.0	941.3
	7,909.6	(330.1)	4.4	7,583.9

	At 1 January 2019 RM Million	Net (repayment)/ drawdown RM Million	Others RM Million	At 31 December 2019 RM Million
Overdrafts	59.3	(12.7)	-	46.6
Revolving credits	4,499.7	(593.4)	-	3,906.3
Bankers' acceptances	491.6	(20.4)	-	471.2
Asset-backed bonds	209.6	(210.0)	0.4	-
Islamic medium term notes	1,492.5	845.4	1.9	2,339.8
Other term loans	780.2	361.0	4.5	1,145.7
	7,532.9	369.9	6.8	7,909.6

Others comprise mainly transaction cost and exchange adjustment.

NOTES TO THE FINANCIAL STATEMENTS

31. BORROWINGS (CONT'D.)

Change in liabilities arising from financing activities (cont'd.)

Company

	At 1 January 2020 RM Million	Net drawdown/ (repayment) RM Million	Others RM Million	At 31 December 2020 RM Million
Overdrafts	28.5	10.8	-	39.3
Revolving credits	1,490.0	(82.0)	-	1,408.0
Islamic medium term notes	2,339.8	-	2.4	2,342.2
Other term loans	240.0	(135.0)	-	105.0
	4,098.3	(206.2)	2.4	3,894.5

	At 1 January 2019 RM Million	Net (repayment)/ drawdown RM Million	Others RM Million	At 31 December 2019 RM Million
Overdrafts	33.6	(5.1)	-	28.5
Revolving credits	1,550.0	(60.0)	-	1,490.0
Islamic medium term notes	1,492.5	845.4	1.9	2,339.8
Other term loans	90.0	150.0	-	240.0
	3,166.1	930.3	1.9	4,098.3

Others comprise mainly transaction cost.



NOTES TO THE FINANCIAL STATEMENTS

32. PAYABLES

	Group		Company	
	2020 RM Million	2019 RM Million	2020 RM Million	2019 RM Million
Non-current				
Deposits from tenants	20.9	24.6	-	-
Current				
Trade payables	1,645.4	1,893.0	-	-
Accrued interest	12.3	12.5	50.8	50.9
Accrued expenses	178.2	196.5	-	-
Deposits received	102.2	99.9	1.9	1.8
Retention sum	4.0	3.8	-	-
Other payables	325.5	293.9	3.2	6.3
Derivative liabilities (Note 37)	1.3	3.0	-	-
Amount due to holding corporation	2.4	1.5	-	-
Amounts due to subsidiaries	-	-	17.5	59.3
Amounts due to associates	11.6	6.8	-	-
Amounts due to joint ventures	524.4	382.0	113.1	-
	2,807.3	2,892.9	186.5	118.3

Trade payables

These amounts are non-interest bearing, with normal credit terms ranging from 30 to 90 days (2019: 30 to 90 days).

Amounts due to subsidiaries

These amounts are unsecured, bear interest at a weighted average rate of 2.5% (2019: 4.6%) per annum and are repayable on demand.

Amounts due to holding corporation, associates and joint ventures

These are balances which are non-trade, unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

33. OPERATING LEASE OBLIGATION

Group as a lessor

The Group entered into commercial property leases on its investment properties. These non-cancellable leases have remaining lease terms of between one and three years. All leases include a clause to enable upward revision of the rental charge upon renewal of the leases based on prevailing market conditions. Rental income recognised by the Group during the year is RM81.9 million (2019: RM81.1 million), of which RM1.9 million (2019: RM3.8 million) relates to variable lease payments that do not depend on an index or rate.

Future minimum rentals receivable under non-cancellable operating leases at the reporting date are as follows:

	Group		Company	
	2020 RM Million	2019 RM Million	2020 RM Million	2019 RM Million
Within 1 year	78.2	90.2	6.7	5.9
Later than 1 year but not later than 5 years	63.7	92.7	7.5	6.4
More than 5 years	–	1.9	–	–
	141.9	184.8	14.2	12.3

34. SEGMENTAL INFORMATION

For management purposes, the Group's business is organised based on the activities, products and services under the following five Divisions:

(a) Property & Industrial Division

The Division is in the business of property development, manufacture and trading of building materials, constructing and leasing out of commercial and retail properties as well as the owning and operating of hotels.

(b) Plantation Division

The Division is primarily involved in the planting of oil palm and processing of crude palm oil. In addition, the Division through its associate, is also involved in the research in oil palm tissue culture and genetics.



NOTES TO THE FINANCIAL STATEMENTS

34. SEGMENTAL INFORMATION (CONT'D.)

(c) Heavy Industries Division

The Division has its main thrust in the marine sector, both commercial and naval vessels. This Division's operations include shipbuilding, fabrication of offshore structures as well as the restoration and maintenance of vessels and defence related products.

(d) Pharmaceutical Division

The Division is in the business of manufacturing, trading and marketing of pharmaceutical products, research and development of pharmaceutical products and the supply of medical and hospital equipment.

(e) Trading, Finance & Investment Division

The Division is engaged in the owning and operating of the BHPetrol brand of retail petrol station network. The Division also comprises the investing activity of the Group, in particular the Group's involvement in the commercial, Islamic and investment banking, stock broking, life and general insurance business through an associate, education, air transportation and flight services as well as other miscellaneous businesses.

Transfer pricing between operating segments are on arm's length basis. Inter-segment revenue which represents rental charge of office premises and trading of the Group's manufactured goods are eliminated on consolidation. The Group practises central fund management where surplus funds within the Group are onlent, and the interest charges arising from such arrangements are eliminated in full.

The Group's revenue from one major customer arising from activities of Heavy Industries and Pharmaceutical Divisions is disclosed in Note 40.

The Group operates predominantly in Malaysia, hence no segmental information based on geographical segment is presented.

During the year, the Group's business segments have been revised from six to five Divisions to reflect the Group's current reporting line to the management.

NOTES TO THE FINANCIAL STATEMENTS

34. SEGMENTAL INFORMATION (CONT'D.)

For the year ended 31 December 2020	Property & Industrial RM Million	Plantation RM Million	Heavy Industries RM Million	Pharma- ceutical RM Million	Trading, Finance & Investment RM Million	Elimination RM Million	Total RM Million
Revenue							
Group total sales	623.2	763.0	575.2	2,725.1	3,214.8	(20.3)	7,881.0
Inter-segment sales	(20.3)	-	-	-	-	20.3	-
External sales	602.9	763.0	575.2	2,725.1	3,214.8	-	7,881.0
Operating cost	(605.8)	(623.6)	(549.6)	(2,656.0)	(3,196.6)	-	(7,631.6)
Results from operations	(2.9)	139.4	25.6	69.1	18.2	-	249.4
Impairment of property, plant and equipment	(59.3)	(2.4)	-	-	(71.6)	-	(133.3)
Impairment of goodwill	-	-	(36.1)	-	-	-	(36.1)
Impairment of right-of-use assets	(16.8)	-	-	-	(21.1)	-	(37.9)
Fair value (loss)/gain on investment properties	(98.8)	-	2.1	-	(14.1)	-	(110.8)
Other investment results	0.1	-	-	-	37.5	-	37.6
Share of result of associates	(9.2)	4.8	-	-	52.0	-	47.6
Share of result of joint ventures	(70.8)	-	(4.4)	-	-	-	(75.2)
(Loss)/profit before interest, taxation and zakat	(257.7)	141.8	(12.8)	69.1	0.9	-	(58.7)
Finance cost	(103.2)	(59.2)	(96.9)	(39.9)	(231.3)	143.3	(387.2)
Interest income	17.7	0.7	2.3	0.6	147.6	(143.3)	25.6
(Loss)/profit before taxation and zakat	(343.2)	83.3	(107.4)	29.8	(82.8)	-	(420.3)
Taxation							(76.9)
Zakat							(3.5)
Loss for the year							(500.7)
Other Information							
Depreciation and amortisation	(42.5)	(131.1)	(21.7)	(32.3)	(108.4)	-	(336.0)
(Loss)/gain on disposal of property, plant and equipment	(3.2)	(0.6)	0.3	-	0.6	-	(2.9)
Property, plant and equipment written off	-	(0.5)	(0.1)	(0.8)	(0.9)	-	(2.3)
Other non-cash (expense)/income	(26.0)	0.6	(8.6)	(20.6)	(16.3)	-	(70.9)



NOTES TO THE FINANCIAL STATEMENTS

34. SEGMENTAL INFORMATION (CONT'D.)

For the year ended 31 December 2019	Property & Industrial RM Million	Plantation RM Million	Heavy Industries RM Million	Pharma- ceutical RM Million	Trading, Finance & Investment RM Million	Elimination RM Million	Total RM Million
Revenue							
Group total sales	888.4	577.2	1,061.0	2,820.5	4,997.2	(22.6)	10,321.7
Inter-segment sales	(22.6)	-	-	-	-	22.6	-
External sales	865.8	577.2	1,061.0	2,820.5	4,997.2	-	10,321.7
Operating cost	(808.7)	(599.0)	(1,287.2)	(2,734.1)	(4,832.8)	-	(10,261.8)
Results from operations	57.1	(21.8)	(226.2)	86.4	164.4	-	59.9
Gain on disposal of plantation land	-	119.5	-	-	-	-	119.5
Impairment of property, plant and equipment	(47.1)	(160.6)	-	-	(80.4)	-	(288.1)
Impairment of goodwill	-	-	(725.2)	-	(38.1)	-	(763.3)
Impairment of right-of-use assets	-	(15.4)	-	-	(7.0)	-	(22.4)
Accelerated amortisation of rights to supply	-	-	-	(247.3)	-	-	(247.3)
Fair value loss on investment properties	(3.7)	-	-	-	(3.9)	-	(7.6)
Other investment results	0.2	-	-	-	0.2	-	0.4
Share of result of associates	(3.5)	6.6	-	-	113.9	-	117.0
Share of result of joint ventures	37.8	-	9.2	-	-	-	47.0
Profit/(loss) before interest, taxation and zakat	40.8	(71.7)	(942.2)	(160.9)	149.1	-	(984.9)
Finance cost	(105.6)	(64.8)	(105.3)	(47.5)	(215.5)	139.0	(399.7)
Interest income	18.1	1.1	4.1	1.4	163.1	(139.0)	48.8
(Loss)/profit before taxation and zakat	(46.7)	(135.4)	(1,043.4)	(207.0)	96.7	-	(1,335.8)
Taxation							(47.9)
Zakat							(2.6)
Loss for the year							(1,386.3)
Other Information							
Depreciation and amortisation	(29.9)	(167.2)	(17.3)	(44.4)	(136.5)	-	(395.3)
Gain on disposal of property, plant and equipment	0.7	1.0	0.4	0.1	7.0	-	9.2
Property, plant and equipment written off	(0.8)	(1.1)	-	(0.1)	-	-	(2.0)
Other non-cash income/(expense)	0.3	(3.2)	(6.1)	(19.4)	0.4	-	(28.0)

NOTES TO THE FINANCIAL STATEMENTS

35. CONTINGENT LIABILITIES

- (a) On 10 July 2017, the joint venture company, Boustead DCNS Naval Corporation Sdn Bhd (BDNC) received a letter from the Ministry of Defence Malaysia (MINDEF) claiming for Liquidated Damages (LD) amounting to RM53.2 million and EUR19.3 million for the ISS for the Royal Malaysian Navy SCORPENE Submarine Contract.

On 28 June 2019, BDNC received a letter from MINDEF claiming for LD amounting to RM22.4 million and EUR8.8 million for the refit works on KD TUNKU ABDUL RAHMAN.

On 29 May 2020, BDNC received a letter from MINDEF claiming for LD amounting to RM11.6 million and EUR6.5 million for the breach of obligations under the first supplemental contract of the In-Service Support for two (2) units of Prime Minister Class for the Royal Malaysian Navy Submarines Contract (Extended ISS Contract).

On 13 April 2021, MINDEF had issued a notice to BDNC to set off the LD claims in full against the future progress billing issued by BDNC to MINDEF.

The Group is of the opinion that the provisions for the LD are sufficient and no further losses expected to be incurred after taking into consideration appropriate justifications and supporting documents.

To date, the Group is still in the midst of negotiating and finalising payment plan for the LD claims.

The Group has recognised its shares of losses of interest in BDNC when applying the equity method up to its interest in the joint venture since the previous financial year.

- (b) Boustead Holdings Berhad (BHB) and its wholly owned subsidiary, Bakti Wira Development Sdn Bhd (BWSB) had, on 16 October 2018 and 18 October 2018 respectively, being served with a Writ of Summons by one Deepak Jaikishan a/l Jaikishan Rewachand (Plaintiff). BHB has been made the Third Defendant and BWSB the Fourth Defendant while the First and Second Defendants are Dato' Seri Najib Bin Tun Razak and Datin Paduka Seri Rosmah Mansor. The suit was filed in the Kuala Lumpur High Court on 12 October 2018.

Under the Writ of Summons, the Plaintiff is alleging tort of conspiracy and/or conspiracy to defraud and/or tort of conversion and/or undue influence by the Defendants in the following transactions:

- i) the acquisition of 16,000,000 ordinary shares of Astacanggih Sdn Bhd (Astacanggih) by BWSB for a cash consideration of RM30 million from Prestige Dimension Sdn Bhd and other minority shareholders of Astacanggih pursuant to the Share Sale Agreement dated 20 December 2012; and
- ii) the acquisition of 200 acres of freehold lands in Selangor from Awan Megah (M) Sdn Bhd at a cash consideration of RM130 million by BWSB and Astacanggih pursuant to the Land Sale Agreement dated 27 December 2012.

The Plaintiff is claiming against the Defendants joint and/or severally for, among others, general damages of RM600 million, exemplary damages of RM50 million, aggravated damages of RM26 million, interest on each damages, special damages equivalent to 80% of current market value of certain lands, return of shares in Astacanggih which was acquired by BHB and BWSB, declaration that certain past transactions are null and void and declaration that the Plaintiff's rights over certain lands be returned to him.

BHB and BWSB entered their appearances on 23 October 2018, and on 9 November 2018, filed their Statement of Defence and requested for further and better particulars from the Plaintiff. On 17 December 2018, BHB and BWSB filed an application to the Court to strike out the Plaintiff's suit against them.

The High Court had on 17 July 2020, allowed BHB and BWSB's striking out application and struck out Plaintiff's claims.

On 14 August 2020, the Plaintiff filed his appeal against the High Court's decision on 17 July 2020 at the Court of Appeal and the appeal has been fixed for hearing on 8 October 2021.



NOTES TO THE FINANCIAL STATEMENTS

35. CONTINGENT LIABILITIES (CONT'D.)

(b) (Cont'd.)

In a separate development, on 27 March 2021, BHB and BWSB has been served with a Notice of Motion for an Interim Injunction against BHB and BWSB to:

- i) restrain BHB and BWSB from dealing with the lands which are part of the subject matter in this litigation; and
- ii) restrain BWSB from dealing with its shares held in Astacanggih

pending the disposal of the Plaintiff's appeal.

The hearing of this Notice of Motion at the Court of Appeal is fixed on 30 June 2021.

The Directors of BHB and BWSB believe that the Plaintiff's claims are untenable and are therefore positive that both companies will prevail in this litigation.

- (c) On 22 June 2020, BHB, its wholly-owned subsidiary BWSB and 80%-owned subsidiary Cebur Megah Development Sdn Bhd (CMSB), were served with a Writ of Summons in Kuala Lumpur High Court Suit No. WA-22NCVC-265-06/2020 (the Suit) by Deepak Jaikishan A/L Jaikishan Rewachand (Plaintiff). BHB has been named as the First Defendant, BWSB the Second Defendant and CSMB the Third Defendant in the Suit. The other Defendants named in the Suit are Pesuruhjaya Tanah Persekutuan (Fourth Defendant), UMW Toyota Motor Sdn Bhd (Fifth Defendant) and Suntrack Development Sdn Bhd (Sixth Defendant).

The Plaintiff alleged that the Defendants sought to wrongfully deprive the Plaintiff of lands held under the following titles (said Lands):

- i) an area measuring 96.825 acres held under H.S.(D) 28188, PT 220, Mukim of Kapar, District of Kelang, State of Selangor;
- ii) an area measuring 81.085 acres held under H.S.(D) 28187, PT 216, Mukim of Kapar, District of Kelang, State of Selangor; and
- iii) an area measuring 45.420 acres held under H.S.(D) 22220, Lot 1158, Mukim of Bukit Raja, District of Petaling, State of Selangor.

The Plaintiff claimed against the Defendants jointly and/or severally for general damages, exemplary damages, aggravated damages, permanent injunction to restrain the Defendants particularly the Third Defendant until the Sixth Defendant from conducting any dealings with respect to the said Lands, an order for specific performance against the Defendants particularly the Third Defendant until the Sixth Defendant for the transfer and/or return of the said Lands to the Plaintiff through a company called Astacanggih, interest at the rate of 5% per annum calculated from the date of the filing of the Writ of Summons until full settlement, costs and such further or other relief deemed fit by the Court.

The Plaintiff obtained an ex-parte interim injunction order on 19 June 2020 against the Defendants to restrain the Defendants from conducting any dealings with respect to the said Lands. The High Court had on 9 July 2020, dismissed the Plaintiff's application for interim injunction and allowed CMSB's application to strike out the Plaintiff's suit with cost of RM25,000.

The Plaintiff had on 7 August 2020, filed an appeal at the Court of Appeal against the High Court's decision on 9 July 2020 to strike out the claim against CMSB.

As for BHB, BWSB, FLC and Suntrack, the Court had on 23 September 2020, allowed their striking out applications where BHB and BWSB were awarded with combined costs of RM50,000, FLC with costs of RM20,000, UMW Toyota with costs of RM45,000 and Suntrack with costs of RM30,000.

NOTES TO THE FINANCIAL STATEMENTS

35. CONTINGENT LIABILITIES (CONT'D.)

(c) (Cont'd.)

The hearing for the appeal against CMSB is fixed on 29 July 2021.

Based on the advice received from BHB, BWSB and CMSB's solicitors, the Directors of all three companies believe that the Plaintiff's claims in the Suit are untenable, and are therefore confident that the companies will succeed in defeating these claims.

(d) On 3 July 2020, the Group's subsidiary, BNS was served with a Winding-up Petition (Petition) by MTU Services (Malaysia) Sdn Bhd (MSM).

By the Petition, MSM alleged that BNS was indebted to them for the total sum of RM56,044,740 for the equipment supplied and services provided to BNS.

On 11 August 2020, BNS filed Application to Stay/Strike Out MSM's Petition. On 19 August 2020, the Court granted an ad-interim stay of all proceedings pending disposal of BNS's Striking Out / Stay Application. 6 creditors namely BHB, Axima Concept SA, Boustead Penang Shipyard Sdn Bhd., Naval Group SA, Naval Group Malaysia Sdn Bhd and Paksi Laksana have submitted Notice of Intention to Oppose the Petition.

On 29 March 2021, the Court allowed BNS's application to strike out the Petition. On 21 April 2021, MSM filed their Notice of Appeal to appeal against the Court's decision on 29 March 2021. The Court has fixed 11 June 2021 for case management.

On a related note, BNS had on 28 September 2020, applied to the High Court of Kuala Lumpur via Originating Summons for, among others, the following orders:

- i) An Order pursuant to Section 366(1) of the Act to convene BNS's creditors for the purpose of considering and if deemed appropriate, to approve with or without modification, a proposed scheme of arrangement and compromise between BNS and its creditors; and
- ii) A restraining order pursuant to Section 368 of the Act whereby, among others, all proceedings and/or further proceedings and/or future proceedings in any action or proceedings against BNS and/or its assets, including but not limited to Court, winding up and arbitration proceedings as well as any intended or future proceedings (Restraining Order). The Restraining Order excludes the financial institution creditors of BNS.

In addition, BNS had also filed a Notice of Application for a Protective Order over the Statement of Affairs and the Government correspondence.

MSM has opposed BNS applications by filing a striking out application and the Court had on 24 February 2021, heard both parties' applications and in relation to BNS's Protective Order, the Court allowed the Protective Order only over the Government correspondence. As for MSM's application to strike out BNS's applications, the Court dismissed MSM's application with cost of RM5,000 to be paid to BNS.

BNS had on 22 March 2021 and 24 March 2021, filed an amendment of BNS directions on the proposed scheme of arrangement.

The court fixed 2 June 2021 for the decision of BNS' Originating Summons.

The Directors of BNS, upon consultation with their solicitors, are of the view that BNS has a fair chance of succeeding in defeating this Petition.



NOTES TO THE FINANCIAL STATEMENTS

35. CONTINGENT LIABILITIES (CONT'D.)

(e) The amount of bank guarantees issued by the Group to third parties are as follows:

	Group		Company	
	2020 RM Million	2019 RM Million	2020 RM Million	2019 RM Million
Performance bonds in respect of contracts awarded to subsidiaries				
– Government of Malaysia	659.8	691.5	0.3	0.7
– other third parties	62.0	74.4	–	–
	721.8	765.9	0.3	0.7

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include interest rate, liquidity, credit, foreign exchange and market price risks. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders while minimising the potential adverse effects on the performance of the Group.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Executive Officer and Chief Financial Officer of the respective operating units. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use to hedge transaction exposure where appropriate and cost efficient. The Group and the Company do not apply hedge accounting.

Interest rate risk

The Group finances its operations through operating cash flows and borrowings which are principally denominated in Ringgit Malaysia. The Group's policy is to derive the desired interest rate profile through a mix of fixed and floating rate banking facilities.

NOTES TO THE FINANCIAL STATEMENTS

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Interest rate risk (cont'd.)

The following tables set out the carrying amounts, the weighted average effective interest rate (WAEIR) as at the reporting date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

	Note	WAEIR %	1 year or less RM Million	1 to 2 years RM Million	2 to 5 years RM Million	More than 5 years RM Million	Total RM Million
Group							
At 31 December 2020							
Fixed rate							
Financial assets:							
Deposits	26	2.4	309.0	-	-	-	309.0
Financial liabilities:							
Term loans	31	6.7	(6.8)	(4.1)	(3.7)	-	(14.6)
Islamic medium term note	31	6.1	(299.9)	-	(2,042.3)	-	(2,342.2)
Floating rate							
Financial assets:							
Amounts due from joint ventures	23	6.0	4.6	37.0	207.2	-	248.8
Financial liabilities:							
Terms loans	31	4.4	(284.5)	(130.2)	(420.7)	(91.3)	(926.7)
Overdrafts	31	6.7	(55.4)	-	-	-	(55.4)
Revolving credits	31	4.6	(3,471.2)	(4.7)	(265.3)	-	(3,741.2)
Bankers' acceptances	31	3.8	(503.8)	-	-	-	(503.8)
At 31 December 2019							
Fixed rate							
Financial assets:							
Deposits	26	3.0	554.6	-	-	-	554.6
Financial liabilities:							
Islamic medium term notes	31	6.1	-	(299.6)	(1,840.6)	(199.6)	(2,339.8)
Floating rate							
Financial assets:							
Amounts due from joint ventures	23	6.0	1.3	-	202.6	-	203.9
Financial liabilities:							
Term loans	31	5.0	(382.6)	(151.4)	(409.7)	(202.0)	(1,145.7)
Overdrafts	31	7.8	(46.6)	-	-	-	(46.6)
Revolving credits	31	5.2	(3,486.3)	(259.1)	(160.9)	-	(3,906.3)
Bankers' acceptances	31	6.1	(471.2)	-	-	-	(471.2)



NOTES TO THE FINANCIAL STATEMENTS

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Interest rate risk (cont'd.)

	Note	WAEIR %	1 year or less RM Million	More than 1 year RM Million	Total RM Million
Company					
At 31 December 2020					
Fixed rate					
Financial assets:					
Deposits	26	1.7	155.1	-	155.1
Financial liabilities:					
Islamic medium term notes	31	6.1	(299.9)	(2,042.3)	(2,342.2)
Floating rate					
Financial assets:					
Amounts due from subsidiaries	23	5.7	319.4	1,913.2	2,232.6
Financial liabilities:					
Overdrafts	31	6.8	(39.3)	-	(39.3)
Revolving credits	31	4.5	(1,408.0)	-	(1,408.0)
Term loans	31	3.4	(105.0)	-	(105.0)
Amounts due to subsidiaries	32	2.5	(17.5)	-	(17.5)
Amounts due to joint ventures	32	6.2	(113.1)	-	(113.1)
At 31 December 2019					
Fixed rate					
Financial assets:					
Deposits	26	2.9	427.2	-	427.2
Financial liabilities:					
Islamic medium term notes	31	6.1	-	(2,339.8)	(2,339.8)
Floating rate					
Financial assets:					
Amounts due from subsidiaries	23	5.8	224.2	2,173.4	2,397.6
Amounts due from joint ventures	23	6.0	1.1	-	1.1
Financial liabilities:					
Overdrafts	31	8.0	(28.5)	-	(28.5)
Revolving credits	31	5.1	(1,490.0)	-	(1,490.0)
Term loans	31	4.5	(240.0)	-	(240.0)
Amounts due to subsidiaries	32	4.6	(59.3)	-	(59.3)

NOTES TO THE FINANCIAL STATEMENTS

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Interest on borrowings that are subject to floating rates are contractually repriced within a year. Interest on financial instruments at fixed rates are fixed until the maturity of the instruments.

At the reporting date, if interest rates had been 50 (2019: 50) basis points lower/higher, with all other variables held constant, the Group's and the Company's profit net of tax would have been RM19.9 million (2019: RM21.2 million) and RM5.9 million (2019: RM6.7 million) higher/lower respectively, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings and higher/lower interest income from floating rate fixed deposits. The assumed movement in basis points for interest rate sensitivity analysis is based on a prudent estimate of the current market environment.

Liquidity risk

The Group practises prudent liquidity risk management by maintaining availability of funding through adequate amount of committed credit facilities.

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Note	On demand or within 1 year RM Million	1 to 5 years RM Million	More than 5 years RM Million	Total RM Million
Group					
2020					
Borrowings	31	4,945.7	3,333.8	93.9	8,373.4
Trade and other payables	32	2,806.0	20.9	–	2,826.9
Derivatives liabilities	32	1.3	–	–	1.3
Lease liabilities	15	25.2	31.1	35.9	92.2
Total undiscounted financial liabilities		7,778.2	3,385.8	129.8	11,293.8
2019					
Borrowings	31	4,783.0	3,776.9	412.8	8,972.7
Trade and other payables	32	2,889.9	24.6	–	2,914.5
Derivatives liabilities	32	3.0	–	–	3.0
Lease liabilities	15	12.1	17.2	22.2	51.5
Total undiscounted financial liabilities		7,688.0	3,818.7	435.0	11,941.7



NOTES TO THE FINANCIAL STATEMENTS

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Liquidity risk (cont'd.)

	Note	On demand or within 1 year RM Million	1 to 5 years RM Million	Total RM Million
Company				
2020				
Borrowings	31	2,058.5	2,410.8	4,469.3
Trade and other payables	32	186.5	–	186.5
Lease liabilities	15	2.9	8.7	11.6
Total undiscounted financial liabilities		2,247.9	2,419.5	4,667.4
2019				
Borrowings	31	1,992.1	2,845.2	4,837.3
Trade and other payables	32	118.3	–	118.3
Lease liabilities	15	2.9	11.1	14.0
Total undiscounted financial liabilities		2,113.3	2,856.3	4,969.6

Credit risk

The Group seeks to invest cash assets safely and profitably. The Group also seeks to control credit risk by setting counterparty limits, obtaining bank guarantees where appropriate; and ensuring that sale of products and services are made to customers with an appropriate credit history, and monitoring customers' financial standing through periodic credit reviews and credit checks at point of sales. The Group considers the risk of material loss in the event of non-performance by a financial counterparty to be unlikely.

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position, including derivatives with positive fair values.

As at 31 December 2020, the Group has a significant concentration of credit risk in the form of outstanding balance due from the Government of Malaysia, representing approximately 34.5% (2019: 13.3%) of the Group's total net trade receivables.

Deposits with banks and other financial institutions, investment securities and derivatives that are neither past due nor impaired are entered into or placed with reputable financial institutions or companies with high credit ratings and no history of default.

Information regarding the ageing analysis of the financial assets that neither past due nor impaired is disclosed in Note 23.

NOTES TO THE FINANCIAL STATEMENTS

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)**Foreign currency risk**

The Group is exposed to foreign currency risk as a result of its normal operating activities, both external and intra-Group where the currency denomination differs from the local currency, Ringgit Malaysia. The Group's policy is to minimise the exposure of overseas operating subsidiaries/activities to transaction risks by matching local currency income against local currency cost. The currency giving rise to this risk is primarily US Dollar, Euro, Great Britain Pound and Indonesian Rupiah. Foreign exchange exposures are kept to an acceptable level.

The net unhedged financial assets and liabilities of the Group that are not denominated in their functional currency are as follows:

	Deposits, cash and bank balances RM Million	Receivables RM Million	Payables RM Million	Borrowings RM Million	Total RM Million
Group					
At 31 December 2020					
US Dollar	1.3	13.5	(252.6)	–	(237.8)
Euro	–	22.8	(468.4)	–	(445.6)
Great Britain Pound	4.3	11.9	(77.8)	(47.5)	(109.1)
Indonesian Rupiah	–	–	–	(123.4)	(123.4)
Others	5.0	0.1	(29.5)	–	(24.4)
	10.6	48.3	(828.3)	(170.9)	(940.3)
At 31 December 2019					
US Dollar	103.7	16.5	(157.0)	–	(36.8)
Euro	4.0	0.5	(416.5)	–	(412.0)
Great Britain Pound	8.7	1.5	(26.4)	(60.6)	(76.8)
Indonesian Rupiah	–	–	–	(160.8)	(160.8)
Others	5.3	0.3	(31.2)	–	(25.6)
	121.7	18.8	(631.1)	(221.4)	(712.0)



NOTES TO THE FINANCIAL STATEMENTS

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Foreign currency risk (cont'd.)

The following table demonstrates the sensitivity of the Group's loss for the year to a reasonably possible change in US Dollar, Euro, Great Britain Pound and Indonesian Rupiah against the functional currency of the Group with all other variables held constant.

	2020	Group 2019
	RM Million	RM Million
Increase/(Decrease) of Group's profit, net of tax		
US Dollar/RM		
– Strengthened by 10%	18.1	2.8
– Weakened by 10%	(18.1)	(2.8)
Euro/RM		
– Strengthened by 5%	16.9	15.7
– Weakened by 5%	(16.9)	(15.7)
Great Britain Pound/RM		
– Strengthened by 5%	4.1	2.9
– Weakened by 5%	(4.1)	(2.9)
Indonesian Rupiah/RM		
– Strengthened by 5%	4.7	6.1
– Weakened by 5%	(4.7)	(6.1)

Market price risk

The Group is exposed to equity price risk arising from its investment in quoted available-for-sale equity instruments. All of the Group's quoted equity instruments are listed on Bursa Malaysia Securities Berhad. These instruments are classified as financial assets. At the reporting date, if the FTSE Bursa Malaysia KLCI had been 5% higher/lower, with all other variables held constant, the impact to the Group's other reserve in equity would be insignificant.

The Group also exposed to commodity price risk arising from fluctuations in the price of crude palm oil and palm kernel. The Group adopts the strategy of having a mix of spot and forward sales at any one time to mitigate this risk.

NOTES TO THE FINANCIAL STATEMENTS

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Financial instruments by category

	Group		Company	
	2020 RM Million	2019 RM Million	2020 RM Million	2019 RM Million
Financial assets – measured at amortised cost				
Receivables	980.6	1,071.3	2,234.0	2,403.9
Deposit, cash and bank balances	496.4	941.4	160.6	432.2
Financial liabilities – measured at amortised cost				
Payables	2,826.9	2,914.5	186.5	118.3
Borrowings	7,583.9	7,909.6	3,894.5	4,098.3
Lease liabilities	76.0	41.3	10.6	12.2

37. FAIR VALUE MEASUREMENTS

Determination of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables (current)	23
Contract assets	25
Amount due from holding corporation	23
Amounts due from subsidiaries	23
Amounts due from associates	23
Amounts due from joint ventures	23
Amounts due from other related companies	23
Borrowings (current)	31
Trade and other payables (current)	32
Other payables (non-current)	32
Contract liabilities	25
Amount due to holding corporation	32
Amounts due to subsidiaries	32
Amounts due to associates	32
Amounts due to joint ventures	32
Amounts due to other related companies	32



NOTES TO THE FINANCIAL STATEMENTS

37. FAIR VALUE MEASUREMENTS (CONT'D.)

Determination of fair value (cont'd.)

The carrying amounts of these financial assets and liabilities are reasonable approximations of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amount of the current portion of borrowings is a reasonable approximation of fair values due to the insignificant impact of discounting.

The fair values of current loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending or borrowing arrangements at the reporting date.

The fair values of amounts due from/to subsidiaries, amounts due from/to associates and joint ventures and fixed rate bank borrowings are estimated by discounting the expected future cash flows at market incremental lending rate for similar types of lending or borrowing arrangements at the reporting date.

The fair value of quoted equity instruments is determined directly by reference to their published market closing price at the reporting date.

The fair value of forward exchange contracts is based on their quoted price, if available. If a quoted price is not available, then the fair value is estimated by reference to the forward exchange contract and exchange rate at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

37. FAIR VALUE MEASUREMENTS (CONT'D.)**Fair value hierarchy**

Presented below is the Group's and the Company's classified assets and liabilities carried at fair value analysed by fair value measurement hierarchy:

	Level 1 RM Million	Level 2 RM Million	Level 3 RM Million	Total RM Million
Group				
2020				
Assets				
Investments	5.8	-	-	5.8
Investment properties	-	-	1,404.9	1,404.9
Biological assets	-	-	25.0	25.0
Liabilities				
Forward currency contracts	-	(1.3)	-	(1.3)
	5.8	(1.3)	1,429.9	1,434.4
2019				
Assets				
Investments	10.2	-	-	10.2
Investment properties	-	-	1,568.1	1,568.1
Biological assets	-	-	22.2	22.2
Liabilities				
Forward currency contracts	-	(3.0)	-	(3.0)
	10.2	(3.0)	1,590.3	1,597.5
Company				
2020				
Assets				
Investments	1.3	-	-	1.3
Investment properties	-	-	87.4	87.4
	1.3	-	87.4	88.7
2019				
Assets				
Investments	4.7	-	-	4.7
Investment properties	-	-	104.5	104.5
	4.7	-	104.5	109.2

The Group and the Company do not have any financial liabilities measured at Level 3 hierarchy.



NOTES TO THE FINANCIAL STATEMENTS

37. FAIR VALUE MEASUREMENTS (CONT'D.)

Investment Properties

Investment properties are measured at fair value using valuation reports prepared by independent professional valuers based on income and market approach. The assumptions used in arriving at the investment properties' values take into consideration the property type, size, location, tenure, title restrictions and other relevant characteristics.

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

Valuation technique	Significant unobservable inputs	Range	
		2020	2019
Income method	Shopping complexes and office buildings:		
	Estimated monthly reversionary rental per square feet	RM0.32 – RM38	RM1 – RM40
	Discount rate	6% – 7%	6% – 7%
	Void rate	5% – 10%	5% – 10%
	Yield	5% – 6%	6% – 7%
Comparison method	Vacant lands and office buildings:		
	Differences in location, time factor, type of land, size and tenure	(50%) – 15%	(24%) – 45%

Significant increases (decreases) in estimated monthly reversionary rental in isolation would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in the discount rate, void rate and yield in isolation would result in a significantly lower (higher) fair value.

Derivatives

	2020		2019	
	Contract/ notional amount RM Million	Fair value of derivatives RM Million	Contract/ notional amount RM Million	Fair value of derivatives RM Million
Group				
Current				
Derivative liabilities (Note 32)				
Forward currency contracts	126.6	1.3	211.5	3.0

The Group uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for period consistent with currency transaction exposure and fair value changes exposure. The Group does not apply hedge accounting.

Forward currency contracts are used to hedge the Group's purchases denominated in US Dollar for which firm commitments existed at the reporting date.

As disclosed in Note 6, the Group recognised a loss of RM1.3 million (2019: loss of RM6.3 million) arising from the fair value changes in derivatives. The fair value changes are attributable to changes in foreign exchange spot, foreign exchange forward rates and interest rate.

NOTES TO THE FINANCIAL STATEMENTS

37. FAIR VALUE MEASUREMENTS (CONT'D.)

Borrowings

	2020		2019	
	Carrying amount RM Million	Fair value RM Million	Carrying amount RM Million	Fair value RM Million
Group				
Non-current borrowings (Note 31)				
Term loans	650.0	650.0	763.1	763.1
Islamic medium term notes	2,042.3	2,252.3	2,339.8	2,426.0
Revolving credits	270.0	270.0	420.0	420.0
	2,962.3	3,172.3	3,522.9	3,609.1
Company				
Non-current borrowings (Note 31)				
Islamic medium term notes	2,042.3	2,252.3	2,339.8	2,426.0

38. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2020 and 31 December 2019.

The Group monitors capital using a gearing ratio, which is derived by dividing the amount of borrowings (Note 31) over total equity. At the reporting date, the Group's gearing ratio calculated by dividing the amount of borrowings (Note 31) over total equity comprising shareholders' equity, perpetual sukuk and non-controlling interests is 1.48 times (2019: 1.39 times). The Group's policy is to keep gearing within manageable levels.



NOTES TO THE FINANCIAL STATEMENTS

39. COMMITMENTS

	Group		Company	
	2020 RM Million	2019 RM Million	2020 RM Million	2019 RM Million
Authorised and contracted				
Capital expenditure	128.0	126.6	-	-
Acquisition of plantation land	-	34.6	-	-
	128.0	161.2	-	-
Authorised but not contracted				
Capital expenditure	338.6	384.6	3.1	2.8

40. SIGNIFICANT RELATED PARTY DISCLOSURES

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

Related parties may be individuals or other entities. Related parties of the Group include:

- direct and indirect subsidiaries;
- holding corporation, Lembaga Tabung Angkatan Tentera (LTAT) and its subsidiaries, direct and indirect associates;
- direct and indirect associates and joint ventures; and
- key management personnel which comprises persons (including the Directors of the Company) having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly.

NOTES TO THE FINANCIAL STATEMENTS

40. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)

Significant related party transactions other than those disclosed elsewhere in the financial statements are as follows:

Income/(Expenses)	Group		Company	
	2020 RM Million	2019 RM Million	2020 RM Million	2019 RM Million
Subsidiaries				
Rental income	-	-	-	0.1
Management fees	-	-	6.0	9.2
Associates and joint ventures				
Agricultural research and advisory services paid	(14.9)	(15.3)	-	-
Insurance premium paid	(17.1)	(16.1)	-	-
Rental income on office premises	25.5	25.9	-	-
Sales of goods	0.7	3.7	-	-
Purchase of services	-	(0.2)	-	-
Professional fees paid	(1.2)	(2.1)	(1.2)	(0.7)
Insurance commission income	3.4	4.0	-	-
Rendering of services	50.3	42.9	-	-
Provision of project management services	0.5	0.5	-	-
Rental expense				
- Hotel	(12.0)	(12.1)	-	-
- Office premises	(0.9)	(0.8)	-	-
Holding corporation				
Rental expenses	(1.2)	(0.9)	-	-
Provision of project management services	0.3	0.4	-	-
Subsidiaries of holding corporation				
Sales of goods	36.0	58.0	-	-
Provision of construction works	1.6	40.6	-	-
Firms in which former Directors have a substantial interest				
Legal and professional fees paid	-	(6.3)	-	-
Government-related financial institutions				
Interest income	7.1	22.5	3.0	12.1
Finance cost	(191.3)	(197.6)	(107.3)	(93.7)

The Directors are of the opinion that the above transactions are in the normal course of business and at terms mutually agreed between parties.



NOTES TO THE FINANCIAL STATEMENTS

40. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)

The remuneration of key management personnel during the financial year is as follows:

	Group		Company	
	2020 RM Million	2019 RM Million	2020 RM Million	2019 RM Million
Directors				
Fees	1.0	1.0	0.9	0.8
Salaries and other emoluments	2.2	2.1	2.2	1.2
Defined contribution plans	-	0.4	-	0.2
Meeting, travelling and other allowances	0.4	0.2	0.2	0.2
Estimated monetary value of benefits-in-kind	-	0.2	-	0.1
	3.6	3.9	3.3	2.5
Other key management personnel				
Short term employee benefits	39.2	41.0	4.5	4.1
Defined contribution plans	4.6	4.6	0.7	0.7
	43.8	45.6	5.2	4.8
Total paid to key management personnel	47.4	49.5	8.5	7.3

The Group is a Government-related entity by virtue of its relationship with Lembaga Tabung Angkatan Tentera (LTAT), the holding corporation of the Company.

The significant transactions with the Government of Malaysia are as follows:

- (a) On 20 June 2019, Boustead Naval Shipyard Sdn Bhd (BNS), a subsidiary of Boustead Holdings Berhad (BHB) accepted a letter dated 14 June 2019 from the Ministry of Defence Malaysia (MINDEF) for the Refit works on KD TERENGGANU at a contract value of RM96.0 million. The aggregate revenue recognised under the contract for the year ended 31 December 2020 amounted to RM51.9 million (2019: RM1.1 million).

On 10 April 2018, BNS executed a letter of work dated 14 March 2018 from MINDEF for the maintenance and upgrading of Combat Management System for Royal Malaysian Navy's vessel at a contract value of RM44.8 million. The aggregate revenue recognised under the contract for the year ended 31 December 2020 amounted to RM3.2 million (2019: RM15.1 million).

On 23 March 2017, BNS signed a formal contract with the Government of Malaysia for the provision of design, construction, installation, commissioning, integration, tests and trials and delivery of first four units of Littoral Mission Ships (LMS) valued at RM1.17 billion. BNS has executed a sub-contract with China Shipbuilding Industry Corporation (CSIC) on 22 April 2017. The aggregate revenue recognised under the contract for the year ended 31 December 2020 amounted to RM151.9 million (2019: RM394.3 million).

NOTES TO THE FINANCIAL STATEMENTS

40. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)

The significant transactions with the Government of Malaysia are as follows: (cont'd.)

- (a) On 16 December 2011, BNS received a letter of award from MINDEF to design, construct, equip, install, commission, integrate, test and trials and deliver 6 units of 'Second Generation Patrol Vessels Littoral Combat Ship (Frigate Class)' (LCS) at a contract value of RM9.0 billion. The finalisation of this contract was on 17 July 2014. The aggregate revenue recognised under the letter of award for the year ended 31 December 2020 amounted to RM245.7 million (2019: RM495.1 million).
- (b) On 16 March 2011, Pharmaniaga Logistics Sdn Bhd (PLSB), a subsidiary of BHB entered into a Concession Agreement with the Government of Malaysia represented by the Ministry of Health, Malaysia (MOH) for a period of ten (10) years expiring on 30 November 2019, for the right and authority to purchase, store, supply and distribute the Approved Products (i.e. drugs and non-drugs approved by MOH) to the Public Sector Customers (i.e. government hospital, health office, health clinic, dental clinic, or any health institution or other similar facility within Malaysia which is operated and controlled by the MOH and as determined by the MOH from time to time) and also for the development of Pharmacy Information System and Clinic Pharmacy Systems in government hospitals and clinics.

In the month of November 2019, PLSB received a letter from MOH extending its services for the provision of medicine and medical supplies to MOH facilities for an interim period of twenty-five (25) months, commencing from 1 December 2019 to 31 December 2021.

In addition, PLSB also secured a contract to continue providing logistics and distribution services for MOH for a period of five (5) years ending 30 November 2024.

- (c) On 26 January 2021, Pharmaniaga Life Science Sdn Bhd (PLS), a subsidiary of BHB entered into a Term Sheet Agreement with Government of Malaysia, represented by the Ministry of Health for the purchase and distribution of COVID-19 vaccine, developed by Sinovac Life Sciences Co. Ltd.

On 22 March 2021, PLS entered into Supply and Distribution of COVID-19 Vaccine Agreement with Government of Malaysia, represented by Ministry of Health for the supply and distribution of COVID-19 vaccine, developed by Sinovac Life Sciences Co. Ltd.

- (d) On 22 March 2021, PLS entered into Supply and Distribution of COVID-19 Vaccine Agreement with Government of Malaysia, represented by Ministry of Health for the supply and distribution of 200,000 doses of COVID-19 vaccine (Imported Finished Product), developed and manufactured by Sinovac Life Sciences Co. Ltd.



NOTES TO THE FINANCIAL STATEMENTS

41. SIGNIFICANT AND SUBSEQUENT EVENTS

- a) On 25 March 2019, Boustead Rimba Nilai Sdn Bhd (BRNSB), a wholly owned subsidiary of Boustead Plantations Berhad has entered into a sale and purchase agreement (SPA) with Lubah Plantations (S) Sdn Bhd (Lubah) for the acquisition of Lubah property within the District of Labuk & Sugut comprising a land title measuring 499.3 hectares for a cash consideration of RM38.21 million. In the previous financial year, BRNSB had paid a 10% deposit of RM3,821,200. The SPA had lapsed on 25 August 2020 due to the non-fulfilment of one (1) of the Condition Precedents stipulated in the SPA within the extended Conditional Period of up to 24 August 2020 by Lubah. Pursuant to the Lubah SPA, the acquisition of Lubah property is now terminated and the 10% deposit has been refunded in the current financial year.
- b) During the year, the Company had disposed its entire equity interest of 45% in an associate, Kao (Malaysia) Sdn Bhd for a total consideration of RM68.4 million. Upon the disposal, the Group and the Company have recognised a gain on disposal of RM44.5 million and RM60.0 million, respectively.
- c) On 15 March 2019, Boustead Hotel & Resorts Sdn Bhd (BHR), a wholly-owned subsidiary of Boustead Properties Berhad, which in turn is a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement (SPA) with Every Room A Home Sdn Bhd (the Purchaser), for a proposed disposal of Royale Chulan Bukit Bintang Hotel located on 2 parcels of freehold land measuring approximately 3,189 square meter which was held under GRN 70145, Lot 1297 and GRN 70146, Lot 1298, both in Seksyen 67, District of Kuala Lumpur (Property) and its business, including fixtures, fittings and furnishings but excluding goodwill, for a cash consideration of RM197 million (Disposal Consideration) (Proposed Disposal).

Due to the delay in fulfilling the conditions precedent and the adverse effect on the hotel industry due to the worldwide pandemic, BHR and the Purchaser agreed to vary the Disposal Consideration to RM177.3 million (Revised Disposal Consideration) and certain conditions precedent were varied to conditions subsequent as evidenced in the Supplemental Agreement (SA) dated 29 December 2020.

The Purchaser had paid a deposit of RM19.7 million being 10% of the Disposal Consideration. Pursuant to the SA, the balance of the Revised Disposal Consideration totalling RM157.6 million shall be paid in the following manner:

- i. RM141.8 million shall be paid within one month from the Unconditional Date (as defined in the SA); and
- ii. RM15.8 million shall be paid within one month from the Vacant Possession Date (as defined in the SA) subject to the fulfilment of the conditions subsequent.

The Purchaser had on 22 February 2021 (Vacant Possession Date) paid RM141.8 million.

NOTES TO THE FINANCIAL STATEMENTS

41. SIGNIFICANT AND SUBSEQUENT EVENTS (CONT'D.)

- d) On 19 March 2021, Boustead Holdings Berhad (BHB) has entered into a conditional share sale agreement (SSA) with Westports Holdings Berhad and Klang Port Management Sdn Bhd (collectively as Purchasers) for a proposed disposal of the entire equity interest in Boustead Cruise Centre Sdn Bhd or a total of 369,712,894 ordinary shares of RM1.00 each for a cash consideration of RM230 million (Sale Consideration) subject to the terms and conditions as stipulated in the SSA (Proposed Disposal).

The Sale Consideration shall be payable by the Purchasers to BHB in the following manner:

- i. Upon execution of the SSA, 30% of the Sale Consideration shall be made payable to BHB by the Purchasers in the ratio of 50:50; and
- ii. On completion, the balance of 70% of the Sale Consideration shall be made payable to BHB by the Purchasers in the ratio of 50:50.

The 30% of the Sale Consideration amounting to RM69 million has been paid by the Purchasers on 19 March 2021. Subject to the fulfilment of all conditions precedent, the Proposed Disposal is expected to be completed by the 3rd quarter of 2021.

- e) On 16 December 2011, Boustead Naval Shipyard Sdn Bhd (BNS), a subsidiary of BHB received a letter of award from the Government of Malaysia (GOM) to design, construct, equip, install, commission, integrate, test and trials and deliver 6 units of LCS with combatant capabilities for Royal Malaysian Navy (RMN) at a ceiling price of RM9.0 billion. The formal contract with GOM was signed on 17 July 2014.

In 2019, the Minister of Defence at that time made a statement in the Parliament on the delay in delivering the LCS. It was announced that BNS has requested a variation order to complete the project. Subsequently, series of discussions and negotiations were held between GOM and BNS. Based on the progress of these deliberations, as at 31 December 2020, the Group is of the view that a satisfactory resolution will be reached with GOM. Accordingly, no provisions have been made to the accounts for the LCS project.

On 3 March 2021, the Group had submitted a formal proposal on the way forward in relation to the building and maintenance of the LCS. Subsequently, on 5 May 2021, the LCS project was discussed and deliberated in the cabinet meeting. Based on the press announcement made by Ministry of Defence on 7 May 2021, GOM has agreed that the Group will resume and continue with the LCS project with conditions to be complied by the Group. It was mentioned that the GOM's decision has taken into consideration the interest of employees, vendors, suppliers, LTAT's beneficiaries and bankers.

The formal communication on the details and specifics of the approval granted has yet to be received by the Group at the date of this account given delays caused by festive holidays and COVID-19 pandemic. However, we expect to receive the official details in due course.

Based on the recent developments as mentioned above, we believed no further provisions are required to be made for onerous contract and/or liquidated ascertained damages on the LCS project.



NOTES TO THE FINANCIAL STATEMENTS

41. SIGNIFICANT AND SUBSEQUENT EVENTS (CONT'D.)

- f) On 19 April 2021, Mutiara Rini Sdn Bhd (MRSB), a wholly-owned subsidiary of Boustead Properties Berhad, which in turn is a wholly-owned subsidiary of BHB, has entered into a sale and purchase agreement (SPA) with Sunway Rahman Putra Sdn Bhd (SRPSB) for a proposed disposal of a parcel of freehold land measuring 6.59 acres held under HSB 118499 PT 484 Section 90 Kuala Lumpur (Land) for a total cash consideration of RM233.4 million (Disposal Consideration) (Proposed Disposal).

The Disposal Consideration will be paid by SRPSB in the following manner:

- i. Payment of RM46.7 million, being 20% of the Disposal Consideration, the breakdown as follows:
 - a. payment of RM0.9 million of initial deposit which was paid by SRPSB to MRSB prior to the execution of the SPA;
 - b. payment of RM3.8 million, being 2% of the Disposal Consideration amounting to RM4.7 million less the initial deposit, which was paid by SRPSB upon its acceptance of the letter of offer issued by MRSB dated 13 April 2021; and
 - c. payment of RM42.0 million, being 18% of the Disposal Consideration, which was paid by SRPSB upon execution of the SPA.
- ii. Payment of RM186.7 million, being 80% of the Disposal Consideration (Balance Disposal Consideration) on or by the expiry of 1 month following the conditional approval is deemed fulfilled pursuant to the terms of the SPA (Unconditional Date), or 6 months from the date of the SPA, whichever is the later but no later than 19 October 2021 or any other period as may be agreed in writing between the parties. MRSB's solicitors are authorised to release the Balance Disposal Consideration to SRPSB 14 days after the presentation of the Memorandum of Transfer (MOT) and charge, if applicable.
- iii. Notwithstanding the non-fulfilment of the conditions precedent, SRPSB agrees to pay the Balance Disposal Consideration to MRSB's solicitors as stakeholders by 19 October 2021 in exchange for the original title and other documents necessary to affect the presentation of the MOT. The Balance Disposal Consideration shall be placed in an interest-bearing account and all interest accrued until the Unconditional Date shall belong to SRPSB and in consideration, SRPSB shall be at liberty to lodge a lienholder's caveat on the Land at its own cost. In this event, MRSB's solicitors are authorised to release the Balance Disposal Consideration to SRPSB on the Unconditional Date.

The Proposed Disposal is expected to be completed by the 4th quarter of 2021.

- g) During the year, MRSB has entered into a sales and purchase agreement (SPA) with Binastra Synergy Sdn Bhd (the Purchaser) for a proposed disposal of freehold land measuring approximately 11,188 square meters which was held under GRN 76763, Lot 20005, Seksyen 90, Kuala Lumpur (Property) for total consideration of RM130.0 million (Disposal Consideration).

The Purchaser has paid a deposit of RM13.8 million and the balance of the Disposal Consideration will be settled within 3 months from the date of the SPA or 1 month from extended Conditional Date (as defined in the SPA), whichever is later.

NOTES TO THE FINANCIAL STATEMENTS

41. SIGNIFICANT AND SUBSEQUENT EVENTS (CONT'D.)

g) (Cont'd.)

The Proposed Disposal is subject to the following remaining conditions precedent:

- a. The approvals of relevant authorities; and
- b. The conditions stipulated in the SPA.

The disposal is subject to approval from relevant authorities and is expected to complete in second quarter of 2021.

h) On 12 January 2021, Pharmaniaga LifeScience Sdn Bhd (PLS), a subsidiary of BHB, has entered into a Binding Term Sheet Agreement with Sinovac Life Sciences Co. Ltd., a subsidiary of the Sinovac Biotech Ltd. for the purchase of ready-to-fill bulk product of COVID-19 vaccine for manufacturing of COVID-19 vaccine by PLS.

i) On 26 January 2021, PLS has entered into a Term Sheet Agreement with Government of Malaysia, represented by the Ministry of Health for the purchase and distribution of COVID-19 vaccine, developed by Sinovac Life Sciences Co. Ltd.

On 22 March 2021, PLS has entered into Supply and Distribution of COVID-19 Vaccine Agreement with Government of Malaysia, represented by Ministry of Health for the supply and distribution of COVID-19 vaccine, developed by Sinovac Life Sciences Co. Ltd.

j) On 22 March 2021, PLS has entered into Supply and Distribution of COVID-19 Vaccine Agreement with Government of Malaysia, represented by Ministry of Health for the supply and distribution of 200,000 doses of COVID-19 vaccine (Imported Finished Product), developed and manufactured by Sinovac Life Sciences Co. Ltd.

k) The COVID-19 pandemic will continue to pose challenges to the financial performance and operations of the Group, with the movement and social restrictions necessitated by the pandemic curtailing economic activities. Nevertheless, the Group has in place, the measures to mitigate the impact of the pandemic and sustain its businesses.

A group-wide cost reduction measures will continue to be championed to minimise the financial impact of the pandemic to the Group, among others, deferment and suspension of non-essential expenditure and optimal inventory management. Business continuity plan has been implemented, prioritising the well being of the employees and other stakeholders. The Group has also reformed its communication medium by encouraging virtual meeting and messaging, as well as data and information sharing.

During the second half of 2020, the Government of Malaysia has eased certain restrictions previously imposed in mid-March 2020. The Group, since then has reopened all of its operations, mainly the non-essential businesses with strict health and safety protocols consistent with the governments' guidelines. However, the fear and ongoing risk of COVID-19 resurgence is dampening the recovery of the businesses especially in tourism-related, property, hotel and trading industries whilst the shortage of plantation labour and disrupted supply chain due to the pandemic remain as the greatest challenges to the plantation industry.

Against the backdrop of uncertainties, we have also diversified our focus to rejuvenate the Group by tapping into new opportunities. As disclosed in Note 41 (i) and Note 41 (j), the Group has been selected by the Ministry of Health for the supply and distribution of COVID-19 vaccine, developed by Sinovac Life Sciences Co. Ltd. Furthermore, as part of the strategic plans to strengthen the vaccine business as an additional stream of income, the Group has also entered into a Binding Term Sheet Agreement with Sinovac Life Sciences Co.Ltd., a subsidiary of the Sinovac Biotech Ltd. for the purchase of ready-to-fill bulk product of COVID-19 vaccine for manufacturing of COVID-19 vaccine as disclosed in Note 41 (h).

The prospect of recovery has improved with the roll-out of mass vaccination programmes in Malaysia and globally and the Group is cautiously optimistic that its operations will be back to normal soon.



BOUSTEAD GROUP

Name of company*	Principal activities	Paid-up capital	Group interest	
			% 2020	% 2019
As at 31 December 2020				
SUBSIDIARIES				
Boustead Properties Berhad	Investment holding and property investment	RM757,254,185	100	100
Boustead Plantations Berhad	Investment holding and oil palm cultivation	RM1,422,343,198	57	57
Pharmaniaga Berhad**	Investment holding	RM153,338,819	56	56
Boustead Heavy Industries Corporation Berhad	Investment holding	RM248,457,614	65	65
Boustead Naval Shipyard Sdn Bhd	Construction, repair and maintenance of naval and merchant ships	RM130,000,003	82	82
Boustead Petroleum Marketing Sdn Bhd**	Marketing of petroleum products	RM315,794,667	42	42
UAC Berhad	Manufacture of fibre cement products, project management and property investment	RM2,894,000	100	100
MHS Aviation Berhad	Provision of air transportation, flight support, engineering and technical services	RM229,999,994	94	51
Boustead Petroleum Sdn Bhd	Investment holding	RM118,541,300	60	60
Boustead Segaria Sdn Bhd	Investment holding	RM19,474,816	100	100
Boustead Emastulin Automobile Sdn Bhd	Investment holding	RM100,000	100	100
Boustead Credit Sdn Bhd	Hire purchase and lease financing	RM15,000,000	100	100
UAC Construction Sdn Bhd	Manufacture and sale of surface coating for decorative and industrial applications	RM22,663,000	100	100
UAC Solidpanel Sdn Bhd	Manufacture and sale of solidpanel	RM5,000,000	100	100
Boustead Global Risk Solution Sdn Bhd	Insurance agent	RM3,000,000	100	100
Boustead Travel Services Sdn Bhd	Travel agent	RM5,500,000	100	100

Name of company*	Principal activities	Paid-up capital	Group interest	
			% 2020	% 2019
As at 31 December 2020				
SUBSIDIARIES (cont'd.)				
Boustead DCP Sdn Bhd	Produce and supply of chill water for air-conditioning	RM12,000,000	100	100
Boustead Construction Sdn Bhd	Project management, construction and property development	RM1,000,000	100	100
Mutiara Nusa Sdn Bhd	Property development	RM2	100	100
Mutiara Rini Sdn Bhd	Property development	RM338,001,000	100	100
Boustead Balau Sdn Bhd	Property development	RM30,000,000	100	100
Boustead Curve Sdn Bhd	Property investment	RM150,000,000	100	100
Damansara Entertainment Centre Sdn Bhd	Property investment	RM60,000,000	100	100
Boustead Realty Sdn Bhd	Property investment	RM100,000,000	100	100
Boustead Weld Court Sdn Bhd	Property investment	RM20,001,000	100	100
Nam Seng Bee Hoon Sdn Bhd	Property investment	RM70,000,000	100	100
Boustead Weld Quay Sdn Bhd	Property investment and hotel operations	RM150,000,000	100	100
Boustead Hotels & Resorts Sdn Bhd	Hotel operations	RM175,000,000	100	100
Boustead Ventures Limited [%]	Hotel operations	£1,000	100	100
Boustead Hyde Park Ltd ^{&}	Hotel operations	–	100	100
Midas Mayang Sdn Bhd	Hotel operations	RM10,000,000	80	80
Astacanggih Sdn Bhd	Investment holding	RM20,000,000	80	80
Cebur Megah Development Sdn Bhd	Investment holding	RM2	80	80
Bakti Wira Development Sdn Bhd	Investment holding	RM75,000	100	100
Boustead Shipping Agencies Sdn Bhd	Shipping agent	RM5,000,000	100	100
Boustead Cruise Centre Sdn Bhd	Provision of port facilities and services to cruise and navy vessels	RM80,000,000	100	100
Boustead Building Materials Sdn Bhd	Building products distributor and project management	RM53,000,000	100	100
The University of Nottingham in Malaysia Sdn Bhd	Operation of a university	RM154,960,000	66	66



BOUSTEAD GROUP

Name of company*	Principal activities	Paid-up capital	Group interest	
			% 2020	% 2019
As at 31 December 2020				
SUBSIDIARIES (cont'd.)				
Nottingham MyResearch Sdn Bhd	Conducting contract research and development and testing services	RM100,000	66	66
Boustead Rimba Nilai Sdn Bhd	Cultivation of oil palm and processing of fresh fruit bunches (FFB)	RM100,000,000	57	57
Boustead Emastulin Sdn Bhd	Cultivation of oil palm and processing of FFB	RM17,000,000	57	57
Boustead Eldred Sdn Bhd	Cultivation of oil palm	RM15,000,000	57	57
Boustead Trunkline Sdn Bhd	Cultivation of oil palm	RM7,000,000	57	57
Boustead Gradient Sdn Bhd	Cultivation of oil palm and processing of FFB	RM3,000,000	57	57
Boustead Estates Agency Sdn Bhd	Plantation management and engineering consultancy	RM1,637,292	57	57
Boustead Agency and Consultancy Services Sdn Bhd	Plantation management and engineering consultancy	RM4,500,000	57	57
Boustead Telok Sengat Sdn Bhd	Processing of FFB and investment holding	RM11,480,000	57	57
Boustead Solandra Sdn Bhd	Cultivation of oil palm	RM200,000	57	57
Boustead Life Sciences Research Sdn Bhd	Advisory and research on life sciences and commercialisation of products developed from life sciences	RM250,000	57	57
Boustead Pelita Kanowit Oil Mill Sdn Bhd	Operation of palm oil mill	RM30,000,000	34	34
Boustead Pelita Kanowit Sdn Bhd	Cultivation of oil palm	RM234,560,000	34	34
Boustead Pelita Tinjar Sdn Bhd	Cultivation of oil palm and processing of FFB	RM161,370,000	34	34
Pharmaniaga Manufacturing Berhad**	Manufacture and sale of pharmaceutical products	RM10,015,000	56	56
Pharmaniaga Logistics Sdn Bhd**	Distribution of pharmaceutical and medical products	RM40,000,000	56	56
Pharmaniaga Marketing Sdn Bhd**	Trading and marketing of pharmaceutical and medical products	RM3,000,000	56	56

Name of company*	Principal activities	Paid-up capital	Group interest	
			% 2020	% 2019
As at 31 December 2020				
SUBSIDIARIES (cont'd.)				
Pharmaniaga LifeScience Sdn Bhd**	Manufacture and sale of pharmaceutical products	RM200,000,000	56	56
Pharmaniaga Research Centre Sdn Bhd**	Conduct research and development of pharmaceutical products	RM10,000,000	56	56
Pharmaniaga Biomedical Sdn Bhd**	Supply, trading and installation of medical and hospital equipment	RM8,000,000	56	56
Idaman Pharma Manufacturing Sdn Bhd**	Manufacture and sale of pharmaceutical products	RM25,020,000	56	56
Pristine Pharma Sdn Bhd**	Trading and wholesaling of consumer products	RM20,000,050	56	56
Pharmaniaga International Corporation Sdn Bhd**	Investment holding	RM103,000,000	56	56
PT Errita Pharma**+	Manufacture and sale of pharmaceutical products in Indonesia	Rp95,832,000,000	54	54
Paradigm Industry Sdn Bhd**	Manufacture and sale of food supplement	RM100,000	45	45
PT Millennium Pharmacon International Tbk**+	Distribution and trading of pharmaceutical & diagnostic products and food supplements	Rp127,400,000,000	41	41
Bio-Collagen Technologies Sdn Bhd**	Research and manufacture of collagen medical devices	RM2,000,000	39	39
Boustead Langkawi Shipyard Sdn Bhd	Construction, repair and maintenance of boats and yachts	RM100,000,000	82	82
Boustead Penang Shipyard Sdn Bhd	Heavy engineering construction, ship repair and shipbuilding	RM350,000,000	65	65



BOUSTEAD GROUP

Name of company*	Principal activities	Paid-up capital	Group interest	
			% 2020	% 2019
As at 31 December 2020				
SUBSIDIARIES (cont'd.)				
Perstim Industries Sdn Bhd	Investment holding	RM51,155,724	65	65
BHIC Marine Carriers Sdn Bhd	Provision of engineering services for oil and gas industry	RM3,000,000	65	65
Dominion Defence & Industries Sdn Bhd	Supply and services of marine and defence related products	RM1,000,000	65	65
BHIC Defence Techservices Sdn Bhd	Provision of maintenance and services for defence related products	RM1,000,000	65	65
BHIC Defence Technologies Sdn Bhd	Investment holding	RM36,579,282	65	65
BHIC Navaltech Sdn Bhd	In-service support for the maintenance, services and supply of spare parts for vessels	RM1,000,000	65	65
BHIC Electronics and Technologies Sdn Bhd	Provision of maintenance and services for defence weapons and related products	RM2,329,897	65	65
BHIC Allied Defence Technology Sdn Bhd	Supply of electronics and System technology to defence related industry	RM510,000	65	65
BHIC Trading Sdn Bhd	Property investment	RM8,000,002	65	65
BHIC Submarine Engineering Services Sdn Bhd	Provision of maintenance and service of submarines	RM500,000	65	65
BHIC Marine Technology Academy Sdn Bhd	Provision of marine and defence management training	RM500,000	65	65
BHIC Aerotech Sdn Bhd	Provision of maintenance, repair and overhaul of aircraft wheels and brakes	RM500,000	65	65
BHIC Shipbuilding and Engineering Sdn Bhd	Ship repair, shipbuilding and fabrication of steel structures	RM500,000	65	65
BHIC Marine Transport Sdn Bhd	Provision of chartering of ships and vessels	RM3	65	65
BHIC Marine Ventures Sdn Bhd	Provision of chartering of ships and vessels	RM3	65	65
Malaysian Heavy Industry Group Sdn Bhd	Investment holding	RM25,000	39	39
Boustead Technology Sdn Bhd <i>(formerly known as Boustead Information Technology Sdn Bhd)</i>	Technology and Innovation Solutions Provider	RM1,000,000	100	100

Name of company*	Principal activities	Paid-up capital	Group interest	
			% 2020	% 2019
As at 31 December 2020				
SUBSIDIARIES (cont'd.)				
U.K. Realty Sdn Bhd	Inactive	RM40,001,000	100	100
Mecuro Properties Sdn Bhd	Inactive	RM2	100	100
AB Shipping Sdn Bhd	Inactive	RM45,000	100	100
Cargo Freight Shipping Sdn Bhd	Inactive	RM186,000	100	100
Boustead Management Services Sdn Bhd	Inactive	RM10,000	100	100
Boustead Advertising Sdn Bhd	Inactive	RM500,002	100	100
Boustead REIT Managers Sdn Bhd	Inactive	RM10,000	100	100
Boustead Sissons Marketing Sdn Bhd	Inactive	RM100,000	100	100
Malakoff Management Services Pte Ltd #	Inactive	SGD100,000	100	100
Fitek (M) Sdn Bhd	Inactive	RM263,000	100	100
UAC Marketing Sdn Bhd	Inactive	RM2	100	100
UAC Masterflange Sdn Bhd	Inactive	RM2,000,000	100	100
Pharmaniaga Pegasus (Seychelles) Co. Ltd**°	Inactive	USD100,000	56	56
Landasan Ria Sdn Bhd	Inactive	RM40,000,051	94	51
MHS Assets Sdn Bhd	Inactive	RM10,000,000	94	51
MHS International (Labuan) Limited	Inactive	RM3	94	51
BHIC Marine & Shipping Sdn Bhd	Inactive	RM3,000,003	65	65
Naval and Defence Communication System Sdn Bhd	In liquidation	RM100,000	65	65
Boustead Atlas Hall Sdn Bhd	Ceased operation	RM4,666,000	100	100
Boustead Engineering Sdn Bhd	Ceased operation	RM8,000,000	100	100
UAC Steel Systems Sdn Bhd	Ceased operation	RM1,860,000	100	100
Boustead Electronic Commerce Sdn Bhd	Ceased operation	RM100,000	100	100



BOUSTEAD GROUP

Name of company*	Principal activities	Paid-up capital	Group interest	
			% 2020	% 2019
As at 31 December 2020				
SUBSIDIARIES (cont'd.)				
Boustead Yachts Sdn Bhd	Ceased operation	RM1,000,000	82	82
BN Shiprepair Sdn Bhd	Ceased operation	RM1,000,000	82	82
BHIC Asset Holding Sdn Bhd	Ceased operation	RM10,000,000	65	65
BHIC Development Sdn Bhd	Ceased operation	RM2	65	65
Bounty Crop Sdn Bhd	Ceased operation	RM70,200,000	57	57
PT Mega Pharmaniaga**+	Ceased operation	Rp11,372,400,000	53	53
ASSOCIATES				
Pavilion Entertainment Centre Sdn Bhd	Property development	RM74,583,400	50	50
Drew Ameroid (M) Sdn Bhd	Industrial chemicals distributor	RM20,000	50	50
Boustead Wah Seong Sdn Bhd	Investment holding	RM24,541,500	50	50
Wah Seong Boustead Co Ltd^	Consumer and building products distributor	Kyat2,756,000	50	50
Kao (Malaysia) Sdn Bhd	Toiletries, household products distributor	RM16,000,000	-	45
Applied Agricultural Resources Sdn Bhd	Agronomic advisory services, commercial production of oil palm planting materials and investment holding	RM3,000,000	29	29
Cadbury Confectionery Malaysia Sdn Bhd	Chocolate and sugar confectionery manufacturer	RM32,673,950	25	25
Affin Bank Berhad	Financial services group	RM4,684,752,000	21	21
Rakan Riang Sdn Bhd	Operating education and entertainment facilities	RM30,600,000	-	20
Rakan Riang Pte Ltd #	Operating education and entertainment facilities	SGD24,000,000	20	20

Name of company*	Principal activities	Paid-up capital	Group interest	
			% 2020	% 2019
As at 31 December 2020				
JOINT VENTURES				
Irat Properties Sdn Bhd	Property investment	RM447,200,000	50	50
Boustead Ikano Sdn Bhd	Property investment holding and operating of a shopping mall	RM500,000,000	50	50
BHIC MSM Sdn Bhd	Provision for maintenance and repair of MTU products	RM1,000,000	39	39
Boustead DCNS Naval Corporation Sdn Bhd	Vessel maintenance	RM10,000,000	39	39
Contraves Advanced Devices Sdn Bhd	Manufacture of electronic products	RM5,000,000	33	33
BYO Marine Sdn Bhd	Construction of vessels	RM500,000	33	33
BHIC Bofors Asia Sdn Bhd	Providing, supplying and servicing BOFORS weapons system	RM1,000,000	33	33
BHIC AeroServices Sdn Bhd	Maintenance, repair and overhaul of rotary and fixed wing aircraft	RM2,000,000	33	33
BHIC System Integration Sdn Bhd	Project management, contract administration and other related services for defence industry	RM1,000,000	33	33
Pyrotechnical Ordnance Malaysia Sdn Bhd	Production and selling of double based propellant for locally used artillery shells and rockets in defence sector	RM50,002	32	32
Airbus Helicopters Simulation Centre Sdn Bhd	Provision of services relating to flight training simulator	RM37,525,000	20	20

* Incorporated and operating in Malaysia unless otherwise indicated

** Subsidiaries not audited by Ernst & Young PLT

+ Incorporated and operating in Indonesia

^ Incorporated and operating in Myanmar

Incorporated and operating in Singapore

& Incorporated in British Virgin Island and operating in United Kingdom

% Incorporated and operating in United Kingdom

o Incorporated in Republic of Seychelles



RECURRENT RELATED PARTY TRANSACTIONS

At the Annual General Meeting held on 22 July 2020, the Company obtained Shareholders' Mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature.

In accordance with Section 3.1.5 of Practice Note No. 12 of the Bursa Malaysia Securities Berhad Listing Requirements, the details of recurrent related party transactions conducted during the financial year ended 31 December 2020 pursuant to the Shareholders' Mandate are disclosed as follows:

Related Party	Interested Director/ connected person	Nature of transactions	Actual transactions RM Million
Boustead Plantations Berhad	Dato' Seri Mohamed Khaled Nordin [#]	Office rental at Menara Boustead paid to Boustead Realty Sdn Bhd	1.5
	Puan Nik Amlizan Mohamed* LTAT	General management fees, internal audit fees and tax consultancy fees paid to Boustead Holdings Berhad	2.1
		Purchase of air tickets and travel related services from Boustead Travel Services Sdn Bhd	0.3
Boustead Naval Shipyard Sdn Bhd	Dato' Seri Mohamed Khaled Nordin [#]	Office rental at Menara Boustead paid to Boustead Realty Sdn Bhd	2.0
	Puan Nik Amlizan Mohamed* LTAT	Purchase of air tickets and travel related services by Boustead Travel Services Sdn Bhd	1.5
Boustead Petroleum Marketing Sdn Bhd	Dato' Seri Mohamed Khaled Nordin [#]	Sale of non-regulated petroleum products to Boustead Holdings Berhad Group	4.2
	Puan Nik Amlizan Mohamed* LTAT	Purchase of air tickets and travel related services by Boustead Travel Services Sdn Bhd	0.1

[#] Appointed on 1 May 2020

* Resigned on 5 October 2020

Related Party	Interested Director/ connected person	Nature of transactions	Actual transactions RM Million
Pharmaniaga Berhad	Dato' Seri Mohamed Khaled Nordin [#]	Purchase of air tickets and travel related services by Boustead Travel Services Sdn Bhd	0.2
	Puan Nik Amlizan Mohamed* LTAT	Provision of corporate and administrative support services and training by Boustead Holdings Berhad	0.6
Affin Bank Berhad Group	Dato' Seri Mohamed Khaled Nordin [#]	Office rental at Menara Boustead, Menara Affin and the Curve paid to Boustead Realty Sdn Bhd, Boustead Curve Sdn Bhd and Boustead Properties Berhad	18.0
	Puan Nik Amlizan Mohamed* LTAT	Provision of professional service to Boustead Holdings Berhad, Boustead Naval Shipyard Sdn Bhd and Boustead Properties Berhad	1.2
		Purchase of air tickets and travel related services from Boustead Travel Services Sdn Bhd	0.3
Irat Hotels and Resorts Sdn Bhd	Dato' Seri Mohamed Khaled Nordin [#]	Rental of hotel building paid by Boustead Hotels and Resorts Sdn Bhd	12.0
	Puan Nik Amlizan Mohamed* LTAT	Office rental at Chulan Tower paid by The University of Nottingham in Malaysia Sdn Bhd	0.8

[#] Appointed on 1 May 2020

* Resigned on 5 October 2020



RECURRENT RELATED PARTY TRANSACTIONS

Related Party	Interested Director/ connected person	Nature of transactions	Actual transactions RM Million
LTAT	Dato' Seri Mohamed Khaled Nordin [#]	Purchase of air tickets and travel related services from BTS	-
	Puan Nik Amlizan Mohamed*	Office rental at Surian Tower paid by BPM	1.0
	LTAT	Provision of property management service from Boustead Properties	0.3
Perbadanan Perwira Harta Malaysia	Dato' Seri Mohamed Khaled Nordin [#]	Construction of low cost housing project by UAC Berhad	0.8
	Puan Nik Amlizan Mohamed*		
	LTAT		
Perbadanan Perwira Niaga Malaysia	Dato' Seri Mohamed Khaled Nordin [#]	Sale of non-regulated petroleum products by Boustead Petroleum Marketing	0.7
	Puan Nik Amlizan Mohamed*		
	LTAT		
Perbadanan Hal Ehwal Bekas Angkatan Tentera	Dato' Seri Mohamed Khaled Nordin [#]	Purchase of air tickets and travel related services from BTS	-
	Puan Nik Amlizan Mohamed*		
	LTAT		

[#] Appointed on 1 May 2020

* Resigned on 5 October 2020

TOP 30 PROPERTIES OF THE GROUP

	Location	Hectares	Description	Tenure	Age of buildings Years	Book value	Year of acquisition/ revaluation*
1	The Curve, Jalan PJU 7/3, and building Mutiara Damansara, Selangor	5.0	Commercial land	Freehold	16	571.0	*2020
2	PT74947 & PT83892, Mukim of Kapar, District of Klang, and PT39005, Mukim of Bukit Raja, District of Petaling, Selangor	81	Development land	Freehold		344.7	2014
3	Sg Segamaha and Bukit Segamaha Estates Lahad Datu	5,659.6	Oil palm estate and palm oil mill	1979 – 2077	24	314.0	*2016
4	Lot 78143/78144/78146/78147/78148/78153/78154/78155 and PT63807, Mukim Klang, Daerah Klang, Selangor	28.3	Cruise terminal building, jetty and industrial land	1996 – 2095	21	282.5	*2020
5	Balau Estate, Semenyih, Selangor	247.4	Oil palm estate & molecular laboratory	Freehold	13	280.0	*2016
6	Telok Sengat Estate, Kota Tinggi, Johor	3,690.1	Oil palm estate & palm oil mill	Freehold	34	262.1	*2016
7	University of Nottingham in Malaysia, Semenyih Selangor	48.1	University campus	Freehold / Leasehold	15	244.0	*2001
8	Segaria Estate, Semporna Sabah	4,746.2	Oil palm estate & palm oil mill	1965 – 2072	40	241.0	*2016
9	Nucleus Tower, Mutiara Damansara, Selangor	0.85	Office complex	Freehold	2	224.0	*2020
10	Boustead Pertama and Boustead Sapa Payau Estates, Labuk & Sugut	3,944.1	Oil palm estate	1980-2079 1981-2080 1982-2081		215.8	2018



TOP 30 PROPERTIES OF THE GROUP

	Location	Hectares	Description	Tenure	Age of buildings Years	Book value	Year of acquisition/ revaluation*
11	Boustead Sungai Lokan and Boustead Lokan Baru Estates, Labuk & Sugut	4,439.0	Oil palm estate	1980-2079 1981-2080 1982-2081 1988-2087		203.3	2018
12	Royale Chulan Damansara, No 2, Jalan PJU 7/3 Mutiara Damansara, Selangor	0.88	Hotel	Freehold	9	195.9	2012
13	Menara Boustead, 69, Jalan Raja Chulan, Kuala Lumpur	0.36	Office complex	Freehold	35	180.0	*2020
14	Boustead Ruku Ruku Estate, Labuk & Sugut	3,196.2	Oil palm estate	1980-2079 1981-2080 1982-2081		166.8	2018
15	Boustead Tawai 2 Estate, Labuk & Sugut	3,232.8	Oil palm estate	1934-2033 1935-2034 1979-2078 1982-2081 1992-2091		168.7	2019
16	Mutiara Hills, Semenyih, Selangor	31.84	Development land	Freehold		159.9	
17	PT484, Seksyen 90, Bandar Kuala Lumpur	2.67	Development land	Freehold		159.8	2018
18	Sutera Estate, Sandakan, Sabah	2,200.7	Oil palm estate	1888 – 2887		153.7	*2016
19	Bukit Mertajam Estate, Kulim, Kedah	2,164.8	Oil palm estate	Freehold		142.1	*2016
20	G&G Estate, Lahad Datu, Sabah	2,409.8	Oil palm estate	1979 – 2077		132.0	*2016

	Location	Hectares	Description	Tenure	Age of buildings Years	Book value	Year of acquisition/ revaluation*
21	Menara Affin, 80 Jalan Raja Chulan, Kuala Lumpur	0.28	Office complex	Freehold	21	126.0	*2020
22	Lot 20005, Seksyen 90, Bandar Kuala Lumpur	1.2	Commercial land	Freehold		115.0	*2020
23	Boustead Tawai 1 Estate, Labuk & Sugut	1,793.6	Oil palm estate & palm oil mill	1978-2077 1979-2078 1980-2079 1981-2080	20	113.7	2019
24	Bebar Estate, Muadzam Shah, Pahang	2,340.6	Oil palm estate	1984 – 2083		111.6	*2016
25	Sungai Jernih Estate, Pekan, Pahang	2,695.7	Oil palm estate & palm oil mill	1981 – 2091	29	113.1	*2016
26	Ladang Tabung Tentera Sabah (LTT-Sabah), Lahad Datu	2,023.0	Oil palm estate	1979-2077		111.6	*2016
27	L67254, L67253, L67252, L67251, L67250, L67255, L67257, L67256, L67335, PT51317, PT51318, PT51319, Mutiara Damansara Mukim Sungai Buluh, Selangor	3.8	Development land	Freehold		106.3	1999
28	Sungai Sungai 1, Sungai Sungai 2, and Sungai Sungai 3 Estate, Sugust	6,035.1	Oil palm estate & palm oil mill	1997 – 2098	15	98.7	2012, 2014, 2016
29	Lot 707-711, Part of Lot 37, Lot 932, Daerah Ulu Langat, Mukim Semenyih, Selangor	137.9	Development Land	Freehold		96.6	2013
30	Menara UAC, 12 Jalan PJU 7/5 Mutiara Damansara, Selangor	1.4	Commercial land and building	Freehold	13	92.0	*2020



ADDITIONAL DISCLOSURES

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

(a) The status of the utilisation of proceeds from the Company's rights issue as at 14 May 2021 is as tabulated below:

Purpose	Proposed Utilisation RM Million	Revised Utilisation RM Million	Actual Utilisation RM Million
Repayment of bank borrowings	486.0	638.0	638.0
Property development activities	507.0	355.0	355.0
Working capital	60.5	60.5	60.5
Rights Issue expenses	1.3	1.3	1.3
	1,054.8	1,054.8	1,054.8

The Company had on 28 February 2020 made the announcement to vary the utilisation of proceeds from rights issue. As at 31 July 2020, the proceeds from rights issue have been fully utilised.

(b) The status of utilisation of proceeds from the Company's issuance of Islamic Medium Term Notes (IMTN) as at 14 May 2021 is as tabulated below:

Purpose	Proposed Utilisation RM Million	Actual Utilisation RM Million
Refinancing of existing borrowings/financing	1,962.4	1,962.4
Funding of reserve account and expenses of IMTN programme	44.4	44.4
Funding of working capital	343.2	343.2
Total gross proceeds	2,350.0	2,350.0

2. AUDIT AND NON-AUDIT FEES

	Audit Fees		Non-Audit Fees	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Audit and non-audit fees paid to the external auditors for the financial year ended 31 December 2020				
- Auditor of the Company	3,851.5	380.0	708.3	283.7
- Others	962.2	-	816.5	-
	4,813.7	380.0	1,524.8	283.7

The provision of non-audit services by the external auditors to the Group is both cost effective and efficient due to their knowledge and understanding of the operations of the Group, and did not compromise their independence and objectivity. It is also the Group's policy to use the auditors in cases where their knowledge of the Group means it is neither efficient nor cost effective to employ another firm of accountants.

3. MATERIAL CONTRACTS

There were no material contracts which had been entered into by the Group involving the interests of Directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2020 or entered into since the end of the previous financial year.



GROUP OIL PALM AGRICULTURAL STATISTICS

	2020	2019	2018	2017	2016
Planted area in hectares (ha)					
Past prime	32,952	32,505	26,438	14,569	12,234
Prime	21,672	27,167	29,750	32,363	33,199
Young	12,223	13,183	12,480	12,179	11,964
Total mature	66,847	72,855	68,668	59,111	57,397
Immature	6,647	6,551	6,364	5,876	7,071
Total planted	73,494	79,406	75,032	64,987	64,468
FFB crop metric tonnes (MT)	1,001,557	979,972	966,134	973,513	908,576
FFB yield (MT/ha)	15.0	13.9	14.9	16.7	15.6
Oil yield (MT/ha)	3.2	3.0	3.2	3.5	3.4
Mill production (MT)					
FFB processed	1,152,763	1,070,639	1,000,367	1,080,390	1,011,778
Crude palm oil	243,080	231,298	211,847	226,843	217,561
Palm kernel	49,211	47,113	43,601	46,896	44,035
Extraction rate (%)					
Crude palm oil	21.1	21.6	21.2	21.0	21.5
Palm kernel	4.3	4.4	4.4	4.3	4.4
Average selling price (RM/MT)					
FFB	552	391	426	610	598
Crude palm oil	2,811	2,134	2,261	2,810	2,584
Palm kernel	1,628	1,244	1,780	2,505	2,460

PLANTATION AREA STATEMENT

AREA STATEMENT

	2020		2019	
	Ha	%	Ha	%
Oil palms	73,494	74.8	79,406	80.9
Building sites, roads, unplantable areas, etc	24,718	25.2	18,806	19.1
Total	98,212	100.0	98,212	100.0

AGE PROFILE OF PALMS

2020

Region	Immature < 3 years	Mature			Total planted
		Young 4 – 9 years	Prime 10 – 20 years	Past prime > 20 years	
Peninsular Malaysia	3,119	5,722	10,312	4,983	24,136
Sabah	3,528	6,179	10,258	19,108	39,073
Sarawak	–	322	1,102	8,861	10,285
Total hectares	6,647	12,223	21,672	32,952	73,494

2019



Region	Immature < 3 years	Mature			Total planted
		Young 4 – 9 years	Prime 10 – 20 years	Past prime > 20 years	
Peninsular Malaysia	2,866	6,209	9,706	5,238	24,019
Sabah	3,685	6,622	14,419	17,079	41,805
Sarawak	–	352	3,042	10,188	13,582
Total hectares	6,551	13,183	27,167	32,505	79,406



LOCATION OF GROUP PLANTATIONS



Legend

-  Estate
-  Estate with Palm Oil Mill

PENINSULAR MALAYSIA

- | | | | |
|------------------------------|--|---|-------------------------|
| 1. Batu Pekaka Estate | 6. Malakoff Estate | 11. Ladang Tabung
Tentera Terengganu | 16. Eldred Estate |
| 2. Kuala Muda Estate | 7. Taiping Rubber
Plantation Estate | 12. Sungai Jernih Estate | 17. Kulai Young Estate |
| 3. Stothard Estate | 8. Malaya Estate | 13. Bebar Estate | 18. Chamek Estate |
| 4. Kedah Oil Palms
Estate | 9. Lapan Kabu Estate | 14. Balau Estate | 19. Telok Sengat Estate |
| 5. Bukit Mertajam Estate | 10. Solandra Estate | 15. Bekoh Estate | |



SABAH & SARAWAK

- | | | | |
|----------------------------|---------------------------------|----------------------------------|-------------------------|
| 20. Sungai Sungai 1 Estate | 28. Ladang Tabung Tentera Sabah | 35. Boustead Sapa Payau Estate | 40. Loagan Bunut Estate |
| 21. Sungai Sungai 2 Estate | 29. Segaria Estate | 36. Boustead Sungai Lokan Estate | 41. Jih Estate |
| 22. Sungai Sungai 3 Estate | 30. Sungai Segamaha Estate | 37. Boustead Lokan Baru Estate | 42. Pedai Estate |
| 23. Kawananan Estate | 31. Bukit Segamaha Estate | 38. Boustead Tawai 1 Estate | 43. Kelimut Estate |
| 24. Lembah Paitan Estate | 32. G&G Estate | 39. Boustead Tawai 2 Estate | 44. Bawan Estate |
| 25. Nak Estate | 33. Boustead Pertama Estate | | 45. Mapai Estate |
| 26. Resort Estate | 34. Boustead Ruku Ruku Estate | | |
| 27. Sutera Estate | | | |



SHAREHOLDING STATISTICS

as at 3 May 2021

Size of shareholdings	No. of holders	%	No. of shares	%
LESS THAN 100	1,006	6.51	25,457	0.00
100 TO 1,000	1,652	10.69	803,200	0.04
1,001 TO 10,000	7,503	48.53	36,493,323	1.80
10,001 TO 100,000	4,513	29.19	141,444,034	6.98
100,001 TO LESS THAN 5% OF ISSUED SHARES	783	5.07	482,905,773	23.82
5% AND ABOVE OF ISSUED SHARES	2	0.01	1,365,316,210	67.36
TOTAL	15,459	100	2,026,987,997	100

30 LARGEST SHAREHOLDERS

No.	Name of shareholders	No. of shares	%
1	LEMBAGA TABUNG ANGKATAN TENTERA	1,204,477,218	59.42
2	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	160,838,992	7.93
3	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR CHE LODIN BIN WOK KAMARUDDIN (PB)	30,140,930	1.49
4	CHINCHOO INVESTMENT SDN. BERHAD	19,743,000	0.97
5	KEY DEVELOPMENT SDN. BERHAD	18,927,857	0.93
6	GAN TENG SIEW REALTY SDN. BERHAD	17,068,921	0.84
7	YONG SIEW YOON	12,239,731	0.60
8	CARTABAN NOMINEES (TEMPATAN) SDN BHD ICAPITAL.BIZ BERHAD	12,147,786	0.60
9	RAJESH SINGH BHINDER A/L PRETAM SINGH	10,505,000	0.52
10	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR TAN POW CHOO @ WONG SENG ENG (6000090)	7,066,600	0.35
11	GEMAS BAHRU ESTATES SDN. BHD.	6,917,780	0.34
12	BIDOR TAHAN ESTATES SDN. BHD.	6,435,268	0.32
13	OOI CHIENG SIM	6,285,000	0.31
14	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR DATO' SRI TAN HOW YAP (7004055)	6,000,000	0.30
15	MIKDAVID SDN BHD	5,914,162	0.29
16	TAN LEE HWA	5,830,000	0.29
17	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	5,553,338	0.27
18	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR DATO' CHE LODIN BIN WOK KAMARUDDIN (MM0197)	5,259,075	0.26
19	RENGO MALAY ESTATE SENDIRIAN BERHAD	4,847,981	0.24

No.	Name of shareholders	No. of shares	%
20	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ARSHAD BIN AYUB (MY1393)	4,179,000	0.21
21	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH BOON POH (008)	4,000,000	0.20
22	CHINCHOO HOLDINGS (S) PRIVATE LIMITED	3,987,286	0.20
23	MOHAMAD RIDZHUAN FIRDAUS MAULA RAJA AZNIN	3,974,100	0.20
24	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HARRY LEE VUI KHIUN	3,568,300	0.18
25	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG YIEW ON (6000006)	3,426,100	0.17
26	OUI KEE SENG	3,400,000	0.17
27	TAN CHING LING	3,374,900	0.17
28	RHB CAPITAL NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR IOANNIS KOROMILAS	3,300,000	0.16
29	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HARRY LEE VUI KHIUN	3,200,000	0.16
30	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	3,183,763	0.16
TOTAL		1,585,792,088	78.25

SUBSTANTIAL SHAREHOLDERS BASED ON THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Indirect Interest	
	No. of holders	%	No. of shares	%
Lembaga Tabung Angkatan Tentera	1,204,477,218	59.42	-	-
Kumpulan Wang Persaraan (Diperbadankan)	160,838,992	7.93	-	-
Class of shares	Ordinary share			
Voting rights	1 vote per ordinary share			



STATEMENT OF DIRECTORS' INTERESTS

in the company and related corporations as at 3 May 2021

Name of Director	No. of ordinary shares	Direct %
BOUSTEAD HOLDINGS BERHAD		
Tan Sri Abu Bakar Haji Abdullah	4,620	0.00

All other Directors do not have any interest in share in the Company or its related corporations during the financial year.

DIVIDEND POLICY

It is the Board's intention to pay dividends to allow shareholders to participate in the profits of Boustead Holdings Berhad. The dividend policy is in line with the Board's intention to adopt a policy of active capital management where the Board endeavours to declare an interim dividend at the end of each quarter of the financial year in order that shareholders may enjoy a distribution on a regular basis. In this regard, the Company's ability to pay dividends would depend upon factors such as business prospects, expansion and growth strategies, capital requirements, cash reserves and other factors the Board may deem relevant.

Under the dividend policy, the Company intends to pay a minimum of 70% of the audited consolidated profit after taxation attributable to shareholders for each financial year after appropriate adjustments for the profit retained by Associated Companies, any unrealised income from fair value adjustments that are non-cash in nature and exceptional gains of non-operating nature where cash flow arising therefrom maybe reinvested.

As the Company is an investment holding company, its income, and therefore its ability to pay dividends or make distributions to shareholders, is dependent upon the dividends and other distributions from subsidiaries, associated companies and investments which in turn will depend upon their operating results, financial condition, capital expenditure plans and other factors that their respective board of directors deem relevant.

The dividend policy reflects the Board's current views on the Group's financial position and the said policy will be reviewed from time to time. In recommending dividends, it is the Board's policy to allow shareholders to participate directly in the Company's profits whilst taking into account the retention of adequate reserves for future growth.



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty-Ninth Annual General Meeting (AGM) of Boustead Holdings Berhad will be conducted entirely through live streaming from the broadcast venue at Royale Chulan Kuala Lumpur, 5 Jalan Conlay, 50450 Kuala Lumpur on Thursday, 24 June 2021 at 9.30 a.m. for the purpose of transacting the following business:

AS 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. | <i>(Please refer to Explanatory Note 1)</i> |
| 2. To re-elect the following Directors who retire by rotation in accordance with Article 117 of the Company's Constitution, and being eligible, offer themselves for re-election: | |
| (i) Lieutenant General Dato' Fadzil Mokhtar (R) | Resolution 1 |
| (ii) Dato' Nonee Ashirin Dato' Mohd Radzi | Resolution 2 |
| 3. To re-elect the following Directors who retire in accordance with Article 123 of the Company's Constitution: | |
| (i) Dato' Sri Mohammed Shazalli Ramly | Resolution 3 |
| (ii) Datuk Seri Hajjah Zurainah Musa | Resolution 4 |
| (iii) Tan Sri Abu Bakar Haji Abdullah | Resolution 5 |
| 4. To approve payment of Directors' fees, allowances and other benefits for Boustead Holdings Berhad and its subsidiaries from 25 June 2021 until the conclusion of the next AGM of the Company. | Resolution 6 |
| 5. To re-appoint Messrs. Ernst & Young PLT as auditors of the Company and to hold office until the conclusion of the next AGM, at a remuneration to be determined by the Directors. | Resolution 7 |

AS SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions:

6. ORDINARY RESOLUTION

AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

Resolution 8

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016 and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to 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 does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are hereby 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 AGM of the Company."

7. ORDINARY RESOLUTION

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS

Resolution 9

"THAT, subject always to the Companies Act 2016 (Act), the Company's Constitution and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the renewal of the mandate granted by the shareholders of the Company on 22 July 2020, authorising the Company and/or its Subsidiaries to enter into recurrent transactions of a revenue or trading nature with the Related Parties as specified in Section 2.3.1 of the Circular to Shareholders dated 31 May 2021, provided that the transactions are:

- (i) necessary for the day-to-day operations;
- (ii) carried out in the ordinary course of business and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
- (iii) are not to the detriment of the minority shareholders.

AND THAT such approval shall continue to be in force until:

- (i) the conclusion of the next AGM of the Company, at which time it will lapse, unless by a resolution passed at the said AGM, such authority is renewed;
- (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by a resolution passed by the Shareholders in a General Meeting;

whichever is the earlier.

AND FURTHER THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to this Shareholders' Mandate."



NOTICE OF ANNUAL GENERAL MEETING

8. ORDINARY RESOLUTION

PROPOSED ADDITIONAL SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS

Resolution 10

"THAT, subject always to the Companies Act 2016 (Act), the Company's Constitution and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its Subsidiaries to enter into all transactions involving the Related Parties as specified in Section 2.3.2 of the Circular to Shareholders dated 31 May 2021, provided that the transactions are:

- (i) recurrent transactions of a revenue or trading nature;
- (ii) necessary for the day-to-day operations;
- (iii) carried out in the ordinary course of business and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
- (iv) are not to the detriment of the minority shareholders.

AND THAT such approval shall continue to be in force until:

- (i) the conclusion of the next AGM of the Company, at which time it will lapse, unless by a resolution passed at the said AGM, such authority is renewed;
- (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by a resolution passed by the Shareholders in a General Meeting;

whichever is the earlier.

AND FURTHER THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to this Shareholders' Mandate."

9. To transact any other business of the Company of which due notice shall have been received.

By Order of the Board

AFFENDI MOHD YOB (LS0010305) SSM PC No. 201908001314
JUNIZA AZIZAN (LS0009647) SSM PC No. 201908001876
Company Secretaries

Kuala Lumpur
31 May 2021

Explanatory Notes**1. Audited Financial Statements**

The Audited Financial Statements laid at this meeting pursuant to Section 340(1)(a) of the Companies Act 2016 are meant for discussion only. It does not require shareholders' approval, and therefore, shall not be put forward for voting.

2. Ordinary Resolutions 1 to 5 – Proposed Re-election of Directors in accordance with Article 117 and Article 123 of the Company's Constitution

Article 117 of the Company's Constitution provides amongst others that at least one third of the Directors who are subject to retirement by rotation or, if their number is not three (3) or multiple of three (3), the number nearest to one-third shall retire from office provided always that all Directors shall retire from office once at least in every three (3) years and shall be eligible for re-election.

Directors who are standing for re-election pursuant to Article 117 of the Company's Constitution are as follows:

- (i) Lieutenant General Dato' Fadzil Mokhtar (R)
- (ii) Dato' Nonee Ashirin Dato' Mohd Radzi

The Nominating and Remuneration Committee (NRC) of the Company has assessed the criteria and contribution of Lieutenant General Dato' Fadzil Mokhtar (R) and Dato' Nonee Ashirin Dato' Mohd Radzi and recommended for their re-election. The Board endorsed the NRC's recommendation that Lieutenant General Dato' Fadzil Mokhtar (R) and Dato' Nonee Ashirin Dato' Mohd Radzi be re-elected as Directors of the Company.

Article 123 of the Company's Constitution provides amongst others that the Directors shall have power at any time and from time to time to appoint any other person to be a Director of the Company either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following AGM of the Company and shall then be eligible for re-election.

Directors who are standing for re-election pursuant to Article 123 of the Company's Constitution are as follows:

- (i) Dato' Sri Mohammed Shazalli Ramly
- (ii) Datuk Seri Hajjah Zurainah Musa
- (iii) Tan Sri Abu Bakar Haji Abdullah

The profiles of the Directors who are standing for re-election are set out on pages 13 to 19 of the Annual Report, while details of their interests in securities are set out on page 272 of the Annual Report.

3. Ordinary Resolution 6 – Directors' Remuneration

Section 230(1) of the Companies Act 2016 provides amongst others that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

In this respect, the Board wishes to seek shareholders' approval for payment of Directors' fees, allowances and other benefits from 25 June 2021 until the conclusion of the next AGM of the Company comprising the following, with or without modifications:

Boustead Holdings Berhad

		Directors' Fees (annual) (RM)	Meeting Allowance (per meeting) (RM)	Travelling and Other Allowances (annual) (RM)
Board of Directors	Chairman	156,000	1,500	72,000
	Non-Executive Director	120,000	1,000	12,000
Audit Committee	Chairman	30,000	1,500	-
	Member	20,000	1,000	-
Other Board Committees	Chairman	5,000	1,500	-
	Member	3,000	1,000	-

Subsidiaries of Boustead Holdings Berhad

Name	Position Held	Fee Type	Amount (RM)
Dato' Seri Mohamed Khaled Nordin	Boustead Properties Berhad		
	• Chairman	Directors' Fee (annual)	35,000
		Meeting allowance – per meeting	1,000
	Boustead Hotels & Resorts Sdn Bhd		
	• Chairman	Directors' Fee (annual)	40,000
		Meeting allowance – per meeting	1,000
UAC Berhad	• Chairman	Directors' Fee (annual)	35,000
		Meeting allowance – per meeting	1,000
	Pharmaniaga Berhad		
Dato' Sri Mohammed Shazalli Ramly	• Chairman	Directors' Fee (annual)	170,000
		Meeting allowance – per meeting	1,500
	Boustead Heavy Industries Corporation Berhad		
	• Director	Directors' Fee (annual)	75,000
		Meeting allowance – per meeting	1,000



NOTICE OF ANNUAL GENERAL MEETING

Name	Position Held	Fee Type	Amount (RM)
Izaddeen Daud	Boustead Plantations Berhad		
	• Director	Directors' Fee (annual)	90,000
		Meeting allowance – per meeting	1,000
	Pharmaniaga Berhad		
	• Director	Directors' Fee (annual)	90,000
		Meeting allowance – per meeting	1,000
Dato' Nonee Ashirin Dato' Mohd Radzi	Boustead Heavy Industries Corporation Berhad		
	• Director	Directors' Fee (annual)	75,000
		Meeting allowance – per meeting	1,000
	Boustead Properties Berhad		
	• Director	Directors' Fee (annual)	20,000
		Meeting allowance – per meeting	500
Tan Sri Abu Bakar Haji Abdullah	Boustead Hotels & Resorts Sdn Bhd		
	• Director	Directors' Fee (annual)	30,000
		Meeting allowance – per meeting	500
	MHS Aviation Berhad		
	• Director	Directors' Fee (annual)	40,000
		Meeting allowance – per meeting	750

4. Ordinary Resolution 7 – Re-appointment of Auditors

The Board and Audit Committee of the Company are satisfied with the quality of service, adequacy of resources provided, communication, interaction skills and independence, objectivity and professionalism demonstrated by the External Auditors in carrying out their functions. Being satisfied with the External Auditors' performance, the Board recommends their re-appointment for shareholders' approval at the Fifty-Ninth AGM.

5. Explanatory Notes to Special Business

(a) Ordinary Resolution 8 – Authority for Directors to Allot and Issue Shares

Ordinary Resolution 8, if passed, will give powers to the Directors to issue up to a maximum of 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company.

This authority will, unless revoked or varied by the Company at a general meeting, expire at the conclusion of the next AGM.

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

As at the date of this Notice, no new shares were issued pursuant to the authority granted to the Directors at the Fifty-Eighth AGM held on 22 July 2020, the mandate of which will lapse at the conclusion of the Fifty-Ninth AGM to be held on 24 June 2021.

(b) Ordinary Resolution 9 and 10 – Recurrent Related Party Transactions

Ordinary Resolution 9 and 10, if passed, will enable the Company and/or its Subsidiaries to enter into recurrent transactions involving the interests of Related Parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

Further information on the Mandate is set out in the Circular to Shareholders dated 31 May 2021.

Notes:

1. As part of the initiatives to curb the spread of COVID-19, the AGM will be conducted on **a virtual basis through live streaming whilst the online remote voting** will be via Remote Participation and Voting (RPV). Both facilities are available on Tricor Investor & Issuing House Services Sdn Bhd's TIIH Online website at <https://tiih.online>. Please follow the procedures provided in the Administrative Notes for the AGM in order to register, participate and vote remotely via the RPV facilities.
Shareholders are to participate (including posing questions to the Board via real time submission of typed texts) and vote remotely at the AGM via the RPV provided by Tricor via its TIIH Online website at <https://tiih.online>.
2. The venue of the AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. No Shareholders/proxies from the public will be physically present at the meeting venue on the day of the meeting.
3. For the purpose of determining who shall be entitled to participate in the AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, the Record of Depositors as at 15 June 2021. Only members registered in the Record of Depositors shall be entitled to participate in the AGM via RPV.
4. A member of the Company entitled to participate in the AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
5. A member of the Company entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the AGM via RPV. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
6. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 (Central Depositories Act), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
7. 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. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
8. A member who has appointed a proxy or attorney or authorised representative to participate, speak and vote at the AGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at <https://tiih.online>. Please follow the procedures provided in the Administrative Notes for the AGM in order to register, participate and vote remotely via the RPV facilities.
9. The appointment of proxy may be made in a hardcopy form or by electronic means as follows:
 - (i) In hard copy form
In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, no later than Tuesday, 22 June 2021 at 9.30 a.m.
 - (ii) By electronic form
The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiih.online>. Kindly refer to the Administrative Notes on the procedures for electronic lodgement of proxy form via TIIH Online.
10. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
11. For a corporate member who has appointed a representative, please deposit the original certificate of appointment with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment should be executed in the following manner:
 - (i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
 - (ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - (a) at least two (2) authorised officers, of whom one shall be a director; or
 - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
12. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the AGM of the Company shall be put to vote by way of a poll.



ADMINISTRATIVE NOTES

for the Fifty-Ninth Annual General Meeting of Boustead Holdings Berhad

Date

Thursday, 24 June 2021

Time

9.30 a.m.

Venue

**Royale Chulan Kuala Lumpur,
5 Jalan Conlay,
50450 Kuala Lumpur**

MODE OF MEETING

In view of the COVID-19 pandemic outbreak and as part of the safety measures, the Fifty-Ninth Annual General Meeting of Boustead Holdings Berhad (59th AGM) will be conducted on a virtual basis through live streaming whilst the online remote voting will be via Remote Participation and Voting (RPV). Both facilities are available on Tricor Investor & Issuing House Services Sdn Bhd's (Tricor) TIIH Online website at <https://tiih.online>. This is in line with the Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020, 19 February 2021, 5 March 2021, 6 May 2021 including any amendment that made from time to time.

The venue of the AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. No shareholders/proxy(ies) from the public will be physically present at the meeting venue.

Remote Participation and Voting

Shareholders are to participate (including posing questions to the Board via real time submission of typed texts) and vote remotely at the AGM using RPV provided by Tricor via its TIIH Online website at <https://tiih.online>.

Shareholders who appoint proxies to participate via RPV in the AGM must ensure that the duly executed proxy forms are deposited in a hard copy form or by electronic means to Tricor no later than Tuesday, 22 June 2021 at 9.30 a.m.

Corporate representatives of corporate members must deposit their original certificate of appointment of corporate representative to Tricor not later than Tuesday, 22 June 2021 at 9.30 a.m. to participate via RPV in the AGM. Attorneys appointed by power of attorney are to deposit their power of attorney with Tricor not later than Tuesday, 22 June 2021 at 9.30 a.m. to participate via RPV in the AGM.

A shareholder who has appointed a proxy or attorney or authorised representative to participate at the AGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at <https://tiih.online>

As the AGM is a virtual Meeting, members who are unable to participate in the Meeting may appoint the Chairman of the Meeting as his/her proxy and indicate the voting instructions in the proxy form.

Procedures to Remote Participation and Voting via RPV Facilities

- Please read and follow the procedures below to engage in remote participation through live streaming and online remote voting at the AGM using the RPV facilities:

	Procedure	Action
BEFORE THE AGM DAY		
(a)	Register as a user with TIIH Online	<ul style="list-style-type: none"> • Using your computer, access the website at https://tiih.online. Register as a user under the "e-Services", select the "Sign Up" button and followed by "Create Account by Individual Holder". Refer to the tutorial guide posted on the homepage for assistance. • Registration as a user will be approved within one (1) working day and you will be notified via e-mail. • If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.
(b)	Submit your request to attend AGM remotely	<ul style="list-style-type: none"> • Registration is open from Monday, 31 May 2021 until the day of the AGM on Thursday, 24 June 2021. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the AGM to ascertain their eligibility to participate the AGM using the RPV. • Login with your user ID and password and select the corporate event: (Registration) Boustead Holdings Berhad 59th AGM. • Read and agree to the Terms & Conditions and confirm the Declaration. • Select "Register for Remote Participation and Voting" • Review your registration and proceed to register. • System will send an e-mail to notify that your registration for remote participation is received and will be verified. • After verification of your registration against the Record of Depositors as at 15 June 2021, the system will send you an e-mail on or after 22 June 2021 to approve or reject your registration for remote participation. <p><i>(Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV)</i></p>
ON THE DAY OF THE AGM		
(c)	Login to TIIH Online	<ul style="list-style-type: none"> • Login with your user ID and password for remote participation at the 59th AGM at any time from 8.30 a.m. i.e. 1 hour before the commencement of meeting at 9.30 a.m. on Thursday, 24 June 2021.
(d)	Participate through Live Streaming	<ul style="list-style-type: none"> • Select the corporate event: (Live Streaming Meeting) Boustead Holdings Berhad 59th AGM to engage in the proceedings of the AGM remotely. • If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will try to respond to questions submitted by remote participants during the AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.



ADMINISTRATIVE NOTES

for the Fifty-Ninth Annual General Meeting of Boustead Holdings Berhad

	Procedure	Action
ON THE DAY OF THE AGM (Cont'd.)		
(e)	Online Remote Voting	<ul style="list-style-type: none"> Voting session commences from 9.30 a.m., Thursday, 24 June 2021 until a time when the Chairman announces the completion of the voting session at the 59th AGM. Select the corporate event: (Remote Voting) Boustead Holdings Berhad 59th AGM. Read and agree to the Terms & Conditions and confirm the Declaration. Select the CDS account that represents your shareholdings. Indicate your votes for the resolutions that are tabled for voting. Confirm and submit your votes.
(f)	End of remote participation	<ul style="list-style-type: none"> Upon the announcement by the Chairman on the conclusion of the AGM, the Live Streaming will end.

Note to users of the RPV facilities:

- We will make available to you the rights to join the live streamed meeting and to vote remotely once your application to join the meeting is approved. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
- The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
- In the event you encounter any issues with logging-in, connection to the live streamed meeting or online voting, kindly call Tricor Help Line at 011-4080 5616 / 011-4080 3168 / 011-4080 3169 / 011-4080 3170 for assistance or e-mail to tiih.online@my.tricorglobal.com for assistance.

Entitlement to Participate and Appointment of Proxy

- Only members whose names appear on the Record of Depositors as at 15 June 2021 shall be eligible to attend, speak and vote at the AGM or appoint a proxy(ies) and/or the Chairman of the Meeting to attend and vote on his/her behalf.
- In view that the AGM will be conducted on a virtual basis, a member can appoint the Chairman of the Meeting as his/her proxy and indicate the voting instruction in the Proxy Form.

- If you wish to participate in the AGM yourself, please do not submit any Proxy Form for the AGM. You will not be allowed to participate in the AGM together with a proxy appointed by you.
- Accordingly, proxy forms and/or documents relating to the appointment of proxy/corporate representative/attorney for the AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than Tuesday, 22 June 2021 at 9.30 a.m:

(i) In Hard copy:

By hand or post to the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur;

(ii) By Electronic form:

All shareholders can have the option to submit proxy forms electronically via TIIH Online and the steps to submit are summarised as follows:

Procedure	Action
i. Steps for Individual Shareholders	
Register as a User with TIIH Online	<ul style="list-style-type: none"> Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services". Please refer to the tutorial guide posted on the homepage for assistance. If you are already a user with TIIH Online, you are not required to register again.
Proceed with submission of proxy form	<ul style="list-style-type: none"> After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. Select the corporate event: "Boustead Holdings Berhad 59th AGM – Submission of Proxy Form". Read and agree to the Terms and Conditions and confirm the Declaration. Insert your CDS account number and indicate the number of shares for your proxy(ies) to vote on your behalf. Appoint your proxy(ies) and insert the required details of your proxy(ies) or appoint the Chairman as your proxy. Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes. Review and confirm your proxy(ies) appointment. Print the proxy form for your record.
ii. Steps for corporation or institutional shareholders	
Register as a User with TIIH Online	<ul style="list-style-type: none"> Access TIIH Online at https://tiih.online. Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects the "Sign Up" button and followed by "Create Account by Representative of Corporate Holder". Complete the registration form and upload the required documents. Registration will be verified, and you will be notified by email within one (1) to two (2) working days. Proceed to activate your account with the temporary password given in the email and re-set your own password. <p><i>(Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.)</i></p>
Proceed with submission of proxy form	<ul style="list-style-type: none"> Login to TIIH Online at https://tiih.online. Select the corporate exercise name: "Boustead Holdings Berhad 59th AGM – Submission of Proxy Form". Agree to the Terms & Conditions and Declaration. Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. Prepare the file for the appointment of proxy(ies) by inserting the required data. Login to TIIH Online, select corporate exercise name: "Boustead Holdings Berhad 59th AGM – Submission of Proxy Form". Proceed to upload the duly completed proxy appointment file. Select "Submit" to complete your submission. Print the confirmation report of your submission for your record.



ADMINISTRATIVE NOTES

for the Fifty-Ninth Annual General Meeting of Boustead Holdings Berhad

Pre-Meeting Submission of Questions to the Board of Directors

- In order to enhance the efficiency of the proceedings of the AGM, shareholders may in advance, before the AGM, submit questions to the Board of Directors via Tricor's TIIH Online website at <https://tiih.online>, by selecting "e-Services" to login, post your questions and submit it electronically no later than 9.30 a.m. 22 June 2021. The Board of Directors will endeavour to address the questions received at the AGM.

No Breakfast/Lunch Pack, Door Gift or Food Voucher

- There will be no distribution of breakfast/lunch packs, door gifts or food vouchers during the AGM since the meeting is being conducted on a virtual basis.

Annual Report

- The Annual Report is available on the Company's website at www.boustead.com.my and Bursa Malaysia's website at www.bursamalaysia.com under Company's announcements.
- You may request for a printed copy of the Annual Report at <https://tiih.online> by selecting "Request for Annual Report" under the "Investor Services".

- Kindly consider the environment before you decide to request for the printed copy of the Annual Report. The environmental concerns like global warming, deforestation, climate change and many more affects every human, animal and nation on this planet.

Boustead Holdings Berhad would like to thank all its shareholders for their kind co-operation and understanding in these challenging times.

Enquiry

If you have any enquiries on the above, please contact our Share Registrar during office hours on Mondays to Fridays from 8.30 a.m. to 5.30 p.m. (except on public holidays):

Tricor Investor & Issuing House Services Sdn Bhd

General Line : +603-2783 9299
Fax Number : +603-2783 9222
Email : is.enquiry@my.tricorglobal.com

PROXY FORM



Boustead Holdings Berhad

(A member of LTAT Group)

196001000193 (3871-H)

I/We _____ NRIC (New)/Company No.: _____
(INSERT FULL NAME IN BLOCK CAPITAL)

of _____
(FULL ADDRESS)

being a member of BOUSTEAD HOLDINGS BERHAD, hereby appoint* _____
(INSERT FULL NAME IN BLOCK CAPITAL)

NRIC (New) No.: _____ of _____
(FULL ADDRESS)

and _____ NRIC (New) No.: _____
(INSERT FULL NAME IN BLOCK CAPITAL)

of _____
(FULL ADDRESS)

*or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to attend and vote for me/us on my/our behalf, at the Fifty-Ninth Annual General Meeting of the Company to be conducted entirely through live streaming from the broadcast venue at Royale Chulan Kuala Lumpur, 5 Jalan Conlay, 50450 Kuala Lumpur on Thursday, 24 June 2021 at 9.30 a.m. or any adjournment thereof, to vote as indicated below:

NO.	RESOLUTION		FOR	AGAINST
1	Re-election of Lieutenant General Dato' Fadzil Mokhtar (R)	Ordinary Resolution 1		
2	Re-election of Dato' Nonee Ashirin Dato' Mohd Radzi	Ordinary Resolution 2		
3	Re-election of Dato' Sri Mohammed Shazalli Ramly	Ordinary Resolution 3		
4	Re-election of Datuk Seri Hajjah Zurainah Musa	Ordinary Resolution 4		
5	Re-election of Tan Sri Abu Bakar Haji Abdullah	Ordinary Resolution 5		
6	Approval of Directors' fees, allowances and other benefits for Boustead Holdings Berhad and its subsidiaries from 25 June 2021	Ordinary Resolution 6		
7	Re-appointment of Messrs. Ernst & Young PLT as Auditors	Ordinary Resolution 7		
8	Approval for Directors to allot and issue shares	Ordinary Resolution 8		
9	Renewal of Shareholders' Mandate for recurrent related party transactions	Ordinary Resolution 9		
10	Additional Shareholders' Mandate for recurrent related party transactions	Ordinary Resolution 10		

Dated this _____ day of _____ 2021

Signature of Member

No. of ordinary shares held: _____

CDS account no. of authorised nominee: _____

Proportion of shareholdings to be represented by proxies

First Proxy:	%
Second Proxy:	%

Contact No.: _____

Notes:

1. As part of the initiatives to curb the spread of COVID-19, the AGM will be conducted on **a virtual basis through live streaming whilst the online remote voting** will be via Remote Participation and Voting (RPV). Both facilities are available on Tricor Investor & Issuing House Services Sdn Bhd's TIH Online website at <https://tiah.online>. Please follow the procedures provided in the Administrative Notes for the AGM in order to register, participate and vote remotely via the RPV facilities.
2. The venue of the AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. No Shareholders/proxy(ies) from the public will be physically present at the meeting venue on the day of the meeting.
3. For the purpose of determining who shall be entitled to participate in the AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, the Record of Depositors as at 15 June 2021. Only members registered in the Record of Depositors shall be entitled to participate in the AGM via RPV.
4. A member of the Company entitled to participate in this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
5. A member of the Company entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the AGM via RPV. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
6. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 (Central Depositories Act), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
7. 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. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
8. The appointment of proxy may be made in a hardcopy form or by electronic means as follows:
 - (i) In hard copy form
In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, no later than Tuesday, 22 June 2021 at 9.30 a.m.
 - (ii) By electronic form
The proxy form can be electronically lodged with the Share Registrar of the Company via TIH Online at <https://tiah.online> (applicable to individual shareholders only). Kindly refer to the Administrative Notes on the procedures for electronic lodgement of proxy form via TIH Online.

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Share Registrar of Boustead Holdings Berhad

Tricor Investor & Issuing House Services Sdn Bhd 197101000970 (11324-H)

Unit 32-01, Level 32, Tower A

Vertical Business Suite, Avenue 3, Bangsar South

No. 8 Jalan Kerinchi

59200 Kuala Lumpur

Please fold here

Please fold here to seal

www.boustead.com.my

BOUSTEAD HOLDINGS BERHAD

196001000193 (3871-H)

28th Floor, Menara Boustead
69, Jalan Raja Chulan
50200 Kuala Lumpur
Malaysia

Tel : +603-2141 9044
Fax : +603-2141 9750