

Reinventing for A Sustainable Future

INTEGRATED REPORT 2021



Boustead
Holdings
Berhad
(A member of LTAT Group)

ABOUT THIS REPORT

INTEGRATED REPORTING APPROACH

As part of Reinventing Boustead, Boustead Holdings Berhad is also reinventing our reporting process. As of this year, we will be presenting our financial and non-financial performance in an integrated reporting format as we believe this approach enables all our stakeholders to obtain a clearer idea of what the Group does, our values, the risks and opportunities faced and how these translate into our strategies.

For greater ease of navigation, icons and links have been used. Our ultimate objective is to articulate how we seek to create short, mid and long-term value.

SCOPE AND BOUNDARY OF REPORTING

We report primarily on activities, initiatives and key events that took place during the financial year 2021, beginning 1 January and ending 31 December 2021, unless otherwise stated. The report covers all companies in the Group in which we have a majority shareholding and substantial influence, which includes subsidiaries, associates and joint ventures.

Our Sustainability Statement covers all entities that the Group has management control over in terms of implementation of the Group's Sustainability Policy, including overseas subsidiaries. Associate companies and non-controlling joint venture companies are not included.

REPORTING FRAMEWORK

In preparing our 2021 Integrated Report (IR), we have been guided by the principles and requirements of the International Integrated Reporting Framework (IIRF) issued by the International Integrated Reporting Council (IIRC), the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad, Malaysian Code on Corporate Governance (MCCG) 2021 issued by the Securities Commission Malaysia, the Companies Act 2016 (CA 2016), MFRS and the International Financial Reporting Standards (IFRS).

The Sustainability Statement, meanwhile, has been guided by the Global Reporting Initiative (GRI) Standards, Bursa Malaysia's Sustainability Reporting Guide (Second Edition), MMLR, FTSE4Good Bursa Malaysia Index's Environmental, Social and Governance indicators, and the United Nations Sustainable Development Goals (UN SDGs).

MATERIALITY

This report focuses on matters that we see as being most material to our capacity to create value, and to deliver on our core purpose. Our Directors, in consultation with management, annually identify issues that have the most significant potential impact on the Group's ability to create sustainable value for our stakeholders. In determining these material issues, they consider internal and external factors, the needs, expectations and concerns of our main stakeholders, and how these are reflected in the Group's strategy.

FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements relating to future performance. Such statements are premised on current assumptions and circumstances, which could change, hence they necessarily involve uncertainty. Various factors could cause actual results to differ materially from those expressed or implied by these forward-looking statements.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors acknowledges responsibility for ensuring the integrity of Boustead's Integrated Report 2021. In our opinion, the report presents a fair assessment of the Group's performance and addresses all key matters that are material to our ability to create value. This report was approved by the Board on 27 April 2022.

CROSS REFERENCES



Tells you where you can find more information within the report.

<https://www.boustead.com.my>



You can find this report and additional information about Boustead Holdings Berhad on our corporate website.

OUR INTEGRATED REPORT

As one of the oldest and established conglomerates listed on the Main Market of Bursa Malaysia Securities Berhad, our operations have a significant impact on our stakeholders. These stakeholders are important to us, and to strengthen the trust they have in Boustead Holdings Berhad, we seek to provide clarity on our business direction, strategies and performance while articulating our business and material risks. This IR has been produced to satisfy that purpose. It provides a holistic and material assessment of our ability to create value in the short, medium and long term.

Boustead Holdings Berhad IR has been produced with the primary objective of providing our stakeholders a comprehensive overview and a balanced assessment of our financial and non-financial performance.

Reading the Report, our stakeholders are informed of our strategy, businesses and performance, our approach to governance and risks as well as our future goals. The Report demonstrates our accountability and strengthens the trust of our stakeholders.



COVER RATIONALE

Boustead strives for excellence in all we do, especially so in the areas of Environmental, Social and Governance (ESG). In order to make a difference in the world and to our business, we remain committed to elevating our ESG efforts every way we can. It's about creating sustainable outcomes for the environment as well as helping the underserved. It's about governing our business responsibly to build long-term resilience, and to secure a sustainable future.

With strong fundamentals in place, we have leveraged on technology-driven solutions to optimise our operations and improve our existing offerings, as well as formulate new products and services. Our commitment to sustainability is longstanding and by elevating our ESG efforts, we are well-positioned to future-proof the Group and maximise value for all our shareholders.

60th

ANNUAL GENERAL MEETING

VENUE/ONLINE PLATFORM



Broadcast Venue
Royale Chulan Damansara



Online Platform
TIIH Online Website at
<https://tiih.online> with Remote Participation
and Voting facilities

DATE



Thursday, 16 June 2022

TIME



9.30 a.m.





Navigation Icons

OUR CAPITALS



Financial Capital



Manufactured Capital



Intellectual Capital



Human Capital



Social & Relationship Capital



Natural Capital

SUSTAINABLE DEVELOPMENT GOALS (SDGS)

SUSTAINABLE DEVELOPMENT GOALS



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The soft copy of Boustead Holdings Berhad Integrated Report 2021 is available on our website.

www.boustead.com.my

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OVERVIEW

OVERVIEW OF 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 Group's 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 as well as 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.

BOUSTEAD

CORE VALUES

- ✓ Creativity
- ✓ Integrity
- ✓ Innovation

WHO WE ARE

Established in 1828, Boustead Holdings Berhad is a diversified conglomerate with core businesses in **Plantation, Property & Industrial, Pharmaceutical, Heavy Industries** as well as **Trading, Finance & Investment**. The Group employs over 16,000 individuals across more than 80 listed and non-listed companies in Malaysia, Indonesia and the United Kingdom. Boustead was listed on Bursa Malaysia Berhad in 1961. It ended the financial year 2021 with a market capitalisation of RM1.1 billion, total assets of RM16.4 billion and shareholders' funds at RM3.3 billion. The Group is currently driven by its **Reinventing Boustead** strategy to achieve sustainable growth anchored on digitalisation and a strong ESG platform.

OUR COMPETITIVE ADVANTAGE

- ✓ High expertise and well experienced management team to deliver strong and sustainable value for the Group.
- ✓ Strong governance framework with well-established internal controls, careful risk planning and all-encompassing Reserved Matters to harness the synergies between the different business units while ensuring high levels of accountability and transparency for all stakeholders.
- ✓ Access to RM16.4 billion assets under the Group with further values to be unlocked by fusing the brick-and-mortar assets with digitalisation and advanced technologies.
- ✓ Long-standing presence in multiple sectors of Malaysian economy with leading position in plantations, pharmaceutical, shipbuilding and property development.
- ✓ More than 16,000 dedicated employees that are continuously trained with future-ready skills and exposed to the changing demand of today's market.
- ✓ A strong brand name with the ability to meet the demand of big-scale projects from Government and commercial partners alike, making us the preferred partner for any foreign parties wanting to venture into Malaysia.

2021 HIGHLIGHTS

BUSINESS HIGHLIGHTS



PLANTATION DIVISION

- ✓ Consolidated **44 estates** and **10 palm oil mills** into 10 Strategic Business Units (SBUs) to operate as profit centres

- ✓ **6 palm oil mills** and **21 estates** are Roundtable on Sustainable Palm Oil (RSPO) certified

- ✓ Achieved Average yield of: **13.3 MT** per Ha



PROPERTY & INDUSTRIAL DIVISION

- ✓ **27** new tenants at **the Curve**

- ✓ Export growth of **19%** on **UAC products**



TRADING, FINANCE & INVESTMENT DIVISION

- ✓ BHPetrol launched **4 new petrol stations** across Malaysia

- ✓ Boustead Travel retained **90% of clients** from pre-pandemic



PHARMACEUTICAL DIVISION

- ✓ Supplied **20.4 million** doses of **Sinovac COVID-19 Vaccine** to the Government of Malaysia

- ✓ Recorded **99.3%** compliance with all performance standards for the provision of **medicines** and **medical supplies** to the Ministry of Health

- ✓ Registered **45** new products



HEAVY INDUSTRIES DIVISION

- ✓ Boustead Naval Shipyard Sdn Bhd delivered

Littoral Mission Ship (LMS) 2, LMS 3 and LMS 4
to Royal Malaysian Navy

- ✓ BHIC signed an MoU with Airbus Defence and Space to explore collaboration on **military fixed wing aircraft MRO**

FINANCIAL HIGHLIGHTS



REVENUE

RM11.3 bil

2020: ▶ RM7.9 bil

PROFIT/(LOSS) BEFORE
TAXATION & ZAKAT
RM761 mil

2020: ▶ (RM420 mil)

PROFIT/(LOSS) AFTER
TAXATION & ZAKAT
RM479 mil

2020: ▶ (RM501 mil)

PROFIT/(LOSS)
ATTRIBUTABLE TO SHAREHOLDERS
RM170 mil

2020: ▶ (RM551 mil)



TOTAL ASSETS

RM16.4 bil

2020: ▶ RM16.0 bil



TOTAL EQUITY

RM5.5 bil

2020: ▶ RM5.1 bil



NET ASSETS PER SHARE

162 sen

2020: ▶ 154 sen



GEARING

1.28 times

2020: ▶ 1.48 times



CAPEX & ACQUISITION

RM155 mil

2020: ▶ RM115 mil



EBITDA

RM1.3 bil

2020: ▶ RM585 mil

FINANCIAL CALENDAR

FINANCIAL YEAR

1 January 2021 to 31 December 2021

Financial Year

RESULTS

1st Quarter

Announced 31 May 2021

2nd Quarter

Announced 27 August 2021

3rd Quarter

Announced 30 November 2021

4th Quarter

Announced 28 February 2022

ANNOUNCEMENT

Integrated Report

Issued 29 April 2022

Annual General Meeting

To be held 16 June 2022

GROUP QUARTERLY FINANCIAL PERFORMANCE

In RM Million	2021				
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Year
Revenue	2,086.7	2,578.2	3,680.3	2,960.3	11,305.5
Results from operations	198.5	136.4	300.7	303.0	938.6
Profit before taxation	121.3	81.2	239.9	318.3	760.7
Profit after taxation	87.4	42.6	147.3	201.9	479.2

In RM Million	2020				
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Year
Revenue	2,260.9	1,499.3	1,890.8	2,230.0	7,881.0
Results from operations	23.3	24.0	69.7	135.6	252.6
Loss before taxation	(53.3)	(57.4)	(14.3)	(295.3)	(420.3)
Loss after taxation	(75.6)	(66.1)	(35.0)	(324.0)	(500.7)

FIVE-YEAR GROUP FINANCIAL SUMMARY

		2021	2020	2019	2018	2017
FINANCIAL PERFORMANCE						
Revenue		11,306	7,881	10,322	10,186	10,238
Profit/(loss) before taxation and zakat		761	(420)	(1,336)	(479)	1,073
Profit/(loss) after taxation and zakat		479	(501)	(1,386)	(554)	875
Profit/(loss) attributable to shareholders		170	(551)	(1,279)	(535)	436
Earnings/(loss) per share	sen	8.4	(27.2)	(63.1)	(26.4)	21.5
Return on equity	%	5.3	(16.1)	(29.3)	(9.9)	7.2
Return on assets	%	6.7	(0.4)	(5.6)	(1.3)	7.0
Return on revenue	%	8.3	3.2	1.7	(0.3)	12.1
DIVIDENDS FOR THE YEAR						
Dividend for the year		—	—	—	101	223
Dividend per share	sen	—	—	—	5.0	11.0
Dividend yield	%	—	—	—	3.5	2.9
Dividend cover	times	—	—	—	(5.3)	2.0
GEARING						
Borrowings		6,992	7,584	7,910	7,533	6,184
Gearing	times	1.28	1.48	1.39	0.97	0.67
Interest cover	times	3.3	(0.2)	(2.8)	(1.0)	6.0
OTHER FINANCIAL STATISTICS						
Net assets per share	sen	162	154	184	246	305
Share price – high	sen	76	96	160	292	307
Share price – low	sen	53	35	93	136	241
Price earning ratio	times	6	*	*	*	13
Paid up share capital		2,736	2,736	2,736	2,736	2,736
Shareholders' equity		3,279	3,117	3,729	4,995	6,182
Total equity		5,465	5,119	5,688	7,804	9,243
Total assets		16,444	16,002	16,975	18,417	18,263

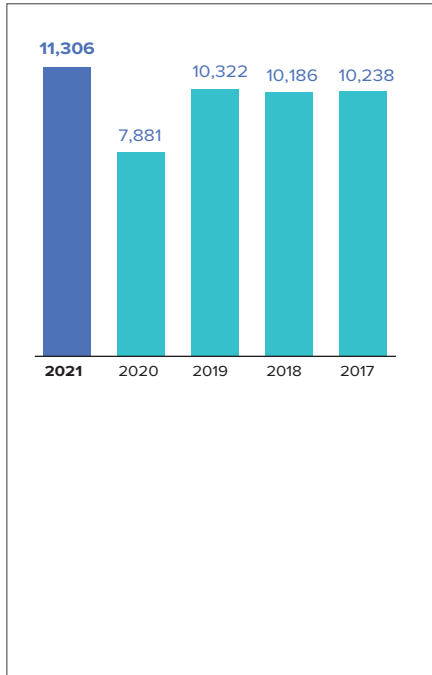
Notes:

- All figures are in RM million unless otherwise stated.
- The financial information relating to 2021, 2020, 2019, 2018 and 2017 are in accordance with the MFRS Framework.
- * Not applicable due to loss per share for the year.

FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

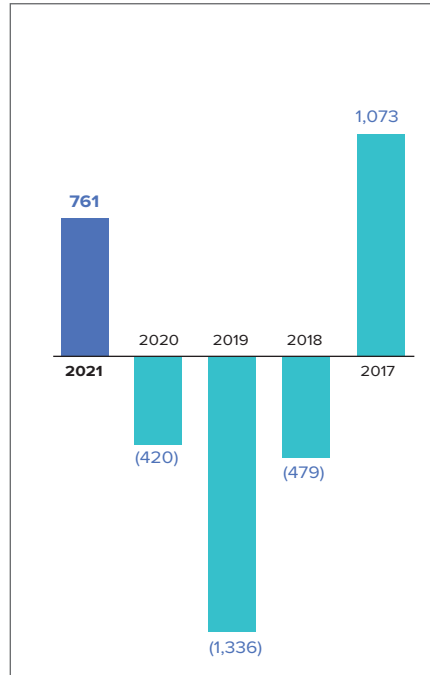
REVENUE

(RM Million)



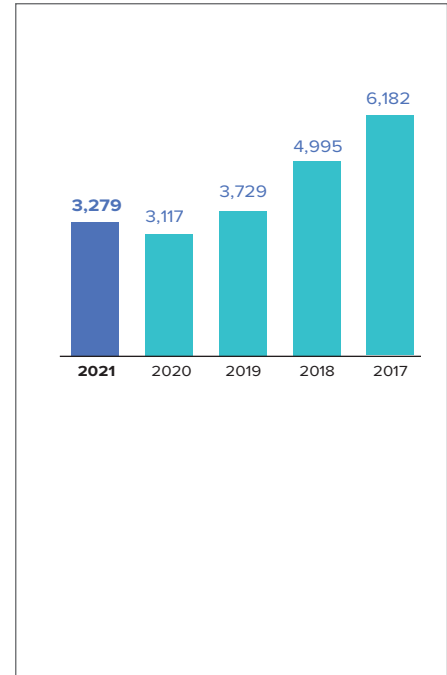
PROFIT/(LOSS) BEFORE TAXATION AND ZAKAT

(RM Million)



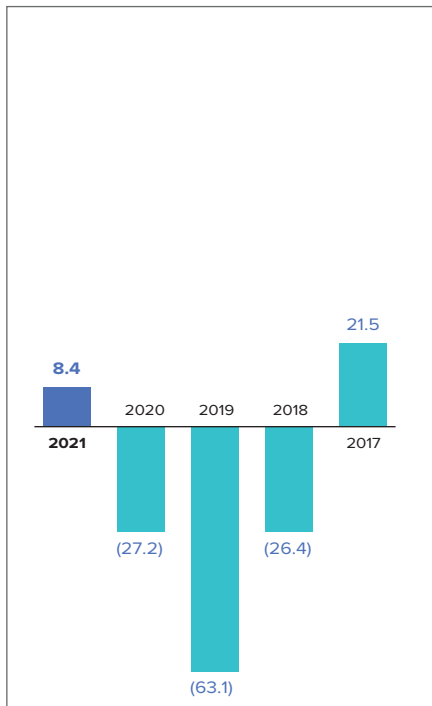
SHAREHOLDERS' EQUITY

(RM Million)



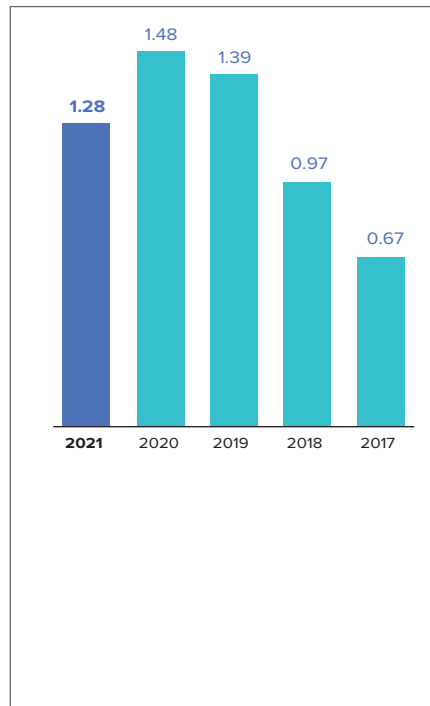
EARNINGS/(LOSS) PER SHARE

(Sen)



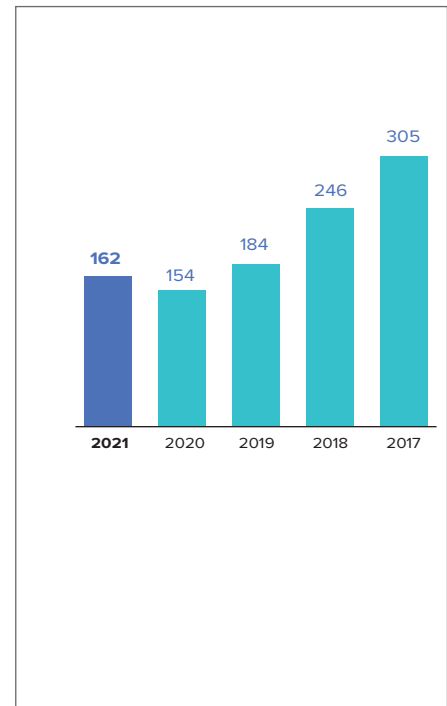
GEARING

(Times)



NET ASSETS PER SHARE

(Sen)



SUSTAINABILITY HIGHLIGHTS

ENVIRONMENT



Total GHG emissions
(Scope 1 & 2):

1.05 mil tCO₂e

2020: 1.10 mil tCO₂e



Total energy
consumption:

2.74 mil GJ

2020: 3.40 mil GJ

EMPLOYEES

Workforce diversity:



68%

Male



32%

Female

Health and safety:



5.5%

reduction in Loss
Time Injury
Frequency Rate
(LTIFR) in 2021
against 2020

COMMUNITIES & SOCIETY



60 local vendors
under our Vendor
Development
Programme



Coached **784**
trainees across
Boustead's
operation through
Protégé Programme
since inception

CORPORATE GOVERNANCE



27% women
Directors on
Board



Zero
confirmed
incidents related
to bribery and
corruption



Total water withdrawal:

6.35 mil m³

2020: 6.11 mil m³

Training and development:



170,656 hours spent on formal learning and development



Total amount spent on R&D:

RM36.5 mil



Launched Boustead
Green Army
initiative in 2021



Invested
RM500,000
in *Di Celah-celah
Kehidupan* TV
Programme



>5,000 personnel participated in integrity-related training

AWARDS AND RECOGNITION

PHARMANIAGA

NATIONAL ENERGY AWARDS 2021

Runner-Up: Category 1(A): Energy Management in Small & Medium Industries

ASEAN ENERGY AWARDS 2021

First Runner-Up: Energy Management for Building and Industry Category: Small & Medium Industry

SUSTAINABILITY & CSR

MALAYSIA AWARDS 2021

Company of The Year Award (Pharmaceutical)
Overall Excellence In COVID-19
& Community Initiatives

HR ASIA BEST COMPANIES TO WORK FOR IN

ASIA AWARD 2021

Employer of Choice

BOUSTEAD PLANTATIONS

IOI EDIBLE OIL

ZERO OFF-SPEC CPO SUPPLIER 2021

Boustead Tawai Palm Oil Mill

ANUGERAH ALAM SEKITAR 2021

– KILANG KELAPA SAWIT LESTARI

BEST SCHEDULED WASTE MANAGEMENT

Trong Palm Oil Mill



BOUSTEAD PROPERTIES

THE 8TH PROPERTYGURU ASIA PROPERTY AWARDS 2021

Best Mega Township Development Award
Mutiara Rini in Skudai, Johor

BOUSTEAD HOTELS & RESORTS

TRIPADVISOR TRAVELLERS CHOICE AWARD 2021

(Royale Chulan Hotels & Resorts)

HOTELS.COM LOVED BY GUESTS AWARD WINNER 2021

(Royale Chulan Hotels & Resorts)

UAC

ARCHIDEX STAR AWARDS 2021

Industry Choice (UAC Decowood)

BOUSTEAD HEAVY INDUSTRIES CORPORATION

MALAYSIA NATIONAL BUSINESS AWARD 2021

Aerospace & Defense (BDNC)

MALAYSIA TECHNOLOGY EXCELLENCE AWARDS 2021

Software in Aerospace & Defense category (BDNC)

MALAYSIAN SOCIETY FOR OCCUPATIONAL SAFETY AND HEALTH (MSOSH)

GOLD CLASS 1 (BDNC)



WHAT WE DO

WE ARE ONE OF MALAYSIA'S ESTABLISHED CONGLOMERATES, ANCHORED BY SEVERAL LINES OF BUSINESS

Today, the Boustead Group has grown to comprise more than 80 listed and non-listed subsidiaries and associate companies that span across a wide cross-section of the Malaysian economy. Today, the Group's business interests are focused in key sectors of the Malaysian economy via our five Divisions namely:

PLANTATION DIVISION



The Plantation Division owns and manages 44 oil palm estates and 10 oil mills across Peninsular Malaysia as well as Sabah and Sarawak. Six of its 10 palm oil mills and 21 estates are Roundtable on Sustainable Palm Oil (RSPO)-certified, while all of its palm oil mills and 43 estates are Malaysian Sustainable Palm Oil (MSPO)-certified. The Division has an excellent track record in the sustainable cultivation of oil palm, harvesting of fresh fruit bunches and production and sales of crude palm oil and palm kernel.

REVENUE:

RM1.1 bil

PROFIT BEFORE TAX & ZAKAT:

RM345 mil

RSPO-CERTIFIED AREA:

39,450 Ha

PROPERTY & INDUSTRIAL DIVISION



This Division engages primarily in property development and investment, hotel management, project management as well as manufacture and distribution of cellulose fibre cement products. It has developed award-winning townships and iconic residential as well as commercial properties in Kuala Lumpur, Selangor and Johor while owning and managing a large portfolio of assets that span across Malaysia. Under the Royale Chulan hotel chain, it has a presence in Peninsular Malaysia as well as in London's Hyde Park.

REVENUE:

RM625 mil

LOSS BEFORE TAX & ZAKAT:

RM7 mil

TOTAL RENEWED TENANCIES:

88% OF OFFICE BUILDINGS AND SHOPPING MALL

PHARMACEUTICAL DIVISION



The Pharmaceutical Division is the largest listed integrated pharmaceutical group in Malaysia. The division is involved in various segments of the pharmaceutical value chain, from research & development to the manufacturing of generic drugs, over-the-counter medicines and nutraceuticals, logistics & distribution, regulatory, sales & marketing as well as retail pharmacy. During the COVID-19 pandemic, the Division became the first pharmaceutical player in the country to manufacture via fill and finish a vaccine for humans.

REVENUE:

RM4.8 bil

PROFIT BEFORE TAX & ZAKAT:

RM271 mil

A TOTAL OF

184 PRODUCTS
HALAL CERTIFIED

HEAVY INDUSTRIES DIVISION



The Heavy Industries Division caters to the defence, security, marine and aerospace sectors, providing a range of services to Government and commercial clients including shipbuilding, ship repair, maintenance, repair and overhaul (MRO), manufacturing of components and systems, maritime training and integrated logistics support, among others.

REVENUE:

RM374 mil

LOSS BEFORE TAX & ZAKAT:

RM40 mil

TOTAL COMPLETED MRO
WORKS:

82 COMMERCIAL AND
PRIVATE VESSELS

TRADING, FINANCE & INVESTMENT DIVISION



Under the Trading, Finance & Investment Division, Boustead is involved in diverse sectors within the Malaysian economy. Core businesses include a home-grown retail petroleum network through the BHPetrol brand, the provision of financial products and solutions under AFFIN Bank Berhad, as well as travel and tourism related services under Boustead Travel Services.

REVENUE:

RM4.4 bil

PROFIT BEFORE TAX & ZAKAT:

RM192 mil

RETAIL NETWORK:

373 SERVICE
STATIONS

GROUP STRUCTURE



Boustead Holdings Berhad



PLANTATION DIVISION



PROPERTY & INDUSTRIAL DIVISION

BOUSTEAD PLANTATIONS
BERHAD

BOUSTEAD ESTATES
AGENCY SDN BHD

BOUSTEAD TELOK SENGAT
SDN BHD

BOUSTEAD RIMBA NILAI
SDN BHD

BOUSTEAD EMASTULIN
SDN BHD

BOUSTEAD GRADIENT
SDN BHD

BOUSTEAD PELITA KANOWIT
SDN BHD

BOUSTEAD PELITA TINJAR
SDN BHD

BOUSTEAD TRUNKLINE
SDN BHD

BOUSTEAD AGENCY AND
CONSULTANCY SERVICES SDN BHD

BOUSTEAD SOLANDRA
SDN BHD

BOUSTEAD ELDRED
SDN BHD

BOUSTEAD AGRO PLANTATIONS
SDN BHD

APPLIED AGRICULTURAL
RESOURCES SDN BHD

BOUSTEAD PROPERTIES
BERHAD

UAC BERHAD

MUTIARA RINI
SDN BHD

BOUSTEAD CURVE
SDN BHD

BOUSTEAD REALTY
SDN BHD

BOUSTEAD WELD COURT
SDN BHD

ASTACANGGIH
SDN BHD

BOUSTEAD BALAU
SDN BHD

DAMANSARA ENTERTAINMENT
CENTRE SDN BHD

MIDAS MAYANG
SDN BHD

BOUSTEAD NUCLEUS
SDN BHD

BOUSTEAD HOTELS & RESORTS
SDN BHD

BOUSTEAD WELD QUAY
SDN BHD

BOUSTEAD IKANO
SDN BHD

PAVILION ENTERTAINMENT
CENTRE SDN BHD

IRAT PROPERTIES
SDN BHD

Subsidiary

Associate/Joint Venture

Subsidiary (Public Listed)

Associate (Public Listed)



PHARMACEUTICAL DIVISION

HEAVY INDUSTRIES DIVISION

TRADING, FINANCE & INVESTMENT DIVISION

PHARMANIAGA BERHAD

PHARMANIAGA LOGISTICS
SDN BHD

PHARMANIAGA
MANUFACTURING BERHAD

IDAMAN PHARMA
MANUFACTURING SDN BHD

PHARMANIAGA LIFESCIENCE
SDN BHD

PHARMANIAGA RESEARCH
CENTRE SDN BHD

PHARMANIAGA BIOMEDICAL
SDN BHD

PHARMANIAGA MARKETING
SDN BHD

PRISTINE PHARMA
SDN BHD

PT MILLENNIUM PHARMACON
INTERNATIONAL TBK

PT ERRITA PHARMA

BOUSTEAD HEAVY INDUSTRIES
CORPORATION BERHAD

BOUSTEAD PENANG SHIPYARD
SDN BHD

BOUSTEAD NAVAL SHIPYARD
SDN BHD

BHIC NAVALTECH
SDN BHD

BOUSTEAD LANGKAWI SHIPYARD
SDN BHD

BHIC DEFENCE TECHSERVICES
SDN BHD

BHIC MARINE TECHNOLOGY
ACADEMY SDN BHD

BHIC SUBMARINE ENGINEERING
SERVICES SDN BHD

BHIC TRADING
SDN BHD

BHIC BOFORS ASIA
SDN BHD

BOUSTEAD DCNS NAVAL
CORPORATION SDN BHD

BHIC MSM SDN BHD

CONTRAVES ADVANCED
DEVICES SDN BHD

BHIC AEROSERVICES
SDN BHD

AIRBUS HELICOPTERS
SIMULATION CENTER SDN BHD

BOUSTEAD PETROLEUM
MARKETING SDN BHD

BOUSTEAD TRAVEL
SERVICES SDN BHD

BOUSTEAD SHIPPING AGENCIES
SDN BHD

BOUSTEAD CREDIT
SDN BHD

BOUSTEAD GLOBAL RISK
SOLUTION SDN BHD

MHS AVIATION BERHAD

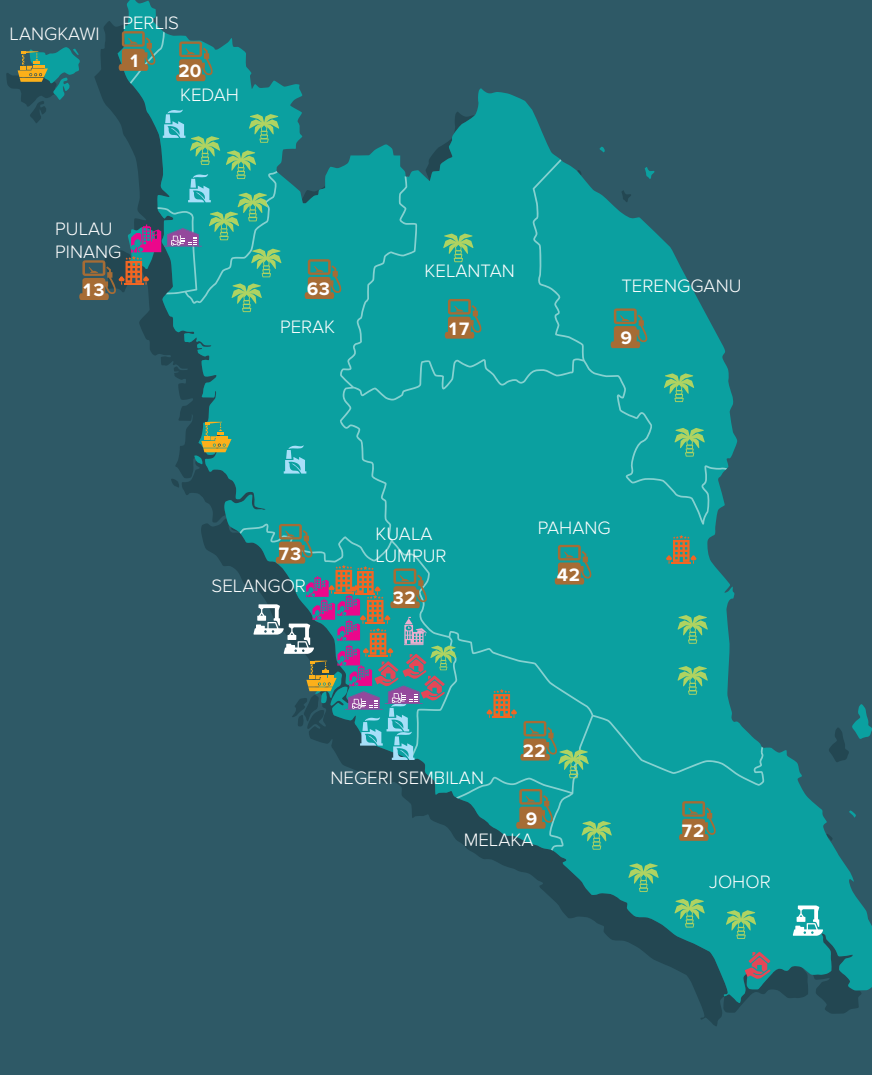
AFFIN BANK
BERHAD

CADBURY CONFECTIONERY
MALAYSIA SDN BHD

DREW AMEROID
(M) SDN BHD

BOUSTEAD WAH SEONG
SDN BHD

WHERE WE OPERATE IN MALAYSIA



OUR KEY OPERATIONS AND LOCATIONS



PLANTATIONS

- Sungai Jernih Business Unit
- Nak Business Unit
- Trong Business Unit
- Segaria Business Unit
- Segamaha Business Unit
- Telok Sengat Business Unit
- Rimba Nilai Business Unit
- Loagan Bunut Business Unit
- Kanowit Business Unit
- Tawai Business Unit



PROPERTIES OWNED AND MANAGED

- the Curve
- eCurve
- Curve NX
- Nucleus Tower
- Menara Boustead & Wisma Boustead
- Menara Boustead (Penang)
- Menara UAC



TOWNSHIPS AND DEVELOPMENT

- Taman Mutiara Rini township
- Mutiara Damansara township
- Mutiara Hills township
- One Cochrane Residences



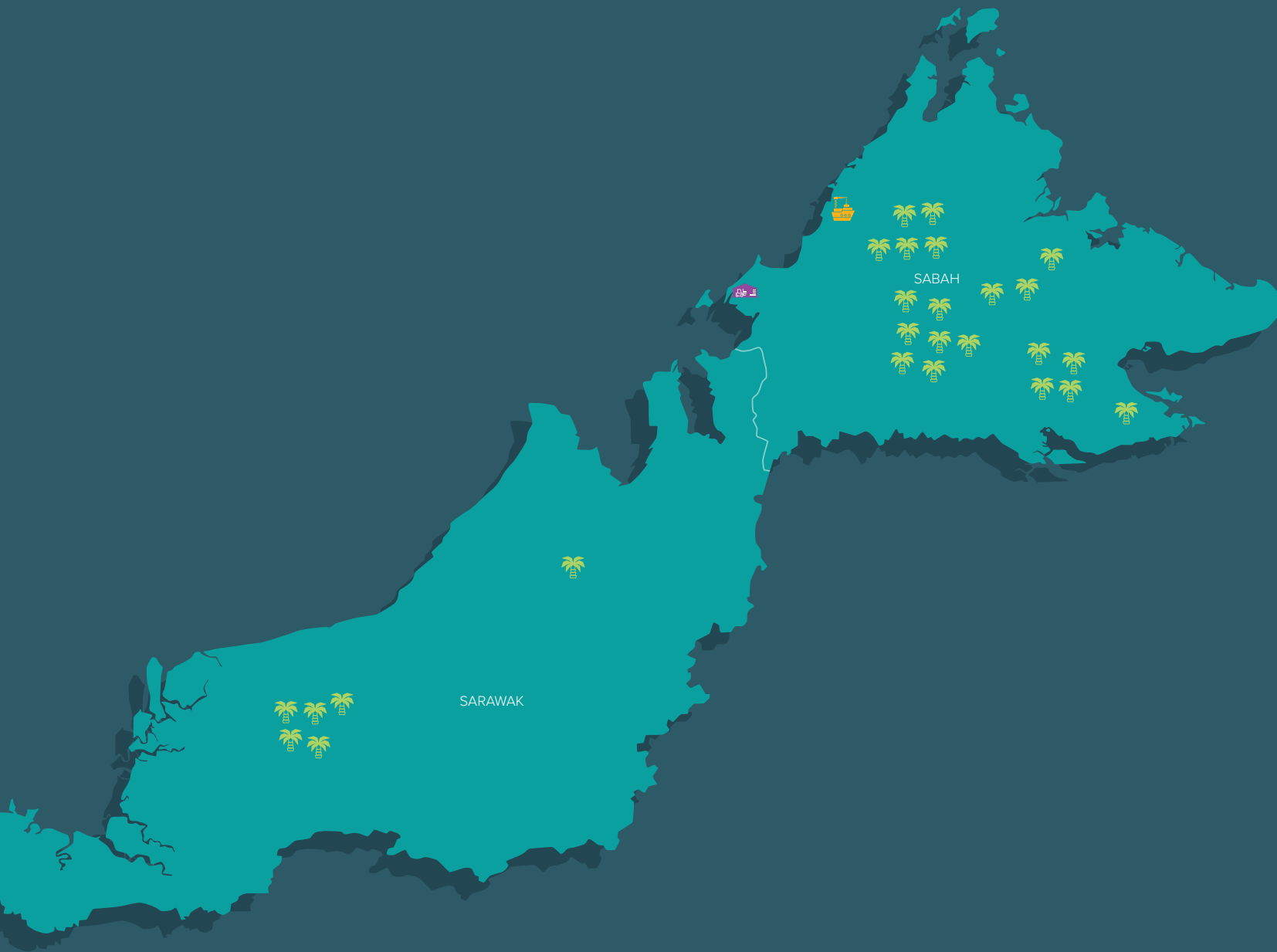
HOTELS AND RESORTS

- Royale Chulan Kuala Lumpur
- Royale Chulan Damansara
- Royale Chulan The Curve
- Royale Chulan Cherating
- Royale Chulan Seremban
- Royale Chulan Penang
- Royale Chulan Hyde Park (London, United Kingdom)*



SHIPYARDS/PORT

- Boustead Naval Shipyard
- Boustead Langkawi Shipyard
- Boustead DCNS Naval Corporation



LOGISTICS AND DISTRIBUTION SITES

- Pharmaniaga Logistics Sdn Bhd (Bukit Raja, Shah Alam)
- Pharmaniaga Logistics Sdn Bhd (Section 15, Shah Alam Branch)
- Pharmaniaga Logistics Sdn Bhd (Juru Branch)
- Pharmaniaga Logistics Sdn Bhd (Kuching Branch)
- Pharmaniaga Logistics Sdn Bhd (Kota Kinabalu Branch)
- Pharmaniaga Biomedical Sdn Bhd
- *PT Millennium Pharmacon International TBK (Jakarta, Indonesia)**



MANUFACTURING SITES

- UAC Berhad
- Pharmaniaga Manufacturing Berhad
- Pharmaniaga LifeScience Sdn Bhd
- Idaman Pharma Manufacturing Sdn Bhd (Sungai Petani Branch)
- Idaman Pharma Manufacturing Sdn Bhd (Seri Iskandar Branch)
- Paradigm Industry Sdn Bhd
- *PT Errita Pharma (Bandung, Indonesia)**



BHPETROL TERMINALS

- Northport Klang terminal
- Pasir Gudang terminal
- Westport Klang terminal



UNIVERSITY

- The University of Nottingham in Malaysia Sdn Bhd



BHPETROL SERVICE STATIONS

- Selangor (73)
- Johor (72)
- Perak (63)
- Pahang (42)
- Wilayah Persekutuan (32)
- Negeri Sembilan (22)
- Kedah (20)
- Kelantan (17)
- Pulau Pinang (13)
- Terengganu (9)
- Melaka (9)
- Perlis (1)

* Operations which are not reflected on the map

2021 CORPORATE HIGHLIGHTS

12 January 2021

Pharmaniaga entered into an **agreement with Sinovac Life Sciences Co., Ltd.** to **manufacture fill and finish** as well as **distribute** exclusively **Sinovac COVID-19 vaccine** in Malaysia.

14 January 2021

Boustead Naval Shipyard Sdn Bhd **delivered** the **Littoral Mission Ship (LMS) 2 SUNDANG** to the Royal Malaysian Navy (RMN).

26 January 2021

Pharmaniaga entered into an **agreement with the Malaysian Government** to **supply 12 million doses** of the **Sinovac COVID-19 vaccine** to be filled and finished at Pharmaniaga LifeScience Sdn Bhd in Puchong, Selangor.



27 February 2021

The arrival of the **first shipment of 200-litre bulk equaled 300,000 doses of vaccine** from **China at KLIA**, for the purpose of process validation batch manufacturing as part of the registration application requirement by the National Pharmaceutical Regulatory Agency. The vaccine arrived in an envirotainer that preserved the vaccine temperature between 2 to 8 degrees Celsius.

2 April 2021

Reinventing Boustead strategy was launched and established to **accelerate value creation** with performance improvement programmes as well as new and sustainable initiatives to **maximise revenue growth for shareholders**.

9 April 2021

Pharmaniaga and **Universiti Malaysia Terengganu** collaborated to commercialise production of **Kelulut** (stingless bee) **honey**.

10 April 2021

Boustead Properties Berhad officially **launched phase 1A1** of **Mutiara Hills Semenyih** township development.

11 April 2021

Boustead Petroleum Marketing Sdn Bhd (BHPetrol) officially **launched** the **first Portable Container System**, a CSR joint venture with Ministry of Defence Malaysia (MINDEF) at Kem Armada Mutiara, RMN Lumut Naval Base to provide army personnel and their families **easy access to fuel**.

12 April 2021

Boustead **donated** to the **Boustead Adopted School** CSR programme in collaboration with **PINTAR Foundation** to help students from five schools in underserved communities in Melaka, Perak and Kedah.

19 April 2021

Boustead signed a **Memorandum of Understanding (MoU)** with **Next Generation Oil Group Sdn Bhd (NextGen Group)** to co-create a **new economic ecosystem in renewable energy** with **algae biofuel technology** from crude algae oil, which will result in a reduction of greenhouse gases.

22 April 2021

BHIC Submarine Engineering Services Sdn Bhd was **awarded** a **RM78.1 million contract** from MINDEF to **upkeep RMN submarine facilities**.



3 July 2021

BHIC AeroServices Sdn Bhd was **awarded a contract extension** worth **RM25.2 million** to provide **Integrated Maintenance and Logistics Support Services** to Malaysian Maritime Enforcement Agency's helicopters.

3 July 2021

Pharmaniaga entrusted by Ministry of Health to **manage the logistics and distribution** of all **AstraZeneca COVID-19 vaccine** received via **AstraZeneca**, COVAX Facility and also vaccines donated by foreign governments.

16 July 2021

Pharmaniaga successfully completed its obligation to **supply 12.4 million doses** of **Sinovac COVID-19 vaccine** to the Federal Government, 4.5 months ahead of contract schedule.

21 July 2021

Boustead DCNS Naval Corporation Sdn Bhd received a **second extension** of a **contract** worth **RM159.1 million** from MINDEF to provide **In-Service Support** to RMN submarines.

31 October 2021

Boustead, in a joint venture with Meraque Services Sdn Bhd, successfully completed the **Group's first Unmanned Aerial Vehicle (UAV), or drone delivery of medical supplies** from Marina Jetty Heliport Lumut to Klinik Kesihatan Pangkor.

1 November 2021

Pharmaniaga signed an **MoU** with the **National Institutes of Biotechnology Malaysia** in the various areas of Research & Development (R&D) on vaccine production.

18 December 2021

Boustead Naval Shipyard Sdn Bhd **delivered** the **LMS 4 RENCONG** to the RMN.

14 September 2021

Boustead Naval Shipyard Sdn Bhd **delivered** the **LMS 3 BADIK** to the RMN.

23 September 2021

Boustead **adopted 8 young**, underprivileged siblings who lost both parents to COVID-19 under the **"Anak Angkat Boustead"** CSR project.

28 September 2021

Boustead Plantations Berhad entered into a **sale and purchase agreement** with SIPP Power Sdn Bhd for the proposed **disposal** of its **Kulai Young Estate**, Johor, consisting of five parcels of land comprising 664 hectares for a total cash consideration of RM429 million.

13 November 2021

Pharmaniaga **exports** fill and finish manufactured **Sinovac COVID-19 vaccine** to Myanmar.

18 November 2021

Boustead signed an **MoU with Sinohydro Bureau 9 Co Ltd, China** to **explore renewable energy** ventures while strengthening the Group's ESG efforts under **Boustead Hijau (BIJAU)** agenda.

22 November 2021

Boustead signed a **Subscription Agreement** with **NextGen Group** under its renewable energy venture into algae biofuel technology and subscribed to shares representing **10% equity** interest in Next Generation Group.

24 December 2021

Boustead Properties Berhad was **awarded provisional GreenRE certification** (township category) for **Mutiara Hills Semenyih township development** by GreenRe Sdn Bhd, Malaysia's leading green building certification body.

24 December 2021

Boustead successfully executed the country's **longest distance UAV (drone) delivery of medical supplies** from Kampung Olak Lempit to Bandar Seri Ehsan during the massive flash floods in Selangor.

SECTION

02

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KEY MESSAGES

STATEMENT FROM OUR CHAIRMAN

“

Reinventing Boustead is about inspiring our people to instigate change, to elicit enhanced performance in our core businesses while diversifying into high-growth, high-value sectors such as digital, technology and green energy, and supporting all of this with integrity, creativity and innovation.

”

Dear Shareholder,

BEING ONE OF THE OLDEST AND ESTABLISHED CONGLOMERATES IN MALAYSIA, BOUSTEAD IS NOT AN UNFAMILIAR NAME IN THE CORPORATE WORLD.

Indeed, since its establishment, the Group has played a significant role in various aspects of the nation's development. It is therefore truly an honour to assume the role of Chairman of the Group, a position I have taken up since 3 January 2022. And it is with pleasure that I share some of the Group's accomplishments in the financial year ended 31 December 2021.

**DATUK SERI MOHD
REDZUAN MD YUSOF**
Chairman



STATEMENT FROM OUR CHAIRMAN

FINANCIAL PERFORMANCE

It is an open secret that we have been through some rough patches over the last few years, even prior to the pandemic. Nevertheless, based on strong fundamentals as well as carefully thought-out strategies that have been executed diligently, the Group's performance has seen a marked improvement. It is with great pride to note that in 2021, we achieved a significant turnaround, recording a profit after tax of RM479 million following a loss after tax of RM501 million in 2020. Along with these outstanding results, our net assets per share increased to RM1.62 while shareholders' equity expanded to RM3.3 billion.

Many positive factors have come together to shape these results, yet I wish to highlight one underlying element which strikes me as being particularly admirable, namely the revival of *semangat* (or spirit) throughout the Group. Bousteadors' dedication to the organisation and its vision – of serving all its stakeholders, and especially Malaysian Armed Forces servicemen and pensioners – has become tangibly stronger. Nurtured properly, it will see the organisation grow from strength to strength as it reinvents itself to become more robust and relevant in today's tech-driven and digitalised world.

REINVENTING BOUSTEAD

The culture change we are experiencing started with the rollout of 'EDGE20', our transformation programme. But it has been accelerated through Reinventing Boustead, a three-year strategy to shape the Group up to year 2023. In essence, Reinventing Boustead is about inspiring our people to instigate change, to elicit enhanced performance in our core businesses while diversifying into high-growth, high-value sectors such as digital, technology and green energy, and supporting all of this with integrity, creativity and innovation.

Leading the charge is a core leadership team that is dynamic and driven. Under their guidance, Boustead has outlined more than 50 strategic initiatives that are to be achieved by 2023. Less than a year since these have been rolled out, a number have been completed while others are making good progress. The speed with which the Group is transforming is nothing less

than spectacular; for an organisation of its size, Boustead is displaying an unusual level of nimbleness and agility. Multiple Memorandums and Documents of Understanding have been signed during the year under review with digital start-ups and leading players within the green ecosystem – all of which are helping the organisation build our second growth engine.

Integral to this transformation is the development of our talent. Accordingly, a new Talent Management Framework has been implemented which is focused on nurturing an energised, digitally-driven workforce. Our talent, together with our partnerships, are contributing to Boustead's reinvention from a traditional brick and mortar conglomerate into a powerhouse that is supporting technopreneurs and ecopreneurs as we focus on sustainable value creation for everyone.

BUILDING OUR ESG

It gives me pleasure to share that, along with Reinventing Boustead, the Group has launched a Boustead Hijau (BIJAU) initiative that seeks to embed environmental, social and governance (ESG) principles into all strategies and decision-making going forward. The Group has always believed in creating ESG value but this has to date been seen as an adjunct, albeit an important one, to our principal business and operations.

Today, our commitment to environmental sustainability is reflected not only in efforts to reduce the carbon emissions of our operations, but in the businesses that we are choosing to pursue. Among the new partnerships mentioned above are at least two that will guide Boustead into the renewable energy industry. Climate change is one of the most pressing and urgent global issues; and the Board is extremely encouraged by Boustead's entry into green energy as we will be able to contribute not only to the nation's but the world's collective efforts to transition to a low-carbon economy. We are also embracing digital technology not just for its ability to enhance our internal systems and processes, but because of its potential to narrow existing socio-economic gaps through applications and solutions that are accessible by everyone, including the underserved. Through businesses driven by blockchain and tokenisation, for example, we hope to create platforms that enable more inclusive wealth creation and not to forget, distribution.

GOVERNANCE

In terms of governance, we are elevating integrity as our true north, or guiding principle, that will rewrite our corporate narrative as we rebuild the trust of our stakeholders in our ability to deliver. Last year, we established a Group Anti-Bribery and Corruption Policy and a Group Integrity & Governance Department (GIG) to assess our climate of integrity and take all necessary steps to create awareness across the Group of our zero tolerance for bribery and/or corruption. GIG was also tasked with guiding Boustead Holdings Berhad towards becoming ISO 37001:2016 Anti-Bribery Management Systems (ABMS) certified.

REVENUE

RM **11.3** BILLION

PROFIT AFTER TAX

RM **479** MILLION

In 2021, we made significant progress towards this end. Following internal ABMS audits, heads of department (HODs) were alerted as to any non-conformance or opportunities for improvement pertaining to operations under their management. These HODs have since taken the appropriate steps to redress gaps identified and we underwent an audit by Standard and Industrial Research Institute of Malaysia (SIRIM) in the first quarter of 2022. Our target is to attain the ABMS certification by the end of the second quarter of 2022.

Our corporate governance framework is structured by best practices promulgated by regulators such as Securities Commission Malaysia. Following the release of the revised Malaysian on Corporate Governance (MCCG) 2021 in April 2021, we have been realigning our practices for compliance with the MCCG Code. It pleases me to share that we already adhered to some of the new recommendations, for example, the Chairman not being a member of key Board Committees and the Board's involvement in determining as well as overseeing key sustainability matters. However, there are still gaps in certain areas such as meeting the requirement for 30% women representation on the Board. Currently, women directors constitute 27% of our Board and we are working towards increasing this figure.

Additionally, we have introduced new policies to further strengthen our governance framework, ensuring proper structures are in place to guide the Group as we execute our Reinventing Boustead strategy. To guide all future investments and reduce related risks, for example, the Board has approved a new Group Investment Policy. Meanwhile, to ensure greater coordination of initiatives being undertaken across the Group, we have identified Reserved Matters for Boustead. Such matters – including Board composition, risk management, business plans and sustainability – will require Boustead's alignment before they can be implemented by our subsidiaries.

On the conduct of General Meetings, the last two Annual General Meetings (AGMs) were successfully conducted virtually. Going forward, Boustead will continue to implement remote shareholders' participation and online remote voting at the 60th AGM by leveraging technology.



Plantation Division has a total landbank of approximately 98,200 hectares (Ha) with a total of 73,500 Ha under cultivation.

ACKNOWLEDGEMENTS

Despite operating in very challenging circumstances, Boustead has made steady and significant progress over the last couple of years. This has been the result of the contributions of various stakeholders whom I would like to acknowledge.

On behalf of the Board of Directors, I would like to express our gratitude to our former Chairman, Dato' Seri Mohamed Khaled Nordin, for his year-long stewardship during Boustead's turnaround journey. We also thank Datuk Zainun Aishah Ahmad who served the Board for four-and-a-half years before stepping down. Meanwhile we would like to extend a warm welcome to our new Board members, Dato' Ahmad Nazim Abd Rahman and his alternate, Muhammad Fitri Othman, Dato' Seri Rosman Mohamed, Pauline Teh @ Pauline Teh Abdullah and Datuk Maulizan Bujang. Each of them brings many years of experience; together, they will greatly enhance the Board's collective knowledge and perspective.

We would also like to note our appreciation of the continued support of all our shareholders, especially our major shareholder, Lembaga Tabung Angkatan Tentera (LTAT), as well as our financiers, business partners, suppliers and consultants. A special note of recognition to all the regulatory authorities for providing a stable and conducive operating environment for the Group and our operating companies.

On a more personal note, I would like to express my gratitude to fellow members of the Board of Boustead for their vote of confidence in electing me to their ranks. Thank you also for the wise counsel that you continue to offer the Group in navigating the current climate of uncertainty. Additionally, I would like to acknowledge my full support of our Management, and thank them for their able as well as visionary leadership. Finally, a heartfelt note of gratitude goes to all our Bousteadors across the Group for your relentless commitment and dedication to Boustead and the values that we stand for.

With the continued cooperation and collaboration of everyone, we will definitely be *Reinventing for A Sustainable Future*.

Datuk Seri Mohd Redzuan Md Yusof
Chairman



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

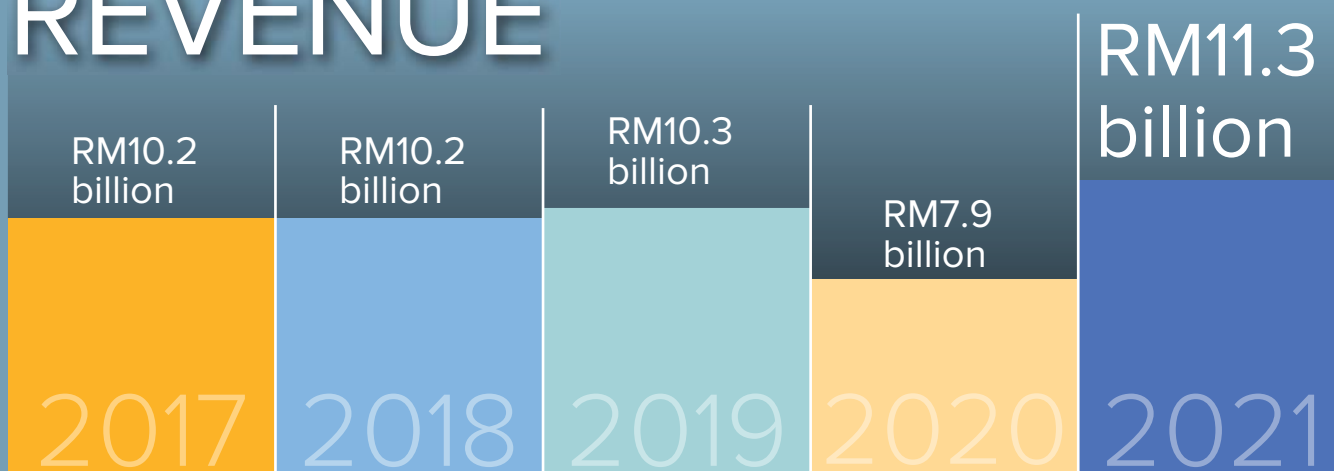
REVIEW FROM GROUP MANAGING DIRECTOR

Dear Shareholder,

Despite continuing challenges brought about by the prolonged pandemic, the year 2021 marked a turning point for Boustead. After six consecutive quarters of losses, we started recording a profit after tax (PAT) from the first quarter onwards and ended 2021 with a full-year PAT of RM479 million, making it our first full profitable year since 2018.

REVIEW FROM GROUP MANAGING DIRECTOR

5 YEARS REVENUE



PLANTATION WAS OUR BEST PERFORMING DIVISION, CLOCKING A THREE-FOLD JUMP IN

PBT TO RM345 MILLION

MAINLY AS A RESULT OF RECORD-HIGH PALM PRODUCT PRICES

While our performance was greatly boosted by the increase in price of commodities and demand for healthcare, all our Divisions performed well, especially our Pharmaceutical, Plantation and Trading, Finance & Investment. At the same time, there has also been a reinvigoration of spirit throughout the Group which is driving all the companies within our fold to achieve operational excellence and to optimise profit while generating sustainable value. Thanks to Reinventing Boustead, we are today more digitally-driven, efficient and relevant. More importantly, we operate by upholding a higher level of professionalism and integrity.

A TURNAROUND YEAR

The year 2021 has been a resounding success financially, with the Group recording a 43% increase in revenue from RM7.9 billion a year ago to RM11.3 billion. After a streak of losses, we also rebounded with a profit before tax (PBT) of RM761 million against a loss before tax (LBT) of RM420 million in 2020. All of our Divisions delivered stronger results with Plantation, Pharmaceutical and Trading, Finance & Investment being the star performers.

As a result of profitability, we also ended the year with a healthier balance sheet. Our shareholders' funds and total equity increased to RM3.3 billion (2020: RM3.1 billion) and RM5.5 billion (2020: RM5.1 billion) respectively while total borrowings decreased to RM7.0 billion (2020: RM7.6 billion), enhancing our gearing to 1.28 times (2020: 1.48 times).

Plantation was our best performing Division, clocking a three-fold jump in PBT to RM345 million, mainly as a result of record-high palm product prices. For the year as a whole, crude palm oil (CPO) averaged at RM4,341 per metric tonne (MT) as compared to RM2,811 per MT in 2020.

Our Pharmaceutical Division also shone brightly as a result of playing a central role in the nation's fight against the pandemic through the sale of Sinovac COVID-19 vaccine to the Ministry of Health (MOH) and private sector. Healthy vaccine sales – together with enhanced demand across its contract with Government, private sector and Indonesian businesses – was reflected in a pre-tax profit of RM271 million.

The Trading, Finance & Investment Division also pulled in an outstanding turnaround performance, recording a PBT of RM192 million from a loss of RM83 million in the financial year ended 31 December 2020. This was mainly fuelled by higher oil prices which resulted in stockholding gains by Boustead Petroleum Marketing Sdn Bhd (BPM). Our associate Affin Bank Berhad, meanwhile, saw its contribution increase on higher net interest income, net fee and commission as well as income from Islamic Banking business.

The Property & Industrial Division incurred a lower deficit of RM7 million against RM343 million in 2020 with its bottom line propped up by one-off gains on the disposal of properties, lower fair value losses on investment properties and better results from the industrial segment. While affected by the property overhang, unattractive hotel occupancy and mall rental rates as well as cautious spending by consumers, the Division also stood to gain from increased exports from the industrial segment and the resumption of certain construction works.

The Heavy Industries Division posted a lower loss of RM40 million, a reduction from the previous year's deficit of RM107 million, largely contributed by the successful completion of the Littoral Mission Ship (LMS) project. During the year, three LMS vessels were delivered to the RMN.

NET PROFIT

RM170 MILLION

REINVENTING BOUSTEAD

When I assumed my current position as Group Managing Director in December 2020, I was struck by two seemingly incongruous observations being the impressive quality of our people and the state of affairs of companies within the Group. Despite having a highly experienced team who are committed to Boustead, the Group was financially sapped due to certain long-standing issues. There was even a proposal put forward to privatise Boustead. My immediate priority, naturally, was to leverage our people to restructure and revamp the organisation. Setting up a core leadership team, we outlined a strategy named Reinventing Boustead. This strategy was rolled out in early 2021 and by the end of the year a new Boustead could be seen to emerge – rejuvenated, re-energised and more relevant to the operating landscape. Through our ongoing reinvention, we seek not only to survive the challenges faced today, but to contribute to a new way of living and working as we shape a more sustainable tomorrow.

Reinventing Boustead is a three-pronged approach to shape Boustead into an organisation that is focused, efficient and driven by sustainable values as encompassed by Boustead Hijau (BIJAU). The ultimate objective is to transform the Group at a fundamental level, to transition from a brick-and-mortar institution into one that is digitally-driven and laser-focused on creating sustainable value. As stated in last year's report, we

recognise our duty to ensure returns for our key shareholders, namely the estimated 320,000 active Malaysian Armed Forces personnel and veterans represented by LTAT. Indeed, this has been translated into our new Vision. By extension, we seek to create value for all our stakeholders by embedding ESG principles into the core of Boustead. This means operating in a manner that protects the environment, ensures greater social inclusion and perhaps most pertinently, that upholds integrity and demonstrates our sincerity in our dealings with everyone.

The first pillar of our strategy, Performance Improvement Programme (PIP) builds on a transformation that was already ongoing, 'EDGE20'. We have refreshed this PIP by providing the infrastructure and support for our subsidiaries to continuously identify and address process bottlenecks for enhanced business. Through the second pillar, 2nd Growth Engine, we are exploring high-growth business opportunities to ramp up sustainable revenue by embracing innovation on relevant technological services and adopting synergy on relevant digital businesses. The third pillar, Portfolio Optimisation, meanwhile, involves corporate restructuring through strategic sales, optimising our capital structure, accelerated investments and strategic mergers and acquisitions.

REVIEW FROM GROUP MANAGING DIRECTOR



Site visit to NextGen Group's algae farm in Pahang



We are committed to supporting the Government's ambition of increasing renewable energy generation to 31% of total installed capacity by 2025, as well as supporting the Government's aspiration for GLCs to achieve net zero carbon emissions by 2050.



STRATEGIC PARTNERSHIPS

Building our 2nd Growth Engine, we have established Boustead Digital Services Sdn Bhd (BDigital) and Boustead Technology Sdn Bhd (BTECH) to develop and drive new businesses in the digital and green technology space. Through digitalisation, we seek to be part of a revolution that is disrupting all things traditional. Via green technology, meanwhile, we are committed to support the Government's ambition of increasing renewable energy generation to 31% of total installed capacity by 2025, as well as supporting the Government's aspiration for government-linked companies (GLCs) to achieve net zero carbon emissions by 2050.

To accelerate our presence in these areas, we are partnering start-ups and other players at the cutting edge of innovation who will be able to provide us with quick access to their technology and digital expertise. To date, we have signed multiple Memorandums of Understanding (MoUs) and Documents of Understanding (DoUs) with innovators such as NextGen Group, Sinohydro Bureau 9 Co Ltd International Co (Sinohydro), The Hive Southeast Asia General Partner Limited (Hive SEA), Accubits Technologies FZ LLE (Accubits) and ABM Silica Resources. We also entered into a subscription and shareholders' agreement with MyAngkasa Digital Services Sdn Bhd (MyAngkasa Digital).

NextGen Group has been able to cultivate micro algae that grows on sequestered carbon and can be used to make sustainable biofuel. Sinohydro, meanwhile, is a subsidiary of Power Co Corp of China, a key player in China's green industrial development. Together, we seek to develop land-based solar farms while also venturing into floating solar photovoltaic (PV) projects, rooftop solar, solar battery storage solutions and the development of waste-to-energy plants.

Hive SEA, Accubits, MyAngkasa Digital Services and Meraque Services Sdn Bhd (Meraque Services) are digital and technology companies that are developing applications (apps), artificial intelligence (AI) and blockchain solutions, among others, that will help Boustead digitalise our own operations as well as our service offerings. With Meraque Services, which specialises in unmanned aerial vehicles (UAV) or drones, we have already completed proof of concept (POC) on the use of drones to deliver pharmaceutical products through our subsidiary Pharmaniaga to Pangkor Island and areas in Selangor that were inaccessible during the floods at the end of 2021. Using drones for something as critical as the delivery of potentially life-saving drugs is a perfect example of how we seek to leverage new technology to create a better and more sustainable future.

MONETISATION OF ASSETS

We are rationalising non-strategic assets to streamline our operations and to pare down our borrowings. During the year, we completed the sales of Royale Chulan Bukit Bintang and Boustead Cruise Centre, the former as part of a restructuring of our Property business and the latter because the cruise business is not aligned with our future direction. The trend continued into 2022, with the disposal of 6.59 acres of land called B3 along Jalan Cochrane expected in the second quarter.

“

More than 50 initiatives have been outlined to achieve our Reinventing Boustead vision.

”

OTHER KEY REINVENTING INITIATIVES

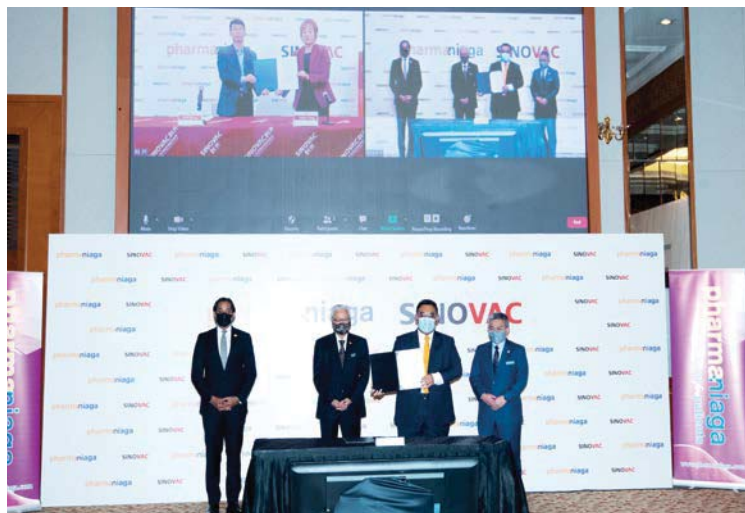
More than 50 initiatives have been outlined to achieve our Reinventing Boustead vision. Among these, 12 are high-priority as they address critical issues that have a deep impact on the Group financially, operationally or both. While these are by and large still ongoing, we have achieved significant successes, two of which are noteworthy.

The first concerns the Littoral Combat Ship (LCS) project being undertaken by our Heavy Industries Division. Ever since the programme was halted in 2019, Boustead through Boustead Naval Shipyard Sdn Bhd (BNS), has been working steadfastly to revive it. As a result of our efforts, via engagements with MINDEF and various Government agencies, the Cabinet had on 20 April 2022 unanimously approved the continuance of the LCS project. We are hopeful that this decision will provide a significant financial boost to the Group and BNS.

A second achievement was the renewal of a contract with the Government to Pharmaniaga Berhad (Pharmaniaga) for the provision of logistics and distribution services. Pharmaniaga has been supplying hospitals and clinics under the MOH with pharmaceutical products and other medical items since 1998. Its last contract agreement, however, ended in 2021. This contract accounts for a significant proportion of Pharmaniaga's revenue, hence a bridging extension till December 2022 followed by a 10-year contract till November 2032. Meanwhile, it is with pride that the Group noted how Pharmaniaga successfully delivered on its commitment to supply the Government with 20.4 million doses of the Sinovac COVID-19 vaccine, thus playing a key role in protecting Malaysians against the virus. Currently, we are awaiting approval from the vaccine originator, Sinovac Life Sciences Co Ltd, to market the vaccine internationally.



Boustead Naval Shipyard Sdn Bhd delivered three units of LMS to RMN in 2021, contributing towards strengthening RMN's armada and safeguarding Malaysia's maritime defence and interests



Pharmaniaga entered into an agreement with Sinovac Life Sciences Co., Ltd. on 12 January 2021

REVIEW FROM GROUP MANAGING DIRECTOR

TALENT BUILDING

Our people truly are our most valuable asset and to fully leverage their potential, we have rolled out a number of initiatives to energise a more conducive, digitally-empowered work environment while developing the inherent talents that exist.

Indeed, building our talent is another Reinventing Boustead initiative, called Super Talent. In driving this initiative, we established a Group Human Resources Council whose task is to channel high-potential employees from across the Group into the programme to accelerate their development. Within the first quarter of 2021 itself, the council had outlined a talent management framework and identified about 300 highly capable talents also known as B300. Starting April 2021, these talents have been assigned to various Reinventing Boustead initiatives, based on their skills and interests. Some of the assignments are cross-functional while others even see talent move to an entirely different company within the organisation. For example, we have talents from Pharmaniaga leading the Group Internal Audit Department, from Boustead Heavy Industries Corporation Berhad (BHIC) leading Information Technology Department (IT) in Boustead Plantations Berhad and talent from Boustead leading Finance Department in BHIC. While providing our talent with broad exposure to enhance their professional development, this programme also allows us to draw synergies from the cross-fertilisation of knowledge and expertise across the Group.

Besides the specific agenda on talents, another initiative affecting our people as a whole is the Digital Employee Experience (DEX) where the Group is reinventing the way of working by leveraging on digitalisation and technology to provide a more sustainable and leading-edge employee experience while working in Boustead.

Further enhancing cohesion and connectedness, we launched our very own internal communication platform, Boustead Engagement and Execution Platform or BEEP², which has replaced emails and other communication platforms, allowing for instant and easy access to each other. Meanwhile, to engender a sense of belonging and comradeship, we now call our employees 'Bousteadors'. We believe it is important to motivate a high level of employee engagement to obtain the full support of our people as we go through this challenging period.

SUSTAINABILITY

While seeking to entrench Boustead's sustainability, we are also committed to playing a larger role in increasingly urgent environmental and social issues at the global level as it is becoming evident that these require multi-stakeholder cooperation and collaboration to manage. Our commitment is such that we wish for sustainability not to be something good that we add on to our operations, but something that guides our business direction and strategies, and is integrated into our operations.



We have outlined a BIJAU agenda to drive this ambition. The first step has been to thoroughly re-evaluate what we currently do and to pivot our business in a manner that ensures the creation of ESG value as we grow. As mentioned earlier, we are embarking on various renewable energy projects which will contribute to the nation's transition to a low-carbon economy. We are particularly excited about our collaboration with NextGen Group because the micro algae being cultivated has a very high yield and does not require much land. In fact, it does not need to grow on land at all as NextGen Group has developed a technology that allows the algae to grow on rooftops, deserts, oceans and even wastewater treatment plants.

To redress social inequities, we are working with our technology partners on the application of digital technologies such as blockchain and tokenisation in solutions that will help to create greater financial inclusion hence more equal distribution of wealth.

Over and above these initiatives, we will step up all efforts to mitigate our own carbon emissions. During the year, we have been putting in place various systems and processes to monitor and track our emissions. Next, we will leverage green technologies to help us minimise our emissions, while investing in carbon credit programmes. Our goal is to become a net-zero emissions organisation by 2050.

Underlying our entire BIJAU agenda is a deep-rooted commitment to operate with integrity and sincerity which have always been part of our DNA. Today, our mission is to reawaken awareness throughout the Group of the values that we stand for as we reinforce our stakeholders' trust in our ability to deliver and create value for them.



Together with the concerted efforts of B300, our priority in 2022 will be to ensure these are accomplished within the timeframes set. Concurrently, we will continue to push our BIJAU agenda to transition into a greener, more sustainable organisation that operates at the highest level of integrity.



LOOKING FORWARD

As we finalise this integrated report in April 2022, the number of COVID-19 cases has been decreasing after it peaked in March 2022 due to the emergence of Omicron, which is more contagious than previous variants. On a positive note, it is not particularly virulent and therefore hospitalisation as well as mortality rates are well under control. This lends reason to believe that the economy will start to pick up during the year. The International Monetary Fund (IMF) has predicted that Malaysia will experience 5.4% gross domestic product (GDP) growth in 2022, compared to 3.1% in 2021.

Along with a general economic recovery, all our Divisions are expected to perform even better in 2022 than they did in 2021. Both Property & Industrial and Trading, Finance & Investment Divisions stand to gain from unrestricted movements and increased disposable incomes which will translate into greater consumer spend.

In the Plantation Division, the expectation is that CPO prices will continue to be strong. These, combined with the ability to bring in foreign labour, are positive indicators for the industry in general as well as our own operations. Our Pharmaceutical Division will be leveraging its new expertise in the manufacture of vaccines to expand its portfolio of biopharmaceutical products while also focusing on Halal and over-the-counter products. Along with portfolio growth, it will also look to establishing a greater international presence. Finally, as the Cabinet has on 20 April 2022 unanimously approved the resumption of the LCS project, the Heavy Industries Division is looking forward for a rapid reversal of fortune.

At the Group level, we will continue to drive our three-year Reinventing Boustead strategy. While a number of initiatives outlined have been completed or are nearing completion, others are at various stages of progress. Together with the concerted efforts of B300, our priority in 2022 will be to ensure these are accomplished within the timeframes set. Concurrently, we will continue to push our BIJAU agenda to transition into a greener, more sustainable organisation that operates at the highest level of integrity.

We highly value our stakeholders especially the Malaysian Armed Forces service members, veterans and their families. Our Vision, therefore, is to create value for them as we build a 'new' Boustead. In 2022 and indeed the years to come, we will continue to focus on Reinventing Boustead for a sustainable future.

Our success will depend on the continued collaboration with our business partners, suppliers and customers. On behalf of Boustead, I would like to take this opportunity to thank these stakeholders for their contributions which have been both valued and appreciated. At the same time, I would like to express my gratitude to the entire Boustead family, who truly represent our growth engine. My appreciation goes, first and foremost, to our esteemed Board of Directors, whose steady counsel has been critical in these very challenging times. Of particular note, I would like to acknowledge the contributions of our outgoing Chairman, Dato' Seri Mohamed Khaled Nordin, who successfully steered the Group in our first year of Reinventing Boustead. I would also like to take this opportunity to welcome our new Chairman, Datuk Seri Mohd Redzuan Md Yusof, as well as other new Board members who bring with them many years of experience in the corporate and public sectors. The Board's guidance continues to be a source of great strength to the Group.

I would also like to acknowledge my colleagues in the Management team, it is a rare privilege to work with a group as dedicated and determined as you. Meanwhile, a heart-felt thank you to all Bousteadors across the Group for your unrelenting commitment to Boustead and our stakeholders. With your continued support, I have the utmost confidence that we can reinvent anything! InshaAllah.

Dato' Sri Mohammed Shazalli Ramly
Group Managing Director

FAHMY ISMAIL

Group Finance Director

GROUP FINANCE DIRECTOR'S STATEMENT

“

Hard work, determination and the Group's solid foundation all combined to produce our turnaround. Our Reinventing Boustead strategy further added to the recipe for this successful outcome.


”

IT GIVES ME PLEASURE TO PRESENT BOUSTEAD'S FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2021. THE GROUP CLOSED 2021 WITH A PRE-TAX PROFIT OF RM761 MILLION, A REMARKABLE TURNAROUND FROM THE LOSS BEFORE TAX OF RM420 MILLION IN 2020. THE ACHIEVEMENT WAS EVEN MORE OUTSTANDING AS, FOR THE PREVIOUS THREE YEARS SINCE THE FINANCIAL YEAR ENDED 31 DECEMBER 2018, THE GROUP HAD BEEN IN THE RED. IT HAS TO BE SAID THAT ACHIEVING THIS PERFORMANCE WAS NOT EASY, AND FULL CREDIT GOES TO THE TEAM FOR THEIR STRATEGIC PLANNING ACCOMPANIED BY DILIGENT EXECUTION.

We entered the year 2021 on very shaky grounds, coupled by uncertainties that threatened to hinder efforts towards profitability. The pandemic was severely affecting a number of our subsidiaries in the property, hospitality and downstream petroleum sectors, with fewer people visiting our shopping malls, lower occupancy in our hotels and fewer cars on the roads.

General perception of the Group was also not particularly positive, as it had been affected by the proposed debt restructuring and privatisation in 2020. Upon the termination of the proposals, we spent a fair amount of time rebuilding the confidence of corporate and financial markets in us. Another matter that affected us was the future of the LCS project, which at the time was still hanging in the balance. The most critical event that spun a web of negativity, however, was the sequence of six consecutive quarterly losses and specifically a loss in the financial year ended 31 December 2019 that surpassed RM1 billion.

It is thanks to the efforts of all Bousteadors that we have managed to overcome the odds to record what could justifiably be termed a splendid performance for 2021. Hard work, determination and the Group's solid foundation all combined to produce our turnaround. Our Reinventing Boustead strategy further added to the recipe for this successful outcome.

PBT
281% 
to
RM761
million

REINVENTING BOUSTEAD STRATEGIES

Two initiatives under Reinventing Boustead have been key to our financial turnaround which are Smart Debt Management and Strategic Sales.

Smart Debt Management

Since 2018, the Group had been plagued by high gearing as a result of a deterioration in our equity value, given losses that were recognised over the past three years. One way to bring down our gearing to an acceptable level was through the reduction in borrowings. Whilst the Group's borrowings stood at RM7.0 billion, Boustead has always honoured our principal and interest commitments, and we are working towards managing our current borrowings. During the year itself, the Group's borrowings reduced by RM592 million. At the entity level, Boustead paid off RM300 million of our Islamic medium-term notes (IMTN) that was due. At the same time, Boustead Plantations Berhad was able to leverage higher collections from the increase in palm product prices to pare down some of its revolving credit, which saw its total debt reduce by RM239 million.

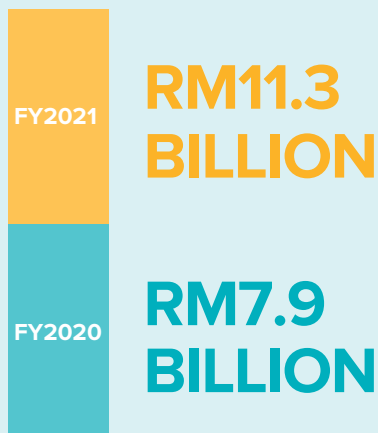
Strategic Sales

To maintain sufficient liquidity for our operations as well as to further support the reduction in our borrowings, we embarked on a structured process to monetise non-strategic assets while disposing of certain property inventories. Key achievements in 2021 were the successful disposals of Royale Chulan Bukit Bintang Hotel in the first quarter resulting in proceeds of RM177 million, followed by Boustead Cruise Centre Sdn Bhd in the third quarter, for RM230 million. In the pipeline is the disposal of our 66.41% stake in The University of Nottingham in Malaysia Sdn Bhd, which is expected to be completed by the third quarter of 2022. Further strengthening our cash position, we also disposed of property inventories at Jalan Cochrane and Bukit Raja for a total consideration of RM278 million.

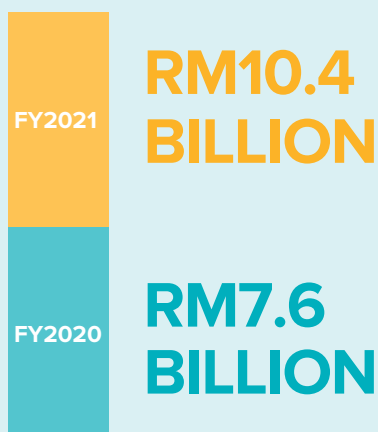
As a result of our debt reduction and strategic sales initiatives, we have managed to reduce our gearing to 1.28 times from 1.48 times in 2020.

GROUP FINANCE DIRECTOR'S STATEMENT

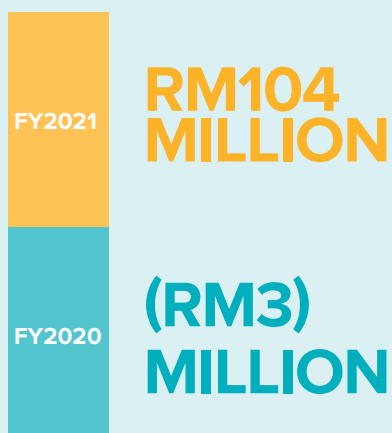
REVENUE



OPERATING COSTS



GAIN/(LOSS) ON DISPOSAL OF PROPERTIES



BETTER PERFORMANCE OF ALL DIVISIONS

The Group's overall performance in 2021 was further enhanced by strong contributions from all our Divisions, each of which performed better than in 2020. Among the key factors underlining their performance were: 1) higher palm product and crude oil prices; 2) the surge in demand for pharmaceutical products and COVID-19 vaccines; 3) gains on the disposal of properties; 4) lower impairment of assets; 5) fair value gains on investment properties; and 6) increased share of profit in associates.

It is testament to the Group's solid fundamentals as well as our agility and foresight that we were able to continuously strengthen our position by seizing opportunities as they arose.

REVIEW OF INCOME STATEMENT

After six consecutive quarters of losses since 2019, the Group posted a pre-tax profit of RM761 million, marking a turnaround of RM1.2 billion against the loss before tax of RM420 million incurred in 2020. Our profit after tax and zakat stood at RM479 million with a net profit attributable to shareholders of RM170 million.

Revenue

The Group recorded a total revenue of RM11.3 billion, which represents a significant 43% jump from RM7.9 billion in 2020. Key to this was record-high palm product prices, with CPO averaging RM4,341 per MT which was RM1,530 higher than the average in 2020. Meanwhile, the increase in crude oil price to USD82 per barrel resulted in better revenue for BPM.

In Pharmaceutical Division, the revenue grew by 77% mainly due to strong demand from the Government, private sector and Indonesian businesses coupled with sales of Sinovac COVID-19 vaccine to MOH and the private sector.

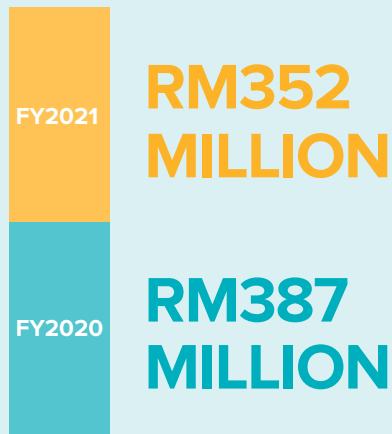
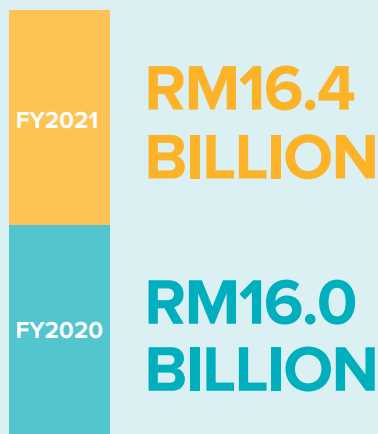
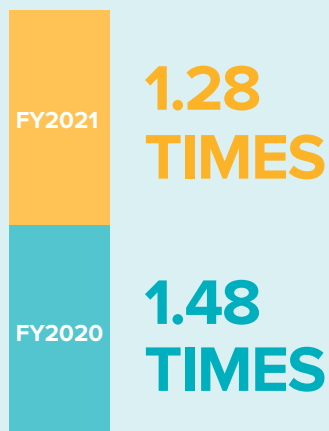
Other factors that contributed to the revenue increase were the sale of industrial lots and enhanced export of fibre cement board under the Property & Industrial Division.

Operating costs

In tandem with revenue growth, our operating costs increased to RM10.4 billion from RM7.6 billion in 2020. Contributing to this was the price of fuel which went up during the year along with increased taxes and levies for palm oil. Our Pharmaceutical Division, meanwhile, had to contend with the significant cost to purchase and distribute the Sinovac vaccines.

Gain on disposal of properties

In 2021 the Group recorded a gain of RM104 million from the disposal of properties – mainly the gains from the disposal of Royale Chulan Bukit Bintang of RM77 million and land in Jalan Cochrane of RM13 million.

FINANCE COST**TOTAL ASSETS****GEARING IMPROVED TO****Impairment of non-current assets and fair value movement of investment properties**

Guided by accounting standards, the Group performed an impairment assessment of our non-current assets where indication of impairment exists. During the year, we recorded a lower impairment of non-current assets consisting of property, plant and equipment as well as goodwill of RM9 million. This was a significant reduction from RM207 million in 2020, when impairment losses recognised related to our loss-making cruise terminal, jetty and hotel properties as well as idle plantation assets that were not contributing to the Group's core operations.

The year also saw a small gain of RM1 million on the valuation of investment properties in our stable, against a loss of RM111 million in 2020.

Share of results in associates and joint ventures

The Group recorded a higher share of profit in associates of RM117 million (2020: RM48 million) mainly attributable to improved results from AFFIN Bank. Meanwhile, the share of losses in our joint ventures decreased to RM64 million (2020: RM75 million) on lower fair value loss on investment properties recognised by Boustead Ikano.

Finance Cost

In tandem with the decrease in borrowings from RM7.6 billion in 2020 to RM7.0 billion, our finance cost contracted by 9% to RM352 million from RM387 million. We also saw a reduction in weighted average interest rate on borrowings, from 5.0% in 2020 to 4.7%.

Taxation & Zakat

Our taxation expenses for the year stood at RM254 million (2020: RM77 million), shored up by healthy profits enjoyed by companies under Boustead Plantations Berhad and Pharmaniaga Berhad as well as BPM. In line with their revenue increase, Boustead Plantations and Pharmaniaga contributed the most to our total zakat payment of RM27 million.

REVIEW OF STATEMENT OF FINANCIAL POSITION

The Group's balance sheet improved over the year, with net assets (or shareholders' funds) increasing from RM3.1 billion to RM3.3 billion. This translated into higher net assets per share of 162 sen (31 December 2020: 154 sen). An analysis of our balance sheet by major categories is provided below.

Total Assets

The Group ended the year with an additional RM0.4 billion in assets to total RM16.4 billion. This was mainly from inventories for COVID-19 vaccines for Pharmaniaga Berhad and subsidies receivable in BPM. These more than compensated for the disposal of non-strategic assets, as reflected in the non-current assets of RM11.5 billion (31 December 2020: RM12.3 billion).

Total Liabilities

The Group's total liabilities increased to RM11.0 billion, albeit in smaller quantum of RM0.1 billion. Whilst total borrowings decreased by RM0.6 billion as mentioned above, payables increased by RM0.3 billion. The latter was mainly from outstanding amounts on the purchase of pharmaceutical products and fuel.

Total Equity

Due to profitability for the year, total equity grew by RM0.4 billion to RM5.5 billion. Together with the decrease in borrowings, the Group ended the year with a lower gearing of 1.28 times compared to 1.48 times.

GROUP FINANCE DIRECTOR'S STATEMENT



With good palm product prices and better sale of pharmaceutical products including the Sinovac vaccine, cash flow from operations improved to RM748 million (2020: RM451 million).



REVIEW OF CASH FLOW STATEMENTS

As at 31 December 2021, the Group's cash and cash equivalent stood at RM383 million, which was comparable against the previous year.

With good palm product prices and better sale of pharmaceutical products including the Sinovac vaccine, cash flow from operations improved to RM748 million (2020: RM451 million). The Group also recorded a cash surplus from investing activities of RM382 million, a significant turnaround from the deficit of RM143 million in 2020. This was largely due to the disposal of non-strategic assets.

The Group utilised the proceeds received from operational and investing activities to pare down our borrowings; hence, the surge in cash outflow from financing activities of RM1.1 billion (2020: RM767 million).

Despite an improvement in our cash position, we are unable to pay any dividend to shareholders for the financial year as a result of losses being recorded at Boustead company level of RM125 million arising from impairment in investment and amounts due from our loss-making subsidiaries.

FINANCIAL OUTLOOK FOR 2022

As we entered the year 2022, the Omicron virus reared its head and started spreading rapidly across the world. This was followed by the eruption of hostilities between Russia and the Ukraine. Both the new COVID-19 variant of concern and political conflict are set to create economic uncertainties at the global, regional and national levels.

Nevertheless, following the successful rollout of the National COVID-19 Immunisation Programme in 2021, and various economic stimulus packages that have been implemented, the Ministry of Finance (MOF) expects Malaysia to achieve GDP growth of between 5.5% and 6.5%. This is to be driven primarily by greater reopening of economic and social sectors, as well as increased external demand from major trading partners. Other positive factors include a continuation of strong commodity prices, improved labour market conditions, digitalisation, and the resumption of infrastructure projects with high multiplier effects.

While riding on a more conducive business environment post pandemic, Boustead's growth will be further propelled by our Reinventing strategy, which is gaining momentum as it enters its second year. Various initiatives that had been implemented and successfully completed in 2021, as well as ongoing and new initiatives to be rolled out in 2022 will further strengthen the Group's already very sound fundamentals and position us firmly to gain further ground as we build on the momentum of positive change that has already been established.

The new year looks bright for the palm oil industry with CPO prices remaining high and the opening of borders allowing the entry of foreign labour. Hence, the Plantation Division remains bullish, promising another year of healthy profits and shareholder returns. In addition, the gain on the disposal of land in Kulai Young Estate will further boost its bottom line.

Our Pharmaceutical Division also expects to deliver a steady performance in the coming year. Having successfully manufactured and supplied Sinovac vaccines to the Government, the Division plans to venture into exporting the vaccine to countries that continue to face a shortage. As for the business related to contract with the Government, the Division is finalising its agreement with the MOH to continue with medical supply logistics services for a period of 10 years.

Meanwhile, the Property & Industrial Division will face another challenging year as the effects of the pandemic will still be felt across the property landscape. Nevertheless, we will continue to develop One Cochrane Residences, and focus on sales here as well as in the newly launched Balau Homes at Mutiara Hill and industrial lots in Bukit Raja to contribute to the bottom line. Meanwhile, an oversupply of office and retail spaces in the Klang Valley is likely to push down rental rates and intensify the competition for quality tenants. In the hotel segment, occupancy rates and F&B income will depend on domestic and international tourism as well as corporate bookings. Under the industrial segment, UAC Berhad will build on its export strategies and product price adjustment to sustain growth and profitability in 2022.

The performance of our Trading, Finance & Investment Division in the coming year will hinge largely on BPM and Affin Bank Berhad. While looking to expand its network of service stations, BPM's bottom line will be influenced by movements in crude oil prices. The company is also looking to build its non-fuel income through partnership with various Boustead Innovators Creators Ecosystem Partnership (BICEPs).

The announcement on 20 April 2022 that the Cabinet had unanimously approved the continuance of the LCS project is a positive news for Heavy Industries and will enable us to chart a way forward for the Division.

FINANCIAL FOCUS FOR 2022

While much has been achieved in 2021, there still remains a great deal to do in 2022. Among our priorities, however, will be to further work on our borrowings – specifically to reprofile the maturity and interest rates of our borrowings, as well as strengthen our balance sheet.

Currently, 56% of the Group's loans are short term, yet most of our projects have more than one-year gestation periods. To better align our borrowings with our project needs, we are targeting to extend the maturity period of our short-term borrowings. In our negotiations with financiers, we are also seeking more competitive rates. This is significant as 71% of our borrowings are on floating rates and will become more expensive if the overnight policy rate (OPR) increases, as anticipated, in 2022.

Meanwhile, we seek to further strengthen our balance sheet in 2022 using the same approach as we did in 2021, mainly by enhancing profits and reducing our debt. Among others, we will continue to monetise our non-strategic assets and use part of the proceeds to pare down our borrowings. With the improved business environment post pandemic, we are hopeful of getting good returns from future monetisation transactions.



Fahmy Ismail
Group Finance Director

SECTION

03

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ADDRESSING STAKEHOLDER NEEDS DURING THE PANDEMIC	056





VALUE CREATION

VALUE CREATION

OUR KEY CAPITALS

Our capitals are the many resources and relationships that all our subsidiaries and associate companies make use of in conducting their businesses. These capitals are essential and, as the holdings company, we seek to grow their stock for the continued and sustainable growth of the Group. Although inter-related, these capitals can be categorised as financial, manufactured, intellectual, human, social & relationship and natural. Brief descriptions are provided below.



FINANCIAL CAPITAL

This comprises the pool of funds available to us for deployment which includes debt, retained earnings and equity funding. Our financial capital is used to drive innovation and growth by investing in emerging technologies, capacity and competency-building as well as research and development. Our objective is to maintain strong cash flow and a robust balance sheet in order to execute our Reinventing Boustead strategy while continuing to be agile in responding to opportunities and mitigating risks.

TOTAL ASSETS:

**RM16.4
BILLION**

TOTAL EQUITY:

**RM5.5
BILLION**

BORROWINGS:

**RM7.0
BILLION**

CASH BALANCE:

**RM464
MILLION**


MANUFACTURED CAPITAL

This is represented by all the physical assets that we own or use in carrying out our operations across the Group. It comprises our oil palm estates and mills; the properties we build and/or manage; our pharmaceutical plants, retail outlets as well as the fleet of vehicles used in our distribution services; our shipbuilding dockyards and fabrication yards. We maintain and manage these assets to derive optimum value from them.

PLANTATION LAND BANK:

98,209 Ha

NO OF SHIPYARDS:

3
NO OF MANUFACTURING
PLANTS:
17

NO OF HOTEL ROOMS:

1,616


INTELLECTUAL CAPITAL

This refers to our intangible assets such as the knowledge and capability intrinsic to our organisation, our reputation, and the strong brands we have developed. We continue to build our intellectual capital through research and development as well as various strategic partnerships. The thought and time that has been invested in Reinventing Boustead further strengthens our intellectual capital and will guide the Group and our subsidiaries to add value to all our other capitals.

LICENSE TO DO FILL
AND FINISH OF
**SINOVAC
COVID-19
VACCINE**
2
RESEARCH
& DEVELOPMENT
CENTRES

15
BOUSTEAD INNOVATORS
CREATORS ECOSYSTEM
PARTNERS (BICEPs)




HUMAN CAPITAL

The extended Boustead family comprising 16,520 individuals represent our human capital. Our people are extremely important to our day-to-day operations and to ensure the success of our strategies. We therefore invest significantly into their well-being as well as their continued professional development. Our objective is for them to realise their full potential and to drive a high-performance culture in Boustead.

16,520
TOTAL EMPLOYEES

170,656
HOURS SPENT ON FORMAL
TRAINING

FEMALE REPRESENTATION
ON BOARD:
27%

ZERO
NON-COMPLIANCE INCIDENTS
RELATING TO LABOUR PRACTICES



SOCIAL & RELATIONSHIP CAPITAL

This comprises the multitude of relationships and partnerships we have developed with our wide network of stakeholders, including customers, employees, business partners, suppliers, regulators and policy makers, and the community at large. We seek to engage with, understand and meet the needs of each stakeholder group. In this manner, we build trust-based symbiotic relationships that engender the creation of two-way value.

VALUE OF CSR CONTRIBUTIONS:

**RM26
MILLION**

VENDORS DEVELOPED
THROUGH VDP:
60

7
STRATEGIC PARTNERSHIPS
ESTABLISHED IN 2021

ZERO
CONFIRMED INCIDENTS OF
BRIBERY AND CORRUPTION



NATURAL CAPITAL

Our natural capital is represented by all the renewable and non-renewable resources that are used throughout the Group. It includes fuel, water and land, among others. Given the finite nature of natural resources, we are cognisant of the need to use them efficiently. At the same time, we seek to protect the natural environment for the sustainability of our operations and, indeed, the planet. We are therefore placing added emphasis on ensuring we play our part in managing global environmental imperatives.

TOTAL ENERGY CONSUMED:

**2.74
MILLION GJ**

TOTAL WATER WITHDRAWN:

**6.35
MILLION M³**

TOTAL WASTE DIVERTED FROM
LANDFILL:

> 220,000 MT

ADOPTION OF **BIJAU** AGENDA
TO DRIVE GREEN GROWTH AND
SHARED VALUE CREATION



OUR BUSINESS MODEL

GUIDED BY...

OUR VISION & MISSION

OUR CAPITALS ...

... ENABLE VALUE-ADDING ACTIVITIES ...

INPUTS



FINANCIAL CAPITAL

- Share capital of RM2.7 billion
- Total assets of RM16.4 billion
- Total equity of RM5.5 billion



MANUFACTURED CAPITAL

- Total property, plant & equipment, investment properties and right of use assets of RM7.6 billion
- Capital expenditure for the past five years of RM2.1 billion



INTELLECTUAL CAPITAL

- Strategic partnership with leading brand and companies
- The only local brand of petrol/fuel in Malaysia under BHPetrol
- Intensive R&D under Plantation, Pharmaceutical and Industrial
- Extensive usage of digitalisation and Internet of Things (IoT)



HUMAN CAPITAL

- 16,520 employees across the Group
- Talent pool under B25, B100 and B300 programmes
- Strong leadership team
- Diversified senior management



SOCIAL & RELATIONSHIP CAPITAL

- Vendors and suppliers development programme
- Various CSR projects benefitting 'Keluarga Malaysia'
- Specific programmes to reach out the families impacted by pandemic and floods



NATURAL CAPITAL

- Robust environmental management system
- 2.74 mil GJ of energy consumed in 2021
- 6.35 mil m³ of water withdrawn in 2021

IN ALIGNMENT WITH OUR STRATEGY...

REINVENTING BOUSTEAD



MARKET TRENDS

PAGES 60 TO 63

MATERIAL MATTERS

PAGES 64 TO 69

KEY RISKS

PAGES 70 TO 73

FINANCIAL OUTCOMES

REVENUE

RM11.3 billion

2020: RM7.9 billion

PROFIT/(LOSS) BEFORE TAXATION AND ZAKAT

RM761 million

2020: (RM420 million)

SUPPORTED BY ROBUST GOVERNANCE FRAMEWORK...

UNDERPINNED BY...

OUR CORE VALUES

... THAT CREATE VALUE FOR OUR STAKEHOLDERS

OUTPUT

PLANTATION ✓

- Harvesting of Fresh Fruit Bunches
- Production of Crude Palm Oil and Palm Kernel

PROPERTY & INDUSTRIAL ✓

- Construction and sale of residential and commercial properties
- Rental of commercial properties
- Provision of hotel guest accommodations and related services
- Fabrication of cellulose fibre cement boards

PHARMACEUTICAL ✓

- Logistics and distribution
- Manufacturing of general pharmaceutical and medical devices
- Marketing and sales of medical equipment and pharmaceutical products
- Operation of Community Pharmacy
- Pharmaceutical R&D

HEAVY INDUSTRIES ✓

- MRO of military and commercial vessels and helicopters
- Shipbuilding and ship repair
- In-service support (ISS) for submarines

TRADING, FINANCE & INVESTMENT ✓

- Operation of BHPetrol service stations
- Supply of liquefied petroleum gas (LPG) to households and commercial premises
- Distribution of lubricants
- Provision of travel management and related services
- Provision of shipping, logistics, sea and air freight services
- Tertiary education
- Financial products and services

OUTCOMES



FINANCIAL CAPITAL

- Revenue of RM11.3 billion
- Net profit of RM170 million
- Net assets per share of 162 sen



MANUFACTURED CAPITAL

- RSPO and MSPO certified estates and mills
- GBI certified office building
- Halal certified manufacturing sites
- Pioneer in Euro5 diesel



INTELLECTUAL CAPITAL

- Distribution and manufacturing of fill and finish Sinovac COVID-19 vaccine
- Successful launching of new products
- Conducting virtual marketing, working and seminars during pandemic
- R&D, technology and digitalisation to optimise productivity



HUMAN CAPITAL

- Total staff cost RM658 million
- 5.5% reduction in Lost Time Injury Frequency Rate against 2020
- 21% of senior management roles held by women
- Zero non-compliance cases related to human and labour rights



SOCIAL & RELATIONSHIP CAPITAL

- 60 local vendors under our Vendor Development Programme (VDP)
- Assisting the MOH in distributing 20.4 million doses of Sinovac COVID-19 vaccine
- Launched Boustead Green Army initiative with Yayasan LTAT
- Coached more than 700 trainees under Ministry of Entrepreneur Development and Cooperatives (MEDAC) Protege programme throughout the years



NATURAL CAPITAL

- Zero non-compliance incidents against applicable environmental regulations
- 33% reduction in Greenhouse Gas (GHG) intensity against 2020
- 28% reduction in water withdrawal intensity against 2020
- Increasing utilisation of renewable sources of energy, i.e. biomass and solar energy

STAKEHOLDERS

- Shareholders & investors
- Regulatory bodies

- Customers
- Suppliers & business partners
- Regulatory bodies

- Customers
- Suppliers & business partners
- Regulatory bodies

- Employees/Workers' Union
- Regulatory bodies

- Local communities

- Regulatory bodies
- Local communities

PROFIT/(LOSS) AFTER TAXATION AND ZAKAT

RM479 million

2020: (RM501 million)

TOTAL ASSETS

RM16.4 billion

2020: RM16.0 billion

CAPEX & ACQUISITION

RM154 million

2020: RM115 million

VALUE CREATION

STAKEHOLDER ENGAGEMENT

We have a broad range of stakeholders who we impact and, who in turn, impact us. Given this interdependence, we take our stakeholders' expectations into consideration when developing strategies and decision-making. Trust is key to maintaining healthy stakeholder relations, hence we invest in maintaining an open and transparent dialogue. Ultimately, we seek to create value for all our stakeholders by understanding their needs and creating clarity on our business.



Meeting with Heads of Department and Heads of Business Unit



SHAREHOLDERS & INVESTORS

WHY WE ENGAGE

It is important to maintain the trust that our shareholders and investors have in the Group's strategic management and our ability to deliver on our commitments. This trust is built through regular communication and transparent disclosures to the market

ISSUES OF INTEREST AND CONCERNS

- Return on investment
- Market presence
- Succession planning
- Sustainable earnings
- Reputation
- Impact of COVID-19 pandemic
- Timely updates

ENGAGEMENT CHANNELS

- Virtual Annual General Meetings
- Quarterly reports
- Integrated/Annual Reports
- Sustainability Reports
- Announcements
- Analyst briefings
- Corporate websites – Group and subsidiaries

HOW WE RESPOND

- Established Reinventing Boustead Strategy
- Established Talent Management Framework that addresses succession-planning
- Implemented Business Continuity Plan to minimise interruption during COVID-19 pandemic
- Replied to all queries raised during AGM
- Communicated clear financial performance and strategic direction via one-on-one/group meetings and conference calls
- Ensured immediate announcements of significant events
- Organised quarterly briefings on financial results and updates on key strategies

EMPLOYEES/WORKERS' UNION

WHY WE ENGAGE

Our innovative and diverse workforce is essential to delivering the best experience for our customers. We drive a culture of high performance and accountability that attracts, develops and retains the best talent to deliver on our performance and business strategy

ISSUES OF INTEREST AND CONCERNS

- Work-life balance and well-being
- Workforce development
- Rewards
- Remuneration
- Occupational safety and health
- Strategic direction
- Profitability
- Impact of COVID-19 pandemic
- Equal career development opportunities

ENGAGEMENT CHANNELS

- Employee engagement surveys
- Internal communications including:
 - Emails
 - Posters
 - Cloud-based content collaboration and management platforms
 - Internal social media channel via BEEP²
- Employee engagement initiatives including:
 - Virtual townhall sessions
- Whistleblowing channels, including:
 - Hotline
 - Email
- Corporate induction programmes
- One-on-one consultations
- Joint management-employee safety committees
- Periodic meetings and consultations

HOW WE RESPOND

- Implemented flexible working arrangement including Work-from-Home policy during COVID-19 pandemic
- Undertook strategic remuneration review and benchmarking of industry market salary scale
- Adopted Occupational Safety & Health Policy and strengthened Safety and Health management within the Group
- Established Reinventing Boustead Strategy
- Established Talent and Succession Management Policy
- Adopted additional safety & health measures to address COVID-19 pandemic
- Implemented annual formal performance and career development appraisal
- Provided financial aid for staff affected by the floods

VALUE CREATION

STAKEHOLDER ENGAGEMENT

REGULATORY BODIES

WHY WE ENGAGE

Engaging with government bodies and regulators presents opportunities to enhance our relationships, secure our license to operate, advance mutually beneficial objectives

ISSUES OF INTEREST AND CONCERNS

- Legal and regulatory compliance
- Environmental stewardship
- Ethical business practices
- Support for local businesses
- Occupational safety and health

ENGAGEMENT CHANNELS

- Dialogue sessions
- Meetings
- Periodic reports
- On-site inspections and audits

HOW WE RESPOND

- Strengthened internal controls to ensure full compliance
- Launched BIJAU Agenda which addresses environmental sustainability
- Adopted Code of Ethics and Conduct (CoEC), Anti-Bribery and Corruption (ABAC) Policy, No-Gift Policy, and Whistleblowing Policy to guide our activities
- Implemented ABMS
- Prioritised local suppliers, guided by our Procurement Policy
- Adopted Occupational Safety & Health Policy and strengthened Safety and Health management within the Group

CUSTOMERS

WHY WE ENGAGE

Our customers are core to our business. Being customer-centric means being responsive to their needs and expectations, delivering exceptional service and improving overall customer experience

ISSUES OF INTEREST AND CONCERNS

- Quality, safety and sustainability of products and services
- Ethical business practices

ENGAGEMENT CHANNELS

- Dialogue sessions
- Customer satisfaction surveys
- Customer feedback channels, including:
 - o Hotline
 - o Email

HOW WE RESPOND

- Embarked on various initiatives under Reinventing Boustead Strategy that aim to enhance our offerings
- Obtained ISO certifications pertaining to quality management and customer contact centres
- Adopted CoEC, ABAC Policy, No-Gift Policy, and Whistleblowing Policy to guide our activities
- Implemented ABMS

SUPPLIERS & BUSINESS PARTNERS

WHY WE ENGAGE

We depend on our suppliers and vendors to deliver high-quality products and services that enable us to create value. At the same time, we provide suppliers with ongoing support and income to thrive in the market

ISSUES OF INTEREST AND CONCERNS

- Licensing and certification
- Ethical business practices
- Supplier development initiatives
- Access to opportunities
- Occupational safety and health
- Quality, safety and sustainability of products and services
- Profitability
- Impact of COVID-19 pandemic

ENGAGEMENT CHANNELS

- Periodic meetings
- Dialogue sessions
- Workshops and training sessions

HOW WE RESPOND

- Adopted CoEC, ABAC Policy, No-Gift Policy, and Whistleblowing Policy to guide our activities
- Implemented ABMS
- Implemented Vendor Development Programme (VDP) in Pharmaceutical and Heavy Industries Divisions
- Adopted Occupational Safety & Health Policy and strengthened Safety and Health management within the Group
- Adopted relevant quality management systems
- Prioritised local suppliers, guided by our Procurement Policy
- Strengthened corporate governance of partnerships

LOCAL COMMUNITIES

WHY WE ENGAGE

We actively engage with communities, to ensure continued viability of our business in the long term. We aim to enrich the lives of the communities in which we operate and protect the environment

ISSUES OF INTEREST AND CONCERNS

- Community support and capacity building
- Support for local businesses
- Employment opportunities
- Pollution prevention
- Environmental stewardship
- Public safety and security

ENGAGEMENT CHANNELS

- Periodic meetings
- Dialogue sessions
- CSR activities

HOW WE RESPOND

- Conducted various corporate social responsibility (CSR) projects and engagements with local communities
- Implemented VDP
- Continued to minimise the environmental impact of our operations e.g. noise, waste, wastewater discharge and air emissions to ensure public safety and health



Organised COVID-19 vaccination programme for communities

ADDRESSING STAKEHOLDER NEEDS DURING THE PANDEMIC

As the pandemic continued into its second year in 2021, Boustead was in many ways better prepared as various systems and processes, such as our Business Continuity Management (BCM) framework, Pandemic Emergency Management Plan and COVID-19 Safety Procedures, were already up and running. Our main focus, other than to assure our business continuity, was to protect our employees and key stakeholders, while assisting our suppliers and business partners to also stay afloat during these challenging times.

Initiatives undertaken during the year vis-à-vis our different stakeholder groups are as follows:



EMPLOYEES/WORKERS' UNIONS

- ✓ Continued to implement Work-From-Home (WFH) Policy – including flexible and staggered working hours – and split working team arrangements at operations categorised as providing essential services for the nation
- ✓ Adhered to stringent guidelines and standard operating procedures (SOPs) for employees required to be in the office/on site – including social distancing, mask wearing, and temperature screening at entry points
- ✓ Continuous communication on SOPs and proper hygiene via email blasts, official Group chats and posters
- ✓ Provided COVID-19 test kits, walk-in Polymerase Chain Reaction (PCR) tests and self-declaration forms to employees
- ✓ Frequent sanitisation of common facilities, and provision of hand sanitisers at entry points
- ✓ Covered the cost of COVID-19 swab tests for employees required to be in the office/on site
- ✓ Encouraged employees to be vaccinated, and set up vaccination centres at some of our work premises, especially estates in remote areas



CUSTOMERS

- ✓ Continued to engage with our customers on digital platforms, and organised webinars/online conferences where practical
- ✓ Ensured we met our commitments to customers by maintaining business operations
- ✓ Provided rental waiver for commercial and retail tenants who were affected by the various stages of lockdown
- ✓ Monitored market trends using digital dashboards and cloud applications



REGULATORY BODIES

- ✓ Formation of working group with the MOH to closely discuss the supply of COVID-19-related products
- ✓ Supplied the Government with 20.4 million doses of Sinovac COVID-19 vaccine
- ✓ Distributed PPE and COVID-19 test kits to various public agencies, medical NGOs and healthcare facilities all over the country



SHAREHOLDERS & INVESTORS

- ✓ Hosted meetings with our bankers and major shareholders virtually
- ✓ Live-streamed our AGM in 2021, attracting the participation of 701 shareholders and proxies who were able to interact with the Board seamlessly



SUPPLIERS & BUSINESS PARTNERS

- ✓ Worked together with suppliers and business partners to implement supply chain continuity guidelines
- ✓ Maintained active communication with suppliers to ensure alignment of supplies with production schedules at all times
- ✓ Prioritised prompt payment for suppliers and vendors, and bore the administrative cost in certain cases of order cancellation, to support them financially
- ✓ Transitioned physical interactions with online consultations and meetings
- ✓ Worked with the MEDAC to create action plans to better assist vendors during the pandemic
- ✓ Rendered assistance to vendors by providing relevant documents required by bankers, customs and other government agencies
- ✓ Deferred payment of rental fees for all BHPetrol station operators and waived the rental fees for car wash operators
- ✓ Ensured contractors, suppliers and business partners used or were provided with personal protective equipment (PPE), thermometers and sanitisers to reduce the risk of infection
- ✓ Shared information and guidelines on how vendors and suppliers can protect themselves and their families from COVID-19



LOCAL COMMUNITIES

- ✓ Zakat payment and food aid to B40 communities
- ✓ Contributed close to 40,000 food parcels to frontliners at government hospitals
- ✓ Donated supplements including Citrex Vitamin C to Ahli Lembaga Pelawat Hospital Tengku Ampuan Rahimah Klang, Selangor and Gerakan Belia 4B Malaysia Cawangan Sri Tumang, Kampung Berambai, Johor, Negeri Sembilan
- ✓ Contributed to a programme that saw the Armed Forces mobilise its troops to assist flood victims in Pahang, Johor, Terengganu and Kelantan
- ✓ Collaborated with BHPetrol dealers in Kelantan and the Pasir Mas Welfare Society to assist local communities affected by floods in Kelantan
- ✓ Business units actively set up or contributed to food banks nationwide
- ✓ Organised COVID-19 vaccination programme for communities surrounding our estates

SECTION

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STRATEGIC & BUSINESS REVIEW

STRATEGIC REVIEW

KEY MARKET TRENDS

Businesses are necessarily impacted by our operating environment and trends that shape market forces including supply-demand dynamics. To stay ahead of the curve, we seek to identify and leverage opportunities while gearing up to face any challenges or headwinds. Understanding our key market trends contributes significantly to our sustainability and the ability to create long-term value.



1. GLOBAL ECONOMIC RECOVERY

After the sharp global recession in 2020 due to the pandemic, the economy rebounded in 2021 as governments restarted their engines of growth, confident of sufficient immunity against the virus following the rollout of mass vaccination programmes across the world. The World Bank estimates that the global economy grew 5.6% in 2021, as compared to contracting 2.6% in 2020. However, this growth was not even. Countries with early access to COVID-19 vaccinations were able to resume economic activity much before their less developed counterparts and were therefore able to record higher growth for the year. As an emerging region, growth of ASEAN-5 was forecast at 2.9%¹ by International Monetary Fund (IMF). Malaysia, being among the more advanced nations in the grouping, registered 3.1% growth, supported by increased economic activity amid continued policy support.²

Potential Impact

Economic growth impacts all sectors either directly or indirectly. Even industries that are relatively immune to macro-economic conditions will feel the impact of GDP fluctuations at some point in their supply chain. The strengthening economy in 2021 therefore was a boon for most companies, though the effects were not as evident in developing regions such as ASEAN where growth was more subdued.

Our Response

The diversified nature of our businesses allowed us to leverage emerging opportunities, such as demand for COVID-19 vaccines, palm oil and affordable homes. At the same time, the Industrial segment of our Property & Industrial Division capitalised on increased demand for its cellulose fibre cement boards by focusing on the export market.

Outlook

The World Bank has predicted that the global economy will moderate to an extent in 2022, registering growth of 4.1%. As Malaysia starts from a lower base, the country's GDP growth has been forecast by BNM at between 5.5% and 6.5%³, which is a marked improvement from 3.1% in 2021. In anticipation, all our Divisions are gearing up to make the most of opportunities that will arise.

Our Capitals



2. INCREASE IN PRICE OF COMMODITIES

Along with a general strengthening of the global economy, demand for various products has been increasing. As supply has yet to catch up, prices across the board have risen. This has been particularly significant in the commodities market, where the price of crude oil, CPO, steel, pulp and others has been steadily escalating. Amid tight supply, Malaysian CPO prices rose 59.8% year on year to average at a new record high of RM4,418 per tonne.⁴ Between March 2020 and June 2021, the benchmark price of hot-rolled steel increased by 215%.⁵ Meanwhile, the spot price of Brent crude oil started the year at USD50 per barrel and increased to a high of USD86 per barrel in late October before declining in the final weeks of the year.⁶

Potential Impact

Rising commodity prices has opposing effects on producers and consumers. While producers stand to benefit from increased revenue from the sale of the commodity, consumers bear the brunt of the price hike.

Our Response

Rising commodity prices have had both positive and negative impacts on the Group, for the reason outlined above, and our response has varied accordingly. At the same time, our retail fuel business and Plantation Division stood to benefit from the spike in crude oil and palm oil prices respectively, adjusting their production, sales and marketing initiatives to maximise positive outcomes.

Outlook

As global GDP moderates in 2022, there could be a correction in commodity prices. The US Energy Information Administration (EIA), for example, expects crude oil prices to fall in 2022 and 2033 along with increased production. From an average of USD79 per barrel in the fourth quarter of 2021, the price of Brent crude oil is forecast to average USD75 per barrel in 2022 and USD68 per barrel in 2023.⁷ Meanwhile, the Council of Palm Oil Producing Countries (CPOPC) predicts that palm oil output in 2022 will remain dampened due to weather, ageing oil palm plantation profiles and high fertiliser costs, among others. This will contribute towards elevated CPO prices for the year.

Our Capitals



¹ According to IMF, <https://www.imf.org/en/Publications/WEO/Issues/2021/10/12/world-economic-outlook-october-2021>

² According to Bank Negara Malaysia (BNM)

³ According to the MOF, <https://budget.mof.gov.my/pdf/2022/economy/Foreword-Preface-The-Economy-2022.pdf>

⁴ <https://mpoc.org.my/monthly-palm-oil-trade-statistics-2021/>

⁵ <https://fortune.com/2021/07/08/steel-prices-2021-going-up-bubble/>

⁶ From the US Energy Information Administration, <https://www.eia.gov/todayinenergy/detail.php?id=50738>

⁷ <https://www.eia.gov/todayinenergy/detail.php?id=50858>

<https://www.cpopc.org/wp-content/uploads/2021/12/CPOPC-OUTLOOK-2022.pdf>

STRATEGIC REVIEW

KEY MARKET TREND

3. PROLONGED COVID-19 PANDEMIC

Towards the end of 2020, there was widespread hope that the pandemic would start to abate in 2021. However, the emergence of the Alpha variant at end December/early January 2021, followed by the Delta variant around end April/ May struck down all such expectations. The Delta variant proved to be particularly contagious as well as virulent, quickly becoming the dominant strain in most countries. While aggressive immunisation programmes helped to contain it, Omicron surfaced towards year end and has proven to be the 'craziest' of all forms of variants to date – having many more mutations than of the others, and the ability to infect even more non-human species. Fortunately, its effects are not as severe as that of Delta and other earlier permutations.

Potential Impact

The fact that COVID-19 is still very much with us means there is still the possibility of new variants emerging which may not be as host-friendly as Omicron. The best way to reduce this risk is to ensure global vaccination. Currently, only 64.4% of the world's population has received one dose of a COVID-19 vaccination; and in the world's poorest countries this number falls to just 14.5%.⁸ Our businesses will be impacted if future variants result in renewed movement restrictions.

Our Response

Our Pharmaceutical Division has played a key role in Malaysia's national immunisation programme. By the end of 2021, it had delivered 20.4 million doses to the Government and 2.1 million doses to the private sector, with Sinovac accounting for about 35% of the vaccinated Malaysian population. Recognising the supply shortage in low-income countries, the Division is currently negotiating a deal with Sinovac to supply the vaccine to countries in Southeast Asia and Africa where vaccination rates remain low.

Outlook

Most countries have adopted an approach of treating the pandemic as being endemic, meaning that life will go on as normal with individuals being responsible for keeping themselves safe. Booster jabs will become the norm in countries where most of the populations have already been double vaccinated. Meanwhile, organisations such as the World Health Organization (WHO) are rallying support to supply lesser developed countries with the vaccinations they need.

Our Capitals

⁸ https://ourworldindata.org/covid-vaccinations?country=OWID_WRL



Customers are spoilt for choice at BHPetrol retail service stations

4. CLIMATE CHANGE & TRANSITION TO LOW-CARBON ECONOMY

The reality of climate change has become indisputable, with global experts stressing the criticality of capping the increase in global temperature to 1.5°C of pre-industrial levels in order to avert extreme weather events that could be catastrophic. Key to achieving this target is for Governments, corporations and people everywhere to adopt low-carbon principles and apply these in every sphere of our lives – from the way businesses get things done, to the way we live on a daily basis.

Potential Impact

As the world recognises the importance of transitioning to a low-carbon economy, demand for energy efficient, clean and alternative forms of energy will increase. At the corporate level, stakeholders – from investors to customers, business partners, employees and the community – will expect business organisations to demonstrate environmental stewardship by greening their operations.

Our Response

In 2021, we launched our BIJAU strategy which seeks to integrate ESG principles into our corporate identity. Not only will we accelerate all efforts to create better environmental outcomes in our operations and daily activities, we will invest into green businesses along with green tech partners with the expertise to create meaningful outcomes. In 2021, we set up BTECH to drive this new business pillar.

Outlook

In September 2021, the Malaysian Government declared its commitment to becoming a carbon neutral nation by 2050. This will place additional pressure on all major corporations in the country to reduce our emissions in order to support the attainment of this environmental goal.

Our Capitals



5. DIGITALISATION & THE ADVENT OF IR4.0

Even prior to COVID-19, the digital revolution had been disrupting traditional brick and mortar businesses. Since the pandemic, the pace of digital adoption has been accelerating as 'life' transitions online. People are making purchases online, communicating online, engaging with others online while also working online. Operationally, the implementation of AI, machine learning, IoT and other digital technologies is driving greater operational and cost efficiencies. Recognising the many benefits of digitalisation, organisations across the board have been investing increasingly into the ability to use data more effectively and efficiently.

Potential Impact

Digital start-ups are posing a real threat to more established organisations because of their ability to do things quickly, efficiently and more cheaply – appealing to customers' need for instant, convenient and more affordable service. At the same time, the younger generation joining the workforce are digital natives and will feel most engaged in companies where they are able to work in a manner that is consistent with the way they lead their lives – virtually and in real time.

Our Response

Digitalisation is integral to Reinventing Boustead, the Group's ongoing strategy. Not only are we digitalising the way we work, we are also collaborating with digital start-ups to develop digital-based ventures as part of our 2nd Growth Engine. We have set up BDigital to drive this new business pillar together with BTECH.

Outlook

That the digital era is here to stay is reflected in the fact that the current revolution is being heralded as nothing less than the Industrial Revolution 4.0 (IR4.0). This means digitalisation will no longer be something that is merely good to do; it will be a defining factor in determining the sustainability of an organisation.

Our Capitals



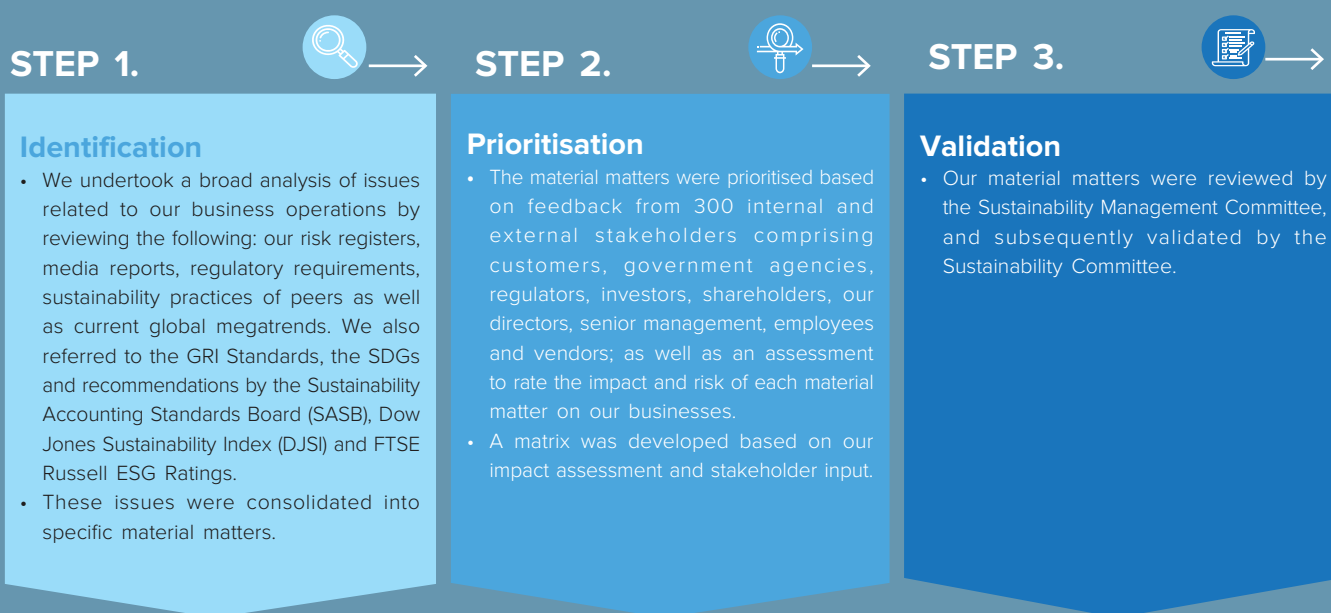
STRATEGIC REVIEW

MATERIAL MATTERS

Material matters are those that are important to our stakeholders as well to the attainment of our business goals. It is important to understand what these matters are as they enable us to focus on issues that are pertinent to the sustainability of our external environment while advancing our own corporate aspirations. This is achieved through the development of strategies geared towards creating short, medium and long-term value for Boustead and our stakeholders.

Materiality Assessment

To determine our material matters, we completed a comprehensive materiality assessment involving internal and external stakeholders in 2020. Consistent with Bursa Malaysia's Sustainability Reporting Guide and GRI standards, this assessment comprised the identification, prioritisation and validation of our material matters, as described below:



The material matters identified in 2020 were reviewed by our management in 2021 to ensure their continued relevance. As a result of the review, the following changes were made to better reflect evolving priorities in response to shifts in our operating environment:

- "Business Continuity" is now subsumed under a broader material matter, "Economic and Business Performance"
- "Environmental Compliance" and "Resource Efficiency" have been merged into one material matter, "Resource Efficiency and Pollution Prevention"
- "Sustainable Products & Services" has been renamed "Sustainability-Oriented Products and Services" for greater accuracy

As a result of these changes, we now have 13 material matters, which inform our decision making, our strategies as well as our reporting. Our list of material matters will be reviewed annually to ensure its continued relevance going forward.

MATERIAL MATTER AND DESCRIPTION

01 ECONOMIC AND BUSINESS PERFORMANCE

Link to UN SDGs:



The ability to maintain sustainable business and performance in the short, medium and long term.

Why It Is Important

Boustead plays a significant role in supporting various stakeholders, from communities to the Government. Sustaining our business is important to ensure we continue to add value to these stakeholders.

MATERIAL MATTER AND DESCRIPTION

02 BUSINESS ETHICS AND CORPORATE GOVERNANCE

Link to UN SDGs:



Implementation of a robust corporate governance mechanism and ethical business practices, based on the principles of accountability and stewardship.

Why It Is Important

Commitment to ethical, responsible and compliant business conduct with zero tolerance for all forms of bribery and corruption is important to maintain the trust and continued support of our stakeholders.

MATERIAL MATTER AND DESCRIPTION

03 TECHNOLOGY AND INNOVATION

Link to UN SDGs:



Development of new products or services or improving existing products, services or processes leveraging digital innovations.

Why It Is Important

The delivery of new product offerings and utilising IR4.0 applications to improve processes, services and business models will increase our competitive advantage.

STRATEGIC REVIEW

MATERIAL MATTERS

MATERIAL MATTER AND DESCRIPTION

04 QUALITY AND CUSTOMER SATISFACTION

Implementation of a customer-centric culture to enhance customer satisfaction, including ensuring the quality of products and services, establishing mechanisms to gauge customer satisfaction and building positive relationships with customers.

Link to UN SDGs:



Why It Is Important

The quality of our products and services is critical to maintaining our brand reputation and the continued trust of our customers. This, in turn, supports our business sustainability.

MATERIAL MATTER AND DESCRIPTION

05 SUSTAINABILITY-ORIENTED PRODUCTS AND SERVICES

Offering products and services with sustainability features that contribute towards attainment of UN SDGs.

Link to UN SDGs:



Why It Is Important

By ensuring all products and services are sustainable and contribute to the attainment of the UN SDGs, we ultimately help to shape a better, safer, more equitable world.

MATERIAL MATTER AND DESCRIPTION

06 SAFETY AND HEALTH

Protection of employees' safety, health and well-being, through the inculcation of a Group-wide safety culture and the implementation of effective controls of hazards arising in or from the workplace.

Link to UN SDGs:



Why It Is Important

The safety and health of our employees is key to our productivity. In the current pandemic, it is more important than ever to ensure our employees remain safe.

MATERIAL MATTER AND DESCRIPTION

07 TALENT MANAGEMENT

Implementation of a structured framework to strengthen employee capabilities and capacity to drive the business to the next level, as well as establishing an engaged and motivated workforce.

Link to UN SDGs:



Why It Is Important

Our employees are directly responsible for carrying out our strategies and ensuring that the Group achieves our short, middle and long-term objectives.



The automated storage retrieval system (ASRS) at Pharmaniaga's warehouse in Bukit Raja

MATERIAL MATTER AND DESCRIPTION

08 LABOUR PRACTICES

Compliance with local employment laws and labour principles outlined by the UN covering ethical recruitment, working hours, forced and child labour, freedom of association and collective bargaining, discrimination as well as harassment.

Link to UN SDGs:



Why It Is Important

It is important to treat all employees and contract workers with the dignity they deserve; and to respect their rights, including the right to decide on the nature of their employment.

STRATEGIC REVIEW

MATERIAL MATTERS

MATERIAL MATTER AND DESCRIPTION

09 GREENHOUSE GAS (GHG) AND CLIMATE CHANGE

Link to UN SDGs:



Climate change mitigation and adaptation efforts, as well as initiatives to ensure that climate impact is addressed to promote resilience.

Why It Is Important

It is imperative that organisations play our part to mitigate climate change in order to safeguard the future; and to adopt climate change adaptation measures to manage associated risks for our own business sustainability.



the Curve at Mutiara Damansara

MATERIAL MATTER AND DESCRIPTION

10 RESOURCE EFFICIENCY AND POLLUTION PREVENTION

Link to UN SDGs:



Promotion of sustainable consumption of energy, materials, water and other resources; and compliance with regulations on pollution, noise, wastewater discharge and hazardous waste.

Why It Is Important

By 'creating more with less' we are able to minimise our environmental impact while also reducing costs. By adhering to pollution controls, meanwhile, we protect the well-being of local communities and natural ecosystems.

MATERIAL MATTER AND DESCRIPTION

11 SUPPORTING LOCAL BUSINESSES

Provision of business opportunities to local entrepreneurs, as well as pursuing active supplier development programmes to improve supplier performance.

Link to UN SDGs:



Why It Is Important

By supporting local businesses and small and medium-sized enterprises (SMEs), we help to advance the nation's economic development and, in the process, create more employment opportunities, and the generation of wealth to uplift lower-income communities.

MATERIAL MATTER AND DESCRIPTION

12 COMMUNITY INVESTMENT AND CONTRIBUTIONS

Strategic programmes and corporate contributions – focused on health, education and welfare – that positively impact local communities in alignment with the SDGs.

Link to UN SDGs:



Why It Is Important

As a responsible organisation, we believe it is our duty to create shared value by leveraging our corporate resources and expertise to do good within the community and contribute to the achievement of the SDG targets.

MATERIAL MATTER AND DESCRIPTION

13 DIVERSITY AND INCLUSION

Policies, strategies and practices that promote diversity in terms of gender, race, religion, age, nationality, sexual orientation, abilities, education, skill sets, experience and knowledge.

Link to UN SDGs:



Why It Is Important

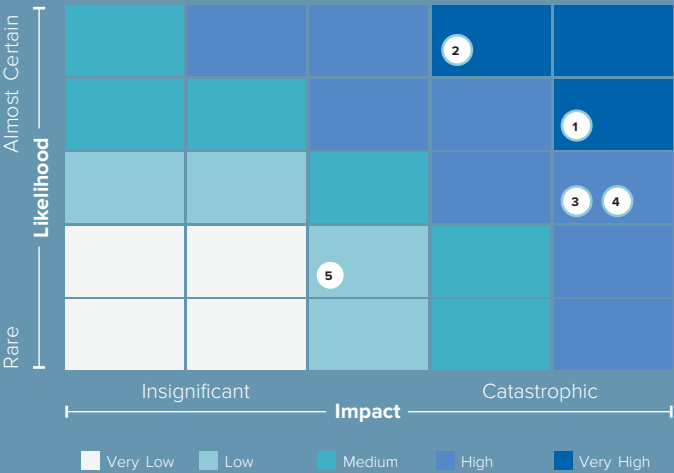
By providing employment opportunities to a diverse group of people, we are able to create greater social equity while benefitting from enhanced perspectives and intellectual capacity, which would support better strategising and decision-making.

KEY RISKS AND MITIGATION



INTRODUCTION

At Boustead, we recognise that risks are inherent to any business organisation. While business diversity mitigates single-market risks, it also exposes us to other risks that are unique to the different segments in which we operate. In order to manage our risks, we have a robust Enterprise Risk Management (ERM) framework to identify emerging risks as well as to monitor, treat and manage risks that have already been entered into our risk register. We have a Risk Department dedicated to ensuring our risks are maintained within acceptable levels as determined by our risk appetite. Utmost priority is given to the process in order to prevent risks from detracting from our business goals, and to ensure our ability to continue to create sustainable value for our stakeholders.



KEY RISK NO. 1



FINANCIAL & LIQUIDITY RISKS

RISK & DESCRIPTION

Boustead Group (the Group) has recorded impairments and fair value loss for specific subsidiaries in the past. Additionally, cash inflow from dividend income and interest income has not been able to fund the Group's operating and financing requirements. These conditions may impact the Group's profitability.

POTENTIAL IMPACT

- Cross default
- Breach of financial covenants
- Legal repercussions
- Inability to declare dividends to shareholders

MITIGATION

- Reinventing Boustead strategy to maximise value creation by strengthening and improving the performance of core businesses
- Launch of several strategic initiatives to identify and explore new opportunities for the Group
- Adopt relevant and synergistic digital businesses to support the core businesses and to enhance future value creation
- Proactive and fruitful engagement with financial institutions
- Immediate, medium and long-term financial planning to raise funds
- Improve cashflow position by rationalising low-yielding and/or non-strategic assets

KEY RISK NO. 2



HUMAN CAPITAL MANAGEMENT RISK

RISK & DESCRIPTION

The Group has not been spared from the 'Great Resignation' which has seen a significant number of Malaysians leaving their places of employment in view of economies reopening. This may lead to a lack of manpower with the right skillsets to execute the plans of the Group.

POTENTIAL IMPACT

- Disruption to day-to-day operations
- Financial loss

MITIGATION

- Initiation and ongoing enhancement of the B300 (in-house) talent management programme
- Establishment of a talent framework and methodology focusing on four main pillars, i.e. talent acquisition, talent assessment, talent development and talent retention
- Reengineering a new way of learning and working via the online platform
- Introduction of Boustead Green Army to provide opportunities for Malaysian Armed Forces veterans to work in the plantation sector

STRATEGIC REVIEW

KEY RISKS AND MITIGATION

KEY RISK NO. 3



RELiance ON KEY CUSTOMERS

RISK & DESCRIPTION

Part of the Group's businesses are heavily reliant on certain key customers. The Group will be adversely impacted in the event of a change in their business needs/preferences.

POTENTIAL IMPACT

- Loss of business opportunities
- Financial loss

MITIGATION

- Regular meetings are conducted with stakeholders to discuss relevant issues, e.g. project progress updates
- Ongoing negotiations with customers on contract renewals
- Strict adherence to contractual requirements to ensure business continuity
- Focus on new client/business segments to reduce dependency on current customers while growing overall market share

KEY RISK NO. 4



CYBERSECURITY RISK

RISK & DESCRIPTION

Fraud, hacktivism, online scams, corporate espionage and harassment are examples of cybersecurity risks which are expected to continue being a threat to our business as people are becoming more dependent on network connectivity to perform their daily routines.

POTENTIAL IMPACT

- Breaches of data privacy and leakage of confidential data
- Tarnished reputation
- Business interruptions
- Financial loss

MITIGATION

- Cybersecurity management via anti-virus, firewalls and authorisation & authentication procedures
- Cybersecurity awareness programme is conducted on a periodic basis through various platforms
- Penetration tests are performed periodically to ensure security and control measures are working as intended
- Boustead Cybersecurity Emergency Respond Team (CeRT) has been established and trained for Cybersecurity Alerts and Incident Response

KEY RISK NO. 5



ENVIRONMENTAL, SOCIAL & GOVERNANCE RISK

RISK & DESCRIPTION

ESG risk relates to an environmental, social or governance event or condition that could cause actual or potential negative impact on the Group's achievement of strategy or business objectives. It is fast becoming the norm for investors to evaluate ESG factors alongside financial data when determining the companies they choose to fund/invest in.

POTENTIAL IMPACT

- Tarnished reputation
- Loss of investor confidence
- Loss of business

MITIGATION

- Establishment of a Board Sustainability Committee to set the tone from the top regarding ESG matters
- Adoption of an overarching Boustead Sustainability Policy which outlines the Company's stand on the matter
- Establishment of a Sustainability Unit at Company level to assist in managing corporate sustainability matters (eg disclosure requirements)
- Conduct of periodical Materiality Review on ESG-related matters to ensure new risks and opportunities are captured and addressed, considering both internal and external perspectives
- Establishment of an internal Sustainability Reporting Framework which allows for monitoring and tracking of the Company's ESG performance
- Disclosure of sustainability performance through the production of annual sustainability reports, that meet regulatory and ESG investors' information requirements



View of the Centre Court, the Curve

STRATEGIC REVIEW

REINVENTING BOUSTEAD STRATEGY

Following a thorough review of the Group's performance and the many changes in our operating environment – both pandemic and non-pandemic related – Management recognised that a comprehensive strategic shift was required to ensure not only our continued relevance but also the ability to take a leading position in the new norm.

This resulted in a fresh three-year strategy, REINVENTING BOUSTEAD, which was introduced towards the end of 2020 and rolled out in 2021. The goal is to evolve from a diversified brick-and-mortar organisation into a more streamlined, efficient and forward-looking Group that is not just high-performing but also empowered by digital offerings and green technologies to contribute to key environmental, social and governance imperatives.

REINVENTING BOUSTEAD is supported by three pillars – Performance Improvement Programme, 2nd Growth Engine and Portfolio Optimisation – that together will see Boustead become more nimble and efficient operationally, and fundamentally stronger financially. More than 50 initiatives have been outlined and more than 300 Bousteadors (B300) have been identified to drive these.

GOAL

- To Become the Leading ESG-Focused Conglomerate in Malaysia



BIJAU

- To Green our Existing Businesses

STRATEGIC GOALS

- To Maximise Value Creation Within Boustead Group

PILLAR 1

PERFORMANCE IMPROVEMENT PROGRAMME (PIP)

- Structured programme to turnaround companies that are underperforming relative to their peers
- Focused initiatives centred on improving the financial and operational performance of the companies

PILLAR 2

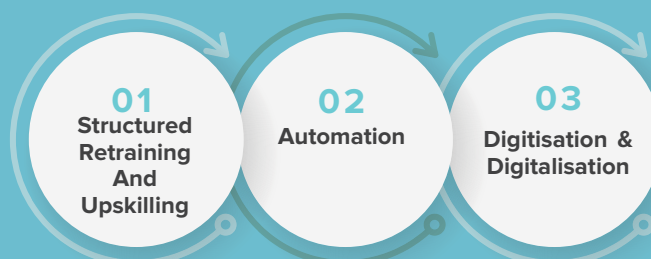
2nd GROWTH ENGINE

- Resolving pain points of existing operations through digital and technology initiatives
- Proactive identification of new technologies to be adopted or invested by the Group
- Identification of BICEPs to co-create solutions
- Identification and creation of new ecosystems within existing businesses and connecting with relevant BICEPs for optimal synergies

EXECUTION MACHINERY FOR THE REINVENTING BOUSTEAD STRATEGY



STRATEGIC DRIVERS



PILLAR 1: PERFORMANCE IMPROVEMENT PROGRAMME

Pillar 1 is the refreshed EDGE20 Transformation Programme launched in 2020, aimed at enhancing efficiencies and improving governance across the Group's core businesses.

Under this Pillar, we are focusing on companies within the Group that have been underperforming relative to their peers. For each company, we have identified revenue and profitability bottlenecks and put in place the required infrastructure, processes and systems to enhance operational and cost efficiencies.

PILLAR 2: 2ND GROWTH ENGINE

Pillar 2 will see Boustead explore new business opportunities in emerging high-growth areas such as green and digital technologies.

The Second Pillar is driven by strategic partnerships with digital and green technology companies (our BICEPS) to accelerate our development into digital and technology-driven businesses such as renewable energy, digital banking and drone services. The idea is to co-create new products and solutions by combining our brick-and-mortar resources with our partners' expertise.

PILLAR 3: PORTFOLIO OPTIMISATION

Through Pillar 3, we seek to strengthen the Group financially by focusing on the divestment of non-core businesses, improving our capital structure and undergoing a comprehensive corporate restructuring.

This has entailed identifying our core businesses and exploring different options to obtain the best returns on our capital.

• To Develop
New Business
Lines that are
ESG Focused

• To Achieve 4x
Market Capitalisation
Growth in 3 Years

PILLAR 3 PORTFOLIO OPTIMISATION

- Strategic sales
- Accelerated Investments
- Capital Structure Optimisation
- Strategic M&A to Accelerate Organic Growth

IMPLEMENTATION AND EXECUTION OF REINVENTION STRATEGY

(>50 initiatives identified under
3 different categories)

Initiatives to regain trust
from Stakeholders and
Investors and to be
completed in 2022

Initiatives that demonstrate
Boustead Group's resolve
in moving towards
digitalisation and
technologies

Initiatives that will
strengthen Boustead's
Sustainability and resolve
long-term issues at core
businesses

**CHRONIC
Initiatives**
12 Initiatives

**ICONIC
Initiatives**
>30 Initiatives

**EDGE20
Initiatives**
10 Initiatives

04
Group
Reserved
Matters

05
Reinvention
Culture

CULTURE
OF
COLLABORATION

CORE
BUSINESSES

New
Technology

Digital
Services

**Boustead
Innovators
Creators
Ecosystem
Partners
(BICEP)**

STRATEGIC REVIEW

ACHIEVEMENTS IN 2021

PILLAR 1:

PERFORMANCE IMPROVEMENT PROGRAMME

Three companies are placed under the Performance Improvement Programme (PIP) due to underperformance relative to their peers

Boustead Hotels & Resorts

BHPetrol

Boustead Plantations



Target

- ▶ Boustead Hotels & Resorts achieving consistent annual profitability from year 2024 onwards
- ▶ Higher core operations profit margin with significant contribution from Non-Fuel Income
- ▶ Average Yield Per Hectare and Average OER consistently within the top 2 quartile relative to peers

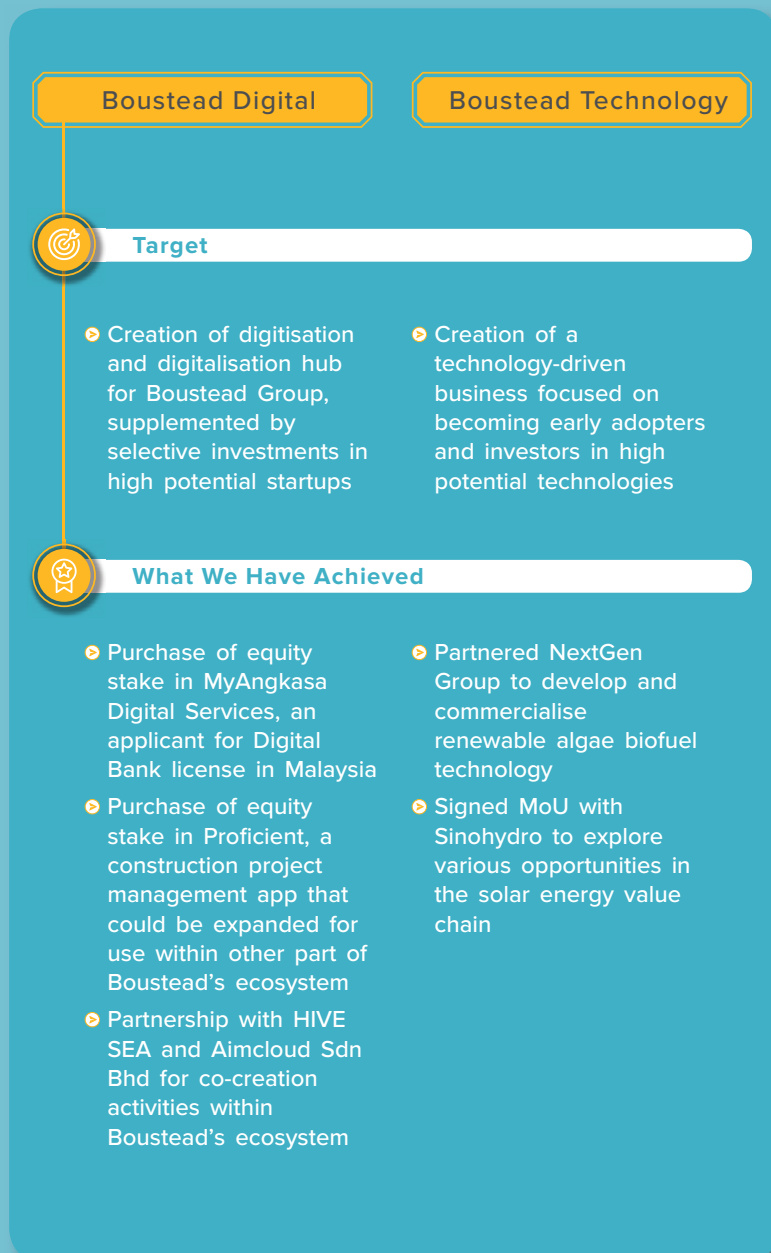


What We Have Achieved

- ▶ Continuous operations during MCO without having to undertake any staff redundancies
- ▶ Identification of opportunities for new retail model under BHPetrolMart
- ▶ Expansion into new sites
- ▶ Launched the Asset Rebalancing programme to optimise the age of our palm assets
- ▶ New source of revenue by tapping into the COVID-19-related quarantine market
- ▶ Roll out mechanisation programme to reduce manpower requirement and increase operating efficiencies

PILLAR 2: 2ND GROWTH ENGINE

Two new subsidiaries have been formed to undertake the accelerating role in the digitalisation and adoption of new technologies by Boustead Group



PILLAR 3: PORTFOLIO OPTIMISATION

Focuses on sale of non-strategic assets and structured disposal of property inventories strengthening the Groups' financially.





PLANTATION DIVISION



Aerial view of Trong Palm Oil Mill

Plantation Division is principally involved in upstream oil palm plantation industry. We have 44 estates of which 18 located in Peninsular Malaysia while another 26 situated in Sabah and Sarawak as well as 10 mills – 3 in Peninsular Malaysia and 7 in Sabah and Sarawak. Our total landbank is approximately 98,200 hectares (Ha) with total under cultivation of 73,500 Ha. We also provide design and consultancy services for palm oil mills through Boustead Estates Agency Sdn Bhd, a wholly owned subsidiary as well as agricultural and agronomic advisory via Applied Agricultural Resources Sdn Bhd, our 50% associate.

KEY FOCUS AREAS

- Management of oil palm estates for planting and harvesting of fresh fruit bunches (FFB)
- Operation of palm oil mills for production of CPO and palm kernel (PK)
- R&D activities to enhance estates' yield and productivity

FINANCIAL PERFORMANCE

In year 2021, Plantation Division reported a higher revenue of RM1.1 billion (2020: RM763 million), underpinned by better palm product prices. This resulted in a three-fold jump in PBT to RM345 million from RM83 million recorded a year ago.

WHAT WE DO

At our estates and mills, we undertake the full range of oil palm operations; from planting, replanting, harvesting of FFB and producing CPO and PK. The age profile of our estates, particularly in Sabah and Sarawak, is markedly skewed towards older palms. To address this issue, we have initiated a 25-year replanting programme with the ultimate objective of attaining an ideal age profile of our trees. In addition, we will also carry out accelerated replanting programme and the possibility of disposing selected plantations to balance our age profile.

BUSINESS ENVIRONMENT

The Division's performance was mainly influenced by palm product prices and FFB production. During the year, the palm products prices soared to a new high. CPO price stood at RM4,341 per MT while PK price settled at RM2,922 per MT, increased by 54% and 79% respectively against last year. Unfavourable weather condition and acute labour shortage resulted in lower FFB production for the year of 923,471 MT (2020: 1,001,557 MT) with an average yield of 13.3 MT per Ha (2020: 15.0 MT per Ha).

BUSINESS PERFORMANCE REVIEW

Strategic Priorities	Key Initiatives	Achievements
Operational efficiency	<ul style="list-style-type: none"> Mechanisation/Automation Digitalisation 	<ul style="list-style-type: none"> Upgraded FM3 fertilisation to apply fertilisers in challenging terrains Increased the use of Zenoah Air Blower from 122 to 140 units and deployed to 36 estates Increased the use of mini tractor grabbers from 126 to 129 units across 22,690 Ha of estate land and infield FFB collection for 27,767 Ha Completed mapping of our plantation areas
Enhanced Productivity & Yield	<ul style="list-style-type: none"> 25-Year Replanting Programme Soil fertility enhancement Productivity improvement Mill efficiency enhancement 	<ul style="list-style-type: none"> Utilised RM28 million in replanting a total of 2,057 Ha and upkeep of immature areas Applied Empty Fruit Bunches (EFB) to dedicated areas Achieved higher OER than Malaysian Palm Oil Board national average benchmark Maintained oil recovery and kernel recovery efficiency at above 94% and 95% respectively
Sustainable Operations	<ul style="list-style-type: none"> Biogas capture and conversion Recycle biomass 	<ul style="list-style-type: none"> Captured 1,237,852 m³ biogas from 47,542 m³ of palm oil mill effluent through a covered lagoon biodigester system at the mill Converted 60% of biogas to generate 819 MWh of electricity for the mill Used 182,969 MT of fibres and shells as boiler fuel for renewable energy Used 187,926 MT of EFB for mulching at estate field

BUSINESS REVIEW

PLANTATION DIVISION

KEY OPERATIONAL ACHIEVEMENTS

	Peninsular Malaysia	Sabah	Sarawak	Total
Total FFB production (MT)	355,991	481,844	85,636	923,471
FFB yield (MT/ha)	16.1	13.1	8.4	13.3
Total mill processing capacity (MT/hour)	130	215	105	450
Total CPO produced (MT)	75,437	128,545	16,791	220,773
Total PK produced (MT)	14,105	24,384	4,053	42,542
Average OER	21.6%	21.4%	18.8%	21.2%
Average KER	4.0%	4.1%	4.5%	4.1%

KEY FINANCIAL ACHIEVEMENTS



PBT INCREASED

by **314%** from **RM83** million in
2020 to **RM345** million



REVENUE INCREASED

by **38%** from **RM763** million in
2020 to **RM1.1** billion



Oil palms in Telok Sengat Estate, Kota Tinggi, Johor

CHALLENGES AND MITIGATING ACTIONS

Challenges	Mitigating Actions	Results
Overall		
Labour shortage due to movement restrictions	<ul style="list-style-type: none"> Recruited more locals with mechanisation and incentive improvement Collaborated with PERKESO by joining the monthly Karnival Kerjaya Initiated Boustead Green Army programme, offering training and employment to Armed Forces retirees below the age of 45 years Recruited members of local communities and Orang Asli settlements close to our estates 	<ul style="list-style-type: none"> Recruited a total of 549 Malaysians 14 retired Armed Forces personnel and 33 Orang Asli are currently working in our estates.
Difficulties in harvesting old palm trees	<ul style="list-style-type: none"> Explored opportunities to develop a prototype machine for tall palm harvesting 	<ul style="list-style-type: none"> The developed solution will enable us to harvest tall palms
Irregular weather patterns affecting yield performance	<ul style="list-style-type: none"> Improved the water management system's control 	<ul style="list-style-type: none"> Reduce the likelihood of flooding
Sabah Operations		
Late fertiliser delivery	<ul style="list-style-type: none"> Early tendering by headquarters and awarding of contracts only to competent and reliable suppliers 	<ul style="list-style-type: none"> Tendering process completed as planned
Ganoderma infection	<ul style="list-style-type: none"> Felling, chipping and de-boiling infected palms during replating exercise Mounding to Ganoderma infected palms 	<ul style="list-style-type: none"> Reduced the number of infected palms Prolong economical life of palm trees
Inconducive hilly terrain	<ul style="list-style-type: none"> Reviewing replanting programme Improving accessibility through terracing and construction of proper roads 	<ul style="list-style-type: none"> Optimised the area that is fit to be developed and managed under the operation area
Small outskirt divisions at distance from main division	<ul style="list-style-type: none"> Improving accommodation and amenities at all outskirt divisions to increase self-sufficiency 	<ul style="list-style-type: none"> Reduced worker turnover rate for more stabilised manpower
Sarawak Operations		
Narrow terraces with extremely steep terrain	<ul style="list-style-type: none"> Improving accessibility through terracing and construction of proper roads 	<ul style="list-style-type: none"> Optimised the area that is fit to be managed and developed

BUSINESS REVIEW

PLANTATION DIVISION

RESEARCH & DEVELOPMENT

Applied Agricultural Resources Sdn. Bhd. (AAR) has been conducting research on plant breeding, agronomy, pathology, entomology, microbiology, biotechnology and emerging smart technologies in order to produce advanced oil palm planting materials and formulate good agricultural practices for high and sustainable crop yield and profit.

It has provided superior planting materials for our estates through conventional selective breeding as well as genetic improvement via genome-wide selection. Active research is on-going now to propagate nitrogen-fixing, phosphates-solubilising as well as disease-suppressing beneficial microbes. In recent years, studies on uses of drones, digital sensors, and promising IoT as well as applications powered by AI and Machine Learning have been intensified for the benefit of our estates.

In 2021, AAR made considerable progress in the following areas of research:

Research Area	Achievements
Plant material/soil health	<ul style="list-style-type: none"> Developed assays to screen mantled palms at the ramet stage with near 100% accuracy Successfully identified and isolated a few species of promising growth-promoting endophytic nitrogen-fixing and phosphates-solubilising bacteria Isolated and patented a potential Ganoderma disease-suppressing microbe
Mechanisation	<ul style="list-style-type: none"> Fabricated a buffalo cart to eliminate the need for double-handling of harvested bunches
Digitalisation	<ul style="list-style-type: none"> Established digital water-table monitoring wells to record water-table automatically in areas requiring drainage management Developed efficient drone imaging, storing and computing system to capture time series or historical images (spatial data) of our oil palm estates for palm counting, palm growth assessment and yield prediction



Superior palms are selected for cloning to produce uniformly high yielding clonal palms



In-field fresh fruit bunch collection using mechanical tractor grabber

OUTLOOK

The Division foresees that year 2022 will be conducive for its continued growth due to strong CPO prices and reopening of international borders. Although CPO prices are likely to moderate from the record highs in 2021, they will remain relatively robust as supply continues to fall short of demand. At the same time, with the opening of international borders, there will be better flow of foreign workers into the country, easing the labour shortage which the industry has faced over the last two years.

In addition to these two key factors, the Division has charted a new five-year Strategy framework that will see it pushing ahead with mechanisation and digitalisation efforts in order to ramp up productivity and yield. The Division has set the target of achieving higher yield through a combination of better tools and machinery as well as accelerated replanting and the disposal of selected plantations with the aim to reduce the hectareage of aging palms.

At the same time, there are plans to venture into agribusiness and the cultivation of various technology-based cash crops such as chilli, ginger, pineapple and mushroom.

BUSINESS REVIEW

GROUP OIL PALM AGRICULTURAL STATISTICS

	2021	2020	2019	2018	2017
Planted area in hectares (ha)					
Past prime	34,972	32,952	32,505	26,438	14,569
Prime	20,173	21,672	27,167	29,750	32,363
Young	12,824	12,223	13,183	12,480	12,179
Total mature	67,969	66,847	72,855	68,668	59,111
Immature	5,484	6,647	6,551	6,364	5,876
Total planted	73,453	73,494	79,406	75,032	64,987
FFB crop metric tonnes (MT)					
	923,471	1,001,557	979,972	966,134	973,513
FFB yield (MT/ha)					
	13.3	15.0	13.9	14.9	16.7
Oil yield (MT/ha)					
	2.9	3.2	3.0	3.2	3.5
Mill production (MT)					
FFB processed	1,041,364	1,152,763	1,070,639	1,000,367	1,080,390
Crude palm oil	220,773	243,080	231,298	211,847	226,843
Palm kernel	42,542	49,211	47,113	43,601	46,946
Extraction rate (%)					
Crude palm oil	21.2	21.1	21.6	21.2	21.0
Palm kernel	4.1	4.3	4.4	4.4	4.3
Average selling price (RM/MT)					
FFB	946	552	391	426	610
Crude palm oil	4,341	2,811	2,134	2,261	2,810
Palm kernel	2,922	1,628	1,244	1,780	2,505



PLANTATION AREA STATEMENT

AREA STATEMENT

	2021		2020	
	Ha	%	Ha	%
Oil palms	73,453	74.8	73,494	74.8
Building sites, roads, unplantable areas, etc	24,756	25.2	24,718	25.2
Total	98,209	100.0	98,212	100.0

AGE PROFILE OF PALMS

2021

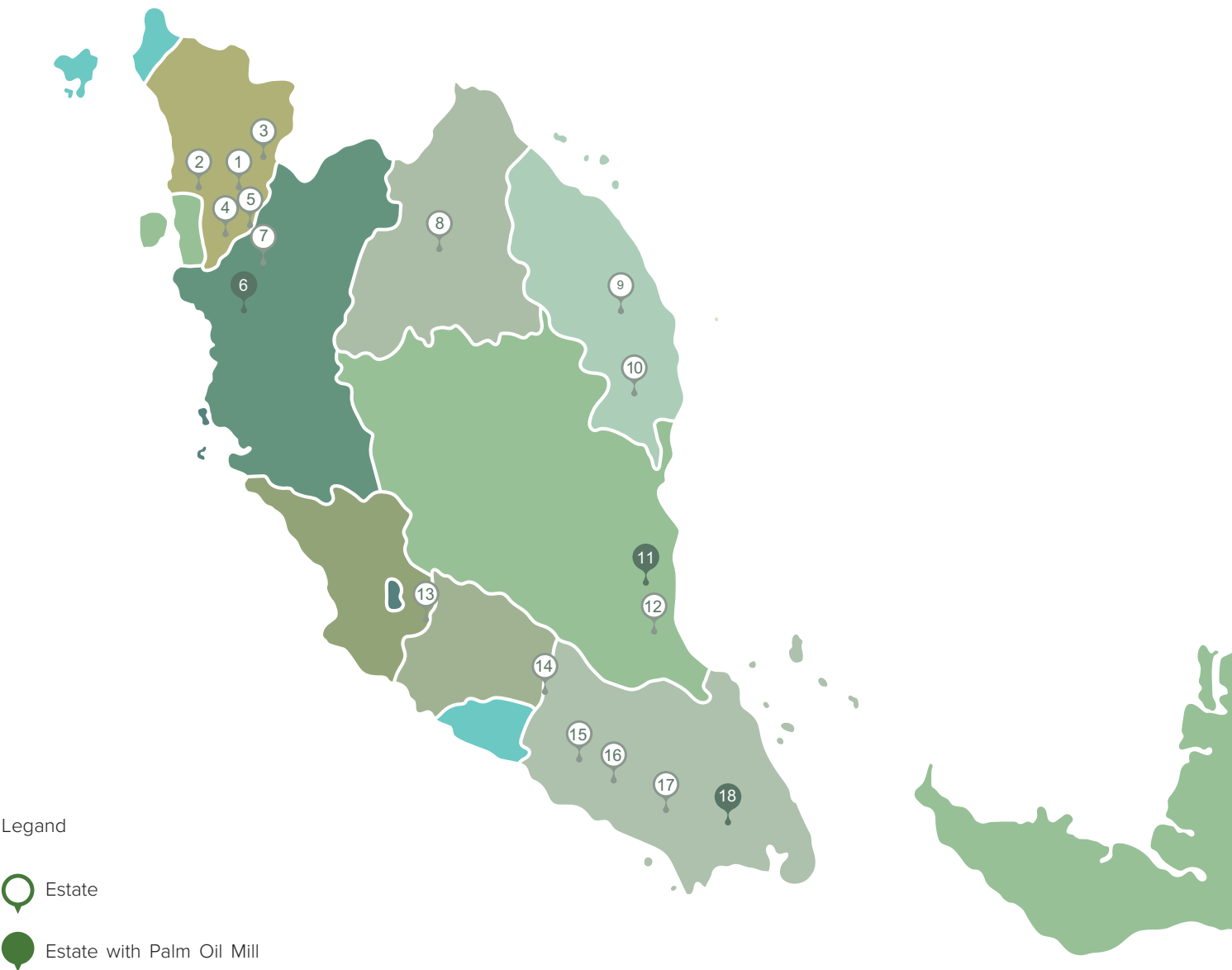
Region	Mature				Total planted
	Immature < 3 years	Young 4-9 years	Prime 10-20 years	Past prime > 20 years	
Peninsular Malaysia	2,356	5,543	10,007	6,230	24,136
Sabah	3,128	7,017	10,109	18,779	39,033
Sarawak	–	264	57	9,963	10,284
Total hectares	5,484	12,824	20,173	34,972	73,453

2020

Region	Mature				Total planted
	Immature < 3 years	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

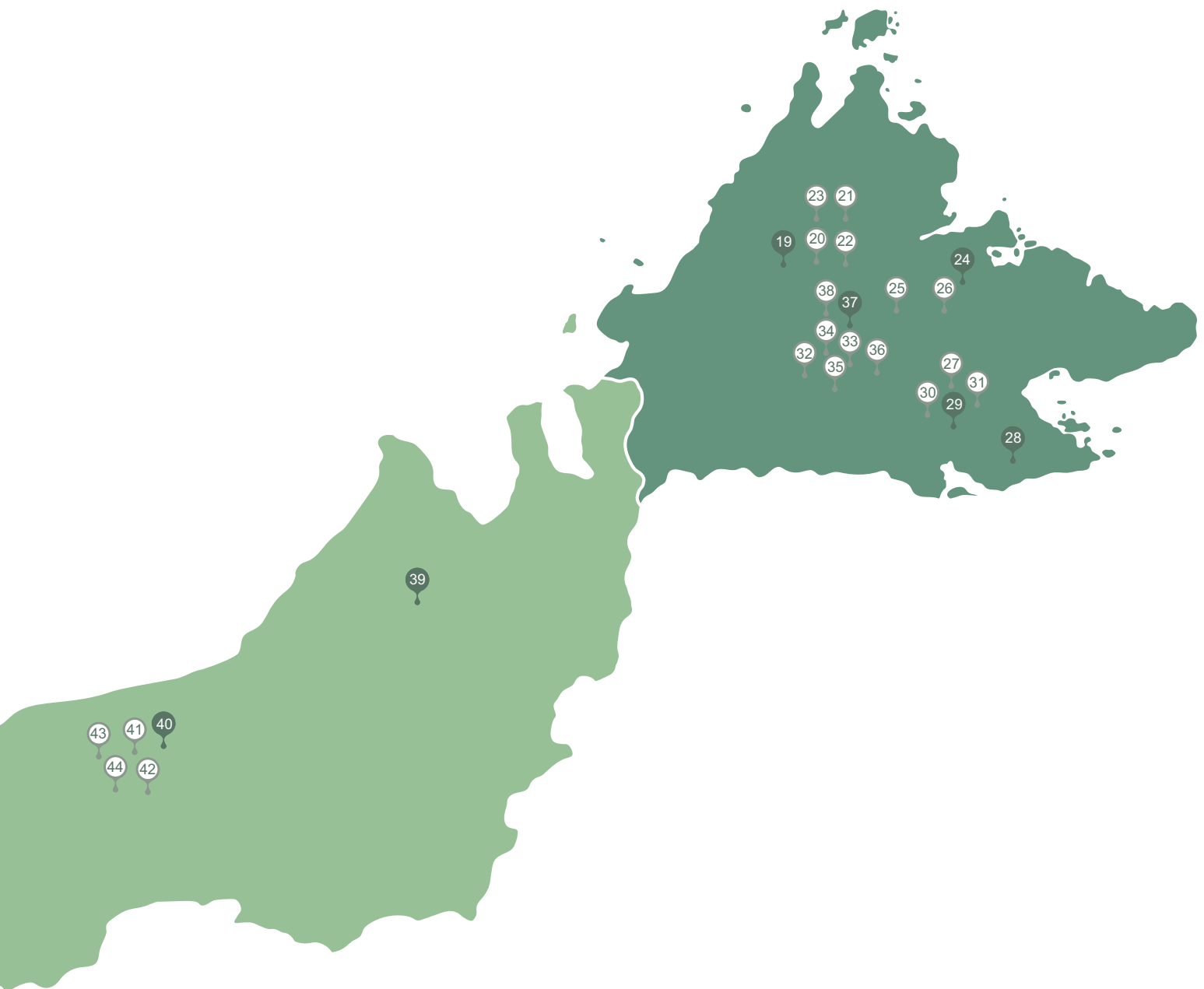
BUSINESS REVIEW

LOCATION OF GROUP PLANTATIONS



PENINSULAR MALAYSIA

1	Batu Pekaka	6	Taiping Rubber	10	LTT-Terengganu	15	Eldred
2	Kuala Muda		Plantation	11	Sungai Jernih	16	Chamek
3	Stothard	7	Malaya	12	Bebar	17	Kulai Young
4	Kedah Oil Palms	8	Lepan Kabu	13	Balau	18	Telok Sengat
5	Bukit Mertajam	9	Solandra	14	Bekoh		



SABAH & SARAWAK

19	Sungai Sungai 1	26	Sutera	33	Boustead Ruku Ruku	39	Loagan Bunut
20	Sungai Sungai 2	27	LTT-Sabah	34	Boustead Sapa Payau	40	Jih
21	Sungai Sungai 3	28	Segaria	35	Boustead Sungai Lokan	41	Pedai
22	Kawananan	29	Sungai Segamaha	36	Boustead Lokan Baru	42	Kelikut
23	Lembah Paitan	30	Bukit Segamaha	37	Boustead Tawai 1	43	Bawan
24	Nak	31	G&G	38	Boustead Tawai 2	44	Mapai
25	Resort	32	Boustead Pertama				



PROPERTY & INDUSTRIAL DIVISION



Mutiara Hills show units

Through our companies in the Property & Industrial Division, we are an award-winning developer of notable townships such as Mutiara Damansara in Selangor and Mutiara Rini in Johor. We own and manage a portfolio of office buildings and shopping malls, which mainly located in prime areas within the Klang Valley. Our chain of hotels under Royale Chulan brand has a presence in Klang Valley, Cherating, Seremban, Penang as well as Hyde Park, London. Under our industrial segment, we manufacture innovative cellulose fibre cement board for the domestic and export markets.

KEY FOCUS AREAS

- Iconic townships, residential and commercial developments in Klang Valley and Johor.
- Management of the Group's own properties (office buildings and shopping malls) in Klang Valley and Penang.
- Management of Royale Chulan chain of hotels and resorts which are located in Klang Valley, Cherating, Seremban, Penang and Hyde Park, London.
- Manufacture of eco-friendly cellulose fibre cements boards.

FINANCIAL PERFORMANCE

The Division recorded an improved revenue of RM625 million (2020: RM603 million) driven by the sale of properties and higher export by UAC Berhad. The same underlying reasons and fair value gain on investment properties led to lower LBT of RM7 million (2020: RM343 million).

At the operational level, property development and investment segments recorded better contribution as last year's bottom line was impacted by the fair value losses on the investment properties. Hotel segment incurred losses as the room and F&B revenues were still affected by lower occupancy rate. On the other hand, the industrial segment ended the year with a better result as compared to 2020 due to higher construction demand and export sales.

PROPERTY DEVELOPMENT & PROPERTY INVESTMENT SEGMENT

What We Do

Under property development segment, we are currently developing the following:-

- Taman Mutiara Rini, Johor, a 1,438-acre township located within Iskandar Development Region Johor. The township was launched in 1996 and almost 90% of the development has been completed. The balance of 42 acres with total gross development value (GDV) of RM250 million is targeted to be developed within the next 4 years.

- One Cochrane Residences, a two 37-storey towers with 448 units of condominium located in Jalan Cochrane, Kuala Lumpur. It is slated for completion in the third quarter of 2022.
- Mutiara Hills, located in Semenyih which is also adjacent to the University of Nottingham Malaysia Campus.

Under property management segment, we are currently managing Menara Boustead, Menara Affin and Wisma Boustead – all in Kuala Lumpur's Golden Triangle; Nucleus Tower, Curve NX and Menara UAC office buildings and the Curve shopping mall in Mutiara Damansara, Selangor as well as Menara Boustead Penang in Penang.

Business Environment

The property market in 2021 remained largely stagnant due to the imposition of various phases of the Movement Control Order (MCO). Just as the industry was gaining momentum, the Full MCO (FMCO) was implemented, halting construction works and requiring property showrooms to remain closed for a full three months. Although the low OPR of 1.75% and the Home Ownership Campaign (HOC) till year-end helped shore up residential property sales post-FMCO, market sentiment remained subdued overall. Shopping malls were also affected by the movement restrictions, and experienced a drastic drop in footfall.



Aerial view of Mutiara Rini, Skudai, Johor

BUSINESS REVIEW

PROPERTY & INDUSTRIAL DIVISION

PROPERTY DEVELOPMENT & PROPERTY INVESTMENT SEGMENT (CONT'D.)

Business Performance Review

Strategic Priorities	Key Initiatives	Achievements
Rejuvenate core business	<ul style="list-style-type: none"> Asset monetisation programme by way of asset disposal 	<ul style="list-style-type: none"> Disposal of 4.255 Ha of freehold land on Jalan Cochrane Sale of industrial land in Bukit Raja, Klang
Enhance revenue from ongoing development projects	<ul style="list-style-type: none"> New launches Handing over of completed properties Sales from ongoing projects 	<ul style="list-style-type: none"> The soft launch of Balau Homes Phase 1A1 in Mutiara Hills was held in Q2 2021, following which 64 out of the 74 units were sold as at end of 2021 163 units of double-storey terrace houses were handed over in Taman Mutiara Rini As at end of 2021, One Cochrane Residences had achieved a take up rate of 83%
Maintain steady revenue from property management	<ul style="list-style-type: none"> Promote the Curve among retail and F&B outlets Revamp eCurve to keep attracting customers 	<ul style="list-style-type: none"> the Curve maintained a healthy occupancy rate of 86% and welcomed 27 new retailers including Tiny Button, Sedap Sedap, Herman Ayam Kampung, Majuhome Kids, Young Hearts, Young Curve, Vape Empire, Fish Camp and Bungkus Kaw Kaw, among others In March 2021, eCurve was closed to the public to undergo a redevelopment with the objective of becoming a new landmark/destination in Mutiara Damansara
Venture into technology-led new business adjacencies	<ul style="list-style-type: none"> Set up of Facilities Management Business 	<ul style="list-style-type: none"> Boustead Weld Court Sdn Bhd obtained a Certificate of Registration in accordance with ISO9001:2015 Quality Management System for the provision of facility management services
Greening our developments	<ul style="list-style-type: none"> Development of Riverpark at Mutiara Hills township 	<ul style="list-style-type: none"> Collaboration with FRIM for conservation, preservation and protection of the flora and fauna in Mutiara Hills
Rebranding of Boustead Properties	<ul style="list-style-type: none"> Developed strategic brand direction that includes brand soul, attitude, attributes, Vision, Mission, Brand Promise, Brand Purpose, Core Values and Tagline 	<ul style="list-style-type: none"> Brand rollout to all talents of Boustead Properties via townhall

Key Financial Achievements



REVENUE INCREASED

by **10%** from **RM307** million in 2020 to **RM338** million, mainly due to the sale of industrial land in Bukit Raja which compensated for the lower progress billing and lower progress of work at site for our projects in Taman Mutiara Rini and One Cochrane Residences.

Along with increased revenue, recognition of one-off gain on the disposal of a property and lower fair value losses on investment properties, the segment significantly narrowed its LBT from **RM187** million in 2020 to **RM77** million.

Awards



Boustead Properties won three awards at the 8th PropertyGuru Asia Property Awards 2021:

- Mutiara Rini won the 'Best Mega Township Development' award
- One Cochrane Residences won the Highly Commended 'Best Mid End Condo/Apartment Development (Central)' award
- Mutiara Hills won the Highly Commended 'Best Landed Development (Central)' award



Mutiara Hills was also awarded a provisional GreenRE (Bronze) certification in the Township category by GreenRE Sdn Bhd

Challenges and Mitigating Actions

Challenges	Mitigating Actions	Results
Stringent end-financing process and approvals	• Smart collaboration with strategic partners	• Collaborate with established financial institution for attractive financing package
Rising cost of business, i.e. land cost, statutory requirements and construction cost	• Co-development with strategic JV partners	• Obtain flexible payment structure and minimise development risk
Oversupply of residential, commercial and office spaces	• Offer value-add products accompanied by attractive packages to entice take-up rate	• 86% take-up of Mutiara Hills phase 1A1
Change in consumer behaviour and purchasing patterns due to the new normal	• Reach out to customers via digital platforms and social media such as Facebook and Instagram	• Generated more interest and leads via digital platforms

BUSINESS REVIEW

PROPERTY & INDUSTRIAL DIVISION



Royale Chulan The Curve, Mutiara Damansara, Selangor

HOTEL SEGMENT

What We Do

We own and manage Royale Chulan Hotels & Resorts, a Malaysian chain of full-service hotels, founded by Boustead Hotels & Resorts Sdn Bhd. We offer hotels in seven locations throughout Malaysia and one in London, United Kingdom.

- Royale Chulan Kuala Lumpur
- Royale Chulan Damansara
- Royale Chulan The Curve
- Royale Chulan Seremban
- Royale Chulan Penang
- Royale Chulan Cherating Villas
- Royale Chulan Cherating Chalets
- Royale Chulan Hyde Park, London

Business Environment

The hotel industry was particularly badly affected by the MCO in 2021, as it was imposed in the middle of the month of Ramadan. This is typically a busy period for the hospitality industry in Malaysia as revenue from room occupancy is enhanced by significantly higher volumes of walk-in diners attracted by breaking-of-fast buffets.

Business Performance Review

Strategic Priorities	Key Initiatives	Achievements
Rationalisation of hotels	<ul style="list-style-type: none"> • Disposal of Royale Chulan Bukit Bintang, which had been identified as being misaligned with the guest profile targeted for the group of hotels 	<ul style="list-style-type: none"> • Gained RM77 million from the disposal
Enhance room occupancy	<ul style="list-style-type: none"> • Royale Chulan Damansara collaborated with Klinik MYEG on the PKRS (Person Under Surveillance) project from 14 June to 30 Sept 2021 • Designed strategic room packages such as “Work from Hotel” promotions 	<ul style="list-style-type: none"> • Closed the year at an average occupancy rate of 30.5%
Enhance non-room occupancy related revenue	<ul style="list-style-type: none"> • Introduced “Ready To Eat Meals” in the form of retort packaged food towards year end 	<ul style="list-style-type: none"> • Plans to further build this revenue stream through the purchase of a retort machine
Digitalisation of services	<ul style="list-style-type: none"> • Implemented QR Code scanning for F&B Menu and e-voucher through the website 	<ul style="list-style-type: none"> • Moved towards a more paperless environment

Key Achievements

- Recorded a PBT of RM46 million (2020: LBT of RM143 million), mainly due to the gain on disposal of Royale Chulan Bukit Bintang amounting to RM77 million.

Awards



Royale Chulan Penang

- 4-Star hotel rating by Ministry of Tourism, Arts & Culture Malaysia (MOTAC)
- Winner of the Hotels.com Loved by Guests Award
- TripAdvisor Travellers Choice Award 2021
- Halal certification by JAKIM



Royale Chulan Cherating

- Tourism Pahang & Jabatan Kebudayaan dan Kesenian Negara (JKN) for Best Beach Resort

Challenges and Mitigating Actions

Challenges	Mitigating Actions	Results
Having sufficient staff once tourism revives and more guests start returning to hotels	<ul style="list-style-type: none"> Collaborating with hospitality academies on job training programmes and career exposure Maintaining attractive remuneration package to remain competitive in terms of hiring 	<ul style="list-style-type: none"> Collaborated with SEGi College, Management & Science University and Universiti Teknologi MARA for students to train at our hotels
Ensuring high level of hotel upkeep, even during the down time	<ul style="list-style-type: none"> To formalise mid and long-term (3-5 years) refurbishment plan for all hotels (building, structure, assets, facilities, equipment and others) 	<ul style="list-style-type: none"> Started the refurbishment and upgrading of the essential structure, equipment and facilities



the Curve and Royale Chulan The Curve are our proud landmarks in Mutiara Damansara

BUSINESS REVIEW

PROPERTY & INDUSTRIAL DIVISION



A worker handling the machine stacking section at the factory in Ipoh

INDUSTRIAL SEGMENT

What We Do

UAC Berhad is the pioneer in Malaysia to manufacture of innovative cellulose fibre cement products including flat boards, patterned boards, eave linings, skirting and cornices, smooth and wood-grained planks and panels and woodlike strips. Established more than 55 years ago, UAC's products have been endorsed by various green standards such as Eco Label, Green Label Singapore, MyHIJAU Mark, Taiwan Green Building Council, Korea Healthy Building (HB) Mark, British Board of Agreement (BBA), and the Green Environmental Product Declaration by Institut Bauen und Umwelt e.V., Germany.

Business Environment

The year 2021 continued to be challenging due to the various stages of the MCO, further compounded by global supply chain disruptions. The situation was worsened by the year-end floods which affected most states in Peninsular Malaysia. Nevertheless, UAC Group achieved remarkable performance through excellent collaboration and partnership with local and overseas distributors and end users.

Business Performance Review

Strategic Priorities	Key Initiatives	Achievements
Operational excellence	<ul style="list-style-type: none"> A special task force was set up to drive cost containment during the pandemic Energy efficiency/sustainability enhancement through the replacement of fluorescent tubes/ bulbs with LED 	<ul style="list-style-type: none"> Achieved total cost savings of RM2 million Reduction in 10,483kw of electricity usage Reduction of approximately 467kg in hazardous waste
Growth delivery excellence	<ul style="list-style-type: none"> Focus on the export market to mitigate the impact of the pandemic within Malaysia 	<ul style="list-style-type: none"> Export market grew by 2,467 mil standard metres, marking an 22.5% increase from year 2020

Key Achievements

- Achieved a turnaround in PBT, recording RM24 million in 2021 as compared to LBT of RM13 million in 2020.
- Maintained five Green Label certificates, Eco Label, Green Label Singapore, MyHIJAU Mark, Environmental Product Declaration and Product Carbon FootPrint.

Awards



- Received the Industry Choice Award at the Archidex Star Award 2021

Challenges and Mitigating Actions

Challenges	Mitigating Actions	Results
Lower demand from local market following implementation of MCO/EMCO	• Shifting sales focus to the export market	• Exports grew by 2,467 mil standard metres, 22.5% more than in 2020
Increasing construction raw material prices	• Product pricing was revised in tandem with the rising cost of raw materials • Establishment of a special task force on cost containment initiatives	• Margin rate was successfully maintained • Successfully achieved cost saving amounting to RM2 mil in 2021
Rising logistics cost due to worldwide supply chain disruption	• Identified alternative logistics companies to minimise the disruption	• Revenue recorded a growth of 20.3% over 2020, while Operating Profit for 2021 was 46.1% better than in 2020

OUTLOOK

The property market is expected to pick up in 2022 along with general economic recovery as the pandemic transitions to becoming endemic. This will be further boosted by various stimulus packages such as the Guaranteed Credit Housing Scheme, the Rumah Mesra Rakyat, and removal of real property gain tax (RPGT) from the sixth year onwards. In Johor specifically, the property market is set to improve once the Malaysia-Singapore border reopens completely.

Leveraging a more buoyant environment, Property Development segment aims to launch six phases of ongoing developments comprising a total of 661 double-storey terrace houses and double-storey shophouses in Mutiara Hills and Mutiara Rini township with a total combined GDV of RM397 million.

The year will also see 13 new tenants at the Curve, including Korea Food Market, Me'nate Steak Hub, Kapten Batik, Dashing Diva & Shortcut Barber, Seamaeul Restaurant and Tasty Chapati, among others. Meanwhile, under a trade mix expansion, an IT & Telco Zone has been created. Currently housing Celcom, it will eventually offer a wide range of gadgets, computers, accessories and services.

Since restrictions on interstate travel have eased, there has been a surge in domestic tourism, which has given a new lease of life to the hotel industry. Tourists aside, hotels have also seen an increase in the number of corporate bookings for meeting rooms and halls. Once international borders re-open, we hope occupancy rates will recover fully.

Our industrial segment is also set to further improve as construction activity gains momentum with the resumption of projects that were postponed or delayed in 2021. While being cautious of prolonged labour shortage, increasing cost of materials and potential supply chain disruptions, UAC Group will maintain its export strategy and flexible pricing to sustain profitable growth.



PHARMACEUTICAL DIVISION



Product analysis using high performance dissolubility machine

Our Pharmaceutical Division plays a key role in the manufacture and distribution of pharmaceutical products in the country. Through this Division, in 2021 we gained the distinction of becoming the first in Malaysia to manufacture filled and finished vaccines for humans. This was for the Sinovac COVID-19 vaccine which was part of the Government's National COVID-19 Immunisation Programme.

KEY FOCUS AREAS:

- Manufacture of biopharmaceuticals, pharmaceutical generics, nutraceuticals and over-the-counter (OTC) products
- Sales and marketing as well as distribution of pharmaceutical and OTC products, medical equipment, consumable items and devices to Government and private sector hospitals, clinics and healthcare centres.
- R&D of new products
- Manufacture of generics and OTC products, as well as distribution of pharmaceutical products and medical devices in Indonesia

FINANCIAL PERFORMANCE

For 2021, the Pharmaceutical Division achieved a significant jump in revenue to RM4.82 billion from RM2.73 billion in 2020. This was mainly driven by the sale of Sinovac COVID-19 vaccine to the MOH and private sector, followed by stronger growth experienced by the Division's contract with Government, private sector and Indonesian businesses. Along with the surge in revenue, the Division clocked in a higher PBT of RM271.0 million compared to RM29.8 million in 2020.

BUSINESS ENVIRONMENT

The year was marked by the aggressive roll-out of the Government's National COVID-19 Immunisation Programme, which required the Division to deliver 20.4 million doses of the COVID-19 vaccine to various Government facilities. At the same time, it was important to safeguard the supply of other pharmaceutical products despite supply chain disruptions, especially as patients started returning to see their doctors. During the year, demand for prescription drugs grew steadily while sales of OTC products continued to be high. In Indonesia, demand for COVID-19 related items and other products continued to eclipse that of non-COVID-19 items. Despite the movement control order and other restrictions imposed by the pandemic, our team worked diligently around the clock to continue manufacturing, supplying and delivering the Sinovac COVID-19 vaccine and other essential medicines in accordance with regulatory approvals and adherence to stringent standard operating procedures.

LOGISTICS & DISTRIBUTION

What We Do

Under this segment, we supply and distribute pharmaceutical products including drugs and medical devices under the Approved Products Purchase List (APPL) to MOH's facilities in Malaysia. We distribute more than 700 products from more than 90 suppliers, including our own manufacturing subsidiaries, to the Government and private sectors.

During the year, we distributed the Sinovac as well as AstraZeneca COVID-19 vaccines, the latter from the COVAX Facility and Japan, under the National COVID-19 Immunisation Programme.

Business Performance Review

Strategic Priorities	Key Initiatives	Achievements
Enhance market access to support the delivery of vaccines as well as increased demand for other pharmaceutical products	<ul style="list-style-type: none"> Capacity expansion by developing own/rented warehouses 	<ul style="list-style-type: none"> Expanded our northern warehouse and cold chain facilities
Accelerating digital transformation	<ul style="list-style-type: none"> Enhance our transport management system Improve our inventory management Implementation of IOT devices Leverage Robotic Processing Automation (RPA) 	<ul style="list-style-type: none"> Installed automated transport management system for better fleet visibility and routing analysis, especially on return trips Implemented a multichannel e-commerce management tool which enhances our back-end operations and enables better inventory management, pricing and order management for multiple marketplaces GPS and temperature monitoring system installed in all fleets for better monitoring and tracking of fleets Implementation of IOT functions using Oracle Transport Management System (OTM) Deployed three autobots for order processing of efficiency

MANUFACTURING

What We Do

Pharmaniga's manufacturing segment comprises six manufacturing plants in Malaysia and one in Indonesia which produce a diversified range of generic pharmaceuticals as well as nutraceuticals and OTC products. Under a 10-year Development Programme, there are plans to launch more than 75 products by 2025. The ultimate objective is to provide a comprehensive portfolio of affordable healthcare products to meet customers' needs.

BUSINESS REVIEW

PHARMACEUTICAL DIVISION

MANUFACTURING (CONT'D.)

Business Performance Review

Strategic Priorities	Key Initiatives	Achievements
Support the Government's need for COVID-19 vaccines	<ul style="list-style-type: none"> Collaborated with Sinovac Life Sciences Co., Ltd. (Sinovac) for technology transfer to fill and finish its Sinovac COVID-19 vaccine Retrofitted our vaccine plant in Puchong to fill and finish manufacture the vaccine Application for the use of Sinovac COVID-19 vaccine among children and adolescents Explore export markets for our vaccine 	<ul style="list-style-type: none"> Obtained registration approval from the Drug Control Authority (DCA) for fill and finish Sinovac COVID-19 vaccine manufactured by Pharmaniaga LifeScience Sdn Bhd Supplied the Government with 20.4 million doses of Sinovac COVID-19 vaccine Application was approved by the DCA for the 12 to 17-year olds age bracket on 1 October 2021; and for five to 11-year olds on 3 March 2022 Contract to supply Myanmar Hemas Mandalay Pharmaceuticals Ltd our filled and finished vaccine
Enhance product portfolio	<ul style="list-style-type: none"> Approval of product registration from regulatory authorities in Malaysia and other countries Transfer of technology Bioequivalence (BE) studies New product launches 	<ul style="list-style-type: none"> 17 new products were approved by regulatory authorities in Malaysia: <ul style="list-style-type: none"> 15 products approved by the DCA 2 products approved by the Medical Device Authority Additionally, we received registration approval for 13 products in other countries Transfer of technology completed for the Sinovac COVID-19 vaccine Successfully completed BE studies for five products Total of seven products were launched, including: <ul style="list-style-type: none"> Biopharmaceuticals: Sinovac COVID-19 vaccine Pharmaceuticals: Celecoxib tablets (Rabirox) 200mg & 400mg (the first generic for the 400mg in Malaysia) Pharmaniaga's first nutraceutical, Arnica Madu Kelulut, in collaboration with UMT
Development of Halal vaccines and insulin	<ul style="list-style-type: none"> Setting up of pre-filled syringe line for Halal vaccines at Pharmaniaga LifeScience Sdn Bhd Setting up facilities for the manufacture of Halal insulin 	<ul style="list-style-type: none"> The plant is expected to be completed in 2023 The plant is expected to be completed by 2024

INDONESIAN OPERATIONS

What We Do

We have two subsidiaries in Indonesia: PT Errita Pharma (Errita), a manufacturing operation based in Bandung; and PT Millennium Pharmacon International TBK (MPI), which is concerned with sales and distribution. Errita produces generic pharmaceuticals as well as consumer healthcare (CHC) products. MPI is a public listed distributor company with 33 branches across Indonesia.

Business Performance Review

Strategic Priorities	Key Initiatives	Achievements
Expand product portfolio	<ul style="list-style-type: none"> Conduct regular market studies on newly off-patent innovator pharmaceutical products Business synergies between headquarters in Malaysia and Indonesia on technology transfer 	<ul style="list-style-type: none"> Achieved target of submitting 15 new products approved by the Badan Pengawasan Obat dan Makanan (BPOM) Launched 15 new products including Zochol 20mg and Tafaren Gel
Grow online sales channels to meet increasing e-commerce demand	<ul style="list-style-type: none"> Leveraged established e-commerce platforms to continue to market our wide range of products 	<ul style="list-style-type: none"> Total revenue increased by 13.3%

KEY ACHIEVEMENTS

 <p>20.4 million doses of Sinovac COVID-19 vaccine supplied to the Government of Malaysia</p>	 <p>Recorded 99.3% compliance with all performance standards for the provision of medicines and medical supplies to the MOH</p>
 <p>A total of 184 products Halal certified</p>	 <p>Ravidasvir, first New Chemical Entity for Pharmaniaga and the world</p>

CHALLENGES AND MITIGATING ACTIONS

Challenges	Mitigating Actions	Results
Change in market dynamics and customer purchasing patterns due to the pandemic	<ul style="list-style-type: none"> Diversification of business portfolio with added focus on biopharmaceutical segment Increase OTC line capacity in anticipation of growth in market demand 	<ul style="list-style-type: none"> Partially converted SVI plant into biopharmaceutical plant in view of business diversification Able to meet sudden increase in demand for Citrex Vitamin C in the private market
Substantial increase in demand for products used in the management and treatment of COVID-19	<ul style="list-style-type: none"> Be adaptable and react swiftly to new requirements Close monitoring of demand patterns and stock planning 	<ul style="list-style-type: none"> Ability to cater to surge in demand during COVID-19 outbreaks in May-June 2021 and August-October 2021
Stiff competition in Indonesia	<ul style="list-style-type: none"> Continuous discussion with distributors 	<ul style="list-style-type: none"> Year on year improvement in sales value and volume

OUTLOOK & PROSPECTS

While continuing to focus on increased capacity and capabilities in order to fulfil our Logistics & Distribution commitments, we seek to diversify into private sector businesses. Among others, there are plans to expand into the distribution of niche products and even into the fast-moving personal care market.

Pharmaniaga's Manufacturing Division will continue with its product expansion strategy, and especially Halal vaccines and insulin in the biopharmaceutical segment; high-value niche and complex generic products in the pharmaceutical segment; and effervescent tablets, energy boosters as well as creams for sensitive skin/wounds in the OTC and nutraceutical range. Among others, there are plans to market *Arnia Madu Kelulut* in on-the-go sachets as well as to develop milk supplement tablets. The Division will also explore the potential of soft gel technology for nutraceutical products under its own brand name.

There remains a lot of potential to further develop our Indonesian operations, and various initiatives will be rolled out towards this end in 2022. At the same time, our Pharmaceutical Division seeks to expand its footprint more extensively beyond Malaysia. Regionally, we believe there is much scope to market products in the areas of pain management, anti-infectives and cardiovascular health. Meanwhile, as we explore other global markets, we will make it a priority to attain international GMP accreditation and certification in the coming months.

BUSINESS REVIEW



HEAVY INDUSTRIES DIVISION



RMN's Submarine Base near Kota Kinabalu, Sabah where Boustead DCNS Naval Corporation Sdn Bhd carries out Refit works and In-Service Support for RMN's submarines

Through Heavy Industries, we provide essential services to ensure a high level of national defence capabilities and security. The Division is involved primarily in the Marine and Aerospace sectors serving government and commercial customers. Key customers include military and security agencies from MINDEF and the Ministry of Home Affairs. Commercial customers include commercial shipowners and the oil and gas sector as well as private owners of leisure vessels.

KEY FOCUS AREAS

- Marine – Shipbuilding specialising in various naval and commercial vessels; ship repair, including the MRO of military, paramilitary, commercial and private vessels; as well as maritime training
- Aerospace – MRO of helicopters, as well as manufacture of electronic products and systems used for aerospace purposes
- Weapons and combat systems – MRO of naval guns and servicing/integration of combat systems

FINANCIAL PERFORMANCE

The Heavy Industries Division posted a lower revenue of RM374 million (2020: RM575 million) primarily due to the variation in milestones for the LCS project. However, the impact to the bottom line was cushioned by the delivery of three units of Littoral Mission Ship (LMS) to RMN in 2021 to record a lower loss before tax of RM40 million (2020: RM107 million).

WHAT WE DO

The Heavy Industries Division caters to the defence, security, marine and aerospace sectors, servicing Government, commercial and private clients through the provision of shipbuilding and MRO of ships, submarines, helicopters plus weapons and combat systems services, among others.

BUSINESS ENVIRONMENT

The overall environment for the shipbuilding and repair industry was muted in 2021 due to the prolonged pandemic which impacted trade, marine freight as well as tourism and leisure-related marine activities. Although Government contracts for defence related projects were still tendered, and the Division managed to secure several defence contract extensions, there were few jobs coming from the commercial segment and private vessel owners.



Helicopter MRO work carried out by BHIC AeroServices Sdn Bhd

BUSINESS REVIEW

HEAVY INDUSTRIES DIVISION

BUSINESS PERFORMANCE REVIEW

Strategic Priorities	Key Initiatives	Achievements
Division restructuring for optimum operational and cost efficiencies	<ul style="list-style-type: none"> Rationalisation of business units through divesting/operational closure of non-performing or non-core units and merging companies with similar business 	<ul style="list-style-type: none"> Operational closure of BHIC Navaltech Sdn Bhd and BHIC MSM Sdn Bhd Liquidation of assets of Boustead Penang Shipyard in Pulau Jerejak, Penang
Meeting deliverables on ongoing projects	<ul style="list-style-type: none"> Completion of defence projects Resumption of the LCS programme Completion of commercial projects 	<ul style="list-style-type: none"> Delivery of three units of LMS to RMN, successfully completing the project Completion of intermediate depot level maintenance check on five Royal Malaysian Air Force (RMAF) helicopters Submission of proposals on the way forward for the LCS project and the Cabinet had on 20 April 2022 unanimously approved the continuance of the LCS project Completion of methanol piping and seawater cooling pipe fabrication works Completion of hydraulic pipe repair and shafting inspection for a float over barge Completion of MRO works on 37 ferries, 41 white boats and one government vessel at Boustead Langkawi Shipyard Completed the integration of navigation radar with existing Combat Management Systems onboard six RMN ships
Extension of existing contracts to strengthen revenue	<ul style="list-style-type: none"> Deliver quality service to customers to renew contracts 	<ul style="list-style-type: none"> Extension of Integrated Maintenance and Logistics Support for Malaysian Maritime Enforcement Agency's Dauphin AS365N3 helicopters Extension of In-Service Support for RMN's fleet of Prime Minister Class Scorpene submarines
Award of new contracts	<ul style="list-style-type: none"> Active engagement with existing and new customers 	<ul style="list-style-type: none"> Award of two-year contract beginning 1 January 2021 for the upkeep of submarine facilities for RMN Award of contracts to undertake MRO on five commercial vessels
Business Diversification	<ul style="list-style-type: none"> Aerospace expansion plan 	<ul style="list-style-type: none"> Signing of MoU with Airbus Defence & Space in June 2021 to collaborate in MRO of fixed wing military aircrafts
Enhancing operational efficiencies	<ul style="list-style-type: none"> Investment in digitalisation 	<ul style="list-style-type: none"> Boustead Naval Shipyard Sdn Bhd has introduced: <ul style="list-style-type: none"> Engineering Change Request (ECR) and Quality Control Dashboard MyBNS Digital Employee Experience (DEX) System to manage HR functions MyLearning Programme, an online training portal featuring 400 learning modules Boustead DCNS Naval Corporation Sdn Bhd (DCNS) has implemented: <ul style="list-style-type: none"> e-Hazardous application to monitor hazardous work permits Identity Detection System to record all staff, subcontractors and visitors to BDNC. Equipment Tracking System to track the movement of equipment used in submarine MRO works

KEY ACHIEVEMENTS



Signed MOU with **Airbus Defence and Space** to collaborate in MRO of fixed-wing military aircraft



Submitted **proposals on the way forward for the LCS project** to the Government culminating in the announcement on the unanimous approval from the Cabinet on 20 April 2022 for the continuance of the project



Successfully completed the **LMS** project with the delivery of LMS 2, LMS 3 and LMS 4 to RMN

AWARDS



- National Business Award 2021 – Aerospace & Defense Boustead DCNS Naval Corporation Sdn Bhd (BDNC)
- Malaysia Technology Excellence Awards 2021 – Software in Aerospace & Defense category (BDNC)
- Malaysia Management Excellence Award (MMEA) 2021 – Team of the Year (The Deep Green Circle Team, BDNC)
- Malaysia Management Excellence Award (MMEA) 2021 – Executive of the Year (Feroz Razi Ramli, CEO BDNC)
- Malaysian Society for Occupational Safety and Health – Gold Class 1 (BDNC)
- Commendation by Malaysian Maritime Enforcement Agency for the Integrated Maintenance and Logistics Support Services provided to its helicopters (BHIC AeroServices Sdn Bhd)

CHALLENGES AND MITIGATING ACTIONS

Challenges	Mitigating Actions	Results
Cashflow constraints due to tough operating environment & cessation of major project	• Continuously and carefully manage the Division's cashflow position and obligations	• Ability to meet loan obligations and operational commitments through effective financial and debt management
Uncertainties surrounding the LCS project	• BHIC has been actively engaging with key stakeholders such as MINDEF, MOF, RMN, LTAT and Boustead on the way forward with the project	• Submission of proposals to the Government on the way forward for the project, culminating in the announcement on the unanimous approval from the Cabinet on 20 April 2022 for the continuance of the project

OUTLOOK & PROSPECTS

As economies recover post-pandemic, the marine and aerospace sectors are set to rebound, creating a more conducive operating landscape for both the Marine and Aerospace sectors. The most significant factor within the defence segment will be recommencement of the LCS project. Once this resumes, the Division's cash position will be substantially improved, providing the means for further diversification into the Aerospace sector. In the commercial segment, the Division stands to benefit from increased oil and gas activities and international trade, as well as marine leisure activities. As international borders open and tourism recovers, we expect more leisure vessels and yachts to dock in Langkawi and generate positive effect to our shipyard there.

BUSINESS REVIEW



TRADING, FINANCE & INVESTMENT DIVISION



BHPetrol has a network of almost 400 service stations in Peninsular Malaysia

The Trading, Finance & Investment Division represents a diverse range of businesses that span across the provision of fuel to banking, insurance, travel and logistics services, water treatment and the manufacturing of chocolates. Among the more high-profile names in this portfolio are BHPetrol service stations; AFFIN Bank, an established full financial services provider; Boustead Travel, a trusted name in travel management services; and Cadbury Confectionary, a leading chocolatier in the region.

KEY FOCUS AREAS

- Retail petrol service stations
- Conventional & Islamic banking as well as credit and insurance services
- Domestic & international travel services
- Shipping & logistics as well as aviation services
- Water treatment and management
- Chocolate manufacturing & export

FINANCIAL PERFORMANCE

The Division achieved higher revenue and a turnaround with a PBT of RM192 million in 2021, driven by higher average fuel prices at BHPetrol. Its bottom line also benefitted from increased contribution from our associate Affin Bank Berhad, attributable to improved net interest income, Islamic Banking income, net fee and commission income, lower modification loss and allowance for impairment losses.

BOUSTEAD PETROLEUM MARKETING SDN BHD (BHPETROL)

What We Do

BHPetrol is in the retail service station business with a network of 373 stations. It also distributes liquified petroleum gas (LPG) to households and commercial premises. Experience gained over the years of serving motorists has led to BHPetrol developing its own range of lubricants, marketed under the well-known Syngard brand.

Business Environment

The operating environment for retail service stations continued to be challenging due to a number of reasons. Firstly, movement restrictions under the various phases of the MCO together with dampened economic activity translated into reduced road traffic, hence also a decrease in demand for fuel. This was further compounded by fluctuating oil prices, regulated margins and a competitive market.

Business Performance Review

Strategic Priorities	Key Initiatives	Achievements
Automatic Pricing Mechanism (APM) revision	<ul style="list-style-type: none"> Collaborate with other downstream oil companies to engage the MOF and the Ministry of Domestic Trade and Consumer Affairs on a review to increase margins 	<ul style="list-style-type: none"> Discussion is still on-going
Enhance non-fuel income	<ul style="list-style-type: none"> Set up Pharmaniaga vending machines Partnership with Future Farm Agro Enhance network of food alliances to increase footfall Provision of more services to add to customer convenience 	<ul style="list-style-type: none"> Vending machines set up at 3 BHPetrol stations BHPetrol stations to pilot selling fresh produce Opened 26 quick service restaurants (QSR) including: McDonald's, KFC, Burger King, A&W, Marrybrown, Chatime, Subway, Dunkin Donuts and Costa Coffee, among others BHPetrol soon to feature more Mail Boxes Etc. and carwash facilities at stations
Growth via network expansion	<ul style="list-style-type: none"> Increase BHPetrol's station network nation-wide 	<ul style="list-style-type: none"> Four new stations were set up in 2021
Digitalisation of business/customer interface	<ul style="list-style-type: none"> Partnership with Pandamart Ongoing collaboration with local partners to enable digital transactions 	<ul style="list-style-type: none"> Customers can get their purchases delivered through Pandamart app
Enhance sustainability of operations	<ul style="list-style-type: none"> Installation of solar panels on BHPetrol station rooftops Promote electric vehicle (EV) usage in partnership with EVAP 	<ul style="list-style-type: none"> The project is still under discussion Plan to pilot more EV charging stations at BHPetrol

BUSINESS REVIEW

TRADING, FINANCE & INVESTMENT DIVISION

BOUSTEAD PETROLEUM MARKETING SDN BHD (BHPETROL) (CONT'D.)

Key Achievements



Reduced costs by 7% from plan through initiatives such as distribution cost review, retail stations maintenance programme, loyalty card review and prudent spending.



Secured MINDEF contract worth **RM4** million of operating margin over three years



Significant increase in PAT from **RM10** million in 2020 to **RM104** million, mainly due to stockholding gains as a result of higher average fuel prices

Challenges and Mitigating Actions

Challenges	Mitigating Actions	Results
Delays in the construction of new petrol stations due to authority approval	• Engage regularly and build rapport with the relevant authorities to expedite approvals	• Approvals for some new stations have been obtained
Risk of migration of dealers to new brands	• Maintain rapport with dealers and accelerate retail network expansion	• Delayed migration of some dealers. Plans in place to accelerate retail network expansion
Stockholding loss	• Practise active stock management to be at optimal level	• Stockholding gains in 2021
Manage delays in subsidy receivables from government	• Close monitoring and maintain rapport with government	• Steady recovery from a period of slow collection
Threat of alternative fuels in the long term (EV, LNG, hydrogen, etc)	• Gradual expansion into EV	• BHPetrol is piloting EV charging stations

BOUSTEAD TRAVEL SERVICES SDN BHD

What We Do

Established in the 1940s, Boustead Travel Services is one of the largest travel management companies in Malaysia, focused on domestic and international travel for business and leisure, as well as essential travel. As a partner to Rail Europe, Boustead Travel Services offers the Eurail train pass. It also organises meetings, incentives, conferences and events.

Business Environment

Its core business is primarily in providing travel services to corporate clients. Since the pandemic, sales have come to a standstill as most international borders have remained closed. Added to this, competition continues to intensify from online players. The gradual reopening of international borders, however, is seeing some recovery in air travel, especially among business travellers.

Business Performance Review

Strategic Priorities	Key Initiatives	Achievements
Retain and recover revenue from corporate ticketing business	<ul style="list-style-type: none"> Concerted efforts to retain as well as expand corporate client base, focusing on essential sectors that have been permitted to continue to operate throughout the various phases of the MCO 	<ul style="list-style-type: none"> More than 90% of clients have been retained, as reflected in business once travel started to recover towards the last quarter of 2021
Digitalised travel solutions for corporate clients	<ul style="list-style-type: none"> Offer differentiated values for online and offline bookings Position online booking tool as part of value proposition in all corporate proposals 	<ul style="list-style-type: none"> Saw an increase in acceptance and adoption of online booking tool year on year
Capitalise on travel quarantine requirements	<ul style="list-style-type: none"> Provide advisory services for essential or permitted international travellers during the closure of international borders 	<ul style="list-style-type: none"> Quarantine accommodation was one of the key products sold during the lockdown period

Key Achievements



Retained **90%** of clients from pre-pandemic, who are now starting to make travel bookings as the economy recovers and international borders are re-opening



Generated additional sales of approximately **RM1** million from quarantine accommodation and related services, a new service developed during pandemic

BUSINESS REVIEW

TRADING, FINANCE & INVESTMENT DIVISION

BOUSTEAD SHIPPING AGENCIES SDN BHD

What We Do

Boustead Shipping Agencies Sdn Bhd (BSA) is a pioneer in Malaysia's transportation industry, and continues to lead in the shipping and logistics sectors. The company offers fully integrated logistics services for sea and air shipment comprising customs clearance, freight forwarding, worldwide door-to-door services, shipping agencies, transportation and other logistics related services.

Business Environment

Logistics was one of the top-performing sectors in 2021, as it stood to benefit from accelerated growth in e-commerce and e-retailing due to pandemic-imposed movement restrictions. Being classified as an essential service provider during the MCO helped BSA to safely navigate the uncertainties brought about by COVID-19.

Business Performance Review

Strategic Priorities	Key Initiatives	Achievements
Cost management	<ul style="list-style-type: none"> Reduced staff cost and savings on interest expenses 	<ul style="list-style-type: none"> Operating expenditure decreased by 10.3% in 2021
Enhance revenue	<ul style="list-style-type: none"> Leverage intra-Group business while building relationships with loyal external clients 	<ul style="list-style-type: none"> BSA was integral to the successful import and distribution of Sinovac COVID-19 vaccines throughout Peninsular and East Malaysia in collaboration with Pharmaniaga

Key Achievements



BSA closed the financial year with a **PBT of RM3** million, which was a **50.0%** improvement from **RM2** million in 2020.



Revenue increased by **20.0%** from **RM5** million in 2020 to **RM6** million, mainly due to logistics business activities in sea and air freight forwarding services.

BOUSTEAD CREDIT SDN BHD

What We Do

Boustead Credit is a hire purchase financier with a track record of financing used vehicles for over 42 years. The company operates out of offices in Mutiara Damansara, Selangor and Skudai, Johor; and is regulated by the Hire Purchase Act 1967 and Kementerian Perdagangan Dalam Negeri Dan Hal Ehwal Pengguna (KPDNHEP). As at end December 2021, it had 983 hire purchase customers in its books.

Business Environment

Since the pandemic, many have suffered significant loss of income as a result of movement restrictions curbing the ability to carry out business as usual. This has resulted in the inability to repay loans, increasing the volume and value of bad debts across the nation. Motivated to enhance the quality of its credit, as well as to serve Boustead and our own employees, in the last year Boustead Credit has focused primarily on loans provision to companies within the Group and individual Bousteadors.

Business Performance Review

Strategic Priorities	Key Initiatives	Achievements
Improve profitability	<ul style="list-style-type: none"> • Monetisation of non-strategic assets • Initiatives to reduce non-performing loans (NPL) • Recovery of bad debts through engagement with customers and demand for payment via legal means 	<ul style="list-style-type: none"> • Successful disposal of 4.5-storey shop office at Brickfields • Significant writeback of provision for NPL and bad debts • Volume of bad debts reduced by 8%

Key Achievements



Net loan receivables as at 31 December 2021 stood at **RM9** million



From a loss in 2020, Boustead Credit recorded PBT of **RM4** million in 2021

BUSINESS REVIEW

TRADING, FINANCE & INVESTMENT DIVISION

THE UNIVERSITY OF NOTTINGHAM IN MALAYSIA SDN BHD

The University of Nottingham in Malaysia Sdn Bhd (UNIM) saw a decrease in enrolment of approximately 21% by Malaysian students into its Foundation, Undergraduate and Master's programmes while its international student intake fell by 6% compared with 2020. This, coupled with conclusion of the University's Bangladesh College Education Development Project, resulted in a lower profit for the year.

Although the pandemic has created challenges related to teaching, learning and research for both lecturers and students, the University continued to navigate through these to improve the overall tertiary educational experience.

BOUSTEAD GLOBAL RISK SOLUTION SDN BHD

Boustead Global Risk Solution (BGRS) is a general insurance agency that provides professional insurance solutions, mainly to Boustead Group of companies. Going forward the company seeks to intensify its marketing efforts to expand its customer base and decrease its reliance on the Group.

MHS AVIATION BERHAD

In 2021, MHS Aviation Berhad (MHSA) focused on disposing of the helicopters and spares under its stable. Discussions with prospective buyers, including foreign parties, were held during the year. Nevertheless, due to movement restrictions, the process is likely to be completed only in year 2022. During the year, MHSA continued to participate in tenders to provide offshore helicopter services. It is also exploring other opportunities such as helicopter services for medical evacuation as it continues to retain its certificates, licences, approvals and permits from the relevant aviation regulatory bodies.

AFFIN BANK BERHAD

While continuing to extend financial aid to those impacted by the pandemic – via the loan moratorium and other initiatives under its Financial Assistance and Instalment Relief (FAIR) programme – AFFIN Bank (the Bank) performed significantly better in 2021 than in the previous financial year.

The Bank posted a PBT of RM704 million, marking an 82.0% increase from RM387 million in 2020. This strong performance was due to improved net interest income, Islamic Banking income, net fee and commission income, lower modification loss and allowance for impairment losses. The Bank's share of profits from its joint venture and associate were also higher by RM3 million and RM1 million respectively.

A key development during the year was the launch of A1addin, Affin's Digital Bank, which will accelerate its digitalisation agenda. At the same time, increased digital activity increases the Bank's exposure to cybersecurity risks, which our associate is set to manage through an enhanced Risk Management framework. In anticipation of monetary tightening in 2022, the Bank is set to adapt its product lines by offering yield-enhancing investment products to further build its customer base. Meanwhile, it will also focus more intently on further developing its sustainability initiatives, especially in the area of responsible lending.

CADBURY CONFECTIONARY MALAYSIA SDN BHD

In 2021, Cadbury Confectionary Malaysia Sdn Bhd (Cadbury) registered an improved profit as both domestic and export sales recovered from the onslaught of the pandemic in year 2020. This was achieved through the implementation of strategic advertising campaigns. Moving forward, Cadbury will continue to look for opportunities to strengthen its position as the country's leading chocolatier.

DREW AMEROID (M) SDN BHD

Despite significant sales disruption due to COVID-19, Drew Ameroid delivered strong financial results with an increase in sales and profitability. Enhanced pulp and paper chemical sales contributed significantly to the company's overall sales revenue. Although the impact of the pandemic has yet to wane, and despite rising product costs in the year ahead, the company remains committed to driving its sales focus via new products and quality services, including the supply of innovative water treatment systems and equipment.



New look of BHPetrol service stations

OUTLOOK & PROSPECTS

As the economy recovers in 2022, we expect all of our Trading, Finance & Investment companies to see better performance.

BHPetrol stands to benefit from increasing traffic into its network of stations as well as a further strengthening of its brand. The latter will be driven by new digital offerings, the addition of more QSR outlets and other conveniences, as well as an enhanced customer experience overall.

Together with a reopening of Malaysian borders from April 2022, both domestic and international travel are poised to see significant recovery. This is positive news for the various companies involved in air and sea travel.

Meanwhile, BSA intends to create further synergies with Group members while actively exploring opportunities to expand its market share. Leveraging on the experience gained in the provision of logistics and distribution activities for Sinovac COVID-19 vaccines, it plans to increase its presence in the medical industry more generally. The Company sees 2022 as a turning point in realising its true potential.

SECTION

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LEADERSHIP

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATUK SERI MOHD REDZUAN MD YUSOF

Independent Non-Executive Chairman

DATO' SRI MOHAMMED SHAZALLI RAMLY

Group Managing Director

IZADDEEN DAUD

Deputy Group Managing 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

SENATOR DATUK SERI HAJJAH ZURAINAH MUSA

Non-Independent Non-Executive Director

DATO' SERI ROSMAN MOHAMED

Independent Non-Executive Director

DATO' AHMAD NAZIM ABD RAHMAN

Non-Independent Non-Executive Director

PAULINE TEH @ PAULINE TEH ABDULLAH

Independent Non-Executive Director

DATUK MAULIZAN BUJANG

Independent Non-Executive Director

MUHAMMAD FITRI OTHMAN

Non-Independent Non-Executive Director
(Alternate Director to Dato' Ahmad Nazim Abd Rahman)

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

BOARD AT A GLANCE

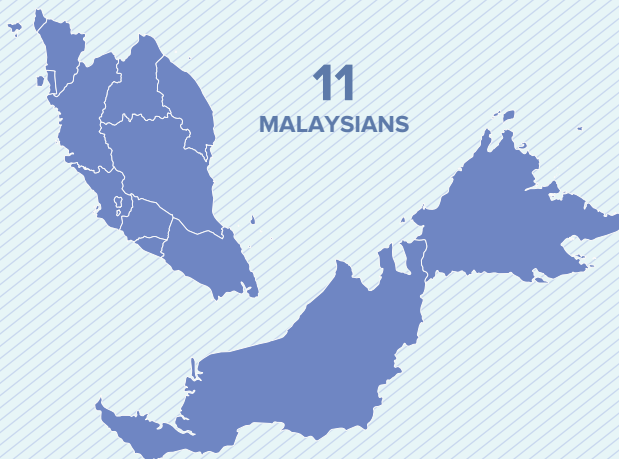
BOARD DESIGNATION

- 2** Executive Directors
- 7** Independent Non-Executive Directors
- 2** Non-Independent Non-Executive Directors

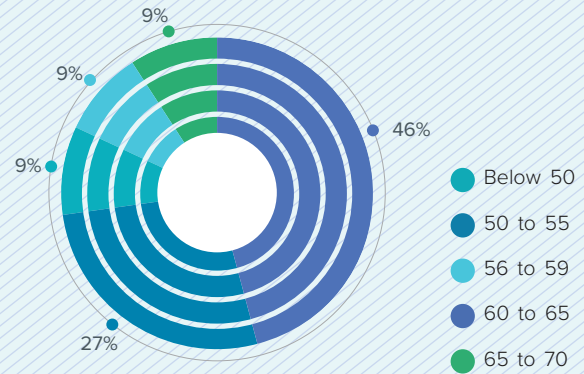
GENDER



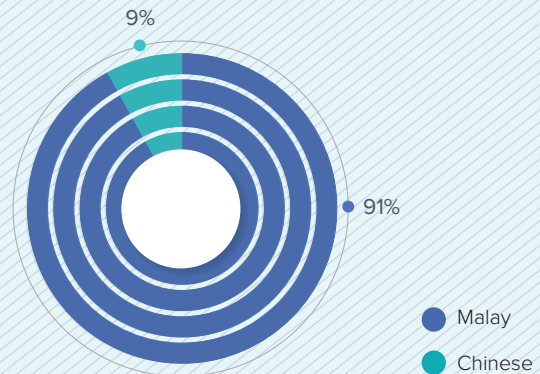
NATIONALITY



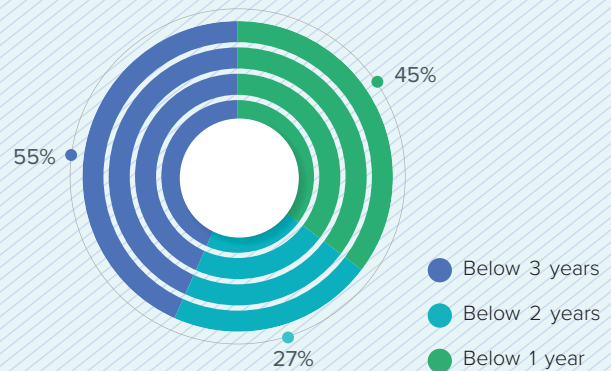
AGE



ETHNICITY / RACE



BOARD TENURE



BOARD OF DIRECTORS

1 DATUK SERI MOHD REDZUAN MD YUSOF

Independent
Non-Executive Chairman

3 IZADDEEN DAUD

Deputy Group
Managing Director

2 DATO' SRI MOHAMMED SHAZALLI RAMLY

Group Managing Director

4 LIEUTENANT GENERAL DATO' FADZIL MOKHTAR (R)

Independent
Non-Executive Director



5 DATO' NONEE ASHIRIN DATO' MOHD RADZI

Independent
Non-Executive Director

7 SENATOR DATUK SERI HAJJAH ZURAINAH MUSA

Non-Independent
Non-Executive Director

9 DATO' AHMAD NAZIM ABD RAHMAN

Non-Independent
Non-Executive Director

11 DATUK MAULIZAN BUJANG

Independent
Non-Executive Director

6 TAN SRI ABU BAKAR HAJI ABDULLAH

Independent
Non-Executive Director

8 DATO' SERI ROSMAN MOHAMED

Independent
Non-Executive Director

10 PAULINE TEH @ PAULINE TEH ABDULLAH

Independent
Non-Executive Director

12 MUHAMMAD FITRI OTHMAN

Non-Independent
Non-Executive Director
(Alternate to
Dato' Ahmad Nazim
Abd Rahman)



PROFILE OF DIRECTORS

DATUK SERI MOHD REDZUAN MD YUSOF

Independent Non-Executive Chairman



Nationality: Malaysian



Age: 64



Gender: Male



Date of Appointment: 3 January 2022



Length of Service: Less than 1 year



Date of last Re-election: –

- 2014 to 2018 – Director, Bukit Fraser Thermal Technologies Sdn Bhd
- 2018 to 2020 – Minister of Entrepreneur Development and Co-operatives (MEDAC)
- 2020 to 2021 – Minister in the Prime Minister's Department (Special Functions)
- 2021 – Chairman, Board of Trustees, Yayasan Peneraju Pendidikan Bumiputera (Yayasan Peneraju)
- 2021 – Chairman, TERAJU

Qualification

- 1982 – Bachelor of Science (Honours), Civil Engineering, The University of Leeds, 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

Board Committee(s)

- Nil

Board Meeting attended in the financial year

- None, as Datuk Seri Mohd Redzuan Md Yusof was appointed to the Board on 3 January 2022

Working Experience

- 1982 to 1990 – Site Engineer, ESSO Malaysia Berhad
- 1990 to 1993 – Engineer, Petronas Carigali Sdn Bhd
- 1994 to 2001 – Executive Director (ED), Orbtech Group of Companies
- 2002 to 2006 – ED, Gagnar Group of Companies
- 2006 to 2008 – Chief Executive Officer (CEO), Module Tech Sdn Bhd
- 2009 to 2011 – ED, Swiber Marine (M) Sdn Bhd and Country Representative, Swiber Holdings Ltd, Singapore
- 2012 to 2018 – Directors and CEO of Gagnar Group, Marginal Field Solutions Sdn Bhd and Seahorse Platforms Asia Sdn Bhd

DATO' SRI MOHAMMED SHAZALLI RAMLY
Group Managing Director



Nationality: Malaysian



Age: 60



Gender: Male



Date of Appointment: 1 December 2020



Length of Service: 2 years



Date of last Re-election: 24 June 2021

- 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

Board Committee(s)

- Nil

Board Meeting attended in the financial year

- 11/11

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

Directorship in other public listed companies

- Pharmaniaga Berhad
- Boustead Heavy Industries Corporation 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

PROFILE OF DIRECTORS

IZADDEEN DAUD

Deputy Group Managing Director



Nationality: Malaysian



Age: 53



Gender: Male



Date of Appointment: 18 May 2020



Length of Service: 2 years



Date of last Re-election: 22 July 2020

Board Committee(s)

- Nil

Board Meeting attended in the financial year

- 11/11

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 March 2022 – 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

LIEUTENANT GENERAL DATO' FADZIL MOKHTAR (R)

Independent Non-Executive Director

**Nationality:** Malaysian**Age:** 63**Gender:** Male**Date of Appointment:** 15 July 2019**Length of Service:** 3 years**Date of last Re-election:** 24 June 2021**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

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

- 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

PROFILE OF DIRECTORS

DATO' NONEE ASHIRIN DATO' MOHD RADZI

Independent Non-Executive Director



Nationality: Malaysian



Age: 50



Gender: Female



Date of Appointment: 15 July 2019



Length of Service: 3 years



Date of last Re-election: 24 June 2021

Board Committee(s)

- Chairman of Sustainability Committee

Board Meeting attended in the financial year

- 10/11

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

- FGV Holdings 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

TAN SRI ABU BAKAR HAJI ABDULLAH

Independent Non-Executive Director

**Nationality:** Malaysian**Age:** 67**Gender:** Male**Date of Appointment:** 21 August 2020**Length of Service:** 2 years**Date of last Re-election:** 24 June 2021**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

Board Committee(s)

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

Board Meeting attended in the financial year

- 11/11

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

PROFILE OF DIRECTORS

SENATOR DATUK SERI HAJJAH ZURAINAH MUSA

Non-Independent Non-Executive Director



Nationality: Malaysian



Age: 60



Gender: Female



Date of Appointment: 21 August 2020



Length of Service: 2 years



Date of last Re-election: 24 June 2021

Board Committee(s)

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

Board Meeting attended in the financial year

- 11/11

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
- October 2021 to present – Member of Economic Action Council
- December 2021 to present – Member of The Senate, Parliament of Malaysia

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

DATO' SERI ROSMAN MOHAMED
Independent Non-Executive Director



Nationality: Malaysian



Age: 60



Gender: Male



Date of Appointment: 1 July 2021



Length of Service: Less than 1 year



Date of last Re-election: –

- January 2014 to June 2015 – Managing Partner, LDS (M) Sdn Bhd and Top Performers Leadership Centre
- July 2015 to April 2018 – Managing Director, Centre of Excellence, Abdul Latif Jameel
- April 2019 to January 2021 – Board Member/Acting Managing Director/Chief Executive Officer, Bank Rakyat

Qualification

- 1982 – Diploma in Accountancy, Ungku Omar Polytechnic, Perak
- 1991 – Executive Diploma in Marketing and Selling Bank Services, International Management Centre, Buckingham
- 1985 – Bachelor of Business Administration (Accounting), Urbana University, Ohio
- 1987 – Master of Business Administration, Saint Louis University, Missouri

Board Committee(s)

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

Board Meeting attended in the financial year

- 5/5

Working Experience

- August 1982 to December 1983 – Executive Accounting Officer, Road Transport Department, Malaysia
- August 1988 to January 1993 – Head of Training/Credit Manager, Maybank
- February 1993 to December 1997 – Founder and Consultant, Growthworks (Asia) Sdn Bhd
- January 1998 to November 2001 – Senior Manager, Change Management, British American Tobacco Malaysia
- December 2001 to June 2008 – Regional Business Development and HR Director Asia Pacific, Malaysia, Cabot Corporation
- July 2008 to June 2012 – Managing Director, Kaizen Business Development and Human Resources, Jeddah, Saudi Arabia, Abdul Latif Jameel
- October 2012 to December 2013 – Senior General Manager, Corporate Services, Bank Rakyat

Details of any interest in the securities of Boustead Holdings Berhad

- Nil

Directorship in other public listed companies

- Khind Holdings Berhad
- Ni Hsin Group 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

PROFILE OF DIRECTORS

DATO' AHMAD NAZIM ABD RAHMAN Non-Independent Non-Executive Director



Nationality: Malaysian



Age: 46



Gender: Male



Date of Appointment: 1 July 2021



Length of Service: Less than 1 year



Date of last Re-election: –

- May 2020 to present – Member of the Board/Chairman of Economic Committee, Energy Commission
- June 2021 to present – Chief Executive, Lembaga Tabung Angkatan Tentera (LTAT)

Qualification

- Bachelor of Laws (LL.B) (Honours), International Islamic University Malaysia
- Master of Laws (LL.M) (J William Fullbright Fellow), Georgetown University, Washington DC
- Master of Public Affairs (Economics and Public Policy), Institut d'Etudes Politiques de Paris – Sciences Po, Paris

Details of any interest in the securities of Boustead Holdings Berhad

- Nil

Directorship in other public listed companies

- 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

Board Committee(s)

- Member of Nominating and Remuneration Committee

Board Meeting attended in the financial year

- 4/5

Working Experience

- June 2001 to June 2007 – Senior Associate, Securities Commission
- June 2007 to December 2008 – Associate, Norton Rose Fulbright LLP, London
- April 2009 to April 2012 – Director, National Bank of Abu Dhabi, United Arab Emirates
- July 2013 to October 2018 – Chief Executive Officer, Pelaburan MARA Berhad
- May 2015 to June 2021 – Non-Executive Director, Regulus Advisors Pte Ltd., Singapore
- October 2019 to June 2021 – Managing Director (Southeast Asia), Allied Investment Partners PJSC, Singapore
- April 2020 to present – Member of the Board, National Higher Education Fund Corporation (PTPTN)

PAULINE TEH @ PAULINE TEH ABDULLAH

Independent Non-Executive Director

**Nationality:** Malaysian**Age:** 51**Gender:** Female**Date of Appointment:** 13 September 2021**Length of Service:** Less than 1 year**Date of last Re-election:** –**Qualification**

- Bachelor of Commerce (Accounting) Business Administration, Saint Mary University, Halifax Nova Scotia, Canada
- Masters in Business Administration (Finance), University of Hull, 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

- Taurus Investment Management Berhad (formerly known as Libra Invest Berhad)
- Export-Import Bank of Malaysia 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

Board Committee(s)

- Chairman of Audit Committee
- Member of Risk Committee

Board Meeting attended in the financial year

- 3/3

Working Experience

- 1994 to 1996 – Senior Operations Officer, Public Bank Berhad
- 1996 to 1998 – Assistant Vice President, Perdana Merchant Bankers Berhad
- 1998 to 2000 – Associate Director, Hanifah Teo & Associates
- 2000 to 2008 – Director, BDO Capital Consultants Sdn Bhd
- 2008 to 2021 – Executive Director and Head of Department, Crowe Advisory Sdn Bhd

PROFILE OF DIRECTORS

DATUK MAULIZAN BUJANG

Independent Non-Executive Director



Nationality: Malaysian



Age: 58



Gender: Male



Date of Appointment: 1 February 2022



Length of Service: Less than 1 year



Date of last Re-election: –

Board Committee(s)

- Member of Sustainability Committee

Board Meeting attended in the financial year

- None, as Datuk Maulizan Bujang was appointed to the Board on 1 February 2022.

Working Experience

- 1994 to 2013 – Various positions in Johor State Government
- 1996 to 2008 – Director, Budiara Sdn Bhd
- 1997 to 2008 – Chairman, Fella Holding Berhad (Fella Design)
- 2006 to 2008 – Director, DK Leather Corporation Berhad
- 2008 to present – Chairman, Gerbang Nusajaya Development Sdn Bhd

Qualification

- 1999 – Diploma in Business Studies, The Institute of Commercial Management
- 2002 – Bachelor of Arts (Business Administration), Ottawa University, Kansas, United States of America

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

MUHAMMAD FITRI OTHMAN
 Non-Independent Non-Executive Director
(Alternate to Dato' Ahmad Nazim Abd Rahman)



Nationality: Malaysian



Age: 38



Gender: Male



Date of Appointment: 20 October 2021



Length of Service: Less than 1 year



Date of last Re-election: –

Qualification

- B.Sc Economics and Finance (First Class Honours), University of Southampton, United Kingdom
- M.Sc Economics, London School of Economics and Political Science (LSE), United Kingdom
- Chartered Financial Analyst, CFA Institute, United States of America

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

Board Committee(s)

- Nil

Board Meeting attended in the financial year

- 2/3

Working Experience

- November 2007 to February 2013 – Portfolio Manager and Investment Analyst, International Fund Management (IFM), Permodalan Nasional Berhad (PNB)
- March 2013 to November 2014 – Head of Portfolio Management, IFM, PNB
- December 2014 to December 2017 – Head of Fund Management, PNB Asset Management (Japan), Tokyo
- January 2018 to April 2019 – Senior Manager, PNB
- May 2019 to January 2020 – Head of Foreign Equity Investment, Social Security Organization (SOCO)
- January 2020 to August 2021 – Head of Public Markets, Lembaga Tabung Angkatan Tentera (LTAT)
- September 2021 to present – Chief Investment Officer, LTAT

OUR APPRECIATION TO FORMER DIRECTORS



DATO' SERI MOHAMED KHALED NORDIN
Non-Independent Non-Executive Chairman



Nationality: Malaysian



Age: 63



Gender: Male

(Resigned w.e.f. 5 August 2021)

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 stateowned entities.



DATUK ZAINUN AISHAH AHMAD
Senior Independent Non-Executive Director



Nationality: Malaysian



Age: 75



Gender: Female

(Retired w.e.f. 3 September 2021)

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 Penyelesaian Perindustrian

EXECUTIVE COMMITTEE MEMBERS



**DATO' SRI MOHAMMED
SHAZALLI RAMLY**

Group Managing Director



IZADDEEN DAUD

Deputy Group Managing Director



FAHMY ISMAIL

Group Finance Director



**AHMAD SHAHREDZUAN
MOHD SHARIFF**

Chief Reinvention & Strategy
Officer

PROFILE OF EXECUTIVE COMMITTEE MEMBERS



Fahmy Ismail

Group Finance Director



Nationality:
Malaysian



Gender: Male



Age: 45



Date of Appointment to present position:
1 October 2017

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 Practicing 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

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



Ahmad Shahredzuan Mohd Shariff

Chief Reinvention & Strategy Officer



Nationality:
Malaysian



Gender: Male



Age: 39



Date of Appointment to present position:
1 March 2021

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

BOUSTEAD GROUP MANAGEMENT COUNCIL MEMBERS



DATO' SRI MOHAMMED SHAZALLI RAMLY

Group Managing Director/Acting Chief
Engagement & Communications Officer



IZADDEEN DAUD

Deputy Group Managing Director



FAHMY ISMAIL

Group Finance Director



AHMAD SHAHREDZUAN MOHD SHARIFF

Chief Reinvention & Strategy Officer



DATUK ZULKARNAIN MD EUSOPE

Group Managing Director,
Pharmaniaga Berhad



SHARIFUDDIN MD ZAINI AL-MANAF

Chief Executive Officer,
Boustead Heavy Industries
Corporation Berhad



ZAINAL ABIDIN SHARIFF

Chief Executive Officer,
Boustead Plantations Berhad



KHAIRUL AZIZI ISMAIL

Chief Executive Officer,
Boustead Properties Berhad and
Acting Chief Executive Officer,
Boustead Hotels & Resorts Sdn Bhd



IR. AZIZUL AZILY AHMAD

Acting Chief Executive Officer,
Boustead Petroleum Marketing Sdn Bhd

**GAN BOON TING**

Managing Director/Chief Executive Officer,
UAC Berhad

**NURUL AZILAH AHMAD KAMIL**

Chief Executive Officer,
Boustead Digital Services Sdn Bhd

**IR. AZRIL HISHAM ABU HASSAN**

Chief Executive Officer,
Boustead Technology Sdn Bhd

**DATUK AZNI HASAN BASRI**

Group Chief People Officer

**MOHD ZAIDI ZAINOL RASHID**

General Manager, Group Legal & Compliance

**PREMILA RAJARATNAM**

Head, Group Internal Audit & Risk Management

**ROSMAN JOHAR ABDULLAH**

Head, Group Integrity & Governance

**MUZAMIR SHAH MOHAMED SHARIFF**

Head, Group Information Technology

**AFFENDI MOHD YOB**

Head, Group Secretarial

PROFILE OF BOUSTEAD GROUP MANAGEMENT COUNCIL MEMBERS



Datuk Zulkarnain Md Eusope

Group Managing Director
Pharmaniaga Berhad



Nationality:
Malaysian



Gender:
Male



Age:
54



Date of Appointment to present position:
1 September 2020

Working Experience

- 1991 to 1995 – Electrical Engineer, Tenaga Nasional Berhad
- 1996 to 2000 – Project Manager, EPE Power Corporation Berhad
- 2001 to 2005 – Project Coordinator, heading the international business 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

- Pharmaniaga 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



Sharifuddin Md Zaini Al-Manaf

Chief Executive Officer

Boustead Heavy Industries Corporation Berhad



Nationality:
Malaysian



Gender:
Male



Age:
51



Date of Appointment to present position:
1 April 2020

Working Experience

- 2001 to 2004 – Head of LPG Business, Shell Gas Brunei
- 2004 to 2005 – Supply Chain Manager – Malaysia & Singapore, Shell Gas Malaysia
- 2005 to 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

- 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

- Nil



Zainal Abidin Shariff

Chief Executive Officer,
Boustead Plantations Berhad



Nationality:
Malaysian



Gender:
Male



Age:
54



**Date of Appointment to
present position:**
12 July 2021

Working Experience

- 2014 to 2016 – Chief Financial Officer, Chemara Palmea Holdings Berhad
- 2016 to 2018 – Chief Operating Officer/Chief Financial Officer, FELCRA Berhad
- 2018 to 2019 – Chief Executive, The Incorporated Society of Planters
- 2019 to 2020 – Group Chief Executive Officer, TDM Berhad
- July 2021 to present – Chief Executive Officer, Boustead Plantations Berhad

Qualification

- Master of Finance, RMIT University Melbourne, Australia
- The Chartered Association of Certified Accountants Examination
- Diploma in Advanced Accounting, Luton College of Higher Education, 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



Khairul Azizi Ismail

Chief Executive Officer, Boustead Properties Berhad
Acting Chief Executive Officer, Boustead Hotels & Resorts Sdn Bhd



Nationality:
Malaysian



Gender:
Male



Age:
52



**Date of Appointment to
present position:**
15 March 2022

Working Experience

- 1991 to 1993 – Branch Officer, Affin Bank
- 1996 to 1997 – Executive, Corporate Banking, Arab-Malaysian Bank
- 1997 to 1998 – Senior Executive, Corporate Planning/Finance, Damansara Realty Berhad
- 1998 to 1999 – Investment Analyst, Perbadanan Nasional Berhad (PNB)
- 2000 to 2000 – Senior Executive, Equity Resource, PNB
- 2000 to 2005 – Head of Department/Manager, Investment Operation, PNB
- 2005 to 2006 – Head of Division, Corporate Investment & Monitoring, PNB
- 2006 to 2008 – Group General Manager, Corporate Planning & Business Development, Tradewinds Corporation Berhad
- 2008 – General Manager, Corporate Planning, Tradewinds (M) Berhad
- 2008 to 2020 – Chief Investment Officer, MARA Incorporated Sdn Bhd (MARA Incorporated)
- 2015 to 2018 – Acting Chief Executive Officer (CEO), MARA Incorporated
- 2018 to 2020 – CEO, MARA Incorporated
- 2020 to 2022 – Managing Director, Vintage Capital Sdn Bhd
- 2022 to present – CEO, Boustead Properties Berhad
- 2022 to present – Acting CEO, Boustead Hotels & Resorts Sdn Bhd

Qualification

- Bachelor of Business Administration (Finance), Western Michigan University, USA.

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



Ir. Azizul Azily Ahmad

Acting Chief Executive Officer,
Boustead Petroleum Marketing Sdn Bhd



Nationality:
Malaysian



Gender:
Male



Age:
54



Date of Appointment to present position:
1 January 2022

Working Experience

- 1991 to 1994 – HSE & Maintenance Engineer, Syarikat PETRONAS Dagangan Berhad
- 1994 to 1998 – Retail Engineer (New Built Project), BP (M) Sdn Bhd
- 1999 to 2000 – Retail Territory Manager, BP (M) Sdn Bhd
- 2000 to 2004 – Manager, Fuel Sales HSSE, BP (M) Sdn Bhd
- 2004 to 2011 – Senior Manager, Corporate Affairs, Boustead Petroleum Marketing Sdn Bhd (BPM) (Formerly known as BP (M) Sdn Bhd)
- 2011 to 2017 – General Manager, Commercial and Lubricants Business, Corporate Affairs and Government Relations, BPM
- 2017 to 2019 – General Manager, Supply, Retail, Corporate Affairs and Government Relations, BPM
- 2019 to 2020 – Acting Chief Executive Officer (CEO), BPM
- 2020 to 2021 – Senior General Manager, Supply, Retail, Corporate Affairs and Government Relations, BPM
- January 2022 to present – Acting CEO, BPM

Qualification

- Professional Engineer Registered with Board of Engineer Malaysia – C19733
- Member of The Institution of Engineers, Malaysia
- 1991 – Bachelor Sc Mechanical Engineering, University of Alabama, USA
- 1988 – American Associate Degrees, University of Indiana, USA

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



Gan Boon Ting

Managing Director/Chief Executive Officer,
UAC Berhad



Nationality:
Malaysian



Gender:
Male



Age:
59



Date of Appointment to present position:
1 July 2016

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



Nurul Azilah Ahmad Kamil

Chief Executive Officer,
Boustead Digital Services Sdn Bhd



Nationality:
Malaysian



Gender:
Female



Age:
38



Date of Appointment to present position:
25 October 2021

Working Experience

- 2006 to 2009 – Strategic Analyst, Executive Director's Office, Amanah Saham Nasional Berhad (100% wholly-owned subsidiary of Permodalan Nasional Berhad (PNB))
- 2010 to 2017 – Manager, Corporate Finance, PNB
- 2018 to 2019 – Investment Manager, Private Investment, PNB
- 2019 to 2020 – Manager & Investor Relations, Group Strategy, MMC Corporation Berhad
- 2020 to 2021 – Head of Corporate Finance & Strategic Planning, Boustead Holdings Berhad
- October 2021 to present – Chief Executive Officer, Boustead Digital Services Sdn Bhd

Qualification

- Chartered Financial Analyst (CFA), CFA Institute, United States of America
- Graduate Diploma in Applied Finance & Investments, Kaplan Professional, Australia
- Bachelor of Science (BSc) in Accounting and Finance, Warwick Business School, University of Warwick, 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



Ir. Azril Hisham Abu Hassan

Chief Executive Officer,
Boustead Technology Sdn Bhd



Nationality:
Malaysian



Gender:
Male



Age:
45



Date of Appointment to present position:
10 January 2022

Working Experience

- 2001 to 2004 – Electrical Engineer, MasterPower Ltd, Scotland
- 2004 to 2010 – GAME Project Lead (Electrical), Shell GtL Plant
- 2010 to 2015 – Lead Engineer (Electrical), Shell Upstream International
- January to April 2016 – Head of Operational Excellence, Det Norske Veritas (DNV) GL
- 2016 to 2018 – Chief Operating Officer, APO-IS Sdn Bhd
- 2018 to 2021 – Head of Technical Intelligence, Petronas Group Technical Solutions
- 2022 to present – Chief Executive Officer, Boustead Technology Sdn Bhd

Qualification

- Professional Engineer, Board of Engineers Malaysia
- Chartered Engineer, Engineering Council, United Kingdom
- Certified Tripod Practitioner-Incident Investigation, Energy Institute, United Kingdom
- Certificate, Shell Open University, Upstream Operational Excellence
- B. Eng (Hons) Electrical Power, MARA University of Technology
- Diploma in Electrical Engineering, MARA University of Technology

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



Datuk Azni Hasan Basri

Group Chief People Officer



Nationality:
Malaysian



Gender:
Female



Age:
56



Date of Appointment to present position:
1 December 2021

Working Experience

- 1990 to 1993 – Senior Executive, Human Resources and Administration, Central Region Office, Projek Lebuhraya Utara Selatan Berhad
- 1993 to 1994 – Head, Training & IR, Johnson & Johnson Medical Manufacturing Sdn Bhd
- 1994 to 1998 – Manager, Human Resource, City Television Sdn Bhd
- 2000 to 2005 – Manager, Human Resource, Asia Pacific Auction Centre Sdn Bhd
- 2005 to 2012 – Senior Vice President, Human Capital, Malaysian Biotechnology Corporation Sdn Bhd
- 2012 to 2019 – Senior Vice President, Human Capital, Perbadanan PRIMA Malaysia (PRIMA)
- 1 December 2021 to present – Group Chief People Officer, Boustead Holdings Berhad

Qualification

- Bachelor of Business Administration, University of Missouri, United States of America

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



Mohd Zaidi Zainol Rashid

General Manager,
Group Legal & Compliance



Nationality:
Malaysian



Gender:
Male



Age:
50



Date of Appointment to present position:
1 September 2013

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



Premila Rajaratnam

**Head,
Group Internal Audit & Risk Management**



Nationality:
Malaysian



Gender:
Female



Age:
40



**Date of Appointment to
present position:**
1 August 2021

Working Experience

- 2004 to 2010 – Manager, Internal Audit, Risk & Compliance Services, KPMG Malaysia
- 2010 to 2011 – Finance Manager, Boustead Engineering Sdn Bhd
- 2011 to 2015 – Financial Controller, MHS Aviation Berhad
- 2016 to 2021 – Deputy General Manager (Finance), Pharmaniaga Berhad (Manufacturing)
- 1 August 2021 to present – Head, Group Internal Audit & Risk Management, Boustead Holdings Berhad

Qualification

- Association of Chartered Certified Accountants (ACCA)
- Fellow, ACCA
- 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



Rosman Johar Abdullah

**Head,
Group Integrity & Governance**



Nationality:
Malaysian



Gender:
Male



Age:
47



**Date of Appointment to
present position:**
1 October 2021

Working Experience

- 1997 to 2010 – Certified Insurance Loss Adjuster in several local and international firms
- 2010 to 2011 – Assistant Manager, Special Affairs/Group Internal Audit, Telekom Malaysia Berhad (Telekom)
- 2011 to 2015 – Manager, Special Affairs/Group Internal Audit, Telekom
- 2015 to 2017 – Assistant General Manager, Special Affairs/Group Internal Audit, Telekom
- 2017 to 2019 – Head of Fraud Management/Group Business Assurance, Telekom
- 2019 to 2021 – Head, Group Integrity & Governance, Telekom
- 1 October 2021 to present – Head, Group Integrity & Governance, Boustead Holdings Berhad

Qualification

- Certified Integrity Officer, Malaysian Anti-Corruption Commission
- Certified Insurance Loss Adjuster, Malaysian Insurance Institute
- Master of Business Administration in Finance, Universiti Putra Malaysia
- Bachelor of Business Administration (Hons) in Finance, Universiti Utara 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

PROFILE OF BOUSTEAD GROUP MANAGEMENT COUNCIL MEMBERS



Muzamir Shah Mohamed Shariff

**Head,
Group Information Technology**



Nationality:
Malaysian



Gender:
Male



Age:
50



**Date of Appointment to
present position:**
23 March 2020

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, TV3
- 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 Brands (M) Holdings Bhd
- March 2020 to present – Head, Group IT, Boustead Holdings Berhad

Qualification

- Master of Science in Business Information System, University of East London, United Kingdom
- Executive Master of Business Administration, 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
- Member of Institute of Corporation Directors (ICDM), ICDM 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



Affendi Mohd Yob

**Head,
Group Secretarial**



Nationality:
Malaysian



Gender:
Male



Age:
44



**Date of Appointment to
present position:**
1 January 2020

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 (IMS)
- 2009 to 2010 – Company Secretary, IMS
- 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

HEADS OF SUBSIDIARIES



DATUK ZULKARNAIN MD EUSOPE

Group Managing Director
Pharmaniaga Berhad



SHARIFUDDIN MD ZAINI AL-MANAF

Chief Executive Officer
Boustead Heavy Industries Corporation Berhad



ZAINAL ABIDIN SHARIFF

Chief Executive Officer
Boustead Plantations Berhad



KHAIRUL AZIZI ISMAIL

Chief Executive Officer
Boustead Properties Berhad
Acting Chief Executive Officer
Boustead Hotels & Resorts Sdn Bhd



IR. AZIZUL AZILY AHMAD

Acting Chief Executive Officer
Boustead Petroleum Marketing Sdn Bhd



GAN BOON TING

Managing Director/Chief Executive Officer
UAC Berhad



NURUL AZILAH AHMAD KAMIL

Chief Executive Officer
Boustead Digital Services Sdn Bhd

HEADS OF SUBSIDIARIES

**IR. AZRIL HISHAM ABU HASSAN**

Chief Executive Officer
Boustead Technology Sdn Bhd

**SURIZAN HASHIM**

Acting Head
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

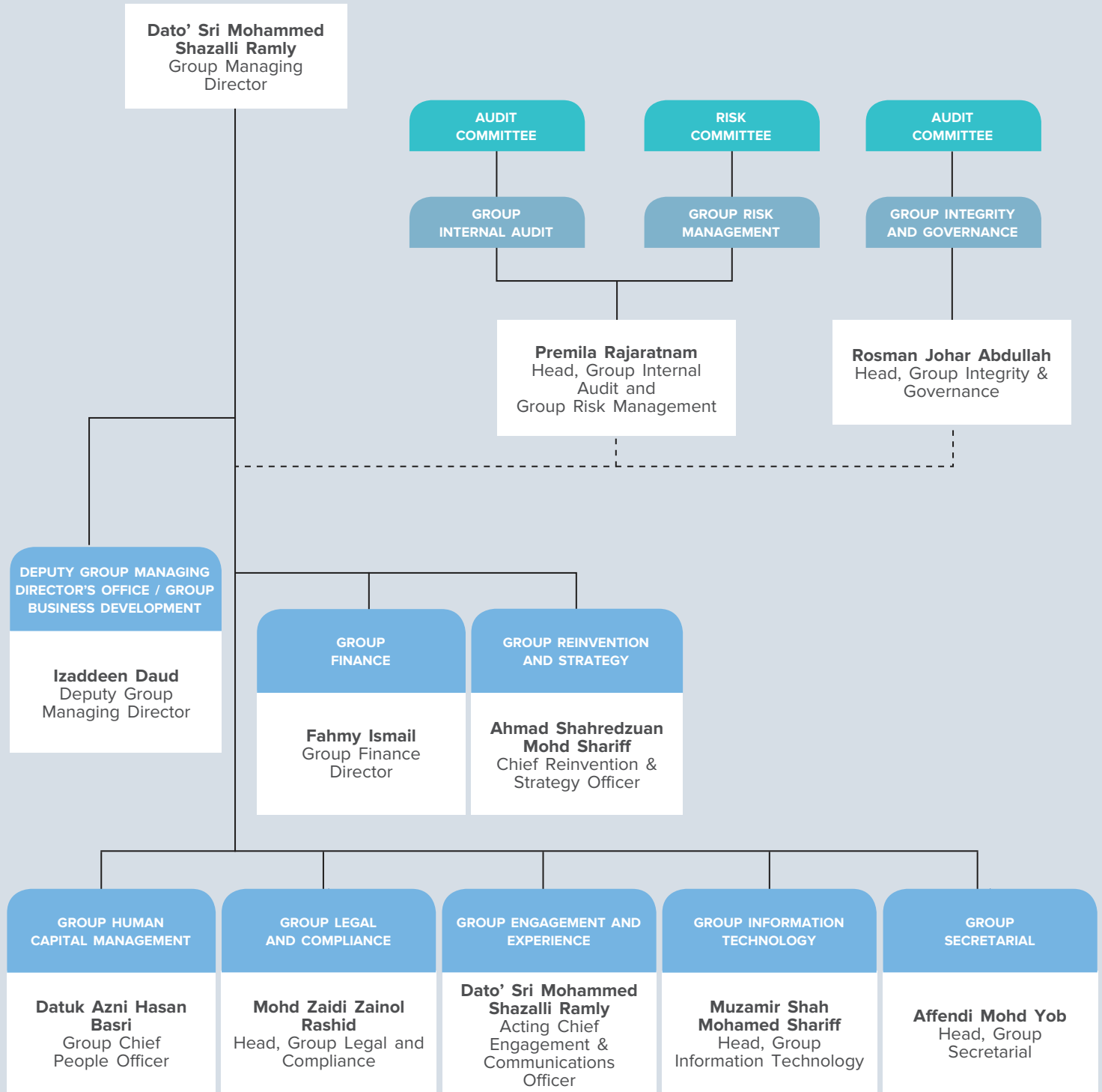
**RAHMAT HUSSAIN**

Chief Operating Officer
MHS Aviation Berhad

**PROFESSOR SARAH METCALFE**

Provost/Chief Executive Officer
The University of Nottingham in Malaysia Sdn Bhd

ORGANISATION STRUCTURE



SECTION

06

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GOVERNANCE

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (Board) of Boustead Holdings Berhad (BHB or the Company) believes that good corporate governance is testament of the Board's commitment to achieve the highest standards of professionalism. The Board strives to ensure that it is practiced throughout BHB and its subsidiaries (collectively referred to as the Group) as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and raise the performance of the Group.

This Corporate Governance Overview Statement sets out the principal features of the Group's corporate governance approach, summary of corporate governance practices during the year under review 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 (MMLR) of Bursa Malaysia Securities Berhad (Bursa Malaysia). Guidance was also drawn from Practice Note 9 of MMLR and the Corporate Governance Guide issued by 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 at 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 Integrated Report namely, the Statement on Risk Management and Internal Control, Audit Committee Report, Risk Committee Report and Sustainability Statement.

OUR CORPORATE GOVERNANCE APPROACH

The 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, namely Board and Senior Management;
- adopt in substance the 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 balance in meeting the expectations of the different groups of stakeholders of the Group.

The Board forms the pivot of good corporate governance in the Group. As such, it plays a leading role in steering efforts to promote meaningful and thoughtful application of good corporate governance practices. The Group regularly reviews its corporate governance arrangements and practices to ascertain that they reflect prevailing norms, market dynamics, emerging trends, developments in the regulatory framework and evolving stakeholder expectations.

SUMMARY OF CORPORATE GOVERNANCE PRACTICES

The Board is committed in ensuring that there is a strong and effective system of corporate governance in place to support the successful execution of the Group's strategies.

As a Group driven by its responsibility to shareholders and a broader group of stakeholders, good governance for BHB is imperative to its long-term success. The Board embraces transparency and accountability in the boardroom and promotes these critical components of governance throughout the Group.

An important role of corporate governance is to ensure sustainable long-term performance, maximise returns for stakeholders and create long-term economic value and growth.

As a manifestation of the Group's commitment towards sound corporate governance, the Group has benchmarked its practices against the relevant promulgations as well as the best practices in corporate governance.

BHB applied all the Practices encapsulated in MCGG 2021 except:

- Practice 8.2 (Disclosure of the top five Senior Management personnel's remuneration on a named basis in bands of RM50,000); and
- Practice 13.1 (Notice for Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting).

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 FRAMEWORK

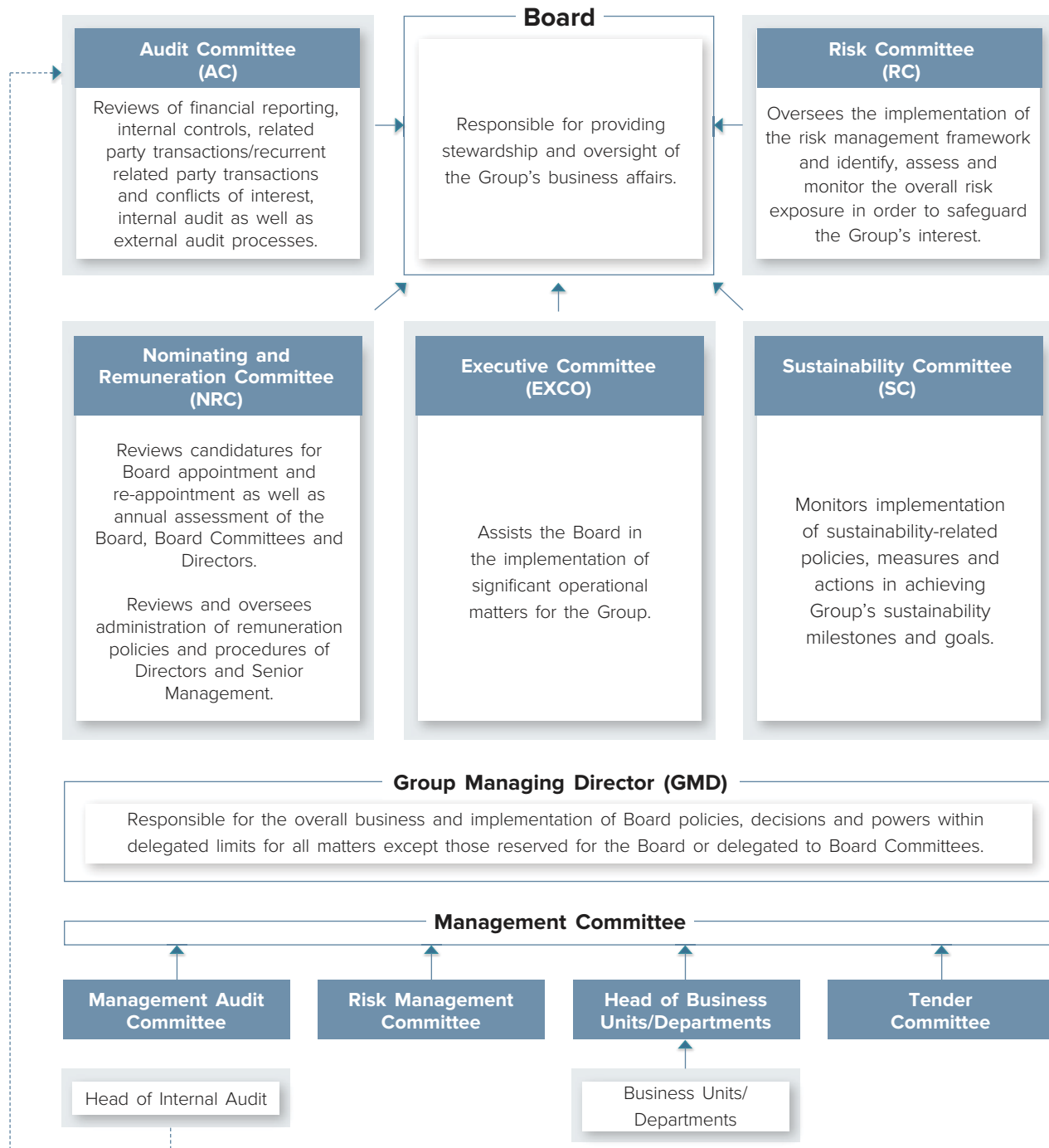
The Board discharges its responsibilities within a clear defined governance framework and robust mechanisms in place. Through this framework, the Board, without abdicating its responsibilities, delegates its governance responsibilities to key Committees of the Board and other Management Committees. The Board retains ultimate accountability and responsibility for the performance and affairs of the Group.

The Group's governance structure and practices create value for all its stakeholders by:

- promoting the Group's future through sound sustainable practices
- building cogency through principled leadership
- securing the integrity and quality of financial reporting
- ensuring good reputation with accountable behaviour

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The table below illustrates the Group's governance structure, an overview of the Board Committees and Management Committees:



BOARD CHARTER

The Board and the Board Committees are guided by a Board Charter and the respective Terms of Reference (TOR) which sets out the ethos of the Board and the Board Committees as well as its structure and authority. The Board Charter is a primary document that elucidates on the governance of the Board, Board Committees and individual Directors.

Aside from setting out the governance structure, authority and TORs of the Board, Board Committees and Management, as well as clearly identifying their respective roles and responsibilities and what is expected of them in terms of commitment, the Board Charter sets out the issues and decisions reserved for the Board.

The Board Charter and the TORs of the Board Committees are made available on BHB's website at www.boustead.com.my and were last reviewed on 28 August 2019.

BOARD'S ROLES AND RESPONSIBILITIES

The Board is collectively responsible for the overall leadership of the Group, meeting its objectives and goals and for promoting its long-term sustainability and success within a framework of prudent and effective controls.

In discharging its functions, the main roles and responsibilities of the Board are as follows:

- ➔ To review, approve and monitor the strategic business plans, goals and key policies proposed by the Management;
- ➔ To ensure that appropriate policies are in place, adopted effectively and are regularly reviewed;
- ➔ To review and approve financial statements;
- ➔ To review and manage principal risks and adequacy of BHB's internal control systems;
- ➔ To ensure there is an appropriate succession plan for members of the Board and Senior Management; and
- ➔ To ensure there is an effective communication with stakeholders.

The Board safeguards stakeholder value creation and ensures that the strategic plan of the Group supports long-term value creation and includes strategies on environmental, social and governance (ESG) considerations, which in turn will strengthen the integration of sustainability in the Group's operations.

Together with Management, the Board promotes good corporate governance culture within the Group, ensuring honest and ethical leadership, prudent and professional behaviour in the conduct of its business and in all aspects of its business operations.

Prudent and effective controls make it possible for the Board to assess and manage emerging risks and opportunities continuously to ensure long-term sustainable development and growth.

The balance on the Board with the presence of Non-Executive Directors (NEDs) ensures that no individual or small group of Directors are able to dominate the decision-making process and that the interests of shareholders are protected. The Board considers each NED to be independent in character and judgement.

The Board is satisfied that each Director has devoted sufficient time to effectively discharge his/her responsibilities. The current composition of Directors has a blend of skills, experience and knowledge enabling them to provide effective oversight, strategic guidance and constructive challenge and decide on Management's proposals and empower the GMD to implement strategies approved by the Board.

During the year under review, the Board deliberated on business strategies and critical issues concerning the Group, including its business plan, annual budget, significant acquisitions and disposals, financial results as well as key performance indicators.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD MEETINGS AND ATTENDANCE

The Board meets at least four times a year with additional meetings convened as and when necessary. Relevant members of the Management attend Board meetings by invitation and report to the Board on matters pertinent to their respective areas of responsibility.

The Chairman and the Company Secretary ensure that Directors receive clear and timely information on all relevant matters. Board and Board Committee papers and reading materials are circulated in a timely manner to ensure there is adequate time for the Directors to read, have an understanding of the subject matter, be prepared to deal with matters to be discussed at the meeting to enable the Board and Board Committees to make effective decisions. This facilitates a robust and informed discussion by the Board, ensuring that opportunities are given to all Directors to participate and contribute to an effective decision-making process.

The Directors can access the Board papers online through a secured collaborative software and confer with other Board members and the Company Secretary electronically. The software eases the process of distribution of meeting papers and minimises leakage of sensitive and confidential information.

Presentations to the Board are prepared and delivered in a manner that ensures clear and adequate understanding of the subject matter. If there are any urgent matters or there are additional documents, the Management will take the Board through the documents for a more detailed explanation.

The Minutes of Board meetings accurately reflect the deliberations and decisions of the Board, including any dissenting views and if any Director had abstained from voting or deliberating on a particular matter.

All Directors have unrestricted access to the Management and the Company Secretary who is qualified to act as company secretary in accordance with Section 235 of the Companies Act 2016 (CA 2016). The Company Secretary acts as advisor to the Board particularly with regard to the Company's Constitution, policies and procedures and its compliance with regulatory requirements, codes, guidelines and legislations. The Company Secretary ensures that discussions and deliberations at the Board and Board Committee meetings are well documented and communicated to the relevant Management for appropriate actions.

All Directors complied with the minimum attendance requirement of 50% of Board meetings held during the year under review. The Directors' commitment in discharging their duties and responsibilities is affirmed by their attendance at the Board meetings held during the year under review. The Board is satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities.

The COVID-19 pandemic had changed the way the Board and the Management undertook their respective activities. Board and Board Committee meetings were carried out both online and by physical attendance of members during the year under review.

In order for the Board to effectively manage the Group's crisis management, the Board met on a regular basis throughout the year under review to monitor the impact of the pandemic on the Group's operations and how the Management was responding to the developments and following through with the initiatives taken by the Group for the continuity of its operations while continuously fostering a safe working environment for its employees.

The Board conducted eleven meetings during the year under review. Due to the pandemic, the Board meetings continued to be held via a hybrid meeting arrangement. Aside from Board meetings, urgent matters were also decided via Directors' Circular Resolutions which were signed by all Directors.

In discharging their responsibilities during Board and Board Committee meetings, the Board and Board Committees practice active and open discussions so as to ensure that opportunities are given to all Directors to participate and contribute to the decision-making process. Robust discussions and intense deliberations at these meetings ensure that the process of constructive and healthy dialogue is achieved.

Directors must immediately declare if they have any interest in transactions that are to be entered into directly or indirectly with the Company. They must disclose the extent and nature of their interest at a Board meeting or as soon as practicable after they become aware of the conflict of interest. They must abstain from participating in the deliberation and Board decision on the matter as he/she is an interested party.

Attendance of individual Directors at Board and Board Committee meetings during the year under review are as follows:

Director	Board	AC	RC	NRC	SC
Executive Directors					
Dato' Sri Mohammed Shazalli Ramly	11/11				
Izaddeen Daud	11/11				
Independent Non-Executive Directors					
Datuk Seri Mohd Redzuan Md Yusof ¹	Nil				
Lieutenant General Dato' Fadzil Mokhtar (R)	11/11	6/6	3/3		2/2
Dato' Nonee Ashirin Dato' Mohd Radzi	10/11			3/3 ¹⁰	2/2 ¹⁴
Tan Sri Abu Bakar Haji Abdullah	11/11	6/6	3/3	0/0 ¹¹	
Dato' Seri Rosman Mohamed ²	5/5	1/1 ⁸		0/0 ¹²	
Pauline Teh @ Pauline Teh Abdullah ³	3/3	1/1 ⁹	0/0 ¹³		
Datuk Maulizan Bujang ⁴	Nil				
Dato' Seri Mohamed Khaled Nordin ⁵	6/6				
Datuk Zainun Aishah Ahmad ⁶	8/8	5/5	3/3	3/3	2/2
Dato' Abdul Hamid Sh. Mohamed ⁷	3/3	2/2	1/1		
Non-Independent Non-Executive Directors					
Senator Datuk Seri Hajjah Zurainah Musa	11/11			3/3	2/2
Dato' Ahmad Nazim Abd Rahman ²	4/5			0/0 ¹¹	

 Board/Board Committee Chairman

 Member

Note:

¹ Appointed of w.e.f. 3 January 2022.

² Appointed w.e.f. 1 July 2021.

³ Appointed w.e.f. 13 September 2021.

⁴ Appointed w.e.f. 1 February 2022.

⁵ Resigned w.e.f. 5 August 2021.

⁶ Retired w.e.f. 3 September 2021.

⁷ Resigned w.e.f. 16 April 2021.

⁸ Re-designated as Chairman of AC to Member of AC w.e.f. 6 December 2021.

⁹ Re-designated as Member of AC to Chairman of AC w.e.f. 6 December 2021.

¹⁰ Resigned as Chairman of NRC w.e.f. 6 December 2021.

¹¹ Appointed as Member of NRC w.e.f. 6 December 2021.

¹² Appointed as Chairman of NRC w.e.f. 6 December 2021.

¹³ Appointed as Member of RC w.e.f. 6 December 2021.

¹⁴ Re-designated as Member of SC to Chairman of SC w.e.f. 6 December 2021.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD COMMITTEES

As part of its efforts to ensure the effective discharge of its duties, the Board has delegated certain functions to Committees with their own TORs.

The Chairman of the Board is not a member of any Board Committee. The Chairman of all Committees will report to the Board on the decision or outcome of Committee meetings.

In delegating its authority to Board Committees, the Board does not abdicate its responsibility and exercises collective oversight at all times.

The reports of the AC, RC and SC are set out on pages 171 to 229 of this Integrated Report.

SEPARATE ROLES OF THE CHAIRMAN AND GMD

There is clear delineation of roles of the Board and Management. The positions of the Chairman and GMD are held separately by two individuals. The segregation ensures a clear distinction between the Chairman's responsibility to manage the Board and the GMD's responsibility to manage the Company's business. Separation of the role of the Chairman and the GMD is imperative as both roles have different expectations and serve distinct primary audiences.

The GMD is the intermediary between the Board and the Management in driving the success of the Group's governance and management function. The GMD implements the Board's policies and decisions towards meeting the Company's business objectives. The Chairman is responsible for leading and guiding the Board whilst maintaining the highest standard of governance. The Chairman also serves as the main link between the Board and Management, particularly between the Board and the GMD.

INTEGRITY AND ETHICS

The Board is committed to a corporate culture that encompasses ethical conduct within the Group by adopting numerous policies which serve to achieve this commitment.

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, Whistleblowing Policy and Anti-Corruption Policy have been put in place to foster an ethical culture and allow legitimate ethical concerns to be escalated in confidence without any risk of reprisal. The policies are reviewed periodically by the Board and published on the Group's website, www.boustead.com.my.

BOARD COMPOSITION

As at the date of this Statement, the Board comprises eleven members, seven of whom are Independent Non-Executive Directors (INEDs). Two of the eleven Board members are Executive Directors. The composition of INEDs on the Board is above the requirement of the MMLR. The Board strives to ensure that it has an appropriate mix of skills, qualifications and experience to discharge its roles and responsibilities effectively. The Board, from time to time undertakes a review of its composition to determine areas of strengths and improvement opportunities.

The Board's size ensures that the purpose involvement, participation harmony and a sense of responsibility of the Directors are not jeopardised and that it achieves the correct balance to realise the Group's strategic objectives.

The Board believes that the current overall Board composition is adequate in terms of size, skills, experience diversity of age and gender to ensure inclusiveness of views as well as to facilitate effective decision-making and constructive deliberations during meetings.

The Board has determined that the seven INEDs are independent in line with the requirements of Paragraph 15.02 of the MMLR. All Board members are persons of high calibre and integrity with diverse professional backgrounds, sound knowledge and understanding of the Group's business.

The Board acknowledges that NEDs may hold external directorships and other business interests, which varied exposure will benefit the Group significantly. The Board annually reviews the declarations made by Directors on the number and nature of their external directorships that they hold as well as their assurances on time commitment in carrying out their duties and responsibilities to the Company. As at the date of this Statement, none of the Directors hold more than five directorships in any other public listed companies.

During the year under review, the Board saw changes made to its composition:

- i) The Board appointed Datuk Seri Mohd Redzuan Md Yusof as Chairman and INED on 3 January 2022. Dato' Seri Rosman Mohamed and Dato' Ahmad Nazim Abd Rahman were appointed on 1 July 2021 as INED and Non-Independent Non-Executive Director (NINED) respectively. Pauline Teh @ Pauline Teh Abdullah and Datuk Maulizan Bujang were appointed as INEDs on 13 September 2021 and 1 February 2022 respectively.
- ii) The Board expressed its gratitude to the following Directors who had resigned:
 - Dato' Seri Mohamed Khaled Nordin
 - Datuk Zainun Aishah Ahmad
 - Dato' Abdul Hamid Sh. Mohamed

Article 117 of the Company's Constitution provides that at every Annual General Meeting (AGM) of the Company, one-third of the Directors shall retire from the Board by rotation. If eligible, such Directors may offer themselves for re-election.

Article 123 of the Company's Constitution further provides that any new Directors appointed to fill a casual vacancy or as an addition to the Board shall hold office until the next following AGM and shall be eligible for re-election. The NRC, upon its evaluation has recommended for the re-election of the relevant Directors at the forthcoming AGM. The Directors have given their consent for the re-election.

Article 117

- Izaddeen Daud
- Tan Sri Abu Bakar Haji Abdullah

Article 123

- Datuk Seri Mohd Redzuan Md Yusof
- Dato' Seri Rosman Mohamed
- Dato' Ahmad Nazim Abd Rahman
- Pauline Teh @ Pauline Teh Abdullah
- Datuk Maulizan Bujang

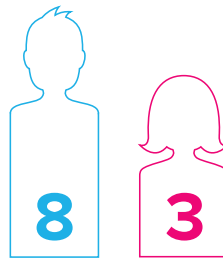
Appointments of the Board are made via a formal, rigorous and transparent process, premised on meritocracy. The Board considers the current composition of the Board, the tenure of each Director on the Board and evaluates the need to bring new skills and perspectives to the Board.

The Board takes into account objective criteria such as qualification, skills, experience, professionalism, integrity and diversity needed on the Board to help shape and steer the Group's strategic direction. In the case of the appointment of an INED, the Board assesses the candidate's ability to bring the element of detached impartiality and objective judgment to boardroom deliberations.

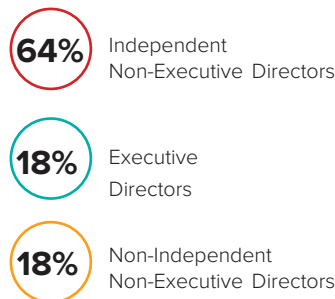
Overall, the Board is of the view that the Board comprises a good mix of members with diverse academic backgrounds to provide for a collective range of skills, expertise and experience which are relevant to support the growth and cope with the complexities of the Group's businesses.

The Board is satisfied that there is mutual respect among Directors contributing to a democratic environment that allows for constructive deliberations and a robust decision-making process.

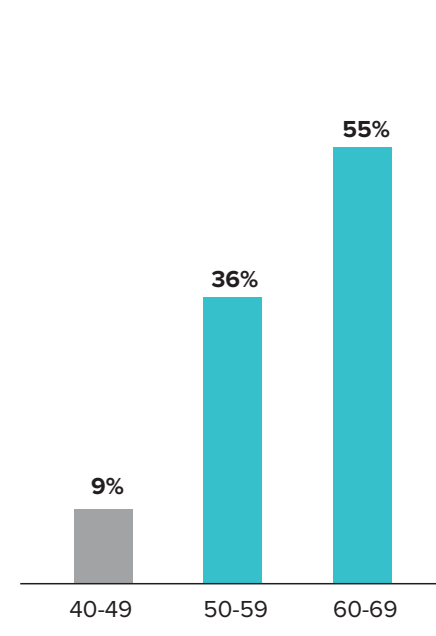
BOARD COMPOSITION:



ratio of male to female directors



AGE COMPOSITION:



BOARD SKILLS & EXPERIENCE

- | | | |
|-------------------------|------------------------|----------------------------|
| 01 Corporate Governance | 02 Finance & Economics | 03 Business Administration |
| 04 Strategy Development | 05 Human Resource | 06 Accounting |
| 07 Technology | 08 Military | 09 Commerce |
| | 10 Legal | 11 Aviation |

BHB GROUP'S CORE BUSINESSES



BOARD CONDUCT

The Board commits itself and its Directors to ethical business and lawful conduct, including proper use authority and appropriate decorum when acting as Board members.

All Board members discharge their duties and responsibilities at all times as fiduciaries in the best interest of the Group. They act with integrity, lead by example, keep abreast of their responsibilities as Directors and of the conduct, business and development of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

In directing or managing the Group's business and affairs, they exercise reasonable care, skill and diligence by applying their knowledge, skill and experience.

The Board ensures that key transactions or critical decisions are deliberated on by the Board in a meeting. The Board also ensures that decisions and basis for those decisions, including any dissenting views are made known and properly minuted.

MATTERS RESERVED FOR THE DECISION OF THE BOARD

The Board discharges some of its responsibilities directly and delegates certain responsibilities to its Committees to assist in carrying out its functions of ensuring independent oversight and stewardship.

The Board also delegates authority for the operational management of the Company's business to the GMD for further delegation by him in respect of matters that are necessary for the effective day-to-day running of the Group's business.

A clear schedule of Matters Reserved for the Board are reviewed periodically against industry best practices and corporate governance provisions and guidance. Below are matters reserved for the Board:

- approval of strategic directions, plans and key policies;
- approval of annual budgets, including major capital commitments and capital expenditure budgets;
- approval of material acquisitions and disposition of assets not in the ordinary course of business;
- key changes to management and control structure within the Company;
- appointment of MD, Board members, Board Committee members and Company Secretary; and
- any matters or transactions that fall within the ambit of the Board pursuant to the Companies Act, MMLR, the Company's Constitution or any other applicable laws and regulations.

DIVERSITY

Diversity is important to ensure that the Group remains relevant, resilient and sustainable in the rapidly transforming and evolving business environment. While it is important to promote diversity, the normal selection criteria of a Director based on an effective blend of competencies, skills, experience and knowledge in areas identified by the Board remains a priority.

The Board is committed to ensure that its composition not only reflects the diversity as recommended by the MCCG, as best as it can, it will also have the right mix of skills and balance to contribute to the achievement of the Group's goals.

The Board through the NRC, assesses the appropriate skills, experience, independence and diversity as part of its selection process. The NRC is empowered also to review and evaluate the composition and performance of the Board annually as well as assessing qualified candidates to occupy Board positions.

INDEPENDENCE

The Board recognises the important contributions that INEDs make to good corporate governance. All Directors, regardless of their independent status are required to act in the best interest of the Company and to exercise unfettered and independent judgement.

To date, all the INEDs satisfy the following criteria:

- independent from Management and free from any other relationship which could interfere with their independent judgement or the ability to act in the best interests of the Company.
- not involved in the day-to-day operations of the Company.
- declared their interest or any possible conflict of interest in any matter tabled prior to the commencement of Board meetings.

Board decisions are made taking into account the views of the INEDs which carry substantial weight. They fulfil their roles in ensuring that strategies proposed by Management are deliberated and examined taking into account the interests of the shareholders and stakeholders.

In reviewing the independence of INEDs, the NRC adopts a qualitative approach. This entails an assessment on whether they possess the intellectual honesty and moral courage to advocate professional views without fear or favour. The Board is cognisant of the rebuttable presumption that extended tenure leads to entrenchment. As such, the Board remains watchful for such indicators of entrenchment amongst long serving INEDs.

Upon completion of nine years as INED, an INED may continue to serve on the Board as a NINED. If the Board intends to retain an INED beyond nine years, it will provide justification and seek annual shareholders' approval through a two-tier voting process. In this regard, the Board will undertake a rigorous review to determine whether the 'independence' of the INED has been impaired.

BOARD EFFECTIVENESS EVALUATION

The Board Effectiveness Evaluation (BEE) is to evaluate the performance of the Board, Board Committees and individual members of the Board as well as identifying any gaps or areas of improvement, where required.

The Board reviews its performance, the Board Committees and individual Directors on an annual basis based on a set of predetermined criteria deliberated by the NRC. During the year under review, the NRC deliberated and assessed the overall performance and effectiveness of the Board and Board Committees.

The Board through the NRC reviewed the outcome of the BEE and noted the findings and areas that required further improvements. The NRC is satisfied that the composition of the Board and Board Committees have fulfilled the criteria required and features the right blend of knowledge, experience and appropriate skills. The NRC is also of the view that the Board and Board Committees are committed to the highest standards of good governance and the Board continues to be considered as an excellent Board with satisfactory support from the Management. The findings of the evaluation for individual Directors will also be used as a basis for determining the re-election of Directors at the AGM of the Company.

OUR SUSTAINABILITY COMMITMENT

The Board together with the Management takes responsibility for the governance of sustainability in the Group, including setting its sustainability strategies, priorities and targets. A designated senior employee is tasked to focus on the management of sustainability strategically, including integration of sustainability considerations in the Group's operations.

The Board acknowledges that our long-term success and continued relevance are dependent on the prosperity and trust of the communities we serve and the environment we operate in. Our financial outcomes are inexorably linked to our ability to manage ESG risks and opportunities as much as we recognise that an inclusive society built on human dignity and the responsible use of human capital is essential

for all of us to thrive. The Board ensures that the Group's sustainability strategies, priorities and targets as well as performance against these targets are communicated to all stakeholders.

The well-being of customers, employees and other stakeholders as well as the environment is crucial to sustaining our long-term performance. The Board factors in these sustainability considerations and ensures that the Group's strategies, priorities and targets are communicated to internal and external stakeholders. As such we incorporate ESG risks and opportunities into our business decisions given their heightened materiality in decision-making considerations of stakeholders. The Group considers the integration of ESG factors as a component of the Board's fiduciary responsibility, and accountable therefore to the oversight and management of sustainability.

Our sustainability agenda aims to make us more resilient to disruptions, flexible to change and accountable to the 'triple bottom line' of People, Planet and Profit. We view sustainability as an ongoing and rewarding journey which the Group is committed to continuously engage in and undertake.

Our Sustainability Statement for 2021 articulates our commitment to improving the Group's sustainability practices so that we are more competitive, more resilient and adaptable to change which has been reinforced amid the unprecedented challenges of COVID-19. The Statement sets out in detail the scope of our sustainability reporting and sustainability framework that addresses stakeholder expectations across various sustainability issues.

REMUNERATION

The Board has established a formal and transparent process in determining the appropriate remuneration package for the Board. The Board, with the assistance of the NRC, reviews the level of remuneration of Directors to ensure that it is sufficient to attract and retain the Directors needed to lead the Company to success. The level of remuneration reflects the experience and level of responsibilities undertaken by the Directors.

The NRC is also responsible to implement 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 NEDs' remuneration is undertaken once every four years.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The details for the remuneration of Directors for the financial year ended 31 December 2021 for BHB and its Group of companies are as follows:

In RM'000	Group						
Directors	Fees	Salaries	Bonuses	Retirement funds	Meeting, travelling and other allowances	Benefits in kind	Total
Executive Directors							
Dato' Sri Mohammed Shazalli Ramly	–	1,864	–	315	3	3	2,185
Izaddeen Daud	–	922	–	138	9	12	1,081
Non-Executive Directors							
Lieutenant General Dato' Fadzil Mokhtar (R)	148	–	–	–	36	–	184
Dato' Nonee Ashirin Dato' Mohd Radzi	158	–	–	–	30	–	188
Senator Datuk Seri Hajjah Zurainah Musa	126	–	–	–	28	–	154
Tan Sri Abu Bakar Haji Abdullah	143	–	–	–	32	–	175
Dato' Seri Rosman Mohamed ¹	69	–	–	–	13	–	82
Dato' Ahmad Nazim Abd Rahman ¹	77 [^]	–	–	–	11	–	88
Pauline Teh @ Pauline Teh Abdullah ²	43	–	–	–	8	–	51
Dato' Seri Mohamed Khaled Nordin ³	154	–	–	–	59	10	223
Datuk Zainun Aishah Ahmad ⁴	102	–	–	–	30	–	132
Dato' Abdul Hamid Sh. Mohamed ⁵	45	–	–	–	11	–	56
Total	1,065	2,786	–	453	270	25	4,599[*]

¹ Appointed w.e.f. 1 July 2021.

² Appointed w.e.f. 13 September 2021.

³ Resigned w.e.f. 5 August 2021.

⁴ Retired w.e.f. 3 September 2021.

⁵ Resigned w.e.f. 16 April 2021.

Note:

* The total remuneration is inclusive of amount received and to be received by the Directors. From the total remuneration of RM4.6 million, the amount of RM1.1 million will be paid to the respective Directors upon obtaining the shareholders' approval at the 60th AGM to be held on 16 June 2022.

[^] Fees are paid to Lembaga Tabung Angkatan Tentera.

In RM'000	Company						
Directors	Fees	Salaries	Bonuses	Retirement funds	Meeting, travelling and other allowances	Benefits in kind	Total
Executive Directors							
Dato' Sri Mohammed Shazalli Ramly	–	1,864	–	315	–	3	2,182
Izaddeen Daud	–	922	–	138	–	12	1,072
Non-Executive Directors							
Lieutenant General Dato' Fadzil Mokhtar (R)	148	–	–	–	36	–	184
Dato' Nonee Ashirin Dato' Mohd Radzi	128	–	–	–	29	–	157
Senator Datuk Seri Hajjah Zurainah Musa	126	–	–	–	28	–	154
Tan Sri Abu Bakar Haji Abdullah	143	–	–	–	32	–	175
Dato' Seri Rosman Mohamed ¹	69	–	–	–	13	–	82
Dato' Ahmad Nazim Abd Rahman ¹	60 [^]	–	–	–	10	–	70
Pauline Teh @ Pauline Teh Abdullah ²	43	–	–	–	8	–	51
Dato' Seri Mohamed Khaled Nordin ³	93	–	–	–	52	10	155
Datuk Zainun Aishah Ahmad ⁴	102	–	–	–	30	–	132
Dato' Abdul Hamid Sh. Mohamed ⁵	45	–	–	–	11	–	56
Total	957	2,786	–	453	249	25	4,470*

¹ Appointed w.e.f. 1 July 2021.

² Appointed w.e.f. 13 September 2021.

³ Resigned w.e.f. 5 August 2021.

⁴ Retired w.e.f. 3 September 2021.

⁵ Resigned w.e.f. 16 April 2021.

Note:

* The total remuneration is inclusive of amount received and to be received by the Directors. From the total remuneration of RM4.5 million, the amount of RM607,000 will be paid to the respective Directors upon obtaining the shareholders' approval at the 60th AGM to be held on 16 June 2022.

[^] Fees are paid to Lembaga Tabung Angkatan Tentera.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

AUDIT COMMITTEE (AC)

The AC's role, amongst others, is to 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 is chaired by an INED who is not the Chairman of the Board. All members of the AC are financially literate. The Chairman of the AC is an experienced accounting professional. 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 year under review as well as the attendance record of each member are set out in the AC Report in this Integrated 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 corporate objective. This is done by providing risk-related information which facilitates the formulation of the Group's strategies and decision making. The Group has established policies and framework related to management of its business risks by adopting a Risk Management Policy. The Group Risk Management Department, reviews and maintains detailed risk registers which are updated quarterly. Key focus areas of risks are reported and deliberated at the RC meetings.

The Board through the RC reviews the effectiveness, adequacy and integrity of the risk management framework and internal control system of the Group to ensure that significant risks faced by the Group are being managed appropriately to respond to the changes in the business environment.

The Board confirms that it has monitored the Group's risk management and internal control system and that there is a process in place to identify, evaluate and manage the significant risks faced by the Group. The Group's system of internal financial control is primarily aimed at safeguarding the Company's assets, ensuring proper accounting records are kept, identifying and managing business risk and maintaining compliance with appropriate legislations and regulations.

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

Further information on the Group's Risk Management and Internal Control framework is made available in the Statement on Risk Management and Internal Control of this Integrated Report.

COMMUNICATION WITH STAKEHOLDERS

Regular communication and engagement between stakeholders and the Group are critical for the sustainable growth of our business as this gives stakeholders a much better insight of the Group and facilitates mutual understanding of each other's expectations. As such we have consistently maintained an open dialogue with relevant stakeholder groups such as regulatory agencies, employees, shareholders, investors, consumers and general public, non-governmental associations, industry and trade associations and suppliers. Their views and concerns on the Group's business, its policies on governance, the environment and social responsibility are given due consideration in our decision-making process.

The protection of shareholders' and stakeholders' interests both in the short and long-term is central to the way the Board operates. This has been the primary governing principle behind the Board's response to the pandemic. Its impact on all key stakeholders was always considered in Management's decisions. Effective engagement has been crucial in understanding the views of our stakeholders in order to make informed choices.

The Group upholds its commitment in ensuring transparent, accurate and timely communication with the shareholders and stakeholders to enable them to make informed decisions to their benefit.

The Group also places strong emphasis on timely and equitable dissemination of information to shareholders and stakeholders. The main modes of communication include Integrated/Annual Report, quarterly results, announcements to Bursa Malaysia, Sustainability Report and its corporate website at www.boustead.com.my.

Enquiries with regard to investor relations matters of the Group can be made at ir@boustead.com.my.




CONDUCT OF GENERAL MEETING

The AGM is the principal forum of open dialogue with shareholders. The notice and agenda of AGM together with the proxy form are given to shareholders within the prescribed timeframe before the AGM. Each item of ordinary business included in the notice of the AGM will be accompanied by an explanatory statement on the effects of the proposed resolution.

During the AGM, the GMD presented a comprehensive review of the Group's performance during the financial year. There was active engagement between the Board and shareholders and there was opportunity for shareholders to have real-time interaction with the Board and the GMD. Questions which were posed by shareholders were responded to.

Answers to the queries by MSWG prior to the AGM were also shared with the shareholders on the AGM day. Summary of the key matters discussed at the AGM is published on the Group's website, www.boustead.com.my.



The 60th AGM
of the Company will
be held on
16 June 2022

FOCUS AREAS ON CORPORATE GOVERNANCE

The Board is committed towards continuous enhancement of governance practices throughout the Group. In 2021 the Group embarked on the following activities:

Independence of the Board

It is acknowledged 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 INEDs, INEDs 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Name	Programme title and Organiser	Date(s)
Executive Directors		
Dato' Sri Mohammed Shazalli Ramly	<ul style="list-style-type: none"> Webinar on CoronaVac COVID-19 Vaccine: Updates and Highlights (Pharmaniaga Berhad (Pharmaniaga)) Pharmaniaga Board Retreat 2021 (Pharmaniaga) Boustead Heavy Industries Corporation Berhad (BHIC) Board Retreat 2021 (BHIC) Boustead Holdings Berhad (BHB) Board Retreat 2021 (BHB) Related Party Transactions (CKM Advisory Sdn Bhd (CKM Advisory)) 	1 February 2021 7 and 8 October 2021 13 and 14 October 2021 26 to 28 October 2021 28 October 2021
Izaddeen Daud	<ul style="list-style-type: none"> Webinar on CoronaVac COVID-19 Vaccine: Updates and Highlights (Pharmaniaga) Audit Committee Conference 2021 (Malaysian Institute of Accountants (MIA) and The Institute of Internal Auditors Malaysia (IIA)) Dawn Raid – Since Section 17A MACC Act Has Come into Force, Don't Be Caught Unprepared (Asia School of Business Sdn Bhd (ASB)) Boustead Plantations Berhad (BPB) Board Retreat 2021 (BPB) Pharmaniaga Board Retreat 2021 (Pharmaniaga) BHIC Board Retreat 2021 (BHIC) BHB Board Retreat 2021 (BHB) Related Party Transactions (CKM Advisory) 	1 February 2021 15 and 16 March 2021 30 June to 1 July 2021 21 and 23 September 2021 7 and 8 October 2021 13 and 14 October 2021 26 to 28 October 2021 28 October 2021

Name	Programme title and Organiser	Date(s)
Independent Non-Executive Directors		
Lieutenant General Dato' Fadzil Mokhtar (R)	<ul style="list-style-type: none"> • Webinar on CoronaVac COVID-19 Vaccine: Updates and Highlights (Pharmaniaga) • Digital Transformation Executive Program (ASB) • Webinar on Building and Reporting a Culture of Integrity (Malaysian Institute of Corporate Governance (MICG)) • Transfer Pricing War Stories (KPMG Malaysia) • BHB Board Retreat 2021 (BHB) • Related Party Transactions (CKM Advisory) 	1 February 2021 21 to 22 June 2021 14 July 2021 18 August 2021 26 to 28 October 2021 28 October 2021
Dato' Nonee Ashirin Dato' Mohd Radzi	<ul style="list-style-type: none"> • Webinar on CoronaVac COVID-19 Vaccine: Updates and Highlights (Pharmaniaga) • Provision of Financial Assistance and Related Party Transaction (CKM Advisory) • Share Buy Back – A Regulatory Perspective (CKM Advisory) • Business Transformation Post Covid Webinar (Boardroom Corporate Services Sdn Bhd (Boardroom) and Pemandu Associates Sdn Bhd (Pemandu)) • BHB Board Retreat 2021 (BHB) • Related Party Transactions (CKM Advisory) 	1 February 2021 3 to 4 March 2021 18 March 2021 4 August 2021 26 to 28 October 2021 28 October 2021
Tan Sri Abu Bakar Haji Abdullah	<ul style="list-style-type: none"> • Webinar on CoronaVac COVID-19 Vaccine: Updates and Highlights (Pharmaniaga) • Bursa: Mandatory Accreditation Program (ASB) • Business Transformation Post Covid Webinar (Boardroom and Pemandu) • Transfer Pricing War Stories (KPMG Malaysia) • BHB Board Retreat 2021 (BHB) • Related Party Transactions (CKM Advisory) 	1 February 2021 28 to 30 June 2021 4 August 2021 18 August 2021 26 to 28 October 2021 28 October 2021
Dato' Seri Rosman Mohamed	<ul style="list-style-type: none"> • Business Transformation Post Covid Webinar (Boardroom and Pemandu) • BHB Board Retreat 2021 (BHB) • Related Party Transactions (CKM Advisory) • Bursa: Mandatory Accreditation Program (ASB) 	4 August 2021 26 to 28 October 2021 28 October 2021 6 to 8 December 2021
Pauline Teh @ Pauline Teh Abdullah	<ul style="list-style-type: none"> • BHB Board Retreat 2021 (BHB) • Related Party Transactions (CKM Advisory) • Bursa: Mandatory Accreditation Program (ASB) 	26 to 28 October 2021 28 October 2021 1 to 3 November 2021

CORPORATE GOVERNANCE OVERVIEW STATEMENT

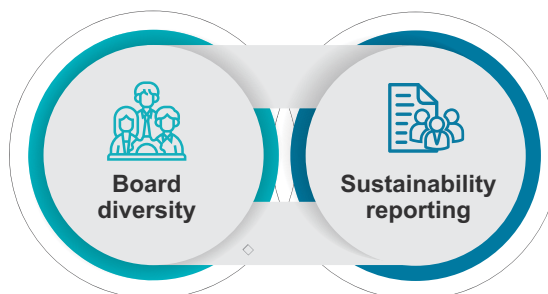
Name	Programme title and Organiser	Date(s)
Non-Independent Non-Executive Directors		
Senator Datuk Seri Hajjah Zurainah Musa	<ul style="list-style-type: none"> Webinar on CoronaVac COVID-19 Vaccine: Updates and Highlights (Pharmaniaga) Kursus Modal Insan 3 – Hak dan Tanggungjawab Anggota Koperasi Angkatan Koperasi Kebangsaan Malaysia Berhad (Angkasa) Common Pitfalls in Transaction and Related Party Transactions Rules (CKM Advisory) Understanding Board Decision-Making Process (ASB) Value Creative Strategies – An Innovative Take on Creating Impactful, Healthy Companies (Malaysian Alliance of Corporate Directors) Business Transformation Post Covid (Boardroom and Pemandu) BHB Board Retreat 2021 (BHB) Related Party Transactions (CKM Advisory) 	1 February 2021 31 March 2021 24 to 25 May 2021 15 to 16 June 2021 16 July 2021 4 August 2021 26 to 28 October 2021 28 October 2021
Dato' Ahmad Nazim Abd Rahman	<ul style="list-style-type: none"> BHIC Board Retreat 2021 (BHIC) BHB Board Retreat 2021 (BHB) Related Party Transactions (CKM Advisory) Becoming a Boardroom Star (MICG) 	13 and 14 October 2021 26 to 28 October 2021 28 October 2021 9 November 2021

CORPORATE GOVERNANCE PRIORITIES (2022 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:

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 27% of the Board). While this gender diversity is encouraging, any appointment shall always be in the best interest of the Company.



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.

YEAR 2022 – 2023

LONG-TERM PLAN

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board is pleased to present the Statement on Risk Management and Internal Control (SORMIC) for financial year ended 31 December 2021.

This statement was prepared in accordance with:

- Paragraph 15.26 (b) of Bursa Malaysia Securities Berhad's Main Market Listing Requirements (MMLR);
- Statement of Risk Management and Internal Control – Guidelines for Directors of Public Listed Companies; and
- Practices 10.1 & 10.2 of the Malaysian Code on Corporate Governance.

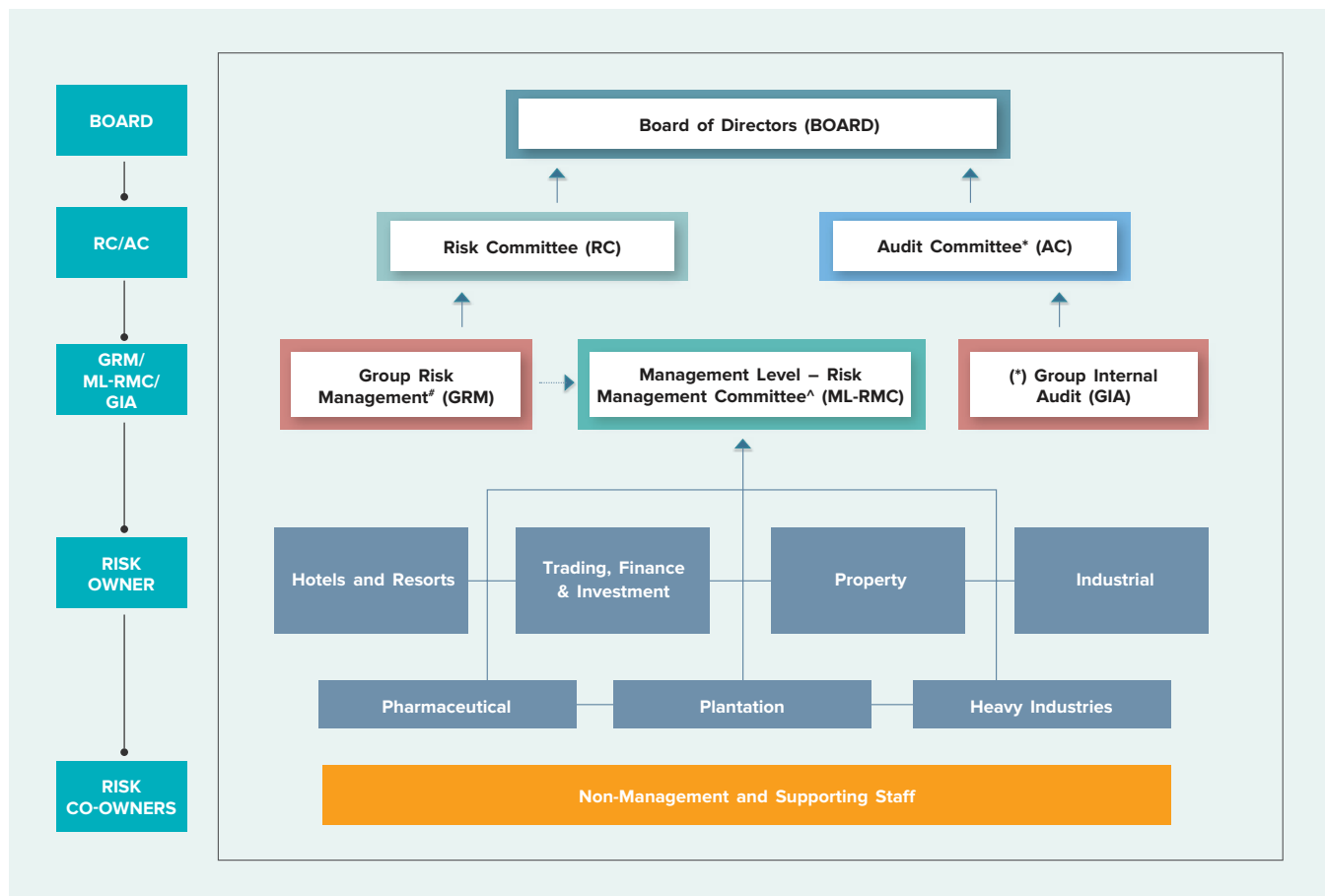
RESPONSIBILITY AND ACCOUNTABILITY

The Board is committed to maintaining an effective system of risk management and internal control, which is central to the continued growth of the Group and to its vision of maximising shareholder value. The Board undertakes a stewardship responsibility in the management of key risks within the Group, including understanding, providing guidance and ensuring proactive management of such risks, in a structured and consistent manner.

The Group's system of internal control encompasses financial, operational and compliance controls, risk management, and integrity and governance. Due to limitations that are inherent in any system of internal control, the Group's internal control system is designed to manage rather than eliminate risks that could hinder the Group from achieving its business objectives. Accordingly, it provides reasonable, and not absolute, assurance against material misstatement or loss.

STRUCTURE

Part of the Group's internal control system includes an appropriate structure, with defined lines of responsibilities, from respective business units up to the Board. This aids in continuous dissemination of risk related information while providing assurance to stakeholders.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Principal Responsibilities for Risk Management

Board of Directors	→	<ul style="list-style-type: none"> Oversees and approves Group-wide risk management policy & practices Ensures a sound framework for internal controls and risk management
Risk Committee	→	<ul style="list-style-type: none"> Monitors and reviews Risk Management Committee's periodic reports on key risk profiles and risk management activities Provides advice to the Board on risk strategies within the Group for risk oversight
Audit Committee	→	<ul style="list-style-type: none"> Provides an objective and independent view on the effectiveness of risk management and internal control as a whole to the Board.
Management Level Risk Management Committee (ML-RMC)	→	<ul style="list-style-type: none"> Provides adequate support to the Group Risk Management Department (GRMD), including the best available information with historical, current as well as future expectations Ensures key risks are identified, adequately measured and risk action plans are prepared and monitored
Group Risk Management	→	<ul style="list-style-type: none"> Continuously communicates, consults, shares, evaluates and improves the risk management policy, framework, mechanisms and/or tools, and processes to the staff, Management and Board Provides independent input on the comprehensiveness of risk assessment (risk types, root causes, existing controls and risk ratings), risk action plans and key risk indicators
Risk Officers and/or Risk Owners	→	<ul style="list-style-type: none"> Identify and assess risks, implement and monitor risk action plans and key risk indicators
Risk Co-owners	→	<ul style="list-style-type: none"> Provide support to risk owners on key risks identified and assist in the implementation of risk action plans and key risk indicators
All staff	→	<ul style="list-style-type: none"> Provide assistance to risk owners and co-owners on key risks identified and support the implementation of risk action plans and key risk indicators
Group Internal Audit	→	<ul style="list-style-type: none"> Examines the risk management systems for completeness, comprehensiveness and reliability, while providing an independent view on risk management and the state of internal controls besides verifying the risk management system for adequacy and effectiveness

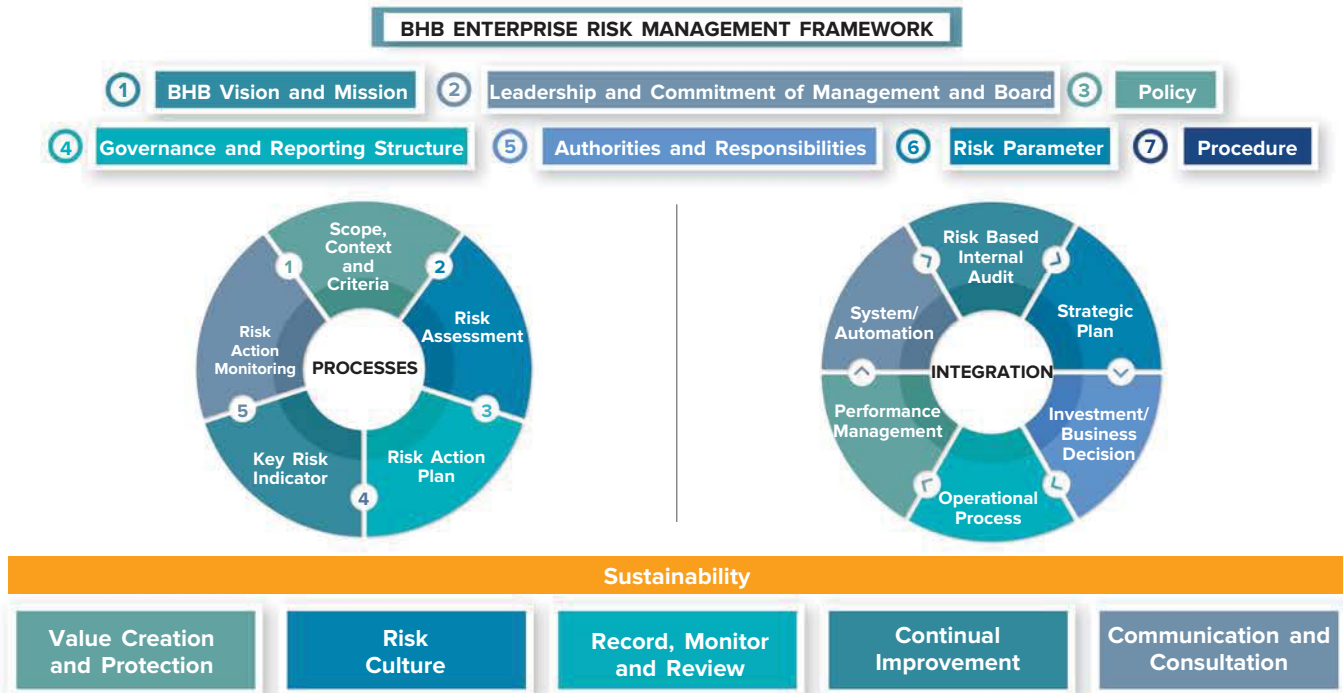
RISK MANAGEMENT

Governance

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

The Board, through the Risk Committee, has established risk management policy and procedures and adopted a structured and systematic approach to risk assessment, monitoring and reporting that are tailored to the specific circumstances of the Group.

In Boustead Holdings Berhad (BHB), risk management is integrated into our business planning, investment decisions and day-to-day operations to enhance ownership and agility in managing risks.

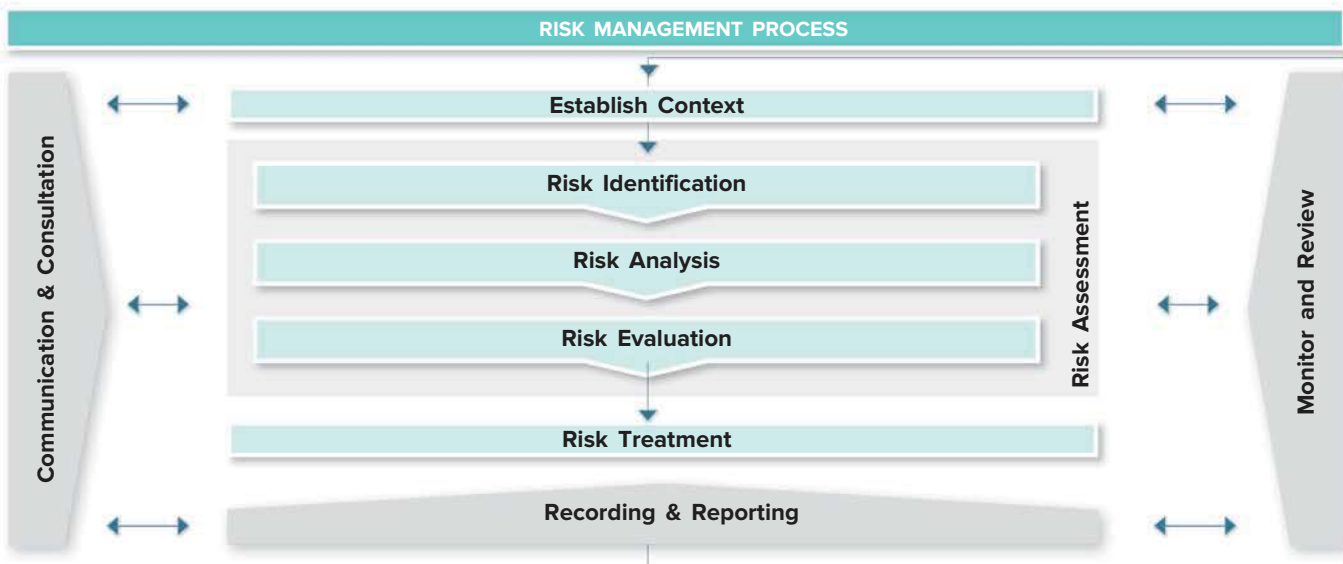


The risk management framework, detailed by way of a formalised policy and procedures document, is designed to:

- Establish the context for an embedded Enterprise Risk Management practice within BHB and its subsidiaries;
- Formalise the Enterprise Risk Management functions across the Boustead Group;
- Sensitise staff more strongly to risk identification, measurement, control, ongoing monitoring, responsibilities and accountabilities;
- Coordinate and standardise the understanding and application of Enterprise Risk Management within the Group; and
- Prove compliance by the Board of Directors with its organisational obligations and duties of care and diligence in accordance with the MMLR and the Malaysian Code on Corporate Governance.

The risk management practices adopted by the Group are generally aligned with the principles of ISO31000:2018, an internationally accepted risk management framework.

Process



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Enterprise Risk Management is a core management competency that incorporates a well-structured systematic process to identify risks and lessen their impact on the Group.

This involves the following core elements:

- ➔ identification of each risk;
- ➔ measurement of the identified risks;
- ➔ control of the way risks are managed in line with the Group's policies and strategies; and
- ➔ constant monitoring and communicating of risks associated with any activity, function or process in a way that enables the Group to minimise losses and maximise opportunities.

Assessment, monitoring and review of the various risks faced by the Group is a continuous process within the key business units, with the Risk Committee playing a pivotal oversight function.

Matrix

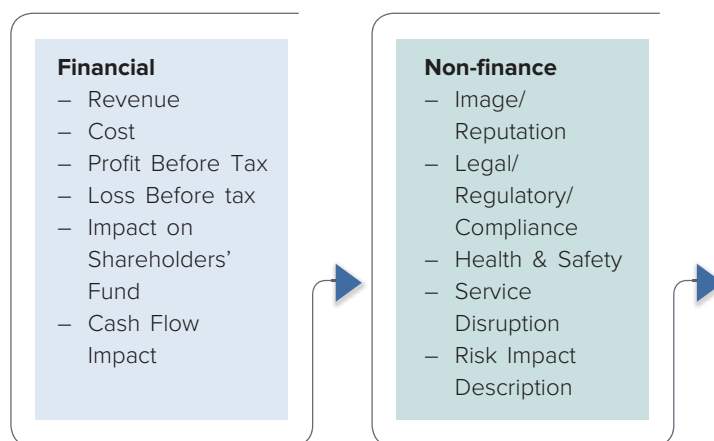
Each risk is analysed and mapped onto a risk matrix. The assessment is based on the impact on business if a risk occurs (ranging between insignificant to catastrophic), the likelihood of the risk occurring (ranging between rare to almost certain) and the effectiveness of the controls in place to manage each risk (ranging between weak to satisfactory). The matrix then illustrates the rating of each risk (ranging between very low to very high).

	Almost Certain	Likely	Possible	Unlikely	Rare
Insignificant					
Minor					
Moderate					
Major					
Catastrophic					
Magnitude of Impact					
	Very Low	Low	Medium	High	Very High

Appetite

In the course of the Group's strategic and business planning, the Board and Management Risk Committees take into account the risk appetite, by way of financial and non-financial parameters, in determining the way forward.

The risk parameters of the Group are illustrated below:



Reporting

The following table illustrates the timing and frequency of reporting:

Department/Function	Reporting to	Frequency of reporting	Nature of Report
Risk Committee	Board of Directors	Quarterly	• Strategic risk profile covering top 5 key risks
Group Risk Management	Risk Committee	Quarterly	• Top 10 risks of the Boustead Group
	Executive Management Committee	Quarterly	• Top risks for each division/investment
Departments/Divisions (Risk Owners/Co-owners)	Group Risk Management	Quarterly	• All risks identified

KEY ELEMENTS OF INTERNAL CONTROL SYSTEM

In assisting the Board to maintain an effective system of internal control, key control is embedded in the Group's operations by employing the following mechanism:

Guidelines

The following documents provide the platform in which practices and processes within the Group are streamlined and regulated.

→ Board Charter
→ Terms of Reference of Board Committees
→ Directors' Code of Ethics and Conduct
→ Limits of Authority
→ Manuals, policies, procedures and guidelines

Organisation Structure

Levels of authority are defined from business units up to the Board level to ensure accountability for risk management and control activities. Additionally, the Group has various support functions, comprising secretarial, legal and compliance, human capital, finance, treasury and information technology, which are centralised based on their span of control. This is enhanced by way of the organisational structure within the Group with each division having clearly defined roles and responsibilities.

Each business unit is responsible for its 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.

Internal Audit

The Group Internal Audit Department's primary role is to assist the Board and Audit Committee to independently assess the adequacy and effectiveness of the risk management and internal control system put in place by Management, to provide reasonable assurance and to recommend improvements. GIAD performs internal audit reviews for BHB and its listed subsidiaries and undertakes a consulting function designed to add value. This is done with the view of improving the Group's operations towards accomplishing its objectives.

Integrity & Governance

The Group Integrity & Governance Department functions independently and is responsible for the following four core functions:

- **Complaints management**
- **Detection and verification**
- **Integrity enhancement**
- **Governance**

Anti-Bribery And Corruption

The Group's zero tolerance for any form of bribery or corruption is clearly articulated in its Anti-Bribery and Corruption Policy Statement, which states the Group's commitment to:

- Comply with the provisions of the Malaysian Anti-Corruption Commission Act 2009 (Act 694) and applicable laws by inculcating integrity, transparency and accountability in all aspects of its business;
- Prohibiting employees from soliciting, accepting or offering bribes or 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 suspected acts of corruption or improper conduct.

Whistleblowing

The Whistleblowing Policy provides an avenue to report any breach or suspected breach of any laws, regulations, business principles, policies or 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

No Gift Policy

Aimed at avoiding conflicts of interest for either party involved in business dealings with the Group, the No Gift Policy was established to help us to maintain ethical business relationships and to avoid actual or perceived conflict of interest in any ongoing or potential business dealings and decision-making.

Corruption Risk Management

The Group's corruption risk registers have been reviewed by the Board which, among others, identifies the possibility of corruption in key processes, gaps in the internal controls, and plans for mitigation actions.

Budgeting and reporting

Strategic planning, target setting and detailed budgeting for each area of business is done on an annual basis, and approved at the operating level and by the Board. Thereafter, monitoring of results against budget is performed on a monthly basis, with major variances tracked and actioned as necessary. Additionally, the consolidated monthly management accounts and quarterly performance forecasts allow Management and Board to focus on areas of concern.

Human Capital Management

The Group believes in nurturing a healthy working environment for all employees, premised on policies, strategies and practices that promote human rights, good labour practices, equality, diversity, merit-based rewards, talent development as well as occupational safety and health. By creating a conducive workplace, the Group aims to inspire greater productivity and performance from Bousteadors in line with its goal of promoting a sustainable and high-performance workforce.

The Boustead Core Values Initiative aligns all business units' initiatives towards a Group-wide common goal.

Digitalisation

The Group has recognised the need to re-establish digital evolution as our core priority. This will include leveraging the vast prospects of digitalisation and the Industrial Revolution 4.0 by venturing into the digital services and technology sector; and exploring relevant technology-driven solutions utilising platforms guided by the adoption of data analytics.

ASSOCIATES AND JOINT VENTURES

The Board does not regularly review the internal control systems of associates and joint ventures, as it does not have direct control over their operations. Nevertheless, 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, including the extent of managing significant risks.

REVIEW OF THIS STATEMENT BY THE EXTERNAL AUDITORS

As required by Paragraph 15.23 of the 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, 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.

CONCLUSION

Amidst delivering growth for its stakeholders, the Group will continue to focus on sound risk management and internal control system to ensure it is well equipped to manage the various challenges arising from the dynamic business and competitive environment.

The Board is of the view that the existing risk management and internal control system in place for the year under review was sound and sufficient to safeguard shareholders' investments, stakeholders' interests as well as in addressing key risks impacting the Group, whilst preserving the Group's integrity and assets.

This Statement is made in compliance with a resolution of the Board dated 27 April 2022.

AUDIT COMMITTEE REPORT

OVERVIEW

This report provides an insight into the role and activities undertaken by the Audit Committee (AC) during the year under review, in compliance with Paragraph 15.15 of Bursa Malaysia's Main Market Listing Requirements (MMLR).

TERMS OF REFERENCE

The Terms of Reference (TOR) of the AC sets out the authority, responsibilities and duties of the AC in accordance with the MMLR and the Malaysian Code on Corporate Governance (MCCG). The TOR is published on the Group's website at www.boustead.com.my.

The fundamental role of the AC is to assist the Board in effecting its oversight responsibilities in the areas of financial reporting, internal and external audit, internal control system and review of audit results. The AC's responsibilities also include oversight on governance and integrity, related party transactions and overall internal financial controls.

COMPOSITION

The membership of the AC is in line with Paragraphs 15.09 and 15.10 of the MMLR and Practices 9.1, 9.2 and Step-Up 9.4 of the MCCG. Practices 9.1, 9.2 and Step-Up 9.4 of the MCCG state that:

- ➔ All members of the AC are to be Non-Executive Directors and Independent Directors;
- ➔ No alternate director is appointed as a member; and
- ➔ the AC has a policy that requires a former partner of the Company's external auditors to observe a cooling-off period of at least three years before being appointed as a member of the AC. For the year under review, none of the Committee members was a key audit partner of the Company's external auditors.

There were changes in the composition of the AC during the year under review, in which Pauline Teh @ Pauline Teh Abdullah and Dato' Seri Rosman Mohamed were appointed whilst Datuk Zainun Aishah Ahmad and Dato' Abdul Hamid Sh. Mohamed ceased to be members.

Member	Directorship	Tenure
Pauline Teh @ Pauline Teh Abdullah (Appointed as member AC w.e.f. 13 September 2021) Redesignation: (Chairman AC w.e.f. 6 December 2021)	Independent Non-Executive Director (Chairman of the AC)	Less than 1 year
Dato' Seri Rosman Mohamed (Appointed as Chairman AC w.e.f. 13 September 2021) Redesignation: (as member AC w.e.f. 6 December 2021)	Independent Non-Executive Director	Less than 1 year
Lieutenant General Dato' Fadzil Mokhtar (R)	Independent Non-Executive Director	3 years
Tan Sri Abu Bakar Haji Abdullah	Independent Non-Executive Director	2 years
Datuk Zainun Aishah Ahmad (Retired w.e.f. 3 September 2021)	Senior Independent Non-Executive Director	2 years
Dato' Abdul Hamid Sh. Mohamed ¹ (Resigned w.e.f. 16 April 2021)	Independent Non-Executive Director (Former Chairman of the AC)	Less than 1 year

The Chairman of the AC, Pauline Teh @ Pauline Teh Abdullah, is an experienced accounting professional with a Master's Degree focused in finance.

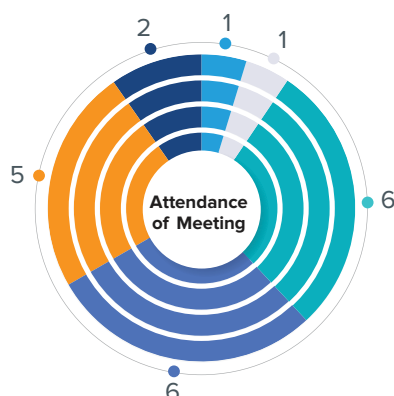
AUDIT COMMITTEE REPORT

CONTINUOUS PROFESSIONAL DEVELOPMENT

AC members acknowledged the need for continuous education trainings. All members of the AC have and will continue to undertake professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules, in line with Practice 9.5 of the MCCG. Details of the trainings attended by members of the AC can be viewed on page 163 of this Integrated Report.

MEETINGS

The AC convened six (6) meetings during the year under review. The attendance details of each member at the Committee meetings are set out below:



- Pauline Teh @ Pauline Teh Abdullah
- Dato' Seri Rosman Mohamed
- Lieutenant General Dato' Fadzil Mokhtar (R)
- Tan Sri Abu Bakar Haji Abdullah
- Datuk Zainun Aishah Ahmad
- Dato' Abdul Hamid Sh. Mohamed

The AC meetings were also attended by the Group Managing Director (GMD) or Group Finance Director (GFD), Head of Group Internal Audit Department (GIAD) and Head of Group Integrity & Governance Department. The AC also met with the external auditors on four occasions during the year under review.

Meetings during the year under review were appropriately structured with AC members receiving notices, agendas and papers sufficiently in advance of the meetings.

Minutes of each AC meeting were recorded and tabled for confirmation at the following meeting and subsequently presented to the Board for notation. The AC reviewed its report for the financial year ended 31 December 2021 to ensure that they were prepared in compliance with the relevant regulatory requirements and guidelines.

The Chairman of the AC reports to the Board on principal matters deliberated at AC meetings. The AC Chairman also conveys to the Board matters of significant concern as and when raised by the external auditors or internal auditors.

ACTIVITIES DURING THE FINANCIAL YEAR

During the year under review, the AC carried out its duties as set out in its TOR. 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.
- 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 GFD 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 2021.

EXTERNAL AUDIT

- 1 Reviewed the 2021 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 2021.
- 7 Reviewed the external auditors' management letter(s) and management response(s).

The AC also met with the external auditors twice during the year under review 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 AC that in accordance with the terms of all relevant professional and regulatory requirements, they had been independent throughout the audit engagement for 2021.

The external auditor's service fees including the statutory audit fees are available on pages 238, 292 and 379 of this Integrated Report.

INTERNAL AUDIT

- 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 GIAD to execute the annual audit plan and the results of the work.
- 5 Reviewed the effectiveness of internal audit processes of GIAD.
- 6 Reviewed the AC Report and recommended to the Board for approval prior to their inclusion in the Company's Integrated/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 24 June 2021.
- 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

- 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.

GROUP INTERNAL AUDIT DEPARTMENT

The AC is supported by the GIAD, headed by Premila Rajaratnam. Premila is a Fellow of the Association of Chartered Certified Accountants (ACCA), a Chartered Accountant of the Malaysian Institute of Accountants (MIA) and a Professional Member of The Institute of Internal Auditors Malaysia (IIAM). She has more than 17 years of firm and commercial experience in internal audit, risk management, compliance and financial management (strategic and operational), encompassing a wide array of industries. She reports directly to the AC and administratively to the GMD.

GIAD'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 necessary. 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 AC annually.

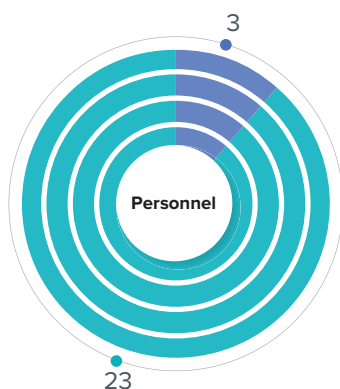
GIAD adopts a risk-based methodology in planning and conducting audits by focusing on key risks areas and activities that are aligned with the Group's strategic plans. GIAD has also adopted internal audit standards and best practices based on the International Professional Practices Framework (IPPF)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

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

GIAD has in total 26 internal auditors as at 31 December 2021, comprising staff from diverse backgrounds. GIAD continues its commitment to equip its internal auditors with the sufficient knowledge, skills and competencies to discharge their duties and responsibilities. They had attended various relevant training and courses and are strongly encouraged to obtain appropriate professional certifications and qualifications.

AUDIT COMMITTEE REPORT

The qualification breakdown of the GIA team as at 31 December 2021 is detailed below:



- Degree and Above
- Diploma or Equivalent

The audits conducted in 2021 covered a wide range of operational areas within the Group including 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 and human capital.

The corresponding audit reports were presented to the Management and AC for attention, deliberation and corrective actions.

Performance of the GIAD is assessed annually by the AC.

During the year under review, GIAD undertook the following activities:

- Prepared the annual audit plan for approval by the AC.
- 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 AC and issued reports accordingly.
- Reported on a quarterly basis to the Management and AC 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 AC the achievement of the audit plan and status of resources of GIAD.
- 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 cost incurred for GIAD in respect of financial year 31 December 2021 amounted to RM4.3 million (2020: RM3.9 million).

AC EFFECTIVENESS REVIEW AND PERFORMANCE

For the year under review, the Board assessed the performance of the AC through an annual evaluation exercise (BEE). The Board agreed that the AC continued to support the Board in reviewing financial and audit matters, contributing to the overall effectiveness of the decision-making process by the Board for the Company and the Group. The Board is satisfied that the AC has discharged its functions, duties and responsibilities in accordance with the TOR of the AC.

REPORTING TO THE EXCHANGE

For the year under review, the AC is of the view that the Company is in compliance with the MMLR and as such, the reporting to Bursa Malaysia under Paragraph 15.16 of the MMLR is not required.

This Report is made in compliance with a resolution of the Board dated 27 April 2022.

RISK COMMITTEE REPORT

Overview

This report summarises the role and activities of the Risk Committee during the financial year under review.

TERMS OF REFERENCE

The Risk Committee's Terms of Reference (TOR) provides guidance to the Risk Committee members pertaining to risk oversight within the Group. It details the authority, responsibilities and duties of the committee in discharging its role to assist the Board in managing the Group's risks. The TOR is published on the Group's website.

ROLES AND RESPONSIBILITIES

The key responsibilities of the Risk Committee include:

- i) Overseeing Enterprise Risk Management practices of the Group;
- ii) Providing timely input to management on critical risks;
- iii) Engaging management in an ongoing risk appetite dialogue as conditions and circumstances change and new opportunities arise;
- iv) Overseeing and providing additional precautions and plans for the management of specific risks, with regard to their complexity and significance;

- v) Overseeing the conduct, and reviewing the results of Group-wide risk assessments, including the identification and reporting of critical risks;
- vi) Providing advice to the Board on risk strategies and coordinating the activities of the standing of the various Board Committees within the Group for risk oversight; and
- vii) Promoting a healthy risk culture and being vigilant of dysfunctional behaviour that could undermine the effectiveness of the risk management process.

COMPOSITION

In line with the recommendation set out in Step Up 10.3 of the MCCG stating that the Risk Committee shall comprise a majority of independent directors, all three of the Risk Committee members are Independent Non-Executive Directors. During the year under review, Pauline Teh @ Pauline Teh Abdullah was appointed to the Risk Committee whilst Datuk Zainun Aishah Ahmad and Dato' Abdul Hamid Sh. Mohamed ceased to be members.

Member	Directorship	Tenure
Lieutenant General Dato' Fadzil Mokhtar (R)	Independent Non-Executive Director (Chairman of the RC)	3 years
Tan Sri Abu Bakar Haji Abdullah	Independent Non-Executive Director	2 years
Pauline Teh @ Pauline Teh Abdullah (Appointed w.e.f 6 December 2021)	Independent Non-Executive Director	Less than 1 year
Datuk Zainun Aishah Ahmad (Retired w.e.f 3 September 2021)	Senior Independent Non-Executive Director	2 years
Dato' Abdul Hamid Sh. Mohamed (Resigned w.e.f 16 April 2021)	Independent Non-Executive Director	Less than 1 year

RISK COMMITTEE REPORT

MEETINGS

The Risk Committee convened three meetings during the financial year ended 31 December 2021. Members' attendance at these meetings is set out below:

Member	Attendance of Meetings
Lieutenant General Dato' Fadzil Mokhtar (R) ¹	3/3
Tan Sri Abu Bakar Haji Abdullah	3/3
Pauline Teh @ Pauline Teh Abdullah (Appointed w.e.f. 6 December 2021)	–
Datuk Zainun Aishah Ahmad (Retired w.e.f. 3 September 2021)	3/3
Dato' Abdul Hamid Sh. Mohamed (Resigned w.e.f. 16 April 2021)	1/1

The Head of Group Risk Management Department (GRMD) presented the risk management reports, encompassing the risk profile of the Group and updates on individual key risks. The Risk Committee meetings were also attended by the Group Managing Director and/or Group Finance Director who were required to provide relevant input while discussing the Group's risks.

The meetings were appropriately structured with Risk Committee members receiving notices, agendas and papers sufficiently in advance.

GROUP RISK MANAGEMENT DEPARTMENT

The GRMD, headed by Premila Rajaratnam, is primarily responsible for assisting the Risk Committee and the Board in discharging their risk management responsibilities. Amongst key responsibilities of the GRMD are to:

- ➔ 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 risk awareness in business processes through risk owners' accountability for action plans and continuous monitoring;
- ➔ Compile the business units' risk profiles in relation to the Group's risk parameters and 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; and
- ➔ Foster a culture of continuous improvement in risk management through risk review meetings and challenge sessions.

ACTIVITIES DURING THE FINANCIAL YEAR

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

- 1 Reviewed Risk Management reports on key risks and risk management activities, and recommended additional controls to mitigate both existing and emerging key 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 Reviewed the Statement on Risk Management and Internal Control and recommended to the Board for approval prior to its inclusion in the Company's integrated/annual report.
- 4 Appraised the performance of the GRMD.

This Report is made in compliance with a resolution of the Board dated 27 April 2022.

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 2021.

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 27 April 2022.

STATEMENT OF DIRECTORS' INTERESTS

in the Company and related corporations as at 27 April 2022

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.

SECTION

07

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SUSTAINABILITY STATEMENT

SUSTAINABILITY @ BOUSTEAD

Sustainability to Boustead is about operating in a manner that allow us to create short, medium and long-term value for our various stakeholders – our customers, shareholders, business partners, vendors, employees and the community – by:



Aligned with the spirit of our Sustainability Policy, today we are placing greater emphasis on mainstreaming our sustainability agenda in response to increasing urgency of global imperatives such as climate change, poverty as well as unequal access to healthcare and education. Though 'global', these issues are very real in developing countries including Malaysia. As a responsible and values-driven organisation, we seek to play our part in addressing some of these issues.



Our Sustainability Policy is accessible at www.boustead.com.my/sustainability

In 2021, we aligned our sustainability strategy with the newly launched Boustead Hijau (BIJAU) Agenda, which will guide us as we integrate Environmental, Social and Governance (ESG) principles into the core of our operations. Our aim is not only to minimise our environmental footprint but to protect the environment through eco-friendly products and solutions. In the social realm, we are moving towards digitisation and innovation across our organisation that will enable us to develop products that are inclusive and accessible by people who were previously underserved or unserved.

Supporting these efforts is a continuously strengthened governance framework to ensure transparency and integrity in all our actions. Integrity is a key value at Boustead; it represents our soul. As we work towards sustainability, we will do so with integrity and sincerity, which underpins everything we do.

SUSTAINABILITY GOVERNANCE

Sustainability at Boustead is led by our Board of Directors, which has oversight over the Group's sustainability strategy, direction and performance. The Board is supported in carrying out its functions by the Sustainability Committee, comprising four directors who meet at least twice a year to discuss sustainability matters. At the management level, we have established a Sustainability Management Committee comprising representatives from across the Group and chaired by the Group Finance Director. Finally, we have a Sustainability Secretariat, which works in collaboration with Divisional Sustainability Teams and Champions across the Group to ensure that the Group's sustainability performance is reported and updated accurately, while providing support on corporate sustainability matters.

The roles and responsibilities are as follows:

Board of Directors:

Has general oversight of all sustainability matters, sets Boustead's sustainability strategy and is charged with ensuring its systematic implementation

Sustainability Committee (SC):

Supports the Board in executing its responsibilities in line with the Group's sustainability objectives, policies and practices

Sustainability Management Committee (SMC):

Ensures that the Group fulfils its sustainability objectives, policies and practices

Sustainability Secretariat:

Works with Divisional Sustainability Teams and Champions and provides support in relation to corporate sustainability matters

Divisional Sustainability Teams and Champions:

Provide on-the-ground support in executing the Group's sustainability initiatives; and submit progress reports on initiatives as well as sustainability performance

OUR MATERIAL MATTERS

In 2020, we had completed a thorough materiality assessment, through which we identified 14 matters that are material both to Boustead and our stakeholders.

In 2021, our Sustainability Management Committee reviewed the material matters and made certain changes to better reflect evolving priorities in response to shifts in our operating environment. Specifically, “Business Continuity” is now subsumed under a broader material matter namely “Economic and Business Performance”; and we have merged “Environmental Compliance” as well as “Resource Efficiency” into one material matter; “Resource Efficiency and Pollution Prevention”. We have also renamed “Sustainable Products and Services” to “Sustainability-Oriented Products and Services” for greater accuracy.

Effectively, we now have the following 13 material matters:



For more information on our materiality assessment, how each material matter is defined and why it is important, please refer to Our Material Matters on pages 64 to 69 of this IR.

OUR CONTRIBUTIONS TO THE UNITED NATIONS' SUSTAINABLE DEVELOPMENT GOALS


We are committed to supporting and contributing towards the United Nations' 17 Sustainable Development Goals (SDGs). The role that we have determined to play in the advancement of the SDGs was ascertained through the assessment of our impact on SDGs and our potential to contribute to the attainment of these goals.



We have prioritised the following five SDGs, which are connected to our core business operations and our role as member of LTAT Group:



The remaining 12 SDGs are classified as supporting goals given that our contribution to these goals is less direct.

Steadfast in our commitment to contribute to the five SDGs, we charted a year-on-year progress comparison for these SDGs as follows:

SDG	How We Contribute	Progress/Achievement			
		Indicator	2019	2020	2021
 8 DECENT WORK AND ECONOMIC GROWTH	<p>We strive to deliver value to all our shareholders, while concurrently creating value for other stakeholders.</p> <p>With more than 16,000 individuals under our employ and given our extensive reach across diverse industries, we are conscious of our role in creating opportunities for decent work and secure livelihoods, through inclusive and sustainable business practices.</p> <p>We also contribute to enhanced economic productivity and resource efficiency through continued focus on R&D and innovation across our operations.</p>	Economic Value Generated	RM10.3 bil	RM7.9 bil	RM11.3 bil
		Economic Value Distributed to employees	RM757.7 mil	RM749.4 mil	RM736.9 mil
		Payment to Government in taxes	RM50.5 mil	RM80.4 mil	RM281.5 mil
		CSR spending	RM24.1 mil	RM33.4 mil	RM25.7 mil
		Investment in R&D	RM70.4 mil	RM55.2 mil	RM36.5 mil
		Child labour and forced labour incidents	0	0	0
		Lost Time Injury Frequency Rate (LTIFR)	7.48	4.73	4.47
		Energy sourced from renewable fuel	62%	66%	74%
 2 ZERO HUNGER	<p>Our greatest impact and contribution to SDG 2 comes from our Plantation Division.</p> <p>Through the Division, we adhere to sustainable agricultural practices in our daily operations to ensure sustainable food production, improved land and soil quality as well as increased productivity.</p> <p>Our commitment to agricultural research aids in improving agricultural production capacity.</p> <p>We also recognise our impact on the environment, be it direct or indirect and aim to minimise this.</p>	Certified Sustainable Palm Oil (CSPO) produced	108,317 MT	136,432 MT	150,527 MT
		MSPO certified acreage	53,431 ha	98,212 ha	97,961 ha
		RSPO certified acreage	34,278 ha	39,453 ha	39,450 ha
		R&D spend by Plantation Division	RM14.0 mil	RM13.6 mil	RM14.9 mil
 3 GOOD HEALTH AND WELL-BEING	<p>Our Pharmaceutical Division actively contributes towards achieving this Goal through its core activities, namely manufacturing as well as logistics and distribution of pharmaceutical products.</p> <p>Through our focus on the development and manufacturing of affordable generic and Halal-certified healthcare products for various therapeutic segments, we are able to do our part in improving access to healthcare for all.</p> <p>Our vast logistics network allows us to supply healthcare products to medical institutions across Malaysia and Indonesia, while our community pharmacies improve access to essential healthcare products.</p>	Compliance with MOH Performance Standards rate	99.6%	99.6%	99.3%
		Independent pharmacies participating in RoyalePharma Alliance Programme	310	415	413
		R&D spending by Pharmaceutical Division	RM23.5 mil	RM39.9 mil	RM20.1 mil
		New products registered	23	44	45

		Progress/Achievement			
SDG	How We Contribute	Indicator	2019	2020	2021
	Our Property & Industrial Division contributes to SDG 11.	Sustainability-certified fibre cement boards produced	25.3 mil standard metres	22.8 mil standard metres	26.8 mil standard metres
	<p>We manufacture sustainability-certified fibre cement boards, which are a highly versatile building material that can be utilised in various applications.</p> <p>Through the townships that we develop and the properties we manage and invest in, we are able to encourage inclusive, safe and sustainable lifestyles.</p> <p>We have also heightened the inclusion of sustainable solutions in the development and construction of our new properties.</p>	<p>Nucleus Tower in Mutiara Damansara was awarded a Green Building Index (GBI) Gold Rating, while our new development in Mutiara Hills, Semenyih obtained provisional GreenRE Certification (Bronze) for township category.</p> <p>We implement various measures at our malls and office buildings to promote inclusivity, including wheelchair access, dedicated parking for lone female visitors and baby care rooms.</p> <p>We promote the utilisation of public transportation by providing easy access to mass transits at our properties.</p> <p>We continued to actively encourage sustainability practices to our mall visitors by providing electric vehicle charging stations and hosting various events that promote sustainable lifestyles, amongst many other initiatives.</p>			
	We contribute to the Malaysian Armed Forces efforts in retaining the sovereignty and the rule of law at national and international levels through the solutions that we provide.	MRO projects completed for RMN	7	6	3
	The Heavy Industries Division's Marine Sector primarily provides shipbuilding as well as MRO services to RMN's fleet.	Maintenance projects completed for RMAF helicopters	6	5	5
	In the Aerospace Sector, we provide intermediate level maintenance for RMAF helicopters and full operational and intermediate level maintenance for Malaysian Maritime Enforcement Agency (MMEA) helicopters.	Maintenance projects completed for MMEA helicopters	3	3	3
	We have implemented a policy to actively combat corruption and bribery in all forms, while continuing to strengthen the effectiveness, accountability and transparency of our governance bodies.	Confirmed incidents of corruption and bribery	0	0	0

SUSTAINABILITY GOALS & KEY FOCUS AREAS

Based on Boustead's internal needs, as well as the expectations of our stakeholders, we have outlined five core sustainability goals which will drive our sustainability initiatives. These five goals encompass all 13 of our material matters.



Enabled by Strong Sustainability Governance, Continuous Integration Process and Capability-building

GOAL 1

ACTING WITH INTEGRITY

Integrity is one of the Group's core values and forms the cornerstone of our operations. We seek to embed a culture in which all Bousteadors conduct themselves with integrity and sincerity in everything they do in order to build strong and mutually beneficial relationships with all our stakeholders based on trust.



BUSINESS ETHICS AND CORPORATE GOVERNANCE

Corporate governance is overseen by our Board of Directors as part of its overall responsibility to uphold the highest standards of integrity and accountability. Guided by the Malaysian Code on Corporate Governance (MCCG) issued by Securities Commission Malaysia, we protect the interests of all our stakeholders, especially our shareholders.

In 2019, we established a Group Integrity and Governance Department (GIG) to create awareness of the Group's zero tolerance for bribery and corruption and to set up the necessary systems to instil a culture of integrity Group-wide. In addition to implementing integrity programmes within the Group, GIG manages alleged incidents of corruption, abuse of power, malpractice and/or violation of our code of ethics within the organisation. It is GIG's responsibility to investigate all such reports and follow up with the appropriate actions.

GIG is also currently driving Boustead Holdings Berhad (Boustead)'s ISO 37001:2016 Anti-Bribery Management Systems (ABMS) Certification. The Head of GIG is a Certified Integrity Officer (CeIO), endorsed by the Malaysian Anti-Corruption Academy (MACA), who reports to the Board Audit Committee.



For more information on our Corporate Governance, please refer to the Corporate Governance Overview Statement on pages 146 to 164 of this IR.

ABOUT THE ABMS

Some business units in the Group have already been ABMS certified, while the others – including Boustead – are working towards the certification. In order to be certified, we need to put in place global best practices to minimise, if not completely eradicate, any form of bribery or corruption within the organisation. This includes developing an anti-bribery policy, conducting corruption risk assessments, and putting in place personnel control, among others. ABMS functions as a framework for the Group to prevent, detect and respond to any form of bribery.

Whistleblowing channels available:

Hotline: **1-800-88-2040**

E-form: **www.boustead.com.my**

Email: **alert@boustead.com.my**

Write to:

Head of Group Integrity & Governance (GIG), 2nd Floor, Menara Boustead, 69 Jalan Raja Chulan, 50200 Kuala Lumpur



For more information on our Policies, please refer to our corporate website, www.boustead.com.my/integrity

Our Policies

Various policies are in place to guide Bousteadors in conducting our business ethically, transparently and with integrity.

Code of Ethics and Conduct (CoEC)

The Group's CoEC comprises values, principles and guidelines that steer the Group towards ethical practices. It covers workplace bullying, sexual harassment, conflicts of interest, illegal gratification, business courtesies, confidentiality, financial and accounting integrity as well as our environment, health and safety. CoEC training is part of the onboarding process for new recruits, who are required to read and sign their acknowledgement to adhere to it. Subsequently, they renew their commitment biennially. The Board reviews the Code periodically to keep it relevant.

Anti-Bribery and Corruption Policy

The Group introduced our Anti-Bribery and Corruption (ABAC) Policy in September 2020 in order to meet the Guidelines on Adequate Procedures. The Policy inculcates an ethos of integrity, transparency and accountability across our five Divisions.

No-Gift Policy

Boustead adopted a No-Gift Policy in 2019 to ensure that our Directors, employees, contractors, agents and representatives conduct their work in a fair and objective manner.

Whistleblowing Policy

The Group's Whistleblowing Policy promotes a safe and confidential platform for employees to address any improper conduct within the Group, including bribery, abuse of power, fraud or sexual harassment.

GOAL 1

ACTING WITH INTEGRITY

Communicating Boustead's Ethics & Integrity Policies

The Group's ethics and integrity policies, as well as CoEC, are communicated to employees across the organisation through email blasts and other channels. Training sessions are also organised when new policies are introduced, and subsequently as refreshers.

Throughout the year, we conducted a total of 45 ethics and integrity-related training sessions which were attended by 5,224 participants. Through these sessions, we seek to enhance general awareness of integrity issues and our internal policies. Some of the sessions focused on Section 17A of the MACC Act as this was introduced relatively recently, while others served to prepare our business units for ABMS certification. We also enrolled our integrity personnel in external training geared towards the CeIO and ABMS Lead Auditor Certification.

In addition, we participated in the National Integrity Convention 2021, in conjunction with National Integrity Day. During the year, more than 2,000 employees signed our Integrity Pledge.

Corruption Risk Assessment (CRA)

CRA, a diagnostic methodology that forms part of ABMS, allows us to identify, analyse, assess and prioritise the Group's internal and external corruption risks, including risks of bribery, embezzlement, fraud, theft and indiscretion, among others. By conducting CRA, we are able to generate corruption risk profiles, risk registers and risk action plans.

Boustead

ANTI-BRIBERY AND CORRUPTION POLICY STATEMENT

Boustead Holdings Berhad and our subsidiary companies (hereafter referred to collectively as Boustead Group) strive to prevent bribery and corruption and uphold the highest standards of integrity, accountability and professionalism in the conduct of our businesses. This is consistent with Boustead Group's core values of RESPECT, INTEGRITY, TEAMWORK and EXCELLENCE.

Boustead Group is committed to:

- Complying with the provisions of the Malaysian Anti-Corruption Commission Act 2009 (Act 694) and the applicable laws by inculcating integrity, transparency and accountability in all aspects of business;
- Prohibiting employees from soliciting, accepting and offering bribes and any form of corruption;
- Ensuring all employees and business associates adhere to this 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 in line with Boustead Group's Whistleblowing Policy.






The Integrity & Governance Department is responsible for monitoring compliance with the Anti-Bribery Management System and reporting to the Board of Directors.

All employees and business associates are expected to read, understand and adhere to this Policy. Non-compliance with and violation of this Policy by an employee or business associate may result in action taken by Boustead Group in accordance with its policies, procedures, directives and guidelines and/or initiation of legal proceedings.



ABAC Policy handover sessions to Boustead's Heads of Department

RELATED ACTIVITIES UNDERTAKEN BY EACH DIVISION:

 Plantation	 Property & Industrial	 Pharmaceutical	 Heavy Industries	 Boustead and Trading, Finance & Investment
<ul style="list-style-type: none"> • Conducted inaugural CRA • In progress to obtain ABMS certification in 2022 • Intensified the implementation of ABAC Policy to estates and mills • Implemented Integrity Pledge for all employees; and began implementation for business associates 	<ul style="list-style-type: none"> • Widened the reach of Integrity and ABAC awareness programmes • Conducted inaugural CRA • Implemented Integrity Pledge signing for employees • Conducted knowledge sharing session on company's policies to new recruits during on-board training • Internal knowledge-sharing sessions on ABAC, Whistleblowing & No-Gift Policy by monthly email postings 	<ul style="list-style-type: none"> • A dedicated CeLO to lead and manage integrity-related matters • Conducted CRA and ABMS internal audits • Pharmaniaga Research Centre Sdn Bhd obtained ABMS certification in 2021, while Pharmaniaga Logistics and Distribution maintained its certification obtained in 2019 • Three business units – Idaman Pharma Manufacturing Sdn Bhd (IPMSB), Pharmaniaga Manufacturing Berhad (PMB), and Pharmaniaga LifeScience Sdn Bhd (PLS) – are set to obtain ABMS certification in 2022 	<ul style="list-style-type: none"> • Boustead DCNS Naval Corporation Sdn Bhd (BDNC) obtained ABMS Certification • Implemented Integrity Pledge signing for employees • Internal knowledge-sharing sessions on best practices on integrity risk management 	<ul style="list-style-type: none"> • Shared integrity, anti-bribery and corruption awareness circulars covering 35 topics throughout the year • Launched Boustead's Online Gift Declaration • Boustead personnel signed the Integrity Pact • Extended ABAC Compliance letter to Boustead business associates • Conducted inaugural ABMS internal audit in preparation for ABMS certification, targeted for 2022 • Increased the number of CeLOs and certified ABMS lead auditors to lead and manage integrity-related matters



Zero
confirmed incidents
of bribery and
corruption* in 2021

*as defined in Section 17A of the MACC Act

In 2022, we aim to obtain ABMS Certification for at least another five business units within the Group. Towards this end, we will be rolling out anti-corruption due diligence procedures to new and existing business associates.



For more information on our corporate governance practices, please refer to the Governance Section on pages 146 to 177 of this IR.

GOAL 2

DELIVERING SUSTAINABLE GROWTH AND FUTURE-PROOFING THE BUSINESS

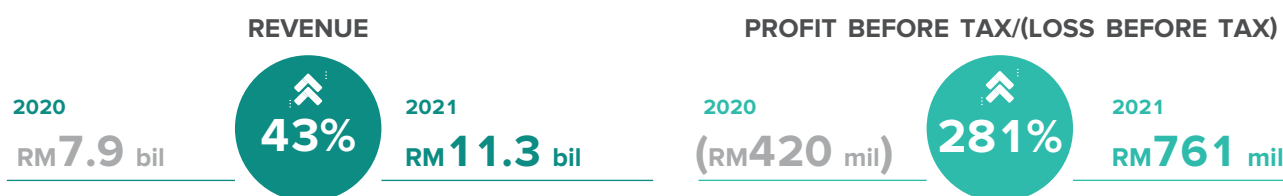
We constantly monitor how effectively and efficiently our businesses are run in order to ensure relevance and resilience in a time of great change and uncertainty. We also look at how changing customers' demand and societal needs can be met by harnessing technology and innovating our products and services. Our objective is to future-proof the Group and our diverse operations in order to deliver sustainable growth consistently.



ECONOMIC AND BUSINESS PERFORMANCE

Our financial performance is critical to the sustainability of the Group as well as our ability to meet our commitments and create value for our stakeholders. We therefore place great emphasis on producing a healthy financial scorecard at the end of every year.

We were very pleased with our performance in 2021, as the Group recorded a net profit after six consecutive quarters of losses.



For more details on our financial performance, please refer to our CFO's Statement on pages 40 to 45 of this IR.

Business Continuity

Since the outbreak of the pandemic, survivability has been a foremost consideration among most businesses. It has added to ongoing sustainability-related risks such as extreme weather events, cyberattacks as well as data breaches. In addition to our Risk Department monitoring and managing these risks, since COVID-19, we have activated our Pandemic Emergency Management Plan while also setting up stringent COVID-19 Safety Procedures.

In addition, we have begun to build a robust Business Continuity Management (BCM) framework to ensure the ability to maintain essential business functions in the event of any unexpected crisis. Work on the BCM framework began at selected business units since 2020.

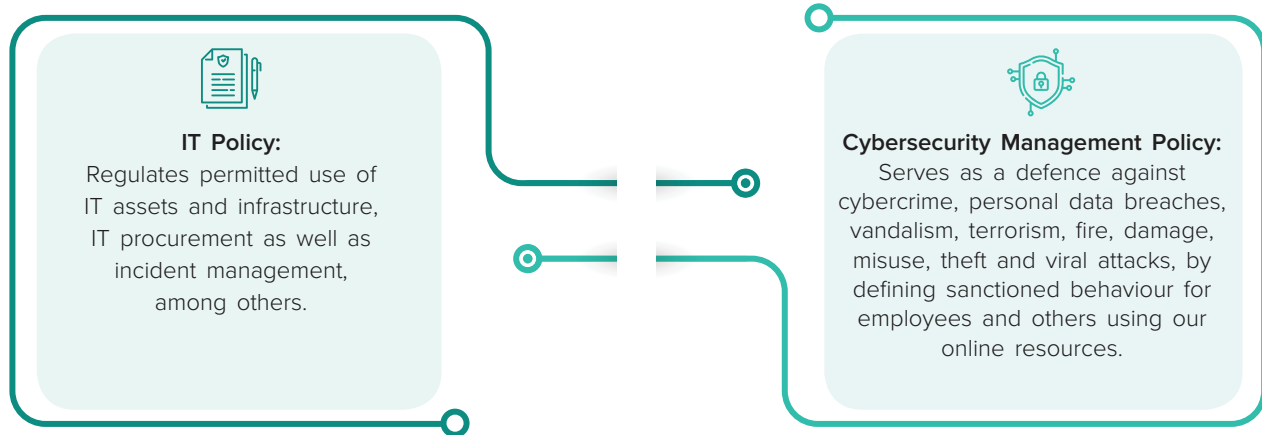
To manage our supply chain risks, several of our business units have been working together with their suppliers and business partners to implement supply chain continuity guidelines. We have also initiated efforts to improve Group-wide sourcing practices, focused on mitigating future disruptions while enhancing effectiveness and efficiency. These efforts leverage Artificial Intelligence (AI) and other emerging technologies to create greater visibility of our supply network and the ability to cultivate an agile supply chain.

As we continue to digitalise our operations, we recognise the need to protect our systems and Information Technology (IT) platforms against cyberattacks. Towards this end, we have implemented a Group-wide IT Policy as well as a Group-wide Cybersecurity Management Policy.

In 2021, we also engaged a third party to conduct a Group-wide cyber risk assessment to determine our level of exposure to cybercrime as well as the liabilities we face from our IT vulnerabilities. The assessment allowed us to evaluate the strength and vulnerabilities of Boustead's IT asset management programme and to outline corrective actions to improve our security posture from a technical, financial and compliance standpoint.

To be prepared for any possible crisis, we also established a Group-wide Cybersecurity Emergency Response Team (CERT) to provide a structured framework for the detection, response and recovery from any serious cyberattack.

Meanwhile, to further strengthen our IT capabilities, we are developing and mobilising IT talent to ensure continuity across all businesses.



TECHNOLOGY AND INNOVATION

Technology and innovation are cornerstones of the Group, laying the foundation for effective operations. Over the years, we have been investing in progressively more advanced technology while also encouraging a culture of innovation. Under Reinventing Boustead, technology and innovation will no longer just support our operations but will be integral to our growth engine. Two companies have been established – BTECH and Boustead Digital Services (BDigital) – to fully leverage technology and innovation in driving the Group's sustainable growth.



For more information on BTECH and BDigital please refer to the GMD's Statement on page 36 of this IR.

GOAL 2

DELIVERING SUSTAINABLE GROWTH AND FUTURE-PROOFING THE BUSINESS

Meanwhile, each division has outlined roadmaps that will see them invest in more digital and other technologies to enhance their operational and cost efficiencies.



PLANTATION

Focus Areas

- Yield enhancement through materials of higher quality
- Operational efficiencies through fertiliser management, enhanced field mechanisation as well as the implementation of integrated Geographical Information System (GIS)

Activities in 2021

Research & Development

- Through its R&D associate, Applied Agricultural Resources Sdn Bhd (AAR) and Boustead Life Sciences Research Sdn Bhd, the Division continues to conduct research to enhance its operations.
- AAR has developed the ability to screen mantled palms at the ramet stage with near 100% accuracy.
- Identified growth-promoting endophytic nitrogen-fixing and phosphates-solubilising bacteria.
- Isolated and patented a potential Ganoderma disease-suppressing microbe.
- In 2021, the Division spent a total of RM14.86 million on R&D.

Mechanisation

- Under its 25-Year Replanting Programme (RP25), the Division plans to replant 7% of its plantation area every year to redress the ageing profile of its estates. The programme includes a three-year mechanisation plan focused on harvesting operations, in-field crop evacuation and external crop transportation.
- Implemented new buffalo carts to eliminate the need for double-handling of harvested bunches, amongst others.
- Implementation of PalmPro carbon fibre poles that increase harvesting efficiency by up to 15%.

Digitalisation

- Captured a series of photos using drones to count the number of palms in different plantations, and classify their growth based on canopy size as part of planting and replanting monitoring. Training was provided for managers to use drone images for this purpose.
- Digital water table monitoring wells were set up and protocols developed to track the water table in areas requiring proper drainage management.



PROPERTY & INDUSTRIAL

Focus Areas

- Enhanced customer experience in our malls and commercial developments
- Improved efficiencies in internal processes and procedures through digitalisation
- Development of cost-efficient and environmentally-friendly products and formulations

Activities in 2021

Property

- Rebranding efforts including digital adoption to continuously evolve with market demands.
- Development of new township, Mutiara Hills, which incorporates various innovative features that encourage a sustainable lifestyle. The development has obtained a provisional GreenRE Certification (Bronze) under the Sustainable Township category.
- Exploring the re-architecture of our flagship development, Mutiara Damansara, into a smart and carbon neutral township, by embracing a digital technology support eco-system.

Industrial

- Continuously enhanced the quality of fibre cement products.
- Reengineered eco-friendly hybrid solid panels by partially replacing Expandable Polystyrene (EPS) content with air bubbles.
- Developed an enhanced and environmentally sustainable third-generation wall system.
- Created a convenient process to install wood-like decking with accessories and a coating system.
- Identifying alternative raw materials and ways to recycle.





PHARMACEUTICAL

Focus Areas

- Use of robotic process automation to drive greater efficiencies
- Leveraging high-tech machinery to enhance efficiency while ensuring products and services are of the highest quality

Activities in 2021

- Division spent a total of RM20.1 million on R&D.
- Exploring the use of Power BI for Dashboard Reporting to enhance inventory optimisation by understanding customer demand and identifying new revenue streams.
- Establishing a fully-automated distribution centre through the Transport Management System. The project, which began in 2021, includes the implementation of Oracle Transportation Management (OTM), GPS tracking and mobile apps, as well as integration of billing and proof of delivery, and the collection and storage of master data at all our distribution centres – progressing towards fully automated distribution centre operations.
- Implementation of additional three autobots to handle order processing at all warehouses, including branches, which further reduces the manual workload, with one autobot being used to handle accounts payable.
- Invested in the automatic visual inspection and leak detector technology whereby the visual inspection process is integrated with leak detection automatically resulting in significant improvements in production efficiency while ensuring overall product quality and stability.
- Adopted a new system and technology to shorten sterility test during the manufacturing of our vaccine. This enabled us to reduce the incubation time for sterility testing by nearly half which expedited product delivery to patients.



HEAVY INDUSTRIES

Focus Areas

- Enhancing design and engineering competencies
- Strengthening processes to boost productivity, improve cost efficiency and mitigate safety and environmental risks

Activities in 2021

- Entered into a joint venture with Airbus to develop and offer MRO services for helicopters.
- Collaborating with BDigital and a project partner to create a digital project management system for shipbuilding and ship repairs.
- Implemented IT infrastructures to support all office-based employees working remotely, provided employees with laptops and a Virtual Private Network (VPN) to access dedicated company applications such as Intranet portal MyCompass and AVEVA MARS system to monitor materials and production control in shipbuilding and ship repair.



For more information on technology and innovation in our Heavy Industries Division, please refer to its Integrated Report available on its corporate website.



GOAL 2

DELIVERING SUSTAINABLE GROWTH AND FUTURE-PROOFING THE BUSINESS



QUALITY & CUSTOMER SATISFACTION

All the businesses we are involved in are highly competitive. To maintain an edge, we recognise the need to differentiate Boustead products and services through the delivery of consistently high quality. While seeking to meet the needs of all customers from all segments of society, we never compromise on quality – either of our products or their delivery.

The Group maintains various ongoing initiatives to improve the quality of our products and services in order to heighten customer satisfaction. Some of these are described below.



PLANTATION

Nine out of our 10 palm oil mills are ISO 9001:2015 Quality Management Systems certified, indicating the ability to consistently deliver products that meet customer demand and relevant regulatory requirements. The 10th mill, Tawai Palm Oil Mill, is targeted to be certified by 2022. The upgrade aside, Tawai Palm Oil Mill was recognised for its product quality, receiving a Zero Off Spec CPO Supplier Award for the year 2021 from IOI Edible Oil.



Zero Off Spec CPO Supplier Award 2021 received by Tawai Palm Oil Mill



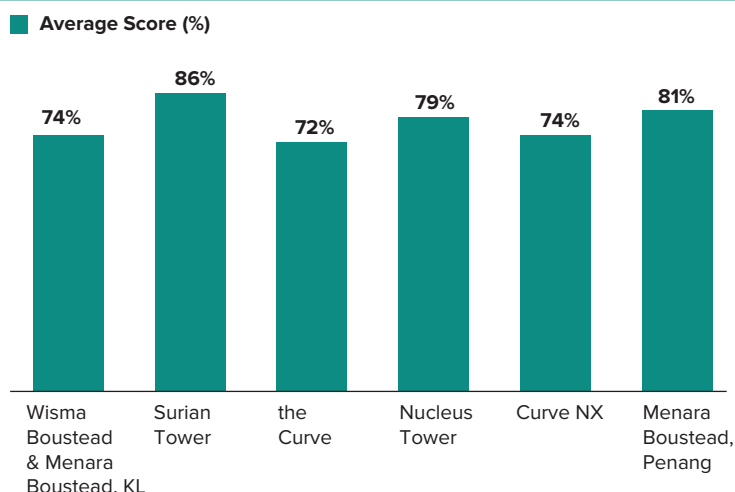
PROPERTY & INDUSTRIAL

To enhance quality standards, we have implemented mid- and long-term refurbishment plans for our portfolio of resorts and hotels. Together with centralisation of procurement, there will now be better conformity to brand standards in addition to improved cost savings.

In our malls, continuous efforts are made to improve service levels for an enhanced customer experience. To ensure a high level of customer satisfaction, we conduct yearly surveys on users of our different properties.

During the year, we expanded the implementation of cashless parking system in our facilities, which not only adds to user convenience but is also paperless and therefore more environmentally-friendly. Meanwhile, eCurve has been closed to the public since March 2021 to undergo a massive transformation that will see an even more customer-appealing venue emerge.

Tenant Satisfaction Survey Results 2021



In property development, we engage only reliable contractors and consultants while closely monitoring all projects to ensure their completion on time. This contributed to zero Liquidated Ascertained Damages (LAD) during the year. Meanwhile, to meet the needs of the different segments of the population, the Division is developing affordable residential projects, such as Balau Homes in Mutiara Hills, Semenyih. With quality top of mind, the development will boast various features – such as a riverine park – to promote a holistic family-centric lifestyle.

To ensure quality materials and construction components, our industrial business unit, UAC Berhad, is ISO 9001:2015 certified.



PHARMACEUTICAL

The quality of pharmaceutical products is critical to ensure optimum efficacy and safety. To maintain a consistently high level of product quality, seven of the Division's business units are ISO 9001:2015 certified while, in 2021, IPMSB (Sungai Petani) obtained the MS ISO/IEC 17025 Testing and Calibration Laboratories Certification.

Further enhancing product responsibility, the Group has established a Pharmacovigilance Unit to monitor any adverse patient reaction to its products and manage all areas relevant to product safety.

To ensure safe product use, the Division adheres to all labelling practices as per the Drug Registration Guidance Documentation set out by National Pharmaceutical Regulatory Agency (NPRA). Labelling of medical equipment and devices, meanwhile, is guided by the Medical Device Guidance Document set out by the Medical Device Authority.

Marketing and advertising activities are also conducted responsibly, in compliance with relevant standards as well as guidelines. Among others, the Division's compliance department reviews all marketing materials prior to publication and circulation.

In 2021, there was zero non-compliance incidents pertaining to pharmaceutical product safety, marketing and labelling.

Other than product quality, the Division places emphasis on high standards in its service delivery. In 2021, the Division attained an order fulfilment rate of 91.4%, and a compliance score of 99.3% for all performance metrics under the Concession Agreement with the Government.

It also sustained a high level of customer satisfaction as reflected in surveys conducted with the MOH at 98.0% and the MOHE at 96.0%.

The Division's commitment to customer service is reflected in:

- ▶ Customer Care personnel undergoing various training & development programmes
- ▶ The establishment of a Quality Assurance Unit in the Customer Care Department
- ▶ Strict observance of ISO 18295-1:2017 Customer Contact Centres requirements



R&D is a fundamental pillar of Pharmaniaga's business

GOAL 2

DELIVERING SUSTAINABLE GROWTH AND FUTURE-PROOFING THE BUSINESS



HEAVY INDUSTRIES

The Division strives to create value for customers through high-quality and competitively priced products and services. Underlining its commitment to quality management, it has attained relevant industry gold standards.

To date, the following Group companies are ISO 9001:2015 certified:

- ▶ BHIC AeroServices Sdn Bhd
- ▶ BHIC Bofors Asia Sdn Bhd
- ▶ BHIC Defence Techservices Sdn Bhd
- ▶ BHIC Marine Technology Academy Sdn Bhd
- ▶ BHIC Navaltech Sdn Bhd
- ▶ BHIC Submarine Engineering Sdn Bhd
- ▶ Boustead DCNS Naval Corporation Sdn Bhd (BDNC)
- ▶ Boustead Langkawi Shipyard Sdn Bhd
- ▶ Boustead Naval Shipyard Sdn Bhd (BNS)

Supporting the maintenance of quality standards, the Division has forged partnerships with four local universities – UTM, International Islamic University Malaysia (IIUM), Universiti Pertahanan Nasional Malaysia (UPNM) and Universiti Malaysia Terengganu (UMT) – to enhance its design and engineering capabilities. It also undertakes continuous improvement projects and cost-saving exercises to attain better service at lower cost.



167

continuous improvement projects completed in
2021, enabling cost saving of

RM7.8 million

To gauge satisfaction levels, the Division engages regularly with customers through meetings and surveys. It also conducts regular internal quality checks and supplier quality audits.



TRADING, FINANCE & INVESTMENT



The Division's retail petroleum segment forged new alliances with Food and Beverage (F&B) brands as well as service providers to expand its suite of offerings to valued customers. Fast-food outlets that have either already opened at the service stations, or will open soon, include McDonalds, KFC, Burger King, A&W and Marrybrown. Meanwhile, within BHPetromart, customers will now find the following F&B partners: Chatime, Coolblog, Daily Fresh, Richiamo Café, Subway, Dunkin and Costa Coffee.

Further enhancing its customers' convenience, more Mail Boxes Etc. and carwash facilities will be featured at BHPetrol service stations.

The Division opened four new service stations, bringing its network to 373 BHPetrol service stations nationwide.



SUSTAINABILITY-ORIENTED PRODUCTS AND SERVICES

We are mindful that as a business entity, our primary role in supporting the United Nations' Sustainable Development Agenda is through the provision of products and services that deliver environmental, social and economic benefits, thereby contributing towards the attainment of the goals. The following are some of our initiatives to deliver such products and services:



RENEWABLE ENERGY

The adoption of renewable energy will play a key role in the transition to a low-carbon economy, in line with SDG 7. To date, Boustead has invested in several renewable energy solutions within our operations. Under the BIJAU Agenda, however, we have identified renewable energy as a new growth engine and are entering into strategic partnerships with green technology players to become a key contributor in this fast-growing and high-impact area.

Algae Biofuel

We have entered into a partnership with NextGen Group in its venture to develop 15,378 ha of algae plantation to derive algae biofuel as an alternative source of renewable energy. NextGen Group has developed and patented A-MAP technology that represents a method of cultivation and harvesting micro algae to deliver exponentially higher yields on an industrial scale at a commercially viable cost.

Under our partnership, Boustead is leasing 405 ha of land belonging to our Plantation Division for algae cultivation, while also developing 15 million algae farm tanks and oil extraction facilities with an aggregate capacity of 34 million tonnes. In addition, we will provide more than 100,000 trained workers for the project.

Algae oil has many advantages over vegetable oils as a source of biofuel:

- ▶ Algae is high-yielding therefore requires less land to extract the same quantity of oil compared to vegetable oils.
- ▶ Algae can grow where food crops cannot, therefore does not compete for land that could be used to grow foods for human consumption.
- ▶ It can grow using seawater and wastewater; conventional crops cannot.
- ▶ Through NextGen Group's A-MAP technology, it can even grow on rooftops, deserts, oceans, wastewater treatment plants, etc. All it needs is sunlight.

Solar Energy

Boustead has signed an MoU with Sinohydro to develop various solar-related projects in Malaysia. These include the development of a land-based solar farm on Boustead land and participation in large-scale solar projects, while exploring rooftop solar businesses as well as Solar Photovoltaic (PV) manufacturing. In addition, we intend to explore solar battery storage solutions and the development of a waste-to-energy plant. Sinohydro is a subsidiary of Power Co Corp of China (PowerChina), a market leader in engineering and construction projects with expertise in solar-related developments.

In addition to developing a viable source of renewable energy, through this venture we will be involving more Small and Medium-sized Enterprises (SMEs) in the renewable energy segment, building skills and capabilities in an important economic sector. To fulfil our commitment to supply trained workers, moreover, we will also encourage the participation of army veterans, thus provide income generating opportunities to an important stakeholder group.

GOAL 2

DELIVERING SUSTAINABLE GROWTH AND FUTURE-PROOFING THE BUSINESS



SOCIALLY EQUITABLE BLOCKCHAIN TECHNOLOGY

Following an MoU with Accubits Technologies (Accubits), we intend to use blockchain to create greater social equity, especially with regard to wealth creation and distribution. We seek to leverage Accubits' expertise in blockchain innovations to explore the use of asset tokenisation and green tokens in Malaysia, starting with the property market. With the acquisition of affordable tokens, even those from the lower-income groups will be able to own equity in properties which they can live in. This is set to be a game-changer in the property segment, and will go a long way towards ensuring access for all to adequate, safe and affordable housing.



SUSTAINABLY-PRODUCED PALM OIL

Palm oil remains one of the most affordable and therefore widely used vegetable oils in food production. In producing sustainable palm oil, therefore, we contribute towards accessible and affordable food, helping to reduce hunger, in line with UN's Zero Hunger ambition.

Committed to ensuring that its operations and products meet international ESG standards, six palm oil mills and 21 estates across 39,450 ha within our Plantation Division are RSPO certified, while certification is in progress for the remaining mills and estates. Meanwhile, all our mills and estates, covering 97,961 ha of our landbank, are MSPO certified.

During the year, we produced a total of 150,527 MT of CSPO and 25,751 MT of CSPK.

Ensuring the sustainability of the entire supply chain, the Division has established a Traceability Monitoring Programme to track the flow of FFB. To date, six mills have attained RSPO Supply Chain Certification Standard (SCCS), while four are MSPO SCCS certified.



Fresh fruit bunches at one of our RSPO-certified mills



ACCESS & AVAILABILITY OF QUALITY HEALTHCARE PRODUCTS

Pharmaceutical Products

Through our Pharmaceutical Division, we fully support UN's goal of Good Health and Well-being by making quality pharmaceutical products affordable and accessible to patients in Malaysia and Indonesia. Supporting this goal, the Division has a 10-year development programme in place product pipeline from 2021-2028 that will see the launch of 139 new products.

In 2021 itself, the following was achieved:

- ▶ Registered 17 new products with the regulatory authorities in Malaysia. Additionally, received registration approval for 13 products in other countries
- ▶ Transfer of technology completed for the Sinovac COVID-19 vaccine
- ▶ Successfully completed bio-equivalence (BE) studies for five products
- ▶ Total of seven products were launched, including:
 - Biopharmaceuticals: Sinovac COVID-19 vaccine
 - Pharmaceuticals: Rabirox 200mg and 400mg (the first generic for the 400mg in Malaysia)
 - Pharmaniaga's first nutraceutical, *Arnia Madu Kelulut*, in collaboration with University Malaysia Terengganu (UMT)

A key achievement was being granted conditional registration for Ravidasvir to treat chronic Hepatitis C infection, making Malaysia the first country in the world to approve its use. With a 97% cure rate, increasing the availability of this more affordable alternative can help to eliminate Hepatitis C, which causes 290,000 deaths each year. Ravidasvir was developed by a public-private partnership involving MOH, Pharmaniaga, the Drugs for Neglected Diseases initiative (DNDi), Egyptian pharmaceutical company Pharco, and Doctors Without Borders (MSF). It is expected to be available in 2022.

COVID-19 Vaccine

In order to help the Government meet its COVID-19 vaccine requirements, our Pharmaceutical Division imported bulk vaccines from China's Sinovac Life Sciences Co., Ltd while also completing the fill and finish for the Sinovac COVID-19 vaccine at its high-tech Small Volume Injectable (SVI) plant in Puchong. The latter allowed us to provide the vaccine to the Government. In total, we supplied 20.4 million doses of the vaccine to the National Immunisation Programme, accounting for the vaccination of 35% of the Malaysian population. Meanwhile, approximately 2.5 million doses were supplied to the private sector.



Delivery of Sinovac COVID-19 vaccine to Government clinic

Halal Pharmaceuticals

In line with our objective of Halal-certifying all of our pharmaceutical products, 23 products were certified Halal by the Islamic Development Department Malaysia (JAKIM) in 2021.

At the same time, Pharmaniaga is establishing itself as a thought leader in Halal pharmaceuticals through active involvement in the Halal Development Corporation (HDC), where it is:

- ▶ A committee member of the Sectoral Working Group for Halal pharmaceuticals under Halal Development Corporation Bhd (HDC).
- ▶ A panel member to review module training for Halal pharmaceuticals by HDC.
- ▶ A panel member in developing Written Instructional Material (WIM) for Halal Supervision and Operations (Levels 3 & 4, Phase II) under HDC.

Pharmaniaga has also been appointed as an alternative member of the Malaysian Organisation of Pharmaceutical Industries (MOPI) for Technical Committee (TC) for Halal Cosmetics, Pharmaceutical and Medical Devices under Department of Standards Malaysia.

GOAL 3

SUSTAINABILITY REVIEW

CREATING A SUSTAINABLE AND HIGH-PERFORMING WORKFORCE

Our people are our most valued asset and we seek to draw out their full potential by nurturing a vibrant work environment that encourages performance while promoting equality and diversity, and protecting basic human rights. In order to attract and retain the best talent, we are enhancing our employee value proposition through continuous training and development opportunities, a robust employee engagement platform, and placing utmost priority on Bousteadors' health and safety. Our ultimate objective is for Boustead to be seen as an employer of choice, offering the most dynamic and rewarding work environment.



DIVERSITY AND INCLUSION

We recognise the merits of having a diverse workforce for the broadened perspectives it brings to the organisation, which enhances our strategies and decision-making. To promote diversity, we are inclusive and ensure equal treatment of all employees irrespective of gender, race, religion, age, nationality, sexual orientation or physical ability. In line with our CoEC, our Recruitment and Selection Policy and Procedures ensure fair recruitment based on candidates' individual merits. We also have zero tolerance for any form of harassment.

Firm adherence to our policies led to no reports being filed during the year on discrimination Group-wide.

Diversity and Inclusion Initiatives

As an equal opportunity employer, we maintain gender equality across all our operations, recruiting and promoting based on employees' qualifications, skills, experience and performance. We also offer salaries based on Bousteadors' level of responsibility – irrespective of their gender. At the governance level, we have a Board Gender Policy which supports the national target of having 30% women representation on the boards of public-listed companies. Accordingly, we seek to

redress the current gap – with women making up only 27% of the Board – while enhancing women's representation at all levels throughout the organisation.

In the Plantation Division, which has traditionally been male-dominated, concerted efforts are being made to support gender equality via growth and empowerment opportunities for women. In 2020, the Division introduced recruitment programmes for cadet planters and cadet engineers which saw two female cadet planters and one female cadet engineer join the Group. In 2021, the newly recruited cadet engineer, who is also from an Orang Asli community, was promoted to become our first woman mill engineer, stationed at Trong Palm Oil Mill in Perak. Meanwhile, within our Heavy Industries Division, a female employee at BNS who joined as a Technical Executive in 2007 was promoted as Project Manager, becoming the first female to hold the post since the incorporation of the business unit in 1991.

We are also committed to providing a platform for individuals of diverse educational backgrounds to secure gainful employment with the Group.



Plantation Division's first woman mill engineer (third from left), together with her co-workers at Trong Palm Oil Mill, Perak

Workforce Profile in 2021



16,520

Total Number of Employees



27%

Women

Directors on Board

32%

Women

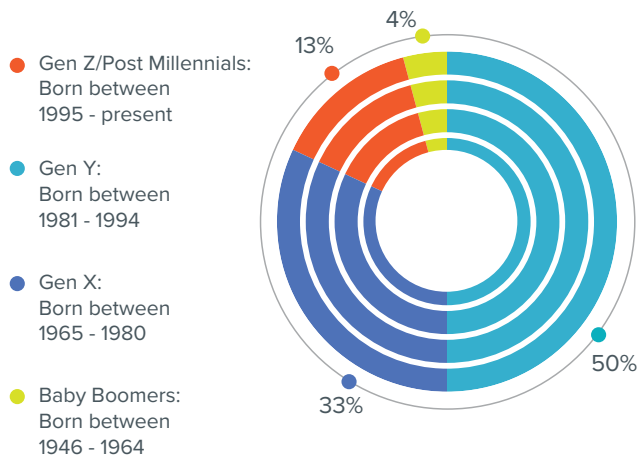
in Workforce

21%

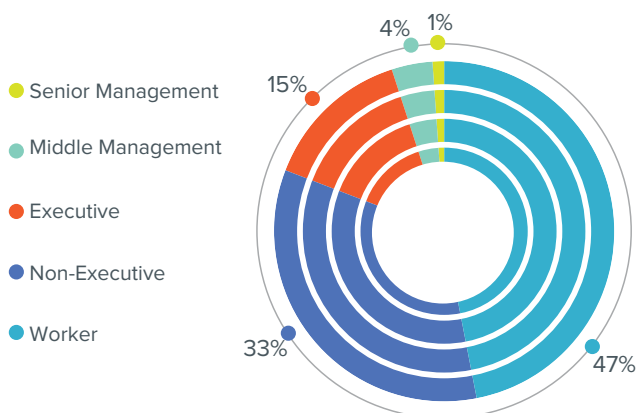
Women in

Senior Management Level

Employee Age

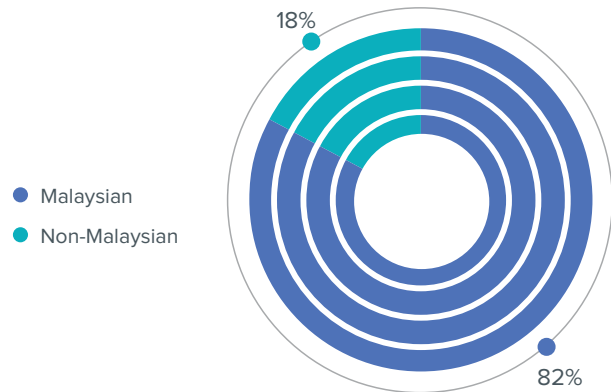


Employee Level

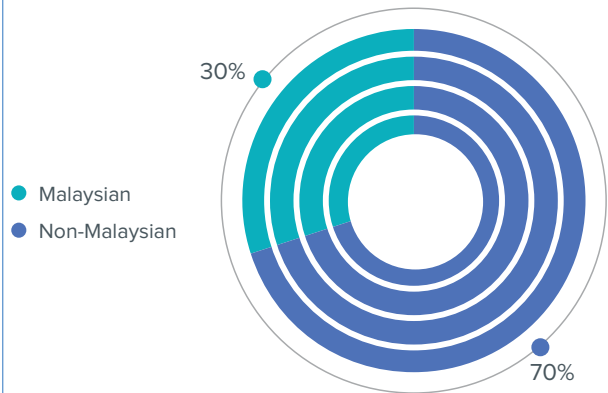


Nationality

Executive and Non-Executive level

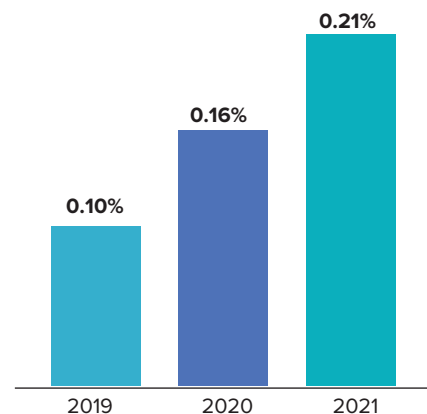


Worker level



Note: Non-Malaysian workers are primarily employed by Plantation Division

Employee with Disabilities



GOAL 3

CREATING A SUSTAINABLE AND HIGH-PERFORMING WORKFORCE



TALENT MANAGEMENT

Talent management is about attracting the right talent, engaging them and providing the right training and development opportunities to ensure they feel engaged and professionally fulfilled. By managing our talent efficiently, we are able to nurture a productive workforce who are competent and capable, driven to achieve our corporate goals. Today, as we seek to reinvent Boustead, talent management is critical, and has been identified as one of our top priorities.

Talent management at Boustead is driven by the Executive Committee (EXCO), reflecting the seriousness of the matter. It is supported by a Talent Management Framework which encompasses Recruitment and Selection Policy, Learning & Development Policy, Performance Management Policy, Rewards and Remuneration Policy, Talent and Succession Policy, Promotion Policy and Mobility Policy.

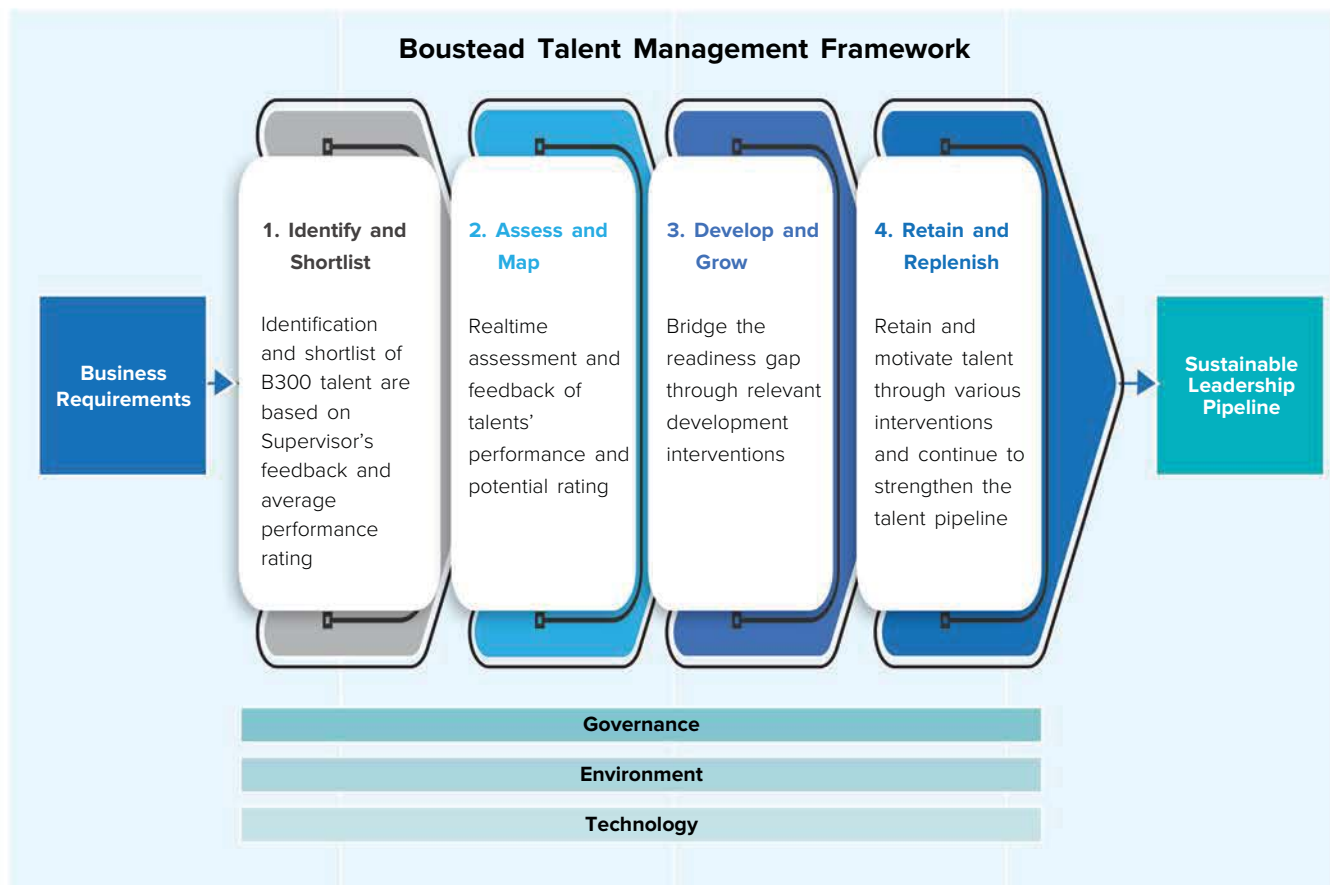
We introduced a Talent Review Council in 2020 to address talent management issues within the Group while ensuring

accountability and transparency. Among others, the Council oversees our succession planning, leadership management, talent development and mobility, promotions and performance improvement.

Meanwhile, to align our people strategies, we also set up a Group Human Resources Council with representatives from all five of the Group's Divisions. In 2021, the Council reviewed various Human Resources (HR) policies while also undertaking a strategic remuneration review. In addition, it ensured the smooth continuation of the Work-From-Home (WFH) Policy introduced in response to the pandemic in 2020.

Talent Management Framework

In 2021, we reviewed our Talent Management Framework to focus on Bousteador 300 (B300), a programme to identify and grow 300 talents from across the organisation who will drive the 50 initiatives outlined under Reinventing Boustead. The Framework comprises four pillars, as depicted below:



Within the first quarter of the year our Group HR Council, which oversees the Talent Management Framework, assessed employees across the Group and identified our B300 based on their performance and potential. These talents then embarked on accelerated personal development plans which include cross-functional assignments. We are also in the pipeline of embarking into mentoring and coaching programmes. All talent within B300 also engage constantly with each other to share knowledge, experience and expertise.

Select talent are also appointed to lead key reinventing initiatives, assuming a CEO-like role in managing the initiative and sitting within the centre of all activities. This mini-CEO programme provides a training ground for the young leaders to grow their project management, business acumen, technical and soft skills, while enhancing their market orientation.

As we are investing heavily in B300, we seek to ensure they stay within Boustead. To retain these talent, we have developed a Talent Reachout and Connect (TRAC) Programme through which we engage with them on a one-to-one basis to get to know them better, and provide more personalised support to help them fulfil their professional ambitions.

Our Talent Management Framework also supports succession planning as, with greater clarity of our three-to-five year goals, we are able to:

- ▶ Identify our human capital capacity and capability needs
- ▶ Define the experience, competencies and traits required for critical positions
- ▶ Identify potential successors to these positions, and assess their readiness
- ▶ Develop each successor according to his/her individual plans

Employee Learning and Development

In line with Reinventing Boustead, our current focus is to equip Bousteadors with the digital skills required to fulfil our aspirations. In 2021, based on preliminary assessments, we identified 1,000 employees to be retrained and upskilled in order to contribute more meaningfully to our transformation into a digitally-driven and sustainability focused organisation.

Internal and external training are conducted via various channels including online courses and classroom sessions. Programmes planned for the employees includes the following:

- ▶ Corporate induction for executives and non-executives
- ▶ Leadership development programmes
- ▶ Upskilling programmes
- ▶ Modular development programmes
- ▶ Continuous learning programmes

In addition, a new type of bite-sized learning and knowledge sharing was introduced on the BEEP² platform to cater to the B300 programme. Through this informal learning channel, talent within B300 will have access to articles, podcasts and videos on topics such as leadership, digitalisation and technology, creativity and innovation, business and awareness, among others. The content is packaged in a manner that is dynamic, relevant, concise and aligned to current needs. The idea is to help ensure our future leaders are ready for the ever-changing corporate world.

GOAL 3

CREATING A SUSTAINABLE AND HIGH-PERFORMING WORKFORCE



Hours spent on formal training & development

170,656 hours



Allocation for formal training & development

RM2.3 million

Performance Appraisal

We conduct an annual performance and career development appraisal where we review individual performance, based on agreed quantifiable targets as determined by line managers. The appraisal serves as an important two-way communication channel between management and employees. It helps to build a more open employee-management relationship, while providing an avenue to exchange feedback and ideas as well as identify individual requirements in terms of training and development. To encourage a high-performance culture, we provide merit-based bonuses and promotions, grounded on the results of individual performance reviews.

Moving forward, we will adopt a hybrid performance appraisal process, combining the usual balanced scorecard approach with collaborative goal-setting methodology.

Benefits

We are committed to offering fair and competitive compensation in order to attract and retain high-quality employees. Our salaries and benefits are continuously reviewed to be competitive.

At the same time, our Culture Transformation Programme specifies the components of a high-performance as well as safe and respectful work culture to inspire Bousteadors to deliver results against the backdrop of our core values. Among some of the key benefits offered to Bousteadors include:

- ▶ **Leave:** annual, study, marriage, paternity, maternity, compassionate, calamities, hajj and quarantine leaves
- ▶ **Medical:** medical and dental insurance, health screening
- ▶ **Others:** education subsidy for children, private retirement scheme, housing loan scheme

COVID-19 Benefits

- ▶ We cover the cost of COVID-19 swab tests for employees required to be on-site.
- ▶ We have implemented Work From Home (WFH), flexible and staggered working hours, as well as rotational teams.
- ▶ We allow employees to carry forward unutilised annual leave due to WFH arrangements.

Employee Engagement

Employee engagement is key to building a sense of belonging and connectedness with the organisation. Accordingly, we have always placed emphasis on constant communication with our employees via various platforms, from emails, newsletters, townhalls and *turun padang* sessions to more informal forums with senior management including our Group Managing Director and Heads of Division.

In addition, we have launched a number of social media platforms such as Facebook and LinkedIn, complementing these social engagements with festive celebrations. We also organise talks on topics of interest such as financial literacy, health and lifestyle. Meanwhile, to demonstrate our appreciation, we recognise Bousteadors for long service, best attendance at work, and exceptional customer service, among others.

In 2021, we created a name for all our employees – Bousteadors – in order to strengthen the camaraderie across the Group, as well as to enhance a sense of cohesion. This was further supported by the development of our own online communication platform, BEEP², through which all Bousteadors can stay in contact easily with one another.

Meanwhile, at our Plantation Division, a centralised Careline Unit has been developed where employees can voice their concerns and suggestions, in the effort to retain our skilled and experienced harvesters.

Since the pandemic, we have transitioned most of our engagement initiatives online.




LABOUR PRACTICES

As a responsible employer, we adhere to all applicable labour laws and regulations across our operations. Other than Malaysia's Employment Act 1955, we are guided by labour principles specified by the UN's Universal Declaration of Human Rights and the International Labour Organization (ILO)'s core conventions, which cover ethical recruitment, working hours, freedom of association and collective bargaining, as well as protection against discrimination and harassment.

Our commitment to fair labour practices is reflected in the Group's CoEC and the availability of whistleblowing channels for employees to report any violation of labour practices safely and confidentially.

Since the pandemic, we have intensified all efforts to protect the well-being of Bousteadors by adhering religiously to all the relevant Standard Operating Procedures (SOPs).

 For more information on our CoEC, Whistleblowing Policy and other related policies, please refer to Goal 1: Acting with Integrity on page 185.

Demonstrating our commitment to upholding good labour practices, we are pleased to note that in 2021, the Group recorded zero non-compliance in relation to employment and labour practices.

Collective Bargaining and Freedom of Association

In adherence to Malaysia's Trade Unions Act 1959 and Industrial Relations Act 1967, we support the right of Bousteadors to exercise their freedom of association and collective bargaining. Currently, our employees are represented by unions, including the following:

- ▶ Non-Metallic Mineral Products Manufacturing Employees' Union (NMMPMEU)
- ▶ National Union of Petroleum and Chemical Industry Workers (NUPCIW)
- ▶ National Union of Plantation Workers (NUPW)
- ▶ All Malayan Estates Staff Union (AMESU)
- ▶ National Union of Commercial Workers (NUCW)

We review our Collective Agreements (CA) with the unions every three years to address matters such as wages and fair treatment. Meanwhile, weekly and quarterly meetings are held between management and union representatives across all our operations.

Foreign Workers' Rights and Forced Labour

Our Plantation Division employs a large number of foreign workers to meet its labour-intensive requirements. Recognising the need to protect their rights, the Division has in place a Human Rights Policy and Foreign Workers Policy to guide their management. We have also established a centralised specialist team committed to resolving matters pertaining to foreign workers.

Standard Housing and Amenities

In accordance with the Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990, the Group ensures that the welfare of our workers is protected by providing suitable living quarters with substantial amenities.

- ▶ All housing quarters are equipped with clinics, recreational amenities, places of worship, and stores that retail essential supplies at a subsidised rate.
- ▶ All living quarters are equipped with free electricity, clean water supply as well as proper waste and sewerage management systems.
- ▶ Weekly housing inspections are carried out to address any complaints as well as to look out for any unreported issues.
- ▶ Routine maintenance and upgrading works are conducted as and when required.
- ▶ Fogging is conducted to prevent mosquito-borne diseases.
- ▶ Auxiliary police are in place to ensure the safety of our employees.



Workers' quarters in one of our estates

GOAL 3

CREATING A SUSTAINABLE AND HIGH-PERFORMING WORKFORCE

Forced Labour & Modern Slavery

We are committed to driving change in the palm oil sector by doing our part to abolish human trafficking, forced labour and modern slavery. The policy is extended to our supply chain, where suppliers across the Group are required to comply with local regulations pertaining to forced labour, excessive working hours, and health and safety standards.

The Group promotes ethical recruitment to ensure there is no abuse of foreign workers' rights at any stage of the employment process. Via our centralised recruitment system, foreign workers are recruited directly to minimise dependence on recruitment agents and to shorten the hiring turnaround time.


Where we require the assistance of recruitment agents, we make certain that our foreign workers are not subjected to recruitment fees or contract substitutions. To ensure transparency, we require our recruitment agents to relay detailed information to foreign workers including the contents of the employment contract, job description, minimum wage offered, living costs, transportation costs and accommodation. The Group also ensures that all foreign workers receive a copy of their signed employment contract.

Foreign workers' passports are kept by the management with the workers' written consent. No conditions are imposed should the workers wish to retrieve their passports.

In keeping with our focus on eradicating forced labour, all employees undertake work willingly and there is no involuntary overtime. Our workers are provided guaranteed freedom to resign and are not subjected to any penalties for termination of contract. We are also firmly against debt bondage or withholding of wages. Foreign workers are provided with a detailed payslip and offered at least one day of rest every week. They are also covered by a general insurance policy known as the Foreign Workmen Compensation Scheme, which covers injuries and fatalities.

Child Labour

In line with Malaysia's Children and Young Persons (Employment) Act 1996, we strictly avoid any child labour. Our Plantation Division has its own Child Protection Policy to deter child labour in our estates and mills. The policy is also communicated to and included in agreements with our suppliers.

 For more information on our Plantation Division's commitment to ensuring the welfare of children, please refer to the Sustainability Statement of Boustead Plantations.

Fair Wages

We ensure all employees are adequately and equitably compensated for their work, regardless of their gender, ethnicity, nationality or background in line with our 'equal work, equal pay' policy. In addition to complying with the minimum wage policy set by the Malaysian Government, we offer our employees a wide range of allowances, incentives, bonuses, overtime and other benefits. We also require our suppliers to abide by local requirements on minimum wage.



SAFETY AND HEALTH

The safety and health of Bousteadors is given top priority, and we continually work to enhance all processes and systems to protect the well-being of our people as well as those involved in our operations, be it directly or indirectly. Our goal is to create a pervasive safety culture in which everyone assumes responsibility for his/her own health and safety as well as that of others.

Safety and Health Management

We acknowledge the various safety risks our employees are exposed to on a daily basis in the workplace and are conscious of our duty to manage our operations in a way that protects the safety and health of our people. As the highest governing body for the Group, the Sustainability Committee oversees our safety and health performance.

We have a Group Safety and Health Policy, which is replicated in the safety and health policies of our divisions. The Policy outlines in detail our commitment to safeguarding the safety of our people as well as to foster their good health. It also defines the role that our employees play in terms of safety and health.

Our Safety and Health Policy is guided by ILO principles and requirements as stipulated by Malaysia's Department of Occupational Safety and Health (DOSH). Adherence to the Policy ensures we meet all Occupational Safety and Health (OSH) Act 1994 regulations. Compliance with our Safety and Health Policy is assured by 15 certified safety officers who oversee safety and health management across all operations.

Some of our business units are OSH Management System certified. All Pharmaniaga's Manufacturing as well as Logistics and Distribution subsidiaries, Boustead Naval Shipyard Sdn

Bhd, Boustead DCNS Naval Corporation Sdn Bhd and UAC Berhad have migrated to the ISO 45001:2018 OSH management system, while some of our business units are OSHAS 18001:2007 certified.

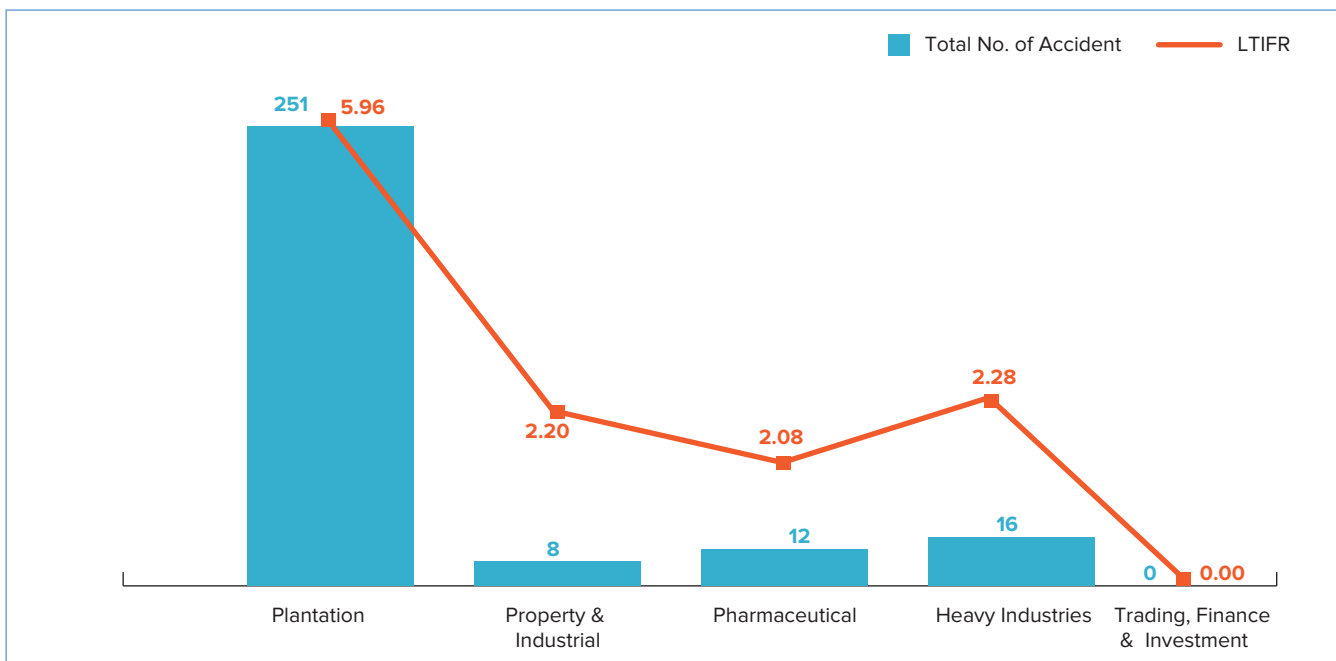
Safety and Health Performance

In 2020, we initiated a Group-wide target to reduce our Lost Time Injury Frequency Rate (LTIFR) by 10% every year. In 2021, we recorded 5.5% LTIFR reduction of 4.47 compared to 4.73 in 2020. We also saw our total number of accidents reduce by a significant 39%.

Despite a better performance overall, however, we regrettably recorded one fatality during the year involving a tractor accident in one of our plantation estates. Following the incident, a thorough investigation was carried out to identify the cause, and immediate actions were taken to prevent a recurrence. These include improving all machinery and road maintenance, enhancing our work supervision systems, and changing from manual tractor-trailer pairing to automatic pairing. Fatalities are unacceptable at Boustead Group and we will spare no effort to protect the lives of our employees.

During the year, there were zero safety and health non-compliance cases resulting in significant fines or non-monetary sanctions.

Total No of Accidents vs. LTIFR in 2021



Note: LTIFR = Lost time injury accident/ total man-hours worked x 1,000,000

GOAL 3

CREATING A SUSTAINABLE AND HIGH-PERFORMING WORKFORCE

Workplace Safety Programmes

To nurture a culture of safety, we conduct various safety and health programmes for our employees throughout the year. Active collaboration between our certified safety officers and local authorities such as DOSH allows us to coordinate safety training sessions that improve employee knowledge and skills. We require our contractors and business partners to also adhere to our Safety and Health Policy.

The following is a list of programmes carried out in 2021:

Programme	Description
Safety Training and Engagement	<ul style="list-style-type: none"> During the year, we conducted 73 safety and health related training sessions for more than 14,397 employees across the Group, focusing on basic safety training, basic first aid training, and fire prevention and drills. Employees also attended specific work hazard training and briefing sessions on Emergency Preparedness & Response, Hearing Conservation & Chemical Safety, Hazardous Material Handling & Oil Spill Response, among others. On-site vendors participated in safety forums and workshops outlining the Group's expectations. We also organised training sessions for our contractors and business partners. <p> Additional information on safety trainings attended by employees can be found on our corporate website.</p>
Safety & Health Risk Assessment and Controls	<p>The Hazard Identification, Risk Assessment and Risk Control (HIRARC) is carried out on all tasks. Personal exposure monitoring devices are utilised to evaluate the extent of exposure to dangerous chemicals and substances. Based on the findings, viable, effective controls are identified in line with the Hierarchy of Controls under HIRARC.</p> <p> Additional information on types of controls can be found on our corporate website.</p>
Safety Inspections, Audits and Investigations	<p>In addition to audits by DOSH, we implement DOSH's Systematic Occupational Health Enhancement Level Programme (SoHELP). This includes:</p> <ul style="list-style-type: none"> Daily safety walkabouts and monthly workplace inspections Inspection of machinery, lifts and firefighting systems Site audits on contractors <p>In 2021, we conducted 733 workplace inspections and 29 internal safety audits. We also conducted incident investigations aimed at preventing the recurrence of safety incidents. Preventive and corrective actions identified were then communicated to all relevant parties.</p>
Safety & Health Committee Meetings	<p>Joint management-worker Safety Committees at our different business units met on a quarterly basis to deliberate on OSH matters. The meetings provided a formal channel to discuss the results of safety audits and incident investigations as well as any safety complaints received from stakeholders or employees. The safety and health performance of the business units were also reviewed at the meetings.</p>

COVID-19 Related Safety and Health Measures

Various initiatives implemented in 2020 to manage the health and safety implications of the pandemic have continued into 2021. They include the following:

- ▶ Work from home and work rotations
- ▶ Application of stringent SOPs in accordance with guidelines issued by relevant government agencies for onsite staff including social distancing, mask wearing, temperature screening at entry points
- ▶ Frequent sanitisation of common facilities
- ▶ Provision of hand sanitisers at entry points
- ▶ Travel restrictions to red zone areas
- ▶ Continuous communication on SOPs and proper hygiene via email blasts, official Group chats and posters
- ▶ Provision of COVID-19 self-declaration forms to employees
- ▶ Mass swab tests
- ▶ Encouraging employees to be vaccinated, and setting up vaccination centres at some of our work premises

Safeguarding Employee Well-being

At Boustead, we believe that happy and healthy employees are the most productive. We therefore invest in Bousteadors' physical and mental well-being. Several of our workplaces are equipped with gymnasiums, while free medical services are provided at clinics located within our estates and mills. Recognising the mental stress of coping with two years of the pandemic, we also organise talks on mental health and well-being.

In order to maintain social distancing, we have had to halt many of our programmes promoting health, including sports and recreational activities as well as blood donation drives. To compensate, we have been sharing messages on staying physically and mentally fit via various online and social media platforms.



Our employees participating in the Hari Sukan Boustead Plantations Berhad that was held in conjunction of Hari Sukan Negara 2021

GOAL 4

ACHIEVING OPERATIONAL ECO-EFFICIENCY

SUSTAINABILITY REVIEW

Environmental issues such as climate change, resource depletion and inefficient waste management are becoming increasingly pertinent at the national and global levels. As a responsible organisation committed to ensuring the sustainability of the world as we know it, Boustead is intensifying all efforts to reduce our carbon footprint while protecting the environment in other important ways. Our objective is to safeguard the natural environment in every way we can.



GREENHOUSE GAS AND CLIMATE CHANGE

Climate change refers to long-term shifts in temperature and weather patterns with cataclysmic impacts on global population. To prevent these shifts, experts recommend that countries reduce our carbon emissions to cap the increase in global temperature at 1.5°C from pre-industrial levels, while implementing adaptation measures to enhance resilience.

Malaysia, along with other Southeast Asian countries, has committed to becoming carbon-neutral by 2050. We recognise that Boustead has a role to play in helping to meet national and global climate goals. Accordingly, under our BIJAU Agenda, we have set the target of achieving net zero emissions by the year 2050, to be driven by decarbonisation of our businesses, while venturing into new growth areas that focus on renewable energy solutions.

Efforts to reduce our emissions are driven by the Board, through its Sustainability Committee. The Board provides oversight of all climate-related issues in line with the Committee's terms of reference.

Our reporting, meanwhile, is guided by the Task Force on Climate-related Financial Disclosures (TCFD) which has set out recommendations on disclosures related to governance, strategy, risk management, metrics and targets. We are looking to further enhance our alignment with TCFD recommendations.

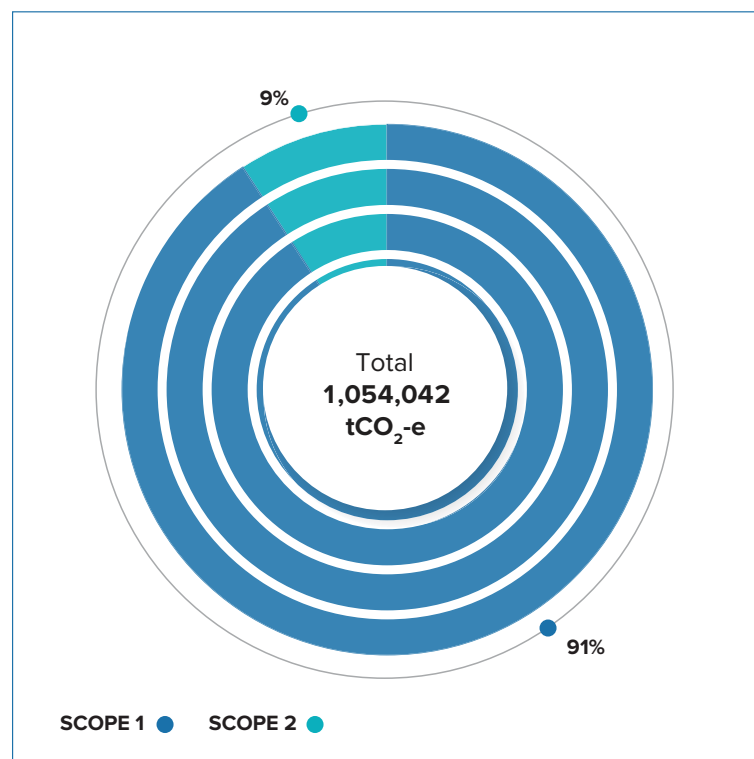
In terms of metrics and targets, the Group established an extensive GHG inventory in 2019, and has been tracking our Scope 1 and Scope 2 emissions since. Originally, our target was to reduce our absolute emissions by 15% by 2025 against our 2019 baseline. However, we are now revising our short and mid-term goals in line with our net-zero aspiration.

We employ the GHG Protocol Corporate Accounting and Reporting Standard (GHG Protocol Corporate Standard) developed by the World Resources Institute (WRI) and the World Business Council on Sustainable

Development (WBCSD) to calculate our total GHG emissions. Meanwhile, GHG emissions data for land conversion is derived from the PalmGHG calculation formulated by the Roundtable on Sustainable Palm Oil (RSPO).

We utilise the operating control approach to establish our organisational boundary for GHG inventory in accordance with the GHG Protocol Corporate Standard. Meanwhile, Global Warming Potential (GWP) values are based on the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report.

GHG Emissions by Scope in 2021

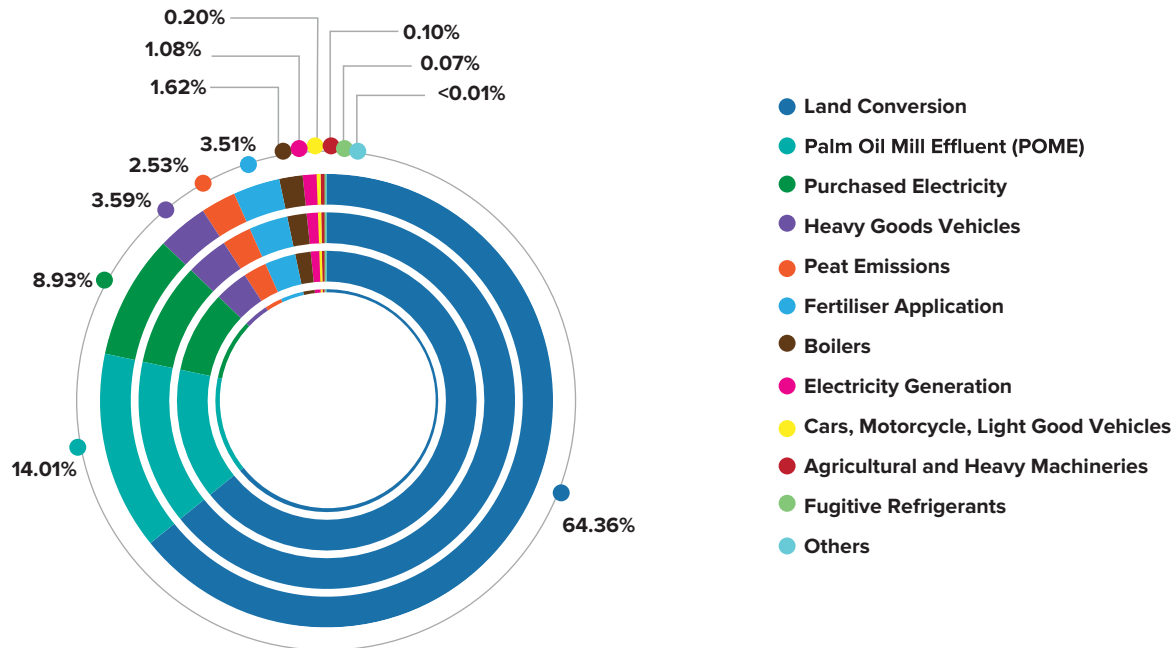


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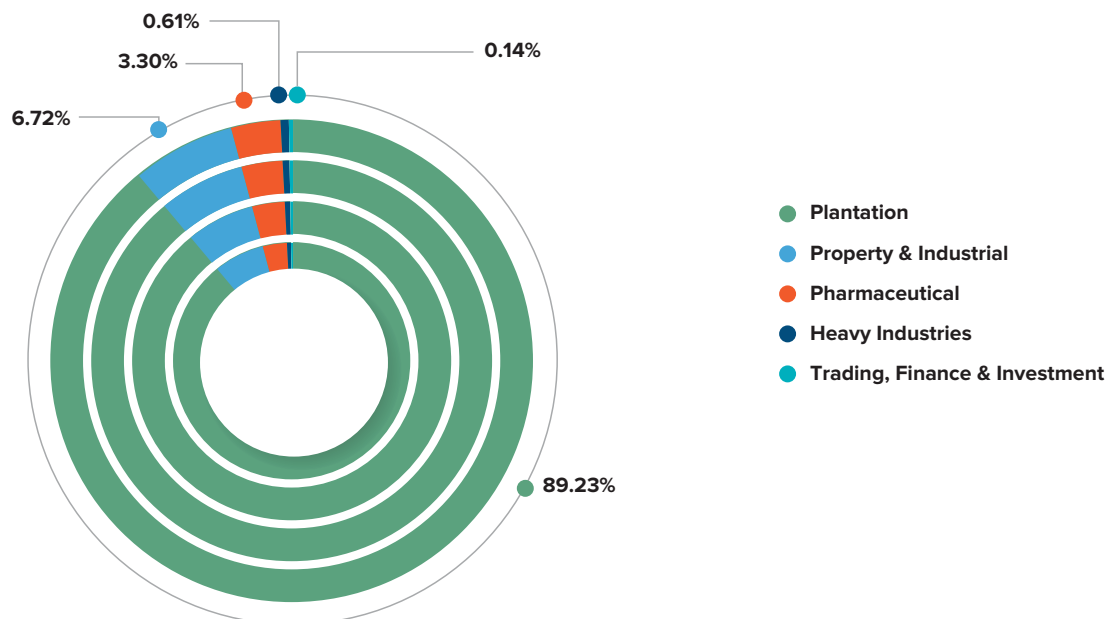
Scope 1: Emissions are emissions from sources owned and controlled by the Group

Scope 2: Emissions are emissions from energy (electricity) purchased and consumed by the Group

GHG Emissions by Source in 2021



GHG Emission by Division in 2021



Emissions from the Plantation Division continued to be higher than from the other Divisions, accounting for 89% of the Group's total. This was mainly due to land conversion as a result of extensive replanting. Emissions from Palm Oil Mill Effluents (POME) was also significant. The next highest GHG emissions was from our Property & Industrial Division, mainly due to manufacturing activities.

GOAL 4

ACHIEVING OPERATIONAL ECO-EFFICIENCY

Various initiatives are ongoing across our operations to minimise our emissions. The more significant among these are outlined in the table below.

Source of emissions	Initiatives
Land Conversion	<ul style="list-style-type: none"> Following a biodiversity assessment, we have set aside 576 ha of High Conservation Value (HCV) areas, including river buffer zones, within our plantations. This has enhanced the carbon sequestration in our estates to more than 590,000 tCO₂e in 2021, adding to the amount sequestered by our oil palm crop. Strict observation of the No Deforestation, No Peat, No Exploitation (NDPE) Policy, which inhibits new planting on peat, also minimises emissions from peat oxidation. We utilise best management practices to minimise subsidence and oxidation of peat soil, as well as to restore and rehabilitate peat. Planting of cover crops that lock in more carbon.
Palm Oil Mill Effluent	<ul style="list-style-type: none"> Implemented methane capture and utilisation at our palm oil mill in Telok Sengat, Johor. The methane captured is converted by our biogas plant into electricity, amounting to 819 MWh in 2021 and fed into the mill.
Fertiliser Application	<ul style="list-style-type: none"> Applying AAR recommendations pertaining to oil palm manuring, we have been able to reduce nitrogen emissions through strategic fertiliser application.
Fuel Consumption	<ul style="list-style-type: none"> Transformation Programme in the Plantation Division enhances process efficiency, thus reducing fuel consumption in our fields. Usage of Liquefied Petroleum Gas (LPG) stoves in the kitchens of our hotels and resorts is reduced through routine maintenance of our equipment.
Purchased Electricity	<ul style="list-style-type: none"> Our industrial segment, led by UAC Berhad, is replacing fluorescent lighting with LED bulbs, saving 10,483 kWh in 2021. Boustead DCP, our district cooling plant, has implemented an Operation Energy Saving Programme encompassing: <ol style="list-style-type: none"> the use of variable speed chillers instead of constant speed chillers, reducing energy demand the implementation of Intelligent Cooling Energy (ICE), based on reserve cooling capacity of ice tanks, which saves 45,000 kWh/month Increasing the chilled water temperature in our hotels and resorts. Rescheduling the operating time of energy-consuming equipment across our hotels, resorts and properties, saving approximately RM7,440 a month. Use of solar panels at manufacturing sites in Sg Petani and solar-powered streetlights at Pharmaniaga Manufacturing Berhad reduces consumption by 213,522 kWh per annum, equivalent to 158.22 tCO₂-e in emissions. Ongoing energy reduction initiatives at Pharmaniaga buildings and warehouses have generated cost savings of approximately RM2.2 million. Our Heavy Industries Division is exploring into the installation of solar panels across its sites and replacing diesel generators with electricity powered generators. Heavy Industries also aims to reduce electricity usage during non-operating hours.



RESOURCE EFFICIENCY AND POLLUTION PREVENTION

Boustead recognises that environmental stewardship is critical not only to the preservation of natural resources but also the long-term sustainability of our varied businesses. Concerted efforts are made to move towards circularity and ensuring we do not pollute the air, land or water bodies around our operations in order to maintain a healthy environment for local communities as well as ecosystems.

Hazardous Waste Management

Hazardous waste could cause serious health and environmental issues if not managed correctly. Recognising the fact, we have stringent controls to ensure that all hazardous waste generated by our operations are disposed of in accordance with the Environmental Quality (Scheduled Waste) Regulations 2007 in Malaysia and Government Regulation No. 101/2014 on Hazardous Waste Management in Indonesia.

We are working towards environmentally sustainable management of hazardous waste by reducing the generation of such waste and exploring ways to safely reuse and recycle hazardous waste in our operations. Meanwhile, waste that needs to be disposed of is stored safely in designated areas before being collected by licensed third-party contractors.

Strict adherence to internal guidelines contributed to zero non-compliance resulting in significant fines or non-monetary sanctions.

Wastewater Discharge

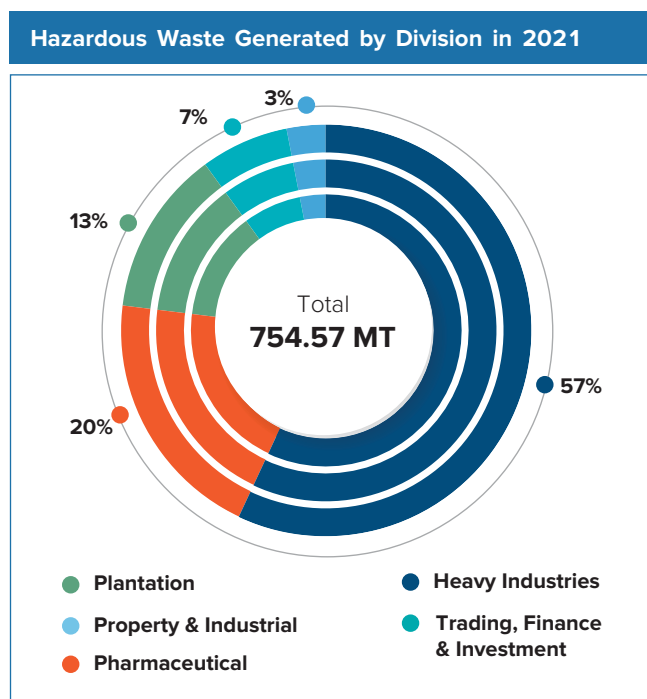
Wastewater discharge, or effluent, is potentially hazardous as it could pollute water bodies surrounding our operations upon its release. In line with our commitment to enhancing quality of life as well as to protect the environment, we adopt a systematic and effective wastewater discharge management system.

All businesses within the Group adhere strictly to our policies and procedures which are guided by the Environmental Quality (Sewage and Industrial Effluents) Regulations 1979 in Malaysia and the Regulation of the Environment and Forestry Minister Number 5 of 2014 concerning Quality Standards for Pharmaceutical Industry Wastewater in Indonesia.

Wastewater is treated before being discharged, and our discharge is appropriately monitored. Overseeing the entire process are personnel who have undergone Certified Environmental Professional in the Operation of Industrial Effluent Treatment Systems (CePIETSO) training provided by DOE, amongst others. Adding to this, we ensure our treatment systems are well-maintained.

Samples of our discharge are analysed at laboratories at regular intervals to ensure metrics such as Chemical Oxygen Demand (COD) and Biological Oxygen Demand (BOD) are within parameters set by the Department of Environment (DOE). In addition, we have invested in R&D to identify solutions to reduce our effluents.

We are pleased to announce that, throughout 2021, the Group had zero non-compliance incidents related to wastewater discharge involving significant fines or non-monetary sanctions.



POME treatment pond in Sungai Jernih Palm Oil Mill

GOAL 4

ACHIEVING OPERATIONAL ECO-EFFICIENCY

Air Emissions

As with wastewater discharge, we ensure that our air emissions do not have any negative impact on surrounding communities. All our operations comply with the relevant regulations, such as Malaysia's Environmental Quality (Clean Air) Act.

Underlying our commitment to clean air, the Group has invested in air pollution control systems to monitor the quality of air emissions at our sites. We have also made it compulsory for relevant employees to go through proper air emissions management training, including the Certified Environmental Professional in Bag Filter Operation (CePBFO) course offered by DOE.

Among our operations, our mills have the most significant impact on air quality. Accordingly, our Plantation Division has been investing in increasingly effective technologies to better manage emissions. In 2021, the Division completed the installation of five units of Electrostatic Precipitators (ESP) in its boilers which are able to trap dust particles as small as 2.5 microns. As at end 2021, a total of nine mills nationwide have been equipped with ESPs at a cost of RM22 million, and the process is ongoing at the remaining 10th mill. At the same time, another wet scrubber has also been installed.

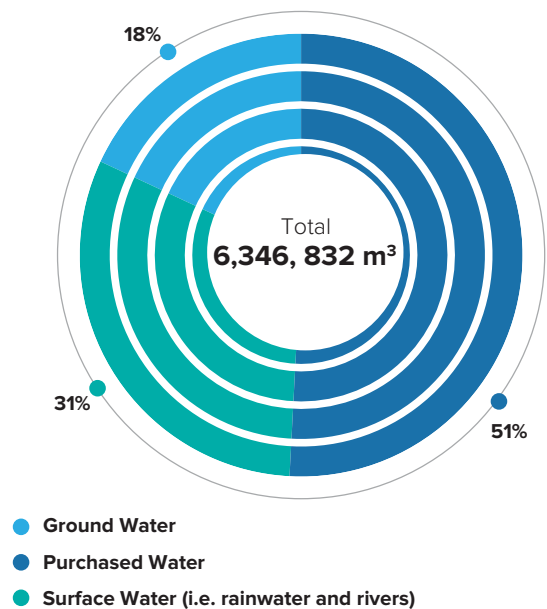
For the year 2021, we recorded zero non-compliance pertaining to air emissions resulting in significant fines or non-monetary sanctions.

Water Management

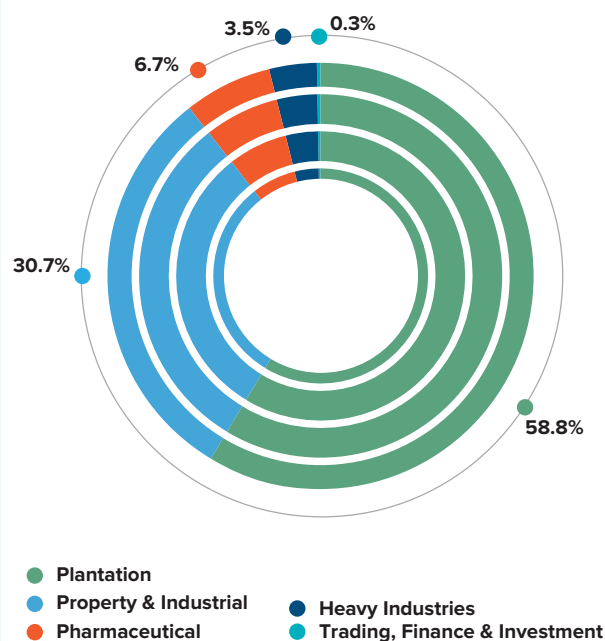
Water scarcity is an increasing concern, with more than 1.1 billion people across the world suffering from lack of basic clean water supply. The UN's SDG 6 calls for businesses to increase water-use efficiency across all sectors and industries as well as to ensure sustainable withdrawal of freshwater to address this issue.

Understanding the importance of using water sparingly, we have taken steps to enhance our efficiency levels by modifying and enhancing various processes across our operations that consume water. We strictly monitor water leakages and fix these immediately to prevent waste. We have also taken on a more sustainable approach by recycling wastewater where possible.

Water Withdrawn by Source in 2021



Water Withdrawn by Division in 2021



Evaluating our water usage patterns, we have identified the Plantation Division as being the Group's highest water consumer. This is primarily attributed to the extensive use of water in the mills. To reduce its purchased water consumption, the Division collects rainwater in various water catchment areas and reservoirs that are utilised to help meet the needs of the mills. Meanwhile, at other sites, we have installed rainwater harvesting systems, and use rainwater for suitable domestic consumption.

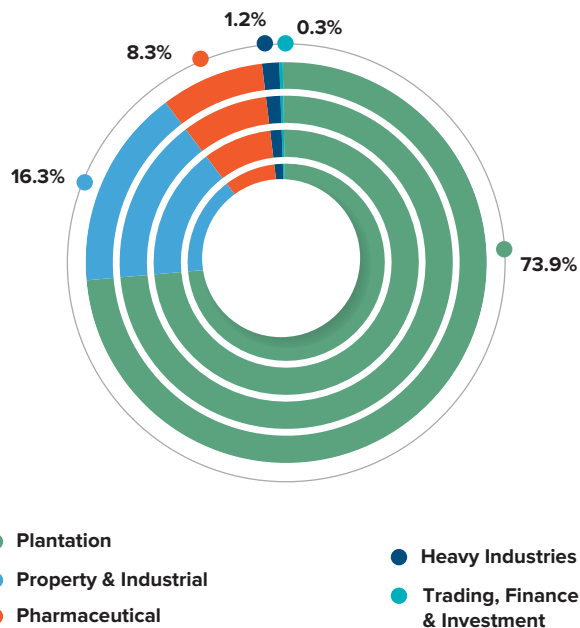
Meanwhile, our Pharmaceutical Division has instituted various water recycling initiatives, and recycled 3,633 m³ of water in 2021.

To inculcate awareness of the importance of conserving water, training sessions are conducted for our employees on effective water management. We also extend our awareness programmes to guests and visitors at our hotels, resorts and malls.

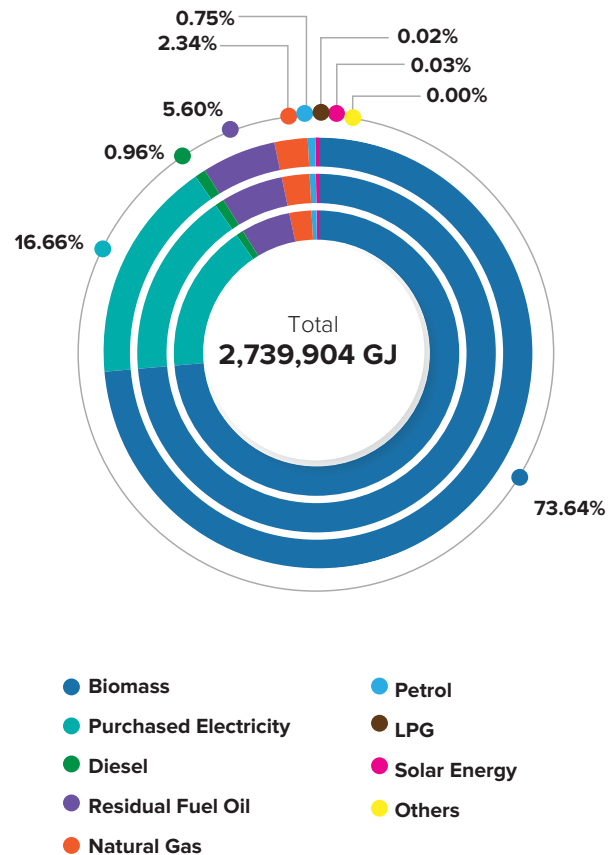
Energy Management

Energy efficiency is imperative as we move towards a low-carbon economy. We place great emphasis on the strategic and sustainable management of energy including exploring the use of renewable and cleaner energy sources to manage our operating costs and reduce our environmental footprint.

Energy Consumption by Division in 2021



Energy Consumption by Source in 2021



During the reporting period, our Plantation Division was the highest energy consumer within the Group, followed by our Property & Industrial Division. Of note, 99.7% of energy consumed by the Plantation Division was from renewable sources, primarily biomass, which is converted into energy utilised by the boilers in our mills.

GOAL 4

ACHIEVING OPERATIONAL ECO-EFFICIENCY

Waste Management

In line with the UN SDG 12, we are committed to ensuring sustainable consumption and production. As far as possible, we seek to reduce the use of materials across our operations while minimising waste sent to landfill, by reusing, recovering or recycling. Our Plantation Division represents our principal source of general and non-hazardous waste – mainly biomass by-products made up of EFB. In 2021, the Division generated a total of 210,890 MT of EFB, fronds, decanter cakes, boiler ash and dewatered sludge cakes. Under its Zero Waste Strategy, however, much of this waste was reused.

EFB is used for mulching to retain soil moisture and to reduce dependence on synthetic fertilisers; and in 2021, the application of EFB for mulching covered 8,581 ha of plantation land. Palm fronds were placed between palm rows to improve soil fertility and prevent the loss of nutrients and leaching of fertilisers. Decanter cakes were repurposed as organic fertiliser, while mesocarp fibres and palm kernel shells were used as renewable fuel feedstock for the steam boilers at our mills.

Our Pharmaceutical Division's Reduce, Reuse and Recycle (3R) initiative to minimise waste resulted in a total of 772 MT of waste being diverted from landfills. The utilisation of recycled packaging materials in some medical and pharmaceutical products also resulted in waste avoidance of 215 MT.

In our Property & Industrial Division, UAC Berhad continued on a project embarked on in 2020 to recycle cement board off-cuts, which sees 1,369 MT of off-cuts being recycled by an appointed partner.

GOAL 5

CATALYSING GROWTH IN SOCIETY

We believe that societal progress starts with enabling growth within the communities where we work and live, which is why we invest in sustainable and mutually beneficial partnerships that strengthen our local communities as well as our Group's businesses. Meanwhile, we support those who are marginalised through initiatives targeting education, health and welfare as empowerment in these areas will bring sustainable long-term results.



SUPPORTING LOCAL BUSINESSES

To support the local economy, we believe in working collaboratively with start-up companies while also supporting local vendors and suppliers to fulfil our procurement needs.

As part of Reinventing Boustead, we are venturing into new business opportunities with a focus on digital technologies and sustainability. This second growth engine is being accelerated through partnerships termed Boustead Innovators Creators Ecosystem Partners (BICEPs), which has seen us sign memorandums of understanding with a number of new tech and green companies such as:

- ▶ NextGen Group for crude algae oil
- ▶ Hive Sea and Aimcloud Sdn Bhd for apps development
- ▶ Accubits for AI and blockchain technologies
- ▶ MyAngkasa Digital Services for Islamic Digital Banking License
- ▶ Meraque Services Sdn Bhd for drone pharmaceuticals delivery

Over the years, we partnered with numerous upstream and downstream vendors across all our operations in various industries as follows:

 Plantation	 Property & Industrial	 Pharmaceutical	 Heavy Industries	 Trading, Finance & Investment
66 smallholders and outgrowers Supplying FFB to our mills	3,790 suppliers and vendors for: <ul style="list-style-type: none"> • Building materials • Construction and maintenance • Advertising and event management • Festive campaigns, pop-up stores and pushcarts 	3,187 suppliers and vendors for: <ul style="list-style-type: none"> • Raw materials and packaging materials • Parts and machinery • Repair and maintenance work • Specialised services including testing and gamma • Alliance pharmacies 	2,661 suppliers and vendors for: <ul style="list-style-type: none"> • Ship spare parts • Raw materials • In-service support 	645 suppliers and vendors for: <ul style="list-style-type: none"> • BHPetrol service station operations • Other services

GOAL 5

CATALYSING GROWTH IN SOCIETY

Vendor Development

Just as our vendors are critical to the sustainability of our business, we seek to help them grow by supporting their development. Our Pharmaceutical as well as Heavy Industries Divisions run Vendor Development Programmes (VDPs) through which we invest in capacity-building of our vendors. By developing our vendors, we also drive healthy competition across the value chain for the benefit of entire industries.

Through the Heavy Industries' VDP, vendors are trained in project management skills, technical know-how, integration of shipyard production as well as value-added activities in both shipbuilding and ship repair.

Our Pharmaceutical Division, through its Pharma Alliance Programme, offers community pharmacy members competitive pricing, training as well as long-term credit and an extended credit limit to support them in managing their working capital. In 2021, a new partnership was forged with Angkatan Koperasi Kebangsaan Malaysia Berhad (ANGKASA), under which the Alliance will serve as a one-stop centre for the purchase of items offered in ANGKASA'S COOP Farmasi.

Both Divisions conduct quarterly assessments on the delivery and product quality of their vendors, subsequently sharing their results to the relevant government ministries.

Details of vendor improvement initiatives across the Group are outlined below:

Pharmaceutical

Initiative	Progress in 2021
VDP	A total of 24 vendors participated in the programme. We also conducted training on warehouse management for vendors to improve their warehouse quality performance.
RoyalPharma Alliance Programme	Launched in 2017, the programme network expanded to 413 members.

Heavy Industries

Initiative	Progress in 2021
VDP	In 2021, there remained 36 vendors in the programme. RM777,915 VDP <i>Geran Program Pembangunan Vendor</i> (GPPV) awarded to VOSS Engineering Sdn Bhd by Ministry of Entrepreneur Development and Cooperatives (MEDAC) with assistance from BHIC.
Localisation Initiative Programme (LIP)	In 2021, BDNC launched LIP to engage local vendors in the RMN Submarine MRO programme. Vendors will be selected based on technical merit. To date, BDNC has engaged eight local vendors to take over functions that were previously provided by foreign players. Our subsidiary is also collaborating with the Sabah State Government to extend its reach to vendors in the East Malaysian state.

We have also extended our efforts to assist local vendors and businesses in the following Divisions:

Division	Initiatives in 2021
Property & Industrial	<ul style="list-style-type: none"> We have partnered with 852 vendors across eight of our hotels and resorts in Malaysia. Our subsidiaries, Boustead Curve and Damansara Entertainment Centre, continued to provide local entrepreneurs with floor space to set up push carts and pop-up stores, while organising flea markets for them to market their ware. Our chain of malls collaborated with a total of 383 local vendors.
Trading, Finance & Investment	In 2021, Boustead Petroleum Marketing partnered with 595 suppliers and vendors. It also provided support and assistance for four new vendors to operate BHPetrol service stations. This brought the total number of BHPetrol service station operators in Malaysia to 373.



COMMUNITY INVESTMENT AND CONTRIBUTIONS

We are driven to contribute to the community not only because it is expected of large organisations, but because we feel intuitively it is the right thing to do. Our outreach programmes are targeted primarily at local communities where we operate as well as members and retirees of the Malaysian Armed Forces.

Guided by the UN SDGs we have identified three areas where we believe we can make a significant impact, namely education, health and welfare. In carrying out programmes under these three pillars, we actively encourage the participation of our employees. Community programmes have become entrenched into our corporate culture that employee volunteerism is now part of our DNA.

Since the pandemic, we have not been able to undertake some of our flagship CSR programmes such as BHPetrol's Orange Run and Ceraf Ceraf Bersama BHPetrol. Through other initiatives, nevertheless, we invested a total of RM25.7 million in the community this year.

We are also pleased to announce that Pharmaniaga was named Company of the Year in the Pharmaceutical category for Overall Excellence in COVID-19 & Community Initiatives at the Sustainability & CSR Malaysia Awards 2021, organised by CSR Malaysia, for the second year running.



RM25.7 million

Total value of CSR contributions in 2021

Initiatives Targeting Education in 2021

Programme	Business Unit Involved	Details
My eTuition Programme	Boustead Petroleum Marketing	Free online tuition was provided for children from B40 families in the vicinity of Tanjung Piai and Tanjung Bin, Johor, in collaboration with the Ministry of Plantation, Industries and Commodities (MPIC) – for the second year. Total allocated: RM50,000 No. of beneficiaries: 1,650 students
PINTAR Programme	Boustead Holdings Berhad	Through this programme, we fund various academic and motivational sessions in five primary schools that are attended by children of Armed Forces personnel, namely SK Kem Terendak 1, SK Kem Terendak 2, SK Kem Gerakhas, SK Raja Chulan and SK Seri Bayu. Total allocation: RM57,700 No. of beneficiaries: 911 students
Humana Schools and Community Learning Centres	Boustead Plantations	Partnering with the Ministry of Education (MOE), Borneo Child Aid Society, and Indonesian Consulate, two Humana Schools and seven Community Learning Centres (CLCs) have been built across our estates in Sabah for the children of foreign workers. The students are also provided free transportation. No. of beneficiaries: 694 students
Back-To-School Programme for B40 families	Pharmaniaga	Each child of Armed Forces members received RM120 vouchers for the purchase of school uniforms and bags. Total allocation: RM180,000 No. of beneficiaries: 1,500
Laptop Contribution	Pharmaniaga	Ten laptops were donated to Asnaf students from Pertubuhan Kebajikan Keluarga Istimewa (PKKI) Pahang in Paya Besar, Pahang. Total allocation: RM25,290 No. of beneficiaries: 10 students

GOAL 5

CATALYSING GROWTH IN SOCIETY

Initiatives Targeting Better Health in 2021

Programme	Business Unit Involved	Details
Contribution of PPE Sets	Pharmaniaga	Distributed PPE to various public agencies, medical NGOs and healthcare facilities all over the country (eg government hospitals, dialysis centres, prisons, police stations). Total allocation: RM1,524,503 No. of beneficiaries: 18 institutions
Program Pharmaniaga Prihatin	Pharmaniaga	Contribution of: <ul style="list-style-type: none"> • 1,400 food parcels for 7 days for Hospital Angkatan Tentera Tuanku Mizan • 6,000 food parcels for 30 days for Hospital Kuala Lumpur • 12,000 food parcels for 30 days for Hospital Tengku Ampuan Rahimah • 19,500 pack food for 30 days for Hospital Sg Buloh Total allocation: RM406,246.25 No. of beneficiaries: 4 hospitals
Donation of Healthcare Products	Pharmaniaga	Donated in-house supplements including 2,000 bottles of Citrex Vitamin C to Ahli Lembaga Pelawat Hospital Tengku Ampuan Rahimah Klang, Selangor and Gerakan Belia 4B Malaysia Cawangan Sri Tumang, Kampung Berambai, Johor, Negeri Sembilan. Total value: RM28,560 No. of beneficiaries: 2,000 community members

Initiatives to Improve Welfare in 2021

Programme	Business Unit Involved	Details
Program MINDEF Prihatin Banjir	Boustead Group	The Group contributed to an aid programme that saw the Armed Forces mobilise its troops to assist flood victims in Pahang, Johor, Terengganu and Kelantan. Total allocation: RM425,000
Food Donations for Flood-affected Families	Pharmaniaga	Contributed food to flood victims in Kelantan, Johor, Selangor and Terengganu. Total allocation: RM200,884 No. of beneficiaries: 1,837 families
In-Kind Donation to Armed Forces Personnel	Boustead and Pharmaniaga Berhad	Continued to contribute cash to fund a medical procedure for the child of an Armed Forces member suffering from Apert syndrome. Total allocation: RM20,000 No. of beneficiaries: 1
Food Supplies for Families Impacted by Flood	Boustead Petroleum Marketing	Collaborated with BHPetrol dealers in Kelantan and the Pasir Mas Welfare Society to assist local communities affected by floods in Kelantan. Total allocation: RM10,000 No. of beneficiaries: 250 families

Initiatives to Improve Welfare in 2021

Programme	Business Unit Involved	Details
<i>Di Celah-Celah Kehidupan TV Programme</i>	Boustead Petroleum Marketing	In collaboration with RTM, <i>Jabatan Hal Ehwal Veteran (JHEV) Angkatan Tentera Malaysia</i> , UAC Berhad and AFFIN Bank, this documentary television programme seeks to improve the quality of life of underprivileged families, particularly Armed Forces veterans through financial and material contributions. Total allocation: RM500,000 No. of beneficiaries: 18 families
Donation of Products	UAC Berhad	Partnered with local MPs and NGOs in reconstructing and repair homes that were destroyed by thunderstorms and fire. Total allocation: RM47,488
Gerobok Infaq Programme	Boustead Petroleum Marketing	Collaboration between BHPetrol and station dealers to set up food banks at more than 100 service stations nationwide.

In addition, donations were made to various charitable organisations including Yayasan LTAT, Yayasan Kebajikan Negara (specifically for *Bakul Prihatin* Programme), and other local institutions and orphanages.

Protégé Programme

Protégé is a Government-initiated programme aimed at enhancing the marketability and employability of fresh graduates. Through this initiative, we provide eight-month on-the-job training and soft skills development to unemployed youth. In 2021, a total of 65 graduates were admitted into the Protégé programme across Boustead Group. Since the programme was launched in 2011, we have coached 784 trainees across all of our operations.

Boustead Green Army

In 2021, our Plantations Division, together with Yayasan LTAT and JHEV, established the Boustead Green Army (BGA), enabling retired Armed Forces personnel to take up jobs in our estates. Under the initiative, retirees aged 45 years and below are recruited under the Divisions' special harvesting team. The first BGA batch comprising 20 retirees underwent specially-arranged two-week training beginning in December. Through this initiative, we seek to empower our local communities.

»» The Path Forward

The unveiling of BIJAU marked a turning point, as it redefines our approach to sustainability as that will guide Boustead's way forward as a high-performance, digitally driven organisation.

In 2022, we will continue exploring business opportunities in digital and green technologies that would help addressing national and global social and environmental challenges faced, together driving mutual value co-creation with our BICEPs.

We will also be refining our decarbonisation roadmap, identifying emission reduction opportunities within our portfolio and in line with our Net Zero Carbon Emission aspiration.

We have also begun the work to further integrate relevant ESG-related risks into our enterprise risk management processes, as a step towards the inclusion of ESG factors into corporate decision-making.

On the social front, developing the potential of our talents would remain our key focus. Efforts would also be directed to improving our employees' wellbeing and experience, by creating a more conducive and digitally empowered work environment.

As we continue to the journey to reinvent ourselves and continue creating value for our stakeholders, we will do so with integrity and sincerity galvanised into our action.



SUMMARY OF SUSTAINABILITY PERFORMANCE

Indicator	2021	2020	2019	Remarks	GRI
Business Ethics and Corporate Governance					
No. of confirmed bribery and corruption incidents	0	0	0	—	GRI 205: Anti-Corruption 2016
No. of ethics & integrity-related training sessions conducted	45	67	N/A	—	
No. of total participants	5,224	799	N/A	—	
Quality and Customer Satisfaction					
Plantation					
No. of mills certified with ISO 9001:2015	9	9	9	—	—
Property					
Average tenant satisfaction rate (%)	77.8	76.7	77.5		—
Pharmaceutical					
No. of business units certified with ISO 9001:2015	7	7	7	—	—
No. of non-compliance incidents related to product safety, marketing and labelling resulting in significant fines or non-monetary sanctions	0	0	0	—	GRI 416: Customer Health and Safety 2016
Order fulfilment rate	91.4	97.0	97.0	—	GRI 417: Marketing and Labelling 2016
Customer satisfaction rate (MoH)	98.0	97.0	94.0	—	
Customer satisfaction rate (MoHE)	96.0	96.0	92.0	—	
Compliance to MoH performance standards rate	99.3	99.6	99.6	—	—
Heavy Industries					
No. of business units certified with ISO 9001:2015	9	9	11	Reduction was due to operational closure of business units	—
Sustainability-Oriented Products and Services					
Plantation					
CSPO produced (MT)	150,527	136,432	108,317	—	—
Areas certified with MSPO (ha)	97,961	98,212	53,431	—	
Areas certified with RSPO (ha)	39,450	39,453	34,278	—	

SUMMARY OF SUSTAINABILITY PERFORMANCE

Indicator	2021	2020	2019	Remarks	GRI
Sustainability-Oriented Products and Services					
Pharmaceutical					
New products registered	45	44	23	—	—
Independent pharmacies participating in RoyalePharma Alliance Programme	413	415	310	—	
Industrial					
Sustainability-certified fibre cement boards produced (million standard metre)	26.8	22.8	25.3	—	—
Diversity and Inclusion					
Total no. of employees	16,520	17,347	18,089	—	GRI 405: Diversity and Equal Opportunity 2016
Female directors (%)	27	33	43	—	
Employees with disability (%)	0.21	0.16	0.10	Figures exclude workers in Plantation Division and employees in Indonesia	GRI 406: Non-discrimination 2016
Non-compliance incidents related to discrimination resulting in significant fines or non-monetary sanctions	0	0	0		
Breakdown by Age					
Gen Z/Post Millennials: Born between 1995 – present (%)	13	14	13	—	GRI 405: Diversity and Equal Opportunity 2016
Gen Y: Born between 1981 – 1994 (%)	50	50	50		
Gen X: Born between 1965 – 1980 (%)	33	32	32		
Baby Boomers: Born between 1946 – 1964 (%)	4	4	5		
Breakdown by Employee Level					
Senior management (%)	1	1	1	—	GRI 405: Diversity and Equal Opportunity 2016
Middle management (%)	4	4	4		
Executive (%)	15	14	14		
Non-executive (%)	33	34	33		
Worker (%)	47	47	48		

Indicator	2021	2020	2019	Remarks	GRI
Breakdown by Gender					
Male (%)	68	70	69	–	GRI 405: Diversity and Equal Opportunity 2016
Female (%)	32	30	31		
Female employees by Level					
Senior management (%)	21	20	N/A	–	GRI 405: Diversity and Equal Opportunity 2016
Middle management (%)	30	26	N/A		
Executive (%)	49	48	N/A		
Non-executive (%)	31	29	N/A		
Worker (%)	27	27	N/A		
Breakdown by Nationality					
Executive and Non-Executive Level					
Malaysian (%)	82	83	83	–	GRI 405: Diversity and Equal Opportunity 2016
Non-Malaysian (%)	18	17	17		
Worker level					
Malaysian (%)	30	30	30	–	GRI 405: Diversity and Equal Opportunity 2016
Non-Malaysian (%)	70	70	70		
Talent Management					
Employee Learning and Development					
Total hours spent on formal training and development (hours)	170,656	148,195	172,959	–	GRI 404: Training and Education 2016
Allocation for formal training and development (RM)	2.3 mil	2.3 mil	5.2 mil		
Average Hours Spent for Formal Training and Development Per Employee, by Employee Level					
Senior management (hours)	23	10	15	–	GRI 404: Training and Education 2016
Middle management (hours)	19	18	28		
Executive (hours)	25	17	21		
Non-executive (hours)	14	11	12		
Employee Attraction and Retention					
Executive and Non-Executive Level – New Hires					
Male	609	547	757	–	GRI 401: Employment 2016
Female	295	307	444		
New hires rate (%)	10.4	9.4	12.9		
Executive and Non-Executive Level – Resignation					
Male	731	820	777	–	GRI 401: Employment 2016
Female	386	405	393		
Turnover rates	12.8	13.5	12.6		

SUMMARY OF SUSTAINABILITY PERFORMANCE

Indicator	2021	2020	2019	Remarks	GRI
Worker Level – New Hires					
Male	1,201	1,838	3,039	–	GRI 401: Employment 2016
Female	343	532	1,235		
New hires rate (%)	19.8	28.8	48.8		
Worker Level – Resignation					
Male	1,327	1,507	2,578	–	GRI 401: Employment 2016
Female	512	597	1,107		
Turnover rates (%)	23.6	25.56	42.0		
Labour Practices					
Non-compliance incidents related to employment and labour practices resulting in significant fines or non-monetary sanctions	0	0	0	–	GRI 419: Socioeconomic Compliance 2016
Safety and Health					
No. of fatalities	1	0	1	–	GRI 403: Occupational Health and Safety
Total no. of lost days	7,270	1,650	7,644		
Total certified safety officers	15	19	N/A		GRI 419: Socioeconomic Compliance 2016
Total work inspection conducted	733	504	N/A		
Total internal safety audits performed	29	53	N/A		
Total safety training sessions	73	528	N/A		
Total safety training participants	14,397	12,500	N/A		
Non-compliance incidents related to safety and health resulting in significant fines or non-monetary sanctions	0	0	1		
No. of Accidents by Division					
Plantation	251	412	551	–	GRI 403: Occupational Health and Safety 2018
Property & Industrial	8	17	25		
Pharmaceutical	12	12	22		
Heavy Industries	16	23	136		
Trading, Finance & Investment	0	3	2		
Total no. of accidents	287	467	736		

Indicator	2021	2020	2019	Remarks	GRI
LTIFR by Division					
Plantation	5.96	7.40	10.69	—	GRI 403: Occupational Health and Safety 2018
Property & Industrial	2.20	2.69	5.85		
Pharmaceutical	2.08	1.26	0.87		
Heavy Industries	2.28	1.80	8.26		
Trading, Finance & Investment	0.00	0.78	0.59		
Group-wide	4.47	4.73	7.48	5.5% reduction in 2021 against 2020	
GHG and Climate Change					
Total Absolute Emissions (Scope 1 + Scope 2) (tCO ₂ -e)	1,054,042.7	1,104,044.5	1,060,283.3	Figures for 2020 and 2019 were restated, upon revision of calculation methodology	GRI 305: Emissions 2016
Scope 1 emission (tCO ₂ -e)	959,951.7	989,304.5	922,716.3		
Scope 2 emission (tCO ₂ -e)	94,091.0	114,740.0	137,567.0		
Breakdown by Source					
Land conversion (tCO ₂ -e)	678,411.7	697,960.2	632,688.1	Emission from land conversion is amortised over 25 years	GRI 305: Emissions 2016
POME (tCO ₂ -e)	147,634.4	187,175.2	191,279.6	Figures for 2020 and 2019 were restated, upon revision of calculation methodology	
Purchased electricity (tCO ₂ -e)	94,091.0	114,740.0	137,567.0		
Heavy goods vehicles (tCO ₂ -e)	37,823.8	26,877.0	27,116.0		
Fertiliser application (tCO ₂ -e)	36,970.0	24,870.2	14,157.4		
Peat emissions (tCO ₂ -e)	26,634.0	20,189.8	20,629.9		
Boilers (tCO ₂ -e)	17,094.5	13,596.8	16,512.6		
Electricity generation (tCO ₂ -e)	11,332.7	14,169.3	12,567.3		
Cars, motorcycle, light goods vehicles (tCO ₂ -e)	2,122.8	1,887.9	3,341.3		
Agricultural and heavy machineries (tCO ₂ -e)	1,091.0	1,141.8	573.5		
Fugitive refrigerants (tCO ₂ -e)	788.8	1,024.8	3,463.8		
Others (tCO ₂ -e)	48.2	411.7	386.8		

SUMMARY OF SUSTAINABILITY PERFORMANCE

Indicator	2021	2020	2019	Remarks	GRI
Breakdown by Division					
Plantation (tCO ₂ -e)	940,476.4	972,831.5	900,632.4	Figures for 2020 and 2019 were restated, upon revision of calculation methodology	GRI 305: Emissions 2016
Property & Industrial (tCO ₂ -e)	70,852.7	78,025.2	95,445.3		
Pharmaceutical (tCO ₂ -e)	34,807.4	36,897.6	41,078.6		
Heavy Industries (tCO ₂ -e)	6,422.8	7,366.3	10,941.5		
Trading, Finance & Investment (tCO ₂ -e)	1,483.4	8,923.9	12,185.5		
Emission Intensity					
Estates (tCO ₂ -e /MT FFB Produced)	0.87	0.92	0.89	Figures for 2020 and 2019 were restated, upon revision of calculation methodology	GRI 305: Emissions 2016
Mills (tCO ₂ -e/MT CPO or PK)	0.62	0.764	0.60		
Hotels & Resorts (tCO ₂ -e/ Rooms Sold)	0.069	0.095	0.064		
Property Management (tCO ₂ -e/Sqft of Built Up Area)	0.027	0.034	0.014		
Boustead Curve & DEC (tCO ₂ -e/Sqft of Built Up Area)	0.0036	0.0040	0.0054		
UAC Berhad (tCO ₂ -e/Standard Metre of Fibre Cement Board Manufactured)	0.0015	0.0013	0.0014		
Pharmaniaga (tCO ₂ -e/RM million revenue)	7.23	13.54	14.56		
Heavy Industries (tCO ₂ -e/RM million revenue)	43.0	49.1	64.8		
Boustead Petroleum Marketing Sdn Bhd (tCO ₂ -e/Metric Tonne of Petroleum Sold)	0.0018	0.0020	0.0014		
Group (tCO ₂ -e/RM million revenue)	93.2	140.1	102.7		

Indicator	2021	2020	2019	Remarks	GRI
Resource Efficiency and Pollution Prevention					
Hazardous Waste					
Non-compliance incidents related to hazardous waste resulting in significant fines or non-monetary sanctions	0	0	0		GRI 306: Waste 2020 GRI 307: Environmental Compliance 2016
Total hazardous waste generated (MT)	754.6	1,032.3	814.7		
Breakdown by Division					
Plantation (MT)	101.61	73.8	42.7		GRI 306: Waste 2020
Property & Industrial (MT)	21.7	41.5	73.8		
Pharmaceutical (MT)	150.7	323.3	224.2		
Heavy Industries (MT)	427.0	543.7	325.3		
Trading, Finance & Investment (MT)	54.1	50.0	148.6		
Air Emissions					
Non-compliance incidents related to air emissions resulting in significant fines or non-monetary sanctions	0	0	0		GRI 305: Emissions 2016, GRI 307: Environmental Compliance 2016
Wastewater Discharge					
Non-compliance incidents related to wastewater discharge resulting in significant fines or non-monetary sanctions	0	0	0		GRI 303: Water and Effluents 2018 GRI 307: Environmental Compliance 2016
Water Withdrawal					
Total water withdrawn (m ³)	6,346,832	6,105,363	5,284,453		GRI 303: Water and Effluents 2018
Breakdown by Division					
Plantation (m ³)	3,734,766	3,551,053	2,859,955		GRI 303: Water and Effluents 2018
Property & Industrial (m ³)	1,946,277	1,531,745	1,488,874		
Pharmaceutical (m ³)	423,750	445,420	333,931		
Heavy Industries (m ³)	224,874	274,566	264,012		
Trading, Finance & Investment (m ³)	17,165	302,579	337,682		

SUMMARY OF SUSTAINABILITY PERFORMANCE

Indicator	2021	2020	2019	Remarks	GRI
Breakdown by Source					
Surface water (i.e. rainwater and rivers) (m³)	1,979,393	2,607,892	2,154,064	–	GRI 303: Water and Effluents 2018
Ground water (m³)	1,127,010	19,824	17,026		
Purchased water (m³)	3,240,429	3,477,647	3,113,363		
Energy Consumption					
Total energy consumed (GJ)	2,739,903.7	3,402,860.1	3,349,870.8	Figures for 2020 and 2019 were restated, upon revision of calculation methodology	GRI 302: Energy 2016
Breakdown by Division					
Plantation (GJ)	2,023,789	2,610,439	2,389,280	Figures for 2020 and 2019 were restated, upon revision of calculation methodology	GRI 302: Energy 2016
Property & Industrial (GJ)	446,866	475,198	590,638		
Pharmaceutical (GJ)	228,900	231,776	245,619		
Heavy Industries (GJ)	33,083	41,203	63,167		
Trading, Finance & Investment (GJ)	7,266	44,243	61,166		
Breakdown by Source					
Biomass (GJ)	2,017,538	2,233,363	2,074,256	Figures for 2020 and 2019 were restated, upon revision of calculation methodology	GRI 302: Energy 2016
Purchased electricity (GJ)	456,383	556,499	671,253		
Diesel (GJ)	26,219	400,315	340,214		
Residual fuel oil (GJ)	153,525	130,387	173,711		
Natural gas (GJ)	64,148	55,047	57,400		
Petrol (GJ)	20,677	20,511	27,043		
LPG (GJ)	586	5,788	4,975		
Solar energy (GJ)	769	841	940		
Others (GJ)	59	109	78		

Indicator	2021	2020	2019	Remarks	GRI
Supporting Local Businesses					
Spending on local procurement (%)	37	58	37	—	GRI 203: Indirect Economic Impacts 2016 GRI 204: Procurement Practices 2016
Total Participants in Vendor Development Programme (VDP)					
Heavy Industries	36	36	36	—	GRI 203: Indirect Economic Impacts 2016
Pharmaceutical	24	24	27		GRI 204: Procurement Practices 2016
Community Investment and Contributions					
Total value of CSR contributions (RM)	25.7 mil	33.4 mil	24.1 mil	—	GRI 413: Local Communities 2016 GRI 203: Indirect Economic Impacts 2016
Protégé trainees coached since inception	784	724	450	—	GRI 203: Indirect Economic Impacts 2016

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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 2021.

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 366 to 371. 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
Profit/(loss) for the year attributable to:		
Shareholders of the Company	170.1	(125.0)
Holders of Perpetual Sukuk	56.7	56.7
Non-controlling interests	252.4	—
	479.2	(68.3)

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:

Datuk Seri Mohd Redzuan Md Yusof (Chairman)	(Appointed on 3 January 2022)
Dato' Sri Mohammed Shazalli Ramly [#]	
Lieutenant General Dato' Fadzil Mokhtar (R)	
Dato' Nonee Ashirin Dato' Mohd Radzi [#]	
Izaddeen Daud [#]	
Tan Sri Abu Bakar Haji Abdullah [#]	
Senator Datuk Seri Hajjah Zurainah Musa	
Dato' Seri Rosman Mohamed	(Appointed on 1 July 2021)
Dato' Ahmad Nazim Abd Rahman	(Appointed on 1 July 2021)
Pauline Teh @ Pauline Teh Abdullah	(Appointed on 13 September 2021)
Datuk Maulizan Bujang	(Appointed on 1 February 2022)
Muhammad Fitri Othman (<i>Alternate Director to Dato' Ahmad Nazim</i>)	(Appointed on 20 October 2021)
Datuk Zainun Aishah Ahmad	(Retired on 3 September 2021)
Dato' Seri Mohamed Khaled Nordin	(Resigned on 5 August 2021)
Dato' Abdul Hamid Sh. Mohamed	(Resigned on 16 April 2021)

[#] 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)	
Maj. Gen. Dato' Seri Haji Khairuddin Abu Bakar (R) J.P.	
Tan Sri Dato' Wira Aziah Ali	
Datuk Haji Shah Headan Ayoob Hussain Shah	
Dato' Indera Haji Mustaffar Kamal Haji Ab Hamid	(Appointed on 10 March 2021)
Fahmy Ismail	(Appointed on 10 March 2021)
Ahmad Shahredzuan Mohd Shariff	(Appointed on 10 March 2021)
(Dr.) Salihin Abang	(Appointed on 7 July 2021)
Datuk Haji Abdul Ghani Abdul Rashid	(Appointed on 1 February 2022)
Datuk Mustapa Kamal Mohd Yusoff	(Appointed on 1 February 2022)
Ir. Abdul Aziz Julkarnain	(Resigned on 5 August 2021)
Dato' Ahmad Rizal Abdul Rahman	(Resigned on 1 July 2021)
Dato' Mohzani Abdul Wahab	(Resigned on 15 June 2021)

(For list of Directors of Boustead Plantations Berhad's subsidiaries, please refer to integrated report of Boustead Plantations Berhad for the financial year ended 31 December 2021)

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

Directors of Pharmaniaga Berhad:

Datuk Seri Zainal Abidin Mohd Rafique (Chairman)	(Appointed on 1 February 2022)
Datuk Zulkarnain Md Eusope [#]	
Datuk Dr Azhar Ahmad [#]	
Dato' Dr Najmi Faiz Mohamed Aris [#]	
Zulkifli Jafar [#]	
Dr Abdul Razak Ahmad [#]	
Sarah Azreen Abdul Samat	(Appointed on 20 August 2021)
Zainal Abidin Shariff	(Appointed on 1 April 2021 and resigned on 26 August 2021)
Dato' Mohd Zahir Zahur Hussain	(Resigned on 30 March 2021)
Datuk (Dr.) Hafsah Hashim	(Resigned on 26 February 2021)

(For list of Directors of Pharmaniaga Berhad's subsidiaries, please refer to integrated report of Pharmaniaga Berhad for the financial year ended 31 December 2021)

Directors of Boustead Heavy Industries Corporation Berhad:

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)	
Datuk Norliza Abdul Rahim	
Dato' Ahmad Nazim Abd Rahman	(Appointed on 12 October 2021)
Datuk Haji Nasarruddin Dato' M Zin	(Appointed on 27 January 2022)
Irfan Hashim (<i>Alternate Director to Dato' Ahmad Nazim</i>)	(Appointed on 12 October 2021)
Fahmy Ismail	(Appointed 4 March 2021 and resigned on 11 June 2021)
Admiral Tan Sri Dato' Seri Ramlan Mohamed Ali (Retired) (Chairman)	(Resigned on 11 June 2021)

(For list of Directors of Boustead Heavy Industries Corporation Berhad's subsidiaries, please refer to integrated report of Boustead Heavy Industries Corporation Berhad for the financial year ended 31 December 2021)

DIRECTORS' REPORT

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

Directors of other subsidiaries of the Company:

Adzli Shaferul Ramli	
Affendi Mohd Yob	
Ahmad Fazril Mohd Fauzi	(Appointed on 29 September 2021)
Ahmad Shahredzuan Mohd Shariff	
Alisa Abdul Aziz	
Azah Hanim Ahmad	(Resigned on 20 May 2021)
Azhar Ahmad	
Choo Kok Leong	
Christina a/p A Martin	
Dato' Haji Ab. Ghani Harun	
Dato' Ir. Jauhari Hamidi	
Dato' Mat Nadzari Ahmad Dahlan	(Appointed on 25 January 2022)
Dato' Maznah Abdul Jalil	
Dato' Mohamad Satim Diman	(Resigned on 14 January 2022)
Dato' Mohzani Abdul Wahab	
Dato' Sri Ghazali Mohd Ali	
Datuk Haji Zurihan Yusof	(Appointed on 25 January 2022)
Datuk Khaidhirah Abu Zahar	(Appointed on 25 January 2022)
Datuk Mahadi Abdul Shukor	(Appointed on 25 January 2022)
Datuk Norliza Abdul Rahim	(Appointed on 1 July 2021)
Datuk Seri Zainal Abidin Mohd Rafique	
Datuk Shaiful Hazizy Zainol Abidin	(Appointed on 31 January 2022)
Datuk Wira Haji Mohd. Yusoff Kassim	(Appointed on 1 February 2022)
Fahmy Ismail	
Faisal @ Pisal Abdul Ghani	(Appointed on 8 October 2021)
Fakril Zamani Mahmud	(Resigned on 12 October 2021)
Fazura Nur Jaafar	
Gan Boon Ting	
Haji Apli Yusof	
Haji Hahasrin Haji Hashim	(Appointed on 31 January 2022)
Ir. Hairutdin Ayob	
Ir. Ma'som Mahadi	
Irfan Hashim (<i>Alternate Director to Mej. Jen Dato' Mamat Ariffin</i>)	(Appointed on 1 September 2021)
Juniza Azizan	
Lak. Tan Sri Mohd Reza Mohd Sany	
Latteffah Haji Aliyaru Kunju	(Appointed on 8 March 2021)
Lt. Jen Dato' Pahlawan Haji Khairuddin Haji Mat Yusof (R)	
Lt. Gen Dato' Sri Shahrom Ibrahim (R)	
Loon Peng Wai	
Mej Jen Dato' Mamat Ariffin Haji Abdullah (R)	
Michael Wolfgang Muller	
Mohd Ali Zakaria	
Mohd Fakhrul Arifin Adinan	(Resigned on 29 September 2021)
Mohd Khairizul Azuan Mohamad Rizzuan	
Mohd Rosli Arshad	
Mohd Zaidi Zainol Rashid	
Muzamir Shah Mohamed Shariff	

DIRECTORS OF THE COMPANY'S SUBSIDIARIES (CONT'D.)**Directors of other subsidiaries of the Company (cont'd.):**

Nazri Suhaimie Mohd Nasir	
Nawal Hanafiah	(Resigned on 2 August 2021)
Norlymalis Jazmi Kamarudin	
Nurul Azilah Ahmad Kamil	(Appointed on 25 January 2022)
Phan Yoke Seng	
Professor Graham Kendall	(Retired on 1 February 2021)
Professor Nicholas James Miles	
Professor Shearer Carrol West	
Rosmawa Yusuf	
Rosni Mohd Sari	(Deceased on 5 July 2021)
Rozi Baharudin	
Sarimah Mat Isa	
Shahril Mohd Khairi @ Bakhri	
Sharifuddin Md. Zaini Al-Manaf	
Syahida Abdul Kadir	
Tan Sri Dato' Wira Aziah Ali	
Tan Sri Datuk Mustafa Mansur	
Wan Asma' Haji Wan Omar	(Resigned on 3 March 2021)
Wong Yun Kit	
YM Tengku Dato' Indera 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.

Pursuant to Section 289 of the Companies Act 2016, the Company maintained a Directors' and Officers' Liability Insurance to provide appropriate insurance cover for the Directors and Officers of the Company. The Directors and Officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them. The amount of insurance premium paid during the financial year was RM90,000.

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 1/1/2021	Acquired Sold	At 31/12/2021
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.

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	
	2021 RM Million	2020 RM Million	2021 RM Million	2020 RM Million
Auditors' remuneration paid to Ernst & Young PLT				
– Statutory audit	3.9	3.8	0.4	0.4
– Others	0.3	0.7	0.1	0.3
	4.2	4.5	0.5	0.7
Auditors' remuneration paid to other firms				
– Statutory audit	0.9	1.0	–	–
Total remuneration paid to the external auditors	5.1	5.5	0.5	0.7

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.

DATUK SERI MOHD REDZUAN MD YUSOF

DATO' SRI MOHAMMED SHAZALLI RAMLY

Kuala Lumpur
27 April 2022

STATEMENT BY DIRECTORS

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

We, Datuk Seri Mohd Redzuan Md Yusof 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 248 to 371 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 2021 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.

DATUK SERI MOHD REDZUAN MD YUSOF

DATO' SRI MOHAMMED SHAZALLI RAMLY

Kuala Lumpur
27 April 2022

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 248 to 371 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 27 April 2022.

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 2021 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 248 to 371.

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 2021, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our 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.

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.

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.)

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 2021, the Group's carrying amount of goodwill is RM259.7 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 RM8.8 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 2021, the carrying amount of property, plant and equipment and right-of-use assets of the Group are RM4,007.2 million and RM2,253.2 million respectively. These are disclosed in Notes 13 and 15 to the financial statements respectively.

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.

– Aircraft owned by MHS Aviation Berhad, a partially owned subsidiary of the Group (Trading, Finance & Investment Division)

During the financial year, the aircraft remains idle upon the termination of contracts by the counter parties which indicate that the aircraft may be impaired.

Accordingly, impairment reviews performed for the abovementioned CGU or assets resulted in impairment losses of property, plant and equipment of RM0.6 million as disclosed in Notes 13 to the financial statements.

(c) Impairment assessment of investment in subsidiaries

As at 31 December 2021, the Company's carrying amount of investment in subsidiaries is RM2,299.1 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 RM54.9 million as disclosed in Note 17 to the financial statements.

Key audit matters (cont'd.)

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

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.

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, reflects 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 2021, the carrying value of the Group's investment properties of RM1,295.0 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 reasonableness of the property related data by corroborating those data used in the valuation to available market data;

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.)

- 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.
- 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 expect 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 (o) to the financial statements.

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.

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

INDEPENDENT AUDITORS' REPORT

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

Auditors' responsibilities for the audit of the financial statements (cont'd.)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the 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.

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 366 to 371.

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
27 April 2022

AHMAD ZAHIRUDIN BIN ABDUL RAHIM

No. 02607/12/2022 J
Chartered Accountant

INCOME STATEMENTS

for the year ended 31 December 2021

	Note	Group		Company	
		2021 RM Million	2020 RM Million	2021 RM Million	2020 RM Million
Revenue	5	11,305.5	7,881.0	132.4	84.3
Operating cost	6	(10,366.9)	(7,628.4)	(72.7)	(154.5)
Results from operations		938.6	252.6	59.7	(70.2)
Gain/(loss) on disposal:					
– Property, plant and equipment	41	88.2	(3.2)	–	–
– Investment property	41	13.1	–	–	–
– Right-of-use assets	41	2.6	–	–	–
Impairment of assets:					
– Property, plant and equipment	13	(0.6)	(133.3)	–	–
– Right-of-use assets	15	–	(37.9)	–	–
– Goodwill	21	(8.8)	(36.1)	–	–
Fair value gain/(loss) on investment properties	14	1.1	(110.8)	(0.3)	(17.6)
Other investment results	8	1.0	37.6	(41.6)	(555.1)
Share of results of associates	18	117.4	47.6	–	–
Share of results of joint ventures	19	(64.1)	(75.2)	–	–
Profit/(loss) before interest, taxation and zakat		1,088.5	(58.7)	17.8	(642.9)
Finance cost	9	(352.1)	(387.2)	(201.6)	(221.9)
Interest income	7	24.3	25.6	116.0	146.4
Profit/(loss) before taxation and zakat		760.7	(420.3)	(67.8)	(718.4)
Taxation	10	(254.2)	(76.9)	(0.5)	2.4
Zakat		(27.3)	(3.5)	–	(0.1)
Profit/(loss) for the year		479.2	(500.7)	(68.3)	(716.1)
Attributable to:					
Shareholders of the Company		170.1	(550.9)	(125.0)	(766.6)
Holders of Perpetual Sukuk		56.7	50.5	56.7	50.5
Non-controlling interests		252.4	(0.3)	–	–
Profit/(loss) for the year		479.2	(500.7)	(68.3)	(716.1)
Earnings/(loss) per share – sen					
Basic/diluted	11	8.39	(27.18)		

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 2021

	Group		Company	
	2021 RM Million	2020 RM Million	2021 RM Million	2020 RM Million
Profit/(loss) for the year	479.2	(500.7)	(68.3)	(716.1)
Other comprehensive (loss)/income:				
Items that may be reclassified to profit or loss in subsequent periods (net of tax)				
Foreign currency translation	(1.4)	(4.2)	—	—
Share of other comprehensive (loss)/income of associates accounted for using equity method	(36.4)	6.5	—	—
	(37.8)	2.3	—	—
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	(0.5)	(0.9)	(0.1)	(0.4)
– Disposals	—	0.5	—	—
	(0.5)	(0.4)	(0.1)	(0.4)
Other comprehensive (loss)/income for the year, net of tax	(38.3)	1.9	(0.1)	(0.4)
Total comprehensive income/(loss) for the year, net of tax	440.9	(498.8)	(68.4)	(716.5)
Attributable to:				
Shareholders of the Company	131.4	(547.5)	(125.1)	(767.0)
Holders of Perpetual Sukuk	56.7	50.5	56.7	50.5
Non-controlling interests	252.8	(1.8)	—	—
Total comprehensive income/(loss) for the year, net of tax	440.9	(498.8)	(68.4)	(716.5)

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

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2021

		Group		Company	
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
	Note	RM Million	RM Million	RM Million	RM Million
ASSETS					
Non-current assets					
Property, plant and equipment	13	4,007.2	4,457.8	1.5	1.9
Investment properties	14	1,295.0	1,404.9	87.4	87.4
Right-of-use assets	15	2,253.2	2,289.4	7.8	10.4
Deferred tax assets	16	29.4	37.0	–	–
Subsidiaries	17	–	–	2,299.1	2,417.6
Associates	18	2,198.5	2,125.0	996.2	981.1
Joint ventures	19	304.0	483.9	46.7	174.8
Other investments	20	5.0	5.8	1.2	1.3
Intangible assets	21	338.3	343.0	–	–
Inventories	22	811.2	916.3	–	–
Receivables	23	296.4	244.2	1,669.1	1,913.2
Total non-current assets		11,538.2	12,307.3	5,109.0	5,587.7
Current assets					
Inventories	22	1,708.0	963.9	–	–
Receivables	23	1,172.5	829.7	22.4	324.9
Biological assets	24	47.0	25.0	–	–
Contract assets and contract cost assets	25	1,120.0	1,057.2	–	–
Deposits, cash and bank balances	26	463.5	496.4	134.8	160.6
		4,511.0	3,372.2	157.2	485.5
Assets classified as held for sale	27	394.5	322.6	–	–
Total current assets		4,905.5	3,694.8	157.2	485.5
Total assets		16,443.7	16,002.1	5,266.2	6,073.2

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

		Group		Company	
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
	Note	RM Million	RM Million	RM Million	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	543.3	381.5	(1,489.3)	(1,364.2)
Shareholders' equity		3,279.0	3,117.2	1,246.4	1,371.5
Perpetual Sukuk	30	609.6	609.3	609.6	609.3
Non-controlling interests		1,576.8	1,392.4	—	—
Total equity		5,465.4	5,118.9	1,856.0	1,980.8
Non-current liabilities					
Borrowings	31	3,057.2	2,962.3	2,044.4	2,042.3
Payables	32	10.5	20.9	—	—
Lease liabilities	15	48.4	54.7	5.5	8.1
Deferred tax liabilities	16	337.2	325.7	—	0.8
Total non-current liabilities		3,453.3	3,363.6	2,049.9	2,051.2
Current liabilities					
Borrowings	31	3,934.7	4,621.6	1,225.9	1,852.2
Payables	32	3,132.9	2,807.3	131.8	186.5
Contract liabilities	25	190.8	51.2	—	—
Lease liabilities	15	12.9	21.3	2.6	2.5
Taxation		94.7	18.2	—	—
		7,366.0	7,519.6	1,360.3	2,041.2
Liabilities associated with assets classified as held for sale		159.0	—	—	—
Total current liabilities		7,525.0	7,519.6	1,360.3	2,041.2
Total liabilities		10,978.3	10,883.2	3,410.2	4,092.4
Total equity and liabilities		16,443.7	16,002.1	5,266.2	6,073.2

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 2021

	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 2021	2,735.7	381.5	3,117.2	609.3	1,392.4	5,118.9
Profit for the year	–	170.1	170.1	56.7	252.4	479.2
Other comprehensive (loss)/income for the year	–	(38.7)	(38.7)	–	0.4	(38.3)
Total comprehensive income for the year	–	131.4	131.4	56.7	252.8	440.9
Perpetual Sukuk						
– Distribution	–	–	–	(56.4)	–	(56.4)
Share of an associate's movement in reserve	–	(4.9)	(4.9)	–	–	(4.9)
Changes in ownership interest in subsidiaries						
– Partial disposal of shares in a subsidiary	–	36.8	36.8	–	13.7	50.5
– Share options granted by a subsidiary	–	0.6	0.6	–	1.2	1.8
– Additional investment in subsidiaries	–	(2.1)	(2.1)	–	2.1	–
Dividends (Note 17)	–	–	–	–	(85.4)	(85.4)
At 31 December 2021	2,735.7	543.3	3,279.0	609.6	1,576.8	5,465.4

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

	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 2021

	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 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 and 1 January 2021	2,735.7	(1,364.2)	1,371.5	609.3	1,980.8
(Loss)/profit for the year	—	(125.0)	(125.0)	56.7	(68.3)
Other comprehensive loss for the year	—	(0.1)	(0.1)	—	(0.1)
Total comprehensive (loss)/income for the year	—	(125.1)	(125.1)	56.7	(68.4)
Perpetual Sukuk					
– Distribution	—	—	—	(56.4)	(56.4)
At 31 December 2021	2,735.7	(1,489.3)	1,246.4	609.6	1,856.0

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 2021

	Group		Company	
	2021	2020	2021	2020
	RM Million	RM Million	RM Million	RM Million
Operating activities				
Cash receipts from customers	10,979.6	7,777.6	7.5	7.3
Cash paid to suppliers and employees	(10,044.2)	(7,251.7)	(32.3)	(34.9)
Cash generated from/(used in) operations	935.4	525.9	(24.8)	(27.6)
Tax and zakat paid	(187.6)	(74.6)	(1.4)	(1.8)
Net cash generated from/(used in) operating activities	747.8	451.3	(26.2)	(29.4)
Investing activities				
Investment in an associate	(3.0)	—	—	—
Disposal of quoted shares	0.4	4.1	—	3.0
Disposal of an associate	—	67.3	—	67.3
Disposal of a subsidiary	225.9	—	225.9	—
Partial disposal of shares in a subsidiary	50.5	—	50.5	—
Property, plant and equipment				
– Purchases	(131.4)	(105.0)	(0.1)	(0.1)
– Disposals	19.9	26.3	—	—
Rights-of-use assets				
– Purchases	(20.3)	(9.9)	—	—
– Disposals	4.2	—	—	—
Refund of deposit	—	3.8	—	—
Deposits received	51.6	6.0	8.7	—
Disposal of investment property	129.0	—	—	—
Disposal of assets classified as held for sale	138.1	—	—	—
Purchase and development of property development	(78.5)	(169.2)	—	—
Subsequent expenditure on investment properties	(4.7)	(4.6)	(0.3)	(0.5)
Purchase of intangible assets	(15.0)	(23.4)	—	—
Dividends received	7.3	44.1	100.7	44.7
Interest received	8.0	25.6	116.1	143.2
Placement of fixed deposits	(0.4)	(7.6)	—	—
Net cash generated from/(used in) from investing activities	381.6	(142.5)	501.5	257.6

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 2021

	Group		Company	
	2021	2020	2021	2020
	RM Million	RM Million	RM Million	RM Million
Financing activities				
Dividends paid to non-controlling interests	(85.4)	(20.2)	–	–
Payment of Perpetual Sukuk distribution	(56.4)	(50.1)	(56.4)	(50.1)
Advances (to)/from joint ventures	(35.3)	86.8	–	110.0
Proceeds from term-loans	50.6	4.3	–	–
Repayment of term-loans	(507.1)	(210.7)	(405.0)	(135.0)
Net repayment of revolving credits and bankers' acceptances	(120.7)	(132.5)	(217.0)	(82.0)
Net payments from/(to) Group companies	–	–	388.2	(132.3)
Repayment of lease liabilities	(24.3)	(36.9)	(2.9)	(2.9)
Interest paid	(364.0)	(407.3)	(203.6)	(218.3)
Net cash used in from financing activities	(1,142.6)	(766.6)	(496.7)	(510.6)
Net decrease in cash and cash equivalents	(13.2)	(457.8)	(21.4)	(282.4)
Foreign currency translation difference	0.1	0.3	–	–
Cash and cash equivalents at beginning of year	395.8	853.3	121.3	403.7
Cash and cash equivalents at end of year	382.7	395.8	99.9	121.3
Cash and cash equivalents at end of year				
Deposits, cash and bank balances (Note 26)	463.5	496.4	134.8	160.6
Less: Overdrafts (Note 31)	(45.4)	(55.4)	(34.9)	(39.3)
Less: Deposits with maturity more than 3 months (Note 26)	(49.5)	(49.1)	–	–
Add: Cash and bank balances classified as assets held for sale (Note 27)	14.1	3.9	–	–
	382.7	395.8	99.9	121.3

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 of 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.

(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).

(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.

(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 & other motor vehicles	3 – 15 years
Plant and machinery	3 – 30 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.

(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.

(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.

(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.

(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.

(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.

(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

(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.

(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. Leases in which the Group and the Company transfer substantially all the risks and rewards incidental to ownership of an underlying assets are classified as finance lease. 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.

(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, in a manner consistent with the internal reporting provided to the Group's chief operating decision maker. The Group's chief operating decision maker 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.

(a) Onerous contracts

Under onerous contracts, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

(b) Warranty provisions

The Group provides warranties for general repairs of 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 estimate of warranty-related costs is revised annually.

(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 366 to 371 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 27 April 2022.

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 amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2021:

Description	Effective for annual periods beginning on or after
Amendment to MFRS 16 – COVID-19-Related Rent Concessions	1 June 2020
Amendments to MFRS 19, MFRS 139 and MFRS 7, MFRS 4 and MFRS 16 – Interest Rate Benchmark Reform (Phase 2)	1 January 2021

The adoption of the above 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
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 17 – Insurance Contracts (Initial Applications of MFRS 17 and MFRS 9 – Comparative Information)	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 for MFRS 112 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	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.

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 of 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 RM4.7 million (2020: RM2.5 million).

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 analysis are provided in Note 37.

(i) Recoverability of COVID-19 vaccines inventory

The Group assesses whether there is any indication that the cost of inventory of COVID-19 vaccines amounting to RM561.4 million as at 31 December 2021 is non-recoverable at the end of the reporting period. The recoverability of the COVID-19 vaccines inventory is measured by comparing the carrying amount of the COVID-19 vaccines with its realisable value, taking into consideration the prevailing market conditions globally and potential demand.

Currently, the Group is actively working on exporting current COVID-19 vaccine stocks to countries with low vaccination rates in the effort to hasten the rate and goal of achieving global immunisation against COVID-19. Proactive efforts have been put in place to monitor the COVID-19 stocks including on-going discussion with business partners in penetrating international markets.

5. REVENUE

	Group		Company	
	2021	2020	2021	2020
	RM Million	RM Million	RM Million	RM Million
Sale of plantation produce	1,049.5	762.3	—	—
Sale of petroleum products	4,263.3	3,015.1	—	—
Sale of pharmaceutical products	4,815.0	2,725.1	—	—
Sale of building materials	229.1	232.2	—	—
Shipbuilding	263.8	408.3	—	—
Ship repair	106.4	163.2	—	—
Property development	251.8	195.3	—	—
Hotel operations	51.7	58.3	—	—
Tuition fees	159.0	174.0	—	—
Others	20.3	26.5	9.0	6.0
Revenue from contracts with customers	11,209.9	7,760.3	9.0	6.0
Rental income	95.6	120.7	7.5	7.3
Gross dividends from quoted shares in Malaysia				
– Subsidiaries	—	—	93.5	21.0
– Associates	—	—	15.1	28.8
Gross dividends from unquoted shares in Malaysia				
– Subsidiaries	—	—	6.5	18.3
– Associates	—	—	0.8	2.9
	11,305.5	7,881.0	132.4	84.3

NOTES TO THE FINANCIAL STATEMENTS

5. REVENUE (CONT'D.)

Segment information of the Group's revenue:

2021	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	–	1,049.5	–	–	–	1,049.5
Sale of petroleum products	–	–	–	–	4,263.3	4,263.3
Sale of pharmaceutical products	–	–	–	4,815.0	–	4,815.0
Sale of building materials	229.1	–	–	–	–	229.1
Shipbuilding	–	–	263.8	–	–	263.8
Ship repair	–	–	106.4	–	–	106.4
Property development	251.8	–	–	–	–	251.8
Hotel operations	51.7	–	–	–	–	51.7
Tuition fees	–	–	–	–	159.0	159.0
Others	0.6	0.5	0.2	–	19.0	20.3
Revenue from contracts with customers	533.2	1,050.0	370.4	4,815.0	4,441.3	11,209.9
Rental income	92.0	–	3.3	–	0.3	95.6
	625.2	1,050.0	373.7	4,815.0	4,441.6	11,305.5

Disaggregated revenue from contracts with customers

a) Geographical markets

– Malaysia	430.8	1,050.0	370.4	3,913.6	4,441.3	10,206.1
– Outside Malaysia	102.4	–	–	901.4	–	1,003.8
	533.2	1,050.0	370.4	4,815.0	4,441.3	11,209.9

b) Timing of revenue recognition

Goods/services transferred:

– At a point in time	431.3	1,049.5	1.0	4,815.0	4,282.3	10,579.1
– Over time	101.9	0.5	369.4	–	159.0	630.8
	533.2	1,050.0	370.4	4,815.0	4,441.3	11,209.9

5. REVENUE (CONT'D.)

Segment information of the Group's revenue: (cont'd.)

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
Shipbuilding	–	–	408.3	–	–	408.3
Ship repair	–	–	163.2	–	–	163.2
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

6. OPERATING COST

	Group		Company	
	2021	2020	2021	2020
	RM Million	RM Million	RM Million	RM Million
Changes in inventories of finished goods and work in progress	(11.2)	200.8	—	—
Finished goods and work in progress purchases	6,695.0	4,709.2	—	—
Raw materials and consumables used	1,806.4	802.0	—	—
Staff costs	655.3	663.1	20.3	17.8
Defined contribution plans	81.6	86.3	3.0	2.7
Depreciation and amortisation				
– Property, plant and equipment	224.4	253.0	0.5	0.6
– Right-of-use assets (Note 15)	62.9	79.0	2.6	2.6
– Intangible assets (Note 21)	3.9	4.0	—	—
Auditors' remuneration paid to Ernst & Young PLT				
– Statutory audit	3.9	3.8	0.4	0.4
– Others	0.3	0.7	0.1	0.3
Auditors' remuneration paid to other firms				
– Statutory audit	0.9	1.0	—	—
Directors' fees	1.1	1.0	1.0	0.9
Directors' remuneration				
– Emoluments	3.5	2.6	3.5	2.4
Plant and equipment				
– Loss/(gain) on disposal	0.2	(0.3)	—	—
– Written off	2.9	2.3	—	—
Impairment loss of other intangible assets	2.1	—	—	—
Fair value gain on biological assets (Note 24)	(22.0)	(2.8)	—	—
Other operating cost	855.7	822.7	41.3	126.8
	10,366.9	7,628.4	72.7	154.5

6. OPERATING COST (CONT'D.)

	Group		Company	
	2021	2020	2021	2020
	RM Million	RM Million	RM Million	RM Million
Other operating cost includes:				
Expenses relating to short term lease (Note 15)	9.6	10.7	0.1	—
Expenses relating to leases of low-value assets (Note 15)	3.2	4.6	—	—
Variable lease payment (Note 15)	—	1.2	—	—
Investment properties				
– Direct operating expenses	35.0	42.8	3.5	3.5
Hire of equipment	0.6	3.8	—	—
Research and development	19.6	16.9	—	—
Net fair value loss on derivatives	0.2	1.3	—	—
Net foreign exchange loss/(gain)				
– Realised	2.0	5.2	—	—
– Unrealised	(23.5)	28.3	—	—
Inventories (Note 22)				
– Writedown	26.8	21.6	—	—
– Writeback	(1.0)	(0.1)	—	—
Allowance for expected credit loss:				
– Trade receivables (Note 23)	14.1	22.2	—	—
– Amount due from subsidiaries (Note 23)	—	—	30.2	116.6
– Amount due from joint venture (Note 23)	0.1	0.2	—	—
Reversal of allowance for expected credit loss				
– Contract assets (Note 25)	—	(11.1)	—	—
Assets classified as held for sale written down (Note 27)	—	2.1	—	—

7. INTEREST INCOME

	Group		Company	
	2021	2020	2021	2020
	RM Million	RM Million	RM Million	RM Million
Interest income				
– Subsidiaries	—	—	113.7	141.5
– Joint venture	16.3	13.7	—	—
– Others	8.0	11.9	2.3	4.9
	24.3	25.6	116.0	146.4

NOTES TO THE FINANCIAL STATEMENTS

8. OTHER INVESTMENT RESULTS

	Group		Company	
	2021	2020	2021	2020
	RM Million	RM Million	RM Million	RM Million
Gross dividends of quoted shares in Malaysia	–	0.2	–	–
Impairment losses				
– Subsidiaries (Note 17)	–	–	(54.9)	(609.8)
– Joint venture (Note 19)	–	–	(12.9)	(5.3)
– Goodwill of an associate	–	(7.1)	–	–
(Loss)/profit on disposal of an associate	(1.6)	44.5	–	60.0
Profit on disposal of shares of subsidiaries	–	–	26.2	–
Gain on accretion of interest in an associate	2.6	–	–	–
	1.0	37.6	(41.6)	(555.1)

On 27 October 2020, 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 had recognised a gain on disposal of RM44.5 million and RM60.0 million, respectively.

9. FINANCE COST

	Group		Company	
	2021	2020	2021	2020
	RM Million	RM Million	RM Million	RM Million
Interest expense on				
– Bank borrowings	226.3	266.1	62.7	73.0
– Islamic medium term notes	135.4	143.6	135.4	143.5
– Loans from subsidiaries	–	–	1.4	1.8
– Loan from a joint venture	–	–	1.7	3.1
– Lease liabilities (Note 15)	3.0	4.5	0.4	0.5
	364.7	414.2	201.6	221.9
Capitalised in qualifying assets				
– Property, plant and equipment (Note 13)	(3.0)	(1.8)	–	–
– Inventories (Note 22)				
– Land held for property development	(9.5)	(21.4)	–	–
– Property development in progress	(0.1)	(3.8)	–	–
	(12.6)	(27.0)	–	–
	352.1	387.2	201.6	221.9

10. TAXATION

	Group		Company	
	2021	2020	2021	2020
	RM Million	RM Million	RM Million	RM Million
Taxation on profit for the year				
– Malaysian	233.3	72.9	2.1	1.8
– Foreign	0.4	2.2	–	–
Deferred tax relating to (Note 16):				
– Origination and reversal of temporary differences	21.6	20.2	(0.8)	(2.2)
	255.3	95.3	1.3	(0.4)
Under/(over) provision in prior year				
– Current income tax	8.4	(5.6)	(0.8)	(1.8)
– Deferred tax (Note 16)	(9.5)	(12.8)	–	(0.2)
	254.2	76.9	0.5	(2.4)

A reconciliation of taxation applicable to profit/(loss) 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	
	2021	2020	2021	2020
	RM Million	RM Million	RM Million	RM Million
Profit/(loss) before taxation	760.7	(420.3)	(67.8)	(718.4)
Taxation at Malaysian statutory rate of 24%	182.6	(100.9)	(16.2)	(172.4)
Income not subject to tax	(44.5)	(31.7)	(34.1)	(31.5)
Income subject to different tax rates	16.6	–	–	–
Share of results in associates and joint ventures	(12.8)	6.6	–	–
Non-deductible expenses	134.5	167.2	51.0	201.0
Expenses subject to double deduction	(9.2)	(7.9)	–	–
Deferred tax recognised at different tax rate	(4.2)	12.7	–	2.5
Deferred tax assets not recognised	21.7	54.8	0.6	–
Deferred tax assets recognised on unutilised business losses	(1.7)	–	–	–
Utilisation of previously unrecognised tax losses, unabsorbed capital allowances and agricultural allowances	(27.7)	(5.5)	–	–
	255.3	95.3	1.3	(0.4)
Under/(over) provision in prior year				
– Current income tax	8.4	(5.6)	(0.8)	(1.8)
– Deferred tax	(9.5)	(12.8)	–	(0.2)
Taxation recognised in profit or loss	254.2	76.9	0.5	(2.4)

NOTES TO THE FINANCIAL STATEMENTS

11. EARNING/(LOSS) PER SHARE

Basic and diluted earning/loss per share of the Group is calculated by dividing the consolidated profit/loss for the year attributable to shareholders of the Company of RM170.1 million (2020: consolidated loss attributable to shareholders of the Company of RM550.9 million) by the weighted average number of ordinary shares in issue during the year of 2,027.0 million (2020: 2,027.0 million).

12. DIVIDENDS

The Directors do not recommend the payment of dividend for the financial years ended 31 December 2020 and 2021.

13. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings RM Million	Bearer plants RM Million	Aircrafts and other motor vehicles RM Million	Plant and machinery RM Million	Others RM Million	Total RM Million
Group – 2021						
Cost						
At 1 January 2021	3,408.7	974.8	826.4	1,143.9	1,074.1	7,427.9
Additions	7.1	26.8	2.4	18.4	71.6	126.3
Disposals	(7.2)	–	(2.7)	(6.8)	(9.9)	(26.6)
Write off	(0.4)	(8.0)	(1.3)	(1.3)	(54.8)	(65.8)
Transfer to:						
– Assets classified as held for sale (Note 27)	(300.4)	(1.3)	(2.0)	(0.5)	(25.5)	(329.7)
– Right-of-use assets (Note 15)	–	–	–	–	(2.3)	(2.3)
Interest capitalised (Note 9)	0.9	1.5	–	0.6	–	3.0
Reclassification	5.8	–	0.5	33.4	(39.7)	–
Exchange adjustment	2.0	–	0.1	0.2	0.4	2.7
At 31 December 2021	3,116.5	993.8	823.4	1,187.9	1,013.9	7,135.5
Accumulated depreciation and impairment losses						
At 1 January 2021	614.2	487.4	650.9	673.5	544.1	2,970.1
Depreciation charge for the year	43.0	52.6	13.5	76.1	53.7	238.9
Transfer to assets classified as held for sale (Note 27)	(0.9)	(0.5)	–	(0.1)	–	(1.5)
Impairment losses	0.3	–	0.3	–	–	0.6
Disposals	(1.1)	–	(2.7)	(6.3)	(7.5)	(17.6)
Write off	(0.3)	(7.4)	(1.4)	(1.3)	(52.5)	(62.9)
Reclassification	(0.3)	–	–	–	0.3	–
Exchange adjustment	0.1	–	0.1	0.2	0.3	0.7
At 31 December 2021	655.0	532.1	660.7	742.1	538.4	3,128.3
Net book value						
At 31 December 2021	2,461.5	461.7	162.7	445.8	475.5	4,007.2
Accumulated impairment losses						
At 31 December 2021	180.3	135.7	199.7	13.0	59.5	588.2

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

	Land and buildings RM Million	Bearer plants RM Million	Aircrafts and other motor vehicles 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	833.8	1,113.9	1,125.9	7,642.8
Additions	10.6	20.6	1.1	12.8	60.1	105.2
Disposals	(23.7)	–	(5.6)	(8.0)	(16.5)	(53.8)
Write off	(0.7)	(20.0)	(0.1)	(1.5)	(11.7)	(34.0)
Transfer to assets classified as held for sale (Note 27)	(197.4)	–	(3.1)	(16.6)	(18.3)	(235.4)
Interest capitalised (Note 9)	–	1.8	–	–	–	1.8
Reclassification	21.2	–	0.4	43.5	(65.1)	–
Exchange adjustment	1.9	–	(0.1)	(0.2)	(0.3)	1.3
At 31 December 2020	3,408.7	974.8	826.4	1,143.9	1,074.1	7,427.9
Accumulated depreciation and impairment losses						
At 1 January 2020	542.9	454.6	641.3	604.2	521.1	2,764.1
Depreciation charge for the year	55.6	52.3	17.8	78.6	63.7	268.0
Transfer to assets classified as held for sale (Note 27)	(104.0)	–	(3.0)	(13.7)	(17.6)	(138.3)
Impairment losses	120.1	–	0.2	13.0	–	133.3
Disposals	–	–	(5.1)	(7.0)	(12.5)	(24.6)
Write off	(0.2)	(19.5)	(0.1)	(1.5)	(10.4)	(31.7)
Exchange adjustment	(0.2)	–	(0.2)	(0.1)	(0.2)	(0.7)
At 31 December 2020	614.2	487.4	650.9	673.5	544.1	2,970.1
Net book value						
At 31 December 2020	2,794.5	487.4	175.5	470.4	530.0	4,457.8
Accumulated impairment losses						
At 31 December 2020	180.0	136.5	199.6	13.0	59.3	588.4

NOTES TO THE FINANCIAL STATEMENTS

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

	Others RM Million
Company – 2021	
Cost	
At 1 January 2021	11.5
Additions	0.1
At 31 December 2021	11.6
Accumulated depreciation	
At 1 January 2021	9.6
Charge for the year	0.5
At 31 December 2021	10.1
Net book value	
At 31 December 2021	1.5
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	0.6
Disposals	(0.3)
At 31 December 2020	9.6
Net book value	
At 31 December 2020	1.9

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

	Group	
	2021	2020
	RM Million	RM Million
Analysis of net book value of land and buildings:		
Freehold property		
– Land	1,384.9	1,510.5
– Building	686.5	878.1
	2,071.4	2,388.6
Leasehold property		
Long leasehold		
– Building	224.0	228.7
Short leasehold		
– Building	166.1	177.2
	390.1	405.9
	2,461.5	2,794.5

Included in the Group's other property, plant and equipment is capital work in progress costing RM90.4 million (2020: RM84.9 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 of RM3.0 million (2020: RM1.8 million) as disclosed in Note 9.

The net book value of property, plant and equipment pledged as securities for borrowings as disclosed in Note 31 is RM68.9 million (2020: RM70.3 million).

The freehold land of a subsidiary with carrying values of RM654.7 million (2020: 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 in Property & Industrial Division and Trading, Finance & Investment 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 impairment losses of property, plant and equipment and right-of-use assets of the Group of RM0.6 million (2020: RM133.3 million) and RMNil (2020: RM37.9 million) respectively recognised during the year, of which:

(a) Property & Industrial Division

Impairment losses of property, plant and equipment and right-of-use assets of RM0.3 million (2020: RM59.3 million) and RMNil (2020: RM16.8 million) respectively were related to loss-making hotel properties. The recoverable amount of the hotel properties of RM443.3 million (2020: RM414.0 million) is 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).

(b) Trading, Finance & Investment Division

During the year, the Group recognised impairment losses of property, plant and equipment of RM0.3 million related to the aircraft of which were not in use upon termination of contracts by the counter parties.

In the previous financial year, impairment losses of property, plant and equipment and right-of-use assets of RM71.6 million and RM21.1 million respectively were related to loss-making cruise terminal, jetty and related assets of Trading, Finance & Investment Division.

The recoverable amount of these assets of RM109.0 million (2020: RM225.8 million) was based on fair value less costs of disposal using market approach (comparison approach) (Level 3 of the fair value hierarchy).

(c) Plantation

In the previous financial year, impairment losses of the property, plant and equipment of RM2.4 million related to assets which previously used in the sawmill business and were idle and not contributing to the core operations of the Group.

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

Movement of bearer plants are as follows:

	Mature RM Million	Immature RM Million	Total RM Million
Group – 2021			
Cost			
At 1 January 2021	892.2	82.6	974.8
Additions	–	26.8	26.8
Interest capitalised	–	1.5	1.5
Reclassification	42.8	(42.8)	–
Transfer to assets classified as held for sale (Note 27(c))	(1.3)	–	(1.3)
Write off	(8.0)	–	(8.0)
At 31 December 2021	925.7	68.1	993.8
Accumulated depreciation			
At 1 January 2021	350.9	–	350.9
Charge for year	52.6	–	52.6
Transfer to assets classified as held for sale (Note 27(c))	(0.5)	–	(0.5)
Write off	(6.6)	–	(6.6)
At 31 December 2021	396.4	–	396.4
Accumulated impairment losses			
At 1 January 2021	135.9	0.6	136.5
Reclassification	0.3	(0.3)	–
Write off	(0.8)	–	(0.8)
At 31 December 2021	135.4	0.3	135.7
Net carrying amount			
At 31 December 2021	393.9	67.8	461.7

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 – 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

14. INVESTMENT PROPERTIES

	Completed investment properties RM Million	Investment properties under construction at cost RM Million	Total RM Million
Group			
At 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 and 1 January 2021	1,404.5	0.4	1,404.9
Fair value gain	1.1	—	1.1
Additions from subsequent expenditure	4.0	0.9	4.9
Disposal	(114.6)	(1.3)	(115.9)
At 31 December 2021	1,295.0	—	1,295.0
Company			
At 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 and 1 January 2021	87.4	—	87.4
Fair value loss	(0.3)	—	(0.3)
Additions from subsequent expenditure	0.3	—	0.3
At 31 December 2021	87.4	—	87.4

NOTES TO THE FINANCIAL STATEMENTS

15. LEASES

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	Motor vehicles RM Million	Other equipment RM Million	Total RM Million
Group				
Cost				
At 1 January 2021	2,657.7	1.3	3.5	2,662.5
Additions	27.1	2.1	0.4	29.6
Disposal	(2.7)	–	–	(2.7)
Write off	(6.3)	–	–	(6.3)
Transfer from/(to):				
– Property, plant and equipment (Note 13)	2.3	–	–	2.3
– Assets classified as held for sale (Note 27)	(5.8)	–	(1.9)	(7.7)
At 31 December 2021	2,672.3	3.4	2.0	2,677.7
Accumulated depreciation and impairment losses				
At 1 January 2021	371.7	1.0	0.4	373.1
Charge for the year (Note 6)	61.2	0.4	1.3	62.9
Disposal	(1.8)	–	–	(1.8)
Write off	(6.3)	–	–	(6.3)
Transfer to assets classified as held for sale (Note 27)	(2.3)	–	(1.1)	(3.4)
At 31 December 2021	422.5	1.4	0.6	424.5
Net carrying amount				
At 31 December 2021	2,249.8	2.0	1.4	2,253.2

15. LEASES (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 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 carrying amount					
At 31 December 2020	2,286.0	—	0.3	3.1	2,289.4

NOTES TO THE FINANCIAL STATEMENTS

15. LEASES (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 2021	13.0
Additions	—
At 31 December 2021	13.0
Accumulated depreciation	
At 1 January 2021	2.6
Charge for the year (Note 6)	2.6
At 31 December 2021	5.2
Net carrying amount	
At 31 December 2021	7.8
	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 carrying amount	
At 31 December 2020	10.4

15. LEASES (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	
	2021 RM Million	2020 RM Million	2021 RM Million	2020 RM Million
At 1 January	76.0	41.3	10.6	12.2
Additions	8.5	67.4	–	13.0
Accretion of interest (Note 9)	3.0	4.5	0.4	0.5
Lease payments	(24.3)	(36.9)	(2.9)	(2.9)
Write off	–	–	–	(12.2)
Rebate	(0.4)	(0.3)	–	–
Transfer to liabilities associated with assets classified as held for sale	(1.5)	–	–	–
At 31 December	61.3	76.0	8.1	10.6
Current	12.9	21.3	2.6	2.5
Non-current	48.4	54.7	5.5	8.1
	61.3	76.0	8.1	10.6

The following are the amounts recognised in profit or loss:

	Group		Company	
	2021 RM Million	2020 RM Million	2021 RM Million	2020 RM Million
Depreciation expenses of right-of-use assets (Note 6)	62.9	79.0	2.6	2.6
Interest expense on lease liabilities (Note 9)	3.0	4.5	0.4	0.5
Impairment losses	–	37.9	–	–
Expenses relating to short term leases (Note 6)	9.6	10.7	0.1	–
Expenses relating to leases of low-value assets (Note 6)	3.2	4.6	–	–
Variable lease payment (Note 6)	–	1.2	–	–
	78.7	137.9	3.1	3.1

The Group and Company had total cash outflow for leases of RM24.3 million (2020: RM36.9 million) and RM2.9 million (2020: RM2.9 million) respectively in 2021. The Group also had non-cash additions to right-of-use assets and lease liabilities of RM8.5 million (2020: RM66.2 million) in 2021.

The leasehold land of a subsidiary with carrying book values of RM183.8 million (2020: RM185.3 million) are held by CIMB Islamic Trustee Berhad, acting as trustee for the subsidiary.

The leasehold land of subsidiaries with carrying amount of RM60.1 million (2020: RM62.5 million) are subleased from the registered owners.

NOTES TO THE FINANCIAL STATEMENTS

16. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2021 RM Million	2020 RM Million	2021 RM Million	2020 RM Million
At 1 January	(288.7)	(281.1)	(0.8)	(3.2)
Recognised in profit or loss (Note 10)	(12.1)	(7.4)	0.8	2.4
Transfer to assets classified as held for sale (Note 27)	(8.0)	—	—	—
Exchange adjustment	1.0	(0.2)	—	—
At 31 December	(307.8)	(288.7)	—	(0.8)
Presented after appropriate offsetting as follows:				
Deferred tax assets	29.4	37.0	—	—
Deferred tax liabilities	(337.2)	(325.7)	—	(0.8)
	(307.8)	(288.7)	—	(0.8)

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 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 and 1 January 2021	6.7	108.2	178.2	293.1
Recognised in profit or loss	25.1	(75.5)	(65.4)	(115.8)
Transfer to assets classified as held for sale (Note 27)	—	—	(9.0)	(9.0)
At 31 December 2021	31.8	32.7	103.8	168.3

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	Property, plant, equipment RM Million	Others RM Million	Total RM Million
Deferred tax liabilities – Group				
At 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 and 1 January 2021	8.5	(581.3)	(9.0)	(581.8)
Recognised in profit or loss	(6.0)	126.4	(16.7)	103.7
Exchange adjustment	–	–	1.0	1.0
Transfer to liabilities associated with assets classified as held for sale (Note 27)	(14.1)	1.6	13.5	1.0
At 31 December 2021	(11.6)	(453.3)	(11.2)	(476.1)

Deferred tax assets which have not been recognised are as follows:

	Group		Company	
	2021 RM Million	2020 RM Million	2021 RM Million	2020 RM Million
Unused tax losses	1,432.2	1,367.5	–	–
Unabsorbed capital allowances and agricultural allowances	470.5	567.3	2.7	–
Unabsorbed investment tax allowances	140.1	140.1	–	–
	2,042.8	2,074.9	2.7	–

Effective from year of assessment of 2019, any unutilised tax losses can only be carried forward for a maximum period of ten 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 enable the utilisation of unused tax losses.

NOTES TO THE FINANCIAL STATEMENTS

17. SUBSIDIARIES

	Company	
	2021	2020
	RM Million	RM Million
At cost	3,289.5	3,393.9
Accumulated impairment losses		
At 1 January	(976.3)	(366.5)
Impairment losses (Note 8)	(54.9)	(609.8)
Reversal of impairment losses	40.8	–
At 31 December	(990.4)	(976.3)
Total carrying amount	2,299.1	2,417.6
Shares quoted in Malaysia	755.6	795.4
Unquoted shares	1,543.5	1,622.2
Total carrying amount	2,299.1	2,417.6
Market value of quoted shares	1,416.1	1,608.0

As at 31 December 2021, 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 MHS Aviation Berhad (MHSA) and Boustead Credit Sdn Bhd has 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:

- The recoverable amount in respect of BHIC is based on the share price of BHIC and the impairment loss recognised during the year is RM15.3 million (2020: RM107.4 million).
- In respect of MHSA, the impairment loss recognised is RM33.7 million (2020: RM116.3 million). 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. In prior year, the impairment loss recognised for Boustead Naval Shipyard Sdn Bhd is RM386.1 million.
- An impairment loss of Boustead Credit Sdn Bhd of RM5.9 million (2020: RMNil) has been recognised in current year. The recoverable amount is based on FVLCD, determined from their net assets.

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 – 2021					
NCI percentage of ownership interest and voting interest	40%	43%	48%		
Carrying amount of NCI	357.8	1,000.4	263.7	(45.1)	1,576.8
Profit allocated to NCI	59.3	104.1	82.8	6.2	252.4
Dividends paid to NCI	11.2	46.3	27.9	–	85.4

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 2021			
Non-current assets	1,012.5	3,812.0	636.7
Current assets	683.2	312.3	1,621.2
Non-current liabilities	(67.5)	(786.0)	(319.7)
Current liabilities	(908.7)	(729.5)	(1,467.8)
Net assets	719.5	2,608.8	470.4
Year ended 31 December 2021			
Revenue	4,263.1	1,050.0	4,815.0
Profit for the year	69.9	242.5	172.2
Other comprehensive (loss)/income	–	(0.1)	0.5
Total comprehensive income	69.9	242.4	172.7
Cash flows (used in)/generated from			
– Operating activities	(82.9)	438.9	(64.1)
– Investing activities	(56.8)	(3.0)	(45.6)
– Financing activities	144.0	(397.7)	120.7
Net increase in cash and cash equivalents	4.3	38.2	11.0

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 – 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

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

18. ASSOCIATES

	Group		Company	
	2021	2020	2021	2020
	RM Million	RM Million	RM Million	RM Million
At cost				
Shares quoted in Malaysia	945.0	929.9	945.0	929.9
Unquoted shares	80.8	83.9	51.2	51.2
	1,025.8	1,013.8	996.2	981.1
Shares of post acquisition reserves	1,172.7	1,111.2	–	–
	2,198.5	2,125.0	996.2	981.1
Market value of quoted shares	766.1	796.4	766.1	796.4

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 – 2021	
Percentage of ownership interest	20.85%
As at 31 December 2021	
Total assets	78,429.1
Total liabilities and non-controlling interests	(68,540.1)
Net assets	9,889.0
Year ended 31 December 2021	
Revenue	3,366.2
Profit for the year	526.9
Other comprehensive loss	(175.7)
Total comprehensive income	351.2

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 2021			
Group's share of net assets	2,061.9	132.3	2,194.2
Goodwill	–	4.3	4.3
Carrying amount in the statement of financial position	2,061.9	136.6	2,198.5
Group's share of results for the year ended 31 December 2021			
Group's share of profit	109.9	7.5	117.4
Group's share of other comprehensive (loss)/income	(36.6)	0.2	(36.4)
Group's share of total comprehensive income	73.3	7.7	81.0
Other information			
Dividends received by the Group	15.1	6.8	21.9
			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

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

19. JOINT VENTURES

	Group		Company	
	2021 RM Million	2020 RM Million	2021 RM Million	2020 RM Million
Unquoted shares, at costs	430.3	545.6	134.8	250.0
Share of post acquisition reserves	(126.3)	(61.7)	–	–
	304.0	483.9	134.8	250.0
Less: Accumulated impairment losses	–	–	(88.1)	(75.2)
	304.0	483.9	46.7	174.8

During the year, the Company recognised impairment losses of RM12.9 million (2020: RM5.3 million) in respect of its investment in Irat Properties Sdn Bhd (Irat) due to continuing operating losses and depleting shareholders' funds. The recoverable amount estimated by management is based on Irat's net assets which has been taking into consideration of the fair value of investment properties derived from valuation reports provided by independent professional valuers.

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 – 2021		
Percentage of ownership interest	50%	50%
As at 31 December 2021		
Non-current assets	535.4	1,762.6
Cash and cash equivalents	20.5	17.1
Other current assets	22.2	16.9
Total current assets	42.7	34.0
Total assets	578.1	1,796.6
Trade and other payables	32.9	–
Other non-current financial liabilities	265.5	778.3
Total non-current liabilities	298.4	778.3
Trade and other payables	8.3	19.4
Other current financial liabilities	153.4	643.6
Total current liabilities	161.7	663.0
Non-controlling interests	24.6	–
Total liabilities and non-controlling interests	484.7	1,441.3
Net assets	93.4	355.3

19. JOINT VENTURES (CONT'D.)**Material joint ventures (cont'd.)**

	Irat RM Million	BISB RM Million
Group – 2021 (cont'd.)		
Year ended 31 December 2021		
Revenue	24.5	53.1
Total comprehensive income/(loss)	1.1	(105.5)

The following expenses/(income) have been charged/(credited) in arriving at profit or loss for the year:

Depreciation	–	5.8
Fair value loss of investment properties	0.7	10.7
Interest income	(1.7)	–
Interest expense	20.3	56.9
Taxation	3.8	38.9

	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 2021				
Group's share of income	46.7	177.7	75.0	299.4
Goodwill	0.2	–	4.4	4.6
Carrying amount in the statement of financial position	46.9	177.7	79.4	304.0
Group's share of results for the year ended 31 December 2021				
Group's share of total comprehensive income/(loss)	0.6	(52.8)	(11.9)	(64.1)
Other information				
Dividends received by the Group	–	–	0.5	0.5

NOTES TO THE FINANCIAL STATEMENTS

19. JOINT VENTURES (CONT'D.)

Material joint ventures (cont'd.)

	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
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 loss for the year:		
Depreciation	–	5.7
Fair value loss of investment properties	9.1	73.9
Interest income	(4.5)	(1.5)
Interest expense	20.1	67.5
Taxation	–	(4.4)

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 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

20. OTHER INVESTMENTS

	Group		Company	
	2021 RM Million	2020 RM Million	2021 RM Million	2020 RM Million
At 1 January	5.8	10.2	1.3	4.7
Fair value loss	(0.5)	(0.9)	(0.1)	(0.4)
Disposal	(0.3)	(3.5)	—	(3.0)
At 31 December	5.0	5.8	1.2	1.3

The investments in quoted shares are stated at fair value. The unquoted shares with a cost of RM0.5 million had been fully impaired since previous year.

NOTES TO THE FINANCIAL STATEMENTS

21. INTANGIBLE ASSETS

	Goodwill RM Million	Concession Rights RM Million	Rights to supply M Million	Others RM Million	Total RM Million
Group					
Cost					
At 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 and 1 January 2021	269.0	75.0	342.8	86.7	773.5
Additions	—	—	—	16.4	16.4
Exchange adjustment	1.1	—	—	0.5	1.6
Write off	(8.8)	(75.0)	(342.8)	(5.9)	(432.5)
Transfer to assets classified as held for sale	(1.6)	—	—	—	(1.6)
At 31 December 2021	259.7	—	—	97.7	357.4
Accumulated amortisation and impairment losses					
At 1 January 2020	919.4	75.0	342.8	13.5	1,350.7
Amortisation for the year (Note 6)	—	—	—	4.0	4.0
Write off	(955.5)	—	—	—	(955.5)
Impairment losses	36.1	—	—	—	36.1
Exchange adjustment	—	—	—	(4.8)	(4.8)
At 31 December 2020 and 1 January 2021	—	75.0	342.8	12.7	430.5
Amortisation for the year (Note 6)	—	—	—	3.9	3.9
Impairment losses	8.8	—	—	2.1	10.9
Exchange adjustment	—	—	—	0.4	0.4
Write off	(8.8)	(75.0)	(342.8)	—	(426.6)
At 31 December 2021	—	—	—	19.1	19.1
Net carrying amount					
At 31 December 2021	259.7	—	—	78.6	338.3
At 31 December 2020	269.0	—	—	74.0	343.0

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.

21. INTANGIBLE ASSETS (CONT'D.)

Goodwill

During the financial year, the Group recognised impairment losses of goodwill allocated to BHIC of RM6.1 million (2020: RM36.1 million). BHIC had experienced declining project margins. The recoverable amount is determined based on the market price of BHIC's shares. The Group also recognised impairment losses of goodwill allocated to Bio-Collagen Technologies Sdn Bhd (BCT) of RM2.7 million (2020: Nil) in which, BCT has ceased its operations during the financial year.

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	
	2021	2020
	RM Million	RM Million
Non-current		
Land held for property development	811.2	916.3
Current		
Raw materials and work in progress	149.4	135.0
Goods for resale	1,348.5	623.1
Estate produce	25.9	9.5
Completed properties	23.8	23.4
Consumable stores	52.4	31.7
Property development in progress	108.0	141.2
	1,708.0	963.9

During the financial year, there was a net write down of inventories to net realisable value of RM25.8 million (2020: RM21.5 million) as disclosed in Note 6. The amount of inventories recognised as an expense of the Group amounted to RM8,490.2 million (2020: RM5,712.0 million).

NOTES TO THE FINANCIAL STATEMENTS

22. INVENTORIES (CONT'D.)

Land held for property development

	Group	
	2021 RM Million	2020 RM Million
At 1 January		
Freehold land, at cost	365.9	365.9
Leasehold land, at cost	1.8	2.3
Development costs	548.6	490.0
	916.3	858.2
Transfer to property development in progress:		
Freehold land	(2.1)	—
Leasehold land	(0.3)	(0.5)
Development costs	(7.3)	(40.3)
	(9.7)	(40.8)
Development costs incurred during the year	41.2	98.9
Disposal during the year:		
Freehold land	(65.4)	—
Development costs	(71.2)	—
	(136.6)	—
At 31 December	811.2	916.3
Interest cost capitalised during the year (Note 9)	9.5	21.4

Property development in progress

	Group	
	2021 RM Million	2020 RM Million
At 1 January	141.2	171.6
Development costs incurred during the year	25.5	38.2
Transfer from/(to):		
Land held for property development	9.7	40.8
Inventories	(6.8)	(24.8)
Contract costs assets	(61.6)	(84.6)
At 31 December	108.0	141.2
Interest cost capitalised during the year (Note 9)	0.1	3.8

23. RECEIVABLES

	Group		Company	
	2021	2020	2021	2020
	RM Million	RM Million	RM Million	RM Million
Non-current				
Amounts due from subsidiaries	–	–	1,806.0	2,021.6
Amounts due from joint ventures	296.4	244.2	–	–
	296.4	244.2	1,806.0	2,021.6
Allowance for expected credit loss:				
– Amount due from subsidiaries	–	–	(136.9)	(108.4)
	296.4	244.2	1,669.1	1,913.2
Current				
Trade receivables	1,019.1	647.6	–	–
Allowance for expected credit loss	(72.6)	(74.7)	–	–
	946.5	572.9	–	–
Dividends receivable	6.1	2.0	–	–
Deposits	34.3	16.0	–	–
Prepayments	42.4	36.5	–	0.3
Income tax receivable	20.7	19.1	3.9	3.8
Advances paid to suppliers	1.7	0.5	–	–
Other receivables	133.4	191.2	6.5	6.5
Amount due from holding corporation	1.7	2.2	–	–
Amounts due from subsidiaries	–	–	21.1	425.2
Amounts due from associates	4.0	6.1	0.8	0.8
Amounts due from joint ventures	52.4	52.3	0.5	–
Amounts due from other related companies	0.7	4.0	–	–
	1,243.9	902.8	32.8	436.6
Allowance for expected credit loss:				
– Other receivables	(33.7)	(35.1)	(5.9)	(5.9)
– Amounts due from subsidiaries	–	–	(4.5)	(105.8)
– Amounts due from joint ventures	(37.7)	(38.0)	–	–
	(71.4)	(73.1)	(10.4)	(111.7)
	1,172.5	829.7	22.4	324.9

NOTES TO THE FINANCIAL STATEMENTS

23. RECEIVABLES (CONT'D.)

The Group's normal trade credit terms range from payments in advance to 90 days (2020: 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% (2020: 5.7%) per annum and are repayable on demand.

Amounts due from joint ventures are unsecured and repayable on demand. Included in the amount is a loan of RM296.4 million (2020: RM244.2 million) which bears interest at weighted average rate of 6.0% (2020: 6.0%) per annum.

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.

Movement in allowance accounts

	Group	
	2021 RM Million	2020 RM Million
Trade receivables		
At 1 January	74.7	49.7
Allowance for expected credit loss (Note 6)	39.0	35.9
Reversal of allowance for expected credit loss (Note 6)	(24.9)	(13.7)
Write off	(8.7)	–
Bad debts recovered	–	3.0
Exchange adjustment	(0.1)	(0.2)
Transfer to assets classified as held for sale (Note 27)	(7.4)	–
At 31 December	72.6	74.7

	Group		Company	
	2021 RM Million	2020 RM Million	2021 RM Million	2020 RM Million
Other receivables				
At 1 January	35.1	35.1	5.9	5.9
Allowance for expected credit loss	5.3	–	–	–
Transfer to assets classified as held for sale	(2.2)	–	–	–
Reversal of allowance for expected credit loss	(4.5)	–	–	–
At 31 December	33.7	35.1	5.9	5.9

23. RECEIVABLES (CONT'D.)

Movement in allowance accounts (cont'd.)

	Company	
	2021	2020
	RM Million	RM Million
Amounts due from subsidiaries		
At 1 January	214.2	97.6
Allowance for expected credit loss (Note 6)	30.2	116.6
Reversal of allowance for expected credit loss	(103.0)	–
At 31 December	141.4	214.2

	Group	
	2021	2020
	RM Million	RM Million
Amounts due from joint ventures		
At 1 January	38.0	37.8
Allowance for expected credit loss (Note 6)	0.1	0.2
Reversal of allowance of expected credit loss	(0.4)	–
At 31 December	37.7	38.0

Other receivables

CIMB Islamic Trustee Berhad ("First Plaintiff"), trustee for Boustead Plantations Berhad and Boustead Plantations Berhad ("Second Plaintiff") had on 28 December 2018 filed a Writ of Summons and Statement of Claim on Setia Fontaines Sdn Bhd ('Defendant') for breach of Sale and Purchase Agreement dated 22 December 2016. 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 was included in other receivables in previous financial year.

On 11 May 2021, the Plaintiffs have withdrawn the suit against the Defendant. On 21 May 2021, Customs has approved the Group application for GST refund and refunded the full amount of GST on 5 August 2021.

NOTES TO THE FINANCIAL STATEMENTS

24. BIOLOGICAL ASSETS

	Group	
	2021	2020
	RM Million	RM Million
At fair value less costs to sell:		
At 1 January	25.0	22.2
Fair value gain (Note 6)	22.0	2.8
At 31 December	47.0	25.0

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 46,635 (2020: 39,588) 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.

25. CONTRACT ASSETS/(LIABILITIES) AND CONTRACT COST ASSETS

	Group	
	2021	2020
	RM Million	RM Million
Contract assets		
Contract assets from shipbuilding and ship repair	1,025.7	969.1
Accrued billings in respect of property development costs	83.9	80.2
	1,109.6	1,049.3
Contract cost assets in respect of property development costs		
At 1 January	7.9	11.4
Additions	83.1	141.8
Amortisation recognised in profit or loss	(80.6)	(145.3)
At 31 December	10.4	7.9
Total contract assets and contract cost assets	1,120.0	1,057.2
Contract liabilities		
Advance billings to contract customers:		
– Shipbuilding and ship repair	(32.3)	(37.4)
– Property development costs	(136.7)	(7.2)
– Supply of medical and non-medical equipment	(21.8)	(6.6)
	(190.8)	(51.2)

25. CONTRACT ASSETS/(LIABILITIES) AND CONTRACT COST ASSETS (CONT'D.)

Set out below is the amount of revenue recognised from:

	2021	Group
	RM Million	2020
		RM Million
Amounts included in contract liabilities at the beginning of the year:		
– Shipbuilding and ship repair	34.4	53.9
– Property development	7.2	–
	41.6	53.9

(a) Revenue from shipbuilding and ship repair

During the previous financial year, reversal of allowance for expected credit loss of RM11.1 million was recognised from the contract assets.

As at 31 December 2021, the transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) of RM2,445.4 million (2020: RM2,553.0 million) relates to the contracts with customers for shipbuilding, repair and maintenance and rendering of services.

(b) Revenue from property development

As at 31 December 2021, the transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) of RM85.2 million (2020: RM66.0 million) relates to the contracts for property development activities.

(c) Revenue from supply of medicines and medical and non-medical equipment

The Group entered into a contracts with customers during the financial year for supply of medicines. Advance payments were received from customers, however, revenue will only be recognised upon satisfaction of performance obligations through delivery of medicines to customers.

The Group entered into a contract in 2018 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 2021, no revenue was recognised in relation to this contract.

As at 31 December 2021, the transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) of RM159.9 million (2020: RM144.3 million) relates to the contract with customers for supply of medicines and medical and non-medical equipment.

Set out below is the movement in allowance for expected credit loss of contract assets:

	Group
	2020
	RM Million
As at 1 January	11.1
Reversal of expected credit loss (Note 6)	(11.1)
As at 31 December	–

NOTES TO THE FINANCIAL STATEMENTS

26. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2021	2020	2021	2020
	RM Million	RM Million	RM Million	RM Million
Deposits with financial institutions	188.2	311.0	71.7	157.1
Cash held under Housing Development Accounts	13.9	22.5	–	–
Cash and bank balances	261.4	162.9	63.1	3.5
	463.5	496.4	134.8	160.6

The average maturity periods of the Group's and the Company's fixed deposits with financial institutions are 21 days (2020: 39 days) and 17 days (2020: 11 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 RM303.2 million (2020: RM318.6 million) and RM117.5 million (2020: RM141.5 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 RM113.3 million (2020: RM117.1 million) and RM70.0 million (2020: 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 and other term loans.

Also, included in deposits with financial institutions are deposits of RM49.5 million (2020: RM49.1 million) which mature more than 3 months and are excluded from cash and cash equivalents.

27. ASSETS CLASSIFIED AS HELD FOR SALE

- (a) On 17 August 2021, Boustead Holdings Berhad (BHB) entered into a conditional share sale agreement with UON Holding (Malaysia) Sdn Bhd for the proposed disposal of 102,910,000 ordinary shares of (or 66.41% stake in) The University of Nottingham in Malaysia Sdn Bhd (UNIM), representing the entire equity interest held by BHB in UNIM.

Details on the proposed disposal are disclosed in Note 41(i).

- (b) On 22 December 2020, the Group's wholly owned subsidiary, Boustead Penang Shipyard Sdn Bhd 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 2021, the plant and equipment of the Group has been reclassified from property, plant and equipment and right-of-use assets to assets classified as 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 28 September 2021, CIMB Islamic Trustee Berhad, acting as trustee for the Boustead Plantations Berhad, entered into sale and purchase agreement with SIPP Power Sdn Bhd for the sale of freehold land measuring 663.98 hectares in the district of Kulai, Johor.

The Disposal was completed on 27 January 2022 and details on the disposal are disclosed in Note 41(g).

- (d) On 15 March 2019, the Group's wholly owned subsidiary, Boustead Hotel & Resorts Sdn Bhd 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.

- (e) On 19 March 2021, BHB 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 of RM1.00 each for a cash consideration of RM230 million (Sale Consideration) subject to the terms and conditions as stipulated in the SSA (Disposal).

The Disposal was completed on 23 September 2021.

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:

2021 Group	Note 27(a) RM Million	Note 27(b) RM Million	Note 27(c) RM Million	Total RM Million
Assets classified as held for sale				
Property Plant & Equipment (Note 13):				
Land and building	235.3	2.1	64.2	301.6
Others	27.5	3.1	1.2	31.8
	262.8	5.2	65.4	333.4
Right-of-use assets (Note 15)	4.3	0.8	–	5.1
Deferred tax assets	9.6	–	–	9.6
Other assets	34.4	–	–	34.4
Deposits, cash and bank balances	14.1	–	–	14.1
	325.2	6.0	65.4	396.6
Asset classified as held for sale written down (Note 6)	–	(2.1)	–	(2.1)
At 31 December 2021	325.2	3.9	65.4	394.5
Liabilities associated with assets held for sale				
Deferred tax liability	–	–	1.6	1.6
Other liabilities	157.4	–	–	157.4
At 31 December 2021	157.4	–	1.6	159.0

2020 Group	Note 27(d) RM Million	Note 27(b) RM Million	Note 27(e) 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

28. SHARE CAPITAL

	2021		2020	
	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				
	Fair value reserve of financial assets at fair value through OCI RM Million	Regulatory reserve RM Million	Other reserves RM Million	Retained earnings RM Million	Total RM Million
Group					
At 1 January 2021	53.2	153.8	434.7	(260.2)	381.5
Currency translation difference in respect of foreign operations	—	—	(1.9)	—	(1.9)
Net (loss)/gain on equity investment designated at fair value through other comprehensive income					
– Fair value changes	(0.5)	—	—	—	(0.5)
– Transfer upon disposal	1.0	—	—	(1.0)	—
Share of net loss on financial assets designated at fair value through OCI of an associate	(36.6)	—	—	—	(36.6)
Share of exchange differences on translation of foreign operations of associates	—	—	0.3	—	0.3
Other comprehensive loss for the year	(36.1)	—	(1.6)	(1.0)	(38.7)
Profit for the year	—	—	—	170.1	170.1
Total comprehensive (loss)/income for the year	(36.1)	—	(1.6)	169.1	131.4
Share of an associate's movement in reserve	—	—	(17.5)	12.6	(4.9)
Changes in ownership interest in subsidiaries					
– Partial disposal of shares in a subsidiary	—	—	(2.9)	39.7	36.8
– Share options granted by a subsidiary	—	—	—	0.6	0.6
– Additional investment in subsidiaries	—	—	—	(2.1)	(2.1)
Transfer during the year					
– Regulatory reserve of an associate	—	(5.6)	—	5.6	—
At 31 December 2021	17.1	148.2	412.7	(34.7)	543.3

29. RESERVES (CONT'D.)

	Non-distributable				Total RM Million
	Fair value reserve of financial assets at fair value through OCI 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 net gain on financial assets designated at fair value through OCI of an associate	3.2	—	—	—	3.2
Share of exchange differences on translation of foreign operations of associates	—	—	3.3	—	3.3
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 Fair value reserve of financial assets at FVOCI RM Million	Retained earnings RM Million	Total RM Million
Company			
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 and 1 January 2021	(0.5)	(1,363.7)	(1,364.2)
Net (loss)/income on equity investment designated at fair value through other comprehensive income			
– Fair value changes, representing total other comprehensive loss for the year	(0.1)	–	(0.1)
Loss for the year	–	(125.0)	(125.0)
Total comprehensive loss for the year	(0.1)	(125.0)	(125.1)
At 31 December 2021	(0.6)	(1,488.7)	(1,489.3)

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.

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 %	2021 RM Million	Profit rate %	2020 RM Million
T1	10.6	340.0	9.6	340.0
T3	9.6	51.0	8.6	51.0
T4	9.6	150.0	8.6	150.0
T7	8.75	66.0	7.75	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.

31. BORROWINGS

	Group		Company	
	2021	2020	2021	2020
	RM Million	RM Million	RM Million	RM Million
Non-current				
Term loans				
– Denominated in Malaysian Ringgit	740.9	893.8	–	105.0
– Denominated in Great Britain Pound	45.9	47.5	–	–
	786.8	941.3	–	105.0
Islamic medium term notes	2,044.4	2,342.2	2,044.4	2,342.2
Revolving credits	392.3	270.0	–	–
	3,223.5	3,553.5	2,044.4	2,447.2
Repayable in 1 year	(166.3)	(591.2)	–	(404.9)
	3,057.2	2,962.3	2,044.4	2,042.3
Current				
Overdrafts	45.4	55.4	34.9	39.3
Bankers' acceptances				
– Denominated in Malaysian Ringgit	559.2	380.4	–	–
– Denominated in Indonesian Rupiah	146.7	123.4	–	–
Revolving credits	3,017.1	3,471.2	1,191.0	1,408.0
Short term loans	166.3	291.3	–	105.0
Islamic medium term notes	–	299.9	–	299.9
	3,934.7	4,621.6	1,225.9	1,852.2
Total borrowings	6,991.9	7,583.9	3,270.3	3,894.5

All the borrowings are denominated in Malaysian Ringgit, except for a non-current term loan of RM45.9 million (2020: RM47.5 million) denominated in Great Britain Pound and a bankers' acceptances of RM146.7 million (2020: RM123.4 million) denominated in Indonesian Rupiah at the Group's level.

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) 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.
- iii) 1 tranche of RM200 million Sukuk Murabahah, which was issued in 2019, with maturity 7 years from the date of issue and carries profit rate of 6.2% per annum.
- iv) 1 tranche of RM650 million Sukuk Murabahah, which was issued in 2019, 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	
	2021 RM Million	2020 RM Million
Nominal value	2,050.0	2,350.0
Unamortised transaction cost	(5.6)	(7.8)
Carrying amount	2,044.4	2,342.2

A subsidiary has a term loan of RM23.9 million (2020: RM28.6 million) and revolving credits of RM675.4 million (2020: RM675.4 million) which are secured by way of an assignment on contract proceeds.

A subsidiary has a term loan of RM2.4 million (2020: RM3.6 million) which is secured against an investment property owned by the subsidiary with a market value of RM14.5 million (2020: RM14.5 million).

A subsidiary has a term loan of RM8.9 million (2020: RM14.6 million) which is secured against the subsidiary's hire purchase contracts.

A subsidiary has a term loan denominated in Great Britain Pound equivalent to RM45.9 million (2020: RM47.5 million) which is secured against a property owned by the subsidiary with a net book value of RM68.9 million (2020: RM70.3 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 RM4,216.9 million (2020: RM4,136.0 million).

31. BORROWINGS (CONT'D.)**Change in liabilities arising from financing activities****Group**

	At 1 January 2021 RM Million	Net (repayment)/ drawdown RM Million	Others RM Million	At 31 December 2021 RM Million
Overdrafts	55.4	(10.0)	–	45.4
Revolving credits	3,741.2	(322.8)	(9.0)	3,409.4
Bankers' acceptances	503.8	202.1	–	705.9
Islamic medium term notes	2,342.2	(300.0)	2.2	2,044.4
Other term loans	941.3	(156.5)	2.0	786.8
	7,583.9	(587.2)	(4.8)	6,991.9

	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

Others comprise of liabilities associated with assets classified as held for sale during the year, cost and exchange adjustments.

NOTES TO THE FINANCIAL STATEMENTS

31. BORROWINGS (CONT'D.)

Change in liabilities arising from financing activities (cont'd.)

Company

	At 1 January 2021 RM Million	Net repayment RM Million	Others RM Million	At 31 December 2021 RM Million
Overdrafts	39.3	(4.4)	–	34.9
Revolving credits	1,408.0	(217.0)	–	1,191.0
Islamic medium term notes	2,342.2	(300.0)	2.2	2,044.4
Other term loans	105.0	(105.0)	–	–
	3,894.5	(626.4)	2.2	3,270.3

	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

Others comprise mainly transaction cost.

32. PAYABLES

	Group		Company	
	2021	2020	2021	2020
	RM Million	RM Million	RM Million	RM Million
Non-current				
Deposits from tenants	10.5	20.9	–	–
Current				
Trade payables	1,904.6	1,645.4	–	–
Accrued interest	10.1	12.3	46.7	50.8
Accrued expenses	219.4	178.2	–	–
Deposits received	223.0	102.2	2.1	1.9
Retention sum	–	4.0	–	–
Other payables	345.8	325.5	16.5	3.2
Derivative liabilities (Note 37)	2.7	1.3	–	–
Amount due to holding corporation	2.3	2.4	–	–
Amounts due to subsidiaries	–	–	66.5	17.5
Amounts due to associates	5.6	11.6	–	–
Amounts due to joint ventures	419.4	524.4	–	113.1
	3,132.9	2,807.3	131.8	186.5

Trade payables

These amounts are non-interest bearing, with normal credit terms ranging from 30 to 90 days (2020: 30 to 90 days).

Amounts due to subsidiaries

These amounts are unsecured, bear interest at a weighted average rate of 2.5% (2020: 2.5%) 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 RM68.0 million (2020: RM81.9 million), of which RM0.7 million (2020: RM1.9 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	
	2021 RM Million	2020 RM Million	2021 RM Million	2020 RM Million
Within 1 year	53.8	78.2	7.1	6.7
Later than 1 year but not later than 5 years	28.9	63.7	6.1	7.5
	82.7	141.9	13.2	14.2

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.

(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.

34. SEGMENTAL INFORMATION (CONT'D.)

For the year ended 31 December 2021	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	645.5	1,050.0	373.7	4,815.0	4,441.6	(20.3)	11,305.5
Inter-segment sales	(20.3)	–	–	–	–	20.3	
External sales	625.2	1,050.0	373.7	4,815.0	4,441.6	–	11,305.5
Operating cost	(587.8)	(659.4)	(313.6)	(4,503.6)	(4,302.5)	–	(10,366.9)
Results from operations	37.4	390.6	60.1	311.4	139.1	–	938.6
Gain on disposal:							
– Property, plant and equipment	84.9	–	–	–	3.3	–	88.2
– Investment property	13.1	–	–	–	–	–	13.1
– Right-of-use assets	2.6	–	–	–	–	–	2.6
Impairment of assets:							
Property, plant and equipment	(0.3)	–	–	–	(0.3)	–	(0.6)
Goodwill	–	–	(6.1)	(2.7)	–	–	(8.8)
Fair value gain/(loss) on investment properties	1.4	–	–	–	(0.3)	–	1.1
Other investment results	(1.6)	–	–	–	2.6	–	1.0
Share of result of associates	(3.7)	1.4	–	–	119.7	–	117.4
Share of result of joint ventures	(52.2)	–	(11.9)	–	–	–	(64.1)
Profit before interest, taxation and zakat	81.6	392.0	42.1	308.7	264.1	–	1,088.5
Finance cost	(106.8)	(48.1)	(83.3)	(39.2)	(190.1)	115.4	(352.1)
Interest income	18.1	0.9	0.9	1.5	118.3	(115.4)	24.3
(Loss)/profit before taxation and zakat	(7.1)	344.8	(40.3)	271.0	192.3	–	760.7
Taxation							(254.2)
Zakat							(27.3)
Profit for the year							479.2
Other Information							
Depreciation and amortisation	(24.0)	(130.3)	(11.5)	(33.4)	(92.0)	–	(291.2)
Gain/(loss) on disposal of plant and equipment	0.8	(0.7)	0.2	–	(0.5)	–	(0.2)
Other non-cash income/(expense)	3.0	1.3	25.0	(38.2)	(8.6)	–	(17.5)

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	(602.6)	(623.6)	(549.6)	(2,656.0)	(3,196.6)	–	(7,628.4)
Results from operations	0.3	139.4	25.6	69.1	18.2	–	252.6
Loss on disposal of property, plant and equipment	(3.2)	–	–	–	–	–	(3.2)
Impairment of assets:							
– Property, plant and equipment	(59.3)	(2.4)	–	–	(71.6)	–	(133.3)
– Goodwill	–	–	(36.1)	–	–	–	(36.1)
– 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 plant and equipment	–	(0.6)	0.3	–	0.6	–	0.3
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)

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 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 on 8 October 2021, the Court of Appeal dismissed the Plaintiff's Appeal (against the striking out Order) and ordered costs of RM7,000 to be paid by the Plaintiff to BHB and BWSB.

The Plaintiff had on 3 November 2021, filed for leave to appeal to the Federal Court against the decision of the Court of Appeal on 8 October 2021. The Federal Court has fixed 27 May 2022 as the hearing date for this leave application.

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:

- (a) restrain BHB and BWSB from dealing with the lands which are part of the subject matter in this litigation; and
- (b) restrain BWSB from dealing with its shares held in Astacanggih.

pending the disposal of the Plaintiff's appeal.

On 30 June 2021, upon the Plaintiff's application, the Court of Appeal made the following orders:

- i. the Plaintiff's application for injunction to restrain BHB and BWSB from dealing with the lands which are part of the subject matter in this litigation is refused;
- ii. BWSB is restrained from dealing with 3,800,000 of its shares held in Astacanggih (equivalent to 19% of total shareholding in Astacanggih) until the disposal of Plaintiff's appeal on 8 October 2021;
- iii. the Plaintiff is to provide an undertaking as to damages to BHB and BWSB; and
- iv. cost of the application is in the cause of appeal.

On 29 July 2021, the Plaintiff filed for leave to appeal to the Federal Court against the Court of Appeal's decision on 30 June 2021.

On 24 November 2021, the Federal Court dismissed this leave application with costs of RM30,000 to be paid by the Plaintiff to BHB and BWSB.

- (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 CMSB the Third Defendant in the Suit. The other Defendants named in the Suit are Pesuruhjaya Tanah Persekutuan (Fourth Defendant) (FLC), UMW Toyota Motor Sdn Bhd (Fifth Defendant) (UMW Toyota) and Suntrack Development Sdn Bhd (Sixth Defendant) (Suntrack).

The Plaintiff alleged that the Defendants sought to wrongfully deprive the Plaintiff of lands held under the following titles ("said Lands"):

- a. an area measuring 96.825 acres held under H.S. (D) 28188, PT 220, Mukim of Kapar, District of Kelang, State of Selangor;
- b. an area measuring 81.085 acres held under H.S.(D) 28187, PT 216, Mukim of Kapar, District of Kelang, State of Selangor; and
- c. 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.

35. CONTINGENT LIABILITIES (CONT'D.)

(c) (Cont'd.)

The Plaintiff had on 7 August 2020, filed an appeal against all the Defendants in respect of the High Court's decision on 9 July 2020 to strike out the claim against CMSB. On 23 August 2021, the Court of Appeal dismissed the Plaintiff's appeal on the striking out against CMSB with costs of RM10,000 and as the Plaintiff had wrongly included BHB, BWSB, FLC, UMW Toyota and Suntrack in the present appeal, on 11 January 2021, the Plaintiff informed the Court that they have filed the Notice of Discontinuance against the irrelevant parties.

On 22 September 2021, the Plaintiff filed for leave to appeal to the Federal Court against the decision by the Court of Appeal on 23 August 2021. The Federal Court fixed 27 May 2022 for hearing of this leave application.

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.

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, Boustead Naval Shipyard Sdn Bhd (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 Sdn Bhd 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 and the case management was set for 11 June 2021. In light of the Restraining Order and ad interim Restraining Order obtained by BNS in relation to its application for the Scheme of Arrangement, the case management for the Appeal has been postponed a few times, the most recent one is fixed for 22 April 2022.

During the case management on 21 April 2022, MSM's Solicitors had requested for a further case management as MSM is in the midst of considering to withdraw the appeal. Court of Appeal has fixed 27 May 2022 as the next case management date. This is for MSM to update the court on its intentions to withdraw the appeal or otherwise.

In a separate action, BNS had on 28 September 2020, applied to the High Court of Kuala Lumpur via Originating Summons ("Originating Summons") for, among others, the following orders:

- a. 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 ("Scheme"); and
- b. 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.

The Scheme and the Restraining Order are part of measures by BNS to manage and regularise its financial condition. The details of the Scheme is accessible to public as part of the filed court papers. In addition, BNS had also filed a Notice of Application for a protective order ("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.

NOTES TO THE FINANCIAL STATEMENTS

35. CONTINGENT LIABILITIES (CONT'D.)

(d) (Cont'd.)

On 2 June 2021, BNS has obtained from the High Court of Malaya at Kuala Lumpur the Orders allowing the above with Restraining Order until 2 September 2021. The Restraining Order has since been extended until 2 December 2021 and again until 2 March 2022. On 28 February 2022, BNS has filed for a third extension until 2 June 2022 and the hearing was held on 15 March 2022, where the Judge has ordered for further affidavits be submitted by BNS in relation to the proposed Scheme with hearing to be held on 21 April 2022. The ad interim Restraining Order is in effect until such date.

During the hearing on 21 April 2022, the High Court of Kuala Lumpur granted an extension of time for leave to convene the creditors' meeting and an extension of Restraining Order for a further three months from 2 March 2022 until 2 June 2022.

With regards the Winding Up Petition Appeal, the Directors of BNS, upon consultation with their solicitors, are of the view that BNS has a fair chance in maintaining to Strike Out the Petition against MSM's Appeal.

(e) The amount of bank guarantees issued by the Group to third parties are as follows:

	Group		Company	
	2021	2020	2021	2020
	RM Million	RM Million	RM Million	RM Million
Performance bonds in respect of contracts awarded to subsidiaries				
– Government of Malaysia	635.4	659.8	0.3	0.3
– other third parties	141.7	62.0	–	–
	777.1	721.8	0.3	0.3

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.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

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.

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 2021							
Fixed rate							
Financial assets:							
Deposits	26	1.7%	182.3	–	–	–	182.3
Financial liabilities:							
Term loans	31	6.7%	(4.4)	(2.7)	(1.8)	–	(8.9)
Islamic medium term note	31	6.2%	–	–	(2,044.4)	–	(2,044.4)
Floating rate							
Financial assets:							
Amounts due from joint ventures	23	6.0%	4.4	84.0	212.4	–	300.8
Financial liabilities:							
Terms loans	31	4.2%	(161.9)	(149.3)	(444.5)	(22.2)	(777.9)
Overdrafts	31	6.6%	(45.4)	–	–	–	(45.4)
Revolving credits	31	4.2%	(3,017.1)	(147.9)	(142.8)	(101.6)	(3,409.4)
Bankers' acceptances	31	3.3%	(705.9)	–	–	–	(705.9)
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)

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 2021					
Fixed rate					
Financial assets:					
Deposits	26	1.7	71.7	–	71.7
Financial liabilities:					
Islamic medium term notes	31	6.2	–	(2,044.4)	(2,044.4)
Floating rate					
Financial assets:					
Amounts due from subsidiaries	23	5.7	16.6	1,669.1	1,685.7
Financial liabilities:					
Overdrafts	31	6.8	(34.9)	–	(34.9)
Revolving credits	31	4.4	(1,191.0)	–	(1,191.0)
Amounts due to subsidiaries	32	2.5	(66.5)	–	(66.5)
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)

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 (2020: 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 RM18.8 million (2020: RM19.9 million) and RM4.7 million (2020: RM5.9 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					
2021					
Borrowings	31	4,234.8	3,129.7	128.5	7,493.0
Trade and other payables	32	3,130.2	10.5	–	3,140.7
Derivatives liabilities	32	2.7	–	–	2.7
Lease liabilities	15	15.3	26.7	35.5	77.5
Total undiscounted financial liabilities		7,383.0	3,166.9	164.0	10,713.9
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

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				
2021				
Borrowings	31	1,409.2	2,287.7	3,696.9
Trade and other payables	32	131.8	–	131.8
Lease liabilities	15	2.9	5.8	8.7
Total undiscounted financial liabilities		1,543.9	2,293.5	3,837.4
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

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 2021, the Group has a significant concentration of credit risk in the form of outstanding balance due from the Government of Malaysia, representing approximately 54.7% (2020: 20.2%) 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.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Credit risk (cont'd.)

Set out below is the information about the credit risk exposure on the Group's trade receivables and contract assets:

	Contract assets RM Million	Trade receivables					Total RM Million
		Days past due					
		Current RM Million	<30 days RM Million	31-60 days RM Million	61-90 days RM Million	>90 days RM Million	
2021							
Estimated total gross receivables	1,109.6	363.1	282.3	152.3	24.5	196.9	1,019.1
Expected credit losses (Note 23)	—	—	(2.3)	(1.2)	(1.2)	(67.9)	(72.6)
Net receivables	1,109.6	363.1	280.0	151.1	23.3	129.0	946.5
2020							
Estimated total gross receivables	1,049.3	190.1	110.8	46.3	46.5	253.9	647.6
Expected credit losses (Note 23)	—	(1.6)	(0.3)	(1.3)	(0.3)	(71.2)	(74.7)
Net receivables	1,049.3	188.5	110.5	45.0	46.2	182.7	572.9

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.

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.

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 the functional currency of the respective group companies 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 2021					
US Dollar	–	4.6	(99.4)	–	(94.8)
Euro	–	22.6	(455.5)	–	(432.9)
Great Britain Pound	4.0	6.6	(30.9)	(45.9)	(66.2)
Indonesian Rupiah	–	–	–	(146.9)	(146.9)
Others	5.4	–	(26.9)	–	(21.5)
	9.4	33.8	(612.7)	(192.8)	(762.3)
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)

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.

	Group	
	2021 RM Million	2020 RM Million
Increase/(decrease) of Group's profit, net of tax		
US Dollar/RM		
– Strengthened by 10%	7.2	18.1
– Weakened by 10%	(7.2)	(18.1)
Euro/RM		
– Strengthened by 5%	16.4	16.9
– Weakened by 5%	(16.4)	(16.9)
Great Britain Pound/RM		
– Strengthened by 5%	3.3	4.1
– Weakened by 5%	(3.3)	(4.1)
Indonesian Rupiah/RM		
– Strengthened by 5%	5.6	4.7
– Weakened by 5%	(5.6)	(4.7)

Financial instruments by category

	Group		Company	
	2021 RM Million	2020 RM Million	2021 RM Million	2020 RM Million
Financial assets – measured at amortised cost				
Receivables	1,408.6	980.6	1,687.6	2,234.0
Deposit, cash and bank balances	463.5	496.4	134.8	160.6
Financial liabilities – measured at amortised cost				
Payables	3,140.7	2,826.9	131.8	186.5
Borrowings	6,991.9	7,583.9	3,270.3	3,894.5
Lease liabilities	61.3	76.0	8.1	10.6

NOTES TO THE FINANCIAL STATEMENTS

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

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 non-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.

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				
2021				
Assets				
Investments	5.0	—	—	5.0
Investment properties	—	—	1,295.0	1,295.0
Biological assets	—	—	47.0	47.0
Liabilities				
Derivative liabilities	—	(2.7)	—	(2.7)
	5.0	(2.7)	1,342.0	1,344.3
2020				
Assets				
Investments	5.8	—	—	5.8
Investment properties	—	—	1,404.9	1,404.9
Biological assets	—	—	25.0	25.0
Liabilities				
Derivative liabilities	—	(1.3)	—	(1.3)
	5.8	(1.3)	1,429.9	1,434.4
Company				
2021				
Assets				
Investments	1.2	—	—	1.2
Investment properties	—	—	87.4	87.4
	1.2	—	87.4	88.6
2020				
Assets				
Investments	1.3	—	—	1.3
Investment properties	—	—	87.4	87.4
	1.3	—	87.4	88.7

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	
		2021	2020
Income method	Shopping complexes and office buildings:		
	Estimated monthly reversionary rental per square feet	RM0.40 – RM38	RM0.32 – RM38
	Discount rate	6% – 7%	6% – 7%
	Void rate	5% – 10%	5% – 10%
	Yield	5% – 6%	5% – 6%
Comparison method	Vacant lands and office buildings:		
	Adjustment for differences in location, time factor, type of land, size and tenure	(30%) – 30%	(50%) – 15%

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

	2021		2020	
	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	260.4	2.7	126.6	1.3

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 RM0.2 million (2020: loss of RM1.3 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.

37. FAIR VALUE MEASUREMENTS (CONT'D.)

Fair value of financial instruments by classes that are not carried at fair value

	2021		2020	
	Carrying amount RM Million	Fair value RM Million	Carrying amount RM Million	Fair value RM Million
Group				
Non-current borrowings (Note 31)				
Islamic medium term notes	2,044.4	2,183.4	2,042.3	2,252.3
Company				
Non-current borrowings (Note 31)				
Islamic medium term notes	2,044.4	2,183.4	2,042.3	2,252.3

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 2021 and 31 December 2020.

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 1.28 times (2020: 1.48 times). The Group's policy is to keep gearing within manageable levels.

NOTES TO THE FINANCIAL STATEMENTS

39. COMMITMENTS

	Group		Company	
	2021	2020	2021	2020
	RM Million	RM Million	RM Million	RM Million
Authorised and contracted				
Capital expenditure	172.1	128.0	–	–
Authorised but not contracted				
Capital expenditure	702.7	338.6	17.7	3.1

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.

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	
	2021 RM Million	2020 RM Million	2021 RM Million	2020 RM Million
Subsidiaries				
Management fees	—	—	9.0	6.0
Associates and joint ventures				
Agricultural research and advisory services paid	(15.7)	(14.9)	—	—
Insurance premium paid	(13.0)	(17.1)	—	—
Rental income on office premises	24.0	25.5	—	—
Sales of goods	0.9	0.7	—	—
Professional fees paid	(0.5)	(1.2)	(0.2)	(1.2)
Insurance commission income	3.1	3.4	—	—
Rendering of services	31.0	50.3	—	—
Provision of project management services	0.5	0.5	—	—
Rental expense				
– Hotel	(12.0)	(12.0)	—	—
– Office premises	(0.8)	(0.9)	—	—
Holding corporation				
Rental expenses	(1.5)	(1.2)	—	—
Provision of project management services	0.3	0.3	—	—
Subsidiaries of holding corporation				
Sales of goods	43.7	36.0	—	—
Provision of construction works	7.2	1.6	—	—
Government-related financial institutions				
Interest income	5.1	7.1	2.0	3.0
Finance cost	(168.8)	(191.3)	(106.0)	(107.3)

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	
	2021 RM Million	2020 RM Million	2021 RM Million	2020 RM Million
Directors				
Fees	1.1	1.0	1.0	0.9
Salaries and other emoluments	2.8	2.2	2.8	2.2
Defined contribution plans	0.4	—	0.4	—
Meeting, travelling and other allowances	0.3	0.4	0.3	0.2
	4.6	3.6	4.5	3.3
Other key management personnel				
Short term employee benefits	36.9	38.6	3.7	4.5
Defined contribution plans	5.2	5.2	0.6	0.7
	42.1	43.8	4.3	5.2
Total paid to key management personnel	46.7	47.4	8.8	8.5

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 21 May 2021, Boustead Naval Shipyard Sdn Bhd (BNS), a subsidiary of Boustead Holdings Berhad (BHB) accepted a letter dated 26 April 2021 from the Ministry of Defence Malaysia (MINDEF) for the Refit works on KD LEDANG at a contract value of RM52.0 million. The aggregate revenue recognised under the contract for the year ended 31 December 2021 amounted to RM2.7 million.

On 11 March 2021, BNS accepted a letter dated 26 February 2021 from the MINDEF for the Refit works on KS KASTURI at a contract value of RM40.8 million. The aggregate revenue recognised under the contract for the year ended 31 December 2021 amounted to RM7.3 million.

On 20 June 2019, BNS accepted a letter dated 14 June 2019 from the 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 2021 amounted to RM21.2 million (2020: RM51.9 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 2021 amounted to RM0.1 million (2020: RM3.2 million).

40. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)

The significant transactions with the Government of Malaysia are as follows: (cont'd.)

- a) On 23 March 2017, BNS signed a contract with the Government of Malaysia for the Supply of Four (4) units Littoral Mission Ships (LMS) for the Royal Malaysian Navy – Collaboration and Strategic Partnership between Malaysia and people's Republic of China by Direct Negotiation with BNS valued at RM1.17 billion (inclusive GST). The First Supplementary of Contract was signed on 21 August 2019 and reduced the contract valued to RM1.04 billion (inclusive GST).

BNS has executed a sub-contract with China Shipbuilding & Offshore International Co. Ltd (CSOC) on 21 April 2017. The aggregate revenue recognised under the contract for the year ended 31 December 2021 amounted to RM224.8 million (2020: RM151.9 million).

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 2021 amounted to RM28.4 million (2020: RM266.4 million).

- b) On 16 March 2011, the Group's wholly owned subsidiary Pharmaniaga Logistics Sdn Bhd (PLSB), has 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, the PLSB subsidiary 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 to allow MOH to make necessary preparations to undertake the service.

If MOH is able to take over the role in less than 25 months, an open tender for procurement of medicines will be initiated earlier. In addition, the PLSB subsidiary also secured a contract to continue providing logistics and distribution services for MOH for a period of five (5) years ending 31 December 2024.

Subsequently, on 6 January 2022, MOH issued another letter stating its agreement in principle to enter into a 10-year concession agreement with PLSB for the procurement of drugs and medical supplies as well as logistics and distributions of Approved Products. This 10-year concession agreement will supersede existing concessions arrangements upon its execution, including the Interim Period for the procurement of drugs and medical supplies ending 31 December 2022 and the logistics and distributions services up to 30 November 2024.

- c) On 26 January 2021, Pharmaniaga LifeScience 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 15 March 2019, the Group's wholly-owned subsidiary Boustead Hotels & Resorts Sdn Bhd (BHR), 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) (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 pursuant to 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 of 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) settled RM157.6 million. The Disposal was completed on 22 February 2021 upon transfer of final titles to the Purchaser and a gain on disposal of property, plant and equipment of RM77.1 million was recognised in profit or loss. However, for item (ii) above, out of this amount, RM12.76 million (after deducting the amount refunded to the Purchaser in consideration of the Purchaser completing the remaining rectification works as provided in the SPA maximum of RM3.0 million) is held by the Solicitors as stakeholders. This will be released upon fulfillment of certain conditions subsequent.

- b) On 19 March 2021, Boustead Holdings Berhad (BHB) 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 for a cash consideration of RM230 million (Sale Consideration) subject to the terms and conditions as stipulated in the SSA (Disposal).

The Disposal was completed on 23 September 2021.

- c) On 16 August 2021, the Group's wholly-owned subsidiary Boustead Weld Court Sdn Bhd (BWCSB), entered into a sale and purchase agreement (SPA) with Simmons Properties Sdn Bhd (the Purchaser) for a proposed disposal of a piece of land measuring approximately 3,171.62 square metres (34,140 square feet) which was held under Geran 32846, Lot 4944, Mukim Batu, Daerah Kuala Lumpur Negeri Wilayah Persekutuan Kuala Lumpur for total cash consideration of RM13.5 million (Disposal).

The Disposal was completed on 9 December 2021 and the Group has recognised a gain on disposal of property, plant and equipment of RM7.8 million.

- d) On 19 November 2020, the Group's wholly-owned subsidiary BWCSB entered into a sale and purchase agreement (SPA) with Worldwide First Sdn Bhd for a proposed disposal of a piece of land measuring approximately 995.89 square metres (10,720 square feet) which was held under Pajakan Negeri No Hakmilik: 4988, Lot 723, Bandar Petaling Jaya, District of Petaling, State of Selangor Darul Ehsan for total cash consideration of RM4.3 million (Disposal).

The Disposal was completed on 7 May 2021 and the Group has recognised a gain on disposal of right-of-use asset of RM2.6 million.

41. SIGNIFICANT AND SUBSEQUENT EVENTS (CONT'D.)

- e) On 16 February 2021, the Group's wholly-owned subsidiary Boustead Credit Sdn Bhd, entered into an agreement for the sale of building (i.e. shop office) for a cash consideration of RM4.0 million to an unrelated party (Disposal).

The Disposal was completed on 5 July 2021 and the Group has recognised a gain on disposal of property, plant and equipment of RM3.3 million.

- f) On 12 June 2020, the Group's wholly-owned subsidiary Mutiara Rini Sdn Bhd (MRSB), entered into a sale 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).

The Disposal was completed on 14 June 2021 and the Group has recognised a gain on disposal of an investment property of RM13.1 million.

- g) On 28 September 2021, CIMB Islamic Trustee Berhad, acting solely as trustee for Boustead Plantations Berhad (BPB) entered into a sale and purchase agreement with SIPP Power Sdn Bhd for the disposal of 5 parcels of freehold land held under GRN 229629 Lot 3564, HSD 64784 PTD 109021, HSD 64789 PTD 109026, HSD 64796 PTD 109033 and HSD 64797 PTD 109034 all within Mukim of Kulai, District of Kulai, Johor measuring 663.98 hectares for a total cash consideration of RM428.8 million.

The sale of land was completed on 27 January 2022.

- h) On 19 April 2021, the Group's wholly-owned subsidiary MRSB 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 held for development classified under inventories 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) (Disposal).

The Disposal was completed on 20 April 2022.

- i) On 17 August 2021, Boustead Holdings Berhad (BHB) entered into a conditional share sale agreement (SSA) with UON Holding (Malaysia) Sdn Bhd (Purchaser) for the proposed disposal of 102,910,000 ordinary shares of (or 66.41% stake in) The University of Nottingham in Malaysia Sdn Bhd (UNIM), representing the entire equity interest held by BHB in UNIM, for a cash consideration in Ringgit Malaysia (RM) equivalent to £23,500,000 (based on the exchange rate on the date of payment) (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:

- a) a sum in RM equivalent to £2,350,000 (based on the exchange rate on the date of payment), being a sum equivalent to 10% of the Sale Consideration upon execution of the SSA, as deposit, of which a sum equivalent to 3% of the Sale Consideration will be held by the solicitors for the purposes of payment towards the real property gains tax; and
- b) the balance amounting to a sum in RM equivalent to £21,150,000 (based on the exchange rate on the date of payment), being a sum equivalent to 90% of the Sale Consideration on completion.

On 15 February 2022, BHB and the Purchaser have mutually agreed to further extend the date by which the Conditions Precedent set out in the SSA are required to be fulfilled or obtained or waived in accordance to the terms and conditions of the SSA (Cut-Off Date) from 16 February 2022 to 16 August 2022. Save and except for the mutual extension of the Cut-Off Date, all other terms and conditions of the SSA remain unchanged.

Subject to the fulfilment of all Conditions Precedent, the Proposed Disposal is expected to be completed by the 3rd quarter of 2022.

NOTES TO THE FINANCIAL STATEMENTS

41. SIGNIFICANT AND SUBSEQUENT EVENTS (CONT'D.)

- j) 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.

- k) 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 12 million doses of COVID-19 vaccine, developed by Sinovac Life Sciences Co., Ltd.

- l) 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.

- m) On 28 December 2021, Ministry of Health, Malaysia issued an extension letter to Pharmaniaga Logistics Sdn. Bhd. (PLSB), a subsidiary of BHB to further extend its services for the provision of medicine and medical supplies to MOH facilities under the interim period of twenty-five (25) months, commencing from 1 December 2019 to 31 December 2021, by one year up to 31 December 2022. The other terms and conditions, including the 5-year extension in respect of logistics and distribution services up to 30 November 2024, remains in place with no further changes.

Subsequently, on 6 January 2022, MOH issued another letter stating its agreement in principle to enter into a 10-year concession agreement with PLSB for the procurement of drugs and medical supplies as well as logistics and distributions of Approved Products. This 10-year concession agreement will supersede existing concession arrangement upon its execution, including the Interim Period for the procurement of drugs and medical supplies and the logistics and distributions services ending 31 December 2022 and up to 30 November 2024 respectively.

- n) On 10 September 2021, Boustead Plantations Berhad (BPB) entered into a Conditional Land Lease Agreement (CLLA) with CIMB Islamic Trustee Berhad and Next Generation Oil Sdn Bhd (NGOSB) for NGOSB to lease between 1,040 to 1,286 acres of land in Telok Sengat Estate. BPB had received 15% of the total deposit of RM8.0 million, amounting to RM1.2 million upon signing of the agreement. The CLLA is subject to the fulfilment of conditions precedent within a period of eighteen (18) months from the date of agreement.

41. SIGNIFICANT AND SUBSEQUENT EVENTS (CONT'D.)

- o) 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 Littoral Combat Ship (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 for a variation order to complete the project. A series of discussions and negotiations were held between GOM and BNS.

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. On 5 May 2021, the LCS project was discussed and deliberated in the Cabinet meeting. A series of discussion and workshop with Ministry of Defence (MINDEF) and various other GOM agencies had been held to deliberate on mechanism to resume the LCS project.

Based on the media conference by Minister of Defence on 30 March 2022, the Cabinet has agreed to carry on with the LCS project where it is part of the RMN's 15-5 development plan which aimed to strengthen the country's naval assets. It was mentioned that the decision has taken into consideration the interest of employees, vendors, suppliers, LTAT's beneficiaries and bankers.

Subsequently, the Minister of Defence announced that the Cabinet had on 20 April 2022 unanimously approved the continuance of the LCS project.

The formal communication on the details and specifics of the approval has yet to be received by the Group as at the date of this report. The Group is currently actively engaging with MINDEF and various government agencies to formalise the detailed implementation of the project.

Based on the progress of these deliberations, the Group is of the view that a satisfactory resolution will be reached with MINDEF and GOM. Accordingly, no further provisions were made for contract and/or liquidated ascertained damages on the LCS project as at year end.

- p) The COVID-19 pandemic which had adversely affected the global and domestic economy brought various results and implications to the operations of the Group. The profitability of the Group was bolstered by the sale of Sinovac COVID-19 vaccines to the Ministry of Health. Nevertheless, the operations of Group's hotels, shopping malls, travel agency and fuel service stations were affected due to the movement restriction in 2021. All measures that are already in place to mitigate the impact will be continued to sustain the operations.

As Malaysia transitioned to the endemic phase of COVID-19 effective 1 April 2022 and with all restrictions on business operating hours removed, the Group is cautiously optimistic that the business environment will be more conducive which will benefit all the divisions within the Group.

The Group will also continue to tap into opportunities, whereby through the Pharmaceutical Division, the Group is seeking Sinovac's approval to facilitate the export of Sinovac COVID-19 vaccines to countries that face challenges in securing sufficient vaccine supply.

BOUSTEAD GROUP

			Group interest	
Name of company*	Principal activities	Paid-up capital	% 2021	% 2020
As at 31 December 2021				
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	RM154,051,000	52	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	94
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
Boustead Technology Sdn Bhd (formerly known as Boustead Information Technology Sdn Bhd)	Technology and innovation solutions provider	RM1,000,000	100	100
Boustead Digital Services Sdn Bhd (formerly known as Boustead Electronic Commerce Sdn Bhd)	Investment holding company for digital products and services	RM100,000	100	100
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

Name of company*	Principal activities	Paid-up capital	Group interest	
			% 2021	% 2020
As at 31 December 2021				
SUBSIDIARIES (cont'd.)				
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
Boustead Nucleus Sdn Bhd (formerly known as 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	RM369,712,894	—	100
Boustead Building Materials Sdn Bhd	Building products distributor and project management	RM62,000,000	100	100
The University of Nottingham in Malaysia Sdn Bhd	Operation of a university	RM154,960,000	66	66
Nottingham MyResearch Sdn Bhd	Conducting contract research and development and testing services	RM100,000	66	66
Boustead Rimba Nilai Sdn Bhd	Cultivation of oil palms and processing of fresh fruit bunches (FFB)	RM100,000,000	57	57
Boustead Emastulin Sdn Bhd	Cultivation of oil palms and processing of FFB	RM17,000,000	57	57
Boustead Eldred Sdn Bhd	Cultivation of oil palms	RM15,000,000	57	57
Boustead Trunkline Sdn Bhd	Cultivation of oil palms	RM7,000,000	57	57
Boustead Gradient Sdn Bhd	Cultivation of oil palms 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 palms	RM200,000	57	57

BOUSTEAD GROUP

			Group interest	
Name of company*	Principal activities	Paid-up capital	% 2021	% 2020
As at 31 December 2021				
SUBSIDIARIES (cont'd.)				
Boustead Life Sciences Research Sdn Bhd	Advisory and research on life sciences and commercialisation of products developed from life sciences. Health and cosmetic	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 palms	RM234,560,000	34	34
Boustead Pelita Tinjar Sdn Bhd	Cultivation of oil palms and processing of FFB	RM161,370,000	34	34
Pharmaniaga Manufacturing Berhad**	Manufacture and sale of pharmaceutical products	RM10,015,000	52	56
Pharmaniaga Logistics Sdn Bhd**	Distribution of pharmaceutical and medical products	RM40,000,000	52	56
Pharmaniaga Marketing Sdn Bhd**	Trading and marketing of pharmaceutical and medical products	RM3,000,000	52	56
Pharmaniaga LifeScience Sdn Bhd**	Manufacture and sale of pharmaceutical products	RM200,000,000	52	56
Pharmaniaga Research Centre Sdn Bhd**	Conduct research and development of pharmaceutical products	RM10,000,000	52	56
Pharmaniaga Biomedical Sdn Bhd**	Supply, trading and installation of medical and hospital equipment	RM8,000,000	52	56
Idaman Pharma Manufacturing Sdn Bhd**	Manufacture and sale of pharmaceutical products	RM25,020,000	52	56
Pristine Pharma Sdn Bhd**	Trading and wholesaling of consumer products	RM20,000,050	52	56
Pharmaniaga International Corporation Sdn Bhd**	Investment holding	RM103,000,000	52	56
PT Errita Pharma**+	Manufacture and sale of pharmaceutical products in Indonesia	Rp95,832,000,000	50	54
Paradigm Industry Sdn Bhd**	Manufacture and sale of food supplement	RM100,000	52	45
PT Millennium Pharmacon International Tbk**+	Distribution and trading of pharmaceutical & diagnostic products and food supplements	Rp127,400,000,000	38	41
Bio-Collagen Technologies Sdn Bhd**	Research and manufacture of collagen medical devices	RM2,000,000	52	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
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

			Group interest	
Name of company*	Principal activities	Paid-up capital	% 2021	% 2020
As at 31 December 2021				
SUBSIDIARIES (cont'd.)				
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
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

BOUSTEAD GROUP

			Group interest	
Name of company*	Principal activities	Paid-up capital	% 2021	% 2020
As at 31 December 2021				
SUBSIDIARIES (cont'd.)				
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**o	Inactive	USD100,000	52	56
Landasan Ria Sdn Bhd	Inactive	RM40,000,051	94	94
MHS Assets Sdn Bhd	Inactive	RM10,000,000	94	94
MHS Labuan Limited	Inactive	RM3	94	94
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 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	49	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
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
MyAngkasa Digital Services Sdn Bhd	Electronic payments and collection systems	RM14,500,000	22	–
Affin Bank Berhad	Financial services group	RM4,684,752,000	21	21
Rakan Riang Pte Ltd#	Operating education and entertainment facilities	SG24,000,000	20	20

Name of company*	Principal activities	Paid-up capital	Group interest	
			% 2021	% 2020
JOINT VENTURES				
Irat Properties Sdn Bhd	Property investment	RM216,700,000	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

° Incorporated in Republic of Seychelles

other information

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RECURRENT RELATED PARTY TRANSACTIONS

At the Annual General Meeting held on 24 June 2021, 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 Main Market Listing Requirements, the details of recurrent related party transactions conducted during the financial year ended 31 December 2021 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	2.0
	Dato' Ahmad Nazim Abd Rahman [*]	General management fees, internal audit fees and tax consultancy fees paid to Boustead Holdings Berhad	1.8
	Muhammad Fitri Othman [^]	Purchase of air tickets and travel related services from Boustead Travel Services Sdn Bhd	0.1
	LTAT		
Boustead Naval Shipyard Sdn Bhd	Dato' Seri Mohamed Khaled Nordin [#]	Office rental at Menara Boustead paid to Boustead Realty Sdn Bhd	2.0
	Dato' Ahmad Nazim Abd Rahman [*]	Purchase of air tickets and travel related services from Boustead Travel Services Sdn Bhd	0.9
	Muhammad Fitri Othman [^]		
	LTAT		
Boustead Petroleum Marketing Sdn Bhd	Dato' Seri Mohamed Khaled Nordin [#]	Sale of non-regulated petroleum products to Boustead Holdings Berhad Group	3.1
	Dato' Ahmad Nazim Abd Rahman [*]	Provision of corporate and administrative support services and training from BHB	0.3
	Muhammad Fitri Othman [^]		
	LTAT	Purchase of air tickets and travel related services from Boustead Travel Services Sdn Bhd	—

[#] Resigned on 5 August 2021

^{*} Appointed on 1 July 2021

[^] Appointed on 20 October 2021

RECURRENT RELATED PARTY TRANSACTIONS

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 from Boustead Travel Services Sdn Bhd	0.1
	Dato' Ahmad Nazim Abd Rahman [*]	Provision of corporate and administrative support services and training by Boustead Holdings Berhad	0.9
	Muhammad Fitri Othman [^]		
	LTAT		
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	20.2
	Dato' Ahmad Nazim Abd Rahman [*]		
	Muhammad Fitri Othman [^]	Provision of professional service to Boustead Holdings Berhad, Boustead Naval Shipyard Sdn Bhd and Boustead Properties Berhad	0.5
	LTAT		
		ATM space rental and partnership income paid to Boustead Petroleum Marketing Sdn Bhd	0.2
		Purchase of air tickets and travel related services from Boustead Travel Services Sdn Bhd	0.2
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
	Dato' Ahmad Nazim Abd Rahman [*]	Office rental at Chulan Tower paid by The University of Nottingham in Malaysia Sdn Bhd	0.8
	Muhammad Fitri Othman [^]		
	LTAT	Provision of property management service from Boustead Properties Berhad	0.5

[#] Resigned on 5 August 2021

^{*} Appointed on 1 July 2021

[^] Appointed on 20 October 2021

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 Boustead Travel Services Sdn Bhd	–
	Dato' Ahmad Nazim Abd Rahman [*]	Office rental at Surian Tower paid by Boustead Petroleum Marketing Sdn Bhd	1.5
	Muhammad Fitri Othman [^]		
	LTAT	Provision of property management service from Boustead Properties Berhad	0.3
Perbadanan Perwira Harta Malaysia	Dato' Seri Mohamed Khaled Nordin [#]	Construction of low cost housing project by UAC Berhad	6.7
	Dato' Ahmad Nazim Abd Rahman [*]	Construction of low cost housing project by Boustead Building Materials Sdn Bhd	0.5
	Muhammad Fitri Othman [^]		
	LTAT		
Perbadanan Perwira Niaga Malaysia	Dato' Seri Mohamed Khaled Nordin [#]	Sale of non-regulated petroleum products by Boustead Petroleum Marketing Sdn Bhd	0.6
	Dato' Ahmad Nazim Abd Rahman [*]		
	Muhammad Fitri Othman [^]		
	LTAT		
Perbadanan Hal Ehwal Bekas Angkatan Tentera	Dato' Seri Mohamed Khaled Nordin [#]	Purchase of air tickets and travel related services from Boustead Travel Services Sdn Bhd	–
	Dato' Ahmad Nazim Abd Rahman [*]		
	Muhammad Fitri Othman [^]		
	LTAT		

[#] Resigned on 5 August 2021

^{*} Appointed on 1 July 2021

[^] Appointed on 20 October 2021

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	17	567.0	*2021
2	Sg Segamaha and Bukit Segamaha Estates Lahad Datu	5,659.6	Oil palm estate & palm oil mill	1979 – 2077	25	308.0	*2016
3	Balau Estate, Semenyih, Selangor	247.4	Oil palm estate	Freehold	14	280.0	*2016
4	Telok Sengat Estate, Kota Tinggi, Johor	3,690.1	Oil palm estate & palm oil mill	Freehold	35	257.6	*2016
5	Segaria Estate, Semporna Sabah	4,746.2	Oil palm estate & palm oil mill	1965 – 2072	41	238.2	*2016
6	University of Nottingham in Malaysia, Semenyih Selangor	48.1	University campus	Freehold / Leasehold	16	236.5	*2001
7	PT216/PT220 Mukim of Kapar, District of Klang, Selangor and Lot 1158 Mukim of Bukit Raja, District of Petaling, Selangor	44.8	Industrial land	Freehold		236.4	2014
8	Nucleus Tower, Mutiara Damansara, Selangor	0.85	Office complex	Freehold	3	226.0	*2021
9	Boustead Pertama and Boustead Sapa Payau Estates, Labuk & Sugut	3,944.1	Oil palm estate	1980-2079 1981-2080 1982-2081		209.3	2018
10	Bukit Mertajam Estate, Kulim, Kedah	2,727.1	Oil palm estate	Freehold		207.1	*2016
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		200.8	2018
12	Royale Chulan Damansara, No 2, Jalan PJU 7/3 Mutiara Damansara, Selangor	0.88	Hotel	Freehold	10	193.2	2012

	Location	Hectares	Description	Tenure	Age of buildings Years	Book value	Year of acquisition/ revaluation*
13	Boustead Tawai 2 Estate, Labuk & Sugut	3,232.8	Oil palm estate	1934-2033 1935-2034 1979-2078 1982-2081 1992-2091		165.9	2019
14	Boustead Ruku Ruku Estate, Labuk & Sugut	3,196.2	Oil palm estate	1980-2079 1981-2080 1982-2081		162.3	2018
15	PT484, Seksyen 90, Bandar Kuala Lumpur	2.67	Development land	Freehold		160.0	2018
16	Sutera Estate, Sandakan, Sabah	2,197.6	Oil palm estate	1888 – 2887		155.5	*2016
17	Lot 129, Lot 1808-1809, Lot 22, Lot 977, Lot 574, Part of Lot 37, 48, Part of Lot 656, and Lot 1671, Daerah Ulu Langat, Mukim Semenyih, Selangor	32.0	Development land	Freehold		139.1	1993/2013
18	Lot 707-711, Part of Lot 37, Lot 932, Daerah Ulu Langat, Mukim Semenyih, Selangor	137.9	Development land	Freehold		125.4	2013
19	G&G Estate, Lahad Datu, Sabah	2,409.8	Oil palm estate	1979 – 2077		124.0	*2016
20	Menara Affin, 80 Jalan Raja Chulan, Kuala Lumpur	0.28	Office complex	Freehold	22	124.0	*2021
21	Boustead Tawai 1 Estate, Labuk & Sugut	1,793.6	Oil palm estate & palm oil mill	1978-2077 1979-2078 1980-2079 1981-2080	21	113.3	2019
22	Ladang Tabung Tentera Sabah (LTT-Sabah), Lahad Datu	2,023.0	Oil palm estate	1979-2077		112.5	*2016
23	Sungai Jernih Estate, Pekan, Pahang	2,695.7	Oil palm estate & palm oil mill	1981 – 2091	30	109.5	*2016

TOP 30 PROPERTIES OF THE GROUP

	Location	Hectares	Description	Tenure	Age of buildings Years	Book value	Year of acquisition/ revaluation*
24	Bebar Estate, Muadzam Shah, Pahang	2,340.6	Oil palm estate	1984 – 2083		107.0	*2016
25	Lot 67250-Lot 67257, L67335, PT51317-PT51319, Mutiara Damansara, Mukim Sungai Buluh, Selangor	3.6	Development land	Freehold		106.5	1999
26	Menara Boustead, 69, Jalan Raja Chulan, Kuala Lumpur	0.36	Office complex	Freehold	36	102.8	*2021
27	Sungai Sungai 1, Sungai Sungai 2, and Sungai Sungai 3 Estate, Sugust	6,035.1	Oil palm estate & palm oil mill	1997 – 2098	16	92.0	2012, 2014, 2016
28	Menara UAC, 12 Jalan PJU 7/5 Mutiara Damansara, Selangor	1.4	Commercial land and building	Freehold	14	92.0	*2021
29	Eldred Estate, Bekok, Johor	1,799.7	Oil palm estate	Freehold		91.1	*2016
30	Royale Chulan Seremban, Jalan Dato' A.S Dawood, Seremban Negeri Sembilan	2.52	Hotel	Freehold	20	83.4	2008

ADDITIONAL DISCLOSURES

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

There were no proceeds raised from any corporate proposals during the financial year.

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 2021				
– Auditor of the Company	3,877.0	370.0	324.1	84.6
– Others	894.0	–	426.8	–
	4,771.0	370.0	750.9	84.6

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

SHAREHOLDINGS STATISTICS

as at 27 April 2022

Size of shareholdings	No. of holders	%	No. of shares	%
LESS THAN 100	1,051	6.78	27,594	0.00
100 TO 1,000	1,657	10.70	816,496	0.04
1,001 TO 10,000	7,595	49.02	36,982,491	1.82
10,001 TO 100,000	4,384	28.29	137,177,751	6.77
100,001 TO LESS THAN 5% OF ISSUED SHARES	806	5.20	541,604,072	26.72
5% AND ABOVE OF ISSUED SHARES	2	0.01	1,310,379,593	64.65
TOTAL	15,495	100	2,026,987,997	100

30 LARGEST SHAREHOLDERS

No.	Name of shareholders	No. of shares	%
1	LEMBAGA TABUNG ANGKATAN TENTERA	1,204,612,218	59.43
2	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	105,767,375	5.22
3	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR CHE LODIN BIN WOK KAMARUDDIN (PB)	26,140,930	1.29
4	RAJESH SINGH BHINDER A/L PRETAM SINGH	25,005,000	1.23
5	KONG GOON KHING	23,144,000	1.14
6	CHINCHOO INVESTMENT SDN. BERHAD	19,743,000	0.98
7	KEY DEVELOPMENT SDN. BERHAD	18,927,857	0.93
8	GAN TENG SIEW REALTY SDN. BERHAD	17,068,921	0.84
9	YONG SIEW YOON	12,239,731	0.60
10	CARTABAN NOMINEES (TEMPATAN) SDN BHD ICAPITAL.BIZ BERHAD	12,147,786	0.60
11	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	11,464,600	0.57
12	KONG GOON KHING	9,337,000	0.46
13	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG	7,524,915	0.37
14	GEMAS BAHRU ESTATES SDN. BHD.	6,917,780	0.34
15	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR UBS SWITZERLAND AG (CLIENTS ASSETS)	6,524,400	0.32
16	BIDOR TAHAN ESTATES SDN. BHD.	6,435,268	0.32
17	OOI CHIENG SIM	6,285,000	0.31
18	MIKDAVID SDN BHD	5,914,162	0.29

No.	Name of shareholders	No. of shares	%
19	TAN LEE HWA	5,740,000	0.28
20	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	5,288,947	0.26
21	RENGO MALAY ESTATE SENDIRIAN BERHAD	4,847,981	0.24
22	HSBC NOMINEES (ASING) SDN BHD J.P. MORGAN SECURITIES PLC	4,830,126	0.24
23	KONG GOON SIONG	4,500,000	0.22
24	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	4,164,221	0.21
25	CHINCHOO HOLDINGS (S) PRIVATE LIMITED	3,987,286	0.20
26	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO' CHE LODIN BIN WOK KAMARUDDIN (MM0197)	3,749,075	0.19
27	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ARSHAD BIN AYUB (MY1393)	3,729,000	0.18
28	RHB CAPITAL NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR IOANNIS KOROMILAS	3,300,000	0.16
29	LIM BOON LIAT	3,200,000	0.16
30	TAN CHING LING	2,599,900	0.13
TOTAL		1,575,136,479	77.71

SUBSTANTIAL SHAREHOLDERS BASED ON THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Indirect Interest	
	No. of holders	%	No. of shares	%
Lembaga Tabung Angkatan Tentera	1,204,612,218	59.43	—	—
Kumpulan Wang Persaraan (Diperbadankan)	105,767,375	5.22	—	—
Class of shares	Ordinary share			
Voting rights	1 vote per ordinary share			

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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