



# CREATING TRANSFORMATIVE RESILIENCE

ANNUAL REPORT  

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2020









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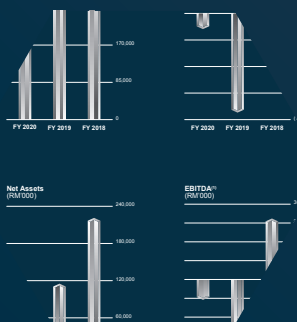


This annual report has been prepared by the Company and reviewed by the Company's sponsor, Novus Corporate Finance Pte. Ltd. (the "Sponsor"), in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst.

This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made, or reports contained in this annual report.

The contact person for the Sponsor is Mr Pong Chen Yih, Chief Operating Officer, 9 Raffles Place, #17-05 Republic Plaza Tower 1, Singapore 048619, Telephone (65) 6950 2188.

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**A**staka is the result of a reverse takeover in November 2015 of E2-Capital Holdings Limited by Astaka Padu Limited.

Astaka's founder saw the potential of Johor Bahru, and set out with a vision to transform the city. Leveraging on the management's track record and decades of experience, Astaka secured prime land in the heart of the city, now home to Group's flagship development, One Bukit Senyum.

The iconic One Bukit Senyum will transform the skyline of Johor Bahru with its elegance and modernity. It will be Johor Bahru's new central business district when completed.





Copyright© 2020 Astaka Holdings Limited

The award-winning development includes The Astaka @ One Bukit Senyum residential towers, a five-star hotel, branded residences, serviced apartments, an entertainment hub, an office tower, and the headquarters of Johor Bahru's City Council, Menara MBBJ.

One Bukit Senyum has a total gross floor area of 6.19 million square feet and a gross development value ("GDV") of up to RM5.3 billion.

Astaka's second project is Bukit Pelali at Pengerang, a 363-acre strata township comprising residential units, shop offices, a clubhouse, hotel, private hospital, mart, school, mosque, food and beverage hub and petrol station. With an estimated GDV of RM2.3 billion, the project is located approximately five kilometres from the Pengerang Integrated Petroleum Complex in southern Johor.

Astaka will selectively explore investment opportunities and potential real estate acquisitions, particularly high-profile or strategically-located land banks, to increase its portfolio of iconic projects across the region.





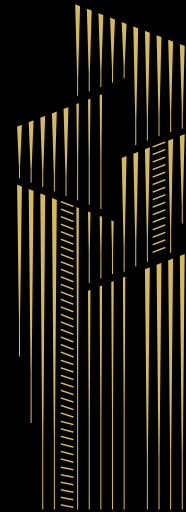


**11.85** ACRES

GROSS DEVELOPMENT  
VALUE

RM **5.3** BILLION

**COMPONENTS:** The Astaka, Menara MBBJ, a five-star hotel, branded residences, service apartments, an entertainment hub, and a Grade-A office building



**ONE BUKIT SENYUM**

Held by Astaka Padu Sdn Bhd,  
a 99.99% owned subsidiary of the Company



THE  
ASTAKA  
ONE BUKIT SENYUM





**1KM**  
TO JOHOR CIQ

TOWER A  
**70**  
STOREYS

TOWER B  
**65**  
STOREYS

**1,020** FEET  
ABOVE SEA LEVEL



CIGAR ROOM



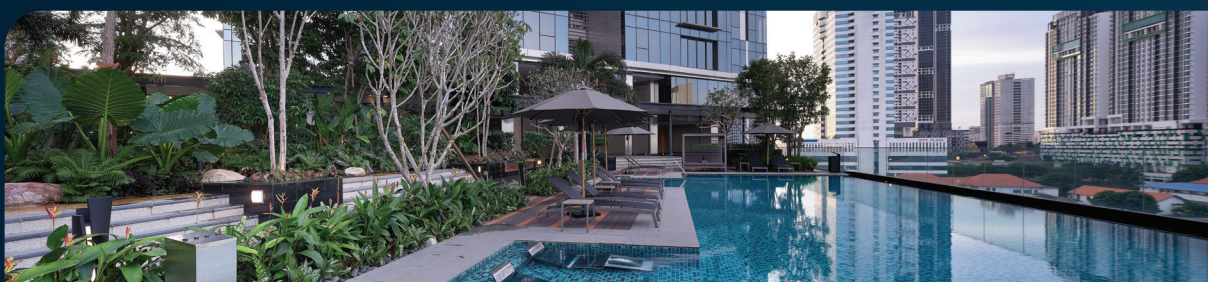
PRIVATE DINING



SOCIAL DINING



RECREATION LOUNGE



LAVISH INFINITY POOL





# Bukit Pelali @ Pengerang

Developed by Bukit Pelali Properties Sdn Bhd, a 51:49 joint venture company between the Company's 99.99% owned subsidiary, Astaka Padu Sdn Bhd, and Saling Syabas Sdn Bhd



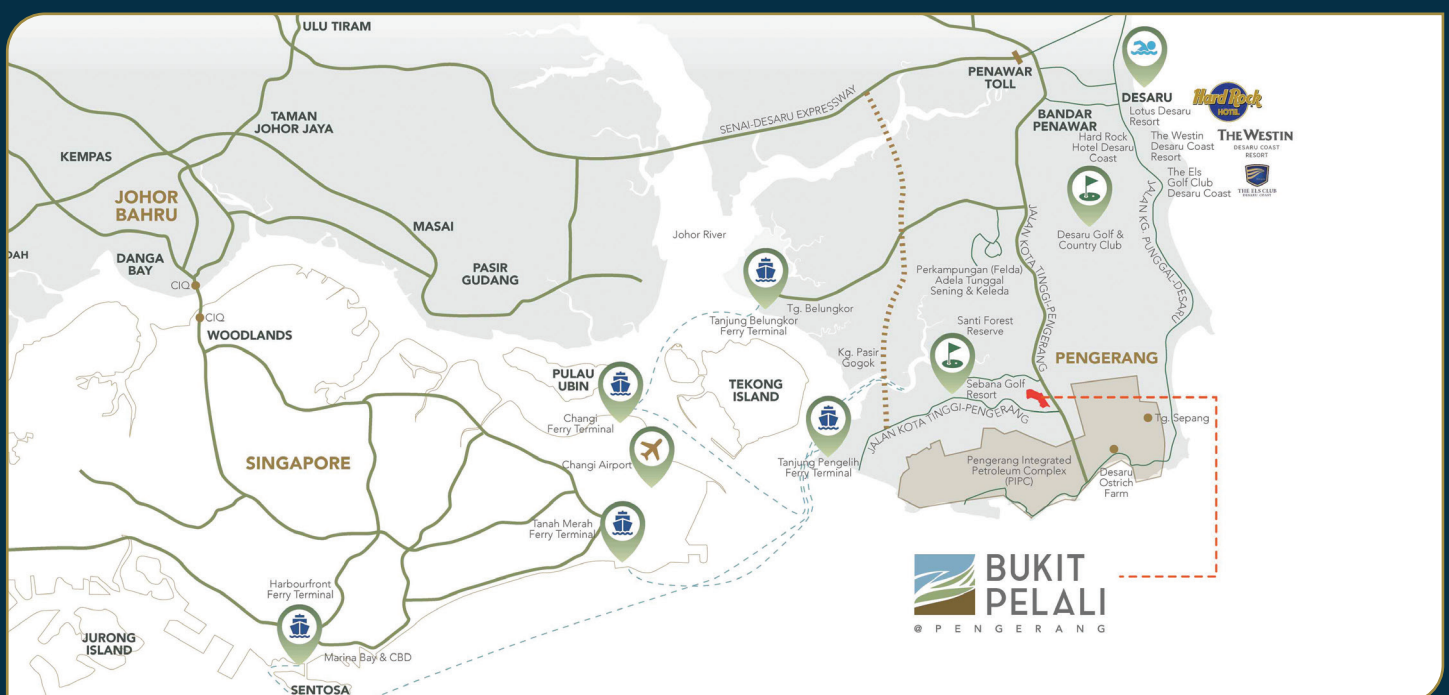




**363** ACRES

GROSS DEVELOPMENT  
VALUE  
RM **2.3** BILLION

**4,022**  
RESIDENTIAL UNITS



An integrated urban lifestyle development which encompasses all aspects of modern day living within lush greenery and picturesque settings.



## 1993

Astaka Padu Sdn Bhd was founded in Johor Bahru, Malaysia, by Dato' Daing A Malek Bin Daing A Rahaman.

## 2012

Astaka Padu Sdn Bhd acquired land and commenced implementation plan for One Bukit Senyum, engaging GDP Architects to develop The Astaka @ One Bukit Senyum.

## 2014

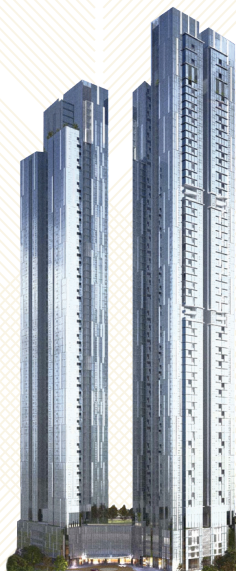
Astaka Padu Sdn Bhd undertook a restructuring exercise; Astaka Padu Limited became the holding company of Astaka Padu Sdn Bhd.

## 2003

Astaka Padu Sdn Bhd made its foray into property development through applications to develop plots of land in Iskandar.

## 2013

Grand launch and construction of The Astaka @ One Bukit Senyum, named tallest residential twin towers in Southeast Asia.



## 2015

Renamed Astaka Holdings Limited following listing on Singapore Exchange via the reverse takeover of E2-Capital Holdings Limited.

**The Astaka @ One Bukit Senyum was awarded:**

- Best Condo Development (Malaysia) by South East Asia Property Awards (Malaysia) 2015
- Best Luxury Condo Development (South Malaysia) by South East Asia Property Awards (Malaysia) 2015



## 2016

### 28 November 2016

- Secured RM308 million agreement to develop Menara MBBJ

### 3 October 2016

- Entered into joint venture to develop Bukit Pelali at Pengerang

### 28 August 2016

- Unveiled masterplan for One Bukit Senyum officiated by Sultan of Johor

## 2018

### 27 August 2018

- Appointment of Holiday Villa Hotels & Resorts to operate hotel at Bukit Pelali Project in Pengerang, Johor

### 26 June 2018

- The Astaka Towers received Certificate of Completion and Compliance

## 2020

### 15 August 2020

- Menara MBBJ was awarded Best New Green Institutional Building in Leadership in Sustainability Awards 2020 by Malaysia Green Building Council

### 1 January 2020

- Officially handed over the fully completed Menara MBBJ to Johor Bahru's City Council, a year ahead of schedule

## 2017

### 26 July 2017

- One Bukit Senyum conferred node status

### 21 May 2017

- Grand Launch of Bukit Pelali at Pengerang by Sultan of Johor

## 2019

### 11 December 2019

- Menara MBBJ received Certificate of Completion and Compliance

### 8 October 2019

- Phase 1 of Bukit Pelali at Pengerang received Certificate of Completion and Compliance

### The Astaka @ One Bukit Senyum was awarded:

- Best Residential High-Rise Development and Most Inspiring New Developer 2019 by Des Prix Infinitus ASEAN Property Awards Malaysia.

- Best Residential High-Rise Development in Malaysia 2019 by ASIA Pacific Awards



**Mr. Lai Kuan Loong, Victor**  
*Interim Non-Executive Chairman  
and Independent Director*

Dear Shareholders,

On behalf of the Board of Directors (the “Board”) of Astaka Holdings Limited (the “Company”, and together with its subsidiaries, the “Group”), I would like to share with you our performance scorecard for the financial year ended 30 June 2020 (“FY2020”).

Our flagship residential project, The Astaka @ One Bukit Senyum (“The Astaka”), celebrated its second anniversary since completion in June 2018. The Astaka has come a long way since it was first completed on 26 June 2018, being recognised at the ASEAN Property Awards, Asia Pacific Property Awards, and Asia Property Awards as the best high-rise development in Malaysia with the best design, among other industry accolades.

The success of The Astaka reflects the Group’s collective vision to transform the Johor Bahru skyline through our residential and commercial development projects which have been recognised for their combination of luxury and quality.

## DEVELOPMENT PROJECTS

### Menara MBBJ

The Group handed over the fully-completed 15-storey Grade A office tower of Menara MBBJ to Johor Bahru’s City Council on 1 January 2020, one year ahead of schedule.

Menara MBBJ is located within One Bukit Senyum, which will serve as an upcoming administrative and commercial hub for Johor Bahru’s central business district once completed. Work first began in December 2016 and was completed at the end of 2019.

As part of our ongoing efforts to reduce our carbon footprint and build on our sustainability practices, Menara MBBJ was awarded Malaysia’s industry-recognised Green Building Index certification in August 2017. On 15 August 2020, Menara MBBJ was awarded the Best New Green Institutional Building in the Leadership in Sustainability Awards 2020 by Malaysia Green Building Council, and has been nominated for the Best Institutional Building in the Leadership in Sustainable Design and Performance Award presented by the WorldGBC Asia Pacific Leadership in Green Building Awards 2020.

### Bukit Pelali @ Pengerang

The Phase 1A property portfolio comprising 243 terrace houses and 19 units shop lots received the certificate of completion and compliance in October 2019. Due to the business disruptions caused by the COVID-19 pandemic, the developments of Phase 1B and 2A and 2B comprising 247 terrace houses and 81 shop offices in the Bukit Pelali Township, which were initially planned to be delivered by the third quarter of 2020, have been rescheduled for completion by the last quarter of 2020.

The 363-acre, self-contained strata township at Pengerang has an estimated gross development value (GDV) of RM2.3 billion. The project benefits from its proximity to the Pengerang Integrated Petroleum Complex in south-eastern Johor, which will help to drive up demand for residential units and commercial outlets.

## BUSINESS OUTLOOK

Reduced property spending in the Malaysian market is likely to persist for the near future as the COVID-19 pandemic and political uncertainty in the country

continue to cast a shadow over the economy. The unprecedented health crisis impacted business operations when the Malaysian government issued a Movement Control Order ("MCO") on 18 March 2020, resulting in temporarily closure of the Group's offices, sales galleries and construction sites. But the Group has since resumed full business operations following the partial lifting of the MCO in Malaysia on 4 May 2020, with specific health and safety measures such as social distancing, temperature screenings and face masks wearing being enforced at the workplaces.

Regardless, The Astaka has proven the success of the Group's developmental vision as it enters its third year. We believe that the mixed development of The Astaka and Menara MBBJ in One Bukit Senyum is the winning formula to transform Johor Bahru's central business district and will serve the city well as a landmark and calling station in the long term.

## CHANGE IN BOARD MEMBERSHIP

As announced on 21 January 2020, Mr. Neo Gim Kiong, Non-Executive Chairman and Independent Director, and Mr. San Meng Chee, Independent Director, did not seek re-election in the Annual General Meeting for FY2019. On behalf of the Board, I would like to thank Mr. Neo and Mr. San for their invaluable contributions to the Group over the years. I have been appointed as the Interim Non-Executive Chairman while the Board undertakes the process to identify and appoint a new director to act as the Chairman of the Board. I humbly ask for the support and guidance of the Board as I assume this role.

As announced on 2 March 2020, Dato' Zamani Bin Kasim has retired as Chief Executive Officer of the Group, but remains an Executive Director to guide the senior management team in the interim transition period. Mr. Khong Chung Lun, Executive Director, has been appointed as the new Chief Executive Officer to replace Dato' Zamani. On behalf of the Board, I would like to thank Dato' Zamani for his exceptional leadership at the helm of the Group since November 2015. I also welcome Mr. Khong in his new leadership role.

## ACKNOWLEDGEMENT

I would like to thank the management team headed by our newly-appointed Chief Executive Officer, Mr. Khong. Through their tireless efforts, we have managed to further promote and strengthen the positions of

our iconic One Bukit Senyum projects despite the economic slowdown.

On behalf of the Board, I would like to express my heartfelt gratitude to our staff, business associates and shareholders for their unwavering support and loyalty, especially through this challenging period. Together we will persevere and come out stronger on the other side.

**Mr. Lai Kuan Loong, Victor**  
*Interim Non-Executive Chairman  
and Independent Director*  
29 September 2020





**Mr. Khong Chung Lun**  
*Executive Director and  
Chief Executive Officer*

Dear Shareholders,

On behalf of the Board of Directors ("Board"), I would like to present the performance of Astaka Holdings Limited (the "Company", and together with its subsidiaries, the "Group") for the financial year ended 30 June 2020 ("FY2020").

Earlier this year, Ernst & Young Advisory Pte Ltd ("EY"), the independent reviewer appointed by the Board, completed its independent fact-finding exercise to identify any oversight or lapse in internal controls surrounding the prior year adjustments made for late interest payment on an outstanding loan between a subsidiary of the Group and a third party. As of 29 June 2020, the Group has addressed the internal control weaknesses and implemented the internal control recommendations made by EY.

On behalf of the Board, I would like to assure all stakeholders that we will continue to take all necessary actions to safeguard your interests and grow value of the Group for our shareholders.

## BUSINESS REVIEW

The Malaysian residential property market has suffered from a significant slowdown due to cooling economic growth as a result of the political uncertainty in the country. In addition, the unprecedented health crisis of COVID-19 has impacted business operations and dampened economic and consumer sentiment. As a result, the Group generated RM201.3 million in revenue for FY2020, 32.0% lower as compared to RM296.0 million for the financial year ended 30 June 2019 ("FY2019").

The Bukit Pelali @ Pengerang ("BPP") project contributed a full-year revenue of RM57.3 million in FY2020 compared to RM105.4 million in FY2019, while the Menara Majlis Bandaraya Johor Bahru ("Menara MBBJ") project within One Bukit Senyum contributed a full-year revenue of RM102.4 million in FY2020 compared to RM143.4 million in FY2019 following the completion and handover of the project on 1 January 2020. In addition, revenue contributed by The Astaka was lower as fewer residential units were sold, amounting to RM41.6 million in FY2020 compared to RM47.2 million in FY2019.

While the Group posted a lower revenue in FY2020, it recorded a net loss after tax of RM18.1 million in FY2020 compared to a net loss after tax of RM113.7 million in FY2019 as no additional impairment losses on development properties were recognised and lower marketing expenses incurred in organising the events and road shows in FY2020. Excluding the impact of impairment losses on contract costs and allowance for foreseeable losses on development properties, the Group's net loss in FY2020 and FY2019 would have been RM18.8 million and RM 40.7 million, respectively in FY2020.

The Group recorded a net cash inflow from operating activities of RM26.5 million in FY2020 compared to a net cash inflow of RM46.5 million in FY2019, due primarily to a reduced amount of progress billings received from the BPP and Menara MBBJ projects. Net cash outflow from financing activities in FY2020 amounted to RM2.7 million compared to net cash outflow of RM65.8 million in FY2019 mainly due to advances from the controlling shareholder, Dato' Daing A Malek bin Daing A Rahaman, and his affiliated company, and partially offset by the repayment of bank overdraft, finance lease liabilities, and interest

paid to the financial institutions, and repayment to affiliated companies. The Group ended FY2020 with cash and cash equivalents of RM4.1 million. The Group's net assets per share (based on net assets attributable to owners of the Company) decreased from RM0.06 per share as at 30 June 2019 to RM0.05 per share as at 30 June 2020.

## ONE BUKIT SENYUM

In June 2020, we commemorated the second anniversary of the completion of The Astaka @ One Bukit Senyum ("The Astaka") with the launch of the All On Us campaign, offering unprecedented deals to keep The Astaka attractive to prospective buyers during this challenging period.

Developed as Phase 1 and completed in June 2018, The Astaka was recognised as the Best Condo Development and Best Universal Design Development in Malaysia at the 6th annual PropertyGuru Asia Property Awards (Malaysia) held in April 2019. In addition, it was hailed as the Best Residential High-Rise Development (Malaysia) at the International Property Awards (Asia Pacific) 2019, as well as Best Residential High-Rise Development and Most Inspiring New Developer at the 2019 Des Prix Infinitus Asean Property Awards Malaysia. These accolades underscore the quality and iconic status of The Astaka as it provides both luxury living and convenience to its residents.

Menara MBBB, the 15-storey Grade A office tower developed as Phase 2 under a design and build arrangement and completed in December 2019, was handed over to Johor Bahru's City Council on 1 January 2020, a year ahead of schedule, and was recently awarded the Best New Green Institutional Building in the Leadership in Sustainability Awards 2020 by Malaysia Green Building Council. With the partial lifting of MCO in Malaysia, the Group intends to pursue strategic alliance opportunities to develop Phase 3 of One Bukit Senyum, which spans approximately 7.65 acres, with priorities to be given to the virtual marketing of The Astaka and developments of an entertainment hub and a Grade A office tower.

The planned Johor Bahru-Singapore Rapid Transit System (RTS) Link, which is slated to commence its construction in January next year and begin operations at the end of 2026, will enhance connectivity between

Singapore and Malaysia with its terminating station at Bukit Chagar, located less than 1km from One Bukit Senyum, and further enrich One Bukit Senyum's value, adding a unique element to the development and enhancing the status of One Bukit Senyum as a landmark of the central business district of Johor.

## BUKIT PELALI @ PENERANG

The 363-acre, self-contained strata township in Penerang has an estimated gross development value (GDV) of RM2.3 billion, and is expected to be completed by 2025. The township will comprise 4,022 residential units including 1,598 units under the Johor Affordable Housing Scheme, shop offices, a clubhouse, hotel, private hospital, school, mart, mosque, F&B hub and petrol station.

A total of 45.7 acres of land within the township have been used for the development. In October 2019, the Group completed Phase 1A of the development which is comprised of residential units and shop houses. A slight delay to the other two phases (Phases 1B and 2A and 2B) of the development was due to the temporarily closure of the Group's construction sites as a result of the MCO in Malaysia and delays in construction. Following the partial lifting of the MCO on 4 May 2020, these two phases are scheduled to obtain the certificate of completion and compliance by the last quarter of 2020.

To-date, we have secured more than 85% in sales for the phases launched, which have contributed a total revenue of RM57.3 million in FY2020. In addition, the Group has obtained the sales permit for Phase 1C of the development, a 581-unit residential apartment, which is targeted to be launched in the last quarter of 2020 or early next year, depending on the market conditions.

## OUTLOOK

### Financial Performance

The market slowdown as a result of the political uncertainty in Malaysia and the global COVID-19 pandemic will impact economic sentiment in the short term. Despite the challenges faced, the Group will continue to double down on its efforts to promote and realise the full potential of our developments.

With the easing of movement restrictions and resumption



of business operations, the Group is optimistic that sales for The Astaka at One Bukit Senyum will pick up, bolstered by our digital and virtual marketing and promotions such as the All On Us campaign.

Despite the slowdown affecting progress of development of Bukit Pelali Township, sales of the residential property units and shop houses of the project have been encouraging. Notwithstanding further delays caused by the COVID-19 pandemic, the expected completion for phases 1B and 2A and 2B comprising 247 terrace houses and 81 shop offices by the last quarter of 2020 will bring in significant revenue for the Group in FY2021.

### Future Developments

On 30 July 2020, Malaysia and Singapore governments inked the RTS Link Bilateral Agreement for the much-delayed Johor Bahru-Singapore Rapid Transit System (RTS) project linking Bukit Chagar, Johor Bahru, and Woodlands in Singapore. The Group envisages that the RTS link will create spillover benefits, especially in the Iskandar region, increasing attractiveness of The Astaka at One Bukit Senyum to prospective buyers.

The Group is upbeat about the planned commercial developments of One Bukit Senyum, and will continue to grow the business and explore strategic alliances to develop Phase 3 of One Bukit Senyum in Johor Bahru which spans approximately 7.65 acres.

At the same time, the Group is looking into the possibilities to redefine the value proposition of the Bukit Pelali Township to ride on the upcoming Desaru Coast Ferry Terminal which is located less than 30km from the project. The ferry terminal is set to boost connectivity with direct access to Singapore and the Indonesian islands of Batam and Bintan. While its proximity to the Pengerang Integrated Petroleum Complex will continue to contribute positively to the sales of our residential units and commercial outlets in Bukit Pelali Township, the Group expects the ferry terminal which is scheduled to be completed by June 2021 would enhance the commercial activities in this region and further add value to this township

development, attracting potential investors and buyers who are not in oil and gas industry.

### CHANGE IN BOARD MEMBERSHIP

As announced on 21 January 2020, Mr. Neo Gim Kiong, Non-Executive Chairman and Independent Director, and Mr. San Meng Chee, Independent Director, did not seek re-election in the Annual General Meeting for FY2019. On behalf of the Board, I would like to thank Mr. Neo and Mr. San for their invaluable contributions to the Group over the years. Independent Director, Mr. Lai Kuan Loong, Victor, has been appointed as the Interim Non-Executive Chairman.

The Company had on 2 March 2020 announced the retirement of Dato' Zamani Bin Kasim as Chief Executive Officer of the Group, who remains an Executive Director to guide the senior management team in the interim transition period. I have been appointed as the new Chief Executive Officer to replace Dato' Zamani. On behalf of the Board, I would like to thank Dato' Zamani for his exemplary contributions to the Group over the years.

### NOTE OF APPRECIATION

On behalf of the Board, I would like to thank our shareholders for your continued loyalty and support. I would also like to express my gratitude to the Board and management team for their confidence in me as I assume this leadership role.

**Mr. Khong Chung Lun**

*Executive Director*

*and Chief Executive Officer*

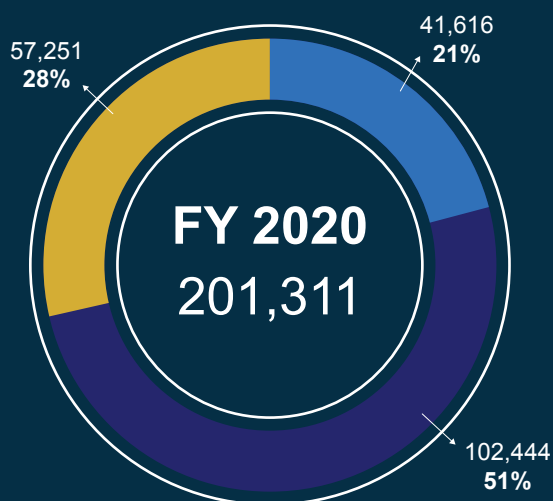
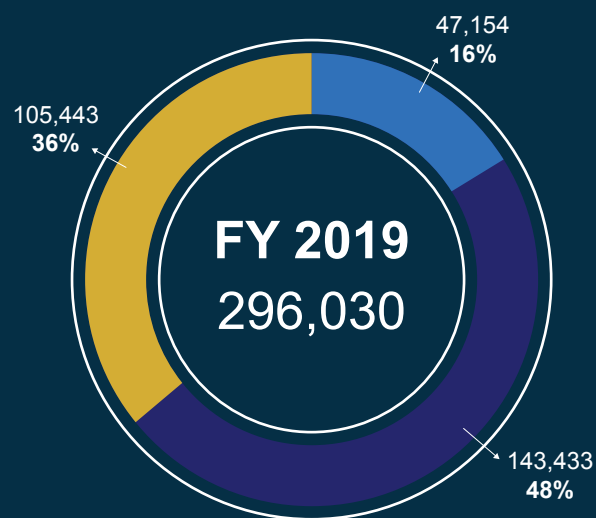
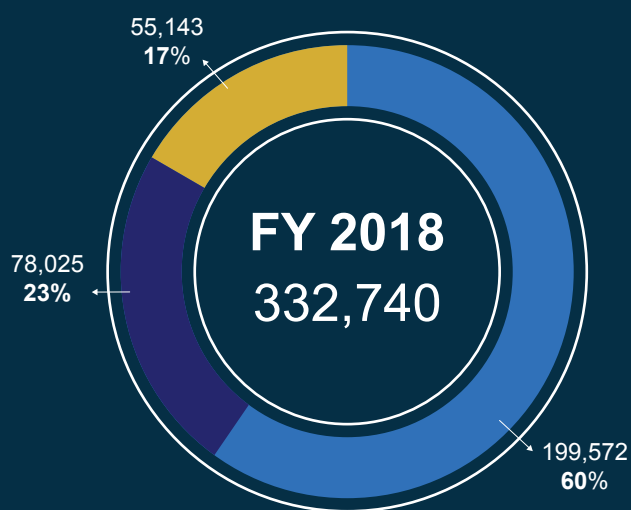
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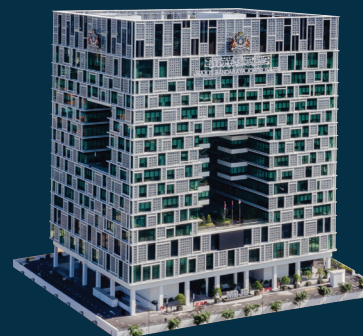
## Performance by Development Projects (RM'000)



● Bukit Pelali

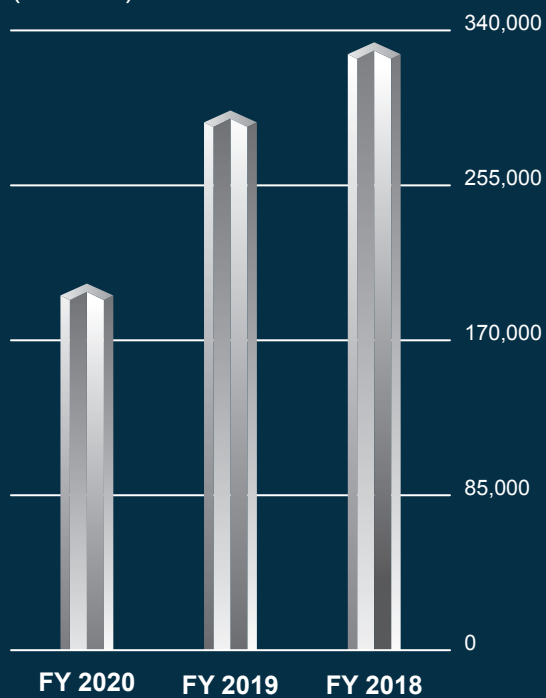


● The Astaka @  
One Bukit Senyum

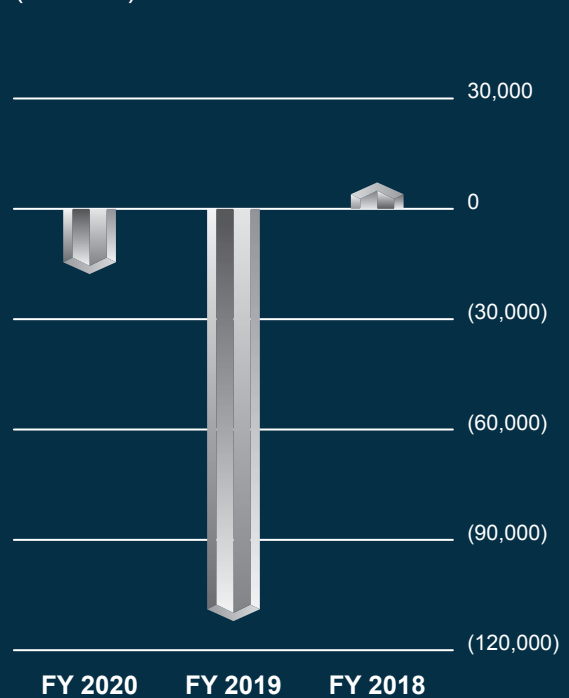


● Menara MBBJ @  
One Bukit Senyum

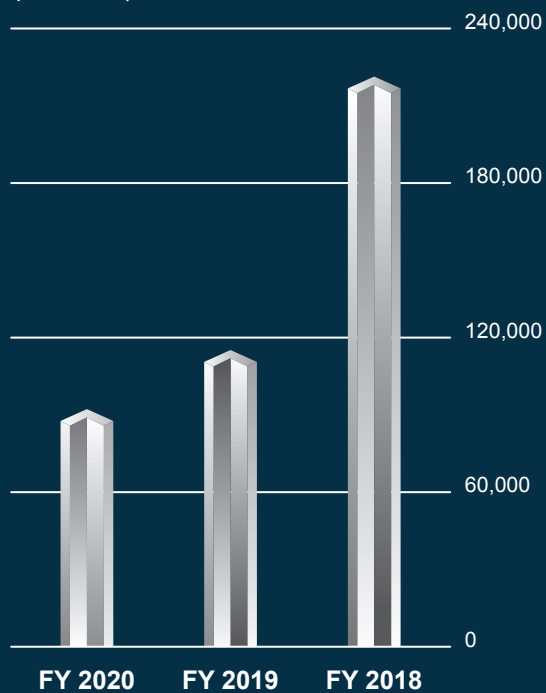
**Revenue**  
(RM'000)



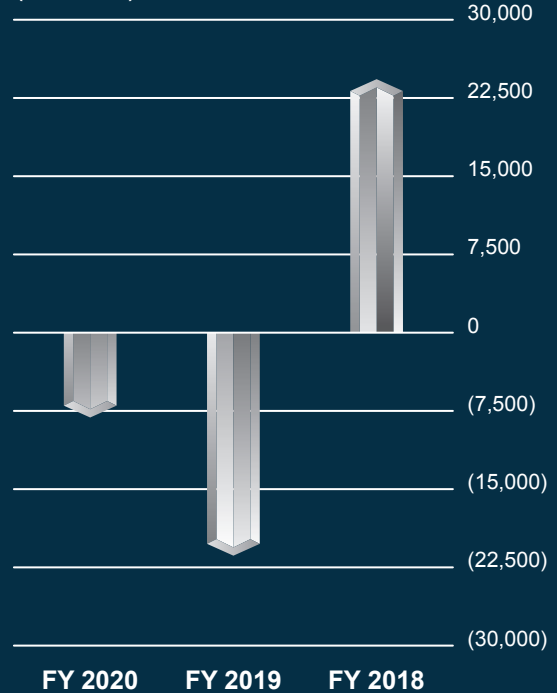
**Net Profit/(Loss) After Tax**  
(RM'000)



**Net Assets**  
(RM'000)



**EBITDA<sup>(1)</sup>**  
(RM'000)



<sup>(1)</sup>EBITDA = Net profit/(loss) before tax + interest expenses + depreciation of property, plant & equipment + one-off expenses



# BOARD OF DIRECTORS AND KEY MANAGEMENT



(left to right) Mr. Lai Kuan Loong, Victor; Dato' Sri Mohd Mokhtar Bin Mohd Shariff; Daeng Hamizah Binti Abd Aziz; Dato' Zamani Bin Kasim; Ms. Ang Siew Peng; Mr. Khong Chung Lun; Mr. Lee Gee Aik



**Mr. Lai Kuan Loong, Victor**

*Interim Non-Executive Chairman and Independent Director*

Mr. Lai Kuan Loong, Victor was appointed as Independent Director on 13 November 2019 and was re-elected on 5 February 2020. He was appointed as the Interim Non-Executive Chairman on 5 February 2020. He was also appointed as the Chairman of the Remuneration Committee and Nominating Committee, and member of the Audit Committee.

Mr. Lai is a practising accountant and is currently a Director of Daiho Energy Services Pte. Ltd. and Independent Director of Transcorp Holdings Limited, a company listed on the Singapore Exchange. He has over 17 years of professional experience in Corporate Advisory matters and has led and advised on Board and Corporate Governance issues, supporting many listed entities and large privately owned businesses with their corporate actions.

Mr. Lai was previously the Regional Managing Director of Boardroom Limited from 2015 to 2019 and the Director of PricewaterhouseCoopers LLP from 2002 to 2014. He also has extensive experience in AML/CFT regulatory compliance, having served as the Industry Sector representative for Global Regulatory reviews.

Mr. Lai holds a Bachelor of Accountancy (Honours) degree from Nanyang Technological University, Singapore. He qualified as a Chartered Accountant with the Institute of Singapore Chartered Accountants ("ISCA") in 2002 and is presently a Public Accountant registered with the Accounting & Corporate Regulatory Authority ("ACRA"). He is currently a member of the Corporate Governance & Risk Management Committee of ISCA, an affiliate member of the Chartered Secretaries Institute of Singapore.



**Mr. Khong Chung Lun**

*Executive Director and Chief Executive Officer*

Mr. Khong Chung Lun was appointed to the Board as Executive Director on 13 November 2019 and re-elected on 5 February 2020. He succeeded Dato' Zamani Bin Kasim as Chief Executive Officer on 2 March 2020. He was also appointed as member of the Nominating Committee. Prior to these appointments, he was General Manager of the Group from June 2015 where he oversaw the strategic planning, business development and investments of the Group's projects.

Before joining Astaka, Mr. Khong was Business Development Manager at Country Garden Real Estate Sdn Bhd, Malaysia from 2012 to 2015. Prior to that, he was Concept Specialist and Mechanical Engineer at Primepoint Oil & Gas Pte Ltd, Singapore from 2011 to 2012. He is currently the Non-Executive Director of Damansara Realty Pahang Sdn. Bhd., a subsidiary of Bursa Malaysia-listed Damansara Realty Bhd.

Mr. Khong has extensive knowledge in mergers and acquisitions, business development, as well as sales and marketing in the property development industry.

He holds an MBA in Industrial Management and a Bachelor of Engineering (Honours) in Automation and Manufacturing Systems Engineering from Sheffield Hallam University, United Kingdom.





**Dato' Zamani Bin Kasim**  
*Executive Director*

Dato' Zamani Bin Kasim was appointed to the Board as Executive Director and Chief Executive Officer on 19 November 2015 and re-elected on 23 October 2018. He retired as Group CEO and was succeeded by Mr. Khong Chung Lun on 2 March 2020. Dato' Zamani has more than 35 years' experience in property development.

He has a vast experience in property development. In June 1997, he joined Azrahi Project Management Sdn Bhd as its Project Director. A notable project was the implementation up to the handing over of Seremban Hilton, a 345-room 5-star hotel, to Hilton International for business operations.

He was appointed Senior General Manager of UEM Land Bhd from 2006 to 2010 and oversaw its Puteri Harbour projects. In recognition of his contributions to the Puteri Harbour project, Dato' Zamani was awarded Best Executive Award for UEM Group in 2009. During his service there, Puteri Harbour was awarded The Best Masterplan by FIABCI and came in 2nd at the FIABCI Pre D' Excellence in 2009.

Dato' Zamani was also previously the Chief Operating Officer of Seloga Holdings Bhd, Chief Executive Officer of Denia Development Sdn Bhd and Director of Seloga Engineering Sdn Bhd from 2010 to 2012. Since joining the Group in 2012, Dato' Zamani played an instrumental role in the design and construction of the Group's flagship development – One Bukit Senyum. The project includes twin residence towers (The Astaka), and the 15-storey Grade A office tower Menara MBBJ – the new headquarters of Johor Bahru's City Council that was completed and handed over on 1 January 2020, a year ahead of schedule.

He was also part of the team that orchestrated the successful reverse takeover deal which resulted in Astaka being listed on the SGX Catalist on 23 November 2015.



**Mr. Lee Gee Aik**  
*Non-Executive and Independent Director*

Mr. Lee Gee Aik was re-designated as Independent Director of the Board on 19 November 2015 and re-elected on 23 October 2018. Prior to this, he was the Executive Vice Chairman from 29 January 2014 to 26 October 2015.

Mr. Lee is a practising accountant and is an Independent Director of three other Singapore Exchange-listed companies, namely Anchun International Holdings Limited, SHS Holdings Limited and Uni-Asia Group Limited. Mr. Lee started his career as an auditor in a Big Four accounting firm in 1979 and was subsequently seconded to its USA Executive Office from 1986 to 1988, specialising in the professional development and research work in audit methodologies and financial reporting. He is a partner of Reliance Audit LLP since December 2019. Prior to that, he was a partner of R Chan & Associates PAC from 2008 to 2016.

Mr. Lee qualified as a Chartered Certified Accountant with The Association of Chartered Certified Accountants, United Kingdom in 1984. He holds a master's degree in Business Administration from Henley Management College, United Kingdom. He is currently a Fellow with the Association of Chartered Certified Accountants, United Kingdom and the Institute of Singapore Chartered Accountants.





**Dato' Sri Mohd Mokhtar Bin Mohd Shariff**  
*Non-Executive and Independent Director*

Dato' Sri Mohd Mokhtar Bin Mohd Shariff was appointed as Independent Director on 13 November 2019 and was re-elected on 5 February 2020. He was also appointed as a member of the Nominating, Audit and Remuneration Committees.

Dato' Sri Mokhtar is currently an Independent Non-Executive Director of TMC Life Sciences Bhd. He has over 41 years' experience serving in the Royal Malaysian Police, having held various senior positions including Chief Police Officer of Johor from January 2008 to April 2015, Director of Narcotics and Crime Investigation Department from April 2015 to September 2017 and Director of Special Branch from September 2017 to May 2018.

Dato' Sri Mokhtar holds a Bachelor of Laws (Honours) degree from the University of Wolverhampton, United Kingdom, and has a Certificate of Legal Practice from the Legal Profession Qualifying Board of Malaysia. He was admitted as an advocate and solicitor of the High Court of Malaya in September 2019.







**Ms. Daeng Hamizah Binti Abd Aziz**  
*Chief Operating Officer*

Ms. Daeng Hamizah Binti Abd Aziz was appointed as Chief Operating Officer of the Group on 1 October 2016. She oversees the daily operations of the Group, liaises with government authorities, plans strategic activities and ensures effectiveness and efficiency of the operational process.

Ms. Daeng first joined the Group in June 2012 as a Project Executive and held various positions including Special Assistant to the Chief Executive Officer where she oversaw several departments, assisted in fundraising activities and acquisition of development projects. Ms. Daeng also played an instrumental role in the reverse takeover of E2-Capital Holdings Limited in November 2015.

Ms. Daeng began her professional career as an Assistant Quantity Surveyor. Subsequently, she joined JB Bergabung Sdn Bhd as a Project Executive. She is presently a Director of Equapro Sdn Bhd and holds a Bachelor's Degree in Surveying (with Honours) from The Robert Gordon University of Scotland in 2011.



**Ms. Ang Siew Peng**  
*Financial Controller*

Ms. Ang Siew Peng was appointed as the Financial Controller on 18 February 2020. She is responsible for overseeing the overall financial and accounting functions of the Group.

Prior to this appointment, Ms. Ang was the Finance Manager at Country Garden Pacificview Sdn Bhd from 2016 to 2018. Earlier, she joined PSL Holdings Limited as Senior Manager of Corporate Development and Finance from 2012 to 2016, responsible for financial reporting of the group as well as investment opportunities. She was also previously an Audit Assistant Manager of Deloitte & Touche LLP, and the Principal Accountant of National Trades Union Congress (NTUC).

Ms. Ang graduated from University of Technology, Sydney with a Bachelor of Business degree with a double specialisation in Accounting and Information Technology. She is a Certified Practising Accountant of CPA Australia.





**“Slated to be the upcoming administrative and commercial hub, One Bukit Senyum is tipped to play a key role in Johor’s transformation into a burgeoning metropolis of Malaysia”.**

**Astaka Holdings Limited**  
(Singapore Incorporated,  
Listed on SGX Catalist)

99.99%

**Astaka Padu Limited**  
(BVI incorporated)

100%

**Astaka Padu Sdn Bhd**  
(Malaysia incorporated)

51%

**Bukit Pelali  
Properties Sdn Bhd**  
(Malaysia incorporated)

100%

**Bukit Pelali  
Healthcare Sdn Bhd**  
(Malaysia incorporated)

100%

**Bukit Pelali  
Hotels Sdn Bhd**  
(Malaysia incorporated)



**BOARD OF DIRECTORS***Executive:*

- Khong Chung Lun (Executive Director and Chief Executive Officer)
- Dato' Zamani Bin Kasim (Executive Director)

*Non-Executive:*

- Lai Kuan Loong, Victor (Interim Non-Executive Chairman and Independent Director)
- Lee Gee Aik (Independent Director)
- Dato' Sri Mohd Mokhtar Bin Mohd Shariff (Independent Director)

**AUDIT COMMITTEE**

- Lee Gee Aik (Chairman)
- Lai Kuan Loong, Victor
- Dato' Sri Mohd Mokhtar Bin Mohd Shariff

**NOMINATING COMMITTEE**

- Lai Kuan Loong, Victor (Chairman)
- Khong Chung Lun
- Dato' Zamani Bin Kasim
- Lee Gee Aik
- Dato' Sri Mohd Mokhtar Bin Mohd Shariff

**REMUNERATION COMMITTEE**

- Lai Kuan Loong, Victor (Chairman)
- Lee Gee Aik
- Dato' Sri Mohd Mokhtar Bin Mohd Shariff

**COMPANY SECRETARY**

- Yoo Loo Ping

**REGISTERED OFFICE**

3 Temasek Avenue  
#21-21 Centennial Tower  
Singapore 039190  
Tel: +65 6549 7378

**BUSINESS OFFICE**

No. 22, Jalan Padi Emas 1/4  
UDA Business Centre 81200  
Johor Bahru  
Johor, Malaysia  
Tel: +607 231 5457 Fax: +607 244 3427

**CONTINUING SPONSOR**

Novus Corporate Finance Pte. Ltd.  
9 Raffles Place, #17-05  
Republic Plaza Tower 1  
Singapore 048619

**SHARE REGISTRAR**

Tricor Barbinder Share Registration Services  
(A division of Tricor Singapore Pte. Ltd.)  
80 Robinson Road #02-00  
Singapore 068898

**AUDITORS**

Mazars LLP  
135 Cecil Street  
#10-01 MYP Plaza  
Singapore 069536  
Audit Partner-in-charge: Chan Hock Leong, Rick  
since financial year 30 June 2020



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# Sustainability Report 2020





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**Appendix B: GRI Content Index**



## Board Statement

The Board of Directors (the “**Board**”) is pleased to present our third Sustainability Report for Astaka Holdings Limited (the “**Company**” or “**Astaka**”, and together with its subsidiaries, the “**Group**”).

As the Board, we recognise therein lies a responsibility for us to ensure that Astaka is viable as a business in the long-term, the well-being of our stakeholders and communities in the markets where we operate are being safeguarded and the environment is cared for. Delivering long-term sustainable value for our business and stakeholders remains an important objective for us. In view of the recent pandemic outbreak, Coronavirus Disease 2019 (“**COVID-19**”), we are committed to managing the social and financial impacts of it on the business while ensuring that the health and safety of our employees, contracted partners and workers as well as customers remain a top priority.

In this vein, we believe it is pertinent for us to consider and incorporate environmental, social and governance (“**ESG**”) sustainability matters on top of financial matters, as part of our strategic formulation and decision-making processes. For this report, we have updated our ESG matters identified as important to our business.

Our report details our commitment towards integrating sustainability into our operations and provides a summary of our efforts and non-financial performance in which we will continue to monitor.

As a Group, we endeavour to create positive ESG impacts and we look forward to sharing our progress with you in the years to come.

## About the Report

### Reporting Scope and Boundary

Astaka’s Sustainability Report (“**SR**”) covers our sustainability performance data and progress for the period from 1 July 2019 to 30 June 2020 (“**FY2020**”), with prior year’s data where available. In FY2020, we expanded the reporting scope to cover Bukit Pelali Properties Sdn Bhd, a 51% owned subsidiary of the Company. This report will cover entities and properties listed in Figure 1, unless otherwise specified. To define the SR’s reporting content, Astaka has considered sector-specific sustainability trends, incorporated key stakeholders’ feedback and examined the materiality of relevant Economic, Environmental, Social and Governance (“**EESG**”) issues. Please refer to Sustainability Approach and Sustainability Commitment sections for more detail.

Figure 1: Reporting scope for FY2020

Entities	Principal Activities	Properties Developed / Under Development
Astaka Holdings Limited	Investment Holding	N.A.
Astaka Padu Sdn Bhd	Property Development	<ul style="list-style-type: none"> <li>▪ The Astaka @ One Bukit Senyum</li> <li>▪ Menara MBJB</li> </ul>
Bukit Pelali Properties Sdn Bhd	Property Development	<ul style="list-style-type: none"> <li>▪ Bukit Pelali @ Pengerang (ongoing development)</li> </ul>

### Reporting Standards

This report has been prepared in accordance with the Global Reporting Initiative (“**GRI**”) Sustainability Reporting Standards (“**GRI Standards**”): Core option. Astaka selected the GRI Standards as the reporting framework for its systemic and comprehensive sustainability reporting approach. Astaka observed that the GRI Standards are commonly adopted among sustainability leaders across different industries, including property development. By using the identical reporting standards with its peers, Astaka can benchmark its sustainability performance, learn from best practices and implement sustainability initiatives most efficiently.

In addition, this report complies with the Sustainability Reporting Guide in Practice Note 7F of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalyst (“**Catalist Rules**”). Astaka publishes our SR on an annual basis.

### Feedback

We believe that safeguarding our stakeholders’ well-being is paramount in building a sustainable future for Astaka. We welcome any feedback, comments and enquiries to Ms Chiou Ling Tan, Special Officer to the CEO, at [chiouling@astaka.com.my](mailto:chiouling@astaka.com.my).

## Sustainability Approach Our Vision and Core Values

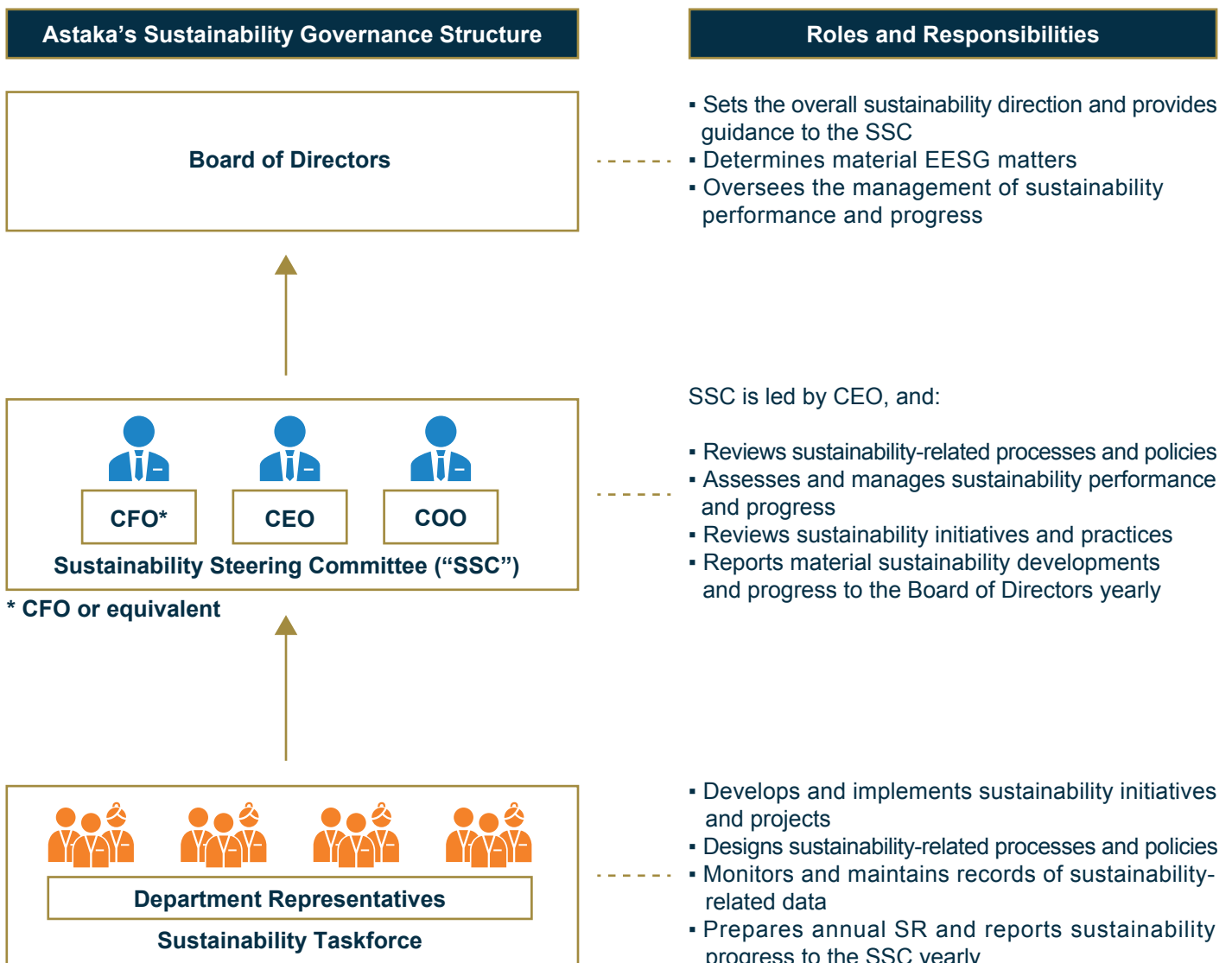
Figure 2: Astaka's vision and core values

Vision	Core Values
To always be the premier real estate company in the country	<b>Result-oriented</b>
	<b>Pioneer</b> (Dare to transform & be different)
	<b>Innovative</b> (Mindset, Teams, Iconic Design & Construction Methods)
	<b>Excellence</b> (Branding, Design, Quality & Customer Relationship)
	<b>Integrity</b>

### Astaka's Sustainability Governance

A sustainability governance structure enhances transparency, accountability, and effectiveness in Astaka's sustainability journey. Astaka has developed a whole-of-organisation approach and actively involves internal stakeholders in its sustainability agenda.

Figure 3: Astaka's sustainability governance structure







## Supply Chain Management

As a socially and environmentally responsible property developer, Astaka endeavours to engage locally-based contractors and suppliers that have a good track record of compliance with local legislations and regulations.

To incorporate best practices into our supply chain management, we encourage our building contractors to conform to international quality, health and safety and environmental management systems' standards such as ISO 9001, OHSAS 18001 and ISO14001 respectively. Where necessary, the Group's project team will engage with contractors to promptly resolve matters should breaches with applicable local regulations be identified. The Group further articulates for contractors to take precaution to avoid environmental pollution and social disruption to the local communities.

Figure 4: Astaka's environmental and social requirements for contractors

<p><b>Environmental</b></p> <p>Contractors shall take adequate precautions to avoid:</p> <ul style="list-style-type: none"> <li>• Noise pollution</li> <li>• Soil pollution</li> <li>• Water pollution</li> <li>• Air pollution</li> </ul>  <p>Contractors shall implement necessary measures for:</p> <ul style="list-style-type: none"> <li>• Waste management</li> <li>• Tree protection</li> <li>• Mosquito prevention</li> <li>• Pest control and prevention</li> <li>• Silt trap protection</li> <li>• Flood prevention</li> </ul> <p>The Contractor shall conduct Environmental Impact Assessments whenever required.</p>	<p><b>Social</b></p> <p>Contractors shall take adequate precautions to avoid:</p> <ul style="list-style-type: none"> <li>• Injuries</li> <li>• Property damage</li> <li>• Open burning</li> <li>• Theft</li> </ul>  <p>Contractors shall implement necessary measures for:</p> <ul style="list-style-type: none"> <li>• Site safety and occupational health</li> <li>• Public security</li> <li>• Traffic control</li> <li>• Maintenance of public and private road and footpaths</li> <li>• Site fire prevention</li> </ul>
--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

## Stakeholder Engagement

Stakeholders are those who are affected by, or can affect Astaka's business operations, performance and long-term business plans. Astaka firmly believes that engaging all stakeholders and addressing their needs are key to achieving the Company's sustained success in the long term. We actively communicate with both internal and external stakeholders through different methods. We engage our stakeholders either immediately or occasionally, depending on whether stakeholders require immediate attention and solutions on their needs and concerns. Responses, comments and feedback from stakeholders are considered in our sustainability strategy, policies and initiatives. Our stakeholder engagement is especially important to our key stakeholders who can significantly impact or be impacted by Astaka. For FY2020, Astaka identified investors, suppliers, employees, local communities and regulators as key stakeholder groups.

Figure 5: Key stakeholder groups and engagement

 <p><b>Investors</b></p> <p>Investors are key capital contributors to Astaka. All investors have the right to share feedback and receive timely updates.</p>	<p><b>Key Concerns</b></p> <ul style="list-style-type: none"> <li>• Business operations and performance</li> <li>• Business strategy and outlook</li> </ul> <p><b>Engagement Mean</b></p> <ul style="list-style-type: none"> <li>• Release of financial results, announcements, press releases and other relevant disclosures through SGXNet and Astaka's website</li> <li>• Annual General Meeting</li> </ul> <p><b>Our Responses</b></p> <p>The Group keeps investors informed on significant developments regarding the business. On top of that, the Group has received numerous accolades including the Prestigious Developer Award People's Choice Awards, reflecting positive perceived value of and confidence in our projects.</p>	<p><b>Engagement Frequency</b></p> <p>Immediate</p>
 <p><b>Suppliers</b></p> <p>Astaka's ESG commitments and contractual obligations can only be fulfilled with the support from our suppliers.</p>	<p><b>Key Concerns</b></p> <ul style="list-style-type: none"> <li>• Health and Safety</li> <li>• Business Performance</li> </ul> <p><b>Engagement Mean</b></p> <ul style="list-style-type: none"> <li>• Regular meeting with suppliers (e.g. contractors and consultants)</li> </ul> <p><b>Our Responses</b></p> <p>The Group integrates our environmental, social, and governance aspects in our terms of contract which suppliers are required to comply with. Please refer to <b>Supply Chain Management</b> on page 31 for more details.</p>	<p><b>Engagement Frequency</b></p> <p>Occasional</p>
 <p><b>Employees</b></p> <p>As Astaka's main engine for success, employees deserve absolute respect and occupational care.</p>	<p><b>Key Concerns</b></p> <ul style="list-style-type: none"> <li>• Fair remuneration and opportunities</li> <li>• Career development</li> <li>• Employee well-being</li> <li>• Competency and technical training</li> </ul> <p><b>Engagement Mean</b></p> <ul style="list-style-type: none"> <li>• Training programmes</li> <li>• Induction for new employees</li> </ul> <p><b>Our Responses</b></p> <p>The Group stands firm against any forms of discrimination in our organisation. Our Human Resource ("HR") team is also in the process of developing a yearly training calendar to address targeted needs of our employees. Refer to <b>Training and Education</b> on page 37 for more details.</p>	<p><b>Engagement Frequency</b></p> <p>Immediate</p> <ul style="list-style-type: none"> <li>• Team building and staff activities</li> <li>• Yearly performance appraisals</li> </ul>
 <p><b>Local Communities</b></p> <p>Astaka strives to create long-term value and minimise negative impacts on the local communities.</p>	<p><b>Key Concerns</b></p> <ul style="list-style-type: none"> <li>• Community investments</li> </ul> <p><b>Engagement Mean</b></p> <ul style="list-style-type: none"> <li>• Contributions to support various philanthropic, community and charitable causes</li> </ul> <p><b>Our Responses</b></p> <p>The Group actively strives to give back to the local community. In FY2020, the Group carried out two Corporate Social Responsibility ("CSR") events and provided RM0.16 million in donations and sponsorships. Further, Astaka and its suppliers conduct the Environmental Impact Assessment ("EIA") in line with local regulations prior to construction phase to assess potential impacts and implement mitigation measures, where necessary. Refer to <b>Local Communities</b> on page 37 for more details.</p>	<p><b>Engagement Frequency</b></p> <p>Immediate</p>
 <p><b>Regulators</b></p> <p>Regulators set rules and regulations for Astaka and other companies to maintain a fair and just business operating system.</p>	<p><b>Key Concerns</b></p> <ul style="list-style-type: none"> <li>• Compliance with mandatory reporting requirements</li> </ul> <p><b>Engagement Mean</b></p> <ul style="list-style-type: none"> <li>• Ongoing communication and consultation</li> <li>• Training and updates of latest changes in laws, regulations and accounting reporting standards</li> </ul> <p><b>Our Responses</b></p> <p>Astaka strives to be in compliance with all applicable local laws and regulations in its operations. There were no cases of socio-economic and environmental non-compliance incidents in FY2020. Refer to <b>Compliance</b> on page 42 for more details.</p>	<p><b>Engagement Frequency</b></p> <p>Immediate</p>



## Materiality Assessment

Guided by GRI's materiality principle, an external consultant was appointed to facilitate the review of the existing material EESG matters from our FY2018 and FY2019 SRs to determine if these remain relevant for reporting in FY2020, taking into consideration any changes in perspectives of our key stakeholders and business landscape. Through this, we have expanded our reporting scope to include two new material matters and one additional matter as listed in Figure 7 below.

Figure 6: Materiality assessment process

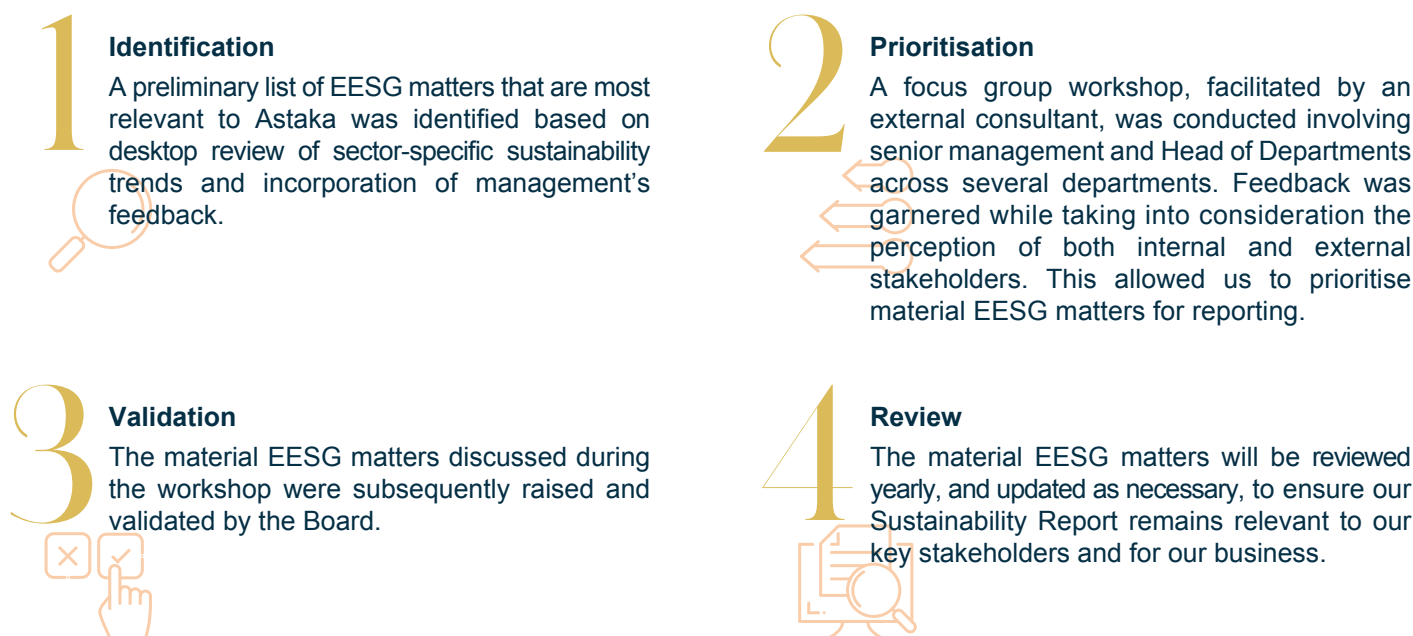


Figure 7: Material ESG matters for reporting

Astaka ESG matters		
Material ESG matters		Stakeholders impacted (Refer to Figure 5 for the full list of our key stakeholders)
	Economic Performance	All Key Stakeholders
	Talent Management and Development	Employees
	Local Communities	Local Communities where we operate
	Energy Management	Investors, Regulators and Tenants of Our Developments
	Compliance	Investors, Regulators
Additional ESG matter		Stakeholders impacted (Refer to Figure 5 for the full list of our key stakeholders)
	Occupational Health and Safety	Employees, Customers, Suppliers and Contracted Workers

## Sustainability Commitment

### Alignment with SDGs

In 2015, all United Nations Member States (“UN Members”) adopted the 2030 Agenda for Sustainable Development. The agenda set forth by the UN Members is to address global economic, environmental, social and governance challenges and achieve the 17 Sustainable Development Goals (“SDGs”) by 2030. As a responsible property developer in the business sector, Astaka has a long-term sustainability vision. We support the SDGs and have aligned our sustainability initiatives with 6 SDGs that we have identified as being most relevant to our business.



As a property developer, Astaka has a strong culture for ensuring the good health and well-being of our employees and contracted workers. We also consider the health and well-being of the local communities.

#### Key actions in FY2020:

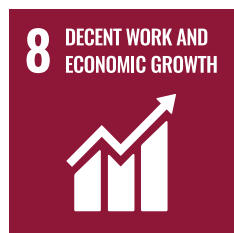
- Precautionary measures in view of COVID-19
- Monthly safety and health report



Astaka actively promotes gender equality and diversity in the workplace. We believe that gender equality improves the productivity of our employees and signals an attractive work environment for talent.

#### Key statistics in FY2020:

- Females employees account for 33% of our workforce
- Female executive-level officers account for 50% of our Key Management Team



Since the inception of Astaka, we provide competitive and merit-based employment opportunities to our talent and aim to promote sustained economic growth in our operating regions.

#### Highlights:

- All employees receive an annual performance review.
- Quantitative and qualitative key performance indicators in the areas of growth and leadership, operational excellence and quality will be developed and adopted by the Group in FY2021.



Astaka promotes and endeavours to develop quality, reliable, sustainable and resilient residential, commercial, and office buildings.

#### Highlights:

- Provisional Green Building Index Certification received for Phase 1 and Phase 2 of One Bukit Senyum
- Our 310-metre-high One Bukit Senyum – Phase 1 (The Astaka) is the tallest residential tower in Southeast Asia.
- Our innovative and quality projects gained wide recognition in the nation and the region. We won awards such as the best integrated commercial development and best universal design development.



With a vision to transform Johor Bahru in Malaysia, Astaka’s projects provide smart and integrated urban solutions, bringing amenities such as hotel, residences, apartments, entertainment hub, private hospital and school all within a single district.

#### Highlights:

- One Bukit Senyum hosts a five-star hotel, branded residences, serviced apartments, an entertainment hub, an office tower, and the headquarters of Johor Bahru’s City Council.
- The Bukit Pelali @ Pengerang is a 363-acre township development programme which will include the construction of residences, a hospital, a primary school, commercial buildings, and recreation lakes.





Throughout its value chain, Astaka makes considerations regarding responsible consumption and production. Astaka only engages contractors who meet our socio-environmental criteria and minimise negative socio-environmental impacts.

## Highlights:

- The project development of Menara MBBB used sustainable timber. During the construction phase, construction waste management and water recycling measures were implemented.
- The development of our projects also incorporated other sustainable features such as a central waste collection system, water-efficient landscaping and rainwater harvesting.

## Our Sustainability Policy

The Group aspires to become the advocate of sustainable developments. We have dedicated resources in our aim to achieve:






## Sustainable performance and operations

- To explore opportunities to implement design and technological solutions in all new developments and corporate operations, that are beneficial to the environment and communities while allowing us to deliver enhanced performance
- To also cultivate a sustainability-centric culture within our company by spreading awareness and educating our employees through various communication channels
- To comply with all applicable environmental and socio-economic regulations applicable to the Group

## Strong relationships with our key stakeholders

- To continuously engage and protect the well-being of our employees, contracted suppliers and their workers with the provision of relevant training, benefits, as well as the enforcement of key health and safety measures
- To build a relationship and provide an avenue to understand concerns of the local community and contribute in ways possible

## Our Sustainability Targets

Material ESG Matters for Reporting	FY2021 Target(s) or Commitment Statements
 Economic Performance	<ul style="list-style-type: none"> <li>• We are committed to work closely with our consultants to improve key performance indicators while incorporating sustainable design solutions and technology in all new developments</li> </ul>
 Training and Education	<ul style="list-style-type: none"> <li>• Average training hours of 12 hours per employee</li> </ul>
 Local Communities	<ul style="list-style-type: none"> <li>• 2 CSR programmes to be organised</li> </ul>
 Energy Management	<ul style="list-style-type: none"> <li>• All future developments of Astaka's to be Green Building Index certified; and or where this is not possible, to achieve a minimum of three green initiatives per development</li> </ul>
 Compliance	<ul style="list-style-type: none"> <li>• Zero cases of socio-economic and environmental non-compliance</li> <li>• Develop and adopt a group-wide anti-corruption policy</li> </ul>

## Economic

### Economic Performance

Economic performance is an important aspect for Astaka. We work closely with our consultants to gather knowledge, plan and implement design solutions and invest in technologies that are effective in driving key performance indicator improvements, while striving to achieve positive environmental impacts through more sustainable-centric developments and operations.

We recognise that the way we operate our business has both direct and indirect impacts on various stakeholders. At Astaka, for instance, we empower livelihood through employment, provide opportunities for suppliers and contribute to the communities where we operate. Refer to Figure 8 for more information on the breakdown.

Figure 8: Overview of economic creation and distribution in alignment with GRI

Economic Value Generated by Astaka (MYR)	Economic Value Distributed to others (MYR)
<b>\$202.29m</b>  This includes revenue mainly from sale of development properties, completed properties held for sale and contract revenue from the Menara MBBJ project. Finance and other income are included.	<div> Operating Costs  <b>\$207.65m</b>  This includes purchases for building contractors' services and suppliers relating to the marketing and advertisement of properties, as well as, administrative and other operating expenses. </div> <div> Employee wages &amp; benefits  <b>\$5.65m</b>  This includes salaries and benefits to employees. </div> <div> Payments to capital providers  <b>\$7.02m</b>  This includes interests paid to providers of loan and capital. </div> <div> Payments to government  <b>\$(0.11)m</b>  This includes income tax credit due to over provision of income tax expense in prior years. </div> <div> Community investments  <b>\$0.16m</b>  This includes philanthropic donations and sponsorships. </div>

During the year, the Group has increased our digital marketing efforts to promote the sale of our properties. While the Group has reported a loss-making economic position this year, we anticipate a better outlook in the years ahead, with The Astaka and One Bukit Senyum developments to rise in value given the recent finalisation of agreement to proceed with the Johor Bahru-Singapore Rapid Transit System ("RTS") project. The RTS will link Bukit Chagar, Johor Bahru to Singapore, thereby facilitating connectivity to One Bukit Senyum which is located less than 1 kilometre away.

To this end, the Group has dedicated resources to kick start the planned commercial developments (Phase 3) of One Bukit Senyum as well as explore strategic alliances to develop the area which spans across approximately 7.65 acres.

For more details on our Group's [business review](#), [historical](#) and [current financial performance](#), please refer to pages 11 to 18 of the Annual Report.

## Social

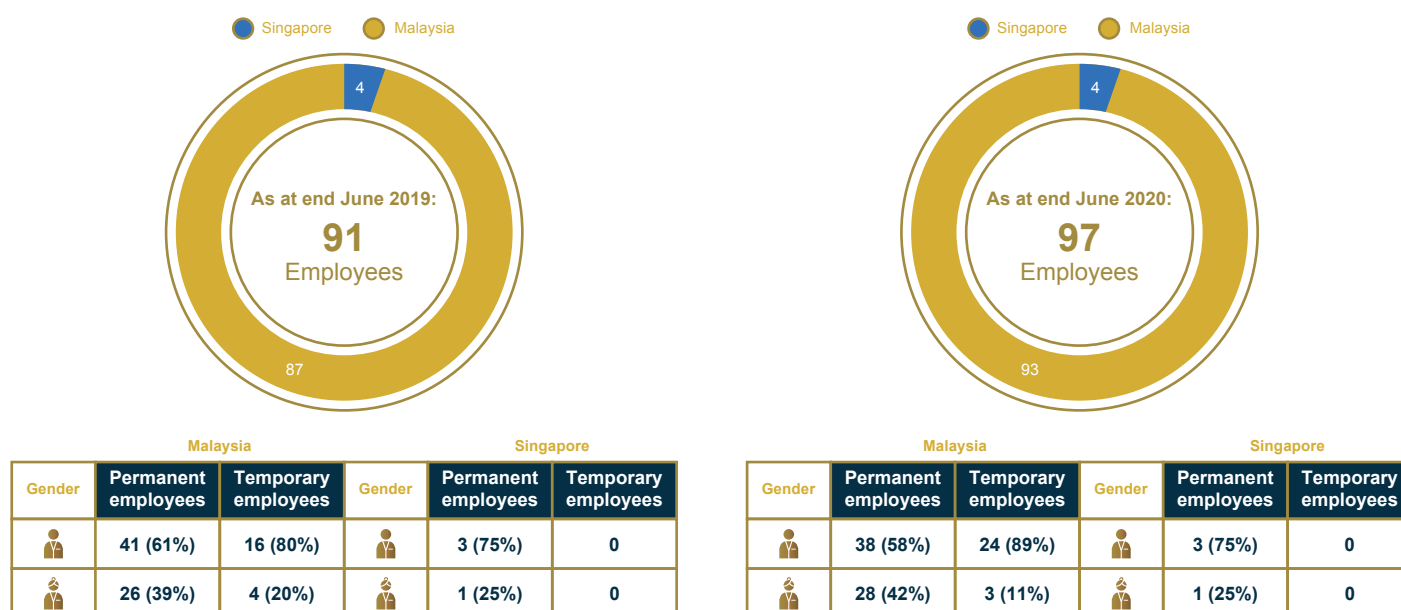
### Our People

Our employees are our greatest asset and one that we strongly value as a Group. Our workforce as at 30 June 2020 comprised a total of 97 full-time employees in Singapore and Malaysia. Of which, a majority are permanent employees (72%). At Astaka, we are committed to uphold fair employment practices and strive to maintain a consistent percentage of permanent employees hired by the Group yearly.



Figure 9: Astaka's workforce profile

### Breakdown of full-time employees by employment contract (permanent / temporary), gender and region



### Training and Education

Recognising that our employees are key attributes to the continuous growth and success of our business, their competencies and professional development are important to the Group. We have taken steps necessary to build a foundation for our employees' development and inculcate a growth mindset in order to perform their role and stretch their existing abilities.

Our training framework established this year comprises a 3-tiered approach designed to cater towards all levels of employees in the Group. A yearly training calendar with a minimum of 12 hours of training programmes or workshops are expected to be organised annually and distributed between department, inter-department and group-wide training segments.

With that, the Group aims to address both specialised as well as general knowledge and skillsets relevant to each department and those required of inter-departments to work harmoniously together to create quality developments. Additionally, with the full support from the Group, employees are encouraged to provide recommendations for programmes or topics that may be beneficial as firm-wide trainings. Training programmes may be carried out either by the internal head of departments or by external accredited consultants.

At Astaka, we are committed to ensuring that our employees receive the training they need to excel at their jobs. Our HR team will maintain training records and track hours for analysis and reporting in the next SR.

### Local Communities

Astaka is committed to empowering the local communities in our operating regions. We support local communities by addressing their specific needs and participating in local charity programmes. Our donations and sponsorships focus on education, sports events and well-being of the underprivileged. Primary beneficiaries in FY2020 include the Tunku Laksamana Johor Tunku Abdul Jalil Mosque, Johor Bahru City Foundation, Raja Zarith Sofiah Johor Foundation and Malaysia Floorball Association. In FY2020, we also organised two CSR events. These include a food bank programme and a bowling tournament to provide food supplies and enhance social interactions with the underprivileged.

## Tunku Laksamana Johor Tunku Abdul Jalil Mosque

Having recognised that a majority of the population in our local communities are Muslim, Astaka built the Tunku Laksamana Johor Tunku Abdul Jalil Mosque (**"the Mosque"**) voluntarily to support the local communities' religious activities. The 3-storey modern mosque is located within the compound of the Royal Malaysia Police Johor Contingent Police Headquarters. The construction of the mosque started in 2012 and was completed in 2015. With a maximum capacity of 1,500 worshippers, the new mosque is considered as a significant upgrade from the old one that could only host up to 600 worshippers. Open to the public, the mosque brought convenience and enhanced social gatherings to at least 2,500 people in the local community in FY2020. Astaka will continue to serve our local Muslim communities in the upcoming years in our commitment to upkeep and maintain the mosque with a dedicated fund of RM84,000 yearly.



## Astaka Holdings Ltd. Food Bank Programme 2020

Food security is a pressing issue for many during the COVID-19 pandemic, especially for the underprivileged community members. To support local communities in the villages surrounding the Bukit Pelali @ Pengerang project and One Bukit Senyum project, Astaka organised a food bank programme to distribute food aid on 19 July 2020 and 23 July 2020. We contacted the Head of Village and he helped identify the poor, single mothers, disabled people, and the unemployed as the key beneficiaries. Employees from Astaka visited every targeted household and showed our care. In total, we distributed 1,500 kg rice and 150 bags of food supplies containing cooking oil, condiments, instant noodles etc. to 150 households.





## Astaka Holdings Ltd. Bowling Tournament

Children engineer the future of our nation and our world. As a socially responsible property developer, Astaka is fully aware of the importance to create a happy living environment for children of all ages and all backgrounds. On 28 September 2019, Astaka held a bowling tournament with children from local orphanages. 10 teams of employees from Astaka and 4 teams of children participated in the games. Through the tournament, we aimed to bring some joy to the children and enrich their weekend life. The awards and cash prizes from the tournament were all donated to the orphanage and used to improve the children's well-being.



With the goal to transform the communal life and build a brand-new residential experience in Johor, we also ensure that negative environmental and social impacts are avoided or minimised during the transformation. Specifically, our property development arm Bukit Pelali Properties Sdn. Bhd. conducted monthly environmental monitoring to assess the environmental impact of our active project Bukit Pelali @ Pengerang from July 2019 to June 2020 in FY2020. Our reports showed that the water quality, surface run-off, ambient air quality and boundary noise level at our sites were all well below national limits in Malaysia. We are pleased to disclose that no significant negative environmental impacts on the local communities were detected during the year.

### Occupational Health and Safety

Safeguarding the health and safety of our employees and other workers at our sites is one of the top priorities of Astaka. We are fully aware of the health implications in our sector. The Group has thus introduced multi-layer measures to protect our people's well-being. Firstly, we will work towards establishing a safe working environment culture by learning from best practices in existing national and international Occupational Health and Safety ("OHS") management systems.

Secondly, we require all our contractors to follow the guidelines from the Department of Occupational Safety & Health and comply with the requirements listed in OHS management systems such as OHSAS 18001. During the construction phase, Astaka's contractors need to publish monthly safety and health reports which cover diverse health and safety aspects such as policies, performance, compliance, and training. Astaka and its consultants frequently review these reports to ensure that the contractors duly inspect the workplace health and safety weekly, take corrective actions against non-compliance immediately, and prepare the workers physically and mentally for work. In FY2020, there were no occupational accident cases reported at the construction sites or in the workplace.

At Astaka, we also promote employees' health by organising physically active events such as badminton sessions.

Figure 10: Colleagues at a badminton session



## COVID-19 Prevention in the Workplace

In view of the global COVID-19 pandemic, Astaka communicates and collaborates with the local authorities closely to implement precautionary public health measures. We proactively introduced a mandatory Health and Safety Guide to safeguard our employees' well-being and limit the risk of significant disruption to our Company's operations. Key measures in this guide include:

- Astaka provides surgical masks and hand sanitiser to all employees.
- No entry to the office will be allowed if an individual's body temperature is above 37.5 degrees Celsius or without wearing a face mask.
- Employees must wear a face mask at all times during working hours.
- Employees should always carry hand sanitiser and use as needed.
- Handshakes and hugs are not allowed.
- Employees should strictly abide by the one-meter safe-distancing rule in all occasions.
- Frequent self-disinfecting of workstation/laptop/mobile device are carried out.
- Employees are encouraged to meet virtually whenever possible. Physical meetings with a maximum capacity of 8 attendees are subject to approval.
- Employees should bring utensils from home and avoid sharing utensils.
- Assembling in large groups for praying are not allowed.



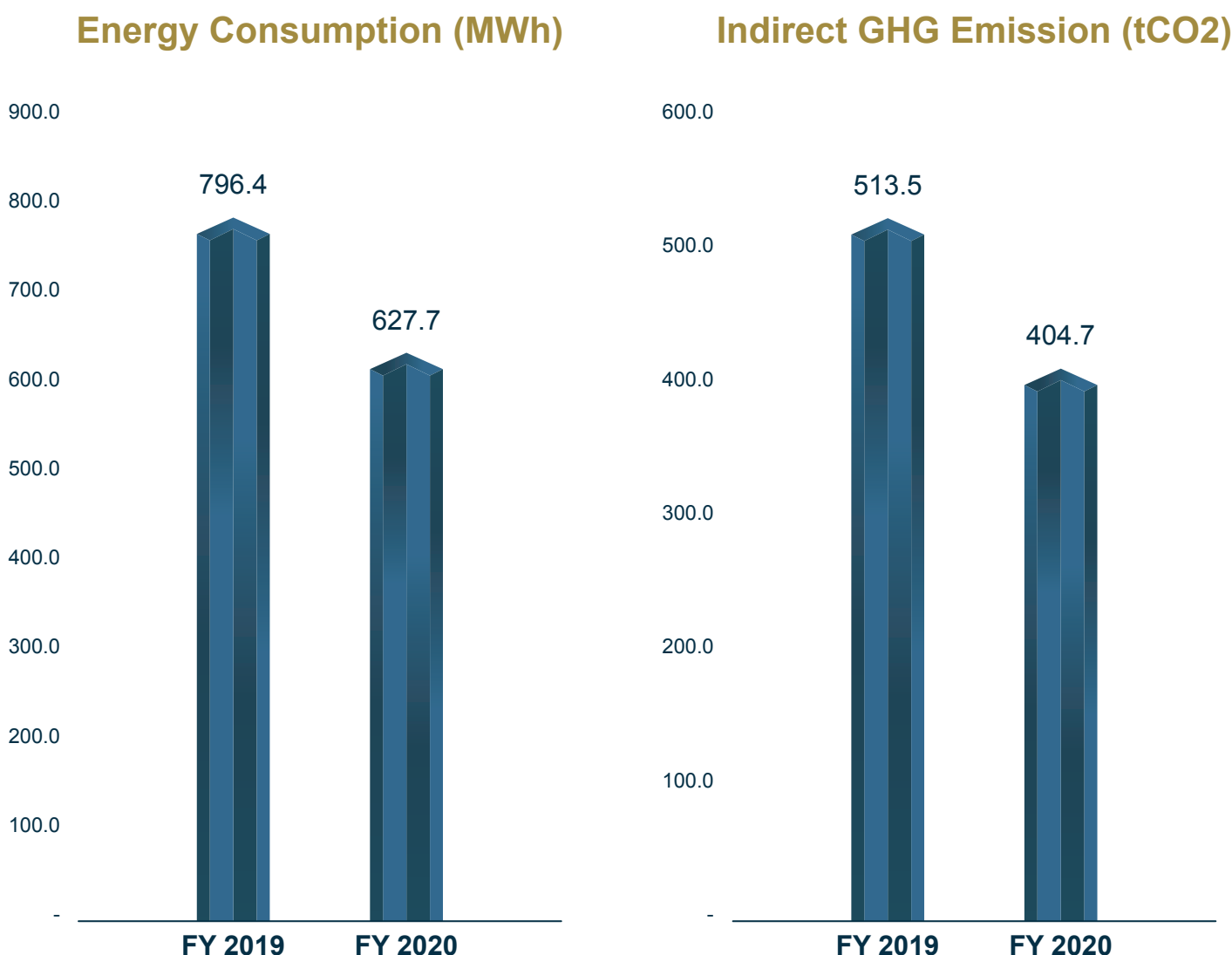
## Environment

### Energy Management

Astaka firmly believes that climate change is a global challenge and we seek to do our part by investing in effective energy conservation initiatives and technologies. Energy-saving LED lighting are installed at our corporate office, sales galleries, and at the common areas of The Astaka @ One Bukit Senyum. The Astaka @ One Bukit Senyum is managed with the full support of our property manager, Knight Frank, to ensure unnecessary usage of electricity is avoided when possible. In addition, the operating hours of the air conditioners at our office and the main lobbies of the Astaka are limited to ten to twelve hours each day to conserve energy during non-peak hours. Air conditioners at select areas are also switched off when not in use.

Our energy consumption for our corporate office, sales galleries and the common areas of two of our development projects, namely The Astaka @ One Bukit Senyum and Bukit Pelali consist solely of electricity purchased from the national grid. In FY2020, our total energy consumption decreased from 796.4 megawatt hour (“MWh”) in FY2019 to 627.7 MWh in FY2020, as a result of good upkeep of environmental housekeeping practices and investments in technology. Correspondingly, carbon emissions decreased from 513.5 tonnes CO<sub>2</sub> (“tCO<sub>2</sub>”) in FY2019 to 404.7 tCO<sub>2</sub> in FY2020, attaining a reduction of about 21% in carbon emissions this year. Going forward, the Group aims to roll out more green initiatives for future new developments to further improve our carbon footprint.

Figure 11: Energy consumption and Indirect (Scope 2) GHG emissions at Astaka



## Governance Compliance

Astaka firmly believes that compliance with laws and regulations is the foundation of the Company's long-term success. By adhering to socio-economic and environmental laws and regulations, we also ensure that our business contributes to Malaysia's goal of building a clean and prosperous society.

Figure 12: Major laws and regulations that Astaka needs to comply with

Major laws and regulations	Compliance objectives
Housing Development (Control and Licensing) Act 1996	To ensure Astaka has the license to operate in Malaysia
Environmental Quality Act 1974	To minimise the environmental impacts from our projects
Local Government Act 1976	To comply with local regulations
Fire Services Act 1988	To manage fire risks and hazards effectively
Solid Waste and Public Cleansing Management Act 2007	To maintain proper sanitation and public cleansing
Strata Titles Act	To be eligible to sell our properties to interested parties
Catalist Rules	To comply with the Catalist Rules and safeguard the shareholders' interests

To effectively fulfil our legal responsibilities, Astaka introduces and adopts a four-dimensional management approach:

<b>Awareness</b>	HR and finance departments are trained, and employees are frequently updated regarding Astaka's legal responsibilities.
<b>Adherence</b>	Risk management and compliance department ensures that Astaka is compliant with all relevant laws and regulations from different government bodies.
<b>Integration</b>	Astaka's employees need to abide by internal regulations including the Board Charter, the Code of Corporate Governance 2018, and Whistle Blowing Policy which integrates the expectations from the company's regulators.
<b>Verification</b>	An independent audit firm verifies Astaka's internal corporate governance system yearly and makes improvement recommendations and plans.

Astaka also has zero tolerance towards corruption, fraud and/or other unethical conduct. In the next year, we aim to develop and adopt a Group-wide anti-corruption policy to ensure the highest ethical standards and integrity of our employees.

In FY2020, there were zero incidents of socio-economic and environmental non-compliance. There were also zero confirmed anti-corruption cases at Astaka.





### Astaka's actions for better governance in FY2020

In August 2019, the Board of Astaka was informed of, *inter alia*, non-disclosure of letters of demand and late interest payment on an outstanding loan between the Company's subsidiary and its contractor, resulting in prior year adjustments being made to the audited consolidated results of the Group for FY2018 (the "**Matters**"). Considering the legal, financial, social and reputational implications of the Matters, the Board proactively appointed Ernst & Young Advisory Pte Ltd ("**EY**") to conduct an independent fact-finding exercise, to understand the facts and circumstances surrounding the Matters as well as the improvement areas in Astaka's governance and internal controls.

Following the issuance of the fact-finding report, the Group has addressed the internal control weaknesses identified by EY, and implemented the internal control recommendations made by EY promptly by June 2020.

### Moving Forward

With the full support of our leadership team, we are excited to share that the Group will be embarking on a journey to develop a three-year roadmap to improve the integration of sustainability into the Group's operations. We will share updates on this in our subsequent reports as we progress.

## Appendix A: Methodology

This section details definitions, methodologies and data boundaries otherwise not already specified, applied to the sustainability performance data disclosed in our SR. They are made with reference to GRI Standards Glossary 2018, internationally recognised standards and the reporting guidance set out in the respective GRI topic-specific disclosures. The GRI topic-specific disclosures covered are listed out in Appendix B: GRI Content Index of this report.

### General *Employee*

Employee is defined as an individual who is in an employment relationship with the Group, according to its national law.

### **Worker**

Worker refers to an individual contracted by the Group to perform work at premises owned by, or controlled by, the Group.

### Talent management and development

#### *Training hours*

Average training hours per employee = Total training hours for the financial year / the total number of employees recorded as at 30 June.

### Occupational Health and Safety

#### *Occupational accident*

According to the International Labour Organization, an occupational accident is an unexpected and unplanned occurrence, including acts of violence, arising out of or in connection with work which results in one or more workers incurring a personal injury, disease or death.

The coverage for occupational accident cases include employees and workers at our corporate offices, sale galleries and development projects.

### Energy management

#### *Energy consumption and Indirect Scope 2 GHG emissions*

Energy consumption and GHG emissions data at our development projects (The Astaka and Bukit Pelali) cover common areas owned by the Group and exclude data from tenants for the financial year. Noting that Bukit Pelali is a joint-venture development, the Group has applied the financial control approach, which is aligned with Greenhouse Gas Protocol's guidance, in determining the amount of energy consumed by Astaka. The same approach is applied for the calculation of GHG emissions.

The electricity Grid Emission Factor ("GEF") used has been sourced from 2017 CDM Electricity Baseline for Malaysia, prepared by Malaysian Green Technology Corporation. The last available GEF was from 2017.

### Compliance

#### *Non-compliance incidents*

Such incidents refer to non-compliance with social, economic and environmental laws and/or regulations applicable to the Group, brought through dispute resolution mechanisms and/or resulting in:

- Significant fines
- Non-monetary sanctions



## Appendix B: GRI Content Index

'AR' refers to Astaka's Annual Report 2020, which is available on our website at <http://astaka.com.my>.

GRI Standards Disclosures		Report Section and/or Direct Answers	Page Reference
<b>General Disclosures</b>			
Organisational Profile			
102-1	Name of the organisation	Board Statement	29
102-2	Activities, brands, products, and services	Corporate Profile	1-8
102-3	Location of headquarters	Corporate Information	25
102-4	Location of operations	Corporate Profile	1-8
102-5	Ownership and legal form	Group Structure	24
102-6	Markets served	Corporate Profile	1-8
102-7	Scale of the organization	Financial Highlights; Our People	17-18 36-37
102-8	Information on employees and other workers	Our People	36-37
102-9	Supply chain	Supply Chain Management	31
102-10	Significant changes to the organization and its supply chain	Chairman's Statement	11-12
102-11	Precautionary principle or approach	Supply Chain Management	31
102-12	External initiatives	Sustainability Commitment	34-35
102-13	Membership of associations	The Group is not part of any memberships or associations.	N.A.
Strategy			
102-14	Statement from senior decision-maker	Board Statement	29
Ethics and Integrity			
102-16	Values, principles, standards, and norms of behavior	Sustainability Approach	30
Governance			
102-18	Governance structure	Astaka's Sustainability Governance	30
Stakeholder Engagement			
102-40	List of stakeholder groups	Stakeholder Engagement	31-32

GRI Standards Disclosures		Report Section and/or Direct Answers	Page Reference
102-41	Collective bargaining agreements	The Group has not entered into any collective bargaining agreements as at end of FY2020.	N.A.
102-42	Identifying and selecting stakeholders	Stakeholder Engagement	31-32
102-43	Approach to stakeholder engagement	Stakeholder Engagement	31-32
102-44	Key topics and concerns raised	Stakeholder Engagement	31-32
Reporting Practice			
102-45	Entities included in the consolidated financial statements	About the Report	29
102-46	Defining report content and topic Boundaries	About the Report	29
102-47	List of material topics	Materiality Assessment	33
102-48	Restatement of information	No restatements were made to prior year's data.	N.A.
102-49	Changes in reporting	About the Report; Materiality Assessment	29 33
102-50	Reporting period	About the Report	29
102-51	Date of most recent report	Published on 27 November 2019	N.A.
102-52	Reporting cycle	Annual	N.A.
102-53	Contact point for questions regarding the report	About the Report	29
102-54	Claims of reporting in accordance with the GRI Standards	About the Report	29
102-55	GRI content index	Appendix B: GRI Content Index	45-48
102-56	External assurance	This Sustainability Report is not externally assured. The Group will consider engaging an independent third-party assurer as we mature in our reporting.	N.A.
<b>Material Topic: Economic Performance</b>			
Management Approach			
103-1	Explanation of the material topic and its boundary	Economic Performance	36
103-2	The management approach and its components	Our Sustainability Policy; Our Sustainability Targets; Economic Performance	35 35 36



GRI Standards Disclosures		Report Section and/or Direct Answers	Page Reference
103-3	Evaluation of the management approach	Economic Performance	36
Economic Performance 2016			
201-1	Direct economic value generated and distributed	Economic Performance	36
<b>Material Topic: Talent Management and Development</b>			
Management Approach			
103-1	Explanation of the material topic and its boundary	Training and Education	37
103-2	The management approach and its components	Our Sustainability Policy; Our Sustainability Targets; Training and Education	35 35 37
103-3	Evaluation of the management approach	Training and Education	37
Training and Education 2016			
404-1	Average hours of training per year per employee	The Group will disclose training hours data on this in the next SR.	N.A.
<b>Material Topic: Local Communities</b>			
Management Approach			
103-1	Explanation of the material topic and its boundary	Local Communities	37-39
103-2	The management approach and its components	Our Sustainability Policy; Our Sustainability Targets; Local Communities	35 35 37-39
103-3	Evaluation of the management approach	Local Communities	37-39
Local Communities 2016			
413-1	Operations with local community engagement, impact assessments, and development programs	Local Communities	37-39
<b>Additional Topic: Occupational Health and Safety</b>			
Management Approach			
103-1	Explanation of the material topic and its boundary	Occupational Health and Safety	39-40
103-2	The management approach and its components	Our Sustainability Policy; Occupational Health and Safety	35 39-40

GRI Standards Disclosures		Report Section and/or Direct Answers	Page Reference
<b>103-3</b>	Evaluation of the management approach	Occupational Health and Safety	39-40
<b>Material Topic: Energy Management</b>			
Management Approach			
<b>103-1</b>	Explanation of the material topic and its boundary	Energy Management	41
<b>103-2</b>	The management approach and its components	Our Sustainability Policy; Our Sustainability Targets; Energy Management	35 35 41
<b>103-3</b>	Evaluation of the management approach	Energy Management	41
Energy 2016			
<b>302-1</b>	Energy consumption within the organization	Energy Management	41
Emissions 2016			
<b>305-2</b>	Energy indirect (Scope 2) GHG emissions	Energy Management	41
<b>Material Topic: Regulatory Compliance</b>			
Management Approach			
<b>103-1</b>	Explanation of the material topic and its boundary	Compliance	42-43
<b>103-2</b>	The management approach and its components	Our Sustainability Policy; Our Sustainability Targets; Compliance	35 35 42-43
<b>103-3</b>	Evaluation of the management approach	Compliance	42-43
Anti-corruption 2016			
<b>205-1</b>	Operations assessed for risks related to corruption	Compliance	42-43
Socio-economic Compliance 2016			
<b>419-1</b>	Non-compliance with laws and regulations in the social and economic area	Compliance	42-43
Environmental Compliance 2016			
<b>307-1</b>	Non-compliance with laws and regulations environmental laws and regulations	Compliance	42-43



The Board of Directors (the “Board”) of Astaka Holdings Limited (the “Company” and together with its subsidiaries, the “Group”) are committed to maintaining high standards of corporate governance and places importance on its corporate governance processes and systems so as to ensure greater transparency, accountability and maximisation of long-term shareholder value.

The Company has adopted corporate governance practices and guidelines with references to the Code of Corporate Governance 2018 (the “Code”) for the financial year ended 30 June 2020 (“FY2020”).

Pursuant to Rule 710 of the Listing Manual Section B: Rules of Catalist issued by the SGX-ST (the “Catalist Rules”), this corporate governance report (the “Report”) describes the Company’s corporate governance processes and activities for FY2020. Proper explanation has been given where there is a deviation from the recommended guideline(s).

## **BOARD MATTERS**

### **PRINCIPLE 1: THE BOARD’S CONDUCT OF AFFAIRS**

The Board provides strategic guidance, oversees the key activities for the Company and ensures that there are adequate financial and human resources to achieve its objectives and long-term success of the business.

The Board’s principal functions include providing entrepreneurial leadership and approving strategic business plans, annual budget plan, major acquisition and disposal of assets and businesses, and financial results of the Group. It also establishes a framework of prudent and effective controls appropriate to the nature and size of the Group’s operations which enable risks to be assessed and managed, including safeguarding of shareholders’ interests and the Company’s assets and sets corporate values and standards (including ethical standards) for the Company to ensure that the obligation to shareholders and other stakeholders are met. In addition, the Board reviews the Company’s corporate policies and financial performance.

The Board is responsible for long-term succession of the Company and will also consider sustainability issues, including environmental and social factors, as part of the strategic formulation of the Group.

The Directors have the fiduciary duty to act objectively in the best interests of the Company and hold Management accountable for performance. Where the Director has a conflict or potential conflict of interest in relation to any matter, he will immediately declare his interest at the meeting of the Directors or send a written notice to the Company, setting out the details of his interest and the conflict and recuse himself from any discussions on the matter and abstain from participating in any Board decision.

The Company has put in place a Board Charter setting forth matters reserved for Board’s decision. Amongst these reserved matters are the approval limits for operating and capital expenditure, procurement of goods and services as well as operational and financial authorisation on daily and ad-hoc operation decision-making. In addition to matters that specifically require the Board’s approval, such as the review and approval of periodic and full-year financial results announcements and annual audited financial statements, major acquisitions and realisations,

issue of shares, interested person transactions, appointment of new directors, dividend distributions and other returns to shareholders, the Board approves transactions exceeding certain designated threshold limits, while delegating authority for transactions below those limits to the Board Committees and Management so as to optimise operational efficiency.

The Board has established a number of committees to assist the Board in discharging its responsibilities efficiently and effectively. These committees include the Audit Committee (“AC”), the Remuneration Committee (“RC”) and the Nominating Committee (“NC”) (collectively the “Board Committees”). Each of the Board Committee’s functions, roles and authorities are clearly set out in their respective terms of reference.

The Board conducts regularly scheduled meetings on a quarterly basis to coincide with the announcement of the Group’s quarterly and full-year financial results and to keep the Board updated on business activities and the overall business environment in which the Group operates. Additional meetings are convened as and when circumstances dictate. The Company’s Constitution allows meetings to be conducted by way of telephone conferencing or any other electronic means of communication. The number of Board and Board Committee meetings held in FY2020 and the attendance of each Director are set out as follows:

		Board	AC	RC	NC
No. of meetings held in FY2020		4	5	1	1
<b>Name of Director</b>	<b>Designation</b>	<b>No. of Meetings attended in FY2020</b>			
Mr Lai Kuan Loong, Victor <sup>(1)</sup>	Interim Non-Executive Chairman and Independent Director	3	4	Not Applicable	Not Applicable
Mr Khong Chung Lun <sup>(2)</sup>	Executive Director and Chief Executive Officer (“CEO”)	3	Not Applicable	Not Applicable	Not Applicable
Dato’ Zamani Bin Kasim <sup>(3)</sup>	Executive Director	3	Not Applicable	Not Applicable	Not Applicable
Mr Lee Gee Aik	Non-Executive and Independent Director	4	5	1	1
Dato’ Sri Mohd Mokhtar Bin Mohd Shariff <sup>(4)</sup>	Non-Executive and Independent Director	3	3	Not Applicable	Not Applicable
Mr Neo Gim Kiong <sup>(5)</sup>	Non-Executive Chairman and Independent Director	1	2	1	1
Mr San Meng Chee <sup>(6)</sup>	Non-Executive and Independent Director	1	2	1	1



## Notes:

- (1) Mr Lai Kuan Loong, Victor was appointed as an Independent Director and a member of the AC, NC and RC on 13 November 2019. He was appointed as interim Board Chairman and Chairman of the NC and RC on 5 February 2020.
- (2) Mr Khong Chung Lun was appointed as an Executive Director and a member of the NC on 13 November 2019. He was appointed as the CEO on 2 March 2020.
- (3) Dato' Zamani Bin Kasim retired as CEO on 2 March 2020 and remains as Executive Director. He was appointed as a member of the NC on 13 November 2019.
- (4) Dato' Sri Mohd Mokhtar Bin Mohd Shariff was appointed as an Independent Director and a member of the AC, NC and RC on 13 November 2019.
- (5) Mr Neo Gim Kiong retired as Non-Executive Chairman and Independent Director of the Company on 5 February 2020. He also relinquished his position as the Chairman of the NC and a member of the AC and RC respectively.
- (6) Mr San Meng Chee retired as Independent Director of the Company on 5 February 2020. He also relinquished his position as the Chairman of the RC and a member of the AC and RC respectively.

Orientations would be organised for new director(s), when appointed, that include briefing by Management on the Group's structure, business strategies and operations. The Company will provide newly appointed director(s) with a formal letter setting out their duties and obligations. First-time directors of a listed company will receive relevant training in the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange to meet the Mandatory Training requirements under Rule 406(3)(a) and Practice Note 4D of the Listing Manual of the Singapore Exchange Securities Trading Limited Section B: Rules of Catalist (the "Catalist Rules").

During FY2020, the following new appointments were made to the Board on 13 November 2019:

- 1) Appointment of Mr Khong Chung Lun as an Executive Director;
- 2) Appointment of Dato' Sri Mohd Mokhtar Bin Mohd Shariff as a Non-Executive and Independent Director; and
- 3) Appointment Mr Lai Kuan Loong, Victor as a Non-Executive and Independent Director.

The above Directors were given service agreement and/or letter of appointment respectively, setting out their duties, obligations and the terms of appointment, and were briefed on the Group's structure, business, operations and policies as well as given a tour of the Company's operating sites.

Under Rule 406(3)(a) and Practice Note 4D of the Catalist Rules, Mr Khong Chung Lun and Dato' Sri Mohd Mokhtar Bin Mohd Shariff, being First-time Directors, are required to attend the following mandatory prescribed courses conducted by the Singapore Institute of Directors. In addition, Mr Lai Kuan Loong, Victor also attended some of the mandatory prescribed courses in FY2020. The details of the courses attended by the respective Directors are summarised in the table below:

Modules	Date of Completion		
	Lai Kuan Loong, Victor	Khong Chung Lun	Dato' Sri Mohd Mokhtar Bin Mohd Shariff
LED 1 – Listed Entity Director Essentials	4 March 2020	16 July 2020	16 July 2020
LED 2 – Board Dynamics	11 March 2020	17 July 2020	17 July 2020
LED 3 – Board Performance	17 March 2020	17 July 2020	17 July 2020
LED 4 – Stakeholder Engagement	19 March 2020	20 July 2020	20 July 2020
LED 5 – Audit Committee Essentials	23 March 2020	-	Pending completion <sup>(1)</sup>
LED 7 – Nominating Committee Essentials	Pending completion <sup>(2)</sup>	22 July 2020	21 July 2020
LED 8 – Remuneration Committee Essentials	Pending completion <sup>(2)</sup>	-	22 July 2020

## Notes:

- (1) Dato' Sri Mohd Mokhtar Bin Mohd Shariff will attend the Audit Committee Essentials module on 15 October 2020.
- (2) Mr Lai Kuan Loong, Victor will attend both the Nominating Committee Essentials and Remuneration Committee Essentials modules on 21 October 2020.

The Company recognises the importance of appropriate training for the Directors, apart from the initial orientation. The Directors are updated on amendments/requirements of the Catalist Rules and other statutory and regulatory requirements from time to time, to enable them to discharge their duties effectively. Continual training particularly on relevant new laws, regulations and changing commercial risks (including update on the real estate development in Malaysia) will be provided to the Directors from time to time.

The briefings, updates and/or trainings attended by the Directors collectively for FY2020 include the following:

- the Company's external auditors updated the AC members on developments and/or changes on the accounting standards;
- the Directors are updated on the business activities and strategic directions of the Group;
- the Directors are updated on changes to the listing rules, corporate governance and other regulatory requirements, on a regular basis; and
- relevant training courses organised by the institutes and/ or group associations of specific interests.



**Access to Information**

Prior to each Board meeting and when the need arises, the Board is provided with complete and adequate information in a timely manner, thus allowing them to deliberate on issues which require consideration. The Management would also provide the explanatory documents on matters to be discussed before the Board and its Committees' meetings. Copies of disclosure documents, budgets, forecasts, unaudited financial statements together with explanations for any significant or material variance between the budget and actual results are tabled by Management for review and discussion during the meetings. Directors are entitled to request from Management and be provided with additional information as needed to make informed decisions and discharge their duties and responsibilities.

The Directors have separate and independent access to Management and the Company Secretary and the external auditors at all times. Where the Directors either individually or as a group, in the furtherance of their duties, require independent professional advice, such service will be available at the Company's expense. The Directors may, on a case-to-case basis, propose to the Board for such independent and professional advice to be sought, the cost of which will be borne by the Company.

The Directors also have unrestricted access to the Company's records and information. The Company Secretary administers, attends and prepares minutes of all Board and Board Committees meetings for circulation and approval. The appointment and the removal of the Company Secretary rests with the Board as a whole.

**PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE**

The Board currently comprises two (2) Executive Directors and three (3) Non-Executive and Independent Directors (including the Board Chairman). The composition of the Board is summarised in the table below:

<b>Name of Director</b>	<b>Designation</b>	<b>Date of Appointment</b>	<b>Last Date of Re-election</b>
Mr Lai Kuan Loong, Victor	Interim Non-Executive Chairman and Independent Director	13 November 2019	5 February 2020
Mr Khong Chung Lun	Executive Director and CEO	13 November 2019	5 February 2020
Dato' Zamani Bin Kasim	Executive Director	19 November 2015	23 October 2018
Mr Lee Gee Aik	Non-Executive and Independent Director	19 November 2015	23 October 2018

Name of Director	Designation	Date of Appointment	Last Date of Re-election
Dato' Sri Mohd Mokhtar Bin Mohd Shariff	Non-Executive and Independent Director	13 November 2019	5 February 2020

There is a strong and independent element on the Board given that the Non-Executive and Independent Directors form the majority of the Board, including the Board Chairman who is non-executive and independent. Accordingly, the composition of the Board is in compliance with the Code and the Catalist Rules.

The Independent Directors have confirmed that they do not have any relationship with the Company, its related companies, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere with the exercise of the Director's independent business judgment with a view to the best interest of the Company.

The Board considers an Independent Director as one who has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment of the Company's affairs with a view to the best interests of the Company.

The Board has taken into account the assessment of the NC on whether a Director is independent in character and judgment and whether there are relationships or circumstances which are likely to affect or could appear to affect the Director's judgment. In assessing the independence of each Director annually, the NC had examined different relationships identified by the Code that might impair the Directors' independence and objectivity. The NC had reviewed and determined that Mr Lee Gee Aik, Dato' Sri Mohd Mokhtar Bin Mohd Shariff and Mr Lai Kuan Loong, Victor are considered independent for the purposes of Rule 704(7) of the Catalist Rules.

There are no Independent Directors who have served beyond nine (9) years since the date of their appointments as an Independent Director of the Company.

The Independent Directors, led by the interim Non-Executive Chairman, meet without the presence of Management as and when necessary, and provide feedback to the Board as appropriate. The Independent Directors have met once in the absence of Management in FY2020. The Company also benefits from Management's ready access to its Directors for guidance and exchange of views at the Board and Board Committee meetings or informal meetings.

The Company has adopted a board diversity policy in FY2020. The Company understands and believes that a diverse Board will help improve the overall performance and operation capability of the Company as well as avoid groupthink and foster constructive debate. It enhances decision-making capability and gives diversified views to enhance Board discussion and ensuring that the decisions made by the Board have been considered from all points of view. The Board comprises Directors who have expertise across areas such as finance and accounting, business and industry-specific experience, legal, management and strategic planning.

The diversity of the Directors' experience allows for the useful exchange of ideas and views. Taking into account the scope and nature of the operations of the Group, the Board considers its current size to be adequate for effective decision-making.



The current Board composition provides a diversity of skills, experience, knowledge and ethnicity to the Company. The core competencies of the current Board are disclosed as follows:

Core Competencies	Number of Directors	Proportion of Board
Accounting or Finance	3	60%
Business Management	4	80%
Legal or Corporate Governance	4	80%
Relevant industry knowledge experience	2	40%
Strategic Planning experience	5	100%

The Board carries out a Board performance evaluation annually. The Directors are requested to complete a Board evaluation questionnaire designed to seek their view on various aspects of the Board performance. The results were thereafter compiled and submitted by the Company Secretary to the NC Chairman, in consultation with the NC, to assess if the current size of the Board, combined experience, skills, knowledge and expertise of the Directors provide effective decision-making and leadership to the Company and to understand the range of expertise that is lacking by the Board, if any. During FY2020, there were new appointments to the Board, to enhance the diversity of the Board in terms of balance of skills, experience, knowledge and other aspects such as age. The NC is of the view that the current Board comprises persons who as a group provide capabilities required for the Board to be effective. The Board collectively has professional expertise in accounting, business management, legal, corporate governance and real estate development.

To meet the changing challenges in the industry which the Group operates in, such reviews, which include considering factors such as the expertise, skills and perspectives which the Board needs against the existing competencies would be done periodically to ensure that the Board dynamics remain optimal.

Independent and/or Non-Executive Directors constructively challenge and help develop proposals on strategy and review the performance of Management in meeting the goals and objectives, monitor the reporting of the Company's performance, and meet privately without the presence of the Executive Directors and management as and when necessary. Key information of the Directors is set out on pages 20 to 22 of this Annual Report.

### PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr Lai Kuan Loong, Victor is the Interim Chairman of the Board, and Mr Khong Chung Lun is the Executive Director and CEO of the Company. Mr Lai and Mr Khong are not related to each other. There is a clear division of roles and responsibilities between the Independent Chairman and the CEO to ensure an appropriate balance of power and authority, increased accountability and greater capacity of the Board for independent decision making, thus no individual represents a considerable concentration of power.

The CEO is responsible for charting and reviewing corporate directions and strategies, which cover areas of marketing and strategic alliances and providing the Company and/or the Group

with strong leadership and vision while the Independent Chairman is responsible for providing leadership to the Board and for enhancing the effectiveness of the Board, Board Committees and individual directors.

In addition, the Chairman ensures that Board meetings are held as and when necessary, sets the meeting agenda and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues. He also ensures that any information and materials to be discussed at Board meetings are circulated on a timely basis to Directors so as to enable them to be updated and prepared, thereby enhancing the effectiveness of the Non-Executive Directors and the Board as a whole. He engages and promotes constructive engagement among the Directors and engages with Management regularly. The Chairman assumes the lead role in promoting high standards of corporate governance and ensures the effective communication with shareholders. He is available to shareholders where they have concerns, and for which contact through the normal channels of communication with the Management are inappropriate or inadequate.

## **PRINCIPLE 4: BOARD MEMBERSHIP**

### **Nominating Committee**

The NC of the Company comprises five (5) directors, the majority of whom, including the NC Chairman, are Non-Executive and Independent Directors. The NC consists of the following members:

- Mr Lai Kuan Loong, Victor (Chairman), Interim Non-Executive Chairman and Independent Director
- Mr Lee Gee Aik, Non-Executive and Independent Director
- Dato' Sri Mohd Mokhtar Bin Mohd Shariff, Non-Executive and Independent Director
- Mr Khong Chung Lun, Executive Director and CEO
- Dato' Zamani Bin Kasim, Executive Director

The NC is guided by its terms of reference, including but not limited to the key responsibilities as follows:

- (i) to review the appointment and re-appointment of Directors (including alternate directors, if any);
- (ii) to regularly review the Board structure, size, composition, diversity and skills of the Board and make recommendations to the Board with regards to any adjustments that are deemed necessary;
- (iii) to review the succession plans for Directors, in particular, the appointment and /or replacement of the Chairman, the CEO and key management personnel;
- (iv) to review the process and criteria for evaluation of the performance of the Board, its Board Committees and Directors;
- (v) to review the training and professional development programs for the Board and its Directors and ensures that all new members of the Board undergo an appropriate orientation programme;



- (vi) to determine, on an annual basis, and as and when circumstances require, if a Director is independent;
- (vii) to recommend Directors who are retiring by rotation or are newly appointed to be put forward for re-election;
- (viii) to ensure that new directors are aware of their duties and obligations;
- (ix) to review and determine whether the Director is able to and has been adequately carrying out his duties as a Director of the Company, taking into consideration, *inter alia*, the Director's number of listed company board representations and other principal commitments; and
- (x) such other duties or functions as may be delegated by the Board or required by regulatory authorities.

The NC would evaluate the needs of the Board to determine the relevant competencies required. The Company has in place a search and nomination process for the appointment of new Directors. Potential candidates are sourced from the Board's and Management's network of contacts and are identified based on the needs and the relevant expertise required by the Company. The Company may appoint professional search firms and recruitment consultants to assist in the selection and evaluation process if the appointment requires a specific skill set or industry specialisation. The NC, having assessed each candidate based on the essential and desirable competencies for a particular appointment, will nominate the most suitable candidate for appointment to the Board.

As at the date of this Report, the Company does not have any alternate Directors.

The NC assesses each Director's competencies, commitment, contribution and performance, as well as independence on an annual basis or when necessary to decide whether a Director is able to, and has been adequately carrying out his duties as a Director.

The NC has adopted internal guidelines to address competing time commitments of Directors who serve on multiple boards by setting a maximum number of listed company board representations of not more than six (6).

Having assessed the capacity of the Directors based on factors such as the expected and/or competing time commitments of Directors, the size and composition of the Board and the nature and scope of the Group's operations and size, the Board is of the view that this number would allow Directors to have increased exposure to different Boards and broaden their experience and knowledge in relation to Board matters, hence ultimately benefitting the Company.

The NC will review whether a Director is able to and has adequately carried out his duties as a director of the Company from time to time, in particular, where a Director has multiple board representations and/or other principal commitments. Although some of the Board members have multiple board representations and hold other principal commitments, the NC, having reviewed each Director's other listed company directorships and/or principal commitments, where applicable, as well as each Director's attendance and contributions to the Board, is satisfied that sufficient time and attention was given by the Directors to the Company to discharge their responsibilities for the financial year in review. Holistically, the contributions by the Directors during the meetings and attendance at such meetings should also be taken into consideration.

All Directors are subjected to the Regulation in the Constitution whereby one-third of the Directors are required to retire by rotation and be nominated for re-election by the shareholders at the annual general meeting (the “AGM”). Accordingly, the Directors are to submit themselves for re-nomination and re-election at regular intervals and at least once every three (3) years. In addition, any Director appointed during the year, shall hold office until the next AGM.

In considering the nomination, the NC took into account the composition of the Board, and the competency, performance and contribution of the Directors with reference to their attendance, preparedness and participation in the Board and Board Committees as well as the time and effort accorded to the Company’s business and affairs. Subject to the NC’s satisfactory assessment, the NC would recommend and propose re-appointment of the director to the Board for its consideration and approval. To ensure the independence of the Director’s appointment, re-nomination and retirement, each member of the NC abstains from voting on any resolution and making any recommendations and/or participating in respect of matters of which he has an interest in.

For FY2020, the NC had recommended to the Board that Mr Lee Gee Aik and Dato’ Zamani Bin Kasim be nominated for re-election at the forthcoming AGM. Both of them have given their consent to continue in office.

Mr Lee Gee Aik will, upon re-election as a Director of the Company, remain as a Non-Executive and Independent Director of the Company, Chairman of the AC as well as member of the NC and RC. Dato’ Zamani Bin Kasim will, upon re-election as a Director of the Company, remain as an Executive Director of the Company and a member of the NC.

In making the recommendations, the NC had considered the Directors’ overall contribution and performance. The respective Director has abstained from making any recommendation and/or participating in any deliberation of the NC in respect of the assessment of their re-election as a Director.

Pursuant to Rule 720(5) of the Catalist Rules, the information relating to the Directors seeking re-appointment (as set out in Appendix 7F to the Catalist Rules) can be found on pages 76 to 82 of this Annual Report.

A record of the NC members’ attendance at the NC meetings during FY2020 is set out on page 50 of this Annual Report. Key information of the Directors is set out on pages 20 to 22 of this Annual Report.

## **PRINCIPLE 5: BOARD PERFORMANCE**

The Board and NC strive to ensure that the Directors on the Board possess the experience, knowledge and skills critical to the Company’s business so as to enable the Board to make sound and well-considered strategic decisions. The NC assesses the independence of each Director according to the guidance given under the Code. The NC also reviews the Directors’ attendance, preparedness, participation and candour in the meetings.

The performance evaluation was conducted for the Board as a whole and each of the Board Committees (namely the AC, NC and RC) in FY2020 for assessing the contribution by the Chairman and each of the Board Committees’ members to the effectiveness of the Board. This



evaluation exercise reviews the effectiveness of the Board as a whole and of its Board Committees and provides an opportunity to obtain constructive feedback from each Director and Board Committee member on whether procedures and processes had allowed him to discharge his duties effectively. They were also encouraged to propose changes which may be made to enhance the effectiveness of the Board and Board Committees.

In evaluating the Board's and its Board Committees' performance, the NC considers a set of quantitative and qualitative performance criteria that has been approved by the Board. The performance criteria for the Board evaluation includes:

- (i) Board size and composition;
- (ii) Board information;
- (iii) Board process and accountability;
- (iv) Board committee performance in relation to discharging their responsibilities set out in the respective terms of reference; and
- (v) Standards of conduct.

The NC has assessed the performance of the Board as a whole and the Board Committees based on the above quantitative and qualitative performance criteria approved by the Board.

The following director's performance criterions were assessed by the NC during the annual Board performance evaluation:

- (i) Interactive skills;
- (ii) Knowledge including professional expertise, specialist or functional contribution and regional expertise;
- (iii) Duties including attendance at meetings, meeting preparation, participation and performance of specific assignments; and
- (iv) Conduct including maintenance of independence, disclosure of related party transactions and compliance with Company policies.

The performance evaluation for FY2020 was conducted by having all Directors complete a questionnaire, which included questions on the Board and Board Committees' composition and effectiveness as well as process and contribution, timeliness of Board information and accountability. The NC discussed the results of the performance evaluation and tabled the appropriate improvements to be taken up with the Chairman of the Board and of each Board Committee. No external facilitator had been engaged by the Board for this purpose.

The NC is of the view that the performance of the Board as a whole and the Board Committees were satisfactory and had met the respective performance objectives as set out for FY2020. Given the current size of the Board, the NC is of the view that individual performance evaluation is not necessary at this juncture. The NC has reviewed from time to time commitments and efforts contributed by each of the Directors to the affairs of the Company through their participation and contributions at Board and Board Committee meetings.

## REMUNERATION MATTERS

### PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

#### Remuneration Committee

The RC of the Company comprises three (3) members, all of whom, including the RC Chairman, are Non-Executive and Independent Directors:

- Mr Lai Kuan Loong, Victor (Chairman)
- Mr Lee Gee Aik
- Dato' Sri Mohd Mokhtar Bin Mohd Shariff

The RC is guided by its terms of reference, including but not limited to the key responsibilities as follows:

- (i) review and recommend a framework of remuneration for the Board members and key management personnel;
- (ii) review and recommend the specific remuneration package and terms of employment for each Director as well as key management personnel of the Group;
- (iii) recommend to the Board, the executives' and employees' share option schemes or any long-term incentive schemes which may be set up from time to time and does all acts necessary in connection therewith;
- (iv) review the level of remuneration that is appropriate to attract, retain and motivate the Directors and key management personnel; and
- (v) review and recommend Directors' fees and relevant remuneration packages for Non-Executive and Independent Directors, which are subject to shareholders' approval at the AGM.

The RC considers the compensation commitments of each Director, if any. This would entail, in the event of early termination, the review of the service contract, if any, with a view to be fair and not overly generous.

The RC has access to professional advice regarding compensation matters, if required. No remuneration experts have been appointed to advise on remuneration matters for FY2020.



**PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION**

The RC makes recommendations on an appropriate framework of remuneration taking into account employment conditions within the industry and the Company's performance to ensure that the package is competitive and sufficient to attract, retain and motivate the Executive Directors and key management personnel, if any, so as to align their interests with those of shareholders and promote long-term success of the Company. In addition, the Company has in place performance-related remuneration in respect of the Executive Directors and key management personnel which are determined based on the performance of the ongoing operations and corporate actions of the Company and/or Group and individual performance.

The RC has reviewed and is satisfied that for FY2020, the remuneration received by the CEO, the Executive Director and key management personnel commensurate their contribution, efforts, responsibilities and achievements. The RC has also reviewed and is satisfied that the overall performance conditions were met for FY2020.

The Company currently does not have any contractual provisions allowing the Company to reclaim incentives from Executive Directors and key management personnel in exceptional cases of wrong doings. The Board is of the view that as the Group pays bonus based on the performance of the Group/Company (and not on possible future results) and the results that have actually been delivered by its Executive Director and key management personnel, "clawback" provisions in the service agreements may not be relevant or appropriate.

In setting remuneration packages of Independent and/or Non-Executive Directors, effort and time spent, and responsibilities of the Independent and/or Non-Executive Directors are taken into account. No retirement benefit schemes are in place for the Independent and/or Non-Executive Directors. No Director decides his own remuneration. Directors' fees are recommended by the RC and are submitted for endorsement by the Board. Directors' fees to be paid to Independent and/or Non-Executive Directors are subject to the approval of shareholders at the AGM.

**PRINCIPLE 8: DISCLOSURE ON REMUNERATION****(A) Remuneration of Directors**

A breakdown, showing the level and mix of each Director's remuneration for FY2020 is as follows:

Name of Director	Base/Fixed Salary	Directors' fee	Variable or Performance Related Income/Bonus	Benefits in Kind	Total
	%	%	%	%	%
<b>\$S\$250,001 to \$S\$500,000</b>					
Dato' Zamani Bin Kasim <sup>(1)</sup>	100	-	-	-	100
<b>Below \$S\$250,000</b>					
Mr Lai Kuan Loong Victor <sup>(2)</sup>	-	100	-	-	100
Mr Khong Chung Lun <sup>(3)</sup>	99.7	-	0.3	-	100
Mr Lee Gee Aik	-	100	-	-	100
Dato' Sri Mohd Mokhtar Bin Mohd Shariff <sup>(4)</sup>	-	100	-	-	100
Mr Neo Gim Kiong <sup>(5)</sup>	-	100	-	-	100
Mr San Meng Chee <sup>(6)</sup>	-	100	-	-	100

**Notes:**

- (1) Dato' Zamani Bin Kasim retired as CEO on 2 March 2020 and remains as Executive Director. He was appointed as a member of the NC on 13 November 2019.
- (2) Mr Lai Kuan Loong, Victor was appointed as an Independent Director and a member of the AC, NC and RC on 13 November 2019. He was appointed as interim Board Chairman and Chairman of the NC and RC on 5 February 2020.
- (3) Mr Khong Chung Lun was appointed as an Executive Director and a member of the NC on 13 November 2019. He was appointed as the CEO on 2 March 2020.
- (4) Dato' Sri Mohd Mokhtar Bin Mohd Shariff was appointed as an Independent Director and a member of the AC, NC and RC on 13 November 2019.
- (5) Mr Neo Gim Kiong retired as Non-Executive Chairman and Independent Director of the Company on 5 February 2020. He also relinquished his position as the Chairman of the NC and a member of the AC and RC respectively.
- (6) Mr San Meng Chee retired as Independent Director of the Company on 5 February 2020. He also relinquished his position as the Chairman of the RC and a member of the AC and RC respectively.



**(B) Remuneration of Key Management Personnel**

Name of key management personnel <sup>(1)</sup>	Designation	Base/Fixed Salary	Variable or Performance Related Income/Bonus	Total
		%	%	%
<b>Below S\$250,000</b>				
Ms Daeng Hamizah Binti Abd Aziz <sup>(2)</sup>	Chief Operating Officer	99.9	0.1	100
Ms Ang Siew Peng	Financial Controller	99.2	0.8	100
Ms Lee Shih Yi <sup>(3)</sup>	Chief Financial Officer	90.5	9.5	100

**Notes:**

- (1) As at the date of this Report, the Company has only two (2) top management personnel who are not directors or the CEO of the Company.
- (2) Ms Daeng Hamizah Binti Abd Aziz is the niece of the controlling shareholder of the Company, Dato' Daing A Malek Bin Daing A Rahaman.
- (3) Ms Lee Shih Yi resigned as the Chief Financial Officer of the Company on 1 February 2020 and her last date of employment was 29 February 2020.

During FY2020, the Company only had three (3) key management personnel, including the former Chief Financial Officer, Ms Lee Shih Yi. The aggregate remuneration paid to the three (3) key management personnel (who are not Directors or the CEO of the Company) was approximately S\$345,000 for FY2020.

**(C) Remuneration of Immediate Family Member of Directors or the Chief Executive Officer or Substantial Shareholder of the Company**

For FY2020, apart from Ms Daeng Hamizah Binti Abd Aziz, there was no other employee who is an immediate family member of the Directors or the CEO or substantial shareholder of the company and whose remuneration exceeded S\$100,000.

There is no termination, retirement and post-employment benefits that may be granted to the Directors, CEO or the key management personnel.

The Company does not have any long-term incentive scheme or share option scheme in place, and the RC and the Board would consider incentive schemes for the Group in future.

The Board, taking into consideration the competitive business environment, has decided not to disclose the exact details of the remuneration of each individual Director and key management personnel. The Company is of the view that providing full details of the remuneration of each individual Director and key management personnel is not of the best interests of the Company

and may adversely affect talent attraction and retention. The Company has, however disclosed the remuneration of the Directors in bands of S\$250,000.

Despite its deviation from Provision 8.1 of the Code, the Board is of the view that the Company has provided a high level of transparency on remuneration matters, as information on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation had been disclosed in detail in the preceding paragraphs. Accordingly, the Board is of the view that the non-disclosure of the exact quantum of the remuneration of each Director and Key Management Personnel will not be prejudicial to the interest of shareholders and is in line with the intent of Principle 8 of the Code.

## **PRINCIPLE 9: ACCOUNTABILITY AND AUDIT**

### **Risk Management and Internal Controls**

The Board recognises the importance of maintaining a sound system of risk management and internal controls to safeguard shareholders' interests and the assets of the Group and determines the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board acknowledges that no cost effective risk management and internal control system will preclude all errors and irregularities. Any system of internal controls is designed to mitigate rather than eliminate risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss, occurrence of errors, poor judgement in decision making, fraud or other irregularities. The Board reviews all significant control policies and procedures and highlights all significant matters to Management. If appropriate, the Board will consider setting up a board risk committee to address the aforementioned.

The Board of Directors and the AC have reviewed the adequacy of the Group's internal controls addressing its financial, operational, compliance and information technology risk, relying on reports from external auditors and internal auditors. Any significant internal control weaknesses and non-compliance that are highlighted during the audit together with recommendations by the external auditors and internal auditors are reported to the AC. The AC will follow up and review the actions taken by Management to address the weaknesses highlighted based on the recommendations made by the external auditors and internal auditors.

During FY2020, the Board appointed Ernst & Young Advisory Pte Ltd ("EY") to conduct an independent fact-finding exercise (the "Exercise") to look into, amongst others, the circumstances leading to the prior year adjustment arising from the omission to accrue interest payable to its main contractor and the non-disclosure of letters of demand to the Board, which include, amongst others, identifying any lapses or weaknesses in internal and financial reporting controls and procedures, breaches in applicable rules, laws and regulation, making recommendations on remedial measures to enhance the system of internal controls and governance practices. While the Exercise was on-going in FY2020, the AC had decided to defer the scheduled internal audit for FY2020 until the completion of the Exercise.

Following the completion of the Exercise on 3 April 2020, the relevant reports were shared with the internal and external auditors, and management has taken steps to enhance and strengthen its internal processes and procedures to address (a) the internal control weaknesses, including those pertaining to project budget monitoring and the competencies of the finance personnel highlighted by the Group's external auditors as part of their audit of the Group's consolidated financial statements for FY2019, and (b) the internal control weaknesses identified in the independent fact-finding report issued by EY as set out in their independent fact-finding report released by the Company on the SGXNet on 3 April 2020.

Apart from the implementation of the internal control recommendations made by EY such as adoption of the Board Charter (refer to Principle 1 for more details), a monthly financial reporting package and reconciliations between the budgeted and actual costs for each project are prepared and reviewed by the Management. The finance personnel also attended external trainings from time to time to strengthen accounting and finance knowledge of the finance team.

As recommended by the AC, the Board appointed TRS Forensics Pte Ltd as the internal auditors of the Company in June 2020. A full internal audit review was conducted subsequent to FY2020, covering the areas on (i) revenue, marketing, receivable and collection, (ii) procurement, sub-contracting, payables and payment, (iii) fixed asset management, (iv) financial preparation and reporting, (v) human resource and payroll, (vi) IT controls and cybersecurity, and (vii) general control environment, and was completed in July 2020. The internal auditors issued its report in August 2020. A total of 14 audit findings have been identified by the internal auditors, with one audit finding under IT Controls and Cybersecurity being rated as high risk. Management is in the midst of executing the agreed plans to implement the recommendations by the internal auditors, including, *inter alia*, formalising procedures for granting or removing user access rights and conducting vulnerability assessments for all computers and services.

For FY2020, the AC had received written assurances:

- (i) from the CEO and Financial Controller that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
- (ii) from the CEO and relevant key management personnel that the Company's risk management and internal control systems were adequate and effective.

Based on the internal controls framework established, reviews carried out by Management and the Board Committees, work performed by the internal auditors and external auditors, and the assurance from Management, the Board opines, with the concurrence of the AC, that the Company's internal controls (including financial, operational, compliance, information technology) and risk management systems were adequate and effective for FY2020.



**PRINCIPLE 10: AUDIT COMMITTEE**

The AC was established with written terms of reference, setting out the role and authority delegated to it by the Board.

The AC of the Company comprises three (3) members, all of whom, including the AC Chairman, are Non-Executive and Independent Directors:

- Mr Lee Gee Aik (Chairman)
- Mr Lai Kuan Loong, Victor
- Dato' Sri Mohd Mokhtar Bin Mohd Shariff

None of the AC members were former partners or directors of the Company's external auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

The Board is of the view that the AC members are appropriately qualified to discharge their responsibilities, taking into consideration that at least two (2) of the AC members, including the AC Chairman have many years of experience in accounting and relevant financial management expertise and experience.

The Board recognises the importance of good corporate governance and the offering of a high standard of accountability to the shareholders. The AC is authorised by the Board to investigate all matters within its term of reference. The AC has full access to, and the co-operation of Management, as well as full discretion to invite any Director to attend its meetings, and is provided with reasonable resources for it to discharge its functions properly.

The AC carries out its duties in accordance with the written terms of reference of the AC, which includes but not limited to the key responsibilities as follows:

- (i) review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
- (ii) review with the internal auditors, their audit plan and reports, the adequacy of the internal audit procedures and their evaluation of the adequacy and effectiveness of the overall internal control systems, including financial, operational, compliance and informational technology controls and risk management systems;
- (iii) review and report to the Board at least annually the adequacy and effectiveness of the Group's internal controls, which addresses the Group's financial, operational, compliance and information technology risks and risk management systems, and any other matters requiring the Board's attention;
- (iv) evaluate the Group's system of internal controls with the internal auditors and assess the effectiveness and adequacy of internal accounting and financial control procedures;

- (v) review the Company's policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated, and appropriately followed up on, and ensure that the Company publicly discloses, and clearly communicates to employees, the existence of a whistleblowing policy and procedures for raising such concerns;
- (vi) conduct annual reviews of the cost effectiveness of the audit, the independence and objectivity of the external auditors, including the volume of non-audit services provided by the external auditors, to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors before recommending their re-appointment to the Board;
- (vii) review the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function;
- (viii) make recommendations to the Board on (a) proposals to shareholders on the appointment, re-appointment, resignation and removal of the external auditors, and (b) the remuneration and terms of engagement of the external auditors;
- (ix) receive and review the assurance from the CEO and Financial Controller on the financial records and financial statements;
- (viii) review interested person transactions and to report its findings to the Board; and
- (ix) review the quarterly and full year financial statements of the Company and the Group prior to submission to the Board for approval and the dissemination of the results announcements to shareholders and SGX-ST, including advising the Board if changes are needed to improve the quality of future interim financial statements or financial updates.

The AC met with the internal auditors and external auditors without the presence of Management in respect of FY2020 audit to review matters that might be raised privately and also review the independence of the external auditor annually.

In the review of the financial statements for FY2020, the AC had discussed with Management and the external auditors the accounting principles that were applied and its judgement of items that might affect the integrity of the financial statements, and had deliberated the key audit matters ("KAMs") presented by the external auditors, including recognition of revenue and cost of sales for sales of development properties and completeness of trade and other payables, valuation of development properties and contract costs, and impairment of investment in subsidiaries. The AC had reviewed the KAMs and concurred with the external auditors and Management on their assessment, judgements and estimates on the significant matters reported by the external auditors as set out under the Independent Auditor's Report on pages 86 to 94 of this Annual Report.

During FY2020, the AC reviewed the quarterly and full-year financial statements prior to submission to the Board for approval; the annual audit plan of the external auditor and the internal auditors and the results of the audit performed by them; interested person transactions; effectiveness and adequacy of the Company's risk management and internal controls systems; audit and non-audit services rendered by the external auditors and the re-appointment of external auditors and their remuneration.

The AC members had been briefed by the external auditors, Mazars LLP, on any changes to accounting standards and issues which have a direct impact on financial statements as part of their audit. A record of the AC members' attendance at the AC meetings during FY2020 is set out on page 50 of this Annual Report.

### **External Audit**

The Company had engaged Mazars LLP, an audit firm registered with the Accounting and Corporate Regulatory Authority ("ACRA"), as the external auditors of the Company and its significant subsidiaries for consolidation purposes, with RSM Malaysia being appointed as the statutory auditor of the Company's subsidiaries in Malaysia. The Board and AC have considered this and are satisfied that the appointment of different auditing firms would not compromise the standard and effectiveness of the audit of the Company by Mazars LLP. Accordingly, the Company is in compliance with Rule 712, Rule 715, and Rule 716 of the Catalyst Rules.

The AC has reviewed the fees for the non-audit services provided to the Company by the external auditors. The aggregate amount of fees paid by the Company to the external auditors, Mazars LLP and RSM Malaysia, amounted to S\$83,000 and S\$47,000, respectively for audit services, and no non-audit services was rendered for the Group in FY2020.

The AC has reviewed the independence and objectivity of Mazars LLP in FY2020 and is satisfied that Mazars LLP has demonstrated appropriate qualifications and expertise and is also independent of the Company. The AC is also satisfied with the adequacy of the scope and quality of the external audits being conducted by Mazars LLP. The AC recommended the re-appointment of Mazars LLP as the external auditors for the ensuing financial year, taking into consideration the Audit Quality Indicators Disclosure Framework published by the ACRA. The Board accepted this recommendation and has proposed a resolution to shareholders for the re-appointment of Mazars LLP of the Company at the forthcoming AGM.

### **Internal Audit**

The AC is responsible for the appointment, removal, evaluation and compensation of the accounting or auditing firm or corporation that the internal audit function of the Company is outsourced to.

The Group's internal audit function is outsourced to an independent internal audit service provider, TRS Forensics Pte Ltd ("TRS"), who report directly to the AC Chairman on audit matters. The AC reviews and approves the annual internal audit plans and resources to ensure that the internal auditor has adequate resources to perform its function. The AC approves the hiring, removal and evaluation of the internal auditors. Internal audit reports are also given to the external auditors to ensure effective use of resources and to avoid duplication of efforts.

The internal auditors have unfettered access to all the Group's documents, records, properties and personnel, including access to AC, and has appropriate standing within the Company, to effectively discharge its responsibilities.



The internal auditors had during the course of their audit performed tests over operating effectiveness of certain controls and made some observations on internal controls and proposed recommendations to assist Management in enhancing existing controls, reducing risks and improving operational efficiency and effectiveness in the areas reviewed. Action plans to address these observations and findings have been put in place.

The AC assesses the adequacy and effectiveness of the internal audit function annually. The AC is satisfied that the internal audit function is independent, effective, adequately qualified (given, *inter alia*, its adherence to standards set by internationally recognised professional bodies) and adequately resourced.

TRS has operations in Singapore, Malaysia and China, and is a corporate member of the Institute of Internal Auditors, Singapore. They are currently the internal auditors for more than 10 listed companies in Singapore. The engagement team is led by Mr. Gary Ng, a director of TRS, who is a Certified Internal Auditor and Chartered Accountant of Singapore, with more than 15 years of external and internal audit experience. In addition, the engagement team consists of members of the Institute of Internal Auditors as well as qualified personnel who are cybersecurity and forensic professionals. The engagement team from TRS is guided by the Standards for Professional Practice of Internal Auditing set by the Institute of Internal Auditors in carrying out its functions.

### **Whistle-Blowing Policy**

The Company is committed to a high standard of ethical conduct and adopts a zero tolerance approach to fraud. The Company undertakes to investigate complaints of suspected fraud in an objective manner, and has put in place a whistle-blowing policy which provides employees and any other person with well-defined and accessible channels, including direct access to the Chairman of the AC or Company Secretary, to raise concerns about possible irregularities in matters of financial reporting or other matters in confidence (the "Whistle-Blowing Policy"). The Whistle-blowing Policy defines the processes clearly to ensure independent investigation of such matters and permits whistle blowers to report directly via the following:-

- (i) by email to [whistleblowing@astaka.com.my](mailto:whistleblowing@astaka.com.my); and
- (ii) by surface mail for the attention of the Chairman of AC or the Company Secretary at 3 Temasek Avenue, #21-21, Centennial Tower, Singapore 039190

The Whistle-blowing Policy is intended to encourage the reporting of such matters in good faith, with confidence that employees and any other person making such reports will be treated fairly and, as far as possible, be protected from possible reprisal. The AC is in charge of overseeing the function and handling of matters being reported through the whistle-blowing system.

## SHAREHOLDER RIGHTS AND ENGAGEMENT

### PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETING

#### Shareholders' Rights and Conduct of General Meetings

The Company recognises the importance of treating all shareholders fairly and equitably, as well as the responsibility to facilitate the exercise of shareholders' rights, and have the opportunity to communicate their views on matters affecting the company. All registered shareholders are given the opportunity to participate effectively in and vote at general meetings. Shareholders are informed of shareholders' meetings through notices published in major newspaper(s) and via SGXNet. Notices of general meetings are issued with the annual report or relevant circulars and sent to shareholders within the prescribed time frame.

The Company adopts an open and non-discriminatory communication program to promote regular, effective and fair communication with shareholders.

Shareholders are encouraged to attend and participate at the general meetings to ensure a greater level of shareholders' participation. Shareholders are informed of the rules, including voting procedures that govern the general meetings to enable them to participate effectively in and vote at the general meetings. As authentication of shareholder identity information and other related security issues remain a concern, the Company, for the time being, has not amended its Constitution to allow absentia voting at general meetings.

A shareholder who is not a relevant intermediary (as defined in Section 181 of the Companies Act, Chapter 50, of Singapore (the "Companies Act")) may vote in person or appoint not more than two proxies to attend and vote in his stead. Such proxy to be appointed need not be a shareholder of the Company.

Relevant intermediary (as defined in Section 181 of the Companies Act) provides that corporation, person or the Central Provident Fund Board that provide nominee or custodial services may appoint more than two proxies in relation to a meeting to exercise all or any of his rights to attend and to speak and vote at the meeting.

At the general meetings, shareholders are given opportunities to express their views and ask the Board and Management questions regarding the operations of the Group. All Directors attend at the general meetings to answer any questions relating to the work of their respective Committees. The external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

At the AGM or other general meetings, separate resolutions will be set out as distinct issues for approval by shareholders. All resolutions tabled at general meetings are put to vote by poll, and their detailed results will be announced via SGXNET after the conclusion of the general. Where the resolutions are "bundled", the Company will explain the reasons and material implications in the notice of meeting.

The Company prepares minutes of general meetings which includes key comments and queries from shareholders relating to the agenda of the meetings, and responses from the Board and Management. Under the alternative meeting arrangements, the Company's minutes of general meetings will be published in the Company's website within one (1) month of the AGM.

Moving forward, minutes of the general meeting may not be published on the Company's website, which is a deviation from Provision 11.5 which states that the Company publishes the minutes of general meetings on its corporate websites as soon as practicable. Nevertheless, the minutes will be made available to any shareholders upon request, and the Company is of the view that this is consistent with the intent of Principle 11 as this would achieve the same effect of treating all shareholders fairly and equitably and giving shareholders a balanced and understandable assessment of the Company's performance, position and prospects.

The Company's forthcoming AGM will be held on 28 October 2020, notice of which is set out on pages 163 to 168 of this Annual Report.

For the Company's upcoming AGM, due to the COVID-19 pandemic, the Company is conducting its virtual AGM in accordance with the alternative meeting arrangement guideline issued by SGX, all documents related to the general meetings are also available on SGXNet and the Company's website with clear instructions to shareholders on the procedures for them to participate at the virtual AGM.

### **Dividend Policy**

The Company does not have a fixed dividend policy. The Board will consider various factors, such as the Company's and/or Group's earnings, general financial position, capital expenditure requirements, cash flow, general business environment, development plans and other factors that may be deemed appropriate, to determine whether dividends would be paid for the financial year. The Board has not declared or recommended any dividend for FY2020, as the Company recorded a loss in FY2020 with an accumulated loss position as at 30 June 2020.

### **PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS**

The Company is committed to keeping shareholders apprised of the Company's performance and prospects. In line with its continuous disclosure obligations pursuant to the Catalist Rules, the Board's policy is that all shareholders should be informed of all major developments that impact the Company on an equitable and timely basis. Such information will be disseminated through SGXNet.

Financial results of the Group are announced in a timely manner. The results announcements contain detailed disclosures as required by the SGX-ST and voluntary disclosures are made as and when appropriate to enhance the level of transparency to shareholders.

Following the termination of the services of a public and investor relations ("IR") firm, the Company is managing this function internally while sourcing for suitable IR firm. At the moment, the Company's CEO is responsible for the Company's communication with its shareholders. The Company will seek advice from lawyers and professionals on appropriate disclosure requirements before announcing material information to shareholders.



The Company's corporate website is the key resource of information for shareholders. It contains a wealth of investor related information of the Company, which includes, amongst others, profiles of the Board of Directors and Key Management Personnel of the Company, list of announcements made via SGXNet, annual reports and important Group's policies such as the whistleblowing and personal data protection policies. While the Company does not have a formal written investor relations policy, all shareholders are encouraged to contact the Company with any queries or concerns. The contact details of the Company can be found on the corporate website to facilitate dialogue and queries from shareholders. Accordingly, this is in line with the objectives of the Company's investors' relations policy to allow for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.

## **PRINCIPLE 13: MANAGING STAKEHOLDERS RELATIONSHIPS**

### **Engagement with Stakeholders**

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

The Company's engagement with the key stakeholders, including engagement methods, strategy and key areas of focus in relation to the management of stakeholder relationships will be disclosed in the Company's Sustainability Report for FY2020 on pages 31 to 32 of this Annual Report.

Stakeholders can know more about the Group's business and governance practices through the Company's website (<https://astaka.com.my>) and to communicate with the Company through the contact details mentioned in the website.

## **OTHER CORPORATE GOVERNANCE MATTERS**

### **INTERESTED PERSON TRANSACTIONS ("IPTs")**

The Company adopts a set of procedures governing all IPTs to ensure that they are carried out on arms' length basis, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. The AC reviews the rational and terms of the Group's IPTs to ensure that they are on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. When a potential conflict of interest occurs, the Director concerned will be excluded from discussions and refrain from exercising any influence over other members of the Board.

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Dato' Daing A Malek Bin Daing A Rahaman ("Dato' Malek")	Controlling Shareholder	RM1,382,231 <sup>(1)</sup>	Not applicable
Saling Syabas Sdn Bhd ("SSSB")	An associate of Dato' Malek	RM10,732,895 <sup>(2)</sup>	Not applicable

## Notes:

- (1) Dato' Malek, the controlling shareholder of the Company, had extended unsecured loans in aggregate outstanding principal amount of RM52,322,839 to the subsidiary of the Company, Astaka Padu Sdn Bhd ("APSB"), comprising: (i) a loan in principal outstanding amount of RM22,322,839 at a fixed interest rate of 4% per annum extended in FY2017, repayable on demand; and (ii) a loan of RM30,000,000 pursuant to the loan agreement dated 14 February 2020 entered into between Dato' Malek and APSB ("DM Loan Agreement") at a fixed interest rate of 8% per annum.

In respect of the DM Loan Agreement, the loan and interest are repayable within one year from the date of the first drawing date or on demand, and no interest shall be charged on any accrued interest. The tenure of the loan shall be extended automatically by each subsequent one (1) year period unless APSB receives a termination notice from Dato' Malek not less than 30 days prior to the repayment date, and provided that no event of default has occurred.

- (2) This comprises the amount payable by the subsidiary of the Company, Bukit Pelali Properties Sdn Bhd to SSSB as at 30 June 2020 for the sole and exclusive right to develop the Bukit Pelali land, which was approved by Shareholders at an extraordinary general meeting on 16 December 2016 (please refer to the Company's circular to Shareholders dated 29 November 2016 for further details).

Save for the above mentioned, there were no IPTs of S\$100,000 or more for FY2020.

For FY2020, the Group does not have a general mandate from its shareholders for recurring IPTs.

## DEALING IN THE COMPANY'S SECURITIES

In line with Rule 1204(19) of the Catalist Rules, the Company has adopted an internal code of best practice with respect to dealing in securities by the Company, the Directors and its officers. The Company, the Directors, Management and officers of the Company who have access to price-sensitive, financial or confidential information are not permitted to deal in the Company's shares during the period commencing two (2) weeks before the announcement of the Company's quarterly financial results and one (1) month before the announcement of the Company's full-year financial results and ending on the date of the announcement of the relevant financial results, or when they are in possession of unpublished price-sensitive information of the Company. In addition, the Company, the Directors and its officers are expected to observe insider trading laws at all times even when dealing in securities within permitted trading periods. The Directors and officers of the Company should not deal in the Company's shares on short-term considerations.

## MATERIAL CONTRACTS

Pursuant to Rule 1204(8) of the Catalist Rules, save as disclosed below, in the section entitled "Interested Person Transactions" above and elsewhere in the consolidated financial statements of the Group, there were no material contracts entered into by the Company or its subsidiaries that involved the interests of the Directors, CEO or controlling shareholders which are still subsisting as at the end of FY2020, or if not then subsisting, entered into since the end of the previous financial year.

### Loan agreement with a main contractor

Pursuant to a letter of award dated 18 December 2014 and a construction agreement dated 2 August 2015 (collectively, the "Contract") between Astaka Padu Sdn Bhd ("APSB"), a subsidiary of the Company and China State Construction Engineering (M) Sdn Bhd ("CSCE"), APSB had engaged CSCE as the main contractor to carry out construction works for the development of service apartments in Malaysia. As of 28 February 2017, a sum of RM46,532,461 remained due and owing by APSB to CSCE under the Contract.

On 12 April 2017, APSB entered into a loan agreement ("Loan Agreement") with CSCE to convert the outstanding trade payables of RM46,532,461 due to CSCE under the Contract into a loan ("Loan"). The Loan is subject to an interest rate of 8.5% per annum commencing from 30 June 2017 until the date of full repayment of the Loan. In addition, the Loan was secured against certain land parcels located in Bukit Pelali that are owned by Saling Syabas Sdn Bhd ("SSSB") and over which the Group holds development rights. SSSB is owned by Dato' Daing A Malek Bin Daing A Rahman (a controlling shareholder of the Company) ("Dato' Malek") and Dato' Zamani Bin Kasim (the Company's former CEO and current Executive Director) ("Dato' Zamani"). No agreement was entered into between the Group and SSSB, Dato' Malek and/or Dato' Zamani for the provision of such security, and no payment has been made by the Group to SSSB, Dato' Malek and/or Dato' Zamani for the provision of such security.

As at the date of this Annual Report, the Loan has not been repaid and APSB has yet to enter into a revised settlement agreement with CSCE. For more details, please refer to Notes 15 and 26 of the consolidated financial statements of the Group.



Loan agreement with DMR Holdings Sdn Bhd (“DMR Holdings”)

On 17 June 2020, APSB entered into a loan agreement with DMR Holdings (an associate of Dato’ Malek) (the “DMR Loan Agreement”), pursuant to which DMR Holdings agreed to grant an unsecured loan in the principal amount not exceeding RM19,000,000 to APSB (the “DMR Loan”). The DMR Loan is subject to an interest rate of 8% per annum on any principal amount outstanding for the time being of the DMR Loan.

APSB shall repay the DMR Loan and interest thereon within one year from the date of the first Drawing Date (“Repayment Period”), and no interest shall be charged on any accrued interest. Notwithstanding the Repayment Period above, the tenure of the DMR Loan shall be extended automatically by each subsequent one (1) year period unless APSB receives a notice of termination from DMR Holdings not less than thirty (30) days from the last date of the Repayment Period, and provided that no event of default has occurred.

Dato’ Malek is a Controlling Shareholder of the Company, with a direct and deemed interest in approximately 66.7% of the share capital of the Company. DMR Holdings is wholly-owned by Dato’ Malek, and is deemed an “associate” of Dato’ Malek. Accordingly, DMR Holdings is an associate of Dato Malek, and deemed to be an “interested person” for the purposes of Chapter 9 of the Catalist Rules.

As at 30 June 2020, APSB has drawn down RM5,000,000 of the loan under the DMR Loan Agreement.

Overdraft facility with Affin Bank Berhad (“Affin Bank”)

On 7 October 2015, APSB entered into an overdraft facility of RM10,000,000 (the “Overdraft Facility”) with Affin Bank, which is repayable on demand. The nominal interest rate of the Overdraft Facility of 6.06% is calculated based on Affin Bank’s base lending rate plus 0.25%. The Overdraft Facility is secured against the controlling shareholder of the Company, Dato’ Malek’s fixed deposit of RM10,000,000. No agreement was entered into between the Group and Dato’ Malek for the provision of such security, and no payment has been made by the Group to Dato’ Malek for the provision of such security.

As at 30 June 2020, RM9,926,529 of the Overdraft Facility has been utilised by APSB. For more details, please refer to Note 25 of the consolidated financial statements of the Group.

**NON-SPONSOR FEES**

In FY2020, the Company paid to its sponsor, Novus Corporate Finance Pte Ltd, non-sponsor fees of S\$30,000.

**SUSTAINABILITY REPORTING**

Pursuant to Rules 711A and 711B of the Catalist Rules, the Company’s sustainability report is set out from pages 27 to 48 of this Annual Report.

Pursuant to Rule 720(5) of the Catalist Rules, the following is the information relating to the Directors seeking re-appointment (as set out in Appendix 7F to the Catalist Rules) –

Name of Person	Dato' Zamani bin Kasim	Lee Gee Aik
Date of Appointment	19 November 2015	19 November 2015 <sup>(1)</sup>
Date of last re-appointment (if applicable)	23 October 2018	23 October 2018
Age	66	62
Country of principal residence	Malaysia	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board, having considered, among others, the recommendation of the NC and reviewed and assessed the qualifications, work experiences and suitability of Dato' Zamani, is of the view that he has the requisite experiences and capabilities to assume the duties and responsibilities as the Executive Director of the Company.	<p>The Board, having considered, among others, the recommendation of the NC and reviewed and assessed the qualifications, work experiences and suitability of Mr Lee, is of the view that he has the requisite experiences and capabilities to assume the duties and responsibilities as the Non-Executive and Independent Director of the Company.</p> <p>The Board considers Mr Lee to be independent for the purpose of Rule 704(7) of the Catalist Rules.</p>
Whether appointment is executive, and if so, the area of responsibility	Executive. Responsible for overseeing the overall strategic plan of the Group.	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director and a member of the NC	Non-Executive and Independent Director, Chairman of the AC, and member of the RC and NC
Professional qualifications	Bachelor of Science (Housing, Building and Planning) (with honours), Universiti Sains, Malaysia	<ul style="list-style-type: none"> <li>Master degree in Business Administration, Henley Management College, United Kingdom</li> <li>Fellow Chartered Certified Accountant, the Association of Chartered Certified Accountants, United Kingdom</li> </ul>

Name of Person	Dato' Zamani bin Kasim	Lee Gee Aik
		<ul style="list-style-type: none"> <li>Fellow, the Institute of Singapore Chartered Accountants</li> </ul>
Working experience and occupation(s) during the past 10 years	As disclosed in the Board Profile of this Annual Report on pages 20 to 22.	
Shareholding interest in the listed issuer and its subsidiaries	Dato' Zamani holds 5% of the issued share capital of Saling Syabas Sdn Bhd, which in turn holds 49% of the issued share capital of Bukit Pelali Properties Sdn Bhd, an indirect 51% owned subsidiary of the Company.	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
<b>Other principal commitments* including directorships</b>		
Past (for the last 5 years)	<ol style="list-style-type: none"> <li>Layar Canggih Sdn Bhd</li> <li>Hexafort Sdn Bhd</li> </ol>	<ol style="list-style-type: none"> <li>International Healthway Corporation Limited</li> <li>LHN Limited</li> <li>Max Management Pte. Ltd.</li> <li>R Chan &amp; Associates PAC</li> </ol>
Present	<ol style="list-style-type: none"> <li>Astaka Holdings Limited</li> <li>Astaka Padu Sdn Bhd</li> <li>Bukit Pelali Properties Sdn Bhd</li> <li>Bukit Pelali Healthcare Sdn Bhd</li> <li>Bukit Pelali Development Sdn Bhd</li> <li>Saling Syabas Sdn Bhd</li> <li>Seaview Global Vision Sdn. Bhd.</li> </ol>	<ol style="list-style-type: none"> <li>Astaka Holdings Limited</li> <li>Anchun International Holdings Limited</li> <li>SHS Holdings Limited</li> <li>Uni-Asia Group Limited</li> <li>Reliance Audit LLP</li> </ol>



Name of Person	Dato' Zamani bin Kasim	Lee Gee Aik
	8. Bukit Pelali Hotels Sdn. Bhd. 9. Astaka Padu Limited	
<b>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.</b>		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No

Name of Person	Dato' Zamani bin Kasim	Lee Gee Aik
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud,	No	No

Name of Person	Dato' Zamani bin Kasim	Lee Gee Aik
misrepresentation or dishonesty on his part?		
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :—		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	Reference is made to the independent fact-finding report dated 3 April 2020 issued by Ernst & Young Advisory Pte Ltd and released by the Company on SGXNet on 3 April 2020. The Company and relevant persons are engaged in ongoing correspondence with the SGX-ST in relation to the same.	
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory	No	No



Name of Person	Dato' Zamani bin Kasim	Lee Gee Aik
requirement governing such entities in Singapore or elsewhere; or		
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	Please refer to (j)(i) above.	
Disclosure applicable to the appointment of Director only		
Any prior experience as a director of an issuer listed on the Exchange?	N.A. This relates to re-appointment of Director.	N.A. This relates to re-appointment of Director.
If yes, please provide details of prior experience.	N.A.	N.A.

<b>Name of Person</b>	<b>Dato' Zamani bin Kasim</b>	<b>Lee Gee Aik</b>
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	N.A.	N.A.
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable)	N.A.	N.A.

Note:

- (1) Mr. Lee Gee Aik was re-designated as an Independent Director of the Company on 19 November 2015 upon the completion of the reverse takeover of the Company by Astaka Padu Limited.

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 30 June 2020 and the statement of financial position of the Company as at 30 June 2020.

## 1. Opinion of the directors

In the opinion of the directors,

- (a) the financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020 and the financial performance, changes in equity and cash flows of the Group for the financial year ended in accordance with the provisions of the Singapore Companies Act Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International); and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## 2. Directors

The directors of the Company in office at the date of this statement are:

Mr Lai Kuan Loong, Victor	(appointed on 13 November 2019)
Mr Khong Chung Lun	(appointed on 13 November 2019)
Dato' Zamani Bin Kasim	
Mr Lee Gee Aik	
Dato' Sri Mohd Mokhtar Bin Mohd Shariff	(appointed on 13 November 2019)

## 3. Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects were, or one of whose objects was, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, except as disclosed in paragraphs 4 and 5 below.

## 4. Directors' interests in shares or debentures

The directors of the Company holding office at the end of the financial year had no interest in the share capital and debentures of the Company and related corporations (other than wholly-owned subsidiaries), as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, except as disclosed below:

Name of directors and respective company in which interest are held	Direct interests		Deemed interests	
	At 1/7/2019 or date of appointment	At 30/6/2020	At 1/7/2019 or date of appointment	At 30/6/2020
<b>Astaka Holdings Limited</b>				
<b>No. of ordinary shares</b>				
Mr Khong Chung Lun	47,900	47,900	-	-

There were no changes in any of the directors' interests in the Company between the end of the financial year and 21 July 2020.



#### 4. Directors' interests in shares or debentures (Continued)

During the financial year, the Company has in the normal course of business entered into transactions with the directors and/or their affiliated companies, being related parties and parties in which some of the directors are deemed to have an interest, with the directors having disclosed their interests in such transactions pursuant to Section 156 of the Act. Such transactions disclosed in Note 30 to the financial statements were carried out on normal commercial terms and in the normal course of business of the Company.

#### 5. Share options

During the financial year, there were:

- (i) no options granted by the Company to any person to take up unissued shares in the Company or its subsidiaries; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

The Company had implemented a share option scheme on 23 December 2008, which had expired on 22 December 2018.

#### 6. Audit Committee

The members of the Audit Committee during the year and at the date of this statement are:

Mr Lee Gee Aik (Chairman)	
Dato' Sri Mohd Mokhtar Bin Mohd Shariff	(appointed on 13 November 2019)
Mr Lai Kuan Loong, Victor	(appointed on 13 November 2019)

All members of the Audit Committee were independent non-executive directors of the Company.

The Audit Committee performs the functions specified in Section 201B (5) of the Act, the SGX Listing Manual and the Code of Corporate Governance 2018.

The Audit Committee met five times during the financial year ended 30 June 2020. In performing its function, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Group's systems of internal controls.

The Audit Committee also reviewed the following:

- quarterly and annual financial statements;
- audit plans and reports of the external and internal auditors;
- reviewed, at least annually, the adequacy and effectiveness of the Group's internal controls and risk management systems;
- the assistance given by management to the external and internal auditors;
- reviewed the assurance from the Chief Executive Officer and the Chief Financial Officer/Financial Controller of the Group on the financial records and financial statements;

Please refer to the Corporate Governance Report for further details on the activities of the Audit Committee during the financial year ended 30 June 2020.

**6. Audit Committee (Continued)**

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended the nomination of Mazars LLP for re-appointment as external auditors of the Group at the forthcoming Annual General Meeting of the Company.

**7. Auditors**

The auditors, Mazars LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

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**Mr Khong Chung Lun**  
*Director*

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**Dato' Zamani Bin Kasim**  
*Director*

Singapore  
29 September 2020

**Report on the Audit of Financial Statements***Opinion*

We have audited the consolidated financial statements of Astaka Holdings Limited (the "Company") and its subsidiaries (the "Group") which comprise the statements of financial position of the Group and of the Company as at 30 June 2020, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies from pages 95 to 159.

In our opinion, the accompanying consolidated financial statements of the Group, and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020 and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

*Basis for Opinion*

We conducted our audit in accordance with Singapore Standards on Auditing ("SSA"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

*Material uncertainty related to going concern*

We draw attention to Note 2 to the consolidated financial statements which indicates that the Group incurred a net loss of RM18.08 million for the financial year ended 30 June 2020, and as of 30 June 2020, the Group reported net current assets of RM91.20 million, for which current assets include development properties amounting to RM454.91 million, representing the completed properties held for sale, properties in the course of development and future phases of land to be developed. As stated in Note 2, the directors of the Company have considered the slowdown in the property market in Malaysia in recent years and for which the situation was inevitably worsened by the repercussions of the COVID-19 outbreak, which has impacted the sale of development properties of the Group. In the event that the Group is unable to sell its completed properties as planned, the Group may not be able to generate sufficient operating cash flows for the next 18 months to cover its operating costs and settle its current liabilities. This indicates that a material uncertainty exists that may cast significant doubt on the ability of the Group and the Company to continue as going concerns. However, taking into consideration the going concern basis of assumptions made by the Group as disclosed in Note 2, the directors of the Company believe that the Group and the Company will be able to continue operations in the foreseeable future, and that the preparation of the accompanying consolidated financial statements on a going concern basis is appropriate. Our opinion is not modified in respect of this matter.



# 87 | INDEPENDENT AUDITORS' REPORT

*To the Members of Astaka Holdings Limited*

## Overview

### Audit Approach

We designed a risk-based audit approach in identifying and assessing the risks of material misstatement at both the financial statement and assertion levels.

### Materiality

As in all our audits, we exercised our professional judgement in determining our materiality, which was also affected by our perception of the financial information needs of the users of the financial statements, being the magnitude of misstatement in the financial statements that makes it probable for a reasonably knowledgeable person to change or be influenced in his economic decision.

### Scope of Audit

For the audit of the current financial year's financial statements, we identified 2 significant components which required a full scope audit of their financial information, either because of their size or/and their risk characteristics.

These significant components were audited by RSM Malaysia as component auditors under our instructions. We determined the component materiality and our level of involvement in their audit necessary for us, in our professional judgement, to obtain sufficient appropriate audit evidence as a basis for our opinion on the Group's financial statements as a whole.

### Area of Focus

We focused our resources and effort on areas which were assessed to have higher risks of material misstatements, including areas which involve significant accounting estimates and critical judgements to be made by directors.

**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 current financial year. These matters include the salient areas of focus in our audit and do not represent all the risks identified by our audit. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Matter	Audit response
<b>Recognition of revenue and cost of sales of development properties, and completeness of trade and other payables (refer to Note 15 and Note 26 to the financial statements)</b>	
<p>The Group enters into contracts with customers to deliver specified building units to the customers based on the plan and specifications as set out in the contracts. In accordance with SFRS(I) 15 <i>Revenue from Contracts with Customers</i>, the analysis of whether the contracts comprise one or more performance obligations, determining whether the performance obligations are satisfied over time or at a point in time, the method used to measure progress for revenue recognition where performance obligations are satisfied over time and estimated variable consideration included in the transaction price represent areas requiring critical judgement and estimates by the Group.</p>	<p>Our audit procedures included, and were not limited to, the following:</p> <ul style="list-style-type: none"> <li>• Evaluated the Group's processes over revenue recognition for sales of development properties and assessed the basis for the identification of performance obligations;</li> <li>• Read the sales and purchase agreements of development properties and discussed each of the developments with management to obtain an understanding of the specific terms so as to identify performance obligations;</li> </ul>
<p>For those contracts where revenue is recognised over time, the Group measures its work progress by reference to the construction costs incurred to date to the estimated total construction costs, including contingencies and variation orders, which are highly judgmental. Any changes in these estimates could result in material variance in revenue recognised and the recognition for the provision of rectification costs and liquidated damages.</p>	<ul style="list-style-type: none"> <li>• Assessed whether the criteria are met for recognising revenue over time or at point in time of revenue recognition;</li> <li>• Assessed the appropriateness of methods and amounts used to measure the progress of the construction of specified building units by reference to construction costs incurred to date compared to the estimated total construction costs where the performance obligation is satisfied over time;</li> </ul>
<p>There is a broad range of possible outcomes resulting from these judgements that could lead to different revenue, costs and loss being reported in the consolidated financial statements. We hence consider this as a key audit matter.</p>	<ul style="list-style-type: none"> <li>• Assessed the adequacy of the estimated total construction costs by comparing them with the actual costs incurred to-date and discussed with management on the progress of the projects, taking into consideration of any significant deviation in design plans or potential delays;</li> </ul>

## Key Audit Matters (Continued)

Matter	Audit response
<b>Recognition of revenue and cost of sales of development properties, and completeness of trade and other payables (refer to Note 15 and Note 26 to the financial statements) (Continued)</b>	

Our audit procedures included, and were not limited to, the following (Continued):

- Reviewed management's assessment of the estimated costs to complete the projects and the probability of further costs to be incurred arising from the progress of the projects. For works that have been contracted to third party contractors, we agreed to the underlying contracts. For construction costs incurred to date, we tested the significant items of cost components by vouching to the supporting documents pertaining to the claims from main contractors to ascertain the existence and accuracy of the costs of work done;
- Assessed the appropriateness of assumptions used to measure the variable consideration, which includes rebates, discounts, transaction costs borne by the Group and liquidated damages included in the transaction price by comparing the supporting documents pertaining to rebates and discounts granted by the Group. For transaction costs borne by the Group, we discussed with management, taking into consideration the historical costs borne by the Group. For liquidated damages, we compared the actual delivery date of the property developments against the promised delivery date as well as penalty terms in the contracts;
- Inspected relevant documents to review the additional variation orders placed by management for additional scope of works to be performed by the main contractors; and
- Discussed with the quantity surveyors and external main contractors on the work done to date, and status of the outstanding claims to be submitted and obtained confirmation from the main contractors.



*Key Audit Matters (Continued)*

Matter	Audit response
<b>Valuation of development properties and contract costs (refer to Note 15 and Note 16 to the financial statements)</b>	
<p>As at 30 June 2020, the Group's development properties were RM454.91 million which represents 89.05% of the Group's current assets.</p>	<p>Our audit procedures included, and were not limited to, the following:</p>
<p>The Group has residential and commercial development properties held for sale in its core market, Malaysia. Development properties are stated at the lower of their cost and their net realisable values. Net realisable value represents the estimated future selling price, less estimated costs of completion and selling expenses.</p>	<ul style="list-style-type: none"> <li>Assessed the reasonableness of the Group's estimated selling prices by comparing them with recent transacted selling prices of the development properties; and</li> </ul>
<p>The estimated future selling prices is dependent on the Group's expectation of the market development in Malaysia. There is therefore a risk that the estimated net realisable value exceeds the future actual selling prices, resulting in losses when these properties are sold.</p>	<ul style="list-style-type: none"> <li>Evaluated the independence, objectivity and competency of the independent external valuer for valuation on the unsold unit of The Astaka Tower. Considered the valuation methodologies used and assessed the reasonableness of the key assumptions used by the independent external valuer, which included a comparison of the discount rates, and price per square feet, against historical rates and available market data, taking into consideration comparable and market factors.</li> </ul>
<p>The Group assessed the net realisable value of development properties and recoverable amounts of contract costs, based on the estimated selling prices, future costs to complete the projects and development plans of the Group, taking into consideration available industry data, status of construction progress, deviation in design plans, cost overruns and current market factors.</p>	
<p>For developed but unsold units in The Astaka Tower, the Group has assessed the net realisable value based on latest valuation obtained from an independent external valuer. Significant judgement and estimates are involved in determining the appropriate valuation methods and assumptions applied in the valuation.</p>	
<p>The determination of allowance for foreseeable losses involves a high level of judgement, which may have significant impact on the financial statements. We hence consider the management's assessment of valuation of development properties and contract costs as a key audit matter.</p>	

## Key Audit Matters (Continued)

Matter	Audit response
<b>Impairment of investment in subsidiaries (refer to Note 13 to the financial statements)</b>	
<p>As at 30 June 2020, the Company's investment in subsidiaries were RM811.83 million which represents 99.92% of the Company's total assets.</p> <p>Management assessed the recoverable amount of the investment in subsidiaries based on the estimated cash flows generated from the sale of development properties and proposed development projects to be undertaken by the subsidiaries.</p> <p>The Company has assessed the estimated selling prices, future costs to complete the projects and development plans of the Group, taking into consideration available industry data, status of construction progress, deviation in design plans, cost overruns and current market factors to estimate the cash flows generated from the sale of development properties and future phases to be developed.</p> <p>The determination of impairment of investment in subsidiaries involves a high level of judgement, which may have significant impact on the financial statements. We hence consider this as a key audit matter.</p>	<p>Our audit procedures included, and were not limited to, the following:</p> <ul style="list-style-type: none"> <li>▪ Evaluated the reasonableness of the cash flow estimate from sale of development properties and future phases to be developed by comparing the estimated selling prices against the recent transacted prices of the development properties.</li> <li>▪ Discussed with management on their planned strategies, revenue growth strategies and cost initiatives; and</li> <li>▪ Reviewed the sensitivity analysis to assess the impact on the recoverable amount of the cash-generating units subsequent to reasonably possible changes to the key assumptions for adequacy of disclosure in the financial statements.</li> </ul>

### *Other Information*

Management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and the independent auditors' report thereon, which we obtained prior to the date of this report.

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this report, 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 Management and Directors for the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements 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 SSA 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.



*Auditors' Responsibilities for the Audit of the Financial Statements (Continued)*

As part of an audit in accordance with SSA, 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, 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 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 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements 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 consolidated financial statements. 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, related safeguards.

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

*Other matters*

The financial statements of the Group for the financial year ended 30 June 2019 and statement of financial position of the Company as at 30 June 2019 were audited by another firm of auditors who expressed an unmodified opinion on the report dated 6 January 2020.

**Report on Other Legal and Regulatory Requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Chan Hock Leong, Rick.

**MAZARS LLP**  
Public Accountants and  
Chartered Accountants

Singapore  
29 September 2020

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Financial Year Ended 30 June 2020

	Note	2020 RM	2019 RM
Revenue	5	201,310,742	296,030,245
Cost of sales	6	<u>(187,372,457)</u>	<u>(366,942,066)</u>
<b>Gross profit/(loss)</b>		13,938,285	(70,911,821)
Other income	7	47,766	3,628,839
Selling and distribution expenses		(2,106,827)	(5,526,371)
Administrative expenses		(20,342,935)	(19,428,356)
Other expenses		<u>(3,637,510)</u>	<u>(8,559,814)</u>
<b>Results from operating activities</b>		<u>(12,101,221)</u>	<u>(100,797,523)</u>
Finance income	8	931,202	603,598
Finance costs	8	<u>(7,022,037)</u>	<u>(7,428,238)</u>
<b>Net finance costs</b>		<u>(6,090,835)</u>	<u>(6,824,640)</u>
<b>Loss before income tax</b>	9	(18,192,056)	(107,622,163)
Tax credit/(expense)	10	<u>108,492</u>	<u>(6,103,351)</u>
<b>Loss for the year, representing total comprehensive loss for the year</b>		<u>(18,083,564)</u>	<u>(113,725,514)</u>
<b>Total comprehensive income/(loss) attributable to:</b>			
Owners of the Company		(20,753,493)	(105,434,351)
Non-controlling interests		<u>2,669,929</u>	<u>(8,291,163)</u>
<b>Total comprehensive loss for the year</b>		<u>(18,083,564)</u>	<u>(113,725,514)</u>
<b>Loss per share</b>			
Basic and diluted loss per share (cents per share)	11	<u>(1.11)</u>	<u>(5.64)</u>

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



	<u>Note</u>	<u>2020</u> <u>RM</u>	<u>2019</u> <u>RM</u>	<u>2020</u> <u>RM</u>	<u>2019</u> <u>RM</u>
		<b>Group</b>		<b>Company</b>	
<b>Assets</b>					
Property, plant and equipment	12	854,975	664,340	-	-
Investment in subsidiaries	13	-	-	811,831,738	937,831,738
Deferred tax assets	14	-	-	-	-
<b>Non-current assets</b>		<b>854,975</b>	<b>664,340</b>	<b>811,831,738</b>	<b>937,831,738</b>
Development properties	15	454,906,080	467,128,000	-	-
Contract costs	16	1,228,570	11,378,916	-	-
Contract assets	17	13,350,949	24,835,892	-	-
Trade and other receivables	18	20,475,934	109,293,124	40,945	38,605
Tax recoverable		1,846,382	-	-	-
Cash and cash equivalents	19	19,010,565	10,283,705	595,257	3,614,037
<b>Current assets</b>		<b>510,818,480</b>	<b>622,919,637</b>	<b>636,202</b>	<b>3,652,642</b>
<b>Total assets</b>		<b>511,673,455</b>	<b>623,583,977</b>	<b>812,467,940</b>	<b>941,484,380</b>
<b>Equity</b>					
Share capital	20	259,383,777	259,383,777	1,455,078,944	1,455,078,944
Merger reserve	21	(10,769,090)	(10,769,090)	-	-
Capital reserve	22	-	-	1,419,389	1,419,389
Accumulated losses		(153,802,954)	(133,049,461)	(647,710,474)	(518,712,417)
<b>Equity attributable to owners of the Company</b>		<b>94,811,733</b>	<b>115,565,226</b>	<b>808,787,859</b>	<b>937,785,916</b>
Non-controlling interests	23	(2,980,809)	(5,650,738)	-	-
<b>Total equity</b>		<b>91,830,924</b>	<b>109,914,488</b>	<b>808,787,859</b>	<b>937,785,916</b>
<b>Liabilities</b>					
Lease liabilities	24	226,736	-	-	-
Loans and borrowings	25	-	252,024	-	-
<b>Non-current liabilities</b>		<b>226,736</b>	<b>252,024</b>	<b>-</b>	<b>-</b>
Contract liabilities	17	3,405,645	32,498,637	-	-
Trade and other payables	26	310,535,673	393,890,871	639,211	656,203
Amounts due to related parties	27	94,196,546	58,073,890	3,040,870	3,042,261
Lease liabilities	24	412,710	-	-	-
Loans and borrowings	25	11,065,221	25,712,043	-	-
Income tax payable		-	3,242,024	-	-
<b>Current liabilities</b>		<b>419,615,795</b>	<b>513,417,465</b>	<b>3,680,081</b>	<b>3,698,464</b>
<b>Total liabilities</b>		<b>419,842,531</b>	<b>513,669,489</b>	<b>3,680,081</b>	<b>3,698,464</b>
<b>Total equity and liabilities</b>		<b>511,673,455</b>	<b>623,583,977</b>	<b>812,467,940</b>	<b>941,484,380</b>

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 30 June 2020

	Attributable to owners of the Company				
	Share capital RM	Merger reserve RM	Accumulated losses RM	Non-controlling interests RM	Total equity RM
At 1 July 2018	259,383,777	(10,769,090)	(27,615,110)	2,640,425	223,640,002
Loss and total comprehensive loss for the year	-	-	(105,434,351)	(8,291,163)	(113,725,514)
At 30 June 2019	259,383,777	(10,769,090)	(133,049,461)	(5,650,738)	109,914,488
Loss and total comprehensive loss for the year	-	-	(20,753,493)	2,669,929	(18,083,564)
At 30 June 2020	259,383,777	(10,769,090)	(153,802,954)	(2,980,809)	91,830,924

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

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## CONSOLIDATED STATEMENT OF CASH FLOWS

For The Financial Year Ended 30 June 2020

	<u>Note</u>	<u>2020</u> <u>RM</u>	<u>2019</u> <u>RM</u>
<b>Cash flows from operating activities</b>			
Loss before income tax		(18,192,056)	(107,622,163)
Adjustments for:			
Allowance for foreseeable losses on development properties	6	-	69,085,195
Accruals for liquidated ascertained damages	9	1,213,879	-
Accruals for late payment interests	9	1,401,386	4,816,145
Depreciation of property, plant and equipment	12	535,218	729,877
Government grants receivable written off	6	-	6,810,711
Impairment loss on contract costs	6	-	3,948,859
Interest expense	8	7,022,037	7,428,238
Interest income	8	(918,248)	(528,798)
Property, plant and equipment written off	9	-	288
Reversal of foreseeable loss on development properties	6	(678,447)	-
Unrealised loss/(gain) on foreign exchange		114,115	(141,783)
<b>Total operating cash flows before movements in working capital</b>		(9,502,116)	(15,473,431)
Changes in working capital:			
- Development properties		12,900,367	(20,453,678)
- Contract costs		10,150,346	3,287,687
- Contract assets and liabilities		(17,608,049)	(4,098,083)
- Trade and other receivables		105,884,995	145,078,021
- Trade and other payables		(70,385,869)	(51,733,952)
<b>Cash generated from operations</b>		31,439,674	56,606,564
Tax refund		902,325	-
Tax paid		(5,882,239)	(10,102,241)
<b>Net cash generated from operating activities</b>		26,459,760	46,504,323
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(135,863)	(116,574)
Fixed deposits pledged		(997,985)	(4,003,500)
Interest received		918,248	528,798
Proceeds from disposal of property, plant and equipment		-	1,287
<b>Net cash used in investing activities</b>		(215,600)	(3,589,989)
<b>Cash flows from financing activities</b>			
Advances from affiliated corporations		12,116,491	7,996,849
Advances from a controlling shareholder		30,000,000	5,684,902
Interest paid		(11,236,206)	(3,472,979)
Proceeds from drawdown of term loans		1,138,692	-
Repayment to affiliated corporations		(4,977,029)	-
Repayment to bank overdrafts		(17,000,000)	-
Repayment to trade and other payables		(12,417,628)	-
Repayment to term loan		-	(75,846,526)
Repayment to finance lease liabilities		-	(195,709)
Repayment to lease liabilities		(369,819)	-
<b>Net cash used in financing activities</b>		(2,745,499)	(65,833,463)
<b>Net increase/(decrease) in cash and cash equivalents</b>		23,498,661	(22,919,129)
Cash and cash equivalents at 1 July		(19,301,747)	3,460,180
Effect of exchange rate fluctuation on cash held		(114,363)	157,202
<b>Cash and cash equivalents at 30 June</b>	19	4,082,551	(19,301,747)

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

**Reconciliation of liabilities arising from financing activities**

	Liabilities					
	Amount due to affiliated corporations RM	Amount due to a controlling shareholder RM	Trade and other payables <sup>(1)</sup> RM	Term loan RM	Bank overdrafts RM	Lease liabilities RM
<b>At 1 July 2019</b>	32,454,611	25,619,279	54,442,979	-	25,581,952	972,105
						139,070,926
<b>Changes from financing cash flows:</b>						
- Advances from affiliated corporations	12,116,491	-	-	-	-	-
- Advances from a controlling shareholder	-	30,000,000	-	-	-	-
- Interest paid	(696,830)	-	(8,582,371)	(56,187)	(1,900,818)	-
- Proceeds from drawdown of term loan	-	-	-	1,138,692	-	-
- Repayment to affiliated corporations	(4,977,029)	-	-	-	-	-
- Repayment to bank overdrafts	-	-	-	-	(17,000,000)	-
- Repayment to trade and other payables	-	-	(12,417,628)	-	-	-
- Repayment to lease liabilities	-	-	-	-	-	(369,819)
<b>Total changes from financing cash flows</b>	6,442,632	30,000,000	(20,999,999)	1,082,505	(18,900,818)	(369,819)
						(2,745,499)
<b>Other changes:</b>						
<b>Liability-related</b>						
- Changes in bank overdrafts	-	-	-	-	1,344,577	-
- Accrued expense	(962,153)	(924,184)	-	-	-	-
- Interest expense	184,130	1,382,231	3,461,511	56,187	1,900,818	37,160
<b>Total liability-related other changes</b>	(778,023)	458,047	3,461,511	56,187	3,245,395	37,160
						6,480,277
<b>At 30 June 2020</b>	38,119,220	56,077,326	36,904,491	1,138,692	9,926,529	639,446
						142,805,704

<sup>(1)</sup> There was loan agreement with main contractor for outstanding amount payable to them which is included in trade and other payables (Note 26).

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



## Reconciliation of liabilities arising from financing activities (Continued)

	Liabilities					Total RM
	Amount due to affiliated corporations RM	Amount due to a controlling shareholder RM	Trade and other payables RM	Term loans RM	Bank overdrafts RM	Finance lease liabilities RM
<b>At 1 July 2018</b>	24,457,762	19,934,377	50,487,720	75,846,526	12,961,740	577,824
						184,265,949
<b>Changes from financing cash flows:</b>						
- Advances from affiliated corporations	7,996,849	-	-	-	-	-
- Advances from a controlling shareholder	-	5,684,902	-	-	-	-
- Interest paid	(199,080)	(892,914)	-	(1,577,034)	(776,496)	(27,455)
- Repayment of term loans	-	-	-	(75,846,526)	-	-
- Repayment of finance lease liabilities	-	-	-	-	-	(195,709)
<b>Total changes from financing cash flows</b>	<b>7,797,769</b>	<b>4,791,988</b>	<b>-</b>	<b>(77,423,560)</b>	<b>(776,496)</b>	<b>(223,164)</b>
						(65,833,463)
<b>Other changes:</b>						
<b>Liability-related</b>						
- Changes in bank overdrafts	-	-	-	-	12,620,212	-
- Interest expense	199,080	892,914	3,955,259	1,577,034	776,496	27,455
<b>Total liability-related other changes</b>	<b>199,080</b>	<b>892,914</b>	<b>3,955,259</b>	<b>1,577,034</b>	<b>13,396,708</b>	<b>27,455</b>
						20,048,450
<b>At 30 June 2019</b>	<b>32,454,611</b>	<b>25,619,279</b>	<b>54,442,979</b>	<b>-</b>	<b>25,581,952</b>	<b>382,115</b>
						138,480,936

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

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

## 1. General

Astaka Holdings Limited (the “Company”) is incorporated in Singapore. The address of the Company’s registered office is 3 Temasek Avenue, #21-21 Centennial Tower, Singapore 039190.

The financial statements of the Company as at and for the year ended 30 June 2020 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”).

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are disclosed in Note 13 to the financial statements.

The financial statements of the Group and the statement of financial position of the Company for the financial year ended 30 June 2020 were authorised for issue by the directors on 29 September 2020.

## 2. Going concern

The Group incurred a net loss of RM18.08 million for the year ended 30 June 2020 (2019: RM113.73 million) and, as of 30 June 2020, the Group reported net current assets of RM91.20 million, for which current assets included development properties amounting to RM454.91 million (2019: RM467.13 million), representing the completed properties held for sale, properties in the course of development and future phases of land to be developed. Due to the slowdown in the property market in Malaysia in recent years and for which the situation was inevitably worsened by the repercussions of the COVID-19 outbreak, the Group may not be able to generate sufficient operating cash flows for the next 18 months to cover its operating costs and settle its current liabilities. Furthermore, a subsidiary of the Group has defaulted on the settlement to a main contractor. The details of the default of settlement are disclosed in Note 26.

The above matters represent material uncertainty that may cast significant doubt on the ability of the Group and of the Company to continue as a going concern and therefore, the Group and the Company may not be able to realise their assets and discharge their liabilities in the normal course of business.

Notwithstanding the above, the financial statements have been prepared on a going concern basis. To support the financial statements having been prepared on going concern basis and to ensure the adequacy of funds required to meet the Group’s obligations and working capital needs, the Group has prepared a 18-month consolidated cash flow forecast from 1 July 2020. In preparing the 18-month consolidated cash flow forecast, the Group exercised judgement and made certain key assumptions and basis of judgements including the following:

- (i) Within the next 18 months, the Director is in view that the Group is able to sell its certain completed properties as planned during the forecasted period.
- (ii) Subsequent to the financial year end, the Group has preliminarily agreed with the main contractor to continue with the defect rectification works with a monthly instalment of RM0.5 million. As of the date of this report, the Group is still in the midst of negotiating with the main contractor on a revised settlement agreement and repayment schedule for the outstanding sum owing to the main contractor. Nonetheless, the Group is protected from the winding-up proceedings until 31 December 2020 by the Companies (Exemption) (No 2) Order 2020 (the “Order”). The Order serves as a protection to the Group from winding up proceedings in the near future.

## 2. Going concern (Continued)

- (iii) Continuing support from its controlling shareholder of the Company. The controlling shareholder of the Company has undertaken to provide the necessary financial support to the Group to enable it to continue its operations and to pay its debts as and when they fall due. Furthermore, a subsidiary of the Group intends to enter into the Supplemental Letter Agreement to upsize the loan from DMR Holdings Sdn Bhd, an associate of the controlling shareholder from RM19 million to RM60 million in aggregate to anticipate additional working capital required by the Group. The additional loan amount is based on cashflow forecast with the assumption that no bank loan was secured.

The directors of the Company believe that the Group and the Company will be able to continue operations in the foreseeable future, and that the preparation of the accompanying consolidated financial statements on a going concern basis is appropriate.

If the going concern assumption were inappropriate, the Group may be unable to discharge its liabilities in the normal course of business and, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group may have to reclassify non-current assets and liabilities to current assets and liabilities respectively. No such adjustments have been made to the financial statements.

**3. Summary of significant accounting policies****3.1 Basis of preparation**

The financial statements of the Group and the statement of financial position of the Company have been drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International) ("SFRS(I)") including related Interpretations of SFRS(I) ("SFRS(I) INT") and are prepared on the historical cost basis, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statements of financial position of the Company are presented in Malaysia Ringgit ("RM") which is also the functional currency of the Company.

In the current year, the Group has adopted all the new and revised SFRS(I) and SFRS(I) INT that are relevant to its operations and effective for annual periods beginning on or after 1 July 2019. Other than SFRS(I) 16 *Leases* ("SFRS(I) 16"), the adoption of these new or revised SFRS(I)s and SFRS(I) INT did not result in changes to the Group's and Company's accounting policies, and has no material effect on the current or prior year's financial statement and is not expected to have a material effect on future periods. The effects of adopting SFRS(I) 16 is disclosed in Note 34.

*SFRS(I) and SFRS(I) INT issued but not yet effective*

At the date of authorisation of these financial statements, the following SFRS(I) and SFRS(I) INT were issued but not yet effective:

SFRS (I)	Title	Effective date (annual periods beginning on or after)
SFRS(I) 1-1, SFRS(I) 1-8	Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: <i>Definition of Material</i>	1 January 2020
SFRS(I) 1-1	Amendment to SFRS(I) 1-1: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
SFRS(I) 1-16	Amendment to SFRS(I) 1-16: <i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
SFRS(I) 1-37	Amendment to SFRS(I) 1-37: <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
SFRS(I) 3	Amendments to SFRS(I) 3: <i>Definition of a Business</i>	1 January 2020
SFRS(I) 3	Amendments to SFRS(I) 3: <i>Reference to the Conceptual Framework</i>	1 January 2022
SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7	Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7: <i>Interest Rate Benchmark Reform</i>	1 January 2020
SFRS(I) 10, SFRS(I) 1-28	Amendments to SFRS(I) 10 and SFRS(I) 1-28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined
SFRS(I) 16	Amendment to SFRS(I) 16: <i>Covid-19 Related Rent Concessions</i>	1 June 2020
SFRS(I) 17	Insurance Contracts	1 January 2021
Various	Amendments to References to the Conceptual Framework in SFRS(I) Standards	1 January 2020
Various	Amendments to illustrative examples, implementation guidance and SFRS(I) practice statements	
Various	Annual Improvements to SFRS(I) 2018-2020	1 January 2022

Consequential amendments were also made to various standards as a result of these new/revised standards.



### 3. Summary of significant accounting policies (Continued)

#### 3.1 Basis of preparation (Continued)

The Group does not intend to early adopt any of the above new/revised standards, interpretations and amendments to the existing standards. Management anticipates that the adoption of the aforementioned revised/new standards will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

#### 3.2 Basis of consolidation

The financial statements of the Group comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities (including structured entities) (i) over which the Group has power and the Group is (ii) able to use such power to (iii) affect its exposure, or rights, to variable returns from then through its involvement with them.

The Group reassesses whether it controls the subsidiaries if facts and circumstances indicate that there are changes to one or more of the three elements of control.

When the Group has less than a majority of the voting rights of an investee, it still has power over the investee when the voting rights are sufficient, after considering all relevant facts and circumstances, to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers, among others, the extent of its voting rights relative to the size and dispersion of holdings of the other vote holders, currently exercisable substantive potential voting rights held by all parties, rights arising from contractual arrangements and voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup assets and liabilities, equity, income, expenses and cash flows relating to intragroup transactions are eliminated on consolidation.

The financial statements of the subsidiaries used in the preparation of the financial statements are prepared for the same reporting date as that of the Company. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Non-controlling interests are identified separately from the Group's equity therein. On an acquisition-by-acquisition basis, non-controlling interests may be initially measured either at fair value or at their proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Losses in the subsidiary are attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the amount by which the non-controlling interests are adjusted to reflect the changes in the relative interests in the subsidiary and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

### 3. Summary of significant accounting policies (Continued)

#### 3.2 Basis of consolidation (Continued)

When the Group loses control over a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to accumulated profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 Financial Instruments ("SFRS(I) 9") or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Investments in subsidiaries are carried at cost less any impairment loss that has been recognised in profit or loss in the Company's separate financial statements.

#### 3.3 Business combinations

##### Business combinations from 1 July 2017

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. For each business combination, the Group determines whether to measure the non-controlling interests in the acquiree at fair value or at proportionate share in the recognised amounts of the acquiree's identifiable net assets. Acquisition-related costs are recognised in profit or loss as incurred and included in administrative expenses.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 *Business Combinations* ("SFRS(I) 3") are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with SFRS(I) 5 *Non-Current Assets Held for Sale and Discontinued Operations* ("SFRS(I) 5"), which are recognised and measured at the lower of cost and fair value less costs to sell.

The Group recognises any contingent consideration to be transferred for the acquiree at the fair value on the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement shall be accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SFRS(I) 9, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with SFRS(I) 9. Other contingent consideration that is not within the scope of SFRS(I) 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

### 3. Summary of significant accounting policies (Continued)

#### 3.3 Business combinations (Continued)

##### Business combinations from 1 July 2017 (Continued)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with SFRS(I) 2 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and is initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit (including the goodwill), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

The attributable amount of goodwill is included in the determination of gain or loss on disposal of the subsidiary or jointly controlled entity.

**3. Summary of significant accounting policies (Continued)****3.3 Business combinations (Continued)**Business combinations before 1 July 2017

As part of transition to SFRS(I), the Group elected not to restate those business combinations that occurred before the date of transition to SFRS(I), i.e. 1 July 2017. Goodwill arising from acquisitions before 1 July 2017 has been carried forward from the previous FRS framework as at the date of transition.

In comparison to the above-mentioned requirements under SFRS(I), the following differences applied:

Business combinations were accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as step acquisitions. Adjustments to those fair values relating to previously held interests were treated as a revaluation and recognised in equity.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that would otherwise be required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was probable and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected goodwill.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Accounting for subsidiaries in the separate financial statements

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.



### 3. Summary of significant accounting policies (Continued)

#### 3.4 Revenue recognition

Revenue comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue are presented, net of goods and service tax, rebates and discounts.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

##### **Sale of development properties**

Revenue is recognised when control over the property has been transferred to the customer. The properties generally have no alternative use for the Group due to contractual restrictions.

For development properties whereby the Group has an enforceable right to payment for performance completed to date, revenue is recognised based on the percentage of completion of construction. The percentage of completion is measured by reference to the construction costs incurred to date to the estimated total construction costs. Profits are recognised only in respect of finalised sales contracts to the extent that such profits relate to the progress of the construction work.

For development properties whereby the Group has no enforceable right to payment until legal title has passed to the customer, revenue is recognised when the legal title has been transferred to the customer.

The revenue is measured at the transaction price agreed under the contract, net of rebates, discounts, reimbursement costs borne by the Group and liquidated damages. Progress billings to the customer are based on a payment schedule in the contract and are typically triggered upon achievement of specified construction milestones. When the period between the recognition of revenue and payment by the customer exceeds one year, an adjustment is made to the transaction price for the time value of money.

#### 3.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**3. Summary of significant accounting policies (Continued)****3.6 Employee benefits****(i) Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

**(ii) Short-term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

**3.7 Income tax**

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the financial year.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year and based on the tax consequence that will follow from the manner in which the Group expects, at the end of the financial year, to recover or settle the carrying amounts of its assets and liabilities except for the investment properties where investment properties measured at fair value are presented to be recovered entirely through sale.

### 3. Summary of significant accounting policies (Continued)

#### 3.7 Income tax (Continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales tax that is incurred on purchases is not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

#### 3.8 Foreign currency transactions and translation

##### (i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

##### (ii) Foreign operations

The assets and liabilities of foreign operations, excluding fair value adjustments arising on acquisition, are translated to Malaysia Ringgit at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Malaysia Ringgit at exchange rates at the dates of the transactions.

**3. Summary of significant accounting policies (Continued)****3.8 Foreign currency transactions and translation (Continued)****(ii) Foreign operations (Continued)**

Foreign currency differences are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation differences is allocated to the non-controlling interest. When a foreign operation is disposed of such that control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant portion of the cumulative amount is reattributed to non-controlling interest.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income.

**3.9 Property, plant and equipment**

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent expenditure relating to property, plant and equipment is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

Renovations	– 2 years or shorter of lease period
Computers	– 2.5 years
Equipment and fittings	– 2 to 5 years
Motor vehicles	– 5 years
Office buildings	– 2 years



### 3. Summary of significant accounting policies (Continued)

#### 3.9 Property, plant and equipment (Continued)

For right-of-use assets for which ownership of the underlying asset is not transferred to the Group by the end of the lease term, depreciation is charged over the lease term, using the straight-line method. The lease periods are disclosed in Note 24.

For the financial years before 1 July 2019, assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

The gain or loss, being the difference between the sales proceeds and the carrying amount of the asset, arising on disposal or retirement of an item of property, plant and equipment is recognised in profit or loss.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

#### 3.10 Impairment of tangible assets

The Group reviews the carrying amounts of its tangible assets as at each reporting date to assess for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss for the amount by which the asset's carrying amount exceeds the recoverable amount is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

**3. Summary of significant accounting policies (Continued)****3.11 Financial instruments**

The Group recognises a financial asset or a financial liability in its statement of financial position when, and only when, the Group becomes party to the contractual provisions of the instrument.

**Effective interest method**

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

**Financial assets****Initial recognition and measurement**

All financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. With the exception of trade receivables that do not contain a significant financing component or for which the Group applies a practical expedient, all financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Such trade receivables that do not contain a significant financing component or for which the Group applies a practical expedient are measured at transaction price as defined in SFRS(I) 15 *Revenue from Contracts with Customers* (“SFRS(I) 15”) in Note 3.4.

Financial assets are classified as subsequently measured at amortised cost, fair value through other comprehensive income (“FVTOCI”) and fair value through profit or loss (“FVTPL”). The classification at initial recognition depends on the Group’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The Group’s business model refers to how the Group manages its financial assets in order to generate cash flows which determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Group determines whether the asset’s contractual cash flows are solely payments of principal and interest (“SPPI”) on the principal amount outstanding to determine the classification of the financial assets.

**Financial assets at amortised cost**

A financial asset is subsequently measured at amortised cost if the financial asset is held within a business model whose objective is 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.

### 3. Summary of significant accounting policies (Continued)

#### 3.11 Financial instruments (Continued)

##### Financial assets (Continued)

##### Financial assets at amortised cost (Continued)

Subsequent to initial recognition, the financial asset at amortised cost are measured using the effective interest method and is subject to impairment. Gains or losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

##### Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on financial assets measured at amortised cost and debt instruments measured at FVTOCI. At each reporting date, the Group assesses whether the credit risk on a financial asset has increased significantly since initial recognition by assessing the change in the risk of a default occurring over the expected life of the financial instrument. Where the financial asset is determined to have low credit risk at the reporting date, the Group assumes that the credit risk on financial assets has not increased significantly since initial recognition.

The Group uses reasonable and supportable forward-looking information that is available without undue cost or effort as well as past due information when determining whether credit risk has increased significantly since initial recognition.

Where the credit risk on that financial instrument has increased significantly since initial recognition, the Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL. Where the credit risk on that financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

The Group uses a practical expedient to recognise the ECL for trade receivables and contract assets, which is to measure the loss allowance at an amount equal to lifetime ECL using an allowance matrix derived based on historical credit loss experience adjusted for current conditions and forecasts of future economic conditions.

The amount of ECL or reversal thereof that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised in profit or loss.

While they are not financial assets, contract assets arising from the Group's contracts with customers under SFRS(I) 15 are assessed for impairment in accordance with SFRS(I) 9, similar to that of trade receivables.

The Group directly reduces the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

For details on the Group's accounting policy for its impairment of financial assets, refer to Note 31.

##### Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

**3. Summary of significant accounting policies (Continued)****3.11 Financial instruments (Continued)****Financial liabilities and equity instruments****Classification as debt or equity**

Financial liabilities and equity instruments issued by Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

**Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

***Ordinary share capital***

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

**Financial liabilities****Initial recognition and measurement**

All financial liabilities are recognised on trade date – the date on which the Group commits to purchase or sell the asset. All financial liabilities are initially measured at fair value, minus transaction costs, except for those financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition. Financial liabilities classified as at fair value through profit or loss comprise derivatives that are not designated or do not qualify for hedge accounting.

**Other financial liabilities*****Trade and other payables***

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis. A gain or loss is recognised in profit or loss when the liability is derecognised and through the amortisation process.

***Loans and borrowings***

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Groups accounting policy for borrowing costs in Note 3.5. A gain or loss is recognised in profit or loss when the liability is derecognised and through the amortisation process.



### 3. Summary of significant accounting policies (Continued)

#### 3.11 Financial instruments (Continued)

##### Financial liabilities and equity instruments (Continued)

##### Financial liabilities (Continued)

##### Other financial liabilities (Continued)

##### *Financial guarantee contracts*

The Company has issued corporate guarantees to banks for banking facilities granted by them to certain subsidiaries and these guarantees qualify as financial guarantees because the Company is required to reimburse the banks if these subsidiaries breach any repayment terms.

Financial guarantee contract liabilities are measured initially at their fair values plus transaction costs and subsequently at the higher of the amount of the loss allowance and the amount initially recognised less cumulative amortisation in accordance with SFRS(I) 15.

##### Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

##### Offsetting of financial instruments

A financial asset and a financial liability shall be offset and the net amount presented in the statement of financial position when, and only when, an entity:

- (a) Currently has a legally enforceable right to set off the recognised amounts; and
- (b) Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously

#### 3.12 Development properties

Development properties are measured at the lower of cost and net realisable value. Cost includes acquisition costs, development expenditure, capitalised borrowing costs (applicable to construction of a development for which revenue is to be recognised at a point in time) and other costs directly attributable to the development activities.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. The write-downs to net realisable value are presented as allowance for foreseeable losses.

#### 3.13 Contract costs

Incremental costs of obtaining a contract for the sale of a development property are capitalised as contract costs only if (a) these costs relate directly to a contract or an anticipated contract which the Group can specifically identify; (b) these costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (c) these costs are expected to be recovered. Otherwise, such costs are recognised as an expense immediately.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue on the contract. An impairment loss is recognised in the profit or loss to the extent that the carrying amount of capitalised contract costs exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

### 3. Summary of significant accounting policies (Continued)

#### 3.13 Contract costs (Continued)

Contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on construction of development properties. Contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

Contract liabilities primarily relate to:

- advance consideration received from certain customers; and
- progress billings issued in excess of the Group's rights to the consideration

#### 3.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the consolidated statement of cash flows, bank overdrafts that are repayable on demand and fixed deposits pledged that form an integral part of the Group's cash management are included in cash and cash equivalents.

#### 3.15 Leases

The Group applied SFRS(I) 16 using the modified retrospective approach and therefore the comparative information has not been restated. Accordingly, the comparative information was prepared and disclosures made in accordance with the requirements of SFRS(I) 1-17 *Leases* and SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*.

##### The Group as a lessee from 1 July 2019

These accounting policies are applied on and after the initial application date of SFRS(I) 16 (i.e. 1 July 2019).

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

Where a contract contains more than one lease component, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component. Where the contract contains non-lease components, the Group applied the practical expedient to not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group recognises a right-of-use asset and lease liability at the lease commencement date for all lease arrangement for which the Group is the lessee, except for leases which have lease term of 12 months or less and leases of low value assets for which the Group applied the recognition exemption allowed under SFRS(I) 16. For these leases, the Group recognises the lease payment as an operating expense on a straight-line basis over the term of the lease.

### 3. Summary of significant accounting policies (Continued)

#### 3.15 Leases (Continued)

##### The Group as a lessee from 1 July 2019 (Continued)

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. When the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. The right-of-use asset is also reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability, where applicable.

Right-of-use assets are presented within “property, plant and equipment”.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee’s incremental borrowing rate.

The Group generally uses the incremental borrowing rate as the discount rate. To determine the incremental borrowing rate, the Group obtains a reference rate and makes certain adjustments to reflect the terms of the lease and the asset leased.

The lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any lease incentive receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- payments of penalties for terminating the lease if the Group is reasonably certain to terminate early and lease payments for an optional renewal period if the Group is reasonably certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest method. The Group remeasures the lease liability when there is a change in the lease term due to a change in assessment of whether it will exercise a termination or extension or purchase option or due to a change in future lease payment resulting from a change in an index or a rate used to determine those payment.

Where there is a remeasurement of the lease liability, a corresponding adjustment is made to the right-of-use asset or in profit or loss where there is a further reduction in the measurement of the lease liability and the carrying amount of the right-of-use asset is reduced to zero.

**3. Summary of significant accounting policies (Continued)****3.15 Leases (Continued)**The Group as a lessee before 1 July 2019

At the lease commencement date, the Group assess and classify each lease as either a finance lease or operating lease.

*Finance leases*

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is recognised as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to the acquisition, construction or production of qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs in Note 3.5.

*Operating leases*

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**3.16 Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss as they arise.



### 3. Summary of significant accounting policies (Continued)

#### 3.17 Contingencies

A contingent liability is:

- (i) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (ii) a present obligation that arises from past events but is not recognised because:
  - (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (b) the amount of the obligation cannot be measured with sufficient reliability.

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

Contingencies are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair value can be reliably determined.

#### 3.18 Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as 'other income' on a systematic basis in the same periods in which the expenses are recognised.

Grants that compensate the Group for expenditures incurred for the development expenditures are recognised initially as deduction against the carrying amount of the development properties. Subsequent to initial measurement, these grants are amortised in profit or loss as deduction against cost of sales using the same measure of progress as the related contract revenue.

#### 3.19 Segment reporting

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

Segment results that are reported to the Group's Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

#### 4. Significant accounting estimates and judgements

The Group made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from the estimates.

##### 4.1 Critical judgements made in applying the Group's accounting policies

###### **Identifying performance obligations, measuring progress and measuring estimated variable consideration included in transaction price**

Under the terms of the contract, the Group contracts with customers to build and deliver a specified building unit in accordance with the plans and specifications set out in the contract. The contract includes the specified building unit and an undivided share in the land and the common property. The analysis of whether the contract comprises one or more performance obligations, the method used to measure progress for revenue recognition, the amounts to be included as fulfilment cost for calculating the percentage of completion and estimated variable consideration included in the transaction price represent areas requiring critical judgement by the Group.

##### 4.2 Key sources of estimation uncertainty

###### **Completeness of trade and other payables**

The Group records the construction costs of development properties at each reporting date based on certified claims submitted by the main contractors. The Group also accrues the construction costs by relying on the estimates of claims prepared by quantity surveyors in relation to those physical work done performed by the main contractors but yet to be submitted by the main contractors to the Group at the reporting dates. The ultimate of actual claims may differ from the accrued construction costs and the difference may affect the Group's results. The carrying amount of the Group's trade and other payables as at 30 June 2020 was RM310,535,673 (2019: RM393,890,871).

###### **Depreciation of property, plant and equipment**

The Group depreciates the property, plant and equipment over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. Management estimates the useful lives of these property, plant and equipment to be within 2 to 5 years. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amounts of the Group's property, plant and equipment at 30 June 2020 were RM854,975 (2019: RM664,340).

###### **Estimation of allowance for foreseeable losses for development properties and impairment losses for contract costs**

The Group assesses at every reporting date whether any allowance for foreseeable losses and impairment losses is required. The allowance for foreseeable losses and impairment losses is estimated after taking into account estimated selling prices and estimated total construction costs. The estimated selling prices are based on prevailing market trends in relation to the recent transacted of comparable properties in Malaysia. The estimated total construction costs are based on future costs to complete the projects and development plans of the Group, taking into consideration available industry data, status of construction progress, deviation in design plans, cost overruns and current market factors.

#### 4. Significant accounting estimates and judgements (Continued)

##### 4.2 Key sources of estimation uncertainty (Continued)

###### **Estimation of allowance for foreseeable losses for development properties and impairment losses for contract costs (Continued)**

Based on the assessment, the Group recognised an allowance for foreseeable losses on development properties amounting to RMNil (2019: RM69,085,195) and impairment losses for contract costs amounting to RMNil (2019: RM3,948,859).

###### **Measurement of ECL of trade receivables**

The Group uses an allowance matrix to measure ECL for trade receivables. The ECL rates are based on the Group's historical loss experience of the customers, for the last 3 years prior to the reporting date for various customer groups that are assessed by adjusted for forward looking factors specific to the debtors and the economic environment which could affect the ability of the debtors to settle the trade receivables. In considering the impact of the economic environment on the ECL rates, the Group assesses, for example, the gross domestic production growth rates of the country (i.e. Malaysia). The Group adjusts, as necessary, the allowance matrix at each reporting date. Such estimation of the ECL rates may not be representative of the actual default in the future. The expected loss allowance on the Group's trade receivables as at 30 June 2020 was RMNil (2019: RMNil).

###### **Provision for income taxes**

The Group has exposure to income taxes in several jurisdictions of which a portion of these taxes arose from certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities expected tax issues based on their best estimates of the likely taxes due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax as at 30 June 2020 was recoverable of RM1,846,382 (2019: payable of RM3,242,024).

###### **Impairment of investment in subsidiaries**

At the end of each financial year, an assessment is made on whether there are indicators that the Company's investment in subsidiaries are impaired or that an impairment loss recognised in prior periods may no longer exist or may have decreased. Where applicable, the Company's and Group's determination of the recoverable value is based on the estimation of the value-in-use of the applicable assets as defined in SFRS(I) 1-36 *Impairment of Assets* by forecasting the expected future cash flows for a period up to 5 years, using a suitable discount rate in order to calculate the present value of those cash flows. The Company's carrying amounts of investment in subsidiaries as at 30 June 2020 was RM811,831,738 (2019: RM937,831,738).

**5. Revenue**

	<b>Group</b>	
	<b><u>2020</u></b>	<b><u>2019</u></b>
	<b>RM</b>	<b>RM</b>
Revenue from sale of development properties		
- transferred at a point in time	43,932,299	47,154,173
- transferred over time	<u>157,378,443</u>	<u>248,876,072</u>
	<u>201,310,742</u>	<u>296,030,245</u>

Geographic market information in relation to revenue of the Group is not presented as the Group's revenue is substantially derived from Malaysia.

Revenue from one of the customers (2019: one of the customers) of the Group represents approximately RM102,443,654 (2019: RM143,433,464) of the Group's total revenue.

***Transaction price allocated to the remaining performance obligations***

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

	<b>Group</b>	
	<b><u>2020</u></b>	<b><u>2019</u></b>
	<b>RM</b>	<b>RM</b>
Aggregate amount of the transaction price allocated to sale of development properties for contracts that are partially unsatisfied as at the reporting date		
- 30 June	<u>29,056,517</u>	<u>154,843,023</u>

**6. Cost of sales**

	<b>Group</b>	
	<b><u>2020</u></b>	<b><u>2019</u></b>
	<b>RM</b>	<b>RM</b>
Fulfilment cost for sale of development properties	187,722,075	285,788,035
Amortisation of capitalised commission	328,829	1,309,266
Allowance for foreseeable losses on development properties	-	69,085,195
Impairment loss on contract costs	-	3,948,859
Reversal of foreseeable loss on development properties	<u>(678,447)</u>	<u>-</u>
	187,372,457	360,131,355
Add: Government grants receivable written off	<u>-</u>	<u>6,810,711</u>
	<u>187,372,457</u>	<u>366,942,066</u>



7. Other income

	Group	
	<u>2020</u> RM	<u>2019</u> RM
Rental income	46,200	-
Forfeiture payment from purchasers of development properties	-	3,499,908
Others	1,566	128,931
	<u>47,766</u>	<u>3,628,839</u>

8. Net finance costs

	Group	
	<u>2020</u> RM	<u>2019</u> RM
<b>Finance income</b>		
Foreign exchange gain	8,549	74,800
Interest income	918,248	528,798
Late payment interest charged to customers	4,405	-
	<u>931,202</u>	<u>603,598</u>
<b>Finance costs</b>		
Interest expense on:		
- term loan	(56,187)	(1,577,034)
- bank overdrafts	(1,900,818)	(776,496)
- advances from a controlling shareholder	(1,382,231)	(892,914)
- advances from affiliated corporations	(184,130)	(199,080)
- finance lease liabilities	-	(27,455)
- loan from a trade payable (Note 26)	(3,461,511)	(3,955,259)
- lease liabilities	(37,160)	-
	<u>(7,022,037)</u>	<u>(7,428,238)</u>
<b>Net finance costs</b>	<u>(6,090,835)</u>	<u>(6,824,640)</u>

**9. Loss before income tax**

The following items have been included in arriving at loss for the year:

	<b>Group</b>	
	<b><u>2020</u></b>	<b><u>2019</u></b>
	<b>RM</b>	<b>RM</b>
Accruals for late payment interests	1,401,386	4,816,145
Accruals for liquidated ascertained damages	1,213,879	-
Audit fees paid to:		
- auditors of the Company	254,619	357,587
- auditors of other components	146,000	229,000
Non audit fees paid to:		
- auditors of the Company	-	61,126
- auditors of other components	-	3,000
Depreciation of property, plant and equipment	535,218	729,877
Directors' fee	661,560	667,266
Directors' remuneration of the Company:		
- Short-term benefits	1,081,666	1,230,091
- Employers' contribution to defined contribution plans	53,899	131,040
Employee benefits expenses (see below)	5,647,520	6,857,169
Operating lease expense	653,770	588,598
Property, plant and equipment written off	-	288
	<u>5,647,520</u>	<u>6,857,169</u>
<b>Employee benefits expense:</b>		
Wages and salaries	5,094,409	6,280,736
Employer's contribution to defined contribution plans including Central Provident Fund	458,343	513,517
Other benefits	94,768	62,916
	<u>5,647,520</u>	<u>6,857,169</u>

**10. Tax (credit)/expense**

	<b>Group</b>	
	<b><u>2020</u></b>	<b><u>2019</u></b>
	<b>RM</b>	<b>RM</b>
<b>Current tax (credit)/expense</b>		
Adjustment for prior years	(108,492)	942,234
<b>Deferred tax (credit)/expense</b>		
Current year	-	2,338,561
Adjustment for prior years	-	2,822,556
	-	5,161,117
<b>Tax (credit)/expense</b>	<u>(108,492)</u>	<u>6,103,351</u>

10. Tax (credit)/expense (Continued)

	Group	
	<u>2020</u> RM	<u>2019</u> RM
<b>Reconciliation of effective tax rate</b>		
Loss before income tax	(18,192,056)	(107,622,163)
Tax using the Malaysia tax rate of 24% (2019: 24%)	(4,366,094)	(25,829,319)
Effect of different tax rates in foreign jurisdiction	249,652	315,952
Non-deductible expenses*	2,433,319	20,042,959
Non-taxable income	333	(30,566)
Deferred tax assets not recognised	1,682,790	7,839,535
Adjustment for prior years	(108,492)	3,764,790
	<u>(108,492)</u>	<u>6,103,351</u>

\* In 2018, the land costs of a subsidiary of the Company were treated as deductible expenses. Following a desktop tax audit undertaken by the Inland Revenue Board Malaysia during the financial year ended 30 June 2019, certain portion of these land costs do not qualify for deductible expenses. As a result, additional deferred tax liabilities in relation to the non-deductible land costs amounting to RM13,597,791 as at 30 June 2018 was recognised as non-deductible expenses during the financial year ended 30 June 2019.

**Unrecognised deferred tax assets**

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

	Group	
	<u>2020</u> RM	<u>2019</u> RM
Plant and equipment	173,407	269,971
Unutilised tax losses	25,950,051	18,998,444
Unutilised capital allowances	453,249	296,668
	<u>26,576,707</u>	<u>19,565,083</u>

The unutilised tax losses will expire in year 2028 under the current tax legislation in Malaysia while the unutilised capital allowances and other deductible temporary differences do not expire under current tax legislation in Malaysia. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

**11. Loss per share****(a) Basic loss per share**

Basic loss per share is calculated by dividing the net loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	<b>Group</b>	
	<b><u>2020</u></b>	<b><u>2019</u></b>
	<b>RM</b>	<b>RM</b>
Loss attributable to owners of the Company	(20,753,493)	(105,434,351)
Weighted average number of ordinary shares outstanding for basic loss per share (in units)	1,869,434,303	1,869,434,303
Basic loss per share (RM cents per share)	<u>(1.11)</u>	<u>(5.64)</u>

**(b) Diluted loss per share**

The basic loss per share for the year ended 30 June 2020 and 30 June 2019 is the same as the respective diluted loss per share, as there were no potential dilutive ordinary shares in existence during the year ended 30 June 2020 and 30 June 2019.



12. Property, plant and equipment

<u>Group</u> <u>Cost</u>	<u>Renovations</u> <u>RM</u>	<u>Computers</u> <u>RM</u>	<u>Equipment</u> <u>and fittings</u> <u>RM</u>	<u>Motor</u> <u>vehicles</u> <u>RM</u>	<u>Office</u> <u>buildings</u> <u>RM</u>	<u>Total</u> <u>RM</u>
At 1 July 2018	2,845,721	268,281	444,032	2,216,498	-	5,774,532
Additions	-	94,809	21,765	-	-	116,574
Disposals	-	(2,900)	(4,999)	-	-	(7,899)
Written-off	-	-	(628)	-	-	(628)
At 30 June 2019	2,845,721	360,190	460,170	2,216,498	-	5,882,579
Recognition of right-of-use assets on initial application of SFRS(I) 16 (Note 34)	-	-	-	-	589,990	589,990
At 1 July 2019	2,845,721	360,190	460,170	2,216,498	589,990	6,472,569
Additions	-	32,513	17,350	86,000	-	135,863
Written-off	-	(12,197)	-	-	-	(12,197)
At 30 June 2020	2,845,721	380,506	477,520	2,302,498	589,990	6,596,235
<b>Accumulated depreciation</b>						
At 1 July 2018	2,693,199	176,299	288,372	1,337,444	-	4,495,314
Depreciation charge	152,522	91,774	50,722	434,859	-	729,877
Disposals	-	(2,030)	(4,582)	-	-	(6,612)
Written-off	-	-	(340)	-	-	(340)
At 1 July 2019	2,845,721	266,043	334,172	1,772,303	-	5,218,239
Depreciation charge	-	70,830	38,000	178,911	247,477	535,218
Written-off	-	(12,197)	-	-	-	(12,197)
At 30 June 2020	2,845,721	324,676	372,172	1,951,214	247,477	5,741,260
<b>Carrying amount</b>						
At 30 June 2019	-	94,147	125,998	444,195	-	664,340
At 30 June 2020	-	55,830	105,348	351,284	342,513	854,975

The carrying amount of motor vehicles held by the Group under finance leases amounted to RMNil (2019: RM426,514).

**12. Property, plant and equipment (Continued)**

Property, plant and equipment includes right-of-use assets with carrying amount of RM342,513. Details of right-of-use assets are disclosed in Note 24(a).

**13. Investment in subsidiaries**

	<b>Company</b>	
	<b><u>2020</u></b>	<b><u>2019</u></b>
	<b>RM</b>	<b>RM</b>
Unquoted equity shares, at cost	1,229,000,000	1,229,000,000
Less: Impairment loss	(417,168,262)	(291,168,262)
Carrying amount	<u>811,831,738</u>	<u>937,831,738</u>

The movement in allowance for impairment loss on investment in subsidiaries during the year is as follows:

	<b>Company</b>	
	<b><u>2020</u></b>	<b><u>2019</u></b>
	<b>RM</b>	<b>RM</b>
At beginning of the year	291,168,262	-
Addition	<u>126,000,000</u>	<u>291,168,262</u>
At end of the year	<u>417,168,262</u>	<u>291,168,262</u>

An assessment is made on whether there are indicators that the Company's investment in subsidiaries are impaired. The estimate of the recoverable amount is determined based on value-in-use calculations. Value-in-use is calculated based on the estimated cash flows generated from the sale of development properties and proposed development projects to be undertaken by the cash generating units comprise Astaka Padu Sdn Bhd and Bukit Pelali Properties Sdn Bhd.

For estimated cash flows generated from the sale of development properties and future phases to be developed, the Company has assessed the estimated selling prices, future costs to complete the projects and development plans of the Group, taking into consideration available industry data, status of construction progress, deviation in design plans, cost overruns and current market factors.

For estimated cash flows generated from the land to be developed, the Company has assessed based on valuation obtained from an independent external valuer. Significant judgement and estimates are involved in determining the appropriate valuation methods and assumptions applied in the valuation.

Based on the assessment, the Company determined the recoverable amount to be RM811,831,738 (2019: RM937,831,738) and recognised an impairment loss of RM126,000,000 (2019: RM291,168,262) in the statement of comprehensive income for the year ended 30 June 2020 as a result of the slowdown in the property market in Malaysia.

### 13. Investment in subsidiaries (Continued)

#### Key assumptions used in the estimated cash flows

The key assumptions used in the estimation of cash flows are set out below.

#### Development properties Key assumptions

Completed projects	<ul style="list-style-type: none"> <li>Estimated selling price of RM250 to RM750 (2019: RM418 to RM750) per square feet.</li> <li>Construction costs of RM240 to RM720 (2019: RM816) per square feet.</li> </ul>
On-going projects	<ul style="list-style-type: none"> <li>Estimated selling price of RM210 to RM260 (2019: RM212 to RM263) per square feet.</li> <li>Estimated construction costs of RM170 to RM240 (2019: RM173 to RM293) per square feet.</li> </ul>
Land to be developed	<ul style="list-style-type: none"> <li>Estimated selling price of RM800 to RM2,260 (2019: RM800 to RM2,260) per square feet for apartments, offices and retail mall.</li> <li>Estimated construction costs of RM2,700 to RM5,000 (2019: RM2,700 to RM5,000) per square metre for apartments, offices, retail mall and hotel.</li> <li>Pre-tax discount rate of 10.53% (2019: 11.84%).</li> </ul>
Future phases to be developed	<ul style="list-style-type: none"> <li>Estimated selling price of RM240 to RM650 (2019: RM300 to RM800) per square feet for apartments, offices, houses, hotel and club house.</li> <li>Estimated selling price of RM50 to RM170 (2019: RM58 to RM167) for low-cost houses and shops.</li> <li>Estimated construction costs of RM230 to RM570 (2019: RM208 to RM740) per square feet for apartments, offices, houses, hotel and club house.</li> <li>Estimated construction costs of RM120 to RM180 (2019: RM129 to RM360) per square feet for low-cost houses and shops.</li> <li>Pre-tax discount rate of 10.53% (2019: 11.84%).</li> </ul>

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Ownership interest	
			2020 %	2019 %
<b>Held by the Company</b>				
Astaka Padu Limited <sup>1</sup>	Investment holding	British Virgin Islands	99.99	99.99
<b>Held by Astaka Padu Limited</b>				
Astaka Padu Sdn Bhd <sup>2</sup>	Property development	Malaysia	100	100
<b>Held by Astaka Padu Sdn Bhd</b>				
Bukit Pelali Properties Sdn Bhd <sup>2</sup>	Property development	Malaysia	51	51
<b>Held by Bukit Pelali Properties Sdn Bhd</b>				
Bukit Pelali Healthcare Sdn Bhd <sup>2</sup>	Dormant	Malaysia	100	100
Bukit Pelali Hotels Sdn Bhd <sup>2</sup>	Dormant	Malaysia	100	100

<sup>1</sup> Not required to be audited by law in the country of incorporation

<sup>2</sup> Audited by RSM Malaysia (Johor Bahru) (2019: KPMG Johor Bahru)

**14. Deferred tax assets**

Movements in the deferred tax assets of the Group during the year are as follows:

Group	Recognised in profit or loss (Note 10) RM	2020 RM	Recognised in profit or loss (Note 10) RM	2019 RM
<b>Deferred tax assets</b>				
Plant and equipment	-	-	(110,193)	-
Development properties	-	-	(2,219,044)	-
Other payables and accrued expenses	-	-	(2,525,840)	-
Unutilised tax losses and capital allowances	-	-	(306,040)	-
	-	-	(5,161,117)	-

**15. Development properties**

	Group	
	2020 RM	2019 RM
<b>Completed properties held for sale:</b>		
- completed properties	(i) 186,600,896	214,737,112
<b>Properties in the course of development (on-going projects):</b>		
<b>Unsold units</b>		
- aggregate costs incurred	(ii) 39,547,582	66,423,126
<b>Properties for development representing mainly land, at cost</b>	228,757,602	185,967,762
<b>Total</b>	454,906,080	467,128,000

**Securities**

On 12 April 2017, a subsidiary of the Company, Astaka Padu Sdn Bhd has entered into a loan agreement with a main contractor and as a security under the loan agreement, a lien holder caveat has been created on certain lands owned by Saling Syabas Sdn Bhd, non-controlling shareholder of Bukit Pelali Properties Sdn Bhd. Saling Syabas Sdn Bhd is owned by the controlling shareholder of the Company, Dato' Daing A Malek Bin Daing A Rahman, and a director of the Company, Dato' Zamani Bin Kasim. The said lands are located in Bukit Pelali, Pengerang, Johor, Malaysia, which the Group has the sole and exclusive development rights to develop its development properties. As at 30 June 2020, the Group had incurred and recorded RM43,273,830 (2019: RM32,301,435) in development properties for the share of master infrastructure costs on the said lands.

For more details, please refer to Note 26 of the consolidated financial statements of the Group.



15. Development properties (Continued)

**Completed properties held for sale**

(i) Completed properties held for sale

The amount relates primarily to cost attributable to the completed properties held for sale.

	Group	
	<u>2020</u> RM	<u>2019</u> RM
<b>Completed properties held for sale</b>		
- aggregate costs incurred	205,715,459	281,950,178
- allowance for foreseeable losses	(19,114,563)	(67,213,066)
	<u>186,600,896</u>	<u>214,737,112</u>

**Properties in the course of development (on-going projects)**

(i) Unsold units

The amount relates primarily to cost attributable to the unsold units.

	Group	
	<u>2020</u> RM	<u>2019</u> RM
<b>Unsold units</b>		
- aggregate costs incurred	40,133,898	68,295,255
- allowance for foreseeable losses	(586,316)	(1,872,129)
	<u>39,547,582</u>	<u>66,423,126</u>

The movement in allowance for foreseeable losses on development properties during the year is as follows:

	Group	
	<u>2020</u> RM	<u>2019</u> RM
At beginning of the year	69,085,195	-
Allowance for foreseeable losses on development properties	-	69,085,195
Reversal of foreseeable loss on development properties sold at carrying amount	(48,705,869)	-
Reversal of foreseeable loss on development properties sold at above carrying amount	(678,447)	-
At end of the year	<u>19,700,879</u>	<u>69,085,195</u>

**15. Development properties (Continued)**

The major development properties are as follows:

Project name/location	Description	Tenure	Site area (acre)	Gross floor area (square feet)	Stage of completion	Expected completion (Financial year)	Group's interest in properties
The Astaka @ One Bukit Senyum/ Johor Bahru, Malaysia	Luxury condominium	Freehold	2.42	1,434,900	100%	Completed	99.99%
Majlis Bandaraya Johor Bahru/ Johor Bahru, Malaysia	15-storey commercial office tower	Freehold	1.37	442,810	100%	Completed	99.99%
Phase 3 @ One Bukit Senyum/ Johor Bahru, Malaysia	Integrated entertainment hub, hotel and residential	Freehold	7.65	4,312,221	-	-	99.99%
Bukit Pelali Phase 1A/ Pengerang, Malaysia	Commercial development	99 years leasehold	0.87	75,715	100%	Completed	50.99%
Bukit Pelali Phase 1A/ Pengerang, Malaysia	Residential development	99 years leasehold	15.93	370,575	100%	Completed	50.99%
Bukit Pelali Phase 1B/ Pengerang, Malaysia	Residential development	99 years leasehold	25.46	512,055	82%	2021	50.99%
Bukit Pelali Phase 2A & 2B/ Pengerang, Malaysia	Commercial development	99 years leasehold	3.48	379,465	83%	2021	50.99%
Future phases in Bukit Pelali/ Pengerang, Malaysia	Mixed township development comprising of residential, shop offices, private mart, and hospital	99 years leasehold	166.05	9,654,029	-	-	50.99%

16. Contract costs

		Group	
		<u>2020</u> RM	<u>2019</u> RM
Capitalised commission	(i)	398,155	169,098
Fulfilment costs	(ii)	830,415	11,209,818
		<u>1,228,570</u>	<u>11,378,916</u>

(i) Capitalised commission

Management expects the incremental commission fees paid to property agents as a result of securing sale contracts to be recoverable. The Group has therefore capitalised the commission fees and amortised these commission fees when the related revenue is recognised.

	Group	
	<u>2020</u> RM	<u>2019</u> RM
<b>Capitalised commission</b>		
At beginning of the year	169,098	371,576
Additions	557,886	1,510,482
Amortised to profit or loss	(328,829)	(1,309,266)
Allowance for impairment losses	-	(403,694)
At end of the year	<u>398,155</u>	<u>169,098</u>

(ii) Fulfilment costs

Costs that are attributable to the sold units are capitalised as fulfilment costs. These costs are expected to be recoverable and are amortised to profit or loss as cost of sales when the related revenue is recognised.

	Group	
	<u>2020</u> RM	<u>2019</u> RM
<b>Fulfilment costs</b>		
At beginning of the year	11,209,818	18,243,886
Additions	128,418,825	239,767,619
Amortised to profit or loss	(138,798,228)	(243,256,522)
Allowance for impairment losses	-	(3,545,165)
At end of the year	<u>830,415</u>	<u>11,209,818</u>

**17. Contract assets/(liabilities)**

	<b>Group</b>	
	<b><u>2020</u></b> <b>RM</b>	<b><u>2019</u></b> <b>RM</b>
Contract assets	13,350,949	24,835,892
Contract liabilities	<u>(3,405,645)</u>	<u>(32,498,637)</u>
	<u>9,945,304</u>	<u>(7,662,745)</u>

Contract assets represent the unbilled amount for work completed to date. The amount is transferred to trade receivable when the right to bill becomes unconditional upon receipts of the architects' certification. This typically occurs when the construction milestones are achieved. The significant changes in the contract assets during the year are as follows:

	<b>Group</b>	
	<b><u>2020</u></b> <b>RM</b>	<b><u>2019</u></b> <b>RM</b>
At beginning of the year	24,835,892	21,580,768
Contract assets reclassified to trade receivables that was included in the contract asset balance at the beginning of the year	(24,835,892)	(21,580,768)
Revenue recognised but not billed, excluding amounts reclassified to trade receivables during the year	<u>13,350,949</u>	<u>24,835,892</u>
At end of the year	<u>13,350,949</u>	<u>24,835,892</u>

Contract liabilities represent the progress billings exceed costs incurred plus recognised profits. The amount is recognised as revenue when the Group performs the underlying performance obligations under the contract. The significant changes in the contract liabilities during the year are as follows:

	<b>Group</b>	
	<b><u>2020</u></b> <b>RM</b>	<b><u>2019</u></b> <b>RM</b>
At beginning of the year	(32,498,637)	(33,341,596)
Revenue recognised that was included in the contract liability balance at the beginning of the year	32,498,637	33,341,596
Increases due to cash received and billings issued, excluding amounts recognised as revenue during the year	<u>(3,405,645)</u>	<u>(32,498,637)</u>
At end of the year	<u>(3,405,645)</u>	<u>(32,498,637)</u>

The exposure to credit risk and impairment losses related to contract assets is disclosed in Note 31.



**18. Trade and other receivables**

	<b>Group</b>		<b>Company</b>	
	<b><u>2020</u></b> <b>RM</b>	<b><u>2019</u></b> <b>RM</b>	<b><u>2020</u></b> <b>RM</b>	<b><u>2019</u></b> <b>RM</b>
Trade receivables from:				
- third parties	4,454,085	70,039,133	-	-
- key management personnel	-	13,698	-	-
	<u>4,454,085</u>	<u>70,052,831</u>	<u>-</u>	<u>-</u>
Amount due from subsidiary	-	-	107,597,153	108,165,553
Stakeholding money receivables	2,739,385	18,193,977	-	-
Retention sums receivables	8,238,631	16,843,075	-	-
Other receivables	138,648	1,009,482	-	-
Deposits	4,177,851	2,105,275	-	-
Less: Impairment loss allowance				
Amount due from subsidiary	-	-	(107,597,153)	(108,165,553)
	<u>19,748,600</u>	<u>108,204,640</u>	<u>-</u>	<u>-</u>
Advance payments	100,778	839,741	-	-
Prepayments	626,556	248,743	40,945	38,605
	<u>20,475,934</u>	<u>109,293,124</u>	<u>40,945</u>	<u>38,605</u>

The Group's stakeholding money receivables represent the payments received from the purchasers of Phase 1A of Bukit Pelali (2019: The Astaka @ One Bukit Senyum), which were held by the solicitors of the Group at the reporting date. Such monies will be released to the Group upon the expiry of the defective period of the development properties. In 2019, includes in the stakeholding money receivables is an amount of RM17,000,000 being pledged as security to obtain a bank overdraft facility as disclosed in Note 25.

Deposits consist of deposits paid to office rental, office utilities, local authority for construction and banker guarantee which are held in trust by a director of the Company.

The exposure to credit risk and impairment losses related to trade and other receivables is disclosed in Note 31.

**19. Cash and cash equivalents**

	<b>Group</b>		<b>Company</b>	
	<b><u>2020</u></b> <b>RM</b>	<b><u>2019</u></b> <b>RM</b>	<b><u>2020</u></b> <b>RM</b>	<b><u>2019</u></b> <b>RM</b>
Cash and bank balances	14,009,080	6,280,205	595,257	3,614,037
Fixed deposits pledged	5,001,485	4,003,500	-	-
	<u>19,010,565</u>	<u>10,283,705</u>	<u>595,257</u>	<u>3,614,037</u>

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	<b>Group</b>	
	<b><u>2020</u></b> <b>RM</b>	<b><u>2019</u></b> <b>RM</b>
Cash and bank balances per consolidated statement of financial position	19,010,565	10,283,705
Less: Fixed deposits pledged	(5,001,485)	(4,003,500)
Less: Bank overdrafts (Note 25)	(9,926,529)	(25,581,952)
Cash and cash equivalents per consolidated statement of cash flows	<u>4,082,551</u>	<u>(19,301,747)</u>

**19. Cash and cash equivalents (Continued)**

The Group's fixed deposits are pledged as security to obtain a bank overdraft facility as disclosed in Note 25. The effective interest rate on fixed deposits of the Group is 3.90% (2019: 3.90%) per annum.

Included in cash and bank balances is an amount of RM986,669 (2019: RM2,260,272) of which the bank accounts are maintained in accordance with Housing Development (Housing Development Account) Regulation 1991 in Malaysia. These accounts, which consist of monies received from purchasers, are for the payment of property development expenditure incurred. The surplus monies, if any, will be released to the respective subsidiaries upon the completion of the property development projects and after all property development expenditure have been fully settled.

**20. Share capital**

	<b>No. of ordinary shares issued Company</b>	<b>Amount of share capital Group RM</b>	<b>Company RM</b>
<b>2020</b>			
At beginning and end of the year	1,869,434,303	259,383,777	1,455,078,944
<b>2019</b>			
At beginning and end of the year	1,869,434,303	259,383,777	1,455,078,944

**Ordinary shares**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regards to the Company's residual assets.

The Group's share capital amount differs from that of the Company as a result of reverse acquisition accounting upon completion of reverse acquisition on 19 November 2015.

**21. Merger reserve**

In 2014, Astaka Padu Limited ("APL") acquired the entire share capital of Astaka Padu Sdn Bhd ("APSB") through a share-for-share swap by issuing 80 ordinary shares amounting to RM20,000,000 to the shareholders of APSB. The acquisition of APSB by APL had been accounted for as a capital reorganisation as both APL and APSB were under common control of the same controlling shareholders.

The share capital of the Group issued for the purpose of the capital reorganisation in 2014 amounting to RM30,769,090 was measured based on deemed cost of acquiring APSB, being the existing carrying values of the net assets acquired. The resulting differences are recognised separately as a merger reserve.

## 22. Capital reserve

	Company	
	<u>2020</u> RM	<u>2019</u> RM
At beginning and end of the year	<u>1,419,389</u>	<u>1,419,389</u>

Capital reserve represents the issue of shares to the Arranger of the Company during the listing of the Company in 2009 and the listing expenses borne by the shareholders were deemed to be capital contributions by the shareholders and were recognised as a component of equity in capital reserve.

## 23. Non-controlling interests

The following subsidiary has non-controlling interests ("NCI") that are material to the Group.

Name of subsidiary	Country of incorporation	Ownership interests held by NCI	
		<u>2020</u> %	<u>2019</u> %
Bukit Pelali Properties Sdn Bhd ("Bukit Pelali Properties")	Malaysia	49.01	49.01

The following summarises the financial information for the above subsidiary which are prepared in accordance with SFRS(I).

	<u>Bukit Pelali Properties</u> RM	<u>Other immaterial NCI</u> RM	<u>Total</u> RM
<b>2020</b>			
Revenue	57,251,257		
Profit for the year, representing total comprehensive income for the year	<u>5,463,486</u>		
Attributable to NCI:			
- Profit for the year, representing total comprehensive income for the year	2,677,387	(7,458)	2,669,929
Non-current assets	145,086		
Current assets	188,111,561		
Non-current liabilities	(61,745)		
Current liabilities	<u>(194,231,119)</u>		
<b>Net liabilities</b>	<u>(6,036,217)</u>		
<b>Net liabilities attributable to NCI</b>	(2,958,054)	(22,755)	(2,980,809)

**23. Non-controlling interests (Continued)**

	<b>Bukit Pelali Properties RM</b>	<b>Other immaterial NCI RM</b>	<b>Total RM</b>
<b>2019</b>			
Revenue	105,442,609		
Loss for the year, representing total comprehensive loss for the year	<u>(16,878,047)</u>		
Attributable to NCI:			
- Loss for the year, representing total comprehensive loss for the year	(8,271,104)	(20,059)	(8,291,163)
Non-current assets	142,488		
Current assets	184,088,555		
Non-current liabilities	(60,478)		
Current liabilities	<u>(195,670,268)</u>		
<b>Net liabilities</b>	<u>(11,499,703)</u>		
<b>Net liabilities attributable to NCI</b>	<u>(5,635,441)</u>	<u>(15,297)</u>	<u>(5,650,738)</u>
<b>2020</b>			
Cash flows used in operating activities	(12,479,455)		
Cash flows used in investing activities	(978,627)		
Cash flows from financing activities	<u>19,662,491</u>		
<b>Net increase in cash and cash equivalents</b>	<u>6,204,409</u>		
<b>2019</b>			
Cash flows from operating activities	9,129,353		
Cash flows from investing activities	24,666		
Cash flows used in financing activities	<u>(14,892,420)</u>		
<b>Net decrease in cash and cash equivalents</b>	<u>(5,738,401)</u>		

**24. The Group as a lessee**

The Group leases office buildings and motor vehicles for 2 to 5 years. Previously, the lease of office buildings were classified as operating leases under SFRS(I) 1-17, and the lease of motor vehicles were classified as finance lease under SFRS(I) 1-17.

Extension options

The Group has several lease contracts with extension options exercisable by the Group up to 180 days before the end of the non-cancellable contract period. These extension options are exercisable by the Group and not by the lessors. The extension options are used by the Group to provide operation flexibility in terms of managing the assets used in the Group's operation. As at 30 June 2020, the Group is not reasonably certain that they will exercise these extension options.



## 24. The Group as a lessee (Continued)

### Recognition exemptions

The Group has certain lease of office buildings with lease terms of 12 months or less and/or of low value. For such leases, the Group has elected not to recognise right-of-use assets and lease liabilities.

#### a) *Right-of-use assets*

The carrying amount of right-of-use assets by class of underlying asset classified within property, plant and equipment are as follows:

	<u>Office buildings</u> RM	<u>Motor vehicles</u> RM	<u>Total</u> RM
<b>Group</b>			
At 1 July 2019	589,990	426,514	1,016,504
Depreciation	(247,477)	(157,912)	(405,389)
At 30 June 2020	342,513	268,602	611,115

The total cash outflows for leases during the financial year ended 30 June 2020 was RM369,819.

#### b) *Lease liabilities – 2020*

	<b>Group 2020 RM</b>
Lease liabilities - non-current	226,736
Lease liabilities - current	412,710
	<u>639,446</u>

The maturity analysis of lease liabilities is disclosed in Note 31.

Lease liabilities are denominated in Malaysia Ringgit.

#### c) *Finance lease liabilities – Comparative information under SFRS(I) 1-17*

	<b>Group Minimum lease payments 2019 RM</b>	<b>Group Present value of lease payments 2019 RM</b>
Within one year	144,828	130,091
After one year but not more than five years	269,065	252,024
Total minimum finance lease payments	413,893	382,115
Less: Amounts representing finance charges	(31,778)	-
Present value of minimum finance lease payments	<u>382,115</u>	<u>382,115</u>

The finance lease term is 2 to 5 years.

The effective interest rates charged in prior year was 2.41% to 2.96% per annum. Interest rates are fixed at contract dates and thus expose the Group to fair value interest rate risk.

All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payment.

**24. The Group as a lessee (Continued)***c) Finance lease liabilities – Comparative information under SFRS(I) 1-17 (continued)*

In 2019, the finance lease liabilities were classified in “loans and borrowings” (Note 25).

*d) Amounts recognised in profit or loss*

	<b>Group 2020 RM</b>
Interest expenses on lease liabilities	37,160
Expense relating to short-term leases	<u>653,770</u>

**25. Loans and borrowings**

	<b>2020 RM</b>	<b>Group 2019 RM</b>
<b>Non-current liabilities</b>		
<i>Secured</i>		
Finance lease liabilities	-	252,024
<b>Current liabilities</b>		
<i>Secured</i>		
Term loan	1,138,692	-
Bank overdrafts	9,926,529	25,581,952
Finance lease liabilities	-	130,091
	<u>11,065,221</u>	<u>25,712,043</u>
Total loans and borrowings	<u>11,065,221</u>	<u>25,964,067</u>

***Terms and debt repayment schedule***

Terms and conditions of outstanding loans and borrowings are as follows:

	<b><u>Currency</u></b>	<b><u>Nominal interest rate</u> %</b>	<b><u>Year of maturity</u></b>	<b><u>Carrying amount</u> RM</b>
<b>Group 2020</b>				
<i>Secured</i>				
Bank overdrafts	RM	6.06%	2020	9,926,529
Term loan	RM	8.25%	2021	<u>1,138,692</u>
				<u>11,065,221</u>
<b>2019</b>				
<i>Secured</i>				
Bank overdrafts	RM	7.31% to 7.70%	2020	25,581,952
Finance lease liabilities	RM	2.41% to 2.96%	2019 to 2023	<u>382,115</u>
				<u>25,964,067</u>

## 25. Loans and borrowings (Continued)

### Security

In 2020, the term loan relates to Term Financing and Bridging Financing facilities from Malaysia Building Society Berhad ("MBSB") of RM1,500,000 and RM48,500,000 for the purpose of the constructing the Group's development properties. It is secured by third party for the first open monies legal charge over the land held under Lot PTD 6009, Mukim of Pengerang, District of Kota Tinggi, Johor.

On 12 June 2020, MBSB has issued a supplementary loan agreement to one of the Group's subsidiaries, Bukit Pelali Properties Sdn Bhd of which to revise the original facility to actual facility amount released to Bukit Pelali Properties Sdn Bhd to date in view of the delay in the launching of the Puncak Residences @ Bukit Pelali development project and the voluntary suspension of trading of the Company on Singapore Stock Exchange.

Included in the bank overdrafts are:

- i) an Affin Bank Berhad overdraft facility of RM10,000,000 (2019: RM10,000,000) for the working capital requirements of the Group, which is secured against a controlling shareholder's fixed deposit of RM10,000,000 (2019: RM10,000,000); and
- ii) an RHB Bank Berhad overdraft facility of RM17,000,000 for the working capital requirements of the Group, which is secured against the stakeholding money receivables of RM17,000,000, fixed deposits of the Group and severally guaranteed by a director of the Company and the directors of Astaka Padu Sdn Bhd. This overdraft facility has been fully settled during financial year.

## 26. Trade and other payables

	Group		Company	
	<u>2020</u> RM	<u>2019</u> RM	<u>2020</u> RM	<u>2019</u> RM
Trade payables	256,655,283	339,357,920	-	-
Other payables	19,719,596	9,386,336	639,211	656,203
Accrued land costs	7,708,684	17,997,621	-	-
Accrued transaction costs	13,289,628	11,278,209	-	-
Accrued expenses	13,162,482	15,870,785	-	-
	<u>310,535,673</u>	<u>393,890,871</u>	<u>639,211</u>	<u>656,203</u>

Included in the Group's trade payables is an amount of RM34,652,800 (2019: RM34,652,800) owing to the Johor State Government for acquisition of development land.

Included in the Group's other payables are deposits received from the purchasers of the property development totalling RM15,948 (2019: RM30,948).

Included in the Group's accrued expenses are:

- (a) accrued interest expense of RM2,789,660 (2019: RM7,910,518) arising from its overdue trade payable amounts of RM34,114,832 (2019: RM46,532,461) owing to a main contractor;
- (b) accrued late payment interest of RM4,576,906 (2019: RM3,344,774) arising from its trade payable amounts owing to a main contractor; and
- (c) accrued liquidated damages amounting to RM1,570,502 (2019: RM413,431), representing late payment charges for late delivery of the property development to purchasers.

**26. Trade and other payables (Continued)**

On 12 April 2017, Astaka Padu Sdn Bhd ("APSB"), a subsidiary of the Company, entered into a loan agreement (the "Loan Agreement") with a main contractor, China State Construction Engineering (M) Sdn Bhd ("CSCE") to convert the outstanding trade payables of RM46,532,461 due to CSCE under the letter of award dated 18 December 2014 and a construction agreement dated 2 August 2015 between APSB and CSCE (collectively, the "Contract") into a loan (the "Loan"). The Loan is subject to an interest rate of 8.5% per annum commencing from 30 June 2017 until the date of full repayment of the loan. As security for the Loan, certain land parcels located in Bukit Pelali, which are owned by Saling Syabas Sdn Bhd and over which a subsidiary, Bukit Pelali Properties Sdn Bhd holds development rights, were secured to CSCE. APSB has defaulted on the settlement to CSCE and these amounts remained unsettled as at 30 June 2020, 30 June 2019, 30 June 2018 and 1 July 2017. In addition, APSB has also received letters of demands dated 2 October 2018, 1 February 2019 and 11 July 2019 from the solicitor of CSCE to demand the payments of the total trade payable amounts of RM125,347,303 (inclusive of the overdue trade payable amounts of RM46,532,461) relating to the Loan Agreement and Contract, and interest thereon.

On 1 October 2019, APSB entered into a settlement agreement with CSCE to settle the remaining outstanding balances of RM74,390,000 (inclusive of interests) in instalments until 30 June 2020 (the "Settlement Agreement"). The Settlement Agreement constitutes full and final settlement between APSB and CSCE for all claims and disputes in relation to the Contract and Loan Agreement, subject to the terms and conditions of the Settlement Agreement. Following the execution of the Settlement Agreement, CSCE issued a letter of withdrawal to the Group confirming the withdrawal of its claims of RM125,347,303 and all demands that it had made against the Group.

On 8 April 2020, APSB received a letter of default dated 3 April 2020 by email from CSCE in relation to the Settlement Agreement and on 1 July 2020, setting out, inter alia, APSB's failure to pay RM5,000,000 that was due and payable by APSB to CSCE under the Settlement Agreement for the month of February 2020 and March 2020.

On 1 July 2020, APSB received a letter of demand from CSCE in relation to the Settlement Agreement (the "Letter of Demand"). Pursuant to the Letter of Demand, CSCE claimed that it is entitled to immediately initiate legal proceedings against the Group for the entire unpaid portion of the settlement sum and any other amount due including interest without any further reference to the Group, including but not limited to:

- (i) initiating adjudication in accordance with the Construction Industry Payment and Adjudication Act; and/or
- (ii) commencing winding up proceedings against the Group.

Pursuant to the Companies (Exemption) (No 2) Order 2020 (the "Order"), the Group is currently protected from the winding-up proceedings until 31 December 2020. The Order serves as a protection to the Group from winding up proceedings. In addition, subsequent to the financial year end, the Group had preliminarily agreed with CSCE to continue with the defect rectification works with a monthly instalment of RM500,000. Nevertheless, the Management is still in the midst of negotiating with CSCE on a revised settlement agreement and repayment schedule for the outstanding sum owing to CSCE.

The Loan Agreement and its corresponding interest was included in the reconciliation of the movements of liabilities to cash flows arising from financial activities.



## 27. Amounts due to related parties

	Group		Company	
	<u>2020</u> RM	<u>2019</u> RM	<u>2020</u> RM	<u>2019</u> RM
Amounts due to:				
- affiliated corporations	38,119,220	32,454,611	-	-
- a controlling shareholder	56,077,326	25,619,279	-	-
- subsidiary	-	-	3,040,870	3,042,261
	<u>94,196,546</u>	<u>58,073,890</u>	<u>3,040,870</u>	<u>3,042,261</u>

Amount due to subsidiary is non-trade, unsecured, interest-free and are repayable on demand.

Amounts due to affiliated corporations and a controlling shareholder are non-trade, unsecured, interest-free and are repayable on demand except for amounts of RM57,322,839 (2019: RM27,299,867), which bear interest ranged from 4.0% to 8.0% (2019: 4.0%) per annum.

Affiliated corporations are defined as those companies in which a controlling shareholder of the Company is a director and controlling shareholder of these companies.

The exposure to credit risk and impairment losses related to amount due from related parties is disclosed in Note 31.

## 28. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors. The Board of Directors is responsible for allocating resources and assessing performance of the operating segments. The operating segments were determined based on the reports reviewed by management.

Management considers that the entire Group's operations constitute a single segment which is in the business of property development in Malaysia. Management assesses the performance of the Group's operations based on the profit before tax, total assets and total liabilities which are measured in a manner consistent with that of the consolidated financial statements.

**29. Commitments*****Operating lease commitments – where the Group is a lessee***

The Group leases office spaces from other related parties (Note 30) under non-cancellable operating lease agreements. The leases typically run for an initial period of one to two years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

	<b>Group 2019 RM</b>
Not later than 1 year	710,840
Between 1 to 5 years	532,920
	<u>1,243,760</u>

**30. Significant related party transactions**

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Company if that person:
- (i) Has control or joint control over the Company;
  - (ii) Has significant influence over the Company; or
  - (iii) Is a member of the key management personnel of the Company or of a parent of the Company.
- (b) An entity is related to the Company if any of the following conditions applies:
- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - (iii) Both entities are joint ventures of the same third party;
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
  - (vi) The entity is controlled or jointly controlled by a person identified in (a);
  - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

The effect the Group's and Company's transactions and arrangements with related parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

### 30. Significant related party transactions (Continued)

In addition to the related party information disclosed elsewhere in the consolidated financial statements, the following significant transactions took place between the Group and related parties during the financial year on terms agreed between the parties concerned:

	Group	
	<u>2020</u> RM	<u>2019</u> RM
<b>Affiliated corporations</b>		
Advances	5,000,000	-
Rental expenses	246,000	246,000
Interest expenses	184,130	199,080
Land costs paid/payable	<u>10,732,895</u>	<u>12,347,551</u>
<b>A controlling shareholder of the Company</b>		
Advances	30,000,000	-
Interest expenses	1,382,231	892,914
Rental expenses	<u>40,683</u>	<u>-</u>

The controlling shareholder of the Company is Dato' Daing A Malek Bin Daing A Rahman.

### Key management personnel remuneration

	Group	
	<u>2020</u> RM	<u>2019</u> RM
Short-term employee benefits	2,690,202	2,972,889
Post-employment benefits (Employer's contribution to defined contribution plans)	<u>154,646</u>	<u>237,537</u>
	<u>2,844,848</u>	<u>3,210,426</u>

**31. Financial instruments****Financial risk management****Overview**

The Company has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

**Risk management framework**

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's Audit Committee is assisted in its oversight role by internal auditors. Internal auditors undertake both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

**Credit risk**

Credit risk is the risk of potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group, as and when they fall due.

The Group's credit risks arise mainly from cash and cash equivalents, trade and other receivables and contract assets. Cash and cash equivalents are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies and the Group does not expect the impairment loss from bank balances to be material, if any.

To assess and manage its credit risk, the Group categorises the aforementioned financial assets and contract assets according to their risk of default. The Group defines default to have taken place when internal or/and external information indicates that the financial asset is unlikely to be received, which could include a breach of debt covenant, default of interest due for more than 30 days, but not later than when the financial asset is more than 90 days past due as per SFRS(I) 9's presumption.

The Group has not rebutted the presumption included in SFRS(I) 9 that there has been a significant increase in credit risk since initial recognition when financial assets are more than 30 days past due.



### 31. Financial instruments (Continued)

#### Credit risk (Continued)

The maximum exposure to credit risk is represented by the carrying amount of each financial asset at the reporting date.

The Group has credit policies in place and the exposure to credit risk is monitored on an ongoing basis. The Group's trade receivables represent progress billings for sale of development properties. However, the ownership and rights to the development properties sold will revert to the Group in the event of default. Cash at banks are placed with regulated banks and financial institutions.

At the reporting dates, the Group has significant concentration of credit risk with respect to trade receivables arising from one customer amounting to RM10,614,171 (2019: RM77,384,331). Other than as disclosed above, there is no significant concentration of credit risk as a result of the Group's large number of customers, which are widely distributed and covers a broad range of end markets.

The Group's internal credit risk grading categories are as follows:

Category	Description	Basis of recognising ECL
1	Low credit risks <sup>Note 1</sup>	12-months ECL
2	Non-significant increase in credit risks since initial recognition and financial asset is $\leq$ 30 days past due	12-months ECL
3	Significant increase in credit risk since initial recognition <sup>Note 2</sup> or financial asset is $>$ 30 days past due	Lifetime ECL
4	Evidence indicates that financial asset is credit-impaired <sup>Note 3</sup>	Difference between financial asset's gross carrying amount and present value of estimated future cash flows discounted at the financial asset's original effective interest rate
5	Evidence indicates that the management has no reasonable expectations of recovering the write off amount <sup>Note 4</sup>	Written off

#### Note 1. Low credit risks

The financial asset is determined to have low credit risk if the financial assets have a low risk of default, the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the counterparty to fulfil its contractual cash flow obligations. Generally, this is the case when the Group assesses and determines that the debtor has been, is in and is highly likely to be, in the foreseeable future and during the (contractual) term of the financial asset, in a financial position that will allow the debtor to settle the financial asset as and when it falls due.

**31. Financial instruments (Continued)*****Credit risk (Continued)*****Note 2. Significant increase in credit risks**

In assessing whether the credit risk of the financial asset has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial asset as of reporting date with the risk of default occurring on the financial asset as of date of initial recognition, and considered reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. In assessing the significance of the change in the risk of default, the Group considers both past due (i.e. whether it is more than 30 days past due) and forward looking quantitative and qualitative information. Forward looking information includes the assessment of the latest performance and financial position of the debtor, adjusted for the Group's future outlook of the industry in which the debtor operates based on independently obtained information (e.g. expert reports, analyst's reports etc.) and the most recent news or market talks about the debtor, as applicable. In its assessment, the Group will generally, for example, assess whether the deterioration of the financial performance and/or financial position, adverse change in the economic environment (country and industry in which the debtor operates), deterioration of credit risk of the debtor, etc. is in line with its expectation as of the date of initial recognition of the financial asset. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contract payments are > 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

**Note 3. Credit impaired**

In determining whether financial assets are credit-impaired, the Group assesses whether one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable data:

- Significant financial difficulty of the debtor;
- Breach of contract, such as a default or being more than 90 days past due;
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for the financial asset because of financial difficulties.

**Note 4. Write off**

Generally, the Group writes off, partially or fully, the financial asset when it assesses that there is no realistic prospect of recovery of the amount as evidenced by, for example, the debtor's lack of assets or income sources that could generate sufficient cash flows to repay the amounts subjected to the write-off.

The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collateral.

### 31. Financial instruments (Continued)

#### ***Credit risk (Continued)***

##### Contract assets (Note 17), trade receivables, stakeholders' sum receivables and retention sum receivables (Note 18)

The Group uses the practical expedient under SFRS(I) 9 in the form of allowance matrix to measure the ECL for these contract assets and receivables, where the loss allowance is equal to lifetime ECL.

The contract assets and receivables represent progress billings for sale of development properties. The Group assessed the expected credit loss exposure of these contract assets and receivables to be insignificant based on historical default rates, the Group's view of current and future conditions corresponding with the default rates pertaining to group of customers because the ownership and rights to the development properties sold to the customers will be reverted to the Group in the event of default, which is governed under the Housing Development (Control and Licensing) Act 1966 in Malaysia.

##### Other receivables and deposits (Note 18)

As of 30 June 2020, the Group recorded other receivables and deposits totalling RM4,316,499 (2019: RM3,114,757). The Group assessed the credit exposure of these receivables is insignificant based on the historical default rates, the Group's view of current and future conditions corresponding with the default rates pertaining to group of customers. The Group considers that the credit risk of these counter parties has not increased. The amount of the allowance on other receivables and deposits was insignificant.

#### ***Exposure to credit risk***

The exposure to credit risk for contract assets and trade and other receivables (excluding prepayments and advances to suppliers) at the reporting date was:

	<b>Group</b>		<b>Company</b>	
	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Contract assets	13,350,949	24,835,892	-	-
Trade receivables	4,454,085	70,052,831	-	-
Stakeholding money receivables	2,739,385	18,193,977	-	-
Retention sum receivables	8,238,631	16,843,075	-	-
Other receivables and deposits	4,316,499	3,114,757	-	-
Amount due from subsidiary	-	-	107,597,153	108,165,553
	33,099,549	133,040,532	107,597,153	108,165,553
Impairment loss allowance	-	-	(107,597,153)	(108,165,553)
	<u>33,099,549</u>	<u>133,040,532</u>	<u>-</u>	<u>-</u>

**31. Financial instruments (Continued)*****Credit risk (Continued)******Exposure to credit risk (Continued)***

The following table provides information about the exposure to credit risk and ECL for contract assets and trade and other receivables as at 30 June 2020.

Group	Weighted average loss rate	<u>2020</u>		<u>2019</u>	
		Gross carrying amount RM	Loss allowance RM	Gross carrying amount RM	Loss allowance RM
<b>Contract assets</b>					
Not past due	0%	13,350,949	-	24,835,892	-
<b>Trade receivables</b>					
Not past due	0%	6,521	-	54,903,175	-
Past due 1 to 30 days	0%	217,844	-	635,319	-
Past due 31 to 60 days	0%	395,720	-	1,670,666	-
Past due 61 to 90 days	0%	2,384,366	-	1,190,991	-
Past due more than 91 days	0%	1,449,634	-	11,652,680	-
		4,454,085	-	70,052,831	-
<b>Stakeholding money receivables</b>					
Not past due	0%	2,739,385	-	18,193,977	-
<b>Retention sum receivables</b>					
Not past due	0%	8,238,631	-	16,843,075	-
<b>Other receivables and deposits</b>					
Not past due	0%	4,316,499	-	3,114,757	-
		33,099,549	-	133,040,532	-
<b>Company</b>					
<b>Amount due from subsidiary</b>					
Not past due	100%	107,597,153	(107,597,153)	108,165,553	(108,165,553)

***Cash and cash equivalents***

The Group and the Company held cash and cash equivalents. The cash and cash equivalents are held with banks and financial institutions with sound credit ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group and the Company consider that their cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was insignificant.



### 31. Financial instruments (Continued)

#### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents and credit facilities deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. The Group also obtained financial support from its controlling shareholder to finance the Group's operations, hence reducing liquidity risk.

The following are the contractual undiscounted cash outflows of financial liabilities, including interest payments:

	Carrying amounts RM	Contractual cash flows RM	Cash flows Within 1 year RM	After 1 year but within 5 years RM
<b>Group</b>				
<b>2020</b>				
Trade and other payables	310,535,673	(310,535,673)	(310,535,673)	-
Amounts due to related parties	94,196,546	(94,196,546)	(94,196,546)	-
Loans and borrowings	11,065,221	(11,065,221)	(11,065,221)	-
Lease liabilities	639,446	(666,332)	(437,724)	(228,608)
	<u>416,436,886</u>	<u>(416,463,772)</u>	<u>(416,235,164)</u>	<u>(228,608)</u>
<b>2019</b>				
Trade and other payables	393,890,871	(393,890,871)	(393,890,871)	-
Amounts due to related parties	58,073,890	(58,073,890)	(58,073,890)	-
Loans and borrowings	25,964,067	(25,995,845)	(25,726,780)	(269,065)
	<u>477,928,828</u>	<u>(477,960,606)</u>	<u>(477,691,541)</u>	<u>(269,065)</u>
<b>Company</b>				
<b>2020</b>				
Trade and other payables	639,211	(639,211)	(639,211)	-
Amounts due to related parties	3,040,870	(3,040,870)	(3,040,870)	-
	<u>3,680,081</u>	<u>(3,680,081)</u>	<u>(3,680,081)</u>	<u>-</u>
<b>2019</b>				
Trade and other payables	656,203	(656,203)	(656,203)	-
Amounts due to related parties	3,042,261	(3,042,261)	(3,042,261)	-
	<u>3,698,464</u>	<u>(3,698,464)</u>	<u>(3,698,464)</u>	<u>-</u>

**31. Financial instruments (Continued)*****Market risk***

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

***Interest rate risk***

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group is not exposed to fair value interest rate risk.

The Group's interest-bearing assets are primarily bank balances. The interest rates on these bank balances are monitored closely to ensure that they are maintained at favourable rates. The Group considers the risk of significant changes to interest rates on bank balances to be unlikely.

The Group's exposure to cash flow interest rate risks arises mainly from variable rate borrowings. The Group manages its interest rate exposure by monitoring movements in interest rates and actively reviewing its borrowings.

***Interest rate profile***

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments, was as follows:

	<b>Group</b>	
	<b><u>2020</u></b>	<b><u>2019</u></b>
	<b>RM</b>	<b>RM</b>
<b>Fixed rate instruments</b>		
Trade and other payables	34,114,832	46,532,461
Amount due to related parties	57,322,839	27,299,867
Finance lease liabilities	-	382,115
Lease liabilities	639,446	-
	<u>92,077,117</u>	<u>74,214,443</u>
<b>Variable rate instruments</b>		
Term loan	1,138,692	-
Bank overdrafts	9,926,529	25,581,952
	<u>11,065,221</u>	<u>25,581,952</u>

### 31. Financial instruments (Continued)

#### Market risk (Continued)

##### Cash flow sensitivity analysis for variable instruments

A change of 100 basis points (bps) in interest rates at the reporting date would have increased/(decreased) development properties by the amounts shown below. This analysis assumes that all other variables remain constant.

	Group	
	<u>2020</u> RM	<u>2019</u> RM
<b>Variable rate instruments</b>		
100 bp increase	110,652	255,820
100 bp decrease	<u>(110,652)</u>	<u>(255,820)</u>

##### Foreign currency risk

The Group is exposed to foreign currency risk on cash and cash equivalents held by the Group denominated in Singapore Dollars ("SGD") and Hong Kong Dollars ("HKD") that are denominated other than the functional currency of the Group entities, Malaysia Ringgit ("RM").

The Group's exposure to foreign currency risk based on notional amounts is as follows:

	<u>SGD</u> RM	<u>HKD</u> RM	<u>Total</u> RM
<b>Group</b>			
<b>30 June 2020</b>			
Cash and cash equivalents	<u>563,746</u>	<u>32,629</u>	<u>596,375</u>
<b>30 June 2019</b>			
Cash and cash equivalents	<u>875,828</u>	<u>2,740,027</u>	<u>3,615,855</u>

##### Sensitivity analysis

A 5% strengthening of the following major currencies against RM at the reporting dates held by the Group would decrease loss before tax by the amounts shown below. Similarly, a 5% weakening would have the equal but opposite effect. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date and assumes that all other variables, in particular interest rates, remain constant.

	Group	
	<u>2020</u> RM	<u>2019</u> RM
<b>Loss before income tax</b>		
SGD	28,187	43,791
HKD	<u>1,631</u>	<u>137,001</u>
	<u>29,818</u>	<u>180,792</u>

Apart from these SGD and HKD denominated cash and cash equivalents, the Group is not exposed to significant foreign currency risk on monetary assets and liabilities that are denominated in a currency other than the functional currencies of the entities within the Group.

## 31. Financial instruments (Continued)

## Market risk (Continued)

## Accounting classifications and fair values

The accounting classification of financial assets and liabilities amounts shown in the statements of financial position, are as follows. Fair value information for financial assets and financial liabilities not measured at fair value has not been presented if the carrying amount is a reasonable approximation of fair value due to short term period to their maturity.

Group	Note	Amortised cost RM	Liabilities at amortised cost RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>2020</b>								
<b>Financial assets not measured at fair value</b>								
Trade and other receivables	18	19,748,600	-	19,748,600	-	-	-	-
Cash and cash equivalents	19	19,010,565	-	19,010,565	-	-	-	-
		38,759,165	-	38,759,165				
<b>Financial liabilities not measured at fair value</b>								
Trade and other payables	26	-	(310,535,673)	(310,535,673)	-	-	-	-
Amount due to related parties	27	-	(94,196,546)	(94,196,546)	-	-	-	-
Loans and borrowings	25	-	(11,065,221)	(11,065,221)	-	(11,065,221)	-	(11,065,221)
Lease liabilities	24	-	(639,446)	(639,446)	-	(639,446)	-	(639,446)
		-	(416,436,886)	(416,436,886)				
<b>Company</b>								
<b>2020</b>								
<b>Financial assets not measured at fair value</b>								
Cash and cash equivalents	19	595,257	-	595,257	-	-	-	-
		595,257	-	595,257				
<b>Financial liabilities not measured at fair value</b>								
Trade and other payables	26	-	(639,211)	(639,211)	-	-	-	-
Amount due to related parties	27	-	(3,040,870)	(3,040,870)	-	-	-	-
		-	(3,680,081)	(3,680,081)				



31. Financial instruments (Continued)

Market risk (Continued)

Accounting classifications and fair values (Continued)

Group 2019	Note	Amortised cost RM	Liabilities at amortised cost RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>Financial assets not measured at fair value</b>								
Trade and other receivables	18	108,204,640	-	108,204,640	-	-	-	-
Cash and cash equivalents	19	10,283,705	-	10,283,705	-	-	-	-
		118,488,345	-	118,488,345				
<b>Financial liabilities not measured at fair value</b>								
Trade and other payables	26	-	(393,890,871)	(393,890,871)	-	-	-	-
Amount due to related parties	27	-	(58,073,890)	(58,073,890)	-	-	-	-
Loans and borrowings	25	-	(25,964,067)	(25,964,067)	-	(25,964,067)	-	(25,964,067)
		-	(477,928,828)	(477,928,828)				
<b>Company</b>								
<b>2019</b>								
<b>Financial assets not measured at fair value</b>								
Cash and cash equivalents	19	3,614,037	-	3,614,037	-	-	-	-
		3,614,037	-	3,614,037				
<b>Financial liabilities not measured at fair value</b>								
Trade and other payables	26	-	(656,203)	(656,203)	-	-	-	-
Amount due to related parties	27	-	(3,042,261)	(3,042,261)	-	-	-	-
		-	(3,698,464)	(3,698,464)				

**31. Financial instruments (Continued)****Valuation techniques and significant unobservable inputs.**

The following tables show the valuation techniques used in measuring Level 2 fair values, as well as the significant observable inputs used.

*Financial instruments not measured at fair value*

Type	Valuation techniques	Significant observable inputs
<b>Group</b>		
Loans and borrowings	Discounted cash flows: The valuation model considers the present value of expected future payments, discounted using a risk-adjusted discount rate.	Discount rate

**32. Contingent liabilities**

The Group is exposed to various claims from the contractors. The contractors may or may not impose such claims on the Group and the finalisation of these claims, if any, will be subjected to further negotiations between the Group and the contractors. At the reporting dates, these amounts cannot be estimated reliably as they are subject to the occurrence of future negotiations with these contractors if they impose such claims on the Group in the future.

**33. Capital management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital and to maintain the future development and growth of the business. The Group's overall strategy remains unchanged from 2019.

The Group monitors capital using a net debt equity ratio, which is adjusted net debt divided by total capital. For this purpose, adjusted net debt is defined as total trade and other payables, loans and borrowings and lease liabilities less cash and cash equivalents. Total equity includes equity attributable to owners of the Company and non-controlling interests.

The gearing ratio is as follows at the reporting date:

	<b>2020</b> <b>RM</b>	<b>2019</b> <b>RM</b>
Trade and other payables	46,532,461	46,532,461
Loans and borrowings (including financial liabilities)	11,065,221	25,964,067
Lease liabilities	639,446	-
Less: cash and cash equivalents	<u>(19,010,565)</u>	<u>(10,283,705)</u>
Net debts	39,226,563	62,212,823
Total equity	<u>91,830,924</u>	<u>109,914,488</u>
Total capital	<u>131,057,487</u>	<u>172,127,311</u>
Net debt ratio	<u>0.30</u>	<u>0.36</u>

The Company is not subjected to externally imposed capital requirements for the financial years ended 30 June 2020 and 30 June 2019.

### 34. Initial application of SFRS(I) 16 Leases

SFRS(I) 16 introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring a lessee to adopt a single model for lessee accounting. Lessees are required, with the exception of short-term leases and leases of low value assets, to recognise at initial recognition, lease liability and right-of-use asset for a contract which is or contains a lease.

Lessor accounting under SFRS(I) 16 remains unchanged from SFRS(I) 1-17. Therefore, there is no impact to the Group as a lessor.

The details of the accounting policies under SFRS(I) 16 and SFRS(I) 1-17 are disclosed in Note 3.16.

The Group applied SFRS(I) 16 using the modified retrospective approach and recognised the cumulative effect of initial application on 1 July 2019, being the date of initial application of SFRS(I) 16. Accordingly, the comparative information presented were not restated and is presented as previously reported under SFRS(I) 1-17 and its related interpretations.

#### Practical expedients applied

The Group applied the following practical expedients when applying SFRS(I) 16 for the first time.

- Not to reassess whether a contract is, or contains, a lease at 1 July 2019 and instead relied on the assessment previously made using SFRS(I) 1-17 *Leases* and SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*;
- Not to recognise right-of-use assets and lease liabilities of leases for which the lease term ends within 12 months as of 1 July 2019;
- Not to recognise right-of-use assets and lease liabilities for leases for which the underlying asset is of low value; and
- Use of hindsight for contracts which contain an option to extend or terminate a lease.

#### **Leases classified as operating leases under SFRS(I) 1-17**

The Group previously classified its lease of office spaces as operating leases under SFRS(I) 1-17. Under SFRS(I) 16, the Group recognised, for each lease,

- (a) a lease liability at the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 July 2019; and
- (b) a right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid lease payments relating to that lease recognised in the consolidated statement of financial position immediately before 1 July 2019.

In the determination of lease liabilities, the Group applied the practical expedient to not separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

Following the recognition of the right-of-use assets, the Group tested the right-of-use assets on 1 July 2019 for impairment and concluded that the right-of-use assets show no indication of impairment.

The Group previously classified certain leases as finance leases under SFRS(I) 1-17. The carrying amount of the lease asset and lease liability recognised under SFRS(I) 1-17 immediately before 1 July 2019 is recognised as the carrying amount of the right-of-use asset and the lease liability under SFRS(I) 16.

**34. Initial application of SFRS(I) 16 Leases (Continued)**

The effects of adopting SFRS(I) 16 at 1 July 2019 is summarised as follows:

	30 June 2019 SFRS(I) 1-17 RM	Reclassification RM	Remeasurement RM	1 July 2019 SFRS(I) 16 RM
<b>Group</b>				
Property, plant and equipment	664,340	-	589,990	1,254,330
Lease liabilities	-	382,115	589,990	972,105
Hire purchase	382,115	(382,115)	-	-

The effects to deferred tax is immaterial. Therefore, the Group did not make any adjustment to deferred tax at 1 July 2019.

The Group uses incremental borrowing rates at 1 July 2019 to discount the remaining lease payments at 1 July 2019 when measuring the lease liabilities. The weighted-average incremental borrowing rate applied by the Group at 1 July 2019 is 6.06%.

The lease liabilities at 1 July 2019 can be reconciled to the operating lease commitment as at 30 June 2019 as follows:

	Group At 1 July 2019 RM
<b>Operating lease commitments at 30 June 2019 under SFRS(I) 1-17 as disclosed in the Group's consolidated financial statements</b>	1,243,760
<u>Less:</u>	
Recognition exemption for leases with 12 months or less lease term at transition	(653,770)
Discounted using the incremental borrowing rate at 1 July 2019	589,990
<u>Add:</u>	
Commitments relating to leases previously classified as finance leases	382,115
Lease liabilities at 1 July 2019	972,105

**35. Subsequent events**

On 28 August 2020, the Malaysia Government has made announcement to extend the recovery movement control order ("RMCO") to 31 December 2020. With the extension of RMCO in Malaysia, such actions include, among others, restrictions of people agglomeration and travels, all tourists will remain barred from entering the country. The Group primarily operates in Malaysia with sales generated from customers from other countries like China, Indonesia, Singapore, etc. The extension of RMCO is therefore likely to have an adverse impact on the Group's results in the coming financial year, which could be caused by potential drop of revenue due to travel restriction between the countries. The extent of any adverse impact will however depend on how long the outbreak lasts and for affected countries to return to normalcy. As the situation is still evolving, the full effect of the outbreak is still uncertain and the Group is therefore unable to provide a quantitative estimate of the potential impact of this outbreak on the Group. The Group is continuously monitoring and evaluating any possible impact on the Group's business and will consider implementation of various measures to mitigate the effects arising from the COVID-19 situation.



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Class of Shares	:	Ordinary Shares of equal voting rights
Issued and fully Paid-up Capital	:	S\$477,554,589.08
Number of Ordinary Shares in Issue (excluding treasury shares)	:	1,869,434,303
Number of Treasury Shares held	:	Nil
Number of Subsidiary Holdings held	:	Nil

**DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS**

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	96	43.64	3,184	0.00
100 – 1,000	21	9.54	8,928	0.00
1,001 – 1000	41	18.64	188,485	0.01
10,001 – 1,000,000	48	21.82	5,718,965	0.31
1,000,001 and above	14	6.36	1,863,514,741	99.68
<b>TOTAL</b>	<b>220</b>	<b>100.00</b>	<b>1,869,434,303</b>	<b>100.00</b>

**SUBSTANTIAL SHAREHOLDERS**

(As recorded in the Register of Substantial Shareholders as at 15 September 2020)

NAME OF SUBSTANTIAL SHAREHOLDER	DIRECT INTEREST		DEEMED INTEREST	
	NO. OF SHARES	%	NO. OF SHARES	%
HORIZON SEA LIMITED	1,244,062,150	66.55	-	-
DATO' DAING A MALEK BIN DAING A RAHAMAN <sup>(1)</sup>	3,665,000 <sup>(2)</sup>	0.20	1,244,062,150	66.55

**Notes:**

(1) Dato Daing A Malek bin Daing A Rahaman is deemed interested in the shares held by Horizon Sea Limited by virtue of him being the sole shareholder of Horizon Sea Limited.

(2) Held through Phillip Securities Pte Ltd.

**TWENTY LARGEST SHAREHOLDERS AS AT 15 SEPTEMBER 2020**

NO	NAME OF SHAREHOLDER	NO. OF SHARES	% OF SHARES
1	HORIZON SEA LIMITED	1,244,062,150	66.55
2	PHILLIP SECURITIES PTE LTD	213,657,820	11.43
3	ACE POINT HOLDINGS LIMITED	93,281,075	4.99
4	GLORYBASE HOLDINGS LIMITED	93,281,075	4.99
5	RHB SECURITIES SINGAPORE PTE LTD	63,343,798	3.39
6	LUXUS HOLDINGS LIMITED	55,968,645	2.99
7	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	48,800,331	2.61
8	HSBC (SINGAPORE) NOMINEES PTE LTD	23,906,966	1.28
9	CLASSIC LINK INVESTMENTS LIMITED	18,656,215	1.00
10	NG SAY PIYU	3,783,666	0.20
11	HANIFAH BINTE MOHAMED HOSNAN	1,235,000	0.07
12	RYAISHA FILDA BINTE ROSLAN	1,235,000	0.07
13	ZHAO JING	1,212,000	0.06
14	MA ZHEN	1,091,000	0.06
15	CITIBANK NOMINEES SINGAPORE PTE LTD	940,600	0.05
16	RAFFLES NOMINEES (PTE) LIMITED	842,797	0.05
17	TAN SIEW BOOY	564,000	0.03
18	DBS NOMINEES PTE LTD	473,432	0.03
19	UOB KAY HIAN PTE LTD	413,900	0.02
20	YU KAM YUEN LINCOLN	226,666	0.01
<b>TOTAL</b>		<b>1,866,976,136</b>	<b>99.88</b>

**PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS**

Based on the information available to the Company as at 15 September 2020, approximately 23.28% the issued ordinary shares of the Company were held by the public.

Accordingly, the Company has complied with Rule 723 of the Catalist Rules.

NOTICE IS HEREBY GIVEN that the annual general meeting (“**AGM**”) of Astaka Holdings Limited (the “**Company**”) will be convened and held by way of electronic means on Wednesday, 28 October 2020 at 11.00 a.m. for the following purposes:

### AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company for the financial year ended 30 June 2020 together with the Auditors’ Report thereon.

**(Resolution 1)**

2. To re-elect the following Directors of the Company retiring pursuant to Regulation 89 of the Company’s Constitution:

Dato’ Zamani Bin Kasim  
Mr. Lee Gee Aik

**(Resolution 2)**

**(Resolution 3)**

*[See Explanatory Note 1]*

3. To approve the payment of Directors’ fees of S\$192,000 for the financial year ending 30 June 2021, to be paid quarterly in arrears. (FY2020: S\$251,000).

**(Resolution 4)**

4. To re-appoint Mazars LLP as the Company’s auditors and to authorise the Directors of the Company to fix their remuneration.

**(Resolution 5)**

5. To transact any other ordinary business which may properly be transacted at the Annual General Meeting.

## AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution as Ordinary Resolution, with or without any modifications:

### 6. Authority to allot and issue shares

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, and subject to the Rule 806 of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”), authority be given to the Directors of the Company to allot and issue shares in the capital of the Company (“**Shares**”) whether by way of rights, bonus or otherwise, and/or make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be allotted and issued, including but not limited to creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit and (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force, provided that:

- (a) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of shares to be issued other than on a pro rata basis to all shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (b) below);
- (b) (subject to such manner as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (a) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
  - (i) new Shares arising from the conversion or exercise of convertible securities;
  - (ii) new Shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution, provided the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
  - (iii) any subsequent bonus issue, consolidation or subdivision of Shares;



- (c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
- (d) (unless revoked or varied by the Company in general meeting), the authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

*[See Explanatory Note 2]*

**(Resolution 6)**

By Order of the Board

Yoo Loo Ping  
Company Secretary

Singapore  
9 October 2020

**Explanatory Note on Resolutions to be passed:**

1. Dato' Zamani Bin Kasim, if re-elected, will remain as the Executive Director and a member of the Nominating Committee of the Company.

Mr. Lee Gee Aik, if re-elected, will remain as the Non-Executive and Independent Director, Chairman of the Audit Committee, and a member of the Remuneration Committee and Nominating Committee of the Company. He will be considered independent for the purposes of Rule 704(7) of Catalist Rules. The key information of Dato' Zamani Bin Kasim and Mr. Lee Gee Aik can be found on page 21 of the Annual Report.

2. The Ordinary Resolution 6 proposed in item 6 above, if passed, will empower the Directors of the Company, from the date of the Annual General Meeting effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such instruments, for such purposes as they consider would be in the interests of the Company, up to a number not exceeding, in total, 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 50% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of Shares that may be issued, the total number of issued Shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

**IMPORTANT NOTICE FOR SHAREHOLDERS:**

Due to current COVID-19 situation, the Company's AGM is being convened, and will be held, by electronic means pursuant to the provisions of the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 and the Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation titled "Additional Guidance on the Conduct of General Meetings During Elevated Safe Distancing Period".

Besides the despatch of the printed copies of the documents and information relating to the AGM (including the Annual Report FY2020, Notice of AGM and Proxy Form) to Shareholders, these documents have also been made available on SGXNet and the Company's corporate website and may be accessed at the following URLs:

- (a) <https://www2.sgx.com/securities/company-announcements>; or
- (b) <http://astaka.com.my/investor-relations/>.

Shareholders should take note of the following arrangements for the AGM:

(a) **Participation in the AGM via live webcast or live audio-only feed**

The AGM will be conducted only by way of electronic means, and shareholders will **not** be able to attend the AGM in person. Shareholders will also **not** be able to vote online on the resolutions to be tabled for approval at the AGM. Shareholders may instead participate in the AGM by:-

- (i) Observing and/or listening to the proceedings of the AGM through a "live" audio-visual webcast and "live" audio-only feed;
- (ii) Submitting questions in relation to any agenda item in this notice of AGM in advance of the AGM; and/or
- (iii) Appointing the chairman of the AGM ("**Chairman**") as proxy to vote on their behalf in accordance with their vote instructions.

Details of the steps for pre-registration, pre-submission of questions and voting at the AGM are set out in items (b) to (e) below.

(b) **Pre-registration for AGM**

Shareholders, including investors who hold shares through the Central Provident Fund ("**CPF**") and/or Supplementary Retirement Scheme ("**SRS**"), who wish to follow the proceedings of the AGM must pre-register online at <https://complete-corp.com.sg/astaka-agm-egm/> no later than **25 October 2020, 11.00 a.m. ("**Pre-Registration Deadline**")** for verification purposes. Following successful verification, an email with instructions on how to join the live webcast or live audio-only feed of the AGM proceedings will be sent to the registered shareholders via email by 27 October 2020, 11.00 a.m. Shareholders must not forward the email instruction to other persons who are not shareholders and who are not entitled to attend the AGM proceedings. This is also to avoid any technical disruptions or overload to the AGM proceedings.

Investors holding shares through relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50) ("**Investors**") (other than CPF/SRS investors) will not be able to pre-register for the live webcast or live audio-only feed of the AGM. An Investor who wishes to participate in the live webcast or live audio-only feed of the AGM should approach his/her relevant intermediary as soon as possible in order to make the necessary arrangements. The relevant

intermediary is required to submit a consolidated list of participants (setting out in respect of each participant, his/her name, email address and NRIC/Passport number), via email to the Company at [astaka-agm-egm@complete-corp.com.sg](mailto:astaka-agm-egm@complete-corp.com.sg) no later than **25 October 2020, 11.00 a.m.**

Shareholders and Investors who have registered by the Pre-Registration Deadline but did not receive the aforementioned email by **27 October 2020, 11.00 a.m.** should contact the Company by email to [astaka-agm-egm@complete-corp.com.sg](mailto:astaka-agm-egm@complete-corp.com.sg).

(c) **Submission of Questions**

Shareholders and Investors will not be able to ask questions during the AGM proceedings.

Shareholders and Investors who have questions in relation to any agenda item in this notice of AGM can submit their questions to the Company in advance, by **25 October 2020, 11.00 a.m.**, through any of the following means:

- (i) Via the pre-registration website at the URL <https://complete-corp.com.sg/astaka-agm-egm/>;
- (ii) by email to [astaka-agm-egm@complete-corp.com.sg](mailto:astaka-agm-egm@complete-corp.com.sg); or
- (iii) by post, to be deposited at the Company's registered office at 3 Temasek Avenue, #21-21 Centennial Tower, Singapore 039190.

Shareholders and/or Investors must identify themselves when posting questions through email or mail by providing the following details:

- (i) Full Name;
- (ii) Contact Telephone Number;
- (iii) Email Address; and
- (iv) The manner in which you hold shares (if you hold shares directly, please provide your CDP account number; otherwise, please state if you hold your shares through CPF or SRS, or are a relevant intermediary shareholder).

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult to submit questions by post, members are strongly encouraged to submit their questions via the pre-registration website or by email. The Company will endeavour to respond to all substantial and relevant questions either prior to the AGM (via an announcement on SGXNet at the URL <https://www2.sgx.com/securities/company-announcements> and the Company's website at the URL <http://astaka.com.my/investor-relations/>) or at the AGM.

(d) **Voting at the AGM by appointing Chairman as Proxy (Submit a Proxy Form)**

*For Investors who hold shares through relevant intermediaries please refer to item (e) for the procedures to vote at the AGM.*

Shareholders will only be able to vote at the AGM by appointing the Chairman as proxy to vote on their behalf. Duly completed Proxy Forms must be submitted through any of the following means not later than **26 October 2020, 11.00 a.m.** (being no later than 48 hours before the time appointed for holding the AGM):

- (i) by email, a copy to [astaka-agm-egm@complete-corp.com.sg](mailto:astaka-agm-egm@complete-corp.com.sg); or
- (ii) by post, be deposited at the Company's registered office at 3 Temasek Avenue, #21-21 Centennial Tower, Singapore 039190.

Besides the despatch of the printed copy of the Proxy Form, it has also been made available on SGXNet and the Company's corporate website and may be accessed at the URLs <https://www2.sgx.com/securities/company-announcements> and <http://astaka.com.my/investor-relations/>.

In appointing the Chairman of the Meeting as proxy, the Shareholder (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

Please refer to the detailed instructions set out in the Proxy Form.

**(e) Voting at the AGM by Relevant Intermediary Investors and CPF/SRS Investors**

Relevant Intermediary Investors (including CPF/SRS investors) who wish to appoint the Chairman as their proxy to vote at the AGM should not make use of the Proxy Form and should instead approach their respective relevant intermediaries as soon as possible to specify voting instructions. CPF/SRS investors who wish to vote should approach their respective CPF agent banks or SRS approved banks or depository agents to submit their votes by **16 October 2020, 11.00 a.m.**, being at least seven (7) working days before the AGM, in order to allow sufficient time for their respective relevant intermediaries to in turn submit a Proxy Form to appoint the Chairman to vote on their behalf no later than 26 October 2020, 11.00 a.m.

**Important Reminder**

In view of the constantly evolving COVID-19 situation, the Company may be required to change its AGM arrangements at short notice. Shareholders and Investors are advised to regularly check the Company's website or announcements released on SGXNET for the latest updates on the status of the AGM. Shareholders are also strongly encouraged to submit completed Proxy Forms electronically via email.

**Personal Data Privacy**

**"Personal data"** in this notice of AGM has the same meaning as "personal data" in the Personal Data Protection Act 2012, which includes your name, address and NRIC/Passport number. By submitting (a) an application to pre-register for participation in the AGM; (b) questions relating to the resolutions to be tabled for approval at the AGM; and/or (c) an instrument appointing Chairman of the AGM as proxy to vote at the AGM and/or any adjournment thereof, a member of the Company hereby consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers including any organisations the Company has engaged to perform any function related to the AGM) for the purposes of, (i) verifying the member's information and processing of the member's application to pre-register to participate in the AGM and providing the member with any technical assistance where possible; (ii) addressing any selected questions submitted by the member and following up with the member where necessary, and responding to, handling, and processing queries and requests from the member; (iii) the processing and administration by the Company (or its agents or service providers including any organisations the Company has engaged to perform any function related to the AGM) of proxy forms appointing Chairman of the AGM (including any adjournment thereof); and (iv) the preparation, compilation and disclosure (as application) of the attendance lists, minutes, questions from members and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers including any organisations the Company has engaged to perform any function related to the AGM) to comply with any applicable laws, listing rules, regulations and/or guidelines, and agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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**ASTAKA HOLDINGS LIMITED**

(Incorporated in the Republic of Singapore)  
(Company Registration No. 200814792H)

**ANNUAL GENERAL MEETING  
PROXY FORM**
**IMPORTANT:**

1. The Annual General Meeting ("AGM" or the "Meeting") is being convened, and will be held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the AGM are set out in the Notice of AGM dated 9 October 2020 which has been uploaded on SGXNet at <https://www2.sgx.com/securities/company-announcements> and the Company's website at <http://astaka.com.my/investor-relations/> on the same day.
2. A shareholder WILL NOT be able to attend the AGM in person. If a shareholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, a shareholder (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in this Proxy Form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
3. For CPF, or SRS investors who wish to appoint the Chairman of the Meeting as their proxy, they should approach their CPF and/or SRS Approved Nominees to submit their votes at least seven (7) working days before the AGM. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. By submitting an instrument appointing the Chairman of the Meeting as proxy, the shareholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 9 October 2020.
5. Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman of the Meeting as a shareholder's proxy to vote on his/her/ its behalf at the AGM.

This Proxy Form has also been made available on SGXNet and the Company's corporate website and may be accessed at the following URLs: <https://www2.sgx.com/securities/company-announcements> and <http://astaka.com.my/investor-relations/>.

\*I/We, \_\_\_\_\_ (Name) \_\_\_\_\_ (\*NRIC/Passport/Registration No.)

of \_\_\_\_\_ (Address)  
being a \*shareholder/shareholders of **ASTAKA HOLDINGS LIMITED** (the "**Company**"), hereby appoint the Chairman of the Meeting as \*my/our \*proxy/proxies to vote for \*me/us on \*my/our behalf at the AGM of the Company to be held by way of electronic means via the live audio-visual webcast or live audio-only feed on Wednesday, 28 October 2020 at 11.00 a.m. and at any adjournment thereof. \*I/We direct the Chairman of the Meeting to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder.

*# (Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to cast all your votes for or against a resolution to be proposed at the AGM, please indicate with a "✓" in the space provided under "For" or "Against". If you wish the Chairman of the Meeting as your proxy to abstain from voting on a resolution to be proposed at the Meeting, please indicate with a "✓" in the space provided under "Abstain". Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy is directed to vote "For" or "Against" or to abstain from voting. In the absence of specific directions, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.)*

No.	Ordinary Resolutions relating to	FOR <sup>#</sup>	AGAINST <sup>#</sup>	ABSTAIN <sup>#</sup>
1.	Directors' Statement and Audited Financial Statements for the financial year ended 30 June 2020			
2.	Re-election of Dato' Zamani Bin Kasim as a Director			
3.	Re-election of Mr. Lee Gee Aik as a Director			
4.	Approval of Directors' fees for the financial year ending 30 June 2021 amounting to S\$192,000, payable quarterly in arrears			
5.	Re-appointment of Mazars LLP as Auditors of the Company			
6.	Authority to allot and issue Shares			

\* Delete where inapplicable

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2020

Total Number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

\_\_\_\_\_  
Signature(s) of Shareholder(s)  
or Common Seal of Corporate Shareholder

**IMPORTANT: Please read the notes overleaf for this Proxy Form.**

**Notes:**

- (1) Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Future Act (Chapter 289) of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number of shares is inserted, this proxy form will be deemed to relate to all shares held by you.
- (2) A shareholder will not be able to vote through the live audio-visual webcast or live audio-only feed and voting is only through submission of proxy form. If a shareholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, a shareholder (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in this proxy form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
- (3) The Chairman of the Meeting, as a proxy, need not be a member of the Company.
- (4) The instrument appointing Chairman of the Meeting as proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.
- (5) Where this instrument appointing Chairman of the Meeting as proxy is signed on behalf of the appointor by an attorney, the power of attorney or a notorially certified copy thereof (failing previous registration with the Company) must be lodged with this instrument of proxy, failing which this instrument of proxy may be treated as invalid.
- (6) The instrument appointing the Chairman of the Meeting as proxy, duly executed, must be submitted through any of the following means by **26 October 2020 at 11.00 a.m.**, which is not later than 48 hours before the time appointed for holding the AGM:
  - (i) by email a copy to [astaka-agm-egm@complete-corp.com.sg](mailto:astaka-agm-egm@complete-corp.com.sg); or
  - (ii) by post, be deposited at the Company's registered office at 3 Temasek Avenue, #21-21 Centennial Tower, Singapore 039190.

**In view of the current COVID-19 situation which may make it difficult for shareholders to submit completed proxy forms by post, shareholders are strongly encouraged to submit completed proxy forms electronically via email to [astaka-agm-egm@complete-corp.com.sg](mailto:astaka-agm-egm@complete-corp.com.sg).**

- (7) The Company shall be entitled to reject the instrument appointing Chairman of the Meeting as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing Chairman of the Meeting as proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointment the Chairman of the Meeting as proxy lodged if the shareholder being the appointor, is not shown to have shares entered against his/her/its name in the Depositor Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) to the Company.

**Personal Data Privacy:**

By submitting a proxy form appointing Chairman of the Meeting as proxy, the shareholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 9 October 2020.







## ASTAKA HOLDINGS LIMITED

### **SINGAPORE REGISTERED OFFICE**

3 Temasek Avenue,  
#21-21 Centennial Tower,  
Singapore 039190.  
Tel: +65 6549 7378

### **MALAYSIA OFFICE**

No. 22, Jalan Padi Emas 1/4,  
UDA Business Centre,  
81200 Johor Bahru, Johor, Malaysia.

### **THE ASTAKA SALES GALLERY**

One Bukit Senyum, Jalan Tebrau,  
80200 Johor Bahru, Johor, Malaysia.

### **BUKIT PELALI SALES GALLERY**

Bukit Pelali @ Pengerang, Jalan Murai,  
Bukit Pelali, 81600 Mukim Pengerang,  
Johor, Malaysia.

[www.astaka.com.my](http://www.astaka.com.my)

