EDEN INC. BERHAD

ANNUAL REPORT 2020

CHANGE EVOLVE EMBRACE

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Cover Rationale:

The flowing curves signifies change, which is required to be embraced by an organization as it navigates through challenging times. Embracing these changes is imminent to propel the organisation to greater heights.

The blue colour symbolizes the ocean and the powerful force of the ocean waves, depicting the resilience of an organisation overcoming hurdles.

The closed gap between the lines highlights the connection among the employees in an organisation, working together to overcome obstacles. This flow also highlights how vast and knowledgeable an organisation has to be, in order to go through changes and evolve together as one.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE FORTY-SECOND ANNUAL GENERAL MEETING ("42nd AGM") of the Company will be held on a fully virtual basis at the broadcast venue at Meeting Room, Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on Thursday, 10 December 2020 at 10:00 a.m. for the following purposes:

AGENDA	
1. To receive the Audited Financial Statements for the financial period ended 30 June 2020 together with the Reports of the Directors and the Auditors thereon.	(Please refer to Explanatory Note 1)
2. To re-elect the following Directors who are to retire pursuant to Clause 116 of the Company's Constitution and being eligible, have offered themselves for re-election: (a) Puan Sri Fadzilah binti Md Ariff (b) Dato' Nik Mohd Fuad bin Wan Abdullah	 (Resolution 1) (Resolution 2)
3. To approve the payment of Directors' fees amounting to RM375,000.00 for the financial period ended 30 June 2020.	(Resolution 3)
4. To approve the benefits payable to the Non-Executive Directors up to RM100,000.00 for the period from 10 December 2020 until the next Annual General Meeting of the Company pursuant to Section 230(1)(b) of the Companies Act 2016.	(Resolution 4)
5. To re-appoint Messrs. UHY as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.	(Resolution 5)
As Special Business To consider and if deem fit, with or without any modification, to pass the following resolutions: 6. **ORDINARY RESOLUTION -RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR** "THAT Datuk Mohamed Salleh bin Bajuri who has served the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years since 11 April 2002 be and is hereby retained as Senior Independent Non-Executive Director of the Company."	 (Resolution 6)
7. **ORDINARY RESOLUTION -AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016** "THAT pursuant to the Companies Act 2016 and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this Resolution does not exceed twenty per centum (20%) of the total number of issued shares of the Company for the time being as empowered by Bursa Malaysia Securities Berhad pursuant to Bursa Malaysia Securities Berhad's letter dated 16 April 2020 to grant additional temporary relief measures to listed issuers and the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad; AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."	(Resolution 7)
8. To transact any other business for which due notice has been given in accordance with the Companies Act 2016 and the Company's Constitution.	

BY ORDER OF THE BOARD

CHUA SIEW CHUAN (SSM PC NO. 201908002648) (MAICSA 0777689)
YEOW SZE MIN (SSM PC NO. 201908003120) (MAICSA 7065735)
Joint Company Secretaries

Petaling Jaya
Dated: 30 October 2020

Explanatory Notes to Ordinary and Special Businesses:

1. **Audited Financial Statements for the financial period ended 30 June 2020**

   This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval from the shareholders for the Audited Financial Statements, and hence, this Agenda item is not put forward for voting.

2. **Resolution 3 - Payment of Directors' fees**

   This Agenda item is to approve the Proposed Directors' fees for the financial period ended 30 June 2020 of RM375,000.00 (2018: RM250,000/-).

   The Resolution 3, if approved, will authorise the payment of Directors' Fees pursuant to Clause 129 of the Company's Constitution.

3. **Resolution 4 - Directors' benefits payable to Non-Executive Directors**

   The benefits payable to the Non-Executive Directors pursuant to Section 230(1)(b) of the Companies Act 2016 has been reviewed by the Nomination and Remuneration Committee ("**NRC**") and the Board of Directors of the Company, which recognises that the benefits payable is in the best interest of the Company for the applicable period of between 10 December 2020 to the next Annual General Meeting of the Company in year 2021.

   The total estimated amount of Directors' benefits payable is calculated based on the number of the Board of Directors' and Board Committees' meetings scheduled to be held in the financial year ending 30 June 2021 and until the next Annual General Meeting and other benefits. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

4. **Resolution 6 - Retention of Independent Non-Executive Director**

   The Board of Directors has vide the NRC conducted an annual performance evaluation and assessment of Datuk Mohamed Salleh bin Bajuri ("**Datuk Salleh**"), who has served as an Independent Director for a cumulative term of more than nine (9) years, and recommended him to continue in office as an Independent Director based on the following justifications:

   - Datuk Salleh has met the independence guidelines as set out in Chapter 1 of the Bursa Malaysia Securities Berhad ("**Bursa Malaysia Securities**") Main Market Listing Requirements ("**Main LR**") and is therefore able to bring independent and objective judgement to the Board;

   - Datuk Salleh has been with the Company for eighteen (18) years as at the date of the notice of the 42nd AGM and therefore understands the Company's business operations, which enables him to participate actively and contribute during deliberations/discussions at the Audit and Risk Committee, NRC and Board of Directors' Meetings;

   - Datuk Salleh has contributed sufficient time and efforts in his capacity as the Senior Independent Non-Executive Director, the Chairman of the Audit and Risk Committee and the member of NRC. He has attended all the meetings of the Audit and Risk Committee, NRC as well as the Board of Directors for informed and balanced decision making;

- Datuk Salleh has exercised due care during his tenure as the Independent Director and carried out his professional duty in the interest of the Company and shareholders;

- Datuk Salleh has not entered into any contract or transaction with the Company and/or its subsidiaries within the scope and meaning as set forth under Paragraph 5 of Practice Note 13 of the Bursa Malaysia Securities Main LR;

- Datuk Salleh has not developed, established or maintained any significant personal or social relationship, whether direct or indirect, with the Executive Directors, major shareholders or management of the Company (including their family members) other than normal engagements and interactions on a professional level consistent with his duties and expected of himself to carry out his duties as an Independent Director; and

- Datuk Salleh does not derive any remuneration and benefits apart from Directors' fees and meeting allowances.

The Board upon the recommendation from the NRC of the Company, therefore, considers Datuk Salleh to be independent and recommends him to remain as an Senior Independent Non-Executive Director subject to the approval from the shareholders of the Company through a two-tier voting process pursuant to Practice No. 4.2 of the Malaysian Code on Corporate Governance.

5. <u>Resolution 7 - Authority to issue shares pursuant to the Companies Act 2016</u>

The Company intended to renew the authority granted to the Directors of the Company at the Forty-First Annual General Meeting of the Company held on 19 June 2019 ("**Previous Mandate**") to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 20% of the total number of issued shares of the Company for the time being ("**20% General Mandate**").

As at the date of this notice, the Previous Mandate granted by the shareholders had not been utilised and hence no proceeds were raised therefrom.

As part of the initiative from Bursa Malaysia Securities to aid and facilitate listed issuers in sustaining their business or easing their compliance with Bursa Malaysia Securities requirements, amid the unprecedented uncertainty surrounding the recovery of the Covid-19 outbreak and Movement Control Order imposed by the Government, Bursa Malaysia Securities had vide a letter dated 16 April 2020 allowed a listed issuer to seek a higher general mandate under Paragraph 6.03 of the Main LR of Bursa Malaysia Securities of not more than 20% of the total number of issued shares for the general issue of new securities.

After having considered all aspects of the 20% General Mandate, the Board is of the opinion that the seeking of the 20% General Mandate would be in the best interest of the Company and its shareholders, on the following basis:

- the 20% General Mandate would provide the Company and its subsidiaries with financial flexibility to raise capital expenditures for its operations, future expansion and business development;

- the 20% General Mandate would allow the Company to raise equity capital promptly rather than the more costly and time-consuming process of obtaining shareholders' approval in a general meeting should the need for capital arise;

- other financing alternatives such as debt financing may incur interest burden to the Company and its subsidiaries; and

- the 20% General Mandate provides the Company with the capability to capture any capital raising and/or prospective investment opportunities when they are identified.

The 20% General Mandate, if passed, will provide flexibility for the Company and empower the Directors of the Company to issue and allot shares at any time to such persons in their absolute discretion. This authority unless revoked or varied by the Company in general meeting, will expire at the next Annual General Meeting. The proceeds raised from the 20% General Mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/ or acquisitions.

Notes:-

1. The 42nd AGM will be held on a fully virtual basis at the Broadcast Venue through Remote Participation and Voting ("**RPV**") facilities which are available on Securities Services e-Portal at **https://sshsb.net.my/**.

   Should you wish to personally participate at the Meeting remotely, please register electronically via Securities Services e-Portal at **https://sshsb.net.my/** by registration cut-off time and date. Please refer to the Administrative Guide for the 42nd AGM for further details.

2. In respect of deposited securities, only members whose names appear in the Record of Depositors on 3 December 2020 ("**General Meeting Record of Depositors**") shall be eligible to attend the Meeting.

3. A member entitled to attend and vote at the Meeting, shall be entitled to appoint more than one (1) proxy to attend, participate, speak and vote instead of the member at the Meeting. A proxy need not be a Member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the Member to attend, participate, speak and vote at the Meeting and upon appointment a proxy shall be deemed to confer authority to demand or join in demanding a poll.

4. Where a member appoints more than one (1) proxy in relation to the Meeting, he shall specify the proportion of his shareholdings to be represented by each proxy, failing which the appointment shall be invalid.

5. Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

6. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.

7. The instrument appointing a proxy must be deposited at Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time for holding the Meeting or at any adjournment thereof. Alternatively, the Form of Proxy may be submitted electronically via Securities Services e-Portal at **https://sshsb.net.my/** before the proxy form submission cut-off time as mentioned above. For further information on the electronic submission of proxy form, kindly refer to the Administrative Guide.

8. The Administrative Guide for the 42nd AGM is available for download at **www.edenzil.com.**

9. Any Notice of Termination of Authority to act as Proxy must be received by the Company before the commencement of the General Meeting or at any adjournment thereof, failing which, the termination of the authority of a person to act as proxy will not affect the following in accordance with Section 338 of the Companies Act 2016:

   (a) the constitution of the quorum at such meeting;
   (b) the validity of anything he did as chairman of such meeting;
   (c) the validity of a poll demanded by him at such meeting; or
   (d) the validity of the vote exercised by him at such meeting.

ADMINISTRATIVE GUIDE

SECURITIES SERVICES e-PORTAL

WHAT IS Securities Services e-Portal?

Securities Services e-Portal is an online platform that will allow both individual shareholders and body corporate shareholders through their appointed representatives, to -

- Submit proxy form electronically – paperless submission
- Register for remote participation and voting at meetings
- Participate in meetings remotely via live streaming
- Vote online remotely on resolution(s) tabled at meetings

(referred to as "**e-Services**")

The usage of the e-Portal is dependent on the engagement of the relevant e-Services by Eden Inc. Berhad and is by no means a guarantee of availability of use, unless we are so engaged to provide. **All users are to read, agree and abide to all the Terms and Conditions of Use and Privacy Policy as required throughout the e-Portal.**

REQUIRE ASSISTANCE?

Please contact Mr Wong Piang Yoong (DID: +603 2084 9168) or Puan Norhasliliwati (DID: +603 2084 9163) or Mr Lim Lih Chau (DID: +603 2084 9126) or our general line (DID: +603 2084 9000) to request for e-Services Assistance during our office hours, on Monday to Friday from 8.30 a.m. to 5.30 p.m. Alternatively, you may email us at **eservices@sshsb.com.my**.

BEFORE THE MEETING

(A) Register as a User of Securities Services e-Portal
Only if you are not an existing registered user

(B) Register for Remote Participant
Where you wish to participate remotely at the meeting

OR

(C) Submit e-Proxy Form
Where you wish to appoint proxy(ies) to participate remotely on your behalf

ON THE DAY OF THE MEETING

(D) Join the Live Stream Meeting (eLive)

OR

(E) Vote Online Remotely during the Meeting (eVoting)

BEFORE THE MEETING

(A) Register as a User of Securities Services e-Portal

Step 1 Visit **https://sshsb.net.my/login.aspx** Step 2 Register as a user Step 3 Wait for our notification email that will be sent within one (1) working day Step 4 Verify your user account within seven (7) days of the notification email and log in	• **This is a ONE-TIME registration**. If you are already a registered user of **Securities Services e-Portal**, you need not register again. • Your email address is your User ID.

ALL SHAREHOLDERS MUST REGISTER AS A USER BY 4 DECEMBER 2020, AS ONE (1) WORKING DAY IS REQUIRED TO PROCESS ALL PORTAL USER REGISTRATIONS.

(B) Register for Remote Participation

Meeting Date and Time	Registration for Remote Participation Closing Date and Time
Thursday, 10 December 2020 at 10:00 a.m.	Tuesday, 8 December 2020 at 10:00 a.m.

- Log in to **https://sshsb.net.my/login.aspx** with your registered email and password
- Look for **Eden Inc. Berhad** under Company Name and **42nd AGM on 10 December 2020 at 10:00 a.m. – Registration for Remote Participation** under Corporate Exercise / Event and click ">" to register for remote participation at the meeting.

Step 1 Check if you are attending as –
- Individual shareholder
- Corporate or authorised representative of a body corporate

For body corporates, the appointed corporate/authorised representative has to upload the evidence of authority (e.g. Certificate of Appointment of Corporate Representative, Power of Attorney, letter of authority or other documents proving authority). All documents that are not in English or Bahasa Malaysia have to be accompanied by a certified translation in English in 1 file. The original evidence of authority and translation thereof, if required, have to be submitted to SS E Solutions Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan for verification before the registration closing date and time above.

Step 2 Enter your CDS account number or the body corporate's CDS account number.

- A copy of your e-Registration for remote participation can be accessed via **My Records** (refer to the left navigation panel).
- You need to register for remote participation for **every CDS account(s)** you have or represent as an individual shareholder or corporate or authorised representative.
- As the meeting will be conducted on a fully virtual basis and only the Chairman and other essential individuals will be present at the broadcast venue, we highly encourage all shareholders to remotely participate and vote at the meeting, failing which, please appoint the Chairman of the meeting as proxy or your own proxy(ies) to represent you.

(C) Submit e-Proxy Form

Meeting Date and Time	Proxy Form Submission Closing Date and Time
Thursday, 10 December 2020 at 10:00 a.m.	Tuesday, 8 December 2020 at 10:00 a.m.

- Log in to **https://sshsb.net.my/login.aspx** with your registered email and password
- Look for **Eden Inc. Berhad** under Company Name and **42nd AGM on 10 December 2020 at 10:00 a.m. – Submission of Proxy Form** under Corporate Exercise / Event and click ">" to submit your proxy forms online for the meeting by the submission closing date and time above.

Step 1 Check if you are submitting the proxy form as –
- Individual shareholder
- Corporate or authorised representative of a body corporate

For body corporates, the appointed corporate/authorised representative is to upload the evidence of authority (e.g. Certificate of Appointment of Corporate Representative, Power of Attorney, letter of authority or other documents proving authority). All documents that are not in English or Bahasa Malaysia have to be accompanied by a certified translation in English in 1 file. The original evidence authority and translation thereof, if required, have to be submitted to

SS E Solutions Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan for verification before the proxy form submission closing date and time above.

Step 2 Enter your CDS account number or the body corporate's CDS account number and corresponding number of securities. Then enter the information of your proxy(ies) and the securities to be represented by your proxy(ies).
You are strongly encouraged to appoint the Chairman of the meeting as your proxy where you are not able to participate remotely.

Step 3 Proceed to indicate how your votes are to be casted against each resolution.

Step 4 Review and confirm your proxy form details before submission.

- A copy of your submitted e-Proxy Form can be accessed via **My Records** (refer to the left navigation panel).
- You need to submit your e-Proxy Form for **every CDS account(s)** you have or represent.

PROXIES

All appointed proxies need not register for remote participation under (B) above but if they are not registered Users of the e-Portal, they will **need to register as Users** of the e-Portal under (A) above by **4 December 2020**. **PLEASE NOTIFY YOUR PROXY(IES) ACCORDINGLY**. Upon processing the proxy forms, we will grant the proxy access to remote participation at the meeting to which he/she is appointed for instead of the shareholder, provided the proxy must be a registered user of the e-Portal, failing which, the proxy will not be able to participate at the meeting as the meeting will be conducted on a fully virtual basis.

ON THE DAY OF THE MEETING

Log in to https://sshsb.net.my/login.aspx with your registered email and password

(D) Join the Live Stream Meeting (eLive)

Meeting Date and Time	eLive Access Date and Time
Thursday, 10 December 2020 at 10:00 a.m.	Thursday, 10 December 2020 at 9:30 a.m.

- Look for **Eden Inc. Berhad** under Company Name and **42nd AGM on 10 December 2020 at 10:00 a.m. – Live Stream Meeting under** Corporate Exercise / Event and click ">" to join the meeting.

- The access to the live stream meeting will open on the abovementioned date and time.
- If you have any questions to raise, you may use the text box to transmit your question. The Chairman/Board/Management/relevant adviser(s) will endeavour to broadcast your question and their answer during the meeting. Do take note that the quality of the live streaming is dependent on the stability of the internet connection at the location of the user.

(E) Vote Online Remotely during the Meeting (eVoting)

Meeting Date and Time	eVoting Access Date and Time
Thursday, 10 December 2020 at 10:00 a.m.	Thursday, 10 December 2020 at 10:00 a.m.

- Look for **Eden Inc. Berhad** under Company Name and **42nd AGM on 10 December 2020 at 10:00 a.m. – Remote Voting** under Corporate Exercise / Event and click ">" to remotely cast and submit the votes online for the resolutions tabled at the meeting.

Step 1 Cast your votes by clicking on the radio buttons against each resolution.

Step 2 Review your casted votes and confirm and submit the votes.

- The access to eVoting will open on the abovementioned date and time.
- Your votes casted will apply throughout all the CDS accounts you represent as an individual shareholder, corporate / authorised representative and proxy. Where you are attending as a proxy, and the shareholder who appointed you has indicated how the votes are to be casted, we will take the shareholder's indicated votes in the proxy form.
- The access to eVoting will close when the Chairman announces the closing of all voting at the respective meeting.
- A copy of your submitted e-Voting can be accessed via **My Records** (refer to the left navigation panel).

VISION

To be a successful organization that is attractive for people to be proudly working for, and to deal and associate with.

MISSION

We strive to provide added value to our stakeholders through steady growth and profitability of the businesses we are in, and through the principles of integrity and excellence that we embrace.

VALUES

Excellence
Striving with passion for high quality and world class performance.

Integrity
Honest and accountable to ourselves and others.

Teamwork
The team is bigger than individuals.

Commitment
Prepared to go the extra mile.

Social Responsibility
Good citizens who give back to the society.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Abd Rahim Bin Mohamad
Executive Chairman

Puan Sri Fadzilah Binti Md Ariff
Executive Director

Datuk Mohamed Salleh Bin Bajuri
Senior Independent Non-Executive Director

Dato' Anuarudin Bin Mohd Noor
Independent Non-Executive Director

Datuk Seri Ahmad Bin Hj Kabit
Independent Non-Executive Director

Dato' Abdullah Bin A. Rasol
(Demised on 1 July 2020)
Executive Director, Corporate Affairs

Dato' Nik Mohd Fuad Bin Wan Abdullah
Executive Director, Energy Sector

Audit and Risk Committee

Datuk Mohamed Salleh Bin Bajuri (Chairman)

Dato' Anuarudin Bin Mohd Noor

Datuk Seri Ahmad Bin Hj Kabit

Nomination and Remuneration Committee

Dato' Anuarudin Bin Mohd Noor (Chairman)

Datuk Mohamed Salleh Bin Bajuri

Registered Office & Corporate Office

15th Floor, Amcorp Tower
Amcorp Trade Centre
18, Jalan Persiaran Barat
Off Jalan Timur
46050 Petaling Jaya
Selangor

Tel No: (603) 7957 7781
Fax No: (603) 7957 4793
Website: www.edenzil.com

Share Registrar

Securities Services (Holdings) Sdn. Bhd.
[197701005827 (36869-T)]
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

Tel No: (603) 2084 9000
Fax No: (603) 2094 9940

Auditors

UHY (AF1411)
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Tel No: (603) 2279 3088
Fax No: (603) 2279 3099

Company Secretary

Ms. Chua Siew Chuan
(SSM PC NO. 201908002648)
(MAICSA 0777689)

Ms. Yeow Sze Min
(SSM PC NO. 201908003120)
(MAICSA 7065735)

Principal Bankers

RHB Islamic Bank Berhad

Malayan Banking Berhad

CIMB Islamic Bank Berhad

Stock Exchange

Main Market of Bursa Malaysia Securities Berhad

Stock Code – 7471

CORPORATE STRUCTURE

The Group is organised into business units based on their products and services and has operating sectors as follows:

Energy

The Energy Sector is the major growth engine for the Group and operates power plants as independent power producers. The Libaran Plant is a 60MW thermal power plant in Sandakan, Sabah whereas the Sungai Kenerong Plant is a 20MW hydroelectric power plant. The sector has a proven track record in developing, operating and maintaining the current plants which are operated under the following subsidiaries:

Stratavest Sdn. Bhd. [199501031495 (360701-W)]	**100%**
Musteq Hydro Sdn. Bhd. [199101021165 (231476-A)]	**100%**

Food & Beverage and Tourism

Underwater World Langkawi Sdn. Bhd. is the main driver of this sector and is a 'must see' tourist attraction in Langkawi. Underwater World Langkawi Sdn. Bhd. has become known for its research and development of marine wildlife and penguin husbandry. The hallmarks of Eden's Food and Beverage has always been the excellent food, courteous service and good value for money specializing in Western, Oriental and Malay Cuisines.

Underwater World Langkawi Sdn. Bhd. [199301019114 (273852-K)]	**100%**
Eden Seafood Village (Langkawi) Sdn. Bhd. [199301019658 (274396-T)]	**100%**
Eden Catering Sdn. Bhd. [198101009877 (76000-T)]	**100%**

Manufacturing

Time Era Sdn. Bhd. and its group of companies is located in Kajang Technology Park and currently focuses on energy efficient products.

Time Era Sdn. Bhd. [198901013235 (190545-H)]	**70%**
• **NES Electric (M) Sdn. Bhd. [198201003938 (83684-A)]**	**70%**
• **Cur (Far East) Sdn. Bhd. [198401003748 (116267-T)]**	**53%**
• **Time Era Technologies Sdn. Bhd. [199701000814 (416310-M)]**	**50%**

DIRECTORS' PROFILE

TAN SRI ABD RAHIM BIN MOHAMAD

Executive Chairman

Nationality/ Age/ Gender	:	Malaysian/ 71/ Male
Date of Appointment as Director of Eden	:	18 October 2002
Length of service as director since appointment (as at 30 October 2020)	:	18 years
Board Meeting Attendance in 2019/2020	:	Nine out of nine (9/9)
Board Committee	:	Nil

Qualifications

Tan Sri Abd Rahim Bin Mohamad graduated from University Malaya with Bachelor of Arts (Honours) and subsequently obtained Advanced Diploma in Economics at University of Manchester and later earned Master of Business Administration in Finance from Morehead State University, Kentucky. He later attended Wharton's Advance Management Course for Overseas Bankers.

Work Experience/Occupation

Tan Sri Abd Rahim Bin Mohamad has extensive experience in various government ministries. As an Administrative and Diplomatic Service Officer, Tan Sri has served in various capacities in the Prime Minister's Department, Ministry of Finance, Ministry of Primary Industries and Ministry of Culture, Youth and Sports. Tan Sri left the public sector in 1984 to join Amanah Merchant Bank Berhad. Tan Sri also served as Executive Director in Shapadu Group and Group Managing Director in Maju Holdings Sdn. Bhd. In 1992, Tan Sri set up Zil Enterprise Sdn. Bhd. where he is also the Executive Chairman.

Directorship in Other Public or Listed Companies
Nil

Family Relationship with Director and/or Major Shareholder
Tan Sri is the spouse of Puan Sri Fadzilah Binti Md Ariff who is the Executive Director of Eden.

Tan Sri does not at present hold any shares in Eden but is a major shareholder of the Company by virtue of his direct interest of more than 20% equity interest in Zil Enterprise Sdn. Bhd. and his direct interest of more than 20% equity interest in Serve Vest (M) Sdn. Bhd. which in turn holds shares in Serata Padu Sdn. Bhd. and by virtue of his daughter, Fara Nadia Binti Abd Rahim's shareholding in Eden.

Conflict of interests
Tan Sri does not have any conflict of interest with Eden.

Conviction of Offences (other than traffic offences)
Tan Sri has not been convicted of any offences within the past five (5) years.

PUAN SRI FADZILAH BINTI MD ARIFF

Executive Director

Nationality/ Age/ Gender	:	Malaysian/ 67/ Female
Date of Appointment as Director of Eden	:	18 October 2002
Length of service as director since appointment (as at 30 October 2020)	:	18 years
Board Meeting Attendance in 2019/2020	:	Seven out of nine (7/9)
Board Committee	:	Nil

Qualifications

Puan Sri Fadzilah Binti Md Ariff graduated with an Honours Degree in English from University of Malaya and subsequently completed her Masters in Language and Linguistics at the University of York, England.

Work Experience/Occupation

Puan Sri Fadzilah Binti Md Ariff was a lecturer at University of Technology Malaysia and later at University of Malaya before joining Zil Enterprise Sdn. Bhd. as Managing Director in 1992. Puan Sri currently oversees the human capital development of the Group.

Directorship in Other Public or Listed Companies
Nil

Family Relationship with Director and/or Major Shareholder
Puan Sri is the spouse of Tan Sri Abd Rahim Bin Mohamad who is the Executive Chairman of Eden.

Conflict of interests
Puan Sri does not have any conflict of interest with Eden.

Conviction of Offences (other than traffic offences)
Puan Sri has not been convicted of any offences within the past five (5) years.

DATUK MOHAMED SALLEH BIN BAJURI

Senior Independent Non-Executive Director

Nationality/ Age/ Gender	: Malaysian/ 69/ Male
Date of Appointment as Director of Eden	: 11 April 2002
Length of service as director since appointment (as at 30 October 2020)	: 18 years 6 months
Board Meeting Attendance in 2019/2020	: Nine out of nine (9/9)
Board Committee	: • Audit and Risk Committee (Chairman) • Nomination and Remuneration Committee (Member)

Qualifications

Datuk Mohamed Salleh Bin Bajuri is a Chartered Accountant from Ireland and a member of Malaysian Institute of Accountants (MIA).

Work Experience/Occupation

Datuk Mohamed Salleh Bin Bajuri was a Senior Auditor at Messrs. Peat Marwick & Co before he joined Maybank Finance Berhad as a Manager in 1979 and was later promoted in 1984 as General Manager. Datuk served as a General Manager at Malayan Banking Berhad from 1988 to 1992. Datuk subsequently joined JB Securities Sdn. Bhd. as Managing Director and joined CRSC Holdings Berhad in 1995 as Executive Director. Presently he holds the position of Deputy Chairman of CRSC Group.

Between 1982 and 1987, Datuk was the Alternate Chairman of the Association of Finance Companies in Malaysia ("**AFCM**") and was the Chairman of AFCM Committees for Education and Public Relations. Datuk holds directorship in Saham Sabah Berhad from 1997 to 1999 and Datuk was one of the trustees for Yayasan Kebajikan SDARA and Tabung Anak-anak Melayu Pontian Sdn. Bhd. He was also the Chairman of Agro Bank Malaysia (formerly known as Bank Pertanian Malaysia Berhad) from 2008 to 2010. Datuk is currently the Deputy President of Tan Sri Muhyiddin Charity Golf ("**TSMCG**") and TSMCG Foundation Board of Trustees.

Directorship in Other Public or Listed Companies

1. Asian Pac Holdings Berhad
2. CRSC Holdings Berhad
3. Inch Kenneth Kajang Rubber Public Limited Company

Family Relationship with Director and/or Major Shareholder

Datuk does not have any family relationship with any Director or major shareholder in Eden.

Conflict of interests

Datuk does not have any conflict of interest with Eden.

Conviction of Offences (other than traffic offences)

Datuk has not been convicted of any offences within the past five (5) years.

DATO' ANUARUDIN BIN MOHD NOOR

Independent Non-Executive Director

Nationality/ Age/ Gender	: Malaysian/ 72/ Male
Date of Appointment as Director of Eden	: 1 March 2013
Length of service as director since appointment (as at 30 October 2020)	: 7 years 8 months
Board Meeting Attendance in 2019/2020	: Nine out of nine (9/9)
Board Committee	: • Nomination and Remuneration Committee (Chairman) • Audit and Risk Committee (Member)

Qualifications

Dato' Anuaruddin Bin Mohd Noor graduated from Mara University of Technology (UiTM) with a Professional Certificate from the Association of Chartered Certified Accountants (ACCA), United Kingdom in 1970. He is a Chartered Accountant and a member of the Malaysian Institute of Accountants (MIA).

Work Experience/Occupation

Dato' Anuaruddin Bin Mohd Noor began his impressive career in the Energy/Utility sector at Tenaga Nasional Berhad ("**TNB**") as an Accountant in 1972. During his tenure with TNB, Dato' had gathered vast knowledge and experience in Corporate Finance, Audit, Corporate Reporting and Business Development.

Dato' had also contributed significantly to TNB's business investment particularly when he served as the Head of Corporate Finance and New Business, where he was responsible for TNB's business ventures.

Dato' has over thirty-two (32) years working experience at senior management level with TNB. Dato' was also among others, the Chairman of Fibrecomm Network (M) Sdn. Bhd. and Jana Landfill Sdn. Bhd., which are the subsidiaries of TNB. Dato' was also appointed as a director in numerous subsidiaries of TNB such as TNB Coal Sdn. Bhd., TNB Transmission Network Sdn. Bhd. and Tenaga Cable Industries Sdn. Bhd. Dato' is well-versed in the electricity utility industry and was also involved in international power projects and investment during his tenure in TNB. As Head of Business Venture, he amassed experience in corporate mergers and acquisitions.

Directorship in Other Public or Listed Companies

Nil

Family Relationship with Director and/or Major Shareholder

Dato' does not have any family relationship with any Director or major shareholder in Eden.

Conflict of interests

Dato' does not have any conflict of interest with Eden.

Conviction of Offences (other than traffic offences)

Dato' has not been convicted of any offences within the past five (5) years.

DIRECTORS' PROFILE

DATUK SERI AHMAD BIN HJ. KABIT

Independent Non-Executive Director

Nationality/ Age/ Gender	: Malaysian/ 67/ Male
Date of Appointment as Director of Eden	: 27 May 2013
Length of service as director since appointment (as at 30 October 2020)	: 7 years 5 months
Board Meeting Attendance in 2019/2020	: Nine out of nine (9/9)
Board Committee	: Audit and Risk Committee (Member)

Qualifications

Datuk Seri Ahmad Bin Hj Kabit graduated from the University of Malaya in Bachelor of Arts and also holds a Master of Public Administration from the University of Southern California, Los Angeles, United States of America. Datuk Seri also completed the Oxford Management Programme, Templeton College, University of Oxford (United Kingdom) in 2005.

Work Experience/Occupation

Datuk Seri Ahmad Bin Hj Kabit has extensive experience in various government ministries. Datuk Seri was an Administrative and Diplomatic Officer with various governmental authorities from 1976 to 2012, namely the Ministry of International Trade and Industry, Public Service Department, the Ministry of Information, the Department of Road Transport Selangor, the Ampang Jaya Municipal Council, the Ministry of Health and the Ministry of Housing and Local Government.

Directorship in Other Public or Listed Companies
Nil

Family Relationship with Director and/or Major Shareholder
Datuk Seri does not have any family relationship with any Director or major shareholder in Eden.

Conflict of interests
Datuk Seri does not have any conflict of interest with Eden.

Conviction of Offences (other than traffic offences)
Datuk Seri has not been convicted of any offences within the past five (5) years.

DATO' NIK MOHD FUAD BIN WAN ABDULLAH

Executive Director, Energy Sector

Nationality/ Age/ Gender	: Malaysian/ 54/ Male
Date of Appointment as Director of Eden	: 1 March 2014
Length of service as director since appointment (as at 30 October 2020)	: 6 years 8 months
Board Meeting Attendance in 2019/2020	: Nine out of nine (9/9)
Board Committee	: Nil

Qualifications

Dato' Nik Mohd Fuad Bin Wan Abdullah graduated with a Bachelor of Commerce from the Australian National University and Dato' is a Chartered Accountant of the Malaysian Institute of Accountants (MIA) and a Certified Practising Accountant Australia.

Work Experience/Occupation

Dato' Nik Mohd Fuad Bin Wan Abdullah joined Zil Enterprise Sdn. Bhd. in 1992 after being with Messrs. Ernst & Young ("**EY**") for four (4) years. During his tenure in EY, Dato' gained valuable experience in risk assurance and assessment, accounting, finance and management, which Dato' has applied in his career of managing power plants businesses. In 2002, Dato' assumed the position of the Eden's Director of Finance and currently as the Executive Director of Energy Sector.

Directorship in Other Public or Listed Companies
Nil

Family Relationship with Director and/or Major Shareholder
Dato' does not have any family relationship with any Director or major shareholder.

Conflict of interests
Dato' does not have any conflict of interest with Eden.

Conviction of Offences (other than traffic offences)
Dato' has not been convicted of any offences within the past five (5) years.

Tan Sri Abd Rahim Bin Mohamad
Executive Chairman

Tan Sri Abd Rahim Bin Mohamad, (Malaysian, aged 71, male) graduated from the University of Malaya with Bachelor of Arts (Honours) and completed his Advanced Diploma in Economics at the University of Manchester. He earned a Master in Business Administration in Finance from Morehead State University, Kentucky. He later attended Wharton's Advance Management Course for Overseas Bankers.

Tan Sri Abd Rahim Bin Mohamad has extensive experience in various government ministries. As an Administrative and Diplomatic Service Officer, he served in various capacities in the Prime Minister's Department, Ministry of Finance, Ministry of Primary Industries and Ministry of Culture, Youth & Sports from 1973 to 1984. He left the public sector in 1984 to join Amanah Merchant Bank Berhad. Subsequently, he went to serve in Shapadu Group, Maju Holdings, Pasdec Holdings Berhad and Far East Holdings Berhad. After gaining experience in the public and private sector, he set up Zil Enterprise Sdn. Bhd. in 1992. Zil Enterprise Sdn. Bhd. became the holding company of Eden in 2002. Tan Sri Abd Rahim Bin Mohamad was appointed to the board of Eden on the 18th October 2002 and is currently the Executive Chairman of the Group.

Puan Sri Fadzilah Binti Md Ariff
Executive Director

Puan Sri Fadzilah Binti Md Ariff, (Malaysian, aged 67, female) graduated with an Honours Degree in English from the University of Malaya and completed her Master in Language and Linguistics at the University of York, England. She was a lecturer at the University of Technology Malaysia and later the University of Malaya prior to joining Zil Enterprise Sdn. Bhd. as its Managing Director in 1992. Puan Sri Fadzilah Binti Md Ariff was appointed to the board of Eden on the 18th October 2002 and is currently the Executive Director overseeing the human capital development of the Group.

Dato' Nik Mohd Fuad Bin Wan Abdullah
Executive Director, Energy Sector

Dato' Nik Mohd Fuad Bin Wan Abdullah, (Malaysian, aged 54, male) is a Chartered Accountant of the Malaysian Institute of Accountants and a Certified Practising Accountant of CPA Australia. He graduated with a Bachelor of Commerce from the Australian National University. He started his career as an auditor with Ernst & Young for four (4) years prior to joining Zil Enterprise Sdn. Bhd. in 1992 as a Finance Manager. In line with the corporate exercise in 2002 involving Zil Enterprise Sdn. Bhd. and Eden, he was absorbed into Eden as the Director of Finance. Dato Nik Mohd Fuad Bin Wan Abdullah was appointed to the board of Eden on the 1st March 2014 and currently holds the position as the Executive Director, Energy Sector.

Fara Nadia Binti Abd Rahim
Chief Operating Officer

Fara Nadia Binti Abd Rahim, (Malaysian, aged 43, female) graduated from King's College of London with First Class Honours in Electronic Engineering in 2002. Prior to joining Eden, she was attached to Time Era Sdn. Bhd., involved in manufacturing of electrical and electronic components. She joined Eden as the Manager of Operations in 2002 and held several positions within Eden prior to assuming the post as the General Manager of Group Finance and Business Development until 2012. She completed her Master of Business Administration from Monash University in Melbourne in 2014 before returning to Eden assuming the role of Chief Operating Officer on the 5th January 2015. She is the daughter of Tan Sri Abd Rahim Bin Mohamad and Puan Sri Fadzilah Binti Md Ariff who are members of the Eden Board.

MANAGEMENT TEAM

Abdul Rafee Bin Othman
Group Financial Controller

Abdul Rafee Bin Othman, (Malaysian, aged 60, male) graduated with an Honours Degree in Accounting from the National University of Malaysia. He started his career as a Credit and Marketing Officer in the Amanah Group and has fifteen (15) years of experience in the banking industry. He was later transferred to the insurance arms of the Group as the Senior Manager, Task Force Unit. Prior to joining Eden, he was the Assistant General Manager of Amanah General Asset Berhad. Abdul Rafee Bin Othman joined Eden on the 21st October 2004 and is currently the Group Financial Controller overseeing the treasury and financial requirements for the Group.

Aznisyam Bin Taib
Senior Manager, Group Finance

Aznisyam Bin Taib, (Malaysian, aged 42, male) is a member of the Malaysian Institute of Accountants. He graduated from Mara University of Technology (UiTM) with Bachelor (Hons.) in Accountancy. He began his career with Metas Management and later joined Eden in 2005 as an Accounts Executive in the Energy Sector, where he was subsequently transferred to the Group Finance Division. He has served the company in various capacities during the last fifteen (15) years. Aznisyam Bin Taib currently holds the position as the Senior Manager, Group Finance Department and has held that position since 16th July 2012.

Amir Mahmood
Head, Internal Audit & Risk Assurance Department

Amir Mahmood, (Malaysian, aged 48, male) graduated from Manchester Business School, with Master in Business Administration in 2000. He has worked extensively in general management with the Group before he was posted to the Food and Beverage Sector heading a business unit. He was subsequently attached to the Manufacturing Sector before assuming the role as the head of the Internal Audit and Risk Assurance Department since 1st January 2019.

Noordini Binti Mohd Ariff
Senior Manager, Executive Chairman's Office

Noordini Binti Mohd Ariff, (Malaysian, aged 56, female) graduated from University of Punjab, Pakistan with Bachelor of Science. She has worked in Lahore, Pakistan and Staffordshire, England, in the health sector. She joined Eden in 2003 as an Operations Executive and has served the company in various capacities holding posts within the Food and Beverage and Tourism Sector. She subsequently moved to the head office overseeing the central procurement division and then assumed the position as the Senior Manager, Group Human Resource and Administration Department. She currently holds the position as the Senior Manager, Executive Chairman's Office since 1st January 2019. She is the sister of Puan Sri Fadzilah Binti Md Ariff who is the member of the Eden Board.

Fazlina Binti Abdul Halim

Assistant Manager, Group Human Resource and Administration

Fazlina Binti Abdul Halim, (Malaysian, aged 38, female) graduated from Mara University of Technology (UiTM) with Diploma in Public Administration in 2004. She has more than fourteen (14) years of experience in Human Resource and Administration within various industries such as hospitality, insurance and network broadcasting. She currently oversees the Group Human Resource and Administration Department since 23rd December 2019.

Norashikin Binti Mohd Latiff

Legal and Secretarial Department

Norashikin Binti Mohd Latiff, (Malaysian, aged 28, female) graduated from Mara University of Technology (UiTM) with Bachelor of Legal Studies and subsequently Bachelor of Law (Hons.) in 2016. She then commenced her pupillage and was called to the Bar and admitted as an Advocate & Solicitor of the High Court of Malaya on 12th May 2017. She began her career as an in-house Legal Officer with one of the reputable companies in Kuala Lumpur prior to joining Eden on 10th June 2020. She is responsible for the legal and secretarial matters within the Group.

Noraini Binti Jumaat

General Manager, Underwater World Langkawi Sdn. Bhd.

Noraini Binti Jumaat, (Malaysian, aged 48, female) graduated from Taylor's College with Diploma in Private Secretarial Studies. She also holds a Certificate in Hospitality Management (MAHTEC) and a Professional Butler Training from Taylor's College. She is a member of society of the golden key. She began her career in the hospitality industry where she has developed her career within the industry with vast experience over nineteen (19) years. She currently holds the position as the General Manager, Underwater World Langkawi Sdn. Bhd. since 9th December 2019.

Note:

1. Other than traffic offences, if any, none of the Management have any convictions for offences within the past five (5) years and any public sanction or penalty imposed by any relevant regulatory bodies for FPE 2020.
2. None of the Management have any conflict of interest with the Company.
3. Other than above disclosure, none of the management have family relationship with any director and/or major shareholder of the Company.
4. None of the Management have any directorship in public companies and listed issuers.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors ("Board"), I am pleased to present to you the Annual Report and Audited Financial Statements of Eden Inc. Berhad ("Eden" or the "Company") and its group of companies ("Group") for the Financial Period Ended 30 June 2020 ("FPE 2020").

OVERVIEW OF THE OPERATING ENVIRONMENT

The reporting period for this year's Audited Financial Statements is for a period of eighteen (18) months instead of the twelve (12) months period reported in previous years, as we had changed the financial year end from 31 December to 30 June.

The operational performance of the Group in year 2019 was on the positive trend in its profitability due to the full operations of its twenty (20) Megawatt ("**MW**") hydroelectric power plant in Kuala Krai, Kelantan (Sungai Kenerong Plant), higher generation from its sixty (60) MW thermal power plant in Sandakan, Sabah (Libaran Plant) and the higher revenue generated from its Tourism Segment located in Pantai Cenang, Langkawi. However, the negative impact that had affected the performance of the Group manifested in the first half of the year 2020 ("**1H 2020**").

At the point that this statement was written, we had entered into year 2020 of unprecedented times and high volatility globally and nationally. As the nation battles to curb the spread of the Covid-19 pandemic, the movement control order imposed by the Government of Malaysia, which has morphed into subsequent phases had impacted the Group's operations. The Malaysian economy had contracted by 17.1% in the second quarter of 2020 ("**2Q 2020**") after a marginal growth in the first quarter of 2020 of 0.7%. This was primarily due to the volatile demand and supply situation resulting from the weak external demand situation and production constraints in many economic sectors. In addition, limited interstate travel and international border closures had adversely affected the hospitality and tourism industry.

Against this backdrop, the Group had recorded revenue of RM82.65 million compared to the RM61.06 million registered in fiscal year 2018 ("**FY 2018**"). In turn in FPE 2020, the Group recorded a Profit Before Tax ("**PBT**") of RM18.61 million compared to the Loss Before Tax ("**LBT**") of RM12.04 million in FY 2018 which was primarily driven by the higher other income recognised from the disposal of the Gebeng land in FPE 2020 due to the compulsory acquisition of the Gebeng land for the East Coast Rail Link ("**ECRL**").

Throughout FPE 2020, the diversification of the businesses within the Group had assisted the Group in manoeuvring through these capricious times, overcoming each challenge as it comes by. Risk management and mitigation becomes even more important compounded with dynamic mitigation plans. Deployment of technology in the new normal of operations, implementation of revised standard operating procedures have been strengthened in the operations of the sectors , whilst upholding steadfast to the strategic pillars that the Group has charted out in strengthening the core and cash flow position in addition to placing emphasis on the people and

ENERGY

The Energy Sector's 20MW Sungai Kenerong Plant continues to positively contribute to the performance of the Group. The Sungai Kenerong Plant has entered its 20th year of operations and had carried out the necessary replacement, restoration, overhaul and maintenance works to ensure that the plant operates at its optimum level. This also includes the relevant civil works to further strengthen its access roads, pipeline and transmission line of the plant.

The Libaran Plant had successfully completed its twenty-one (21) years concession of the Power Purchase Agreement ("**PPA**") which had ended on the 17th December 2019. The renewal of the concession or the proposed extension of the existing concession of the plant is subject to the Sabah Electricity Sdn. Bhd.'s approval and other relevant authorities. The Company is confident that the Libaran Plant can continue to support the energy requirements of Sabah taking into account the consumer demand in the East Coast of Sabah.

For the Energy Sector, despite the higher revenue registered by the sector of RM48.17 million in FPE 2020, the sector recorded a LBT of RM18.75 million due to the one off provisions and expenses incurred during the FPE 2020.

FOOD AND BEVERAGE ("F&B") AND TOURISM

The positive contribution of the Tourism segment in year 2019 had cushioned the negative impact faced by the F&B and Tourism Sector in the first half of year 2020 ("**1H 2020**") due to the Covid-19 pandemic. This had resulted in the sector recording RM28.86 million revenue in FPE 2020 and a PBT of RM5.44 million.

The positive contribution of the sector in year 2019 was mainly from the revenue generated by Underwater World Langkawi ("**UWL**") as it continues to be the main tourist attraction in Langkawi. However, UWL faced a significant decline in revenue in the 1H 2020 by almost 70% due to the pandemic. Nevertheless, UWL continues to enhance its efforts in research and development centre in penguin and animal husbandry and its upgrading works of its facility during the slower period of its operations to ensure that the wellbeing of the animals are well taken care of. This has also been made possible with the financial assistance from the Government, the local authorities and associations.

MANUFACTURING

The Manufacturing Sector's switchgear business was scaled down as part of its rationalization exercise. The sector via its subsidiary Time Era Technologies Sdn. Bhd. will concentrate on its Light Emitting Diode ("**LED**") business segment.

CORPORATE GOVERNANCE

The Group's corporate governance framework is aligned with the Malaysian Code on Corporate Governance and Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Group continues to reinforce and create awareness on the governance culture to provide greater accountability and transparency in achieving its strategic objectives. The Group had adopted the Anti-Bribery and Corruption Policy approved by the Board on the 27th February 2020. In addition, the Statement of Corporate Governance and Financial Report FPE 2020 is elaborated on page 43.

SUSTAINABILITY

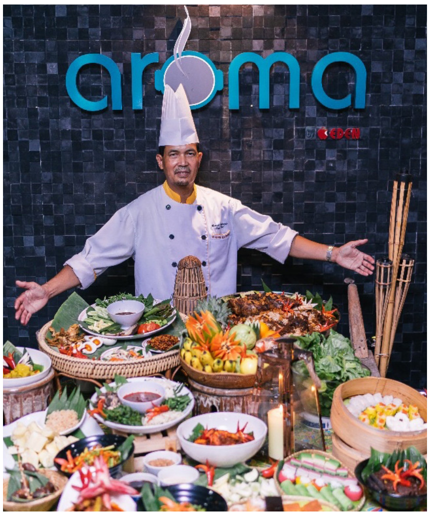
Continuous engagement with the community is important to ensure that the Group builds stronger and trusting relationships with the businesses that it is in. In addition, the social engagements that the Group organises, allow the Group to give back to the community. The Group is also cognisant of efforts being made in ensuring that environmental preservation is placed as an important element in the day to day operations of the businesses and continues its sustainability efforts which are elaborated further in the Sustainability Statement on page 26.

CHAIRMAN'S STATEMENT

PROSPECTS

The Group will ensure that its 20MW hydroelectric Sungai Kenerong Plant under Musteq Hydro Sdn, Bhd. ("**MHSB**") continues to contribute positively to the Group with the implementation of its "Zero-Outage" plan for the year. MHSB continues to explore the requirement for the Renewable Energy ("**RE**") generation capacity under the Sustainable Energy Development Auhtority ("**SEDA**") and the potential to increase the generation capacity in RE.

The commencement of the operations of the Libaran Plant is expected to commence upon obtaining the approvals from the relevant authorities as the Libaran Plant is expected to remain relevant in the industry due to the demand of installed capacity for the East Coast remaining a priority to enable less dependency on the supply of electricity from the West Coast of Sabah. The Group is also exploring the potential in meeting the demand of the installed capacity in the East Coast of Sabah as part of its long term plan.



Despite the challenging landscape that the F&B and Tourism Sector is expected to operate in, the F&B segment is evaluating the potential of an expansion plan by having a central kitchen and capitalising on volume based contracts. The Tourism segment will continue the necessary upgrading and refurbishment for its exhibits and the retail spaces to ensure better exhibits for their visitors as the Underwater World Langkawi Sdn. Bhd. has entered its twenty-fifth (25th) year of being in operations. Research and development will continue to be the forefront for marine wildlife and penguin husbandry.

To ensure that the sector increases the local patronage, aggressive marketing programmes and strategic tie ups are being carried out whilst managing its cost efficiently. The sector will ensure that it increases its efforts in providing the confidence for its customers and visitors in visiting its outlets which are Covid-19 free and compliant, through the stringent standard operating policies and procedures that the sector adheres to.

Time Era Technologies Sdn. Bhd. will continue to expand on the LED street lighting business although it envisages that the award of the contract of the LED street lights will be prudently carried out by the government and local authorities.

Based on the above, the Group believes that it will be able to achieve its strategic objectives despite the challenging period ahead. The Group has gone through several economic downturns and operational challenges. The current situation in operating in an unprecedented Covid-19 pandemic, coupled with the economic slowdown, rising geopolitical tensions and ongoing trade wars, is no different, except, that it requires greater creativity, innovation and alignment between the Group's strategic objectives and its people.

ACKNOWLEDGEMENT

In this exceptional period, I have continuously been privileged to work together with the Eden team. The tenacity and determination of the management, staff and our contractors have been the driving force of this Group. A special mention to the late Dato' Abdullah Bin A. Rasol, who was not only a Board member but a friend, he will be truly missed, not only for the valuable contribution that he has given to the Group as a professional, but for the zest and laughter that he had brought into all our meetings together. To the Board, I cannot thank them enough for their invaluable counsel and support. As always, I am grateful to our stakeholders; our shareholders, customers, business associates, vendors, relevant authorities and bankers who have supported the Group through these years and these challenging times. Thank you for all the support that you have given to the Group and may we all look forward to a better year ahead.

Tan Sri Abd Rahim Mohamad
Executive Chairman

INTRODUCTION

The principal activities of Eden Inc. Berhad ("**Eden**" or "**the Company**") are those of an investment and management company. The Company is listed in the Main Market of Bursa Malaysia Securities Berhad ("**Bursa**") under the Utilities sector, with a sub sector under Electricity. Eden and its group of companies ("**the Group**") is a diversified entity with three (3) main operating segments, classified under the Energy, Food and Beverage ("**F&B**") and Tourism and the Manufacturing sectors. All its operations are located within Malaysia.

The Energy Sector operates power plants as an independent power producer ("**IPP**") in Kelantan (Sungai Kenerong Plant) and in Sabah (Libaran Plant). The Sungai Kenerong plant is a 20 Megawatt (MW) run of the river hydroelectric power plant and supplies exclusively to Tenaga Nasional Berhad ("**TNB**"). The Libaran Plant, which is a thermal power plant with a net capacity of 60 MW and is connected to Sabah's east coast power grid line had ceased its operations after the Power Purchase Agreement ("**PPA**") between Stratavest Sdn. Bhd. and Sabah Electricity Sdn. Bhd. ("**SESB**") expired on 17 December 2019. Currently, both parties are in the process of finalising the terms and conditions for the extension of the operations of the Libaran Plant.

Under the umbrella of the F&B and Tourism Sector are the catering and restaurant segment as well as the operations of an aquarium and its related activities. Their business activities are concentrated within the northern and central region of peninsular Malaysia. The aquarium which is located in Langkawi is a must see tourist attraction comprising an exhibition and retail spaces. The aquarium has strengthened its foothold in the research and development of breeding penguins with more than ninety (90) penguins hatched since the research and development programme commenced.

The Manufacturing Sector of the Group had scaled down its switchgear business and have primarily focused the business into the energy efficient products namely the Light Emitting Diode ("**LED**") lighting. Its factory is located in Kajang, Selangor. Its market segment is primarily focused on local development projects.

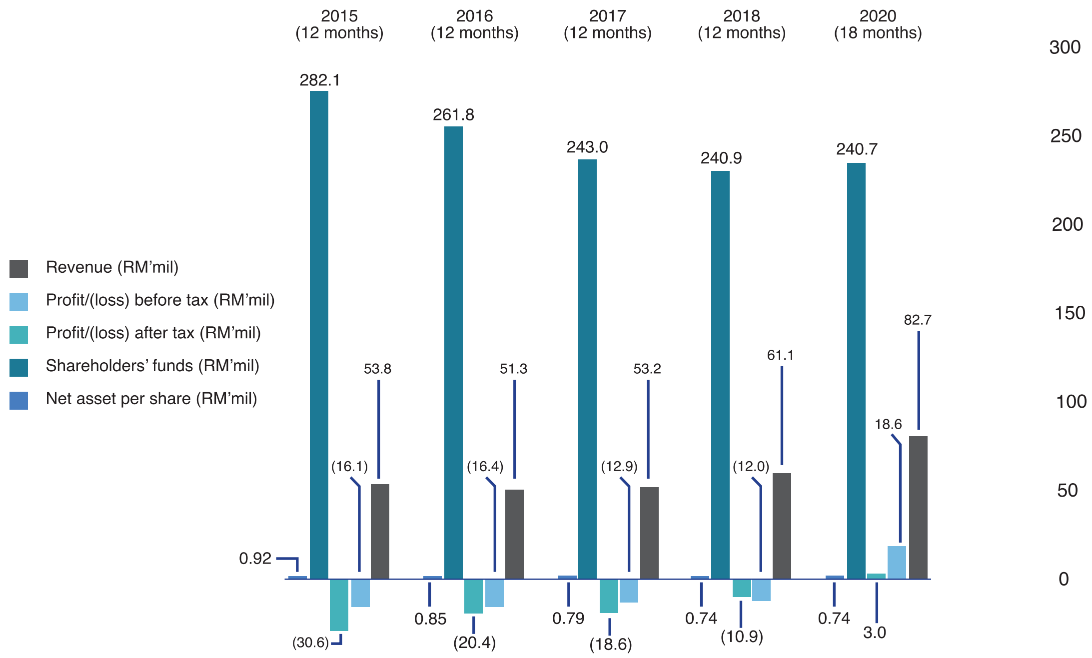
OBJECTIVE AND STRATEGIES

The Group segregates the business operations into businesses that will provide short to medium term earnings and those that will provide long term earnings. The strategies of the Group are aligned to the five (5) pillars that would enhance shareholders' value:

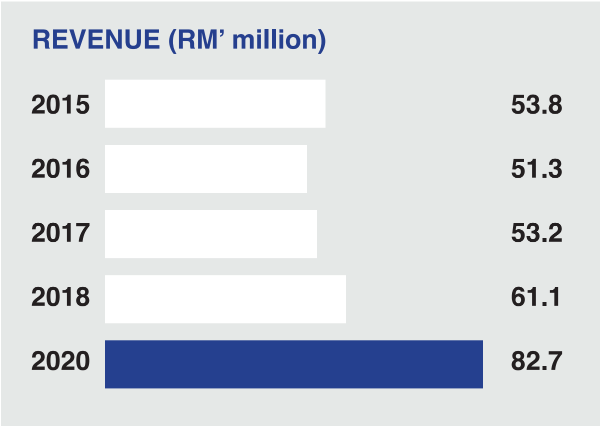
- Strengthening the core business that it has been operating in to capitalise on the value chain of that business segment;
- Strengthening the cash flow position of the group to ensure continuous operations of the business segments efficiently;
- Growth within the core businesses to ensure business continuity;
- Diversification of businesses via strategic acquisitions to diversify income streams; and
- Attaining operational excellence by enhancing operational efficiencies through business processes via the application of new technologies and techniques.

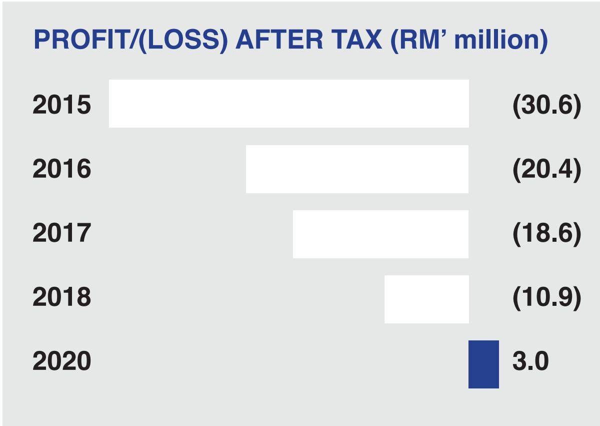
FINANCIAL PERFORMANCE FOR PERIOD ENDED 2020 ("FPE 2020")

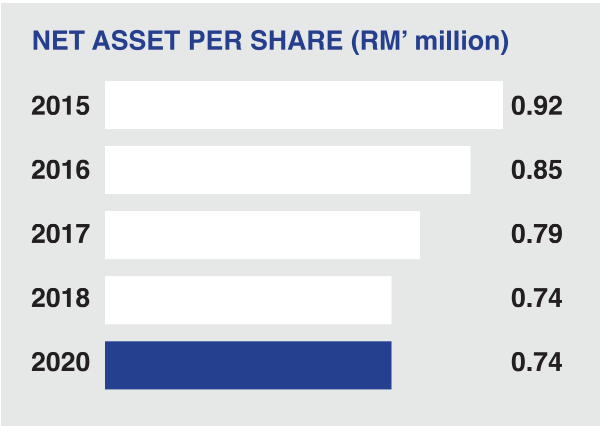
5-YEAR FINANCIAL SUMMARY

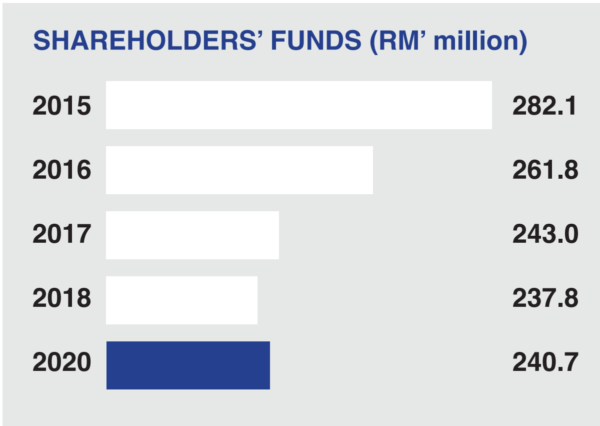


MANAGEMENT DISCUSSION AND ANALYSIS









The Group had changed the financial year end from 31 December to 30 June. The FPE 2020 covers the period under review from the 1 January 2019 to the 30 June 2020 over eighteen (18) months whereas the previous financial year covered twelve (12) months and therefore the financial results cannot be entirely compared.

GROUP REVENUE
RM82.65 million
(FYE 2018: RM61.06 million)

GROUP PROFIT/(LOSS) BEFORE TAX
RM18.61 million
(FYE 2018: -RM12.04 million)

For FPE 2020, the Group recorded revenue of RM82.65 million compared to revenue of RM61.06 million in financial year ended 31 December 2018 ("**FYE 2018**"), representing a 35.4% increase. The revenue increase is primarily due to the operations in the Energy sector with the continuous operations of the Sungai Kenerong Plant. The F&B and Tourism sector also recorded an increase in revenue despite having been adversely affected by the on-going Movement Control Order ("**MCO**") and travel restriction to contain the spread of the Covid-19 pandemic.

The Group recorded Profit Before Tax ("**PBT**") of RM18.61 million for FPE 2020 after registering consecutive losses from year 2015 to 2018. As compared to Loss Before Tax ("**LBT**") of RM12.04 million in FYE 2018, the improvement of RM30.65 million was mainly contributed by the gain on disposal of land and gain on fair value adjustment of investment properties.

The Group's Profit After Tax ("**PAT**") was RM3.01 million due to the higher tax payable and deferred tax expense arising from changes in fair value of investment properties and increase in Real Property Gain Tax ("**RPGT**") rates as well as higher profit recorded by the Energy Sector.

SEGMENTAL FINANCIAL PERFORMANCE

	FINANCIAL YEAR ENDED			
FINANCIAL YEAR ENDED	**30 JUNE 2020** (18 MONTHS)	**31 DEC 2018** (12 MONTHS)	**CHANGES**	
REVENUE	**RM'000**	**RM'000**	**RM'000**	**%**
Energy	48,165	27.938	20,227	72.4
F&B and Tourism	28,860	22,858	6,002	26.3
Manufacturing	6,227	12,064	(5,837)	(48.4)
Others	2,043	2,140	(97)	(4.5)
Elimination	(2,642)	(3,940)	1,298	32.9
Group	**82,653**	**61,060**	**21,593**	**35.4**
PROFIT/(LOSS) BEFORE TAX				
Energy	(18,753)	(12,022)	(6,731)	(56.0)
F&B and Tourism	5,438	5,748	(310)	(5.4)
Manufacturing	(5,451)	(2,765)	(2,686)	(97.1)
Others	25,252	(36,287)	61,539	169.6
Elimination	12,128	*33,290	(21,162)	(63.6)
Group	**18,614**	**(12,036)**	**30,650**	**254.7**
TAX	(15,602)	1,168	(16,770)	(1,435.8)
PROFIT/(LOSS) AFTER TAX	**3,012**	**(10,868)**	**13,880**	**127.7**

** The elimination mainly consists of the impairment loss on investment in subsidiaries of the Company.*

ENERGY

REVENUE
RM48.17 million
(FYE 2018: RM27.94 million)

LOSS BEFORE TAX
-RM18.75 million
(FYE 2018: -RM12.02 million)

Revenue for the FPE 2020 was RM48.17 million as compared to RM27.94 million achieved in FYE 2018. The main revenue contribution was from the Sungai Kenerong Plant with the continuous operations of all four (4) generators. The Libaran Plant contributed RM22.04 million revenue, an increase of 59% or RM8.15 million up until the completion of the Power Purchase Agreement on the 17 December 2019. Despite the higher revenue recorded, higher LBT was recorded mainly due to the increase in administrative expenses.

FOOD AND BEVERAGE ("F&B") AND TOURISM

REVENUE
RM28.86 million
(FYE 2018: RM22.86 million)

PROFIT BEFORE TAX
RM5.44 million
(FYE 2018: RM5.75 million)

The F&B and Tourism Sector recorded a revenue and PBT of RM28.86 million (12 months: RM25.17 million) and RM5.44 million (12 months: RM10.66 million) for FPE 2020 as compared to RM22.86 million and RM5.75 million respectively in FYE 2018. This was driven predominantly by the Tourism segment with revenue of RM19.41 million which represents 67% of the sector's total revenue, followed by the revenue from F&B segment of RM9.45 million which represents the remaining 33%.

For the period from January to June 2020, the operations of F&B and Tourism Sector were severely impacted during the MCO period imposed by the government from 18 March 2020 and later extended with Conditional Movement Control Order (CMCO) effective from 4 May 2020 to 9 June 2020. Additionally, there was a marked decline in tourism activity due to the closures of international borders and restricted interstate travel.

MANUFACTURING

REVENUE	LOSS BEFORE TAX
RM6.23 million	**-RM5.45** million
(FYE 2018: RM12.06 million)	(FYE 2018: -RM2.76 million)

The Manufacturing Sector recorded a revenue of RM6.23 million in FPE 2020 compared to RM12.06 million in FYE 2018. Correspondingly, the sector recorded LBT of RM5.45 million, 97.1% or RM2.69 million higher than FYE 2018 of RM2.76 million. The decline in revenue was mainly due to scaling down of the switchgear business and lower margin recorded on sales of existing stocks. In addition, higher LBT recorded by the sector was also due to impairment loss on trade receivable in FPE 2020.

SEGMENTAL REVIEW

ENERGY

The Energy Sector consists of two (2) power plants, one of which is 60 Megawatt ("**MW**") thermal power plant located in Sandakan, Sabah ("**Libaran Plant**") and the other a 20 MW hydroelectric power plant located in Kelantan ("**Sungai Kenerong Plant**"). The Libaran Plant is operated by Stratavest Sdn. Bhd. and the Sungai Kenerong Plant is operated by Musteq Hydro Sdn. Bhd.

Sungai Kenerong Plant

The Sungai Kenerong Plant is a run of river hydroelectric power plant with two (2) main tributaries for its generation and commenced its operations in the year 2000 with a 30-year concession agreement with TNB.

Currently, the plant operates at its maximum available capacity after being affected by the unprecedented floods towards the end of year 2014 and at the beginning of 2017. The plant is able to despatch (when the water level permits) up to 20MW compared to what it was able to despatch before. Continuous preventative maintenance is being carried out to ensure that the maximum generation can be achieved.

For FPE 2020, the plant operated at average of 57% capacity factor compared to 45% in FYE 2018 as not all four (4) engines were operational as several upgrading and replacements of the mechanical and electrical parts were implemented to ensure the continuous generation and reliability of the power plant.

Libaran Plant

The Libaran Plant's generation is powered by four (4) low speed diesel engines and commenced its operations in the year 1998 with a 21-year concession agreement with SESB. On 17 December 2019, Libaran Plant successfully completed the 21-year concession after overcoming many challenges including increased fuel and lubricants costs as well as other operating costs.

In view of the required installed capacity in Sabah and the customer demand in Sandakan, the Group had submitted an application to SESB and other relevant authorities for the proposed extension of tenure. At this juncture, Stratavest Sdn. Bhd and Sabah Electricity Sdn. Bhd. are in the process of finalising the terms and conditions in the new PPA for the extension of operations of the Libaran Plant.

FOOD AND BEVERAGE ("F&B") AND TOURISM

The operations of the F&B and Tourism Sector are located in Klang Valley, Penang and Langkawi. The F&B segment is operated by Eden Catering Sdn. Bhd. ("**ECSB**"). Underwater World Langkawi Sdn. Bhd. ("**UWL**") together with Eden Seafood Village (Langkawi) Sdn. Bhd. ("**ESVL**"), operates an aquarium and retail outlets in Langkawi. Collectively, UWL and ESVL were the two (2) main subsidiaries that contributed significantly under the F&B and Tourism Sector as well as the Group, for FPE 2020.

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The F&B and Tourism had contributed positively to the Group until the unprecedented Covid-19 situation affected the industry as a whole in year 2020. It was further aggravated when the MCO was as implemented on the 18 March 2020. The number of visitors and customers for the sector had significantly dropped. The decline was mainly due to changes in consumer spending trends, the new norms for mass gathering for catering events as well as due to the closure of international borders and restricted interstate travel.

UWL recorded a decrease in the number of visitors by 57.5% (2020: 81,468; 2019: 191,716) from January to June 2020. This is in line with the decrease in the number of tourist arrivals recorded by Malaysia and Langkawi by 68.2% (2020: 4.25 million; 2019: 13.36 million) and 51.9% (2020: 0.89 million; 2019: 1.86 million) respectively.

MANUFACTURING

Time Era Sdn. Bhd. ("**Time Era**") via Time Era Technologies Sdn. Bhd is involved in energy efficient products primarily supplying light emitting diode ("**LED**") products. At the end of 2018, the sector had scaled down its switchgear business and carried out a restructuring of its business activities. With better prospects from the LED business, the sector currently concentrates on the LED business segment. The factory is located in Kajang Technology Park.

CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that the Group maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustment to it, in the light of changes to the economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital plus net debt. Net debt is calculated as total borrowings less cash and bank balances. The total capital is calculated as equity as shown in the statement of financial position. The gearing ratio is at a manageable level where the bulk of the debts is at the operating subsidiaries.

	GROUP		COMPANY	
	2020 RM'000	2018 RM'000	2020 RM'000	2018 RM'000
Net debt	42,381	69,641	5,696	26,346
Total equity	240,424	239,512	239,468	221,065
Gearing ratio	0.18	0.29	0.02	0.12

RISK MANAGEMENT

The overall risk management of the Group is to ensure that there are adequate resources to create value for its shareholders. The risk management is carried out through risk review analysis, internal control systems and adherence to the Group's risk management policies highlighted in the Statement on Risk Management and Internal Control.

FINANCIAL RISK MANAGEMENT

The Group is sensitive to various financial risks arising from the operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

Credit Risk

The Group has adopted a policy of only trading with recognised and creditworthy customers. It is the Group's policy that all customers who wish to trade on credit terms are subjected to credit verification procedures. In addition, the receivable balances are monitored on an ongoing basis resulting in the Group's exposure to bad debts being insignificant.

Liquidity Risk

The Group maintains sufficient liquid financial assets and flexibility through the use of stand-by credit facilities.

Interest Rate Risk

The Group is exposed to interest rate risk arising from variable interest rate loans and borrowings. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

Foreign Currency Risk

The Group is exposed to foreign currency risk mainly on purchases that are denominated in currencies other than the functional currency of the Group. The currency that gives rise to this risk are United States Dollar (USD) and Singapore Dollar (SGD). The Group's exposure to foreign currency changes are not material.

OPERATING RISK MANAGEMENT

Concession or Major Contracts

The Group's core business is reliant to a significant extent on concession agreements. Cancellation, termination, expiration or renegotiations of any of the key contracts can have an adverse financial effect on the Group. However, the Group's capabilities in securing these concession contracts and operating it despite economic downturns and challenging business environment should mitigate the vagaries of uncertainties.

OUTLOOK

Looking ahead in the immediate term, we remain cautious on the Malaysian economy, amidst a challenging business environment and increased external uncertainties with the current on-going pandemic. However in the longer term, the economic fundamentals of the country is expected to remain solid and the prospects promising, given the prudent and supportive policies of the government.

The Malaysian economy had contracted by 17.1% in the second quarter of 2020 ("2Q 2020") after a marginal growth in the first quarter of 2020 of 0.7% due to the measures introduced to contain the Covid-19 pandemic. However, growth is expected to recover gradually in the second half of 2020 as the economy has progressively re-opened since early May 2020 and external demand improves.

The Energy Sector, driven by Musteq Hydro Sdn. Bhd.'s Sungai Kenerong Plant, is expected to positively contribute to the Group in FYE 2021 by optimising the operations of all its four (4) generators. Stratavest Sdn. Bhd.'s, Libaran Plant is expected to recommence its operations in the first quarter of Year 2021 to support the Sabah State grid requirements.

The Food & Beverage and Tourism Sector is expected to face a challenging period in financial year ending 30 June 2021 with the impact of the prolonged Covid-19 pandemic and to adapt the new norm for the F&B business. However, the Tourism segment expects to benefit from the new campaigns initiated by the government to encourage Malaysians to prioritize local holiday destinations and to travel during off-peak seasons.

The Manufacturing Sector expects to contribute positively to the Group performance with better prospects from the LED business.

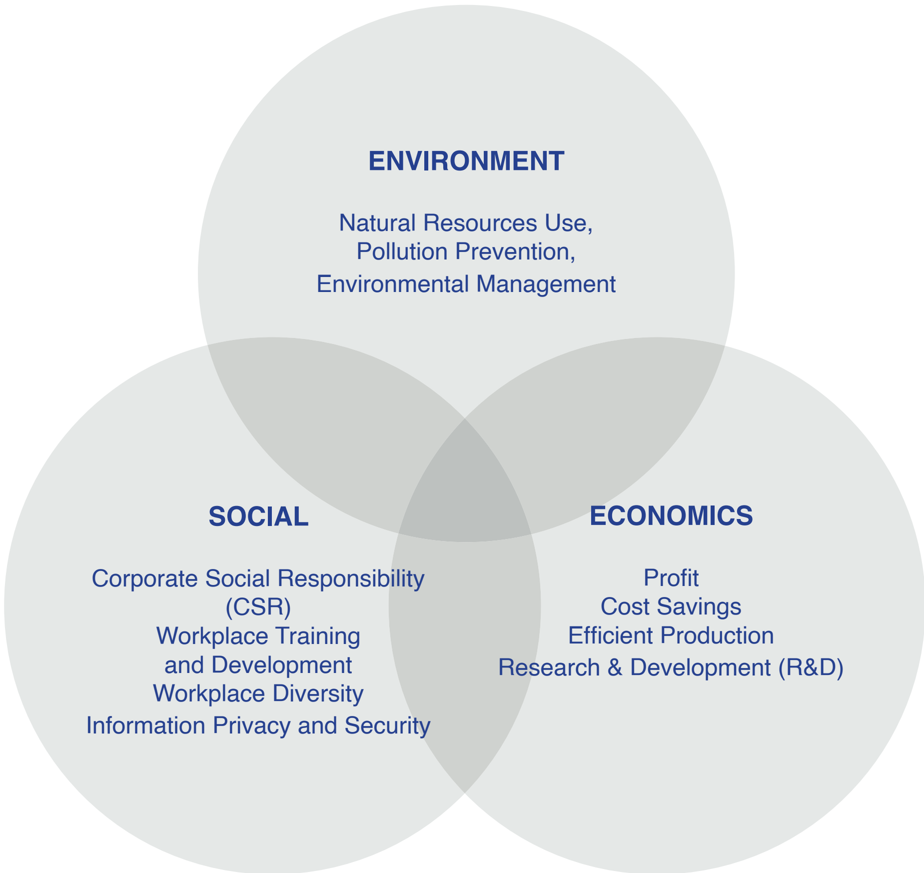
Based on the above, although faced with an uncertain and challenging front, the Group is expected to continue to strive in ensuring profitability and operational optimisation of the existing businesses.

COMMITMENT TO SUSTAINABILITY

At Eden Inc. Berhad (“**the Company**”) and its Group of Companies (“**the Group**”), we uphold high standards of sustainability responsibility to secure our future in sustainable manner.

Sustainability is defined as the development that meets the needs of the present without compromising the ability of future generations to meet their own needs. Sustainability has three (3) main elements; economic, environmental and social. Economic element consists of an organization’s impact on the economic conditions of its stakeholders and economic systems at local, national and global levels. An organization’s environmental impact consists of its impact on living and non-living elements of its environment. Social impact results from the organization’s interaction with the social systems within which it operates. The Group strives to create long term commitment and value for stakeholders by ensuring responsible management and sustainable development within the Group and has embarked on the sustainability practices within these three (3) aspects:

- Economic
- Environmental
- Social



OUR APPROACH TO SUSTAINABILITY

The Group is driven by these five (5) core values:

- Excellence : striving for passion for high quality and world class performance
- Integrity : honest and accountable to ourselves and others
- Teamwork : the team is bigger than individual
- Social Responsibility : good citizen that gives back to the societies
- Commitment : prepare to go the extra mile

These core values have always been embedded in our culture and business practices. They form the underlying principles for our employees to reflect our continuous pursuit to enhance the corporate value of the Group as well as ethics and code of business conduct, where relevant and appropriate.

SUSTAINABILITY STATEMENT

REPORTING PERIOD AND SCOPE

This sustainability report covers the Group's three (3) reporting sectors; the Energy Sector, the Food & Beverage ("**F&B**") and Tourism Sector and the Manufacturing Sector, for the financial period ended 30 June 2020. A two (2) to three (3) years of statistical data has been furnished and assured by the internal management team, where applicable. This sustainability report is to be read in conjunction with the rest of the Company's annual report.

This statement has been prepared in line with the Main Market Listing requirements and with reference made to the Sustainability Reporting Guide and Toolkits issued by Bursa Malaysia Securities Berhad.

ASSURANCE

We have not sought external assurance for this report. As we continue to improve our data collection systems, we will consider external assurance as our reporting matures.

FEEDBACK

We welcome your comments and feedbacks, which should be directed to our registered office:

Eden Inc. Berhad
15th Floor, Amcorp Tower
Amcorp Trade Centre
18, Jalan Persiaran Barat
Off Jalan Timur
46050 Petaling Jaya
Selangor
Tel: (603) 7957 7781
Fax: (603) 7957 4793

SUSTAINABILITY GOVERNANCE

Setting the tone from the top, the Board of Directors of Eden Inc. Berhad ("**the Company**") supports the Sustainability Committee Working Group ("**SCWG**") to oversee the integration of sustainability reporting of the Company. The SCWG also reviews the Sustainability Statement of the Company on a yearly basis, as part of the Annual Report of the Company for the endorsement by the Board of Directors.

In addition, the SCWG is driven by a set of guidelines, policies, procedures and our corporate values which help to cultivate good corporate governance within the Group. By adopting this governance structure, the Group is able to achieve a robust framework that supports the achievement of accountability, internal controls and risk management.

EDEN INC. BERHAD'S SUSTAINABILITY GOVERNANCE STRUCTURE

STAKEHOLDERS

Within the limitations of the current Covid-19 pandemic, the Company has been actively engaging with its stakeholders as part of its overall sustainability program. The Management understands that the need to engage with the stakeholders is to ensure that the stakeholders are well informed and kept abreast with the Group's latest development. Vice versa, the Group will be able to seek for the much-needed feedback of the latest market development and insights which the Group can always improvise to adapt to the corporate strategy and place extra effort in meeting stakeholders' needs.

This is especially the case where the shareholders are always encouraged to participate in the Question and Answer ("**Q&A**") session during the annual general meeting of the Company. Shareholders have the opportunity to ask any relevant questions pertaining to the Company's financial results, business directions, corporate exercises and other operational matters of the Group as a whole.

The Group has also been periodically engaging with a wide range of stakeholders which are categorised as below.

STAKEHOLDERS	FREQUENCY	ENGAGEMENT PLATFORM	GOALS
Government/Regulators	On-going	• E-Meetings Seminars and Functions	• Compliance with applicable laws and regulations
Shareholders/ Investors	Yearly	• Annual general meeting • Corporate announcements • Press release	• Improve shareholders' values • Sustainability status • Strong corporate governance • Increased transparency
Customers	On-going	• Meetings and discussions • Promotional events	• Customer satisfaction • Reduce downtime • Create fair trade
Employees	On-going	• Townhall meetings/ discussion • Direct contact	• Employees' development progresses • Career progression • Commensurate remuneration • Job satisfaction • Succession planning • Equal employment opportunities • Talent Management
Suppliers/Bankers/Rating Agency	On-going	• Meetings and discussions • Site visit	• Credit worthiness • Timely repayment of principal and interest
Communities	On-going	• Community events	• Understanding of local requirement • Creating employment • Improve CSR • Reduce carbon footprint

MATERIALITY ASSESSMENT

In our continuous effort in engaging with our stakeholders, we were able to obtain an insight to assist us in assessing and prioritising our materiality assessment. Materiality assessment became our strategic tool to identify, develop, prioritise and position our strengths and weaknesses, opportunities and threat analysis. The materiality assessment will allow the SCWG to focus their collective efforts on the scope of the highest interest to both the Group and the stakeholders.

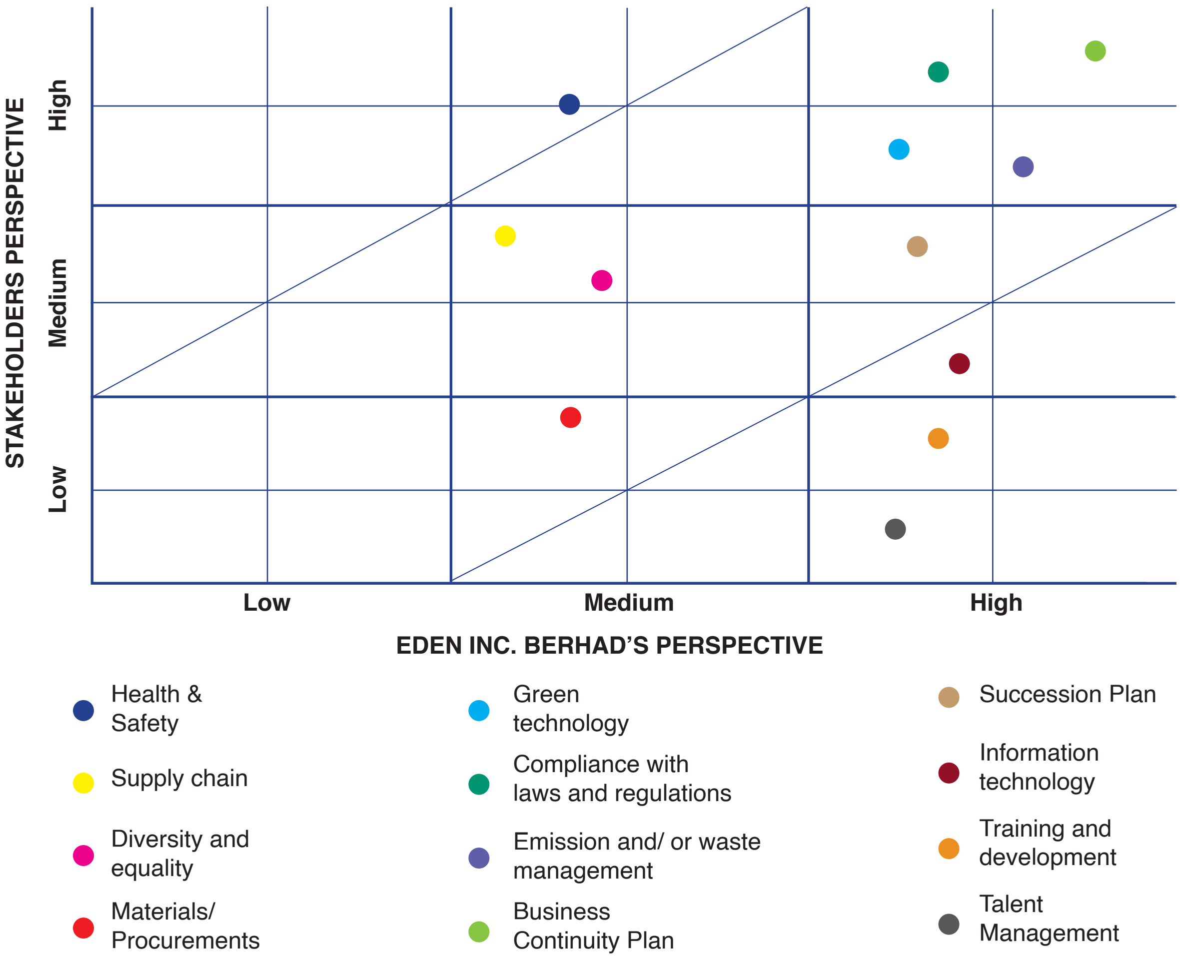
The Management is of the opinion that it will have a long-term positive impact to the Group and will further strengthen the Group positioning in the market.

MATERIALITY MATRIX

By taking into account the stakeholder's views and perspectives and integrating these with our own internal knowledge, the Stakeholders' feedback was reviewed and was brought up for discussion in SCWG. Subsequently the issues were deliberated with the respective divisions and head of departments. Pertinent issues that are vital to us could then be subsequently embedded in our plan to develop the Group corporate strategies.

The matrix presents the Group's most significant materiality topics and aspects, which have been approved by Management and the Board of Directors.

Below is the Group's Materiality Matrix:



1. ENVIRONMENT

1.1 Reducing Carbon Footprint

The Government of Malaysia has been urging businesses and consumers to shift to the adoption of green technology. Green technology reduces the carbon footprint associated with human consumption.

1.1.1 The Sungai Kenerong Plant under Musteq Hydro Sdn. Bhd. ("**MHSB**") is a small scale 20-Megawatt hydroelectric power plant in Kelantan. The run of the river small hydro plant had been developed with an ecological footprint, size and location, creating sustainable energy minimising impacts to the surrounding environment and nearby communities. In turn it provides cleaner power and without a reservoir, a pre-existing pattern of flooding will continue unaltered. Some of the steps taken to preserve the surrounding environment and for flood mitigation steps are:

(a) Proactively and consistently planting trees along the river bank to avoid land slide and soil erosion which will disrupt the hydro plant. This is being carried out periodically.
(b) Monitoring the carbon savings based on the electricity generated from the hydroelectric power plant, as the carbon savings are substantial. The Group plans to increase the capacity of this plant in near future.

MHSB and Kyoto Energy Pte. Ltd. had entered into a Sale and Purchase Agreement in 2019 for the International Renewable Energy Certificate ("**I-REC**") which is an Energy Attribute Certificate ("**EAC**") which is recognised globally and is the cornerstone of EAC worldwide. It is an accounting instrument that certifies the production of electricity along with factual characteristics of how, where and when the electricity was produced. These units can then be transparently traded and cancelled. EAC schemes can accelerate a country's energy transition by putting an additional, marketable value on the production of renewable energy. Producers of renewable energy can sell both the energy and the related EAC. The use of an EAC scheme is to support the generation of renewable energy.

1.1.2 Underwater World Langkawi Sdn. Bhd. ("**UWL**") has engaged with Cypark Energy Sdn. Bhd. to evaluate and install solar panels for the rooftop of the facility to reduce and minimise electricity consumption that will provide savings for UWL.

UWL has also engaged a vendor to carry out an energy building audit where the proposal will be evaluated accordingly.

1.1.3 The Group's Manufacturing Sector is promoting the adoption of Light Emitting Diode ("**LED**") technology. The LED division works with customers to study their use of electrical energy for lighting and how the energy requirement for lighting can be reduced by switching to LED lights. In some cases, a 60-70% reduction in lighting energy consumption is possible. Light bulbs that use LED technology not only reduce energy bills but are also more environmentally friendly when compared to incandescent bulbs and compact fluorescent lights (CFLs). The adoption of LED is expected to accelerate in the coming years. Through its involvement in LED, the Group would be part of technology deployment which will benefit the environment.

1.2 Natural Resources Use/ Reuse

We are committed with our effort to cut down natural resources use by reducing the consumption of electricity and recycling at our workplace. We have taken the initiatives to identify, evaluate, manage and monitor the main environmental risk affecting all activities at various levels of its business division. We are committed to the 3R concepts of Reduce, Reuse and Recycle. Henceforth, the Group has implemented measures aimed at reducing energy consumption, responsible waste management and recycling as highlighted below:

(a) The Group utilises the LED lighting provided by the Time Era Group to be more energy efficient.

(b) The relocation of several office spaces was carried out at UWL to save utility costs.

(c) Procedures are in place to reduce energy consumption by deploying active power management on all computers where the computers are in sleep/hibernate mode if there is no usage. In addition, all printers are networked with multifunction devices.

(d) Lighting or air conditioning system (which are not centralised) are turned off when not in use.

(e) The Group has procedures in place particularly in reducing electricity consumption especially where the electricity consumption of the Group has reduced particularly in its subsidiary Underwater World Langkawi where consumption is high due to 24-hours operations.

(f) To reduce paper consumption by making concerted effort to move towards paperless environment in our offices as we are migrating toward digitalisation in our work processes. As a step forward, we have commenced and embarked on digitalisation on certain processes of the Group communications via subscription to cloud services to reduce the papers consumptions.

(g) We are committed to ensure that all wastes are disposed in an orderly manner by providing compartmental bins for disposing of plastics, aluminum, papers and other recyclable items and all these wastes are collected and disposed off in a responsible manner.

1.3 Pollution Prevention

We are guided by the Department of Environment ("**DOE**") and the Ministry of Natural Resources and Environment with regards to the treatment of waste and waste management of the power plants. This is particularly relevant to the Libaran 60 MW diesel fired plant whereby the sludge had been handled by authorised personnel in accordance with the DOE guidelines.

Although the F&B segment does not contribute much to the overall impact, however, every small step makes a difference. The F&B segment has eliminated the use of polystyrene in its packaging of foods as well as reduce the reliance on the use of plastic packaging to reflect the Group's initiative in using paper/recyclable bags wherever possible.

2. ECONOMICS

2.1 Efficient Production

In relation to the Libaran Power Station, we are cognisant of the fact that the fuel running power plant poses some environmental hazards by releasing carbon to the environment. As such, we strived to ensure that the plant is operated at its optimum and efficient level by constantly ensuring that the power plant is operating at the Minimum Continuous Rating ("**MCR**") of 75%. In doing so, we will ensure that the net heat rate of the engines is maintained at an optimum/required rate to ensure efficient utilisation of fuel.

The management has been actively working towards increasing the operational efficiency of the targeted MCR.

2.2 Research & Development ("R&D")

The Manufacturing Sector carries out R&D continuously to increase product quality and reduce the cost for the LED products. This is to ensure the sector has the competitive advantage over its competitors.

For UWL, continuous R&D is carried out to better improve the living conditions of the species and to enable continuity of the species in captivity such as the penguin breeding and husbandry programme. Due to the successful breeding of the African and Rockhoppers penguin species, the management has carried out exchange programmes with other aquariums to ensure continuous exchange of ideas and information between the facilities and to also ensure the penguins enclosures is at the right population and size.

In addition, UWL is also registered under Jabatan Perlindungan Hidupan Liar dan Taman Negara Semenanjung Malaysia. The Group will apply to Convention on International Trade in Endangered Species of Wild Fauna and Flora ("**CITES**") importation & exportation of the livestock to be able to trade livestock under the CITES purview. These livestock will go through rigorous health checks by Department of Veterinary Services Malaysia before the import and export of the livestock to prevent any diseases from spreading to the other livestock. These livestock will be quarantined in Jabatan Perkhidmatan Kuarantin dan Pemeriksaan Malaysia ("**MAQIS**").

UWL has been successful in breeding African penguins and Rockhoppers penguins on yearly basis. Thereby, the population at the exhibits are sustainable on its own.

3. SOCIAL

3.1 Workplace Conditions – Safety & Health

Our employee's safety and health are very important to us and we are committed to provide all employees with a safe work environment, free from health and safety hazards. We regularly provide information on building safety and adhere to safe work practices and ensure all employees comply with the Company's procedures by attending the Group organized training and briefing session as well as participate in fire drills conducted at least once a year. Furthermore, the Group has weekly activities to promote healthy living whilst trying to achieve the work-life balanced culture.

Both power plants comply with the regulations by the relevant authorities, which amongst others are the Department of Occupational Safety and Health ("**DOSH**") requirements to ensure that satisfactory work conditions and safety are provided for the employees at the Libaran and Sungai Kenerong power plants and the guidelines provided by the Energy Commission for statutory regulations on the electrical installations at power plants.

In addition, the management has been actively trying to improve the list of machines to be registered by the DOSH.

The management's key performance indicator for the workplace safety and health is to ensure no fatalities, major injuries and other pollutions and leakages at the power plant. This shows the board of directors is serious about providing its employees a safe working place. For the FPE 2020, there has been no fatalities, major injuries, oil pollution or leakage within the Group.

3.2 Training and Development

To improve the efficiency and effectiveness of our Group, we are committed to remain innovative and competitive in delivering training and development to our staff at all levels. The training is provided to all employees throughout the Group to further enhance their skills and motivation to enable them to carry out their duties better. On top of this, we enroll the employees for external training to keep them abreast of the latest development and technology. We are committed to achieve a minimum number of hours training for the staff of at least sixteen (16) hours per annum.

Internal, on-the-job training is provided to all new employees to bring them up-to speed to keep themselves abreast of the latest development and technology. The Group is continuously striving to improve the productivity of its employees. New and more efficient ways of achieving higher output from the workforce and assets are explored on an on-going basis. Employees are encouraged to apply creativity in overcoming business challenges. These lead to higher return on assets, increase in profitability and in return, will make the Group more competitive in the marketplace.

In the current situation where there are numerous webinars available online, the employees are encouraged to enroll and upskill themselves by taking advantage of the resources online.

3.3 Code of Conduct/Whistleblowing Policy

We have the staff handbook which highlights the employee's code of conduct to reflect the values that the Group upholds. The Company and the employees are guided by the Anti Bribery and Corruption policy which is adopted across the Board as part of our corporate culture.

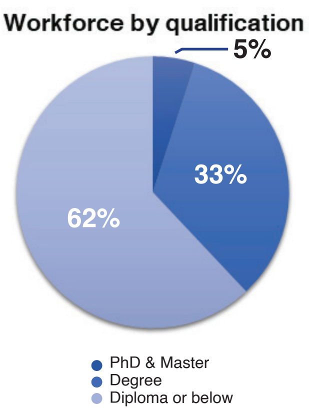
The Group has a whistleblowing policy in place for the employees and others, which provides an avenue for whistleblower to lodge their cases. For the FPE 2020, there were no reportable cases.

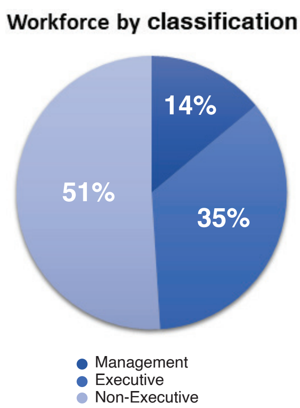
3.4 Diversity

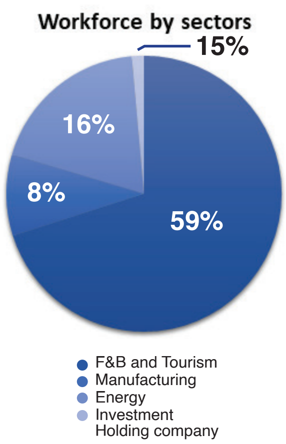
We respect, value and acknowledge the uniqueness of each individual's attributes and characteristics; therefore, we believe that our strength lies in our diversity among a broad range of people we employ by drawing on diverse cultures, gender, skills and experience of all our employees. The Group treat all employees equally and believe that all employees have equal opportunity to excel and able to progress on fair merits and abilities. We have zero tolerance policy on unfair treatment and discrimination. Any discrimination based on race, religion, political opinion, gender, marital status, origin and disability is against the Group's code of conduct.

The Group encourages women to be in the workforce and accommodates the flexible time if required without compromising the quality of work. We have a healthy wide gender ratio of 59% Male to 41% of female workforce. Whereas, the Group saw a relatively high staff turnover at 28% during the year and is primarily concentrated in the F&B and Tourism Sector towards the first half of year 2020. The Management has been actively engaging with the employees to ensure that the turnover rate remains low.

	2017	2018 (12 months)	2019/2020 (18 months)
Male	51%	55%	59%
Female	49%	45%	41%
Staff turnover	26%	12%	30%
TOTAL workforce	253	219	153







153 total workforce

84% permanent employees

41% women employees

30% turnover ratio

3.5 Succession Planning

The Company recognises that a systematic approach is important to ensure leadership continuity in the Group. In the FPE 2020, the Group has begun its succession planning by evaluating its workforce planning process. This process involves identifying, assessing and recruiting suitable candidates for certain head of divisions and critical positions. Currently, the target of the succession plan is at the ratio of 1:1. The Management has been consistently identifying talents to find the right candidates for the succession planning. Thereafter, the candidates will undergo robust development plan and training programs to ensure the successor has what it takes to take on the role.

3.6 Information Privacy and IT Security

The Group acknowledges the importance of respecting and protecting the privacy of its customers and take stringent measures to safeguard customers' confidential information at all times. We are in compliance with Personal Data Protection Act 2010, a privacy policy was in place since its implementation date.

With the advancement of the technology, the Group takes imperative action to prioritise Information Technology ("**IT**") integrity and security measures to ensure business continuity. Various security measures are put in place to identify and monitor any cyber security issues. The Group has implemented preventive measures in its system to minimise the exposures to cyber security risk and to reduce the vulnerability of its IT environment. IT department has been keeping track to ensure the system are up-to-date and frequent review are conducted to prevent unauthorised access to its IT environment.

3.7 Corporate Social Responsibility

The Group contributes in cash and in kind to various sectors of the community irrespective of race, creed or religion. Despite the current situation that the Group is facing, the Group continues its corporate social responsibility.

UWL together with Universiti Utara Malaysia ("**UUM**") organised the PERKOM's Eco-Leader Development 1.0 engaging sixty (60) students from Sekolah Menengah Kebangsaan Tunku Putra. UWL also continuously provides special packages for schools to have their annual visits to UWL, primarily those schools located in the state of Kedah. Langkawi is a popular tourist spot in Malaysia, the Management has targeted at least 10% of the entire tourist arrival to Langkawi to visit UWL as UWL is one of the major tourist attractions in Langkawi. UWL management has been constantly working together with the local authorities and bodies to improve the Langkawi tourism.

The F&B segment was particularly busy supporting the food requirements of the frontliners during the first half of year 2020 when the country was first hit with the Covid-19 pandemic. The segment continues its efforts to provide services where it can alleviate the challenging situation faced by the frontliners.

Moving forward

We acknowledge that there are areas for improvement, therefore, we remain cognisant that our performance during the period is a work in progress and we remain undeterred to drive a sustainable culture supported by the Board of Directors and the respective division head of departments.

We will continue to improve our sustainability efforts every step we make moving forward.

JANUARY 2019

UNDERWATER WORLD LANGKAWI SDN. BHD. ("UWL") BANK RAKYAT SCHOOL VISIT

The always strives to engage with its stakeholders and community. UWL hosted Bank Rakyat's event which invited students to participate in activities within UWL and was subsequently presented with gifts from Bank Rakyat. UWL was the co-organizer of the event.



FEBRUARY 2019

EDEN SEAFOOD VILLAGE (LANGKAWI) SDN. BHD. ("ESVL") CHINESE NEW YEAR CELEBRATION.

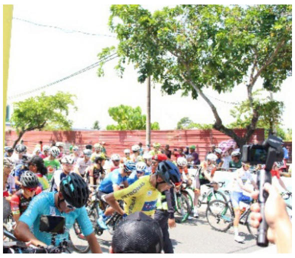
Yearly, UWL and ESVL celebrates and promotes diversity in cultural practices. Chinese New Year is no exception. In 2019, ESVL presented hampers to the tenants


UNDERWATER WORLD LANGKAWI SDN. BHD. ("UWL") CELEBRITY RACE BY RTM

UWL has always been a 'must visit' tourist attraction. UWL was chosen as one of the checkpoints for the Celebrity Race hosted by Radio Televisyen Malaysia ("RTM"). There were two (2) local celebrities involved for this episode known as Waris and Adi Sixth Sense. UWL conducted an 'explorace' as one of the activities for this race.

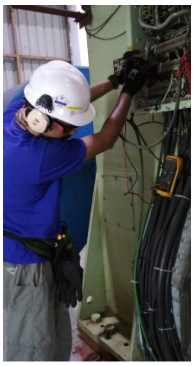
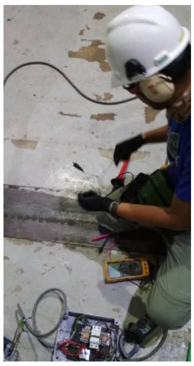
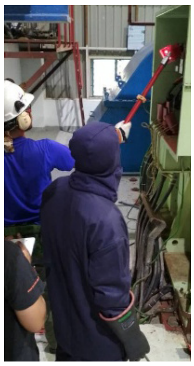

UNDERWATER WORLD LANGKAWI SDN. BHD. ("UWL") LE'TOUR DE LANGKAWI 2019

Healthy lifestyles promote healthy minds. UWL was again chosen to host the venue for the 2019 Le ' Tour De Langkawi's closing ceremony. Not only does this support UWL's objectives, but it also provides greater brand awareness and exposure for an international event. Underwater World Langkawi received media coverage from both inside and outside of Malaysia throughout this event. During this event, UWL also received a visit from YB Asmirul Anuar bin Aris, State Executive Councillor and Dr.Hezri Adnan, Chief Executive Officer of Langkawi Development Authority (LADA). Throughout this event, UWL organized fun and entertaining games for the visitors to create brand awareness.




MUSTEQ HYDRO SDN. BHD. ("MHSB") SCHEDULED OVERHAUL

Works for a major overhaul was carried out as part of our regular maintenance schedule. The Manual Variable Excitation for Generator Rotor to inspect the Generator U22 condition was successfully carried out.

CORPORATE CALENDAR

MARCH 2019

UNDERWATER WORLD LANGKAWI SDN. BHD. (“UWL”) CONCERT BY THE UNITED STATES AIR FORCE BAND OF THE PACIFIC

UWL gained international exposure as in conjunction with Langkawi International Maritime and Aerospace Exhibition (“LIMA’ 19”), UWL was chosen as the host venue for the concert performed by the United States Air Force Band of The Pacific. The concert was carried out in front of the UWL premise on the 27th March 2019 at 5.00PM. Not only did it receive a large crowd, the international exposure augured well for UWL

STRATAVEST SDN. BHD. (“STV”) OCCUPATIONAL SAFETY AND HEALTH INSPECTION

AS part of STV’s continued effort in ensuring “zero incidence report”, the regular Department Occupational Safety and Health (“DOSH”) inspection was successfully carried out on the 15th of March on two of the Libaran Power Plant’s low speed diesel engines. Two (2) representatives from DOSH had visited our Libaran Power PLant for the inspection.

MUSTEQ HYDRO SDN. BHD. “MHSB” MONTHLY INSPECTION

Regular checks are carried out on the pipelines. The rectification of a leaking expansion joint had been successfully done to maximize the water for generation..

APRIL 2019

UNDERWATER WORLD LANGKAWI SDN. BHD. (“UWL”) HAND OF THANOS (APRIL PROMOTION IN CONJUNCTION WITH SCHOOL HOLIDAYS)

UWL had organised enjoyable games for the visitors in conjunction with the long school holiday. These games were named after the famous Hollywood movie, Hand of Thanos. Through this game, UWL managed to increase its followers in their social media platform (Instagram, Facebook, YouTube and Twitter).

UNDERWATER WORLD LANGKAWI SDN. BHD. (“UWL”) UWL SPORTS DAY

The UWL Sports Day was one of the initiatives of UWL to promote a healthy lifestyle and brand awareness. UWL invited three (3) certified Zumba instructors and boosted this event online as well as offline, complimentary for the public. Through this event, UWL gained more exposure from the local and international tourists. The event took place in the month of April (14, 20 and 27/4/2019).

STRATAVEST SDN. BHD. (“STV”) THE NETT DEPENDABLE CAPACITY TEST (“NDC”) TEST

The Nett Dependable Capacity Test (“NDC”) Test for 15MegaWatt (“MW”) Diesel Engine 3 (“DE3”) was successfully carried out and verified by Sabah Electricity Sdn. Bhd. (“SESB”) and Energy Commission (“EC”) engineers. The test was a success with 15 MW being achieved which reflects the health and reliability of the engine.

EDEN CATERING SDN. BHD. (“ECSB”) V CON INTERNATIONAL CONFERENCE

ECSB (Penang) was honored to be abel to cater for and eight day conference for V CON International Conference including the provision of a total vegetarian menu and Charity Lunch with the Chief Minister of Penang, YB Chow Kuan Yew.

MAY 2019

EDEN CATERING SDN. BHD. ("ECSB")
RAMADHAN BUFFET

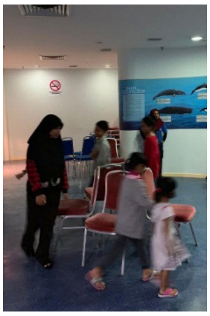
Every year, ECSB (Petaling Jaya) would come up with their popular yearly Ramadhan Buffet @ PAUM Clubhouse which featuring mouth-watering delicacies cooked by ECSB's head chef.

UNDERWATER WORLD LANGKAWI SDN. BHD. ("UWL")
MOTHER'S DAY CELEBRATION

The celebration of Mother's Day was observed worldwide in May and there is no exception for UWL. Every year UWL will conduct a small event to thank mothers out there and to show support to the Mother's Day celebration. UWL has given the first fifty (50) customers free chocolates in conjunction with this celebration

UNDERWATER WORLD LANGKAWI SDN. BHD. ("UWL")
KID'S OF THE DAY 2.0

In conjunction with the long school break, UWL had organised 'KIDS OF THE DAY 2.0' as additional activities from 24th May 2019 until 6th June 2019. Several activities were carried out. One of the activities that attracted the visitors was the musical chair.



UNDERWATER WORLD LANGKAWI SDN. BHD. ("UWL")
UWL RAMADAN IFTAR 2019

As a yearly tradition and part of UWL's corporate social responsibilty, UWL organised the Ramadan Iftar to enhance the community relationship. This event also is one of the initiatives of UWL to reward their staff and to maintain a good relationship between UWL and industry players around Langkawi. The media, students around the area joined the orphans in celebrating the event which was held at the Aseania Resort and Spa.

JUNE 2019

EDEN CATERING SDN. BHD. ("ECSB")
EID CELEBRATION

Eden Catering served a buffet and hawker style setup for an Eid Celebration at the Zhulian Cafeteria in Penang.

EDEN INC. BERHAD ("EDEN")
ANNUAL GENERAL MEETING ("AGM")

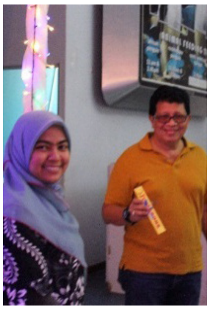
Eden's 41st AGM was succesfully concluded on the 19th June 2019 at the Banquet Hall, PAUM Clubhouse with the proposed resolutions being carried.

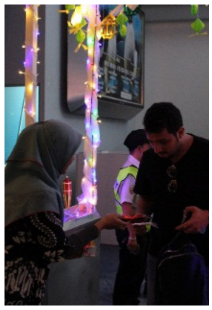
UNDERWATER WORLD LANGKAWI SDN. BHD. ("UWL")
HARI RAYA AIDILFITRI CELEBRATION.

Every cultural festival has been celebrated in UWL. Hari Raya Aidilfitri Celebration is no exception. UWL celebrated Hari Raya Aidilfitri on 4th June until 6th June 2019. UWL decorated the premise with Hari Raya themes in order to support this cultural festival. Besides that, UWL also gave "Kuih Raya" to the first 20 families who visited on the 4th June 2019.

UNDERWATER WORLD LANGKAWI SDN. BHD. ("UWL")
FATHER'S DAY CELEBRATION

Father's Day was celebrated on 16th June 2019. During that day, UWL had organised a small event and given fifty (50) pieces of chocolates to the first 50 fathers who visited UWL.





MUSTEQ HYDRO Sdn. Bhd. "MHSB"
EID CELEBRATION

Yearly Eid Festival Ceremony will be celebrated for the MHSB staff to enhance continuous good relationships with employees and stakeholders.

JULY 2019

MUSTEQ HYDRO SDN. BHD. ("MHSB") STAKEHOLDER ENGAGEMENT

As part of MHSB's stakeholder's engagement, MHSB hosted the visit by Maybank Islamic Berhad to the Sungai Kenerong Plant.

AUGUST 2019

UNDERWATER WORLD LANGKAWI SDN. BHD. ("UWL") MERDEKA ZUMBA NIGHT 2019

As a Merdeka celebration, UWL had organised another Zumba activity. UWL had made an irresistible promotion for the entrance tickets of UWL during the two (2) hours of Zumba activities.

MUSTEQ HYDRO SDN. BHD. ("MHSB") DRONE TECHNOLOGY

MHSB has continuously engaged with reliable contractors to ensure the clearing of the access road and transmission lines from the Lower Power House ("LPH") until the Upper Intake ("UI") is regularly carried out to ensure that any works within the LPH and UI can be carried out without any hindrance. The use of the drone technology has also made it easier for the repair and maintenance works to be done.

SEPTEMBER 2019

UNDERWATER WORLD LANGKAWI SDN. BHD. ("UWL") "PROGRAM MAHABBAH TITIAN KASIH" WITH SK BANDAR BARU SINTOK

This program also was one of the Corporate Social Responsibility (CSR) activities regularly carried out by UWL. UWL provided manpower and activities for the students. This program took place at Pulau Tuba, Langkawi. There were sixty (60) students and nine (9) teachers in total who had participated in this program.

UNDERWATER WORLD LANGKAWI SDN. BHD. ("UWL") BEACH CLEAN-UP DAY 2.0 (2019)

As part of UWL's sustainability efforts , UWL had carried out its inaugural Beach Clean-up event in 2018 the students from four (4) secondary schools in Langkawi together with a Non-Government Organisation("NGO") (Trash Hero). Based on first Beach Clean-up, UWL had collected 143 kg of trash around Chenang Beach. In 2019, UWL organised the same event together with students from four (4) secondary schools and three (3) NGOs (Trash hero, SALAM Langkawi, and Reef Check Malaysia) successfully collected 329 kg of trash around the Chenang Beach. The increased number of participants year on year has been encouraging. This program will be an annual event for UWL

CORPORATE CALENDAR

OCTOBER 2019

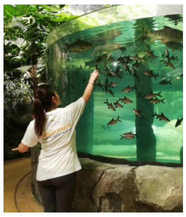
UNDERWATER WORLD LANGKAWI SDN. BHD. ("UWL") RAY ARENA SOFT LAUNCHING

On the 5th of October 2019, UWL had launched the new exhibition area for UWL themed the "RAY ARENA". This area consists of stingrays and bottom dweller sharks. The concept of this area was as an "Interactive pool" where visitors can experience touching and feeding the stingrays and sharks. The launch was attended by Tan Sri Abd Rahim Mohamad, our Executive Chairman and other dignitaries

NOVEMBER 2019

UNDERWATER WORLD LANGKAWI SDN. BHD. ("UWL") RAY ARENA SOFT LAUNCHING

On the 5th of October 2019, UWL had launched the new exhibition area for UWL themed the "RAY ARENA". This area consists of stingrays and bottom dweller sharks. The concept of this area was as an "Interactive pool" where visitors can experience touching and feeding the stingrays and sharks. The launch was attended by Tan Sri Abd Rahim Mohamad, our Executive Chairman and other dignitaries



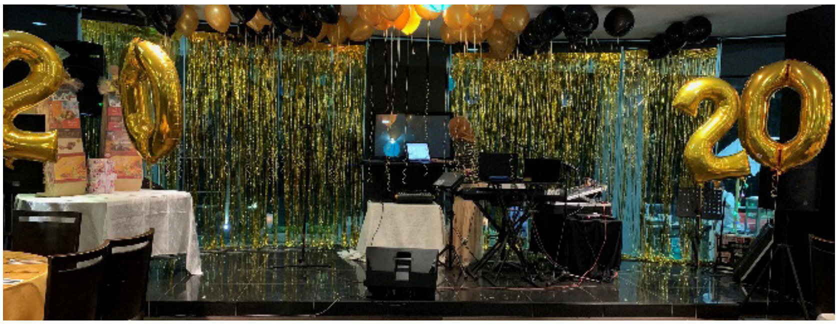
EDEN CATERING SDN. BHD. ("ECSB") UNIMAP CONVOCATION

ECSB (Penang) was honored to be the preferred caterer for the UNIMAP Convocation with the Raja Muda of Perlis, Tuanku Syed Faizuddin Putra Jamalullail.

DECEMBER 2019

EDEN CATERING SDN. BHD. ("ECSB") NEW YEAR CELEBRATION 2020

The year 2019 ended with a New Year's Eve Celebration held on 31st Dec 2018, at Aroma Cafe @ PAUM Clubhouse. The New Year's Eve Celebration buffet spread showcased our variety of fusion menu, specialties and served by the experienced operations team. The event was held as a new year occasion for families and friends who enjoy ushering the new year in with good food and good company. The event was received well by families and corporates alike.



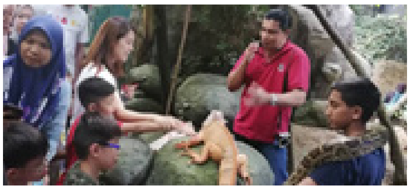
JANUARY 2020

EDEN INC. BERHAD
SPORTS CLUB

As we start a New Year, it is Eden Inc Berhad's goal to live a healthier lifestyle even during working days. For a change, Wednesdays are known as Sports Wednesday among the staffs of Eden Inc. Berhad.

UNDERWATER WORLD LANGKAWI SDN. BHD. ("UWL")
CHINESE NEW YEAR CELEBRATION

UWL had organized a two (2) day event named as Happenings at UWL. This event started on the 25th until 26th January 2020. Several activities were carried out during this event. For the lion dance performance, UWL had collaborated with DFZ Duty Free (Langkawi) Sdn. Bhd. During this event, the number of visitors had increased compared to the usual days.



EDEN CATERING SDN. BHD. ("ECSB")
DELICIOUS DELICACIES

For 2020, ECSB was focusing more on the social media platform such as Instagram and Facebook. We collaborated with Tastydigs on Instagram by featuring some of our bestsellers which are our famous Penang Char Kuey Teow, Mee Rebus and our freshly made Dim Sum, a must try for all.

MUSTEQ HYDRO SDN BHD "MHSB"
SCHEDULED MAINTENANCE

MHSB continuously ensures that all the generators are in good operating condition to ensure maximisation of its load factor. The installation of the generator cooler at Unit 12 was successfully completed.

FEBRUARY 2020

UNDERWATER WORLD LANGKAWI SDN. BHD. ("UWL")
PERKOM'S ECO-LEADER DEVELOPMENT 1.0 (UWL x UUM)

As part of UWL's engagement with the community, had co-organizer the event with Universiti Utara Malaysia ("UUM") on the 7th February 2020. It was was successfully carried out with the help of our sponsors, Majlis Perbandaran Langkawi (MPLBP), SWCorp and Langkawi Development Authority ("LADA"). Sixty (60) students from Sekolah Menengah Kebangsaan Tunku Putra (SMKTP) and volunteers from Underwater World Langkawi also participated in this event.

CORPORATE CALENDAR

MARCH 2020

UNDERWATER WORLD LANGKAWI SDN. BHD. (“UWL”) CRAY-TIVE DAY

During the school holidays, UWL had organized an event themed “Cray-Tive Day”. This event started on 14th March until 17th March 2020. There were several activities planned. Due to the outbreak of Covid-19 virus, this event was carried out for four (4) days only.

MAY 2020

Eden Catering Sdn Bhd. (“ECSB”) MEAL FOR THE FRONTLINERS

With the unprecedented outbreak of Covid-19, ECSB (Petaling Jaya) was honored to prepare food for the Ministry of Energy and Natural Resources whom contributed the food to the frontliners working at Hospital Kuala Lumpur (“HKL”) and several other hospitals as a way of thanking them for their hard work in keeping the community safe while risking their wellbeing during this pandemic.

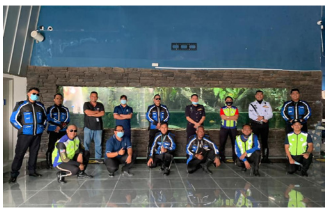
EDEN INC BERHAD SPORTS CLUB

The Wednesday Sports Day resumes after several months of working from home. This time, Eden Inc Berhad decided to do a Crossfit Wednesday at Padang MBPJ, which is opposite the headquarters of Eden Inc Berhad.

JUNE 2020

UNDERWATER WORLD LANGKAWI SDN. BHD. (“UWL”)

In ensuring that the safety and wellbeing of the visitors and employees are taken care of, the local police authorities had visited UWL for a full inspection of the standard operating procedures that have been streamlined by the Government and implemented at UWL as UWL opened its doors to the public in June 2020. Regular cleaning and disinfecting the premises are carried out daily.



MUSTEQ HYDRO SDN BHD “MHSB” MAJOR OVERHAUL, GENERATOR U11 AND U21

Preventive Maintenance for generator is done as per manufacturer’s recommendation to maintain and improve the efficiency of generation.

STATEMENT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of Eden Inc. Berhad ("**Board**") recognises that good corporate governance is of paramount importance in ensuring that the Company is managed in the best interest of all shareholders and stakeholders ranging from but not limited to regulators, lenders, creditors, customers, suppliers, employees and communities.

The Board also ensures that there are appropriate systems, processes and procedures in place for the Management to manage the Group's businesses and significant risks which arise there from. Thus, the enhancement of shareholders' value, the determination of strategic direction and the formulation of Company policies are premised along the corporate governance principles.

The Board is pleased to outline below the manner in which the Group has applied the principles of corporate governance in all the Company's procedures and business processes and the extent to which the Company complies with corporate governance principles advocated by the Malaysian Code on Corporate Governance ("**MCCG**").

This Corporate Governance Overview Statement ("**Statement**") is prepared in compliance with the paragraph 15.25 of the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Malaysia Securities**") and guided by the key principles set out in the MCCG.

Details application for each practice of the MCCG during the Financial Period Ended 30 June 2020 ("**FPE 2020**") is disclosed in the Company's Corporate Governance Report which is available and can be downloaded through the Company's website at www.edenzil.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

(I) Board Responsibilities

The Board is responsible for overseeing the Management and business affairs and makes all major policy decisions of the Company within the powers accorded to it by the Company's Constitution.

The Board assumes the primary responsibilities which include (but are not limited) to the following:

(a) Establishment of the overall strategic direction;
(b) Approval of annual and interim results, acquisitions and disposals, major capital expenditures and budgets;
(c) Identifying principal risks and ensuring the implementation of appropriate systems to manage the risks;
(d) Maintaining an effective investor and shareholders communication policy;
(e) Periodic review and adoption of the Company's business policies and strategies;
(f) Board, Board Committees and Top Management succession planning; and
(g) Review of the adequacy and integrity of the Company's internal controls and management information systems.

For the effective functioning of the Board, the Board has established the following Board Committees to assist in the discharge of its responsibilities:

(a) Audit and Risk Committee ("**ARC**"); and
(b) Nomination and Remuneration Committee ("**NRC**").

The Board Committees operate within clearly defined Terms of Reference ("**TOR**") which were duly approved by the Board and are available for viewing at the Company's corporate website at www.edenzil.com.

Executive Chairman and Executive Directors

Tan Sri Abd Rahim bin Mohamad, the Executive Chairman of the Company, while the following persons are the Executive Directors:

No.	Name	Position
1.	Puan Sri Fadzilah binti Md. Ariff	Executive Director
2.	Dato' Nik Mohd Fuad bin Wan Abdullah	Executive Director, Energy Sector

The roles of the Chairman and the respective Executive Directors are segregated and clearly defined in the Board Charter.

The Executive Chairman's role is to instil good corporate governance practices, being the leader of the Board and mentoring the Executive Directors and Senior Management. The Executive Directors of the Company manage the day-to-day management of the Company and the Group.

The Company also has an established policy and procedure on Limits of Authority which provides a clearly defined level of authority in relation to governance over transactions carried out and expenditure incurred by the Company.

Company Secretaries

The Board is supported by two (2) qualified and competent Company Secretaries, Ms. Chua Siew Chuan and Ms. Yeow Sze Min. Both Company Secretaries are qualified Chartered Secretaries under the Companies Act 2016 and are members of the Malaysian Association of the Institute of Chartered Secretaries and Administrators ("**MAICSA**").

Access to information and advice

The Board has unrestricted access to all information within the Company, whether as a full board or in their individual capacity, which is necessary for the discharge of its responsibilities. The Company Secretaries ensure that the Board receives appropriate and timely information for its decision-making, that the Board meeting procedures are followed, and compliance with all the applicable statutory and regulatory requirements. The Board is regularly updated and apprised by the Company Secretaries who are experienced, competent and knowledgeable, on the laws and regulations (or any amendments thereto), as well as directives issued by the regulatory authorities. The Company Secretaries attend and ensure that all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained in the statutory books kept at the registered office of the Company. The Company Secretaries also facilitate timely communication of decisions made by the Board at the Board meetings, to the Management for action. The Company Secretaries work closely with the Management to ensure that there are timely and appropriate information flows within and to the Board. The Directors also have the option of seeking independent professional advice in discharging their fiduciary duties.

The Directors are provided with the relevant agenda detailing the matters to be transacted at the meeting at least seven (7) days prior to each meeting and the Board papers detailing the key issues and recommendations, sufficient time prior to the meeting to enable the Directors to analyse the issues which call for their constructive decision-making and if required, to obtain further information and clarification before the meeting. The Board papers include reports on the Group's financial, operational and corporate development.

The Board of Directors delegates specific responsibilities to the respective Committees of the Board, namely the ARC and the NRC, in order to enhance business, corporate efficiency and effectiveness. The Chairman of the respective committees will brief the Board on the matters discussed at the committee meetings and minutes of these meetings are circulated to the full Board.

During the FPE 2020, the Minutes of meetings were circulated to the Directors in a timely manner after the conclusion of the meetings.

Board's Commitment

The number of meetings attended by each Director is as follows:

Directors	Designation	No. of Board Meetings Attended	%
Tan Sri Abd Rahim bin Mohamad	Executive Chairman	9/9	100
Puan Sri Fadzilah binti Md Ariff	Executive Director	7/9	78
Datuk Mohamed Salleh bin Bajuri	Senior Independent Non-Executive Director	9/9	100
Dato' Anuaruddin bin Mohd Noor	Independent Non-Executive Director	9/9	100
Datuk Seri Ahmad bin Hj. Kabit	Independent Non-Executive Director	9/9	100
Dato' Abdullah bin A. Rasol *(Demised on 1 July 2020)*	Executive Director, Corporate Affairs	8/9	89
Dato' Nik Mohd Fuad bin Wan Abdullah	Executive Director, Energy Sector	9/9	100

The Board met nine (9) times during the FPE 2020, each Director has attended more than 50% of the Board meetings held, thus fulfilling the requirement of the MMLR of Bursa Malaysia Securities.

In compliance with the MMLR of Bursa Malaysia Securities, all members of the Board had attended the Mandatory Accreditation Programme.

In relation to the requirement for Continuous Education Programme, the Board assumes the onus of determining or overseeing the training needs of the Directors of the Company. During the FPE 2020, the Directors have attended at least one (1) training programme/seminar/course to enable the Directors discharge their duties effectively.

The followings are some of the training programme/seminar/course attended by the Directors:

Names of Directors	Training programme/ seminar/course	Organisers
Tan Sri Abd Rahim bin Mohamad	• Forming Financial Shield Against Economic Impacts in Post MCO	• Speedrent Technology Sdn. Bhd.
Puan Sri Fadzilah binti Md Ariff	• Forming Financial Shield Against Economic Impacts in Post MCO	• Speedrent Technology Sdn. Bhd.
Datuk Mohamed Salleh bin Bajuri	• Cyber Security Awareness	• SAM Engineering & Equipment (M) Berhad
Dato' Anuarudin bin Mohd Noor	• Forming Financial Shield Against Economic Impacts in Post MCO	• Speedrent Technology Sdn. Bhd.
Datuk Seri Ahmad bin Hj Kabit	• Forming Financial Shield Against Economic Impacts in Post MCO	• Speedrent Technology Sdn. Bhd.
Dato' Abdullah bin A. Rasol *(Demised on 1 July 2020)*	• Forming Financial Shield Against Economic Impacts in Post MCO	• Speedrent Technology Sdn. Bhd.
Dato' Nik Mohd Fuad bin Wan Abdullah	• Forming Financial Shield Against Economic Impacts in Post MCO	• Speedrent Technology Sdn. Bhd.

Board Charter

The Board Charter of the Company was established on 25 April 2017 and revised on 22 April 2019. The Board is guided by its Board Charter which outlines the Board's roles and responsibilities, formal schedule of matters reserved for the Board, authority, Board Committees and other guidance on the Board conduct.

Directors' Code of Ethics and Conduct

The Company adopted the Director's Code of Ethics which described the standards of business conduct and ethical behaviour for the Directors in performing and exercising their responsibilities as the Director of the Company or when representing the Company including declaration of interests, conduct in meetings and guidelines in accepting gifts.

Anti-Bribery and Corruption Policy

The Anti-Bribery and Corruption Policy was approved for adoption during the Company's Eighty-Sixth (86) Board of Directors Meeting held on 27 February 2020.

Whistleblowing Policy

The Company expects the highest standards of integrity, probity, transparency and accountability from all employees to preserve and protect the Group's interest and reputation. Hence, the Board had on 25 April 2017 established a Whistleblowing Policy with the following objectives:

(a) To provide avenues for employees to disclose any acts of wrongdoing;
(b) To assure the employees that they will be protected from reprisals, discrimination or victimisation for whistleblowing in good faith; and
(c) To provide a formal mechanism for action on all whistleblowing reports made and any matters of wrongdoing reported by other sources (e.g. from the Management, Group Internal Audit, etc.)

As at the date of this Statement, the Company has not received any complaint under this procedure.

A copy each of the Board Charter, Directors' Code of Ethics and Conduct, Anti-Bribery and Corruption Policy and Whistleblowing Policy are available for viewing at the Company's corporate website at www.edenzil.com.

(II) Board Composition

The Board is currently composed of six (6) Board members. The three (3) Executive Directors comprise of an Executive Chairman, an Executive Director and an Executive Director (Energy Sector), who provide full and effective control of the Group's business affairs, whilst the check and balance are provided by the three (3) Independent Non-Executive Directors.

The three (3) Independent Non-Executive Directors represent the compliance with the requirement of one-third (1/3) of the Board are Independent Directors pursuant to Paragraph 15.02(1) of the MMLR of Bursa Malaysia Securities and Practice 4.1 of the MCCG which requires at least half of the Board comprises Independent Directors.

Tenure of Independent Director

Datuk Mohamed Salleh bin Bajuri ("**Datuk Salleh**"), who was appointed as an Independent Director ("**ID**") of the Company since 11 April 2002 and has since served in the capacity for cumulative term exceeding nine (9) years. Pursuant to Practice 4.2 of the MCCG, Datuk Salleh's tenure as an ID should not exceed a cumulative of nine (9) years and the Board must justify and seek shareholders' approval in the event it retains him as an ID.

Pursuant to the commentary in respect of the Practice 4.2 of the MCCG, notwithstanding Datuk Salleh's tenure in office as an ID of more than nine (9) years, the Board has recommended the retention of Datuk Salleh as an ID of the Company for shareholders' approval at the Forty-First Annual General Meeting held on 19 June 2019, through two-tier voting process based on the assessment of the NRC that Datuk Salleh's independence has not been compromised or impaired in any way after assessing the following considerations or criteria:

(a) Datuk Salleh continues to fulfil the definition of ID as set out under Paragraph 1.01 of the MMLR of Bursa Malaysia Securities;

(b) During Datuk Salleh's tenure in office, Datuk Salleh has not developed, established or maintained any significant personal or social relationship, whether direct or indirect, with the Executive Chairman and Executive Directors, major shareholders or Management of the Company (including their family members) other than normal engagements and interactions on a professional level consistent with his duties and expected of him to carry out his duties as an ID, the Chairman of the ARC and member of the NRC;

(c) During Datuk Salleh's tenure in office, he has never transacted or entered into any transactions with, or provided any services to, the Company and its subsidiaries of the Executive Chairman, Executive Directors, or major shareholders or Management of the Company (including their family members) within the scope and meaning as set forth under Paragraph 5 of Practice Note 13 of MMLR of Bursa Malaysia Securities;

(d) During Datuk Salleh's tenure in office, he has not been offered or granted any options by the Company. Apart from the Director's fees and allowances paid which had been the norm and had been duly disclosed in the annual reports, no other incentives or benefits or whatsoever nature had been paid to him by the Company; and

(e) During Datuk Salleh's tenure in office, he has not been engaged as an adviser by the Company under such circumstances as prescribed by the Bursa Malaysia Securities or is not presently a partner, director (except as an independent director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the Company under such circumstances as prescribed by Bursa Malaysia Securities; or has not engaged in any transaction with the Company under such circumstances as prescribed by Bursa Malaysia Securities or is not presently a partner, director or major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the applicant or listed issuer) which has engaged in any transaction with the Company under such circumstances as prescribed by Bursa Malaysia Securities.

The Board will, from time to time, review its composition and size while at the same time having due regard for diversity in skills, experience, age, cultural background and gender.

In considering candidates for directorship, the NRC does not solely rely on recommendations from the existing board members, management or major shareholders. The NRC would take into account the following:

(a) skill, knowledge, expertise, experience;
(b) character;
(c) professionalism;
(d) integrity; and
(e) the ability to discharge such responsibilities and functions as expected from a director.

Currently, the Board is supportive towards the boardroom gender diversity with one (1) female Director sits in the Board. During the FPE 2020, there was no new Director appointed to the Board of the Company.

Annual Evaluation

For the FPE 2020, the NRC has conducted the following assessments and its results were compiled by the Company Secretaries and tabled at the NRC meeting for review. The NRC has then reported the same to the Board for notation:

Evaluation	Assessment criteria
Individual Directors	• Fit and proper; • Contribution and performance; and • Calibre and personality.
Board and Board Committee	• Board mix and composition; • Quality of information and decision making; • Boardroom activities; and • Board Committees' Performance
ARC	• Quality and composition • Skills and Competencies • Meeting Administration and Conduct • Duties and Responsibilities
Independence of the Independent Directors	• Independence criteria in accordance with Paragraph 1.01 and Practice Note 13 of MMLR of the Bursa Malaysia Securities

Based on the assessments conducted for the FPE 2020, the NRC was satisfied with the performance of the Board as a whole, the Board Committees and each individual Director.

NRC

The members of the NRC comprise two (2) Independent Non-Executive Directors as follows and the meetings held during the FPE 2020 are set out below:

NRC	Membership	Designation	No. of NRC Meetings Attended	%
Dato' Anuarudin bin Mohd Noor	Chairman	Independent Non-Executive Director	2/2	100
Datuk Mohamed Salleh bin Bajuri	Member	Senior Independent Non-Executive Director	2/2	100

The summary of works of the NRC for the FPE 2020, were as follows

(a) Reviewed the Director's allowances payable by the subsidiary(ies) to the Executive Chairman;
(b) Reviewed the effectiveness of the Board of Directors as a whole and the Board Committee and the contribution and performance of each individual director;
(c) Recommend the re-election of Directors;
(d) Reviewed the independency of the Independent Directors;
(e) Recommend the retention of Datuk Salleh as an ID of the Company;
(f) Reviewed and recommend training programmes for the Board;
(g) Reviewed and recommend the Directors' fees and Directors' benefits; and
(h) Reviewed and recommend the remuneration packages of the Executives Directors.

(III) REMUNERATION

The Board has in place Remuneration Policy for the Directors and senior management personnel which takes into account the demands, complexities and performance of the Group as well as skills and experience required.

The objectives of the Remuneration Policy as follows:

(a) To provide a level of remuneration that motivates, encourages, attracts and retains employee of highest calibre;
(b) To ensure that the total remuneration shall be set at levels that competitive with the relevant market and industry and align with shareholders' interest and best market practice;
(c) To provide remuneration that is performance-based;
(d) To provide an appropriate level of transparency to ensure the policy underlying remuneration is understood by investors; and
(e) To ensure a level of equity and consistency.

A copy of the Remuneration Policy is available for viewing at the Company's corporate website at www.edenzil.com.

The details of the remuneration of the Directors who served during the FPE 2020 are as follows:

GROUP Executive Directors	Directors' Fees	Salaries and Other Emoluments	EPF Contribution	Benefits-In-Kind	Total
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Tan Sri Abd Rahim bin Mohamad	90	2,538	403	184	3,215
Puan Sri Fadzilah binti Md Ariff	45	740	137	188	1,110
Dato' Abdullah bin A. Rasol *(Demised on 1 July 2020)*	45	447	26	67	585
Dato' Nik Mohd Fuad bin Wan Abdullah	45	378	58	62	543
Subtotal	**225**	**4,103**	**624**	**501**	**5,453**
Non-Executive Directors					
Datuk Mohamed Salleh bin Bajuri	60	-	-	23	83
Dato' Anuarudin bin Mohd Noor	45	-	-	17	62
Datuk Seri Ahmad bin Hj. Kabit	45	-	-	20	65
Subtotal	150	-	-	60	210
TOTAL	**375**	**4,103**	**624**	**561**	**5,663**
COMPANY					
Executive Directors					
Tan Sri Abd Rahim bin Mohamad	90	1,913	403	156	2,562
Puan Sri Fadzilah binti Md Ariff	45	740	137	169	1,091
Dato' Abdullah bin A. Rasol *(Demised on 1 July 2020)*	45	447	26	56	574
Dato' Nik Mohd Fuad bin Wan Abdullah	45	-	-	-	45
Subtotal	**225**	**3,100**	**566**	**381**	**4,272**
Non-Executive Directors					
Datuk Mohamed Salleh bin Bajuri	60	-	-	23	83
Dato' Anuarudin bin Mohd Noor	45	-	-	17	62
Datuk Seri Ahmad bin Hj. Kabit	45	-	-	20	65
Subtotal	150	-	-	60	210
TOTAL	**375**	**3,100**	**566**	**441**	**4,482**

**The payment of the Directors' fees of the Company is subject to the approval by shareholders at the Annual General Meeting.*

The Company departs from Practice 7.2 of the MCCG and did not disclose the remuneration breakdown by named basis for its top five (5) senior management. The Board is of the view that, given that the disclosure of the remuneration of the top five (5) senior management will give rise to recruitment and talent retention issues and may lead to the performing senior management staff being lured away by competitors and hence, the Group may lose high calibre personnel who have been contributing to the Group's performance.

The Board will ensure that the remuneration for the senior management personnel is commensurate with their performance in order to attract, retain and motivate them to contribute positively to the Group's performance.

The Company has disclosed the aggregate total remuneration of all key senior management personnel for the FPE 2020, under Note 41 (c) of the Financial Statements at page 163 of the Annual Report.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

The Company's financial statements are prepared in accordance with the requirements of the provisions of the Companies Act 2016 and applicable approved accounting standards to ensure that the financial statements of the Company present a balanced and fair assessment of the state of affairs of the Company. In presenting the financial statements, the Company used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgment and estimates, and prepared on an ongoing basis.

The ARC assists the Board in scrutinising information for disclosure to ensure accuracy, adequacy and completeness.

The Statement of Directors' Responsibility in respect of the Audited Financial Statements pursuant to Paragraph 15.26(a) of the MMLR of Bursa Malaysia Securities is set out at page 64 of the Annual Report.

(I) ARC

The ARC is chaired by Datuk Salleh, which is a separate person from the Chairman of the Board, Tan Sri Abd Rahim bin Mohamad.

The composition of the ARC is set out in the ARC Report of this Annual Report.

Terms of Reference of ARC indicates that the appointment of a former key audit partner as a member of the ARC shall observe a cooling-off period of at least two (2) years before he/she can be appointed as a member of the ARC.

The members of the ARC collectively have the appropriate and necessary skills and a wide range of experience and expertise in areas such as accounting and auditing, taxation, finance and economics.

In addition, the members of the ARC have attended various continuous trainings and development programmes as detailed in the Annual Report.

Assessment on External Auditors

The ARC has established the External Auditors' ("**EA**") Policy and Procedures on 25 April 2017 which outlines the authority, scope, policies and procedures in appointing, reappointing and assessing the EA.

For the FPE 2020, the ARC had conducted assessment of the suitability, objectivity and independence of the EA, namely Messrs. UHY ("**UHY**") prior to UHY's appointment. The ARC has assessed UHY based on several factors, including independence of the EA, quality of audit review procedures, adequacy of the firm's expertise and its resources to carry out the audit work that they were tasked with and the extent of the non-audit services rendered.

(II) RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board has the overall responsibility and affirms the importance of maintaining a sound system of internal control and risk management including reviewing its adequacy and integrity.

The Statement on Risk Management and Internal Control as set out in the Annual Report provides an overview of the state of risk management and internal controls within the Group.

Internal Audit Function

The Group's internal audit and risk assurance function is independent from the Management. The audit by Internal Audit and Risk Assurance Department is performed with impartiality, proficiency and due professional care. The internal audit and risk assurance review of the operating units is an independent and objective assessment of a unit's compliance with internal control.

An internal audit and risk assurance review highlights major weaknesses in control procedures and makes recommendations for improvements.

The Internal Audit and Risk Assurance Department report directly to the ARC providing the Board with a reasonable assurance of the adequacy of the scope, functions and resources of the internal audit function. The purpose of the internal audit function is to provide the Board, through the ARC, assurance of the effectiveness of the system of internal control in the Group.

A summary of the activities of the ARC during FPE 2020 is set out in the Audit and Risk Committee Report in the Annual Report.

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

The Board recognises the importance of effective communication with the investors of the Company that enables the Board and the Management to convey information about the Group's performance, corporate strategy and other matters affecting the shareholders' interest.

The Board has adopted the following measures with regards to communication with the Company's shareholders:

(a) Regular announcements to Bursa Malaysia Securities;
(b) Annual reports;
(c) General meetings; and
(d) Corporate website.

Notice of the Forty-First Annual General Meeting held on 19 June 2019 was sent out at least twenty-eight (28) days before the date of the meeting so as to enable the shareholders to have full information about the Forty-First Annual General Meeting and to facilitate informed decision-making. Full explanation of the effects of a proposed resolution of any special business was accompanied the notice of Forty-First Annual General Meeting.

All the members of the Board and Chairmen of the Board Committees were presented at the Forty-First Annual General Meeting to address the shareholders' enquiry and concerns.

The Company did not adopt the integrated reporting based on a globally recognised framework as the Company is not classified as "Large Company".

The Board viewed that it is not cost effective nor practical for the company to leverage on technology to facilitate shareholders voting in absentia or having remote shareholders' participations in Forty-First (41^{st}) Annual General Meeting held on 19 June 2019.

ADDITIONAL COMPLIANCE INFORMATION

1. Utilisation of Proceeds

During the FPE 2020, the proceeds from the issuance of Redeemable Convertible Notes ("**RCN**") are to be

Purpose	Group and Company Proposed Utilisation (RM'000)	Issuance in Year 2018 (RM'000)	Issuance in Year 2019/2020 (RM'000)	Balance (RM'000)
Repayment of the Group's borrowings	24,000	-	-	24,000
Finance the working capital requirement and/or capital expenditure of the Group	30,100	(9,263)	(2,334)	18,503
Defray fees and expenses in connection to the issuance of the RCN	5,900	(1,737)	(166)	3,997
Total	60,000	(11,000)	(2,500)	46,500

The information of the RCN is explained further in the Note 22 of this Annual Report.

2. Audit and Non-Audit Fees

The fees paid/payable to the external Auditors in relation to the audit and non-audit fees for the FPE 2020 are as follows:

	Group (RM)	Company (RM)
Audit Fees	361,500	176,000
Non-Audit Fees	7,000	7,000

3. Material Contracts

There were no material contracts executed by the Company and its subsidiaries involving Directors and major shareholders' interests, which were still subsisting at the end of the financial period or, if not then subsisting, entered into since the end of the previous financial year.

4. Revaluation Policy on Landed Properties

The revaluation policy of the Company is disclosed in Note 3 (e) to the financial statements.

5. Recurrent Related Party Transaction of Revenue Nature

The details of the transactions with related parties undertaken by the Group during the financial period are disclosed in Note 41 of this Annual Report.

CONCLUSION

The Board is satisfied that for the FPE 2020, it complies substantially with the principles and practices of the MCCG.

This Statement and the Corporate Governance Report have been approved by the Board in accordance with a resolution of the Board of Directors dated 22 October 2020.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors of Eden Inc. Berhad ("**the Board**") is pleased to provide the following Statement on Risk Management and Internal Control pursuant to paragraph 15.26(b) of Bursa Malaysia Securities Berhad ("**Bursa Malaysia Securities**") Main Market Listing Requirements ("**Listing Requirements**"). This Statement takes into account the Guidelines for Directors of Listed Issuers ("**Guidelines**") issued by Bursa Malaysia Listing Requirements. The Board acknowledges its overall responsibility of maintaining a sound system of risk management and internal control in the Group in accordance with the Malaysian Code on Corporate Governance.

Set out below is the Board's Risk Management and Internal Control Statement ("**the Statement**") which outlines the nature and scope of risk management and internal control of the Group during the financial period ended 30 June 2020 ("**FPE 2020**")

RESPONSIBILITY

The Board acknowledges its responsibility to maintain a sound system of risk management and internal control including reviewing its adequacy and integrity, which aims to:

(a) safeguard shareholders' investments and Group's assets;
(b) ensure that proper accounting records are maintained;
(c) ensure that financial information used within the business and for publication to the public is reliable; and
(d) ensure compliance with applicable laws and regulations.

The Board exercises control over processes which ensure compliance with required regulations and undertakes periodic reviews of the adequacy and integrity of the Group's system of risk management and internal control. The Audit and Risk Committee assists the Board in undertaking the required monitoring. The risk management and internal control system is an ongoing process designed to meet the Group's particular needs and to manage the risks associated with operations, financials and compliance. The Board believes that the business and operation environment in the Group is conducive and is adequate for the Group to accomplish its mission and business objectives.

The Board has ensured that appropriate control structure and processes for identifying, evaluating, monitoring, managing and responding to significant risks faced by the Group are in place. The Board ensures that regular evaluation of the processes for managing the risks takes place and has been practiced for the period under review. In order for the risk management philosophy to be implemented, management is expected to formulate effective policies and procedures to manage these risks and implement policies approved by the Board. Management is expected to report significant changes in the Group's risk exposure to the Board and take effective action to manage the new risks.

The Board is aware that risk management and internal controls are designed to manage rather than eliminate risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against the risk of material error, misstatement, fraud or occurrence of unforeseeable circumstances. The Board periodically reviews the adequacy and integrity of the Group's system of risk management and internal control with the assistance of both the Audit and Risk Committee and the Risk Management Committee.

ENTERPRISE RISK MANAGEMENT

The Group practices Enterprise Risk Management as an integrated approach to managing risk across an organisation and its extended network. The Board regards risk management as an integral part of the Group's business operations and confirms that there is a formal and ongoing process to identify, evaluate, monitor and manage significant risks faced by the Group. This process has been put in place for the financial period under review and is reviewed periodically by the Board up to the date of approval of this Statement through the Audit and Risk Committee which is supported by the Internal Audit and Risk Assurance Department.

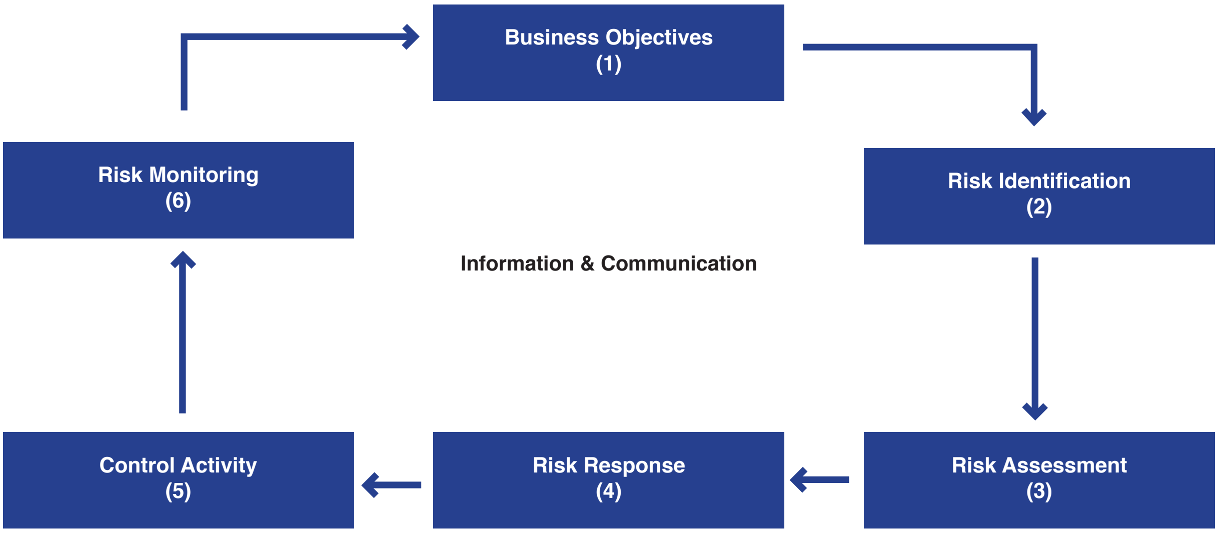
The Group's risk management process is managed by the Risk Management Committee chaired by the Executive Director, Energy Sector and comprises Senior Management and the respective heads of business sectors. The Risk Management Committee meets periodically to review operational risk as well as identify new risks that could cause significant impact on the growth of the business.

RISK MANAGEMENT PROCESS

The Board realises that the key success lies in how the risk is managed, by putting in place clear risk management processes that describe the steps taken to mitigate risk as it occurs, to meet the Group's objective.

The management of risk within the Group is undertaken by the respective operational functions within the Group and monitored by the Risk Management Committee.

The risk management process is as follows:



RISK MANAGEMENT STRUCTURE

In order to have an effective risk management process, it is essential to establish a risk management structure to ensure the role, responsibilities and accountabilities for managing risk are clearly defined and communicated. The Group has identified four (4) levels of authority in order to promote responsibility and accountability for managing risks as follows:

Risk Management Structure

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

1. Board of Directors

The Board sets the risk parameters of the Group. Roles of the Board include reviewing risks that will have a significant impact on the business and ensuring the implementation of appropriate policies to manage these risks. Through the Risk Management Committee, the Board sets the risk appetite for the Group's businesses. The Board has endeavoured to ensure that Group's exposure to risks is maintained at an acceptable level. As part of this risk management philosophy, risks which do not add sufficiently to economic value are to be eliminated. Risks, where these cannot be entirely eliminated, are to be mitigated with effective risk mitigation strategies.

2. Audit and Risk Committee

The Audit and Risk Committee facilitates the Risk Management Committee and the Board in managing risks highlighted by the Risk Management Committee. The committee provides useful insights to the risk owners on efficient and adequate risk management. The Audit and Risk Committee is under the purview of the Board.

3. Risk Management Committee

The main responsibility of the Risk Management Committee is to provide regular reports and updates to the Board and Audit and Risk Committee on risk management issues as well as ad-hoc reporting and reporting on matters such as financials, operational and compliance. The Risk Management Committee is also responsible for ensuring Enterprise Risk Management parameters are set and thoroughly reviewed throughout the businesses of the Group.

4. Risk Working Committee

The Risk Working Committee consists of representatives from the business unit heads. The members of Risk Working Committee discuss the business unit risks at the Risk Management Committee's meeting where their respective reports would be deliberated.

Business unit heads work towards effective identification and mitigation of the day-to-day risks at the operation level. The business unit heads work closely with operational staff and ensure that risk management techniques are applied and practised in all aspects of the management and operation within the respective units. The business unit heads are also responsible for indicating foreseeable risks that could hinder the business units from achieving their business objectives.

In addition, the Risk Working Committee is responsible for deliberating on risks presented by business units heads and also contribute towards identifying risks that have yet to be brought to the attention of Risk Working Committee by the respective business units heads. Significant risk issues are highlighted for further deliberation by the Risk Management Committee.

KEY ELEMENTS OF INTERNAL CONTROL

The key elements of the Group's internal control system are as follows:-

1. Line of Reporting

An organisational structure with clearly defined lines of responsibilities and accountability and delegation of authority for management at various levels of administration and operation.

2. Limit of Authority

A well-defined financial limit of authority on all financial commitments for each level of Management is available within the Group. The financial authority limits are subject to periodic review throughout the year so as to ensure their suitability for continuous implementation. Policies and procedures on such limits are documented to guide staff at all levels in the performance of their duties.

3. Policies and Procedures

Clearly documented internal policies and procedures set out in a series of Standard Operating Policies and Procedures. These documents are subject to regular review and improvement to meet changing business, operational and statutory reporting needs.

4. Internal Audit Function

Internal Audit and Risk Assurance Department is responsible to assist the Audit and Risk Committee in providing independent assessment on the adequacy, efficiency and effectiveness of internal control system and ensuring operational compliance with standard operating procedures within the Group, and reports are made to the Audit and Risk Committee on a quarterly basis. The Audit and Risk Committee also has full access to both internal and external auditors and receives reports on all audits performed.

The Internal Audit and Risk Assurance Department undertakes regular and systematic review of the internal controls, providing the Audit and Risk Committee and the Board with sufficient independent assurance that the system of risk management and internal control is effective in identifying and addressing risk.

Through various reviews and assessments of the risks faced by the Group, Internal Audit and Risk Assurance Department provides assurance to the Board that:

(a) Risks taken are related to business strategies and objectives. The risks taken must provide a source of competitive advantage. Correspondingly, risks which do not add value to the businesses are to be eliminated.

(b) The right amount of risks are taken. The return should be consistent with the overall level of risk. Furthermore, that there is a well-defined organisational risk appetite and that the actual risk level is consistent with this risk appetite.

(c) The risks are adequately managed. Internal Audit and Risk Assurance Department reviews whether current risk management process is aligned with strategic decision making process and existing performance measures. The risks assumed are at the lowest possible level given the cost of mitigation and required returns.

(d) Opportunities for improvement have been identified in process and /or control where further reduction in risk is possible.

5. Risk Management

The monitoring of control procedures is achieved through the Risk Management Committee, whose members consist of the respective heads of business sectors. This is complemented by review undertaken by the internal audit function on each operating unit. Regular reports are produced and presented to the Risk Management Committee and the Audit and Risk Committee which will assess the impact of control issues and review remedial action implemented by the management.

6. Human Resource Development

There are proper guidelines within the Group for recruitment, training and personal development of staffs at all levels. Training is provided on various areas of work to ensure staffs at all levels are proficient and competent in handling their job functions.

7. Financial and Operational Review

The quarterly management accounts and the quarterly financial statements containing key financial results, operational performance results and comparisons of performance against the budget are presented to the Board for their review, consideration and approval.

8. Management Visits

Regular visits are conducted by Group's Directors and Senior Management to operating sites and principal offices to review the Group's operations and gain better understanding to facilitate informed decision-making.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

ASSURANCE PROVIDED BY THE EXECUTIVE CHAIRMAN AND EXECUTIVE DIRECTOR, ENERGY SECTOR

In line with the Guidelines, the Executive Chairman and Executive Director, Energy Sector have provided assurance to the Board stating that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects based on the risk management and internal control of the Company, to meet the Group's objective during the financial period under review.

CONCLUSION

The Board is of the view that the internal control and risk management systems are satisfactory and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report, to improve the Group's internal control and risk management systems in meeting the Group's strategic objectives.

The statement is made in accordance with a resolution of the Board of Directors dated 22 October 2020.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the Bursa Malaysia Securities Listing Requirements, the External Auditors, Messrs, UHY has reviewed this Statement and reported to the Board that nothing has come to their attention that has caused them to believe that the statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the systems of internal control and risk management of the Group.

The Audit and Risk Committee ("**ARC**") of Eden Inc. Berhad is pleased to present ARC Report for the financial period ended 30 June 2020 ("**FPE 2020**").

1. MEMBERSHIP AND COMPOSITION

The members of the ARC comprise of three (3) Independent Non-Executive Directors and the ARC meetings held during the FPE 2020 are set out below:

Name of Committee Member	Membership	Designation	Number of Meetings Attended/Held	%
Datuk Mohamed Salleh Bin Bajuri	Chairman	Senior Independent Non-Executive Director	7/7	100
Dato' Anuarudin Bin Mohd Noor	Member	Independent Non-Executive Director	7/7	100
Datuk Seri Ahmad Bin Hj. Kabit	Member	Independent Non-Executive Director	7/7	100

The Chairman of the ARC, Datuk Mohamed Salleh bin Bajuri is a Senior Independent Non-Executive Director. In this respect, the Company complies with Paragraph 15.10 of the Main Market Listing Requirements ("**Main LR**") of Bursa Malaysia Securities Berhad ("**Bursa Malaysia Securities**"). Furthermore, in compliance with the Practice 8.1 of the Malaysian Code on Corporate Governance, the Chairman of the ARC is not the Chairman of the Board.

The Independent Non-Executive Directors satisfied the test of independence under Paragraph 1.01 of the Main LR of Bursa Malaysia Securities.

In addition, Datuk Mohamed Salleh bin Bajuri and Dato' Anuarudin bin Mohd Noor, being members of the Malaysian Institute of Accountants ("**MIA**"), fulfil the requirement of Paragraph 15.09(1)(c) of the Main LR of Bursa Malaysia Securities.

2. TERMS OF REFERENCE

2.1 COMPOSITION OF AUDIT AND RISK COMMITTEE

The Board shall appoint the ARC members from amongst themselves, comprising no fewer than three (3) directors, all of whom shall be non-executive directors where the majority shall be independent directors.

In this respect, the Board adopts the definition of "independent director" as defined under the Bursa Malaysia Securities Berhad ("**Bursa Securities**" or "**the Exchange**") Listing Requirements.

All members of the ARC should be financially literate and at least one member of the Audit and Risk Committee must be:

(a) a member of the MIA; or
(b) if he is not a member of MIA, he must have at least three (3) years of working experience and:
   i. he must have passed the examinations specified in Part I of the 1st Schedule of the AccountantsAct,1967; or
   ii. he must be a member of one of the associations of the accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or
(c) fulfils such other requirements as prescribed by the Exchange.

The ARC requires a former key audit partner[1] to observe a cooling-off period of at least two (2) years before being appointed as a member of the ARC.

Note 1

[The engagement partner, the individual responsible for the engagement of quality control review, and other audit partners, if any, on the engagement team who make key decisions or judgments on significant matters with respect to the audit of the financial statements on which the auditor will express an opinion.]

The Board must ensure that no Alternate Director is appointed as a member of the ARC.

The members of the ARC shall elect a chairman from amongst their number who shall be an independent director.

The term of office and performance of the ARC and each of its members shall be reviewed by the Nomination and Remuneration Committee annually to determine whether such ARC and members have carried out their duties in accordance with their terms of reference.

Retirement and Resignation

If a member of the ARC resigns, dies, or for any reason ceases to be a member resulting in non-compliance to the composition criteria as stated in paragraph 2 above, the Board shall within three (3) months of the event appoint such number of the new members as may be required to fill the vacancy.

2.2 CHAIRMAN

The members of the ARC shall elect a Chairman from amongst their number who shall be an independent director.

A vacancy resulting in non-compliance with the requirement on the election of an independent chairman of the ARC must be filled within three (3) month.

In the absence of the Chairman of the ARC, the other members of the ARC shall amongst themselves elect a Chairman who must be an independent director to chair the meeting.

2.3. SECRETARY

The Company Secretary shall be the Secretary of the ARC and as a reporting procedure, the Minutes shall be circulated to all members of the Board.

2.4 MEETINGS

The ARC shall meet regularly, with due notice of issues to be discussed, and shall record its conclusions in discharging its duties and responsibilities. In addition, the Chairman may call for additional meetings at any time at the Chairman's discretion.

Minutes of each meeting shall be kept and distributed to each member of the ARC and also to the other members of the Board of Directors. The ARC Chairman shall report on each meeting to the Board of Directors. Upon the request of the external auditor, the Chairman of the ARC shall convene a meeting of the ARC to consider any matter the external auditor believes should be brought to the attention of the directors or shareholders.

Notice of ARC meetings shall be given to all the ARC members unless the ARC waives such requirement.

The Chairman of the ARC shall engage on a continuous basis with the Chairman of the Board, such as the Chairman, the Executive Directors and Chief Financial Officer, the internal auditors and the external auditors in order to be kept informed of matters affecting the Company.

The Chief Financial Officer, a representative of the internal and external auditors respectively should normally attend meetings. Other Board members and employees may attend meetings upon the invitation of the ARC. The ARC shall be able to convene meeting with the external auditors, the internal auditors of both without executive Board members or employees present whenever deemed necessary and at least twice a year with the external auditors.

Questions arising at any meeting of the ARC shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the ARC shall have a second or casting vote.

2.5 MINUTES

Minutes of each meeting shall be kept at the registered office and distributed to each member of the ARC and also to the other members of the Board. The ARC Chairman shall report on the proceeding of each meeting to the Board.

The minutes of the ARC meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

2.6 QUORUM

The quorum for the ARC meeting shall be the majority of members present whom must be independent directors.

2.7 CIRCULAR RESOLUTIONS

A resolution in writing signed by a majority of the ARC members for the time being shall be as valid and effectual as if it had been passed at a meeting of the ARC duly called and constituted. Any such resolution may consist of several documents in like form each signed by one (1) or more ARC members. Any such document may be accepted as sufficiently signed by an ARC member if transmitted to the Company by telex, telegram, cable, facsimile or other electrical or digital written message to include a signature of an ARC member.

2.8 REPORTING

The ARC shall report to the Board of Directors, either formally in writing, or verbally, as it considers appropriate on the matters within its terms of reference at least once a year, but more frequently if it so wishes.

The ARC shall report to the Board of Directors on any specific matters referred to it by the Board for investigation and report.

2.9 OBJECTIVES

The principal objectives of the ARC is to assist the Board of Directors in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the holding company and each of its subsidiaries. In addition, the ARC shall:

(a) evaluate the quality of the audits performed by the internal and external auditors.
(b) provide assurance that the financial information presented by management is relevant, reliable and timely.
(c) oversee compliance with laws and regulations and observance of a proper code of conduct.
(d) determine the quality, adequacy and effectiveness of the Group’s control environment.

2.10 AUTHORITY

The ARC shall, in accordance with a procedure to be determined by the Board of Directors and at the expense of the Company,

(a) have explicit authority to investigate any activity within its terms of reference, the resources to do so, and full access to information. All employees shall be directed to co-operate as requested by members of the ARC;
(b) have full and unlimited/unrestricted access to all information and documents/resources which are required to perform its duties as well as to the internal and external auditors and senior management of the Company and Group;
(c) obtain, at the expense of the Company, other independent professional advice or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary;
(d) have direct communication channels with the internal and external auditors and person(s) carrying out the internal audit function or activity (if any); and

(e) where the ARC is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the ARC shall promptly report such matter to Bursa Securities.

2.11 DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the ARC are as follows:

(a) To consider the appointment of the external auditor, the audit fee and any question of resignation or dismissal;
(b) To establish policies governing the circumstances under which contracts for the provision of non-audit services can be entered into and procedures that must be followed by the external auditors;
(c) To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one (1) audit firm is involved;
(d) To review with the external auditors the evaluation of the system of internal controls and the audit report;
(e) To review the quarterly and year-end financial statements of the Company before submission to the Board, focusing particularly on:

    i. any change in accounting policies and practices;
    ii. significant matters highlighted including financial reporting issues, significant judgments made
    iii. by management, significant and unusual events or transactions, and how these matters are addressed;
    iv. the going concern assumption; and
    v. compliance with applicable financial reporting standards and other legal requirements.

(f) To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management, where necessary);
(g) To review the external auditors' management letter and management's response;
(h) To do the following, in relation to the internal audit function:

    i. review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
    ii. review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
    iii. review the internal audit plan, consider the internal audit reports and findings of the internal auditors, fraud investigations and actions and steps taken by Management in response to audit findings;
    iv. review any appraisal or assessment of the performance of members of the internal audit function; and
    v. approve any appointment or termination of senior staff members of the internal audit function.

(i) To consider any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
(j) To report its findings on the financial and management performance, and other material matters to the Board;
(k) To consider the major findings of internal investigations and management's response;
(l) To verify the allocation of employees' share option scheme ("**ESOS**") in compliance with the criteria as stipulated in the by-laws of ESOS of the Company, if any;
(m) To monitor the integrity of the Company's financial statements;
(n) To monitor the independence and qualification of the Company's external auditors;
(o) To monitor the performance of the Company's internal audit function;
(p) To monitor the Company's compliance with relevant laws, regulations and code of conduct;
(q) To review the adequacy and effectiveness of risk management, internal control and governance systems;
(r) To consider and examine such other matters as the ARC considers appropriate; and
(s) To consider other matters as defined by the Board.

The Terms of Reference of the ARC is available for viewing at the Company's corporate website at www.edenzil.com.

3. SUMMARY OF WORKS FOR THE FPE 2020

The summary of works of the ARC in the discharge of its duties and responsibilities for the FPE 2020 were as follows:

(a) Review of Financial Statements

i. Reviewed the unaudited quarterly report and annual report of the Company and Group prior to submission to the Board of Directors for consideration and approval.
ii. Reviewed the draft audited financial statements of the Company and Group and ensured that the financial reporting and disclosure requirements of the relevant authorities are duly complied with prior to submission to the Board for consideration and approval.

(b) Matters relating to External Audit

i. Meeting with external auditors twice a year without the presence of the executive Board members and Management.
ii. Reviewed the external auditor's appointment, scope of work and planning memorandum for the Company and the Group covering the audit objectives and approach, key audit areas and relevant accounting standards and other relevant pronouncements.
iii. Reviewed the results of the audit, audit report and findings on financial and management performance of the Company and Group, and reported the same to the Board of Directors.
iv. Reviewed the proposed audit fees for the External Auditors in respect of their audit of the Group and of the Company for the FPE 2020.

(c) Matters relating to Internal Audit

i. Reviewed the Annual Audit and Risk Assurance Plan to ensure adequate scope and coverage on the activities of the Group based on the identified and assessed key risk areas.
ii. Reviewed the Risk Based Internal Audit Reports in respect of the audit recommendations, Management responses as well as actions taken to improve the system of internal control and procedure.
iii. Reviewed the adequacy and performance of the Internal Audit and its comprehensive coverage of the Company and Group's activities

(d) Other matters

i. Deliberated on the Group's financial performance, business development, management and corporate issues and recommendation for approvals of any key business strategies and actions that may affect the Group.
ii. Discussed the implications of any changes and pronouncements on the Company and the Group, which were issued by the accountancy, statutory and regulatory bodies.
iii. Reviewed any related party transaction that may arise within the Group on quarterly basis.
iv. Reviewed and confirmed the minutes of the ARC meetings for the FPE 2020.

4. INTERNAL AUDIT FUNCTION

The Board of Directors and the ARC are assisted by the in-house Internal Audit and Risk Assurance Department in maintaining a sound system of internal control. The Internal Audit and Risk Assurance Department reports directly to the ARC on the performance of its duties and is guided by its Audit Charter in its independent appraisals.

The primary role of internal audit is to provide independent assurance to the Board that:

(a) The Group's policies and guidelines have been communicated, implemented and are working as intended; and
(b) Risk areas have been identified and there are effective internal control systems over all aspects of the Group's business and operations.

The Internal Audit and Risk Assurance Department is responsible for developing and executing an effective audit plan to provide the Board with assurance that the systems of internal control and of the Group achieved the following:

(a) The business is planned and conducted in an orderly, prudent, efficient and cost-effective manner;
(b) Transactions and commitments are entered into in accordance with management authority;

(c) Management is able to safeguard the assets and control the liabilities of the Group, i.e. there are measures to minimise and to detect the loss from irregularities, fraud and errors; and
(d) The accounting and other records of the business provide complete, accurate and timely information.

The Internal Audit and Risk Assurance Department provides independent assurance to the Board that the Group's policies and guidelines pertaining to internal control have been incorporated in the practices of the Group's business. In addition, it identifies risk areas and ensures that there are effective internal control systems in place to mitigate these risks.

During the FPE 2020, Risk Based Internal Audit Reports were prepared by the Internal Audit and Risk Assurance Department incorporating key issues, audit implication and actions being taken by the management were tabled to the ARC. These reports raised key issues relating to management of risks through effective internal controls. Follow-up audits were also conducted and the status of implementation on the agreed upon actions were tabled to the ARC. In addition, compilation of the Risk Register for the Group were prepared and presented for deliberation at the ARC.

Moving forward, the internal audit function will enhance its risk-based auditing techniques, the level of staff expertise, internal controls and corporate governance processes to assist the Group in achieving its corporate goals.

The total cost incurred for the internal audit function of the Group in respect of the FPE 2020 (18 months) is approximately RM228,985.76 [2018: RM112,042.00 (12 months)]

Statement of Directors' Responsibility

In accordance with the provisions of the Companies Act 2016 ("**CA 2016**") and the applicable approved accounting policies, the Directors are required to prepare financial statements that give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial period and the results and cash flows for that period then ended.

The Directors consider that, in preparing the audited annual financial statements:

- the Group and the Company had used appropriate accounting policies which are consistently applied;
- reasonable and prudent judgments and estimates were made; and
- complete disclosures of all information required under the CA 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad have been made and complied with.

The Directors are responsible for ensuring that the Company maintains accounting records that disclose with reasonable accuracy the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the CA 2016.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group and the Company, and to prevent and detect fraud and other irregularities.

FINANCIAL STATEMENTS

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial period ended 30 June 2020.

Principal Activities

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of its subsidiary companies are disclosed in Note 10 to the financial statements.

There have been no significant changes in the nature of these activities during the financial period.

Change of Financial Year End

The financial year end of the Company was changed from 31 December to 30 June, accordingly, the current financial statements are prepared for eighteen months from 1 January 2019 to 30 June 2020. As a result, the comparative figures stated in the statements of profit or loss and other comprehensive income, statements of changes of equity and statements of cash flows and the related notes are not comparable.

Financial Results

	Group RM '000	Company RM '000
Profit for the financial period/year	3,012	15,395
Attributable to:		
Owners of the parent	4,968	-
Non-controlling interests	(1,956)	-
	3,012	15,395

Reserves and Provisions

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

Dividends

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Board of Directors does not recommend any dividend in respect of the current financial period.

Issue of Shares and Debentures

During the financial period, the Company increased its issued and fully paid up share capital from RM321,762,271 to RM324,862,271 by way of conversion of Redeemable Convertible Notes of 25,833,330 ordinary shares of RM0.12 each amounting to RM3,100,000.

The new ordinary shares issued during the financial period shall rank pari passu in all respects with the existing ordinary shares of the Company.

There was no issuance of debentures during the financial period.

Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial period.

Warrants 2018/2021

On 14 August 2018, the Company allotted 155,681,114 warrants on the basis of 1 warrant for 2 existing ordinary shares of the Company.

The warrants were constituted under deed poll dated as disclosed in the Note 21 to the financial statements.

Redeemable Convertible Notes ("RCN")

The salient terms of the issuance and conversion of the RCN are disclosed in Note 22 to the financial statements.

Directors

The Directors in office since the beginning of the financial period until the date of this report are:

Tan Sri Abd Rahim Bin Mohamad	
Puan Sri Fadzilah Binti Md Ariff	
Datuk Mohamed Salleh Bin Bajuri	
Dato' Anuarudin Bin Mohd Noor	
Datuk Seri Ahmad Bin Hj. Kabit	
Dato' Nik Mohd Fuad Bin Wan Abdullah	
Dato' Abdullah Bin A.Rasol	(demised on 1 July 2020)

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) since the beginning of the financial period up to the date of this report:

Fara Nadia Binti Abd Rahim	
Dato' Mohd Ramli Bin Mohamad	
Datin Fara Ikma Binti Abd Rahim	
Fara Suria Binti Abd Rahim	
Ting Kam Cheong	
Dato' Ghazali Bin Mat Ariff	
Datuk Fakhri Yassin Bin Mahiaddin	
Kamarul Baharin Bin Che Mohamed	
Dato' Ahmad Tasnim Bin Jaafar	(appointed w.e.f. 5 August 2019)
Tengku Zuhri Bin Tengku Abdul Aziz	(appointed w.e.f. 5 August 2019)
Shamsul Qamar Bin Mohamed *	
Mohd Fikri Bin Ahmad Zaighu *	
Muhamad Anuar Bin Mat Bakar	(resigned on 4 November 2019)
Lew Min Fatt	(resigned on 8 April 2019)

* *Being the director for Edisi Unggul Facility Management Sdn. Bhd. which was struck off during the financial period under Section 551 of the Companies Act.*

The information required to be disclosed pursuant to Section 253 of the Companies Act 2016 in Malaysia is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and made a part hereof.

Directors' Interests in Shares

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial period end according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.1.2019	**Bought**	**Sold**	**At 30.6.2020**
Interests in the Company:				
Direct interests				
Puan Sri Fadzilah Binti Md Ariff	4,861,900	-	-	4,861,900
Datuk Mohamed Salleh Bin Bajuri	375,000	-	-	375,000
Dato' Anuarudin Bin Mohd Noor	20,000	-	-	20,000
Indirect interests				
Tan Sri Abd Rahim Bin Mohamad *	86,687,591	-	-	86,687,591
Puan Sri Fadzilah Binti Md Ariff#	8,893,300	-	-	8,893,300
Interests in the immediate holding company, ZESB:				
Direct interests				
Tan Sri Abd Rahim Bin Mohamad	5,000,000	-	-	5,000,000

* *By virtue of his interest in Zil Enterprise Sdn. Bhd. ("ZESB") and his daughter's shareholding in the Company, who is not a director of the Company.*

\# *By virtue of her daughter's shareholding in the Company, who is not a director of the Company*

By virtue of his interests in the shares of the Company, Tan Sri Abd Rahim Bin Mohamad deemed to have interest in the shares of all the subsidiary companies during the financial period to the extent the Company has an interest under Section 8 of the Companies Act 2016 in Malaysia.

None of the other Directors in office at the end of the financial period had any interest in shares in the Company or its related corporations during the financial period.

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Note 41(c) to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial period, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate other than the share issuance scheme.

Indemnity and Insurance Costs

There was no indemnity given to or insurance effected for any Directors, officers and auditors of the Company in accordance with Section 289 of the Companies Act 2016 in Malaysia.

Other Statutory Information

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the values of the current assets as shown in the accounting records of the Group and of the Company has written down to an amount which the current assets might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances:

(i) which would render it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or

(iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(c) At the date of this report, there does not exist:

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial period which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial period.

(d) In the opinion of Directors:

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

(ii) the result of the operations of the Group and of the Company during the financial period were not substantially affected by any item, transaction or event of a material and unusual nature; and

(iii) there has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial period in which this report is made.

Immediate Holding Company

The Directors regard Zil Enterprise Sdn. Bhd., a private limited liability company, incorporated and domiciled in Malaysia, as the immediate holding company.

Subsidiary Companies

The details of the subsidiary companies are disclosed in Note 10 to the financial statements.

Significant Event

The details of the significant event is disclosed in Note 48 to the financial statements.

Auditors

The Auditors, Messrs. UHY, have expressed their willingness to continue in office.

The details of auditors' remuneration are set out in Note 35 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 22 October 2020.

TAN SRI ABD RAHIM BIN MOHAMAD

DATO' ANUARUDIN BIN MOHD NOOR

KUALA LUMPUR

STATEMENTS BY DIRECTORS AND STATUTORY DECLARATION

STATEMENTS BY DIRECTORS
Pursuant to Section 251(2) of the Companies Act 2016 in Malaysia

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 80 to 180 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020 and of their financial performance and their cash flows for the financial period ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 22 October 2020.

TAN SRI ABD RAHIM BIN MOHAMAD	**DATO' ANUARUDIN BIN MOHD NOOR**

KUALA LUMPUR

STATUTORY DECLARATION
Pursuant to Section 251(1) of the Companies Act 2016 in Malaysia

I, Dato' Nik Mohd Fuad bin Wan Abdullah, being the Director primarily responsible for the financial management of Eden Inc. Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 80 to 180 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed)
at Kuala Lumpur in the Federal Territory on 22 October)
2020)

DATO' NIK MOHD FUAD BIN WAN ABDULLAH

Before me,

COMMISSIONER OF OATHS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EDEN INC. BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Eden Inc. Berhad, which comprise the statements of financial position as at 30 June 2020 of the Group and of the Company, and the statements of profit and loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 80 to 180.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020, and of their financial performance and their cash flows for the financial period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis of Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainties related to going concern

We draw attention to Note 2(a) to the financial statements, which indicates that as of 30 June 2020, the current liabilities of the Group and of the Company exceeded the current assets by RM48.33 million and RM83.37 million respectively. In addition, the Group and the Company reported negative operating cash flows of RM2.16 million and RM10.35 million respectively.

As stated in Note 2(a) , these events or conditions, along with other matters as set forth in Note 2, indicate that significant material uncertainties exist that may cast significant doubt on the Group's and the Company's abilities to continue as going concern. Our opinion is not modified in respect of this matter.

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

Independence and Other Ethical Requirements

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International *Code of Ethics for Professional Accountants* (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and IESBA Code.

Key Audit Matters

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

Key audit matters	How we addressed the key audit matters
1. **Fair value of investment properties**	
As at 30 June 2020, the Group's investment properties carried at fair value amounted to RM209.87 million. The investment properties comprise various categories of properties such as leasehold lands, buildings, shoplot and retail units and commercial space. The valuations of the investment properties through investment and direct comparison methods were performed by independent external valuers.	Our audit procedures performed in this area included, among others: • We reviewed the external valuation reports of the investment properties from independent valuers and discussed the valuation methodologies and assumptions used in the valuation with the independent professional valuers; • We assessed the reasonableness of the inputs underpinning the valuation and challenged the valuers on judgements and estimates used; • We discussed with valuers to understand the basis of adjustments made to transacted price per square foot of comparable properties by considering factors related to the characteristics of the property, such as location, accessibility to the location, terrain, lot size and shape, tenure and comparable transacted dates; • We have assessed the capabilities, competency and objectivity of the independent external valuers through verification of their qualifications and registration;

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

Key Audit Matters (Cont'd)

Key audit matters	How we addressed the key audit matters
1. **Fair value of investment properties (Cont'd)** We have identified the fair value of investment properties as a key audit matter due to complexities in determining the fair value of the investment properties, which involved significant estimates and judgements in determining the appropriate valuation methods and developing the underlying assumptions to be applied.	Our audit procedures are included, among others: (Cont'd) • We reviewed and assessed the appropriateness and adequacy of the disclosures in the financial statements; • We challenged the significant assumptions and critical judgement areas, including appropriateness of the rental rates, discount rates, estimated market yield and occupancy rates used; and • We assessed whether the valuation methodologies were consistent with those used in the prior year and commonly used for the types of investment properties being valued.
2. **Deferred tax assets related to energy segment** The Group has recognised deferred tax assets arising from deductible temporary differences, carryforward of unused tax losses, unabsorbed capital allowances and investment tax allowances to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. We focused on this area because there are judgement and estimations involved in assessing the recoverability of recognised deferred tax assets that sufficient future taxable profits will be generated before the unused tax losses or unused tax credits expire.	Our audit procedures performed in this area included, among others: • We verified the consistency of profit forecast and projections used in the recoverability test for deferred tax assets with those used for impairment assessment; • We evaluated revenue production rate assumptions by assessing the reasonableness of the estimated revenue production volume and rates by comparing them to the historical performance of the power plants and power plant agreements signed including the natural disaster; • We tested the mathematical accuracy of the profit forecast and projections calculation; and • We performed sensitivity analysis to stress test the key assumptions and inputs used in the profit forecast and projections.

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

Key Audit Matters (Cont'd)

Key audit matters	How we addressed the key audit matters
3. **Recoverability of amount due from holding company, Zil Enterprise Sdn. Bhd. ("ZESB")**	
As at 30 June 2020, the carrying amount of the Group's amount due from holding company amounted to RM49.39 million representing approximately 13% of the Group's total assets as at reporting date. The assessment of recoverability of amount due from ZESB involved judgements and estimation uncertainty in the computation of present value of estimated future cash flows receivable from ZESB derived from the net sales proceeds from the planned disposal of certain identified lands of ZESB. Due to the significance of the amount and the subjective nature of the impairment review, we consider this to be an area of audit focus.	Our audit procedures performed in this area included, among others: • We obtained an understanding of the justification in making accounting estimates on the recoverable amount for impairment assessment and evaluated the assumptions applied in determining the expectation of amount and timing of receipts; • We enquired the management on the progress of the planned disposal of land • We obtained confirmation from ZESB regarding the amount owing from the Group; and • We have checked the private caveat of the land that ZESB has agreed and consented to the lodgement made by the Group to secure the payment of the debt in future and measure the recoverability by comparing the market value of the land with the balance of the debt.

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

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatements of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatements when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

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

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (Cont'd)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary companies of which we have not acted as auditors, are disclosed in Note 10 to the financial statements.

OTHER MATTERS

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

2. The financial statements of Eden Inc. Bhd. for the financial year ended 31 December 2018 were audited by another auditor who expressed an unmodified opinion with emphasis of matter paragraph to highlight the material uncertainties related to going concern on these statements on 24 April 2019.

UHY
Firm Number: AF 1411
Chartered Accountants

LIM WAN YINN
Approved Number: 03262/04/2021 J
Chartered Accountant

KUALA LUMPUR

22 October 2020

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2020

		Group		Company	
		2020	2018	2020	2018
			Restated		Restated
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	50,575	67,001	9	3
Right-of-use assets	5	22,614	-	538	-
Finance lease receivables	6	-	11,772	-	-
Land use rights	7	-	1,116	-	-
Investment properties	8	209,872	192,293	190,489	171,889
Deferred tax assets	9	35,922	40,309	699	1,216
Investment in subsidiary companies	10	-	-	21,819	29,390
Investment in associate company	11	-	40	-	40
Amount due from immediate holding company	12	34,188	63,805	-	-
Amount due from subsidiary companies	13	-	-	123,262	132,988
Trade receivables	14	452	-	-	-
Other investments	15	54	8	40	6
		353,677	376,344	336,856	335,532
Current Assets					
Inventories	16	4,552	12,473	-	-
Trade receivables	14	1,813	5,994	-	-
Other receivables	17	2,729	2,785	153	149
Finance lease receivables	6	-	765	-	-
Amount due from immediate holding company	12	15,198	-	-	-
Amount due from subsidiary companies	13	-	-	853	3,404
Amount due from associate company	18	-	7	-	-
Tax recoverable		157	298		
Fixed deposits	19	377	8,420	281	269
Cash and bank balances		8,817	2,865	98	86
		33,643	33,607	1,385	3,908
Total Assets		387,320	409,951	338,241	339,440

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2020 (CONT'D)

		Group		Company	
		2020	2018	2020	2018
			Restated		Restated
	Note	RM'000	RM'000	RM'000	RM'000
EQUITY					
Share capital	20	324,862	321,762	324,862	321,762
Redeemable convertible notes ("RCN")	22	-	86	-	86
Fair value reserve	23	46	-	34	-
Accumulated losses		(84,235)	(84,043)	(85,428)	(100,783)
Equity attributable to owners of the parent		240,673	237,805	239,468	221,065
Non-controlling interests		(249)	1,707	-	-
Total Equity		240,424	239,512	239,468	221,065
LIABILITIES					
Non-Current Liabilities					
Borrowings	24	38,000	30,000	-	-
Lease liabilities	25	3,585	-	119	-
Finance lease liabilities	26	-	486	-	-
Deferred income	27	1,634	3,105	1,634	3,105
Deferred tax liabilities	9	21,702	14,549	12,262	4,934
		64,921	48,140	14,015	8,039
Current Liabilities					
Trade payables	28	3,418	15,054	-	-
Other payables	29	51,443	42,935	20,018	20,023
Borrowings	24	13,575	50,046	6,075	26,701
Lease liabilities	25	1,327	-	460	-
Finance lease liabilities	26	-	394	-	-
Amount due to				-	-
subsidiary companies	13	-	-	54,841	61,033
Amount due to				-	-
associate company	18	-	22	-	22
Redeemable convertible notes ("RCN")	22	-	487	-	487
Deferred income	27	1,477	3,589	981	981
Tax payable		10,735	9,772	2,383	1,089
		81,975	122,299	84,758	110,336
Total Liabilities		146,896	170,439	98,773	118,375
Total Equity and Liabilities		387,320	409,951	338,241	339,440

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

		Group		Company	
		01.01.2019 to 30.06.2020	01.01.2018 to 31.12.2018 Restated	01.01.2019 to 30.06.2020	01.01.2018 to 31.12.2018 Restated
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	30	82,653	61,060	2,042	2,140
Cost of sales	31	(43,416)	(43,028)	-	-
Gross profit		39,237	18,032	2,042	2,140
Finance income	32	203	3,794	8,066	5,323
Other income	33	46,888	4,844	38,468	2,102
Net losses on impairment of financial assets	35	(3,418)	(113)	(1,956)	(100)
Administrative expenses		(57,837)	(31,026)	(20,008)	(42,401)
Finance costs	34	(6,459)	(7,567)	(1,361)	(3,352)
Profit/(Loss) before taxation	35	18,614	(12,036)	25,251	(36,288)
Taxation	36	(15,602)	1,168	(9,856)	118
Profit/(Loss) for the financial period/year		3,012	(10,868)	15,395	(36,170)
Other comprehensive income:					
Item that are or may be reclassified subsequently to profit or loss					
Net changes in fair value of equity investment		46	-	34	-
Total comprehensive income for the financial period/year		3,058	(10,868)	15,429	(36,170)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (CONT'D)

		Group		Company	
		01.01.2019 to 30.06.2020	01.01.2018 to 31.12.2018 Restated	01.01.2019 to 30.06.2020	01.01.2018 to 31.12.2018 Restated
	Note	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) for the financial period/year attributable to:					
Owners of the parent		4,968	(9,725)	15,395	(36,170)
Non-controlling interests		(1,956)	(1,143)	-	-
		3,012	(10,868)	15,395	(36,170)
Total comprehensive income/ (loss) attributable to:					
Owners of the parent		5,014	(9,725)	15,429	(36,170)
Non-controlling interests		(1,956)	(1,143)	-	-
		3,058	(10,868)	15,429	(36,170)
Earnings/(Loss) per share:					
Basic (sen)	39 (a)	1.26	(2.94)		
Diluted (sen)	39 (b)	1.26	(1.31)		

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

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

Company	Note	Share Capital RM'000	Non-distributable Redeemable Convertible Notes RM'000	Non-distributable Fair Value Reserve RM'000	Accumulated Losses RM'000	Total RM'000
As at 1 January 2019,		321,762	86	-	(100,783)	221,065
Effect of adopting MFRS 16	2 (a)	-	-	-	(40)	(40)
As at January 2019, as restated		321,762	86	-	(100,823)	221,025
Profit for the financial period, representing total comprehensive income for the financial period		-	-	-	15,395	15,395
Net changes in fair value of equity investment		-	-	34	-	34
Total comprehensive income for the financial period		-	-	34	15,395	15,429
Transactions with owners:						
Issuance of shares pursuant to conversion of Redeemable Convertible Notes	22	3,100	(86)	-	-	3,014
As at 30 June 2020		324,862	-	34	(85,428)	239,468

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (CONT'D)

		Attributable to Owners of the Parent					
		Non -distributable					
Group	Note	Share Capital RM '000	Redeemable Convertible Notes RM '000	Accumulated Losses RM '000	Total RM '000	Non - Controlling Interests RM '000	Total Equity RM '000
As at 1 January 2018,							
as previously reported		311,362	-	(67,336)	244,026	2,982	247,008
Effect of adopting MFRS 9		-	-	(1,003)	(1,003)	-	(1,003)
		311,362	-	(68,339)	243,023	2,982	246,005
Prior year adjustments	47	-	-	(5,979)	(5,979)	(132)	(6,111)
As at 1 January 2018, restated		311,362	-	(74,318)	237,044	2,850	239, 894
Loss for the financial year,							
representing total comprehensive							
loss for the financial year		-	-	(9,725)	(9,725)	(1,143)	(10,868)
Transactions with owners:							
Equity component of RCN in issue	22	-	86	-	86	-	86
Issuance of shares pursuant to							
conversion of Redeemable							
Convertible Notes	22	10,400	-	-	10,400	-	10,400
As at 31 December 2018		321,762	86	(84,043)	237,805	1,707	239,512

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (CONT'D)

Company	Note	Non -distributable Share Capital RM '000	Redeemable Convertible Notes RM '000	Fair Value Reserve RM '000	Accumulated Losses RM '000	Total RM '000
As at 1 January 2019,		321,762	86	-	(100,783)	221,065
Effect of adopting MFRS 16	2 (a)	-	-	-	(40)	(40)
As at January 2019, as restated		321,762	86	-	(100,823)	221, 025
Profit for the financial period, representing total comprehensive income for the financial period		-	-	-	15,395	15,395
Net changes in fair value of equity investment		-	-	34	-	34
Total comprehensive income for the financial period		-	-	34	15,395	15,429
Transactions with owners:						
Issuance of shares pursuant to conversion of Redeemable Convertible Notes	22	3,100	(86)	-	-	3,014
As at 30 June 2020		324,862	-	34	(85,428)	239,468

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (CONT'D)

	Note	Share capital RM'000	Redeemable Convertible Notes RM'000	Accumulated Losses RM'000	Total Equity RM'000
Company					
As at 1 January 2018, as previously reported		311,362	-	(63,150)	248,212
Prior year adjustments	47	-		(1,463)	(1,463)
As at 1 January 2018, restated		311,362	-	(64,613)	246,749
Loss for the financial year, representing total comprehensive loss for the financial year		-	-	(36,170)	(36,170)
Transactions with owners:					
Equity component of RCN in issue	22	-	86	-	86
Issuance of shares pursuant to conversion of Redeemable Convertible Notes	22	10,400	-	-	10,400
As at 31 December 2018		321,762	86	(100,783)	221,065

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

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

		Group		Company	
		2020	2018 Restated	2020	2018 Restated
	Note	RM'000	RM'000	RM'000	RM'000
Cash Flows From Operating Activities					
Profit/(Loss) before taxation		18,614	(12,036)	25,251	(36,288)
Adjustments for:					
Amortisations of:					
- deferred income	27	(2,277)	(2,277)	-	-
- land use rights	7	-	32	-	-
Bad debts written off		549	-	-	-
Depreciations of:					
- property, plant and equipment	4	6,093	11,768	1	-
- right-of-use assets	5	3,898	-	645	-
Dividend income		(4)	-	(2)	-
Fair value (gain)/loss of investment properties	8	(23,457)	810	(24,657)	2,032
Gain on disposals of:					
- property, plant and equipment		(429)	(611)	-	-
- right-of-use assets		(3)	-	-	-
- investment properties		(10,954)	-	(10,954)	-
- subsidiary company		-	(9)	-	
Impairment losses on:					
- investment in subsidiary companies		-	-	7,571	31,963
- investment in associate		40	-	40	-
- trade receivables		2,824	113	-	-
- other receivables		81	-	-	-
- property, plant and equipment		-	23	-	-
- amount due from subsidiary companies		-	-	1,956	100
- amount due from immediate holding company		1,896	-	-	-
Reversal of impairment loss on:					
- trade receivables		(1,383)	-	-	-
Interest expenses	34	6,459	7,567	1,361	3,352
Interest income	32	(203)	(3,794)	(8,066)	(5,323)
Inventories written off		1,636	-	-	-
Inventories written down		1,439	1,836	-	-
Property, plant and equipment written off	4	81	-	-	-
Unrealised loss/(gain) on foreign exchange		15	(114)	15	(114)
Waiver of debts		(5,630)	-	(157)	-
Operating (loss)/profit before working capital changes		(715)	3,308	(6,996)	(4,278)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (CONT'D)

		Group		Company	
		2020	2018 Restated	2020	2018 Restated
	Note	RM'000	RM'000	RM'000	RM'000
Cash Flows From Operating Activities (Cont'd)					
Changes in working capital:					
Inventories		4,846	2,238	-	-
Trade receivables		1,739	(6,876)	-	-
Other receivables		(25)	695	(4)	774
Deferred income		(1,306)	-	(1,471)	-
Trade payables		(11,516)	(3,442)	-	-
Other payables		14,000	-	129	(5,039)
Amount due from associated company		5	-	(2)	-
		7,743	(7,385)	(1,348)	(4,265)
Cash generated from/(used in) operations		7,028	(4,077)	(8,344)	(8,543)
Interest paid		(6,459)	(7,567)	(1,361)	(3,352)
Interest received		203	3,794	45	5,323
Tax refunded		65	-	-	-
Tax paid		(2,998)	(674)	(689)	(386)
		(9,189)	(4,447)	(2,005)	1,585
Net cash used in operating activities		(2,161)	(8,524)	(10,349)	(6,958)
Cash Flows From Investing Activities					
Dividend received		4	-	2	-
Purchases of:					
- property, plant and equipment	4	(1,429)	(709)	(7)	(4)
- right-of-use assets	5(b)	(272)	-	-	-
Proceeds from disposals of:					
- property, plant and equipment		444	553	-	-
- right-of-use assets		34	-	-	-
- investment properties		17,011	-	17,011	-
- subsidiary company		-	74	-	-
Net changes in amount due from/to immediate holding company		12,523	14,540	-	-
Net cash from/(used in) investing activities		28,315	14,458	17,006	(4)

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (CONT'D)

		Group		Company	
		2020	2018 Restated	2020	2018 Restated
	Note	RM'000	RM'000	RM'000	RM'000
Cash Flows From Financing Activities					
Net changes in amount due from/to subsidiary companies		-	-	12,152	1,369
Decrease/(Increase) in fixed deposits pledged		8,043	(7,241)	(12)	(8)
Proceeds from issue of share capital	20	3,100	10,400	3,100	10,400
Proceeds from term loan		45,000	-	-	-
Repayment of Sukuk Musharakah		(40,000)	(10,000)	-	-
Repayment of lease liabilities	25	(2,259)	-	(644)	-
Repayment of finance lease liabilities		-	(280)	-	-
Repayment of term loans		(23,988)	(11,014)	(21,241)	(8,766)
Net cash (used in)/from financing activities		(10,104)	(18,135)	(6,645)	2,995
Net increase/(decrease) in cash and cash equivalents		16,050	(12,201)	12	(3,967)
Cash and cash equivalents at the beginning of the financial period/year		(10,233)	1,968	86	4,053
Cash and cash equivalents at the end of the financial period/year		5,817	(10,233)	98	86
Cash and cash equivalents at the end of the financial period/year comprises:					
Cash and bank balances		8,817	2,865	98	86
Fixed deposits	19	377	8,420	281	269
Bank overdraft	24	(3,000)	(13,098)	-	-
		6,194	(1,813)	379	355
Less: Pledged fixed deposits	19	(377)	(8,420)	(281)	(269)
		5,817	(10,233)	98	86

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020

1. Corporate Information

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

The principal place of business of the Company is located at 15th Floor, Amcorp Tower, Amcorp Trade Centre, 18, Jalan Persiaran Barat, Off Jalan Timur, 46050 Petaling Jaya, Selangor Darul Ehsan.

The registered office of the Company is located at 15th Floor, Amcorp Tower, Amcorp Trade Centre, 18, Jalan Persiaran Barat, Off Jalan Timur, 46050 Petaling Jaya, Selangor Darul Ehsan.

The Directors regard Zil Enterprise Sdn. Bhd., a private limited liability company, incorporated and domiciled in Malaysia, as the immediate holding company.

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of the subsidiary companies are disclosed in Note 10 to the financial statements. There have been no significant changes in the nature of these activities during the financial period.

2. Basis of Preparation

(a) Statements of compliance

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

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

The financial year end of the Group and of the Company was changed from 31 December to 30 June, accordingly, the current financial statements are prepared for eighteen months from 1 January 2019 to 30 June 2020. As a result, the comparative figures stated in the statements of profit or loss and other comprehensive income, statements of changes of equity and statements of cash flows and the related notes are not comparable.

Going Concern Basis

As of 30 June 2020, the current liabilities of the Group and of the Company exceeded the current assets by RM48.33 million (2018: RM88.69 million) and RM83.37million (2018: RM106.43 million) respectively. In addition, the Group and the Company reported negative operating cash flows of RM2.16 million (2018: RM8.52 million) and RM10.35 million (2018: RM6.96 million) respectively.

These factors indicate the existence of significant material uncertainties that may cast significant doubt on the Group's and on the Company's abilities to continue as going concerns. Nevertheless, the financial statements of the Group and of the Company have been prepared on a going concern basis. The abilities of the Group and of the Company to continue as going concerns are dependent on the continued support of their lenders, the timely and successful recommission of Libaran Power Plant as well as the sustainability and profitability of the entire power plant in the future, the timely collection of the amount due from its holding company, ZESB and the timely completion of the planned disposal of investment properties.

During the financial period, the Group has obtained banking facilities of RM8.50 million which have yet to drawdown as of the reporting date. Also, the Company has issued Redeemable Convertible Notes ("RCN") of RM 2.50 million during the financial period and has unissued Tranche 1 RCN Notes amounting to RM6.50 million as of the reporting date. The Group and the Company would have available fund to improve the business operations, profitability and cash flows of the Group and of the Company to continue as going concern.

The financial statements of the Group and of the Company do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Group and the Company be unable to continue as going concerns.

2. Basis of Preparation (Cont'd)

(a) Statements of compliance (Cont'd)

Adoption of new and amended standards

During the financial period, the Group and the Company have adopted the following new MFRSs, new interpretation and amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial period:

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Plan Amendments, Curtailment or Settlement
Amendments to MFRS 128	Long-term interests in Associates and Joint Venture
Amendments to MFRS 15	Clarification to MFRS 15
Amendments to MFRS 140	Transfers of Investment Property
Annual Improvements to MFRSs 2015 – 2017 Cycle	Amendments to MFRS 3 Amendments to MFRS 11 Amendments to MFRS 112 Amendments to MFRS 123

The adoption of the new MFRSs, new interpretations and amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company, except for:

<u>MFRS 16 *Leases*</u>

MFRS 16, which upon the effective date will supersede MFRS 117 *Leases*, IC Interpretation 4 *Determine whether an Arrangement contains a Lease*, IC Interpretation 115 *Operating Leases – Incentives* and IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

As a result of the adoption of MFRS 16, the existing requirements for a lessee to distinguish between finance leases and operating leases under the MFRS 117 Leases are no longer required. MFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use ("ROU") asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the ROU asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statements of cash flows.

The ROU asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

As permitted by the transitional provision of MFRS 16, the Group and the Company have elected to adopt a simplified transition approach where cumulative effects of initial application are recognised on 1 January 2019 as an adjustment to the opening balance of retained earnings.

For leases that were classified as finance lease under MFRS 117, the carrying amounts of the ROU asset and the lease liability at 1 January 2019 are determined to be the same as the carrying amount of the lease asset and lease liability under MFRS 117 immediately before that date.

2. Basis of Preparation (Cont'd)

(a) Statements of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

MFRS 16 *Leases* (Cont'd)

The Group and the Company have also applied the following practical expedients when applying MFRS 16 to lease previously classified as operating lease under MFRS 117:

- Applied a single discount rate to portfolio of leases with reasonably similar characteristics.
- The Group and the Company do not apply the standard to leases which lease terms end within 12 months from 1 January 2019.
- No adjustments are made on transition for leases for which the underlying assets are of low value.
- The Group and the Company use hindsight in determining lease terms for contracts that contain options for extension or termination.

As a result, the leasehold land and building under property, plant and equipment classification and prepaid lease payments (or land use rights) have been reclassified to ROU assets on 1 January 2019 for the Group and for the Company.

Impact arising from the adoption of MFRS 16 on the financial statements:

Statements of Financial Position

	As at 1.1.2019 RM'000	MFRS 16 adjustments RM'000	As at 1.1.2019, restated RM'000
Group			
Property, plant and equipment	67,001	(11,487)	55,514
Finance lease receivables	12,537	(12,537)	-
Land use rights	1,116	(1,116)	-
Right-of-use assets	-	23,911	23,911
Accumulated losses	84,043	5,160	89,203
Finance lease liabilities	(880)	880	-
Lease liabilities	-	(4,811)	(4,811)
Company			
Right-of-use assets	-	1,183	1,183
Accumulated losses	100,783	40	100,823
Lease liabilities	-	(1,223)	(1,223)

2. **Basis of Preparation (Cont'd)**

(a) **Statements of compliance (Cont'd)**

Standards issued but not yet effective

The Group and the Company have not applied the following new MFRSs and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and for the Company:

		Effective dates for financial periods beginning on or after
Amendments to References to the Conceptual Framework in MFRS Standards		1 January 2020
Amendments to MFRS 3	Definition of a Business	1 January 2020
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9	17 August 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2	1 January 2021
Amendments to MFRS 101 and MFRS 108	Definition of Material	1 January 2020
Amendments to MFRS 16	Covid-19-Related Rent Concessions	1 June 2020
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023

2. Basis of Preparation (Cont'd)

(a) Statements of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

		Effective dates for financial periods beginning on or after
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current—Deferral of Effective Date	17 August 2020
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	Amendments to MFRS 1 Amendments to MFRS 9 Amendments to MFRS 16 Amendments to MFRS 141	1 January 2022
Amendments to MFRS 10 and MFRS 128	Sale of Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments from the annual period beginning on 1 July 2020 for those accounting standards and amendments that are effective for annual periods beginning on or after 1 July 2020.

The initial application of the accounting standards or amendments are not expected to have any material financial impacts to the current period's and prior year's financial statements of the Group and of the Company.

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

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

<u>Classification between investment properties and property, plant and equipment</u>

The Group and the Company have developed certain criteria based on MFRS 140 *Investment Property* in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

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

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

<u>Determining the lease term of contracts with renewal and termination options - Group and Company as lessee</u>

The Group and the Company determine the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group and the Company have several lease contracts that include extension and termination options. The Group and the Company apply judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group and the Company reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group and the Company include the renewal period as part of the lease term for leases of land and building with non-cancellable period included as part of the lease term as these are reasonably certain to be exercised because there will be a significant negative effect on operation if a replacement asset is not readily available. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

<u>Impairment of property, plant and equipment - power plants</u>

The Group assesses whether there is any indication that an asset is impaired at the end of each reporting period. Impairment is measured by comparing the carrying amount of an asset with its recoverable amount. The recoverable amount is measured at the higher of the fair value less cost to sell and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are calculated based on historical, sector and industry trends, general market, economic conditions, changes in technology and other available information after due consideration of the revenue production volume and rates. Changes to any of these assumptions would affect the amount of impairment. Power generating assets at Libaran Power Station has been fully depreciated to the residual value since previous financial year due to a history of recent business losses.

<u>Useful lives/depreciation of property, plant and equipment and right-of-use ("ROU") assets and residual value of plants and machinery</u>

The Group and the Company regularly review the estimated useful lives of property, plant and equipment and ROU assets based on factors such as business plan and strategies, expected level of usage and future technological developments. Management estimates the useful lives of the power plants to be within 30 years based on the number of years of the licenses granted to operate. Management estimates the life span of these livestocks classified under property, plant and equipment to be within 10 years. The life span may be affected by diseases, nutrition and management of livestocks in captivity. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment and ROU assets would increase the recorded depreciation and decrease the value of property, plant and equipment and ROU assets. The carrying amount at the reporting date for property, plant and equipment and ROU assets are disclosed in Notes 4 and 5 respectively to the financial statements.

Residual values of the plant and machinery are based on the market valuation at the reporting date. The valuation were performed by accredited independent valuers with recent experience in the industry.

<u>Impairment of investment in subsidiary companies</u>

The Company reviews its investments in subsidiary companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount at the reporting date for investments in subsidiary companies is disclosed in Note 10 to the financial statements.

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 16 to the financial statements.

Determination of transaction prices

The Group and the Company required to determine the transaction price in respect of each of its contracts with customers. In making such judgment the Group and the Company assess the impact of any variable consideration in the contract, due to discounts, the existence of any significant financing component and any non-cash consideration in the contract.

There is no estimation required in determining the transaction price, as revenue from sale of goods are based on invoiced values. Discounts are not considered as they are only given in rare circumstances and are never material.

Fair value of investment properties

The Group and the Company carry their investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group and the Company engaged independent valuation specialists to assess fair value as at 30 June 2020 for investment properties. For investment properties, valuation methodologies based on sales comparison approach and investment approach were used. The key assumptions used to determine the fair value of the properties are provided in Notes 8 to the financial statements.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances, unabsorbed investment tax allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances, unabsorbed investment tax allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of recognised and unrecognised deferred tax assets are disclosed in Note 9 to the financial statements.

Provision for expected credit loss of financial assets at amortised cost

The Group and the Company review the recoverability of their receivables at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and on the Company's past history, existing market conditions at the end of each reporting period.

The Group and the Company use a provision matrix to calculate expected credit loss for their receivables. The provision rates are based on number of days past due.

2. **Basis of Preparation (Cont'd)**

(c) **Significant accounting judgements, estimates and assumptions (Cont'd)**

Key sources of estimation uncertainty (Cont'd)

Provision for expected credit loss of financial assets at amortised cost (Cont'd)

The provision matrix is initially based on the Group's and the Company's historical observed default rates. The Group and the Company will calibrate the matrix to adjust the historical credit loss experience. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed, if any.

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit loss is a significant estimate. Information about the expected credit loss is disclosed in Note 14 to the financial statements.

Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group and the Company use the incremental borrowing rates to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group and the Company would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group and the Company estimate the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group and the Company recognise liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 30 June 2020, the Group and the Company have tax payable of RM 10.74 million (31.12.2018: RM9.77 million) and RM2.38 million (31.12.2018: RM1.09 million) respectively and tax recoverable of RM0.16 million (31.12.2018: RM0.30 million) and RM Nil (2018: RM Nil) respectively.

3. **Significant Accounting Policies**

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) **Basis of consolidation**

(i) **Subsidiary companies**

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group 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. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

Acquisition-related costs are expensed in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combinations occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one period from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(l)(i) to the financial statements on impairment of non-financial assets.

(ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

(iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(iv) Goodwill on consolidation (Cont'd)

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(l)(i) to the financial statements on impairment of non-financial assets.

(b) Investment in associate

An associate is an entity over which the Group and the Company have significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

On acquisition of an investment in an associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of associate's profit or loss for the period in which the investment is acquired.

An associate is accounted for either at cost or equity method as described in MFRS 128 from the date on which the investee becomes an associate. Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profits or losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

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

The requirements of MFRS 136 *Impairment of Assets* are applied to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

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

In the Company's separate financial statements, investment in associate is stated at cost less any accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(l)(i) on impairment of non-financial assets.

3. Significant Accounting Policies (Cont'd)

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(l)(i) to the financial statements.

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

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

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

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

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation of property, plant and equipment is recognised in the profit or loss on straight line basis to write off the cost of each asset to its residual value over its estimated useful life. Leasehold land with lease term of ninety-nine years expiring on 31 December 2070 are depreciated over the remaining lease period respectively. Buildings erected on the leasehold land are depreciated over the shorter of lease term and estimated useful lives of 50 years. Power plants and power generating assets are depreciated over the shorter of the remaining period of 30-years concession period, expiring on 18 December 2030 or power supply period and their estimated useful lives.

3. Significant Accounting Policies (Cont'd)

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

(iii) Depreciation (Cont'd)

Other property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Buildings	50 years
Renovation	5 to 10 years
Plant, machinery, equipment and electrical installation	5 to 10 years
Mould and dies	5 years
Furniture and fittings	10 years
Livestock	10 years
Motor vehicles	5 to 10 years

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in property, plant and equipment.

<u>Leasehold land and building</u>

The above accounting policies for property, plant and equipment applies to leasehold land and building until 31 December 2018. The leasehold land and buildings were depreciated over the remaining lease period.

Following the adoption of MFRS 16 *Leases* on 1 January 2019, the Group and the Company have reclassified the carrying amount of the leasehold land to ROU assets. The policy of recognition and measurement of the right-of-use assets is in accordance with Note 3(d) to the financial statements.

(d) Leases

Policy applicable from 1 January 2019

(a) As lessee

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

The ROU asset is subsequently measured at cost less any accumulated depreciation, any accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(l)(i) to the financial statements.

The ROU asset under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. Sub-lease of leasehold land with lease tenure of forty-eight years six months expiring on 18 July 2054 and leasehold land with lease period of ninety-nine years expiring on 31 December 2070 are depreciated over the remaining lease terms. Buildings erected on the leasehold land are depreciated over the shorter of lease term and estimated useful lives of 50 years. The estimated useful lives of the other ROU assets are determined on the same basis as those of property, plant and equipment as follows:

Motor vehicles	5 years
Switching station and transmission line	Over the 30-years concession period
Office buildings	Over the lease term
Office equipment	Over the lease term

The ROU assets are subject to impairment.

3. **Significant Accounting Policies (Cont'd)**

(d) Leases (Cont'd)

Policy applicable from 1 January 2019 (Cont'd)

(a) As lessee (Cont'd)

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the respective group entities' incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group or the Company changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than RM20,000 each when purchased new.

(b) As lessor

When the Group and the Company act as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Group or the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

If the lease arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15 Revenue from Contracts with Customers to allocate the consideration in the contract based on the stand-alone selling price.

The Group and the Company recognise assets held under a finance lease in their statements of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group and the Company use the interest rate implicit in the lease to measure the net investment in the lease.

The Group and the Company recognise lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3. Significant Accounting Policies (Cont'd)

(d) Leases (Cont'd)

Policy applicable from 1 January 2019 (Cont'd)

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or asset and the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

Power purchase agreements

The Group adopted Issues Committee Interpretation 4 *Determining whether an Arrangement contains a Lease* ("IC Int.4"), which prescribes that the determination of whether an arrangement is or contains a lease shall be based on the substance of the arrangement. It requires an assessment of whether the fulfilment of the arrangement is dependent on the use of specific asset and the arrangement conveys a right to use such assets, such a contractual arrangement is accounted for as a finance or operating lease. Payments for services and the cost of inputs of the arrangement are excluded from the calculation of the minimum lease payments.

The adoption of IC Int. 4 resulted in finance and operating lease accounting being applied to the Group as lessors for the Power Purchase Agreements with Tenaga Nasional Berhad.

As lessee

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as a property, plant and equipment.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

3. Significant Accounting Policies (Cont'd)

(d) Leases (Cont'd)

Policy applicable from 1 January 2019 (Cont'd)

As lessor

Leases in which the Group or the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(e) Investment properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost, including transaction costs. Subsequently, investment properties are measured at fair value which reflects market conditions at the reporting date. Gains and losses arising from changes in the fair values of investment properties are recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investmentproperty is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are valued by independent professionally qualified valuers, having appropriate recognised professional qualifications and recent experience in the locations and segments of the investment properties valued. The management team reviewed and discussed the valuations, including valuation processes, performed by the independent valuers for financial reporting purposes.

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

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group and the Company account for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

(f) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit and loss, directly attributable transaction costs.

3. Significant Accounting Policies (Cont'd)

(f) Financial assets (Cont'd)

The Group and the Company determine the classification of their financial assets at initial recognition and the categories as follows:

(a) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(b) Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost as described above, are measured at fair value through profit and loss. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss are subject to impairment.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received for financial instrument is recognised in profit or loss.

(g) Financial liabilities

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

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

(h) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as financial liabilities at fair value, net of transaction costs. Subsequently, the liability is measured at the higher of:

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

(i) Offsetting of financial instruments

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

3. **Significant Accounting Policies (Cont'd)**

(j) Inventories

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

Cost of raw materials, electrical, engineering parts, consumables, trading goods, food and beverage comprise cost of purchase and other costs incurred in bringing it to their present location and condition are determined on first in, first out basis.

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

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdraft and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(l) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for biological asset and inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash- generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash- generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

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

An impairment loss is recognised if the carrying amount of an asset or cash- generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(ii) Financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12- months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

3. Significant Accounting Policies (Cont'd)

(l) Impairment of assets (Cont'd)

(ii) Financial assets (Cont'd)

For trade receivables, other receivables and inter-company balances, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(m) Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group and of the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

Provisions for the expected cost of warranty obligations for general repairs of defects are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's and the Company's obligation. These assurance- type warranties are accounted for under MFRS 137 Provisions, Contingent Liabilities and Contingent Assets when the product is sold to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

(n) Share capital

Ordinary shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceed received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(o) Compound financial instruments

A compound financial instrument is a non-derivative financial instrument that contains both a liability and an equity component. Compound financial instruments issued by the Company comprise convertible notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

(p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

3. Significant Accounting Policies (Cont'd)

(p) Borrowing costs (Cont'd)

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

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.

(q) Employee benefits

(i) Short term employee benefits

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

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiary companies, if any also make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(r) Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(s) Revenue recognition

(i) Revenue from contracts with customers

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised good or services to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

The Group and the Company recognise revenue from the following major sources:

(a) Revenue from operation of power plants

Revenue from capacity charges and energy billings are recognised on an accrual basis.

(b) Sales of food and beverage

Revenue from sale of food and beverage is recognised net of taxes and discounts upon the transfer of risks and rewards.

(c) Revenue from recreational activities

Revenue from recreational activities is recognised net of discounts as and when the services are rendered.

(d) Sales of manufactured goods

Revenue from sale of manufactured goods is recognised when control of the products has transferred, being the products are delivered to the customer.

Revenue is recognised based on the price specified in the contract, net of the rebates, discounts and taxes.

3. Significant Accounting Policies (Cont'd)

(s) Revenue recognition (Cont'd)

(i) Revenue from contracts with customers (Cont'd)

The Group and the Company recognise revenue from the following major sources: (Cont'd)

(d) Sales of manufactured goods (Cont'd)

The Group provides warranties for general repairs of defects existed at the time of sale. These assurance-type warranties are accounted for under MFRS 137 *Provision, contingent Liabilities and Contingent Assets*, please refer to accounting policy on warranty provisions in Note 3(m).

(e) Management fee

Revenue from management fees are recognised in the reporting period in which the services are rendered, which simultaneously received and consumes the benefits provided by the Group and by the Company, and the Group and the Company have a present right to payment for the services.

(f) Car park income

Car park income is recognised on an accrual basis unless collection is in doubt, in which case, it might recognise on a receipt basis.

(ii) Revenue from other sources

(a) Interest income

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

(b) Rental income

Rental income is accounted for on a straight-line basis over the lease terms, unless collection is in doubt, in which case, rental income might be recognised on a receipt basis. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(c) Dividend income

Dividend income is recognised when the Group's or the Company's right to receive payment is established.

(t) Income taxes

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

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

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit nor loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period, except for investment properties carried at fair value model. Where investment properties measured using fair value model, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying amounts at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3. Significant Accounting Policies (Cont'd)

(u) Contingencies

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

(v) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as financial liabilities at fair value, net of transaction costs. Subsequently, the liability is measured at the higher of:
– the amount of the loss allowance; and
– the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 *Revenue from Contracts with Customers*.

(w) Foreign currency translation

Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation are recognised in profit or loss in the Group's financial statements or the individual financial statements of the foreign operation, as appropriate.

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

4. Property, Plant and Equipment

Group	Leasehold land RM'000	Buildings RM'000	Power plants RM'000	Livestocks RM'000	Others* RM'000	Total RM'000
2020						
Cost						
As at 1 January 2019	2,981	24,529	335,784	1,015	37,166	401,475
Effect of adoption of MFRS 16	(2,981)	(23,874)	-	-	(1,685)	(28,540)
As at 1 January 2019, as restated	-	655	335,784	1,015	35,481	372,935
Additions	-	-	124	102	1,203	1,429
Disposals	-	-	-	-	(2,074)	(2,074)
Transfer to investment properties	-	(509)	-	-	-	(509)
Write off	-	-	-	(84)	(3,822)	(3,906)
As at 30 June 2020	-	146	335,908	1,033	30,788	367,875
Accumulated depreciation						
As at 1 January 2019	849	15,342	282,488	904	34,243	333,826
Effect of adoption of MFRS 16	(849)	(14,977)	-	-	(1,227)	(17,053)
As at 1 January 2019, as restated	-	365	282,488	904	33,016	316,773
Charge for the financial period	-	14	5,119	22	938	6,093
Disposals	-	-	-	-	(2,059)	(2,059)
Transfer to investment properties	-	(330)	-	-	-	(330)
Write off	-	-	(4)	-	(3,817)	(3,821)
As at 30 June 2020	-	49	287,603	926	28,078	316,656
Accumulated Impairment losses						
As at 1 January 2019	-	-	-	24	624	648
Written off	-	-	-	-	(4)	(4)
As at 30 June 2020	-	-	-	24	620	644
Carrying amount						
As at 30 June 2020	-	97	48,305	83	2,090	50,575

4. Property, Plant and Equipment (Cont'd)

***Others**

Group	Furniture and fittings RM'000	Motor Vehicle RM'000	Renovation RM'000	Mould and dies RM'000	Plant, machinery equipment, and electrical installation RM'000	Total RM'000
2020						
Cost						
As at 1 January 2019	2,636	5,897	3,837	6,736	18,060	37,166
Effect of adoption of MFRS 16	-	(1,685)	-	-	-	(1,685)
As at 1 January 2019, as restated	2,636	4,212	3,837	6,736	18,060	35,481
Additions	33	-	195	43	932	1,203
Disposals	(127)	(1,083)	-	(576)	(288)	(2,074)
Write off	(352)	-	-	(2,277)	(1,193)	(3,822)
As at 30 June 2020	2,190	3,129	4,032	3,926	17,511	30,788
Accumulated depreciation						
As at 1 January 2019	2,493	5,301	2,707	6,671	17,071	34,243
Effect of adoption of MFRS 16	-	(1,227)	-	-	-	(1,227)
As at 1 January 2019, as restated	2,493	4,074	2,707	6,671	17,071	33,016
Charge for the financial period	58	119	165	61	535	938
Disposals	(120)	(1,083)	-	(576)	(280)	(2,059)
Write off	(352)	-	-	(2,277)	(1,188)	(3,817)
As at 30 June 2020	2,079	3,110	2,872	3,879	16,138	28,078
Accumulated Impairment losses						
As at 1 January 2019	4	-	511	-	109	624
Written off	-	-	-	-	(4)	(4)
As at 30 June 2020	4	-	511	-	105	620
Carrying amount						
As at 30 June 2020	107	19	649	47	1,268	2,090

4. **Property, Plant and Equipment (Cont'd)**

Group	**Leasehold land RM'000**	**Buildings RM'000**	**Power plants RM'000**	**Livestocks RM'000**	**Others* RM'000**	**Total RM'000**
2018						
Cost						
As at 1 January 2018	2,981	24,529	335,784	933	37,892	402,119
Adjustment	-	-	-	(3)	(684)	(687)
Additions	-	-	-	85	624	709
Disposals	-	-	-	-	(666)	(666)
As at 31 December 2018	2,981	24,529	335,784	1,015	37,166	401,475
Accumulated depreciation						
As at 1 January 2018	808	14,607	272,308	882	35,318	323,923
Adjustment	-	41	-	7	(1,189)	(1,141)
Charge for the financial year	41	694	10,180	15	838	11,768
Disposals	-	-	-	-	(724)	(724)
As at 31 December 2018	849	15,342	282,488	904	34,243	333,826
Accumulated Impairment losses						
As at 1 January 2018	-	-	-	-	-	-
Adjustment	-	-	-	-	625	625
Charge for the financial year	-	-	-	24	-	24
Written off	-	-	-	-	(1)	(1)
As at 31 December 2018	-	-	-	24	624	648
Carrying amount						
As at 31 December 2018	2,132	9,187	53,296	87	2,299	67,001

4. **Property, Plant and Equipment (Cont'd)**

***Others**

Group	**Furniture and fittings RM'000**	**Motor Vehicle RM'000**	**Renovation RM'000**	**Mould and dies RM'000**	**Plant, machinery equipment, and electrical installation RM'000**	**Total RM'000**
2018						
Cost						
As at 1 January 2018	2,811	6,156	3,620	6,698	18,607	37,892
Adjustment	(194)	-	(135)	38	(393)	(684)
Additions	19	106	352	-	147	624
Disposals	-	(365)	-	-	(301)	(666)
As at 31 December 2018	2,636	5,897	3,837	6,736	18,060	37,166
Accumulated depreciation						
As at 1 January 2018	2,603	5,326	3,113	6,597	17,679	35,318
Adjustment	(173)	-	(517)	39	(538)	(1,189)
Charge for the financial year	63	324	111	35	305	838
Disposals	-	(349)	-	-	(375)	(724)
As at 31 December 2018	2,493	5,301	2,707	6,671	17,071	34,243
Accumulated Impairment losses						
As at 1 January 2018	-	-	-	-	-	-
Adjustment	4	-	511	-	110	625
Written off	-	-	-	-	(1)	(1)
As at 31 December 2018	4	-	511	-	109	624
Carrying amount						
As at 31 December 2018	139	596	619	65	880	2,299

4. Property, Plant and Equipment (Cont'd)

	Furniture and fittings RM'000	Plant, machinery equipment and electrical installation RM'000	Total RM'000
Company			
2020			
Cost			
As at 1 January 2019	93	212	305
Additions	-	7	7
As at 30 June 2020	93	219	312
Accumulated depreciation			
As at 1 January 2019	89	189	278
Charge for the financial period	-	1	1
As at 30 June 2020	89	190	279
Accumulated impairment losses			
As at 1 January/30 June	4	20	24
Carrying amount			
As at 30 June 2020	-	9	9
2018			
Cost			
As at 1 January 2018	93	208	301
Additions	-	4	4
As at 31 December 2018	93	212	305
Accumulated depreciation			
As at 1 January 2018	89	189	278
Charge for the financial year	-	-	-
As at 31 December 2018	89	189	278
Accumulated impairment losses			
As at 1 January/31 December	4	20	24
Carrying amount			
As at 31 December 2018	-	3	3

4. Property, Plant and Equipment (Cont'd)

(a) Assets pledged as securities to a licensed banks

The net carrying amount of property, plant and equipment pledged as securities for loans and borrowings, as disclosed in Note 24 to the financial statements, granted to the Group are as follows:

	Group	
	2020 RM'000	**2018 RM'000**
Leasehold land	-	2,133
Buildings	98	9,010
Power plants	48,301	53,295
Renovation	-	11
Furniture and fittings	46	51
Plant, machinery equipment and electrical installation	427	587
Mould and dies	-	65
Motor vehicles	1	596
	48,873	65,748

(b) Assets held under finance leases

The carrying amount of property, plant and equipment of the Group held under finance leases are as follows:

	Group 2018 RM'000
Motor vehicles	458

The leased assets are pledged as securities for finance lease liabilities as disclosed in Note 26 to the financial statements.

(c) Change in accounting estimates

During the current financial period, the Group reviewed estimated useful lives of the assets and revised the depreciation policy of the buildings erected on the leasehold land as follows:

(i) shorter of remaining of lease term of forty-eight years six months expiring on 18 July 2054 for leasehold land and the estimated useful lives of 50 years. Consequences, the expected useful lives of the building increased resulting a decrease in depreciation expense, recognised in profit or loss by RM 645,626; and

(ii) shorter of remaining of concession period of 30 years, expiring on 18 December 2030 and the estimated useful lives of 50 years. Consequences, the expected useful live of the building decreased and resulting an increase in depreciation expense, recognised in profit or loss by RM 9,638.

(d) During the financial period, following the adoption of MFRS 16 on 1 January 2019, the Group and the Company had reclassified the carrying amount of leased assets to ROU assets as disclosed in Note 5 to the financial statements.

5. **Right-of-Use Assets**

	Lease hold land	Lease hold buildings	Office buildings	Office equipments	Motor vehicles	Switching station and transmission line	Land use right	Total
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2020								
Cost								
As at 1 January 2019	-	-	-	-	-	-	-	-
Effect of adoption of MFRS 16	2,981	23,874	6,108	45	1,685	19,228	2,005	55,926
As at 1 January 2019, as restated	2,981	23,874	6,108	45	1,685	19,228	2,005	55,926
Additions	-	-	1,869	-	763	-	-	2,632
Disposals	-	-	-	-	(165)	-	-	(165)
As at 30 June 2020	2,981	23,874	7,977	45	2,283	19,228	2,005	58,393
Accumulated depreciation								
As at 1 January 2019,	-	-	-	-	-	-	-	-
Effect of adoption of MFRS 16	849	14,977	2,522	14	1,227	11,537	889	32,015
As at 1 January 2019, as restated	849	14,977	2,522	14	1,227	11,537	889	32,015
Charge for the financial period	61	375	2,035	18	400	961	48	3,898
Disposals	-	-	-	-	(134)	-	-	(134)
As at 30 June 2020	910	15,352	4,557	32	1,493	12,498	937	35,779
Carrying amount								
As at 30 June 2020	2,071	8,522	3,420	13	790	6,730	1,068	22,614

5. Right-of-Use Assets (Cont'd)

Company	**Office building RM'000**
2020	
Cost	
As at 1 January 2019, upon adopting MFRS 16	1,721
As at 1 January 2019, as restated / 30 June 2020	1,721
Accumulated depreciation	
As at 1 January 2019, upon adopting MFRS 16/restated	538
Charge for the financial period	645
As at 30 June 2020	1,183
Carrying amount	
As at 30 June 2020	538

(a) Assets pledged as securities to a licensed banks

The net carrying amount of right-of-use assets pledged as securities for loans and borrowings, as disclosed in Note 24 to the financial statements, granted to the Group are as follows:

	Group 2020 RM'000
Leasehold land	2,071
Motor vehicles	224
Switching station and transmission line	6,730
	9,025

5. Right-of-Use Assets (Cont'd)

(b) Purchases of right-of-use assets

The aggregate additional cost for the right-of-use assets of the Group during the financial period acquired under lease liabilities and cash payments are as follows:

	Group 2020 RM'000
Aggregate costs	2,632
Less: Operating lease commitment	(1,869)
Less: Lease arrangement	(491)
Cash payments	272

(c) The Group and the Company lease certain pieces of leasehold lands, leasehold buildings, office buildings, motor vehicles, switching station and transmission line and office equipment of which the leasing activities are summarised below:-

(i) Switching station and transmission line

Under the terms and conditions of the Power Purchase Agreement ("PPA") executed between a wholly owned subsidiary, Musteq Hydro Sdn. Bhd. ("MHSB") and Tenaga Nasional Berhad ("TNB") dated 19 April 1997, MHSB is granted the concession right to supply electricity to TNB for 30 years. Certain leased assets which previously recognised at concession assets was reclassified from finance lease receivables to ROU upon adoption of MFRS 16.

(ii) Leasehold lands and buildings

Leasehold land with lease tenure of ninety-nine years expiring on 31 December 2070 has remaining lease tenure of 50 years without renewal option.

The Group has subleased a plot of land at Mukim Kedawang in Langkawi, Kedah under non-transferable lease term expiring on 18 July 2054 of forty-eight years and six months with remaining tenure of 34 years.

(iii) Office buildings

The Group and the Company have leased various buildings for office that run for the remaining periods ranging from 1 to 15 years with an option to renew the lease after that date.

(iv) Office equipment

The Group has leased office equipment that run for a period of 3 to 7 years with an option to renew the lease after that date.

The lease does not allow the Group or the Company to assign, transfer or sublease or create any charge, lien or trust in respect of or dispose of the whole or any parts of the land and building. Tenancy is, however, allowed with the consent.

(d) The comparative information is not presented as the Group and the Company have applied MFRS 16 using the modified retrospective approach.

6. Finance Lease Receivables (2018 only)

	Group 2018 RM'000
As at 1 January	13,263
Interest earned	729
Repayments	(1,455)
As at 30 June/31 December	12,537
Finance lease receivables are analysed as follows:	
Current	765
Non-current	11,772
	12,537

<u>Concession right accounted for as finance lease receivables</u>

Under the terms and conditions of the Power Purchase Agreement ("PPA") executed between a wholly owned subsidiary, Musteq Hydro Sdn. Bhd. ("MHSB") and Tenaga Nasional Berhad ("TNB") dated 19 April 1997, MHSB was granted the right to supply electricity to TNB for 30 years from Commercial Operations Date on 19 December 2000. Certain leased assets had previously been capitalised as concession assets and amortised over the shorter of concession term and the assets' useful lives in accordance with IC Interpretation 4 *Determining whether an Arrangement contains a Lease* ("IC Int. 4") and the application of the requirements of MFRS 117 *Leases*. The finance lease receivables represented the fair value of the minimum lease payments for the right to use the assets and are repayable over the concession term of 30 years. During the financial period, leased assets were reclassified from finance lease receivables to ROU upon adoption of MFRS 16.

7. Land Use Rights (2018 only)

	Group 2018 Restated RM'000
Cost	
As at 1 January/31 December	2,005
Accumulated amortisation	
As at 1 January	857
Amortisiation during the financial year	32
As at 31 December	889
Net carrying amount	1,116
Amount to be amortised:	
- Not later than one year	32
- Later than one year but no later than five years	160
-Later than five years	924
	1,116

The Group had land use right over a plot of land at Mukim Kedawang in Langkawi, Kedah under non-transferable lease term of forty-eight years six months expiring on 18 July 2054 with unexpired lease term of 35 years. The land use right was reclassified to ROU upon adoption of MFRS 16.

8. Investment Properties

	Leasehold lands RM'000	Shoplot RM'000	Buildings RM'000	Total RM'000
Group				
As at 1 January 2019	164,900	280	27,113	192,293
Disposals	(5,777)	(280)	-	(6,057)
Change in fair value recognised in profit or loss	24,657	-	(1,200)	23,457
Transfer from property, plant and equipment	-	-	179	179
As at 30 June 2020	183,780	-	26,092	209,872
As at 1 January 2018	164,900	300	27,903	193,103
Change in fair value recognised in profit or loss	-	(20)	(790)	(810)
As at 31 December 2018	164,900	280	27,113	192,293
Company				
As at 1 January 2019	171,609	280	-	171,889
Disposals	(5,777)	(280)	-	(6,057)
Change in fair value recognised in profit or loss	24,657	-	-	24,657
As at 30 June 2020	190,489	-	-	190,489
As at 1 January 2018	173,621	300	-	173,921
Change in fair value recognised in profit or loss	(2,012)	(20)	-	(2,032)
As at 31 December 2018	171,609	280	-	171,889

Investment properties comprise a number of commercial properties leased to third parties and industrial lands held for capital appreciation.

8. Investment Properties (Cont'd)

Leasehold lands consists of 3 parcels of industrial lands with lease tenure of ninety-nine years expiring on 28 October 2096 with unexpired lease tenure of 76 (2018: 77) years without renewal option and a sub-lease for 48 years 6 months expiring on 18 July 2054 with unexpired lease term of 34 (2018: 35) years with renewal option of a plot of leasehold land with lease period of ninety-nine years expiring on 6 August 2095. Building erected on the above sub- leased land comprises retails units and commercial space within a four-storey purpose-built building known as The Underwater World Langkawi.

The following are recognised in profit or loss in respect of investment properties:

	Group		Company	
	2020 RM'000	**2018 RM'000**	**2020 RM'000**	**2018 RM'000**
Direct operating expenses:				
-Revenue generating	73	59	73	59
-Non-revenue generating	1,997	472	-	-
	2,070	531	73	59

The investment properties are stated at fair value, which have been determined based on valuations performed by independent professional valuers. There are no material events that affect the valuation between the valuation date and financial year end.

The description of valuation techniques used and key inputs to valuation on investment properties are as follows:

Type of investment properties	Valuation technique	Significant unobservable inputs
Leasehold lands	Direct Comparison Method ("DCM")	Selling price per square foot ("psf") of comparable properties sold adjusted for location, accessibility, terrain, size, present market trends and other differences.
Buildings and retail units and commercial space	Investment Method	The capital value of the subject property is derived from an estimate of the market rental which the subject property can reasonably be let for adjusted for outgoings and future yields.
Building	Depreciation Replacement Cost ("DRC")	The capital value of the subject property is derived by estimating the current gross replacement cost of the buildings allowing the physical deterioration and all other relevant forms of obsolescence and optimisation.

8. Investment Properties (Cont'd)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There is no transfer between Level 1, Level 2 and Level 3 fair values during the financial period.

The following table provides the quantitative disclosures fair value measurement hierarchy of the Group's and of the Company's investment properties. There was no material transfer between Level 1, Level 2 and Level 3 during the current financial period.

	Group		Company	
	Fair value measurement using		Fair value measurement using	
	Total RM'000	Significant unobservable inputs (Level 3) RM'000	Total RM'000	Significant unobservable inputs (Level 3) RM'000
2020				
Investment properties:				
- Leasehold lands	183,780	183,780	190,489	190,489
- Buildings	26,092	26,092	-	-
	209,872	209,872	190,489	190,489
2018				
Investment properties:				
- Leasehold lands	164,900	164,900	171,609	171,609
- Shoplot	280	280	280	280
- Buildings	27,113	27,113	-	-
	192,293	192,293	171,889	171,889

Fair value disclosed in the financial statements is categorised within the Level 3 fair value hierarchy which is described as inputs for the asset or liability that are based on unobservable market data.

8. Investment Properties (Cont'd)

Investment properties	Valuation techniques	Range	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value
The Underwater World Langkawi Lot 63, Section 4, Bandar Padang Mat Sirat Langkawi Kedah Darul Iman	Investment Method	2.8 - 55.0	Retail Actual rental rate (RM/psf/month)	expected market rental growth were higher/(lower)
		10.0 - 40.0	Reversionary rental rate (RM/psf/month)	expected reversionary rental growth were higher/(lower)
		30	Outgoings (%)	expected outgoings rate were lower/(higher)
		35	Reversionary outgoings (%)	expected reversionary outgoings rate were lower/(higher)
		8.5	Term yield (%)	term yield rate were lower/(higher)
		8.5	Reversionary yield (%)	reversionary yield were lower/ (higher)
		25	Void rate (%)	void rate were lower/(higher)
The Underwater World Langkawi, Lot 63, Section 4, Bandar Padang Mat Sirat Langkawi Kedah Darul Iman	Direct Comparison Method	25.0 - 50.0	Leasehold Land Transaction land price (RM psf)	transacted price were higher/ (lower)
Lot No. 8906, Lot No. 8907 and Lot No. 8911 Mukim of Sungai Karang Kuantan, Pahang, Darul Iman	Direct Comparison Method	12.0 - 31.8	Leasehold Land Transaction land price (RM psf)	transacted price were higher/ (lower)

8. Investment Properties (Cont'd)

The following investment properties are held under lease terms:

	Group		Company	
	2020	2018 Restated	2020	2018 Restated
	RM'000	RM'000	RM'000	RM'000
Leasehold lands	183,780	164,900	190,489	171,609
Buildings	26,092	27,113	-	-
	209,872	192,013	190,489	171,609

Investment properties pledged as security

Investment properties of the Group and of the Company with net carrying amounts of RM209,872,000 (2018: RM192,013,000) and RM190,488,600 (2018: RM171,608,600) respectively are pledged as securities for loans and borrowings, as disclosed in Note 24 to the financial statements, granted to the Group and to the Company.

9. Deferred Tax Assets/(Liabilities)

	Group		Company	
	2020	2018 Restated	2020	2018 Restated
	RM'000	RM'000	RM'000	RM'000
As at 1 January	25,760	22,141	(3,718)	(4,033)
Recognised in profit or loss	(10,339)	(356)	(7,575)	487
Charged/(Credited) to equity	27	(27)	27	(27)
Under provision in prior years	(1,228)	4,002	(297)	(145)
As at 30 June/31 December	14,220	25,760	(11,563)	(3,718)

9. Deferred Tax Assets/(Liabilities) (Cont'd)

The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

	Group		Company	
	2020	2018 Restated	2020	2018 Restated
	RM'000	RM'000	RM'000	RM'000
Deferred tax liabilities	(21,702)	(14,549)	(12,262)	(4,934)
Deferred tax assets	35,922	40,309	699	1,216
	14,220	25,760	(11,563)	(3,718)

The components and movement of deferred tax assets and liabilities at the end of the reporting period prior to offsetting are as follows:

Deferred tax liabilities of the Group and of the Company

	Accelerated capital allowances	Investment properties	RCN	Total
	RM'000	RM'000	RM'000	RM'000
Group				
As at 1 January 2019	5,112	9,410	27	14,549
Recognised in profit or loss	7,189	(1,128)	-	6,061
Conversion of RCN	-	-	(27)	(27)
Over provision in prior years	(38)	1,157	-	1,119
As at 30 June 2020	12,263	9,439	-	21,702
As at 1 January 2018	5,396	15,045	-	20,441
Recognised in profit or loss	(284)	(5,635)	-	(5,919)
Issuance of RCN	-	-	27	27
As at 31 December 2018	5,112	9,410	27	14,549
Company				
As at 1 January 2019	-	4,907	27	4,934
Recognised in profit or loss	-	7,189	-	7,189
Conversion of RCN	-	-	(27)	(27)
Over provision in prior years	-	166	-	166
As at 30 June 2020	-	12,262	-	12,262
As at 1 January 2018	-	5,396	-	5,396
Recognised in profit or loss	-	(489)	-	(489)
Issuance of RCN	-	-	27	27
As at 31 December 2018	-	4,907	27	4,934

9. **Deferred Tax Assets/(Liabilities) (Cont'd)**

Deferred tax assets of the Group and of the Company

	Unutilised tax losses RM'000	Unabsorbed capital allowances RM'000	Unabsorbed investment tax allowance RM'000	Deferred income RM'000	Provision RM'000	Others RM'000	Total RM'000
Group							
As at 1 January 2019	9,231	7,501	21,329	2,106	60	82	40,309
Recognised in profit or loss	(1,020)	2	(2,382)	(725)	(180)	27	(4,278)
Under/(Over) provision in prior years	138	-	2	(365)	198	(82)	(109)
As at 30 June 2020	8,349	7,503	18,949	1,016	78	27	35,922
As at 1 January 2018	13,365	8,358	24,097	1,891	545	-	48,256
Recognised in profit or loss	(4,134)	(857)	(2,768)	215	(485)	82	(7,947)
As at 31 December 2018	9,231	7,501	21,329	2,106	60	82	40,309
Company							
As at 1 January 2019	-	-	-	1,216	-	-	1,216
Recognised in profit or loss	2	-	-	(353)	(35)	-	(386)
Under/(Over) provision in prior years	-	-	-	(235)	104	-	(131)
As at 30 June 2020	2	-	-	628	69	-	699
As at 1 January 2018	-	-	-	1,216	147	-	1,363
Recognised in profit or loss	-	-	-	-	(147)	-	(147)
As at 31 December 2018	-	-	-	1,216	-	-	1,216

9. Deferred Tax Assets/(Liabilities) (Cont'd)

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

	Group	
	2020	2018 Restated
	RM'000	RM'000
Unutilised tax losses	44,418	25,843
Unabsorbed capital allowances	2,204	2,586
Unabsorbed investment tax allowances	139,239	139,239
Other temporary difference	15	499
	185,876	168,167

With effect from year of assessment 2019, unutilised tax losses is allowed to be carried forward up to a maximum of seven consecutive years of assessment under the current tax legislation. The other temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

10. Investment in Subsidiary Companies

	Company	
	2020	2018
	RM'000	RM'000
Unquoted shares at cost	158,884	159,084
Less: Accumulated impairment losses	(137,065)	(129,694)
	21,819	29,390

10. Investment in Subsidiary Companies (Cont'd)

Details of the subsidiary companies are as follows:

Name of company	Place of business /Country of Incorporation	Effective 2020 %	Interest 2018 %	Principal activities
Underwater World Langkawi Sdn. Bhd	Malaysia	100	100	Aquarium and related activities
Eden Seafood Village (Langkawi) Sdn.Bhd	Malaysia	100	100	Operation management of retail commercial space and car park
Eden Catering Sdn. Bhd	Malaysia	100	100	Food caterers, baker and dealer in cakes and pastries
Stratavest Sdn.Bhd	Malaysia	100	100	Operation of diesel-fired thermal power plant and sale of electricity
Langkawi Batik Enterprises Sdn. Bhd	Malaysia	100	100	Investment holding
Time Era Sdn.Bhd	Malaysia	70	70	Manufacturer of electrical and engineering parts
Eden Airport Restaurant Sdn.Bhd	Malaysia	100	100	Dormant
Eden Seafood Village Sdn. Bhd	Malaysia	95	95	Dormant
Eden Cake House Sdn.Bhd	Malaysia	98	98	Dormant
Underwater World Kuantan Sdn.Bhd (FKA.Underwater World Melaka Sdn. Bhd)	Malaysia	100	100	Dormant
Star Vor Sdn.Bhd	Malaysia	100	100	Dormant
Eden Minerals Sdn. Bhd	Malaysia	100	100	Dormant
Eden Mining Minerals Sdn.Bhd	Malaysia	100	100	Dormant

10. Investment in Subsidiary Companies (Cont'd)

Details of the subsidiary companies are as follows: (Cont'd)

Name of company	Place of business /Country of Incorporation	Effective 2020 %	Interest 2018 %	Principal activities
Held through Langkawi Batik Enterprises Sdn. Bhd.:				
Musteq Hydro Sdn. Bhd	Malaysia	100	100	Operator of hydro power plant and sale of electricity
Megantara Engineering Sdn. Bhd #	Malaysia	-	90	Supplying engineering equipment and other peripherals to the marine industry and supply of manpower to the marine industry
Held through Underwater World Langkawi Sdn. Bhd.:				
Edisi Unggul Facility Management Sdn. Bhd. *	Malaysia	-	100	Dormant
Held through Time Era Sdn. Bhd.:				
NES Electric (M) Sdn.Bhd	Malaysia	70	70	Ceased operation
Cur (Far East) Sdn. Bhd	Malaysia	53	53	Ceased operation
Time Era Technologies Sdn.Bhd	Malaysia	50	50	Supply and installation of LED lighting

* The subsidiary company was struck off during the financial period under Section 551 of the Companies Act.

\# Based on unaudited financial information and not audited by UHY

10. Investment in Subsidiary Companies (Cont'd)

(a) Changes in group structure

The wholly owned subsidiary company, Langkawi Batik Enterprises Sdn. Bhd. ("LBE") has on 5 October 2018 required 90,000 ordinary shares of Megantara Engineering Sdn. Bhd. ("MESB") for RM100, representing 90% of total equity interest in MESB and on 8 February 2019 acquired additional 260,000 ordinary shares in MESB for RM260,000. Following this, the equity interest of LBE in MESB was diluted from 90% to 70%. LBE has on 3 March 2020 disposed of its 350,000 ordinary shares, representing its entire equity interest in MESB for a consideration of RM100. Consequently, MESB ceased to be a subsidiary of LBE. The disposal of the subsidiary does not have any siqnificant financial impact to the financial results, performance and position of the Group and hence, the financial impact is not separately disclosed.

The effect of the disposal of MESB on the financial position of the Group as at the date of disposal are as follow:

	Group 2020 RM'000
Cash and bank balances	-
Trade payable	(17)
Other payable	(2)
Total net (liabilities)/assets disposed	(19)
Proceeds from disposal	-
Less: Cash and bank balances disposed	-
Net cash inflows from disposal	-

On 14 December 2018, Time Era Sdn. Bhd. ("TESB"), a partially-owned subsidiary of the Company disposed of its entire issued and paid-up share capital of Time Era Industries Sdn. Bhd. ("TEISB"), a wholly-owned subsidiary of TESB, for a consideration of RM74,274. The subsidiary was previously reported as part of the manufacturing business segment.

(b) Material partly-owned subsidiary companies

Summarised financial information of the subsidiary that has material non-controlling interests are provided below. This represents the amounts in Time Era Group's financial statements and not the Group's share of those amounts.

(i) Summarised consolidated statements of financial position

	Time Era Group Sdn. Bhd	
	2020	**2018 Restated**
	RM'000	**RM'000**
Non-current assets	757	875
Current assets	2,265	12,471
Total assets	3,022	13,346
Non-current liabilities	130	145
Current liabilities	1,623	6,412
Total liabilities	1,753	6,557
Net assets	1,269	6,789
Equity attributable to equity holders of the Company	2,721	7,826
Non-controlling interests	(1,452)	(1,037)

10. Investment in Subsidiary Companies (Cont'd)

(b) Material partly-owned subsidiary companies (Cont'd)

(ii) Summarised consolidated statements of comprehensive income

	Time Era Group Sdn. Bhd	
	2020	2018 Restated
	RM'000	RM'000
Revenue	6,227	12,064
Loss for the financial period/ year, representing total comprehensive loss for the three financial period/year	(5,483)	(2,546)
Total comprehensive loss attributable to:		
Equity holders of the Company	(5,069)	(2,091)
Non-controlling interest	414	455
Total comprehensive loss for the financial period/year	(4,655)	(1,636)

(iii) Summarised consolidated statements of cash flows

	Time Era Group Sdn. Bhd	
	2020	2018 Restated
	RM'000	RM'000
Net cash from/(used in) operating activities	603	(441)
Net cash generated from investing activities	210	63
Net cash (used in)/generated from financing activities	(779)	334
Net increase/(decrease) in cash and cash equivalents	34	(44)

11. Investment in Associate Company

	Group		Company	
	2020	2018	2020	2018
	RM'000	RM'000	RM'000	RM'000
As at cost				
Unquoted shares in Malaysia	40	40	40	40
Less: Accumulated impairment losses	(40)	-	(40)	-
	-	40	-	40

Details of the associate company is as follows:

Name of company	Place of business / Country of Incorporation	Effective 2020 %	Interest 2018 %	Principal activities
Eden Pesaka Sdn. Bhd	Malaysia	40	40	Dormant

The following table summarises the information of the Group's associate company and reconciles the information to the carrying amount of the Group's interest in the associate company.

Summarised financial information:

	2020	2018
	RM'000	RM'000
Current assets, representing total assets	-	82
Current liabilities, representing total liabilities	(1)	(1)
Net (liabilities)/assets	(1)	81
Revenue	-	-
Loss the period/year, representing total comprehensive loss for the period/year	82	2

The results of associate company are not material and not adjusted for the proportion of ownership interest held by the Group.

The Group and the Company do not have any capital commitment or contingent liabilities in relation to its interest in the associate company as at year period.

12. Amount due from immediate holding company

The Group charged an interest at rate of 7% per annum on the amount due from immediate holding company in prior year. During the financial period, immediate holding company has repaid the entire principal amount due and hence the Group has agreed to cease to charge compounded interest on the accrued interest portion due by immediate holding company in accordance with the terms stated in the circular to shareholders dated 22 March 2001.

The Group entered into Deed of Assignment, whereby ZESB assigned its right in and to the net sale proceeds from the planned disposal of certain identified lands of ZESB as settlement of the amount owing to the wholly owned subsidiary company, Stratavest Sdn. Bhd. ("STV"). As an assurance and commitment to STV, ZESB has agreed and consented to the lodgement of a private caveat on four identified lands by STV which was duly lodged on 28 July 2012.

13. Amount Due from/(to) Subsidiary Companies

	Company	
	2020	**2018 Restated**
	RM'000	**RM'000**
Non-current		
Amount due from subsidiary companies	117,871	126,718
Loan to a subsidiary	6,270	6,270
	124,141	132,988
Less: Accumulated impairment losses	(879)	-
	123,262	132,988
Current		
Amount due from subsidiary companies	32,856	34,330
Less: Accumulated impairment losses	(32,003)	(30,926)
	853	3,404
	124,115	136,392
Current		
Amount due to subsidiary companies	(54,841)	(61,033)

The movement in the allowance for impairment losses in respect of inter-company loans and advances of the Company during the financial period/year are as follows:

	Company	
	2020	**2018**
	RM'000	**RM'000**
As at 1 January	30,926	32,119
Impairment loss recognised during the financial period/year	1,956	100
Reversal of impairment loss during the financial period/year	-	(1,293)
As at 30 June/31 December	32,882	30,926

(a) Amount due from subsidiary companies

Amount due from subsidiaries are unsecured and non-interest bearing except for a total amount of RM76,350,602 (2018:RM69,416,019) which bear interest at rate of 7% (2018:7%) per annum. Amounts due from subsidiaries are repayable on demand except certain amounts with expected repayment period of more than a year which are classified as non-current asset.

(b) Loan to a subsidiary

Loan to a subsidiary is unsecured and bears interest at rate of 5.20% (2018:7.65%) per annum and is due in 2022.

(c) Amount due to subsidiary companies

These represent unsecured, non-interest bearing advances and are repayable on demand.

14. Trade Receivables

	Group 2020 RM'000	Group 2018 Restated RM'000
Non-Current Assets		
Trade receivables	534	-
Less: Accumulated impairment losses	(82)	-
	452	-
Current Assets		
Trade receivables	16,091	18,902
Less: Accumulated impairment losses	(14,278)	(12,908)
	1,813	5,994
	2,265	5,994

Trade receivables with expected repayment period of more than a year which classified under non-current asset do not have any financing component.

Trade receivables are non-interest bearing and are generally on 7 to 180 days (2018: 7 to 180 days) term. They are recognised at their original invoice amounts which represent their fair value on initial recognition.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at reporting period of the Group.

	Gross trade receivables RM '000	Allowance for impairment RM '000	Net balance RM '000
Group			
2020			
Current	1,425	-	1,425
Past due not impaired:			
Less than 30 days	18	-	18
31 to 60 days	2	-	2
61 to 90 days	52	(9)	43
More than 90 days	252	(27)	225
	1,749	(36)	1,713
Credit impaired:			
More than 90 days			
- Individual impaired	14,876	(14,324)	552
	16,625	(14,360)	2,265

14. Trade Receivables (Cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at reporting period of the Group. (Cont'd)

	Gross trade receivables RM'000	Allowance for impairment RM'000	Net balance RM'000
Group			
2018			
Current	1,220	(125)	1,095
Past due not impaired:			
Less than 30 days	2,783	(86)	2,697
31 to 60 days	1,225	(69)	1,156
61 to 90 days	844	(129)	715
More than 90 days	793	(462)	331
	6,865	(871)	5,994
Credit impaired:			
More than 90 days			
- Individual impaired	12,037	(12,037)	-
	18,902	(12,908)	5,994

The movement in the allowance for impairment losses in respect of trade receivables of the Group during the financial period/year are as follows:

	Lifetime ECL RM'000	Credit impaired RM'000	Total RM'000
Group			
2020			
As at 1 January 2019	871	12,037	12,908
Impairment loss recognised	-	2,824	2,824
Impairment loss reversed	(835)	(537)	(1,372)
As at 30 June 2020	36	14,324	14,360
2018			
As at 1 January 2018	-	12,042	12,042
Adjustment from adoption of MFRS 9	1,003	-	1,003
As at 1 January 2018, as restated	1,003	12,042	13,045
Impairment loss recognised	113	-	113
Impairment loss reversed	(245)	(5)	(250)
As at 31 December 2018	871	12,037	12,908

15. Other investments

	Group		Company	
	2020 RM'000	2018 RM'000	2020 RM'000	2018 RM'000
Fair value through other comprehensive income				
Unquoted shares	54	8	40	6
At amortised cost				
Unquoted subordinated bonds	4,500	4,500	4,500	4,500
Less: Accumulated impairment losses	(4,500)	(4,500)	(4,500)	(4,500)
	-	-	-	-
	54	8	40	6

Investment in unquoted shares is categorised under Level 3 in the fair value hierarchy. Fair value of investment in unquoted shares is estimated based on the price to book valuation model.

Unquoted subordinated bonds subscribed from Cap One Berhad and Prima Uno Berhad are classified as other investments. The returns from the bonds rank subsequent to the Super Senior Bonds, the Senior Bonds and the Mezzanine Bonds in terms of priority and will be recognised when the right to receive the income is established.

16. Inventories

	Group	
	2020 RM'000	2018 RM'000
At cost		
Raw materials	1,560	5,736
Work-in-progress	-	2,209
Food and beverage	56	65
Electrical, engineering parts,oil and consumables	6,187	6,299
	7,803	14,309
Less: Accumulated impairment losses	(3,251)	(1,836)
	4,552	12,473
Recognised in profit or loss:		
Inventories recognised as cost of sales	20,653	11,395
Inventories written down	1,439	1,836
Inventories written off	1,636	-

Inventories amounting to RM2,936,030 (2018:RM12,408,969) are pledged as securities for loans and borrowings as disclosed in Note 24 to the financial statements.

17. Other Receivables

	Group		Company	
	2020	2018 Restated	2020	2018 Restated
	RM'000	RM'000	RM'000	RM'000
Other receivables	483	2,310	39	52
Deposits	671	68	101	97
Prepayments	1,658	409	13	-
	2,812	2,787	153	149
Less: Accumulated impairment losses on:				
Other receivables	(23)	(2)	-	-
Deposits	(60)	-	-	-
	(83)	(2)	-	-
	2,729	2,785	153	149

The movement in the allowance for impairment losses in respect of other receivables of the Group during the financial year are as follows:

	Group	
	2020	2018 Restated
	RM'000	RM'000
As at 1 January	2	2
Impairment losses recognised	81	-
As at 31 December	83	2

18. Amount Due from/(to) Associate Company

This represent unsecured, non-interest bearing advances and is repayable on demand.

19. Fixed Deposits

	Group		Company	
	2020	2018 Restated	2020	2018 Restated
	RM'000	RM'000	RM'000	RM'000
Deposits with:				
- Licensed banks	377	8,388	281	269
- Licensed financial institution	-	32	-	-
	377	8,420	281	269

Deposit with licensed banks of the Group and of the Company amounting to RM376,950 (2018:RM8,388,422) and RM280,739 (RM268,831) respectively are pledged to licensed banks for credit facilities granted to the Group and to the Company respectively as disclosed in Note 24 to the financial statements.

Deposit with licensed financial institution of the Group amounting to RMNil (2018:RM31,920) is maintained as a minimum balance of sinking fund for the Ijarah Term Financing Facility and Bank-Guaranteed Sukuk Musharakah granted to two subsidiaries, Stratavest Sdn. Bhd. and Musteq Hydro Sdn. Bhd. respectively as disclosed in Note 24 to the financial statements.

20. Share Capital

	Group and Company			
	Number of Shares		Amount	
	2020 Units'000	2018 Units'000	2020 RM'000	2018 RM'000
Issued and fully paid shares				
Ordinary shares				
As at 1 January	377,528	311,362	321,762	311,362
Issue of ordinary shares pursuant to conversion of RCN	25,833	66,166	3,100	10,400
As at 30 June/31 December	403,361	377,528	324,862	321,762

During the financial period, the Company increased its issued and fully paid up share capital from RM321,762,271 to RM324,862,271 by way of conversion of Redeemable Convertible Notes of 25,833,330 ordinary shares of RM0.12 each amounting to RM3,100,000.

The new ordinary shares issued during the financial period shall rank pari passu in all respects with the existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

21. Warrants 2018/2020

On 14 August 2018, the Company issued 155,681,114 free warrants on the basis of 1 free warrant for every 2 existing ordinary shares of the Company.

Each warrant entitles the registered holder to subscribe for 1 new ordinary share in the Company at any time on or after 14 August 2018 up to the date of expiry on 13 August 2021, at an exercise price of RM0.30 each or such adjusted price in accordance with the provisions in the Deed Poll.

As at 30 June 2020, the total numbers of warrants that remain unexercised were 155,681,114 (2018: 155,681,114).

22. Redeemable Convertible Notes

	Group and Company Redeemable Convertible Notes		
	Equity component RM'000	**Current liabilities RM'000**	**Total RM'000**
As at 1 January 2018	-	-	-
Arising from issuance of redeemable convertible notes during the financial year	2,072	8,928	11,000
Deferred tax liability (Note 9)	(27)	-	(27)
Converted during the financial year	(1,959)	(8,441)	(10,400)
As at 31 December 2018	86	487	573
As at 1 January 2019	86	487	573
Arising from issuance of redeemable convertible notes during the financial period	471	2,029	2,500
Deferred tax liability (Note 9)	27	-	27
Converted during the financial period	(584)	(2,516)	(3,100)
As at 30 June 2020	-	-	-

On 26 July 2018, the shareholders of the Company at the Extraordinary General Meeting approved the issuance of Redeemable Convertible Notes ("RCN") with an aggregate principal amount of up to RM60 million of up to 500 million ordinary shares at minimum conversion price of RM0.12 each ("Conversion Shares"), representing 61.62% of the enlarge issued share capital. The RCN which is tradable and transferable has a tenure of 3 years up to 13 August 2021 ("Maturity Date"). The Notes Issue was constituted by a trust deed dated 26 July 2018 and supplemental Trust Deed dated 2 August 2019 and they are neither guaranteed nor secured.

22. Redeemable Convertible Notes (Cont'd)

The proceeds from the issuance are to be utilised for the following purposes:

		Group and Company Issuance in year		
Purpose	**Proposed Utilisation RM'000**	**2018 RM'000**	**2020 RM'000**	**Balance RM'000**
Repayment of the Group's borrowings	24,000	-	-	24,000
Finance the working capital requirements and/or capital expenditure of the Group	30,100	(9,263)	(2,334)	18,503
Defray fees and expenses in connection to the issuance of the Notes	5,900	(1,737)	(166)	3,997
	60,000	(11,000)	(2,500)	46,500

During the financial period, the Company has issued 2,500,000 RCN of RM2,500,000 and converted 3,100,000 RCN of RM3,100,000 into 25,833,330 Conversion Shares amounting to RM3,100,000 at RM0.12 each. The Conversion Shares shall, upon allotment and issuance, rank pari passu in all aspects with the existing ordinary shares.

As of 30 June 2020, the Company has issued in aggregate 13,500,000 (2018: 11,000,000) RCN amounting to RM13,500,000 (2018: RM11,000,000) and converted in aggregate 13,500,000 (2018: 10,400,000) RCN into 91,999,108 (2018: 66,165,778) convertible shares of RM13,500,000 (2018: RM10,400,000). As of 30 June 2020, the number of outstanding RCN in issue which has not been converted nor redeemed is Nil (2018: 600,000).

The holders of the Conversion Shares will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, when the entitlement date is prior to the date of allotment and issuance of the Conversion Shares.

Salient terms of the RCN

The salient terms of the RCN are as follows:-

i) Interest Rate

The RCN bear interest from the respective dates on which they are issued and registered at the rate of 1.0% per annum, payable semi-annually in arrears on 30 June and 31 December in each year with the last payment being made on the Maturity Date.

22. Redeemable Convertible Notes (Cont'd)

<u>Salient terms of the RCN</u> (Cont'd)

The salient terms of the RCN are as follows: (Cont'd)

ii) <u>Conversion Price</u>

The price at which each Conversion Share shall be issued upon conversion of the RCN be:

a) In respect of Tranche 1 Notes of RM20.0 million, 80% of average closing price per share on any three (3) consecutive market days as selected by the Noteholder(s) during the forty-five (45) market days immediately preceding the relevant conversion date on which shares were traded on the Main Market of Bursa Malaysia Securities Berhad;

b) In respect of Tranche 2 Notes of RM15.0 million, 82% of average closing price per share on any three (3) consecutive market days as selected by the Noteholder(s) during the forty-five (45) market days immediately preceding the relevant conversion date on which shares were traded on the Main Market of Bursa Malaysia Securities Berhad;

c) In respect of Tranche 3 Notes of RM15.0 million, 85% of average closing price per share on any three (3) consecutive market days as selected by the Noteholder(s) during the forty-five (45) market days immediately preceding the relevant conversion date on which shares were traded on the Main Market of Bursa Malaysia Securities Berhad; and

d) In respect of Tranche 4 Notes of RM10.0 million, 90% of average closing price per share on any three (3) consecutive market days as selected by the Noteholder(s) during the forty-five (45) market days immediately preceding the relevant conversion date on which shares were traded on the Main Market of Bursa Malaysia Securities Berhad.

iii) All RCN are convertible at the option of the Company (except Tranche 1), subject to the terms of the redemption option at any time after the issue date of the RCN and up to the day falling seven (7) days prior to the Maturity Date.

iv) <u>Redemption Option</u>

a) Any RCN which are not redeemed or purchased, converted or cancelled by the Company will be redeemed by the Company at 100% of their principal amount on the Maturity Date.

b) If the conversion price is less than or equal to 65% of the daily average volume weighted average price (VWAP) per share for the forty-five (45) consecutive market days period prior to the respective Closing Dates, at an amount calculated in accordance with the formula as set out in the Circular to Shareholder dated 29 June 2018.

23. Fair Value Reserve

Fair value reserve represents the cumulative net change in the fair value of investment in unquoted shares measured at fair value through other comprehensive income ("FVOCI") until they are derecognised or impaired.

24. Bank Borrowings

	Group		Company	
	2020	2018 Restated	2020	2018 Restated
	RM'000	RM'000	RM'000	RM'000
Current				
Secured				
Bank overdraft	3,000	13,098	-	-
Bank-Guaranteed Sukuk Musharakah	-	10,000	-	-
Bridging loan:				
- Fixed rate of 3% p.m.	-	556	-	556
Bank loans:				
- Fixed rate of 3.75%	-	247	-	-
Ijarah Term Financing ("IJTF")				
- COF + 2%	6,075	26,145	6,075	26,145
Commodity Murabahah Term Financing-I ("CMTF-i")				
- COF + 2.5%	4,500	-	-	-
	13,575	50,046	6,075	26,701
Non-Current				
Secured				
Bank-Guaranteed Sukuk Musharakah	-	30,000	-	-
Commodity Murabahah Term Financing-I ("CMTF-i")				
- COF + 2.5%	38,000	-	-	-
	38,000	30,000	-	-
	51,575	80,046	6,075	26,701

(a) Bank Overdraft

Bank overdraft are denominated at RM, bear interest at BLR+1.75% per annum and are secured by the following:

(i) Corporate guarantee from the Company;
(ii) Fixed charge over one parcel of Group's leasehold land as disclosed in Note 8 to the financial statements; and
(iii) Negative pledge over all assets of Eden Catering Sdn. Bhd.

(b) Bank-Guaranteed Sukuk Musharakah

	Group	
	2020	2018 Restated
	RM'000	RM'000
Bank-Guaranteed Sukuk Musharakah	-	55,520
Less: Profit	-	(15,520)
	-	40,000

24. Bank Borrowings (Cont'd)

(b) Bank-Guaranteed Sukuk Musharakah (Cont'd)

On 26 January 2012, MHSB had issued 10 years new Bank-Guaranteed Sukuk Musharakah of up to RM80 million to refinance its existing ABBA Serial Bonds with the maturity date of 26 January 2022 for the power plant. On 29 March 2019, part of the drawdown of new banking financing, Commodity Murabahah Term Financing-I ("CMTF-I") was being utilised to fully redeem the existing Sukuk Musharakah.

The Bank-Guaranteed Sukuk Musharakah borne interest at rates ranging from 3.80% to 4.70% per annum and was secured by the following:

(i) Bank guarantee issued by Maybank Islamic Bank Berhad with credit rating of AAA(bg) assigned by Rating Agency Malaysia;
(ii) Charge over property, plant and equipment and right-of-use assets as disclosed in Note 4 and Note 5 to the financial statements;
(iii) Debenture by way of first fixed and floating charges over all present and future assets of MHSB;
(iv) Assignment of all rights and benefits of MHSB under Sungai Kenerong small hydro power station's project agreement;
(v) All the revenues/sales proceeds, any other income from the Sungai Kenerong small hydro power station, equity contributions from the shareholders, insurance proceeds and all other amounts of any kind received by MHSB shall be credited into the designated accounts and shall be applied in the manner as stipulated under the Sukuk terms; and
(vi) Corporate guaranteed by a wholly-owned subsidiary.

(c) Bridging loan

In previous year, the bridging loan was secured by way of an issuance of the Company's shares at the lower of (i) 10% discount to the market price of the Company's shares as at the date of relevant request; or (ii) the maximum discount permissible under the requirements of Main Market of Bursa Malaysia, pursuant to the Company's shares issue general mandate, such that the total issue price represented by such Company's shares will amount to the outstanding amount.

(d) RM IJTF of COF + 2% per annum

The IJTF is secured by the following:

(i) Fixed charge over one parcel of the Group's leasehold land as disclosed in Note 8 to the financial statements;
(ii) Fixed and floating debenture charge over the present and future assets in Stratavest Sdn. Bhd. ("STV");
(iii) Assignment of all rights, benefits, income and insurance proceeds from Libaran power station;
(iv) Charge over fixed deposits with licensed banks as disclosed in Note 19 to the financial statements; and
(v) Jointly and severally guaranteed by the Directors of the Company.

(e) RM CMTF-i of COF + 2.5 % per annum

The CMTF-i is secured by the following:

(i) Fixed charge over right-of-use assets as disclosed in Note 5 to the financial statements;
(ii) Fixed charge over one parcel of the Group's leasehold land as disclosed in Note 8 to the financial statements;
(iii) Assignment of project agreement including the right to revenues under Power Purchase Agreement ("PPA");
(iv) Assignment and charge over the Shariah compliant accounts;
(v) Debenture over MHSB's fixed and floating assets;
(vi) Assignment of all takaful/insurance policies; and
(vii) Corporate guarantee from the Company.

(f) RM loan of fixed rate of 3.75% per annum

The loan is secured by the following:

(i) Fixed charge over one parcel of the Group's leasehold land as disclosed in Note 8 to the financial statements;
(ii) Fixed and floating debenture charge over the present and future assets and plant and machineries; and
(iii) Corporate guarantee from the Company.

25. Lease Liabilities

	Group 2020 RM'000	Group 2018 RM'000	Company 2020 RM'000	Company 2018 RM'000
As at 1 January 2019	-	-	-	-
Effect of adoption MFRS 16	4,811	-	1,223	-
As at 1 January 2019, as restated	4,811	-	1,223	-
Additions	2,360	-	-	-
Repayments	(2,259)	-	(644)	-
As at 30 June	4,912	-	579	-
Presented as:				
Non-current	3,585	-	119	-
Current	1,327	-	460	-
	4,912	-	579	-

The maturity analysis of the Group and of the Company at the end of the reporting period:

	Group 2020 RM'000	Group 2018 RM'000	Company 2020 RM'000	Company 2018 RM'000
Within one year	1,500	-	480	-
Later than one year and not later than two years	1,655	-	120	-
Later than two years and not later than five years	2,501	-	-	-
Later than five years	115	-	-	-
	5,771	-	600	-
Less: Future finance charges	(859)	-	(21)	-
Present value of lease liabilities	4,912	-	579	-

26. Finance Lease Liabilities

	Group 2020 RM'000	Group 2018 Restated RM'000
Present value of minimum finance lease payments		
Within one year	-	394
Later than one year and not later than two years	-	165
Later than two years and not later than five years	-	321
	-	880
Analysed as:		
Repayable within twelve months	-	394
Repayable after twelve months	-	486
	-	880

The finance lease liabilities bear interest at effective rates ranging from 4.57% to 8.65% per annum.

27. Deferred Income

	Group		Company	
	2020	2018 Restated	2020	2018 Restated
	RM'000	RM'000	RM'000	RM'000
As at 1 January	6,694	9,891	4,086	5,067
Recognised as revenue during the financial period/year	(2,882)	(1,715)	(1,471)	(981)
Increase during the financial period/year	1,576	795	-	-
Amortisation of unearned revenue	(2,277)	(2,277)	-	-
As at 30 June/31 December	3,111	6,694	2,615	4,086

	Group		Company	
	2020	2018 Restated	2020	2018 Restated
	RM'000	RM'000	RM'000	RM'000
Represented by:				
Advances received from third parties				
- Rental	2,615	4,086	2,615	4,086
- Ticket sales	496	331	-	-
Unearned revenue from capacity payments	-	2,277	-	-
	3,111	6,694	2,615	4,086
Analysed as:				
Current	1,477	3,589	981	981
Non-current	1,634	3,105	1,634	3,105
	3,111	6,694	2,615	4,086

The rental fee received in advance from third party, DFZ Duty Free Sdn. Bhd. for a property owned by its wholly-owned subsidiary, Underwater World Langkawi Sdn. Bhd.

The unearned revenue from capacity payments was in relation to its wholly-owned subsidiary company, Stratavest Sdn. Bhd. upon adoption of IC Interpretation 4.

28. Trade Payables

The normal trade credit term granted to the Group ranged from 30 to 90 days (2018: 30 to 90 days) depending on the terms of the contracts.

29. Other Payables

	Group		Company	
	2020	2018 Restated	2020	2018 Restated
	RM'000	RM'000	RM'000	RM'000
Other payables	33,871	40,099	8,424	17,356
Accruals	15,816	2,723	11,553	2,629
Deposits	507	15	15	15
Provision for warranties	18	-	-	-
Booking fee received	1,122	-	-	-
GST payables	109	98	26	23
	51,443	42,935	20,018	20,023

30. Revenue

	Group		Company	
	01.01.2019 to 30.06.2020	01.01.2018 to 31.12.2018 Restated	01.01.2019 to 30.06.2020	01.01.2018 to 31.12.2018 Restated
	RM'000	RM'000	RM'000	RM'000
Revenue from contract customer:				
Capacity charges and energy billings	47,566	26,138	-	-
Sale of electrical and engineering parts	6,227	12,064	-	-
Parking operator	21	-		
Sale of food and beverage	9,447	8,083	-	-
Income from recreational activities	14,841	11,460	-	-
Rental income from investment properties	4,551	3,315	-	-
Management fee	-	-	2,042	2,140
	82,653	61,060	2,042	2,140

The timing of revenue recognition is at a point in time.

The information on the disaggregation of revenue is disclosed in Note 42 to the financial statements.

31. Cost of Sales

	Group	
	01.01.2019 to 30.06.2020 RM'000	01.01.2018 to 31.12.2018 RM'000
Power generation costs	31,621	29,454
Cost of inventories sold	9,534	11,395
Cost of recreational activities	2,261	2,179
	43,416	43,028

32. Finance Income

	Group		Company	
	01.01.2019 to 30.06.2020 RM'000	01.01.2018 to 31.12.2018 RM'000	01.01.2019 to 30.06.2020 RM'000	01.01.2018 to 31.12.2018 RM'000
Finance income on:				
Amount due from :				
- Subsidiaries	-	-	8,020	5,316
- Immediate holding company	-	3,012	-	-
Fixed deposits	203	53	46	7
Finance leases (Note 6)	-	729	-	-
	203	3,794	8,066	5,323

33. Other Income

	Group		Company	
	01.01.2019 to 30.06.2020 RM'000	01.01.2018 to 31.12.2018 RM'000	01.01.2019 to 30.06.2020 RM'000	01.01.2018 to 31.12.2018 RM'000
Rental income from investment properties:				
- third parties	1,802	993	1,491	993
- subsidiary companies	-	-	1,087	762
Gain on disposal of				
- property, plant and equipment	429	611	-	-
- rights-of-use assets	3	-	-	-
- investment properties	10,954	-	10,954	-
- subsidiary company	-	9	-	-
Fair value gain on investment property	24,657	-	24,657	-
Amortisation of deferred			-	-
income (Note 27)	2,277	2,277	-	-
Waiver of debt	5,630	-	157	-
Miscellaneous	1,132	954	120	347
Dividend income	4	-	2	-
	46,888	4,844	38,468	2,102

34. Finance Costs

	Group		Company	
	01.01.2019 to 30.06.2020 RM'000	01.01.2018 to 31.12.2018 RM'000	01.01.2019 to 30.06.2020 RM'000	01.01.2018 to 31.12.2018 RM'000
Interest expenses on:				
- Bank borrowings	5,150	4,750	1,285	3,352
- Finance leases	-	44	-	-
- Lease liabilities	378	-	76	-
- Bank-Guaranteed Sukuk Musharakah	924	2,767	-	-
- Others	7	6	-	-
	6,459	7,567	1,361	3,352

35. Profit/(Loss) before Taxation

Profit/(Loss) before taxation is derived after charging/(crediting):

	Group		Company	
	01.01.2019 to 30.06.2020 RM'000	01.01.2018 to 31.12.2018 Restated RM'000	01.01.2019 to 30.06.2020 RM'000	01.01.2018 to 31.12.2018 Restated RM'000
Auditors' remuneration:				
- current period/year	362	349	176	150
- (over)/under provision in prior years	(41)	4	18	4
- others	7	15	7	15
Bad debt written off	549	-	-	-
Amortisation of:				
- deferred income	(2,277)	(2,277)	-	-
- land use rights	-	32	-	-
Depreciation of:				
- property, plant and equipment	6,093	11,768	1	-
- rights-of-use assets	3,898	-	645	-
Changes in fair value of investment properties	1,200	810	-	2,032
Loss/(Gain) on foreign exchange:				
- unrealised	15	(114)	15	(114)
Net gain on disposal of a subsidiaries	-	(9)	-	-
Impairment losses on cost of investment in:				
- subsidiaries	-	-	7,571	31,963
- associate	40	-	40	-

35. Profit/(Loss) before Taxation (Cont'd)

	Group		Company	
	01.01.2019 to 30.06.2020	01.01.2018 to 31.12.2018 Restated	01.01.2019 to 30.06.2020	01.01.2018 to 31.12.2018 Restated
	RM'000	RM'000	RM'000	RM'000
Impairment losses on financial assets:				
- trade receivables	2,824	113	-	-
- other receivables	81	-	-	-
- amount due from immediate holding company	1,896	-	-	-
- amount due from subsidiary companies	-	-	1,956	100
Reversals of impairment losses on financial assets:				
- trade receivables	(1,383)	-	-	-
Net losses on impairment of financial assets	3,418	113	1,956	100
Impairment loss on property, plant and equipment	-	23	-	-
Inventories written down	1,439	1,836	-	-
Inventories written off	1,636	-	-	-
Property, plant and equipment written off	81	-	-	-
Rental of equipment	-	223	-	-
Rental of premises	-	1,911	-	480
Short term lease expenses related to:				
- equipment	130	-	-	-
- premises	225	-	-	-

36. Taxation

	Group		Company	
	01.01.2019 to 30.06.2020	01.01.2018 to 31.12.2018 Restated	01.01.2019 to 30.06.2020	01.01.2018 to 31.12.2018 Restated
	RM'000	RM'000	RM'000	RM'000
Tax expenses recognised in profit or loss				
Malaysian statutory tax:				
- Current tax provision	2,361	2,762	837	306
- Under/(Over) provision in prior years	1,674	(284)	1,147	(82)
	4,035	2,478	1,984	224
Deferred tax:				
- Origination and reversal of temporary differences	10,339	356	7,575	(487)
- Under/(Over) provision in prior years	1,228	(4,002)	297	145
	11,567	(3,646)	7,872	(342)
	15,602	(1,168)	9,856	(118)

Malaysian income tax is calculated at the statutory tax rate of 24% (2018: 24%) of the estimated assessable profits for the financial period/year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	01.01.2019 to 30.06.2020	01.01.2018 to 31.12.2018 Restated	01.01.2019 to 30.06.2020	01.01.2018 to 31.12.2018 Restated
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before taxation	18,614	(12,036)	25,251	(36,288)
At Malaysian statutory tax rate of 24% (2018: 24%)	4,467	(2,889)	6,060	(8,709)
Expenses not deductible for tax purposes	6,678	6,213	3,712	8,597
Income not subject to tax	(9,882)	(786)	(8,547)	(69)
Deferred tax assets not recognised	4,433	580	-	-
Utilisation of previously unrecognised deferred tax assets	(183)	-	-	-
Tax effect on fair value changes on investment properties	7,187	-	7,187	-
Under/(Over) provision of income tax in prior years	1,674	(284)	1,147	(82)
Under/(Over) provision of deferred tax in prior years	1,228	(4,002)	297	145
	15,602	(1,168)	9,856	(118)

36. Taxation (Cont'd)

Unutilised tax losses, unabsorbed capital allowances, unabsorbed investment tax allowances and other temporary difference of the Group which are available to set-off against future chargeable income for which the tax effects have not been recognised in the financial statements are shown below:

	Group	
	2020	2018 Restated
	RM'000	RM'000
Unutilised tax losses	44,418	25,843
Unabsorbed capital allowances	2,204	2,586
Unabsorbed investment tax allowances	139,239	139,239
Other temporary difference	15	499
	185,876	168,167

37. Employee Benefits Expense

	Group		Company	
	01.01.2019 to 30.06.2020	01.01.2018 to 31.12.2018	01.01.2019 to 30.06.2020	01.01.2018 to 31.12.2018
	RM'000	RM'000	RM'000	RM'000
Salaries, wages and other emoluments	10,773	11,956	5,688	3,768
Social security contributions	90	110	22	12
Defined contribution plan	1,368	1,451	836	535
Other benefits	873	558	370	162
	13,104	14,075	6,916	4,477

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration (excluding benefits-in-kind) amounting to RM4,951,605 (2018:RM3,004,502) and RM3,890,925 (2018:RM2,692,342).

38. Directors' Remuneration

	Salaries and other emoluments RM'000	Allowances RM'000	Fees RM'000	Defined contribution plan RM'000	Estimated money value of benefits-in-kind RM'000	Total RM'000
Group						
2020						
Executive directors						
Tan Sri Abd Rahim Bin Mohamad	1,673	865	90	403	184	3,215
Puan Sri Fadzilah Binti Md Ariff	580	160	45	137	188	1,110
Dato' Abdullah Bin A. Rasol	447	-	45	26	67	585
Dato' Nik Mohd Fuad Bin Wan Abdullah	378	-	45	58	62	543
	3,078	1,025	225	624	501	5,453
Non-executive directors						
Datuk Mohamed Salleh Bin Bajuri	-	-	60	-	23	83
Dato' Anuarudin Bin Mohd Noor	-	-	45	-	17	62
Datuk Seri Ahmad Bin Hj. Kabit	-	-	45	-	20	65
	-	-	150	-	60	210
Total directors' remuneration	3,078	1,025	375	624	561	5,663

38. Directors' Remuneration (Cont'd)

	Salaries and other emoluments RM'000	Allowances RM'000	Fees RM'000	Defined contribution plan RM'000	Estimated money value of benefits-in-kind RM'000	Total RM'000
Group						
2018						
Executive directors						
Tan Sri Abd Rahim Bin Mohamad	1,160	180	60	282	141	1,823
Puan Sri Fadzilah Binti Md Ariff	386	120	30	97	123	756
Dato' Abdullah Bin A. Rasol	298	-	40	19	80	437
Dato' Nik Mohd Fuad Bin Wan Abdullah	262	-	30	40	37	369
	2,106	300	160	438	381	3,385
Non-executive directors						
Datuk Mohamed Salleh Bin Bajuri	-	-	40	-	-	40
Dato' Anuarudin Bin Mohd Noor	-	-	30	-	-	30
Datuk Seri Ahmad Bin Hj. Kabit	-	-	30	-	-	30
	-	-	100	-	-	100
Total directors' remuneration	2,106	300	260	438	381	3,485

38. Directors' Remuneration (Cont'd)

	Salaries and other emoluments RM'000	Allowances RM'000	Fees RM'000	Defined contribution plan RM'000	Estimated money value of benefits-in-kind RM'000	Total RM'000
Company						
2020						
Executive directors						
Tan Sri Abd Rahim Bin Mohamad	1,673	240	90	403	156	2,562
Puan Sri Fadzilah Binti Md Ariff	580	160	45	137	169	1,091
Dato' Abdullah Bin A. Rasol	447	-	45	26	56	574
Dato' Nik Mohd Fuad Bin Wan Abdullah	-	-	45	-	-	45
	2,700	400	225	566	381	4,272
Non-executive directors						
Datuk Mohamed Salleh Bin Bajuri	-	-	60	-	23	83
Dato' Anuarudin Bin Mohd Noor	-	-	45	-	17	62
Datuk Seri Ahmad Bin Hj. Kabit	-	-	45	-	20	65
	-	-	150	-	60	210
Total directors' remuneration	2,700	400	375	566	441	4,482

38. **Directors' Remuneration (Cont'd)**

	Salaries and other emoluments RM'000	Allowances RM'000	Fees RM'000	Defined contribution plan RM'000	Estimated money value of benefits-in-kind RM'000	Total RM'000
Company						
2018						
Executive directors						
Tan Sri Abd Rahim Bin Mohamad	1,160	180	60	282	129	1,811
Puan Sri Fadzilah Binti Md Ariff	386	120	30	97	103	736
Dato' Abdullah Bin A. Rasol	298	-	30	19	65	412
Dato' Nik Mohd Fuad Bin Wan Abdullah	-	-	30	-	-	30
	1,844	300	150	398	297	2,989
Non-executive directors						
Datuk Mohamed Salleh Bin Bajuri	-	-	40	-	-	40
Dato' Anuarudin Bin Mohd Noor	-	-	30	-	-	30
Datuk Seri Ahmad Bin Hj. Kabit	-	-	30	-	-	30
	-	-	100	-	-	100
Total directors' remuneration	1,844	300	250	398	297	3,089

39. Earnings/(Loss) per Share

(a) Basic earnings/(loss) per share

The basic earnings/(loss) per share are calculated based on the consolidated profit for the financial period/year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial period/year as follows:

	Group	
	01.01.2019 to 30.06.2020 RM'000	01.01.2018 to 31.12.2018 Restated RM'000
Profit/(Loss) attributable to owners of the parent	5,014	(9,725)
	Number of shares (units '000)	
Weighted average number of ordinary shares in issue:		
Issued ordinary shares at 1 January	377,528	311,362
Effect on issuance of Conversion Shares pursuant to conversion of RCN during the financial period/year	21,179	19,052
Weighted average number of ordinary shares at 30 June/31 December	398,707	330,414
Basic earnings/(loss) per ordinary shares (in sen)	1.26	(2.94)

(b) Diluted earnings/(loss) per share

The diluted earnings/(loss) per share has been calculated based on the adjusted consolidated profit for the financial period/year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial period/year have been adjusted for the dilutive effects of all potential ordinary shares as follows:

	Group	
	01.01.2019 to 30.06.2020 RM'000	01.01.2018 to 31.12.2018 Restated RM'000
Profit/(Loss) attributable to owners of the parent	5,014	(9,725)
	Number of shares (units '000)	
Weighted average number of ordinary shares used in the calculation of basic earnings/(loss) per share	398,707	330,414
Adjustment for incremental shares from assumed conversions of Redeemable Convertible Notes	-	413,333
Weighted average number of ordinary shares at 30 June/31 December (diluted)	398,707	743,747
Diluted earnings/(loss) per ordinary shares (in sen)	1.26	(1.31)

The number of shares under warrants was not taken into account in the computation of diluted earnings per share as the warrants do not have any dilutive effect on weighted average number of ordinary shares.

There have been no other transaction involving ordinary shares or potential ordinary shares since the end of the financial period and before the authorisation of these financial statements.

40. Reconciliation of Liabilities Arising from Financing Activities

	As at 1 January RM'000	Effect of adopting MFRS 16 RM'000	Addition RM'000	Note (i) RM'000	(Repayment)/ Drawdown RM'000	As at 30 June RM'000
2020						
Group						
Finance lease liabilities (Note 26)	880	(880)	-	-	-	-
Lease liabilities (Note 25)	-	4,811	2,360	-	(2,259)	4,912
Bank-Guaranteed Sukuk Musharakah (Note 24)	40,000	-	-	-	(40,000)	-
Term loan (Note 24)	26,948	-	-	-	21,627	48,575
	67,828	3,931	2,360	-	(20,632)	53,487
Company						
Amount due from/to subsidiary companies (Note 13)	(75,359)	-	-	6,085	-	(69,274)
Lease liabilities (Note 25)	-	1,223	-	-	(644)	579
Term loan (Note 24)	26,701	-	-	-	(20,626)	6,075
	(48,658)	1,223	-	6,085	(21,270)	(62,620)

(i) The cash flows from amount due from/to subsidiary companies make up the net amount of advances from and repayment to amount due from/to subsidiary companies in the statements of cash flow.

40. Reconciliation of Liabilities Arising from Financing Activities (Cont'd)

	As at 1 January RM'000	Note (i) RM'000	(Repayment)/ Drawdown RM'000	As at 30 June RM'000
2018				
Group				
Finance lease liabilities (Note 26)	1,265	-	(385)	880
Bank-Guaranteed Sukuk Musharakah (Note 24)	50,000	-	(10,000)	40,000
Term loan (Note 24)	37,962	-	(11,014)	26,948
	89,227	-	(21,399)	67,828
Company				
Amount due from/to subsidiary companies (Note 13)	(73,990)	(1,369)	-	(75,359)
Term loan (Note 24)	36,066	-	(9,365)	26,701
	(37,924)	(1,369)	(9,365)	(48,658)

(i) The cash flows from amount due from/to subsidiary companies make up the net amount of advances from and repayment to amount due from/to subsidiary companies in the statements of cash flow.

41. Related Party Disclosures

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the group entities directly or indirectly.

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere to the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	Group		**Company**	
	01.01.2019 to 30.06.2020 RM'000	**01.01.2018 to 31.12.2018 RM'000**	**01.01.2019 to 30.06.2020 RM'000**	**01.01.2018 to 31.12.2018 RM'000**
Transaction with immediate holding company				
Interest charged by	-	3,012	-	-
Transactions with subsidiary companies				
- Management fee billed to	-	-	2,042	2,140
- Rental income billed to	-	-	1,087	762
- Interest charged to	-	-	8,021	5,316
	-	-	11,150	8,218

41. Related Party Disclosures (Cont'd)

(c) Compensation of key management personnel

Remuneration of Directors and other members of key management are as follows:

	Group		Company	
	01.01.2019 to 30.06.2020 RM'000	01.01.2018 to 31.12.2018 RM'000	01.01.2019 to 30.06.2020 RM'000	01.01.2018 to 31.12.2018 RM'000
Fee	375	270	375	150
Allowance	1,120	386	495	386
Salaries and other emoluments	4,399	2,787	4,021	2,525
Defined contribution plan	804	534	746	494
Estimated monetary value of benefits-in-kind	661	421	541	337
	7,359	4,398	6,178	3,892

Included in total key management personnel are:

	Group		Company	
	01.01.2019 to 30.06.2020 RM'000	01.01.2018 to 31.12.2018 RM'000	01.01.2019 to 30.06.2020 RM'000	01.01.2018 to 31.12.2018 RM'000
Directors' remuneration	5,102	3,105	4,041	2,792
Estimated monetary value of benefits-in-kind	561	381	441	297
	5,663	3,486	4,482	3,089

42. Segment Information

For management purposes, the Group is organised into business units based on their products and services, and has four reportable segments as follows:

Energy	Power plants
Food, beverage ("F&B") rental and tourism	Restaurants, catering and operating aquarium
Manufacturing	Manufacture electrical and engineering parts
Others	Provision of management services

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

Information about segment assets and liabilities are neither included in the internal management reports nor provided regularly to the management. Hence, no disclosures are made on segment assets and liabilities.

42. **Segment Information (Cont'd)**

	F&B, rental and tourism RM'000	Manufacturing RM'000	Energy RM'000	Others RM'000	Total Segments RM'000	Adjustments and eliminations RM'000	Consolidated RM'000
2020							
External customers	28,860	6,227	47,566	-	82,653	-	82,653
Inter-segment	-	-	599	2,042	2,641	(2,641)	-
Total revenue	28,860	6,227	48,165	2,042	85,294	(2,641)	82,653
Results							
Operating results	6,126	(5,419)	(6,218)	18,547	13,036	11,834	24,870
Interest income	293	-	1,931	8,066	10,290	(10,087)	203
Finance costs	(981)	(32)	(14,466)	(1,361)	(16,840)	10,381	(6,459)
Profit/(Loss) before taxation	5,438	(5,451)	(18,753)	25,252	6,486	12,128	18,614
Income tax expense	(2,137)	(32)	(3,578)	(9,855)	(15,602)	-	(15,602)
Non-controlling interest	-	414	-	-	414	1,542	1,956
Profit/(Loss) for the period	3,301	(5,069)	(22,331)	15,397	(8,702)	13,670	4,968
Segment assets	119,292	3,022	211,821	338,253	672,388	(285,068)	387,320
Segment liabilities	86,672	1,754	231,089	98,771	418,286	(271,390)	146,896

42. Segment Information (Cont'd)

	F&B, rental and tourism RM'000	Manufacturing RM'000	Energy RM'000	Others RM'000	Total Segments RM'000	Adjustments and eliminations RM'000	Consolidated RM'000
2018							
External customers	22,858	12,064	26,138	-	61,060	-	61,060
Inter-segment	-	-	1,800	2,140	3,940	(3,940)	-
Total revenue	22,858	12,064	27,938	2,140	65,000	(3,940)	61,060
Results							
Operating results	6,147	(2,722)	(7,484)	(38,259)	(42,318)	34,055	(8,263)
Interest income	-	-	5,447	5,324	10,771	(6,977)	3,794
Finance costs	(399)	(43)	(9,985)	(3,352)	(13,779)	6,212	(7,567)
Profit/(Loss) before taxation	5,748	(2,765)	(12,022)	(36,287)	(45,326)	33,290	(12,036)
Income tax expense	(2,298)	15	3,251	118	1,086	82	1,168
Non-controlling interest	-	451	-	-	451	692	1,143
Profit/(Loss) for the year	3,450	(2,299)	(8,771)	(36,169)	(43,789)	34,064	(9,725)
Segment assets	128,776	13,389	232,019	339,647	713,831	(303,880)	409,951
Segment liabilities	101,621	6,807	228,065	117,245	453,738	(283,299)	170,439

43. Financial Instruments

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	At Amortised Cost RM'000	At FVOCI RM'000	Total RM'000
2020			
Group			
Financial Assets			
Other investment	-	54	54
Trade receivables	2,265	-	2,265
Other receivables	1,071	-	1,071
Amount due from immediate holding company	49,386	-	49,386
Fixed deposits	377	-	377
Cash and bank balances	8,817	-	8,817
	61,916	54	61,970
Financial Liabilities			
Trade payables	3,418	-	3,418
Other payables	50,194	-	50,194
Lease liabilities	4,912	-	4,912
Borrowings	51,575	-	51,575
	110,099	-	110,099

43. **Financial Instruments (Cont'd)**

(a) **Classification of financial instruments (Cont'd)**

	At Amortised Cost RM'000	At FVOCI RM'000	Total RM'000
2018			
Group			
Financial Assets			
Other investment	-	8	8
Trade receivables	5,994	-	5,994
Other receivables	2,376	-	2,376
Amount due from associate company	7	-	7
Amount due from immediate holding company	63,805	-	63,805
Fixed deposits	8,420	-	8,420
Cash and bank balances	2,865	-	2,865
	83,467	8	83,475
Financial Liabilities			
Trade payables	15,054	-	15,054
Other payables	42,837	-	42,837
Amount due to associate company	22	-	22
Finance lease liabilities	880	-	880
Borrowings	80,046	-	80,046
Redeemable convertible notes	487	-	487
	139,326	-	139,326
2020			
Company			
Financial Assets			
Other investment	-	40	40
Other receivables	140	-	140
Amount due from subsidiaries companies	124,115	-	124,115
Fixed deposits	281	-	281
Cash and bank balances	98	-	98
	124,634	40	124,674

43. Financial Instruments (Cont'd)

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

	At Amortised Cost RM'000	At FVOCI RM'000	Total RM'000
2020			
Company			
Financial Liabilities			
Other payables	19,992	-	19,992
Amount due to subsidiary companies	54,841	-	54,841
Lease liabilities	579	-	579
Borrowings	6,075	-	6,075
	81,487	-	81,487

	At Amortised Cost RM'000	At FVOCI RM'000	Total RM'000
2018			
Company			
Financial Assets			
Other investment	-	6	6
Other receivables	149	-	149
Amount due from subsidiaries companies	136,392	-	136,392
Fixed deposits	269	-	269
Cash and bank balances	86	-	86
	136,896	6	136,902

	At Amortised Cost RM'000	At FVOCI RM'000	Total RM'000
2018			
Company			
Financial Liabilities			
Other payables	20,000	-	20,000
Amount due to subsidiary companies	61,033	-	61,033
Amount due to associate company	22	-	22
Borrowings	26,701	-	26,701
Redeemable convertible notes	487	-	487
	108,243	-	108,243

43. **Financial Instruments (Cont'd)**

(b) **Financial risk management**

The Group's and the Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's and of the Company's operations whilst managing its credit, liquidity, foreign currency, interest rate and market price risks. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and the Company's policies are not to engage in speculative transactions.

(i) **Credit risk**

Credit risk is the risk of a financial loss to the Group and to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its trade and other receivables, amount owing by immediate holding company, cash and bank balances and deposits with banks and financial institutions. The Company's exposure to credit risk arises principally from loans and advances to subsidiary companies, deposits with banks and financial institutions and financial guarantees given to banks for credit facilities granted to subsidiary companies. There are no significant changes as compared to prior periods.

Trade and other receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis via the Group's and the Company's management reporting procedures and action will be taken for long overdue debts. Majority of the trade receivables are from sales of goods or services rendered. Credit risks on other receivables are mainly arising from receivables from third parties and deposits.

At each reporting date, the Group and the Company assess whether any of the trade and other receivables are credit impaired.

There are no significant changes as compared to previous financial year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade and other receivables are represented by the carrying amounts in the statements of financial position.

Concentration of credit risk

	2020		2018	
	RM'000	**% of total**	**RM'000**	**% of total**
By industry sector:				
- Food, beverage ("F&B") and tourism	135	6%	576	10%
- Manufacturing	899	40%	4,065	68%
- Energy	1,231	54%	1,353	22%
	2,265	100%	5,994	100%

Recognition and measurement of impairment loss

In managing credit risk of trade and other receivables, the Group and the Company manage its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within credit terms. The Group's debt recovery process is that when invoices exceeded the credit terms, the Group will start to initiate a structured debt recovery process which is monitored by the management.

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment record with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial period. Certain trade receivables that are past due but not impaired as the management is of the view that these past due amounts will be collected in due course.

Consistent with the debt recovery process, inactive debtors whose invoices which are more than credit terms may be considered as credit impaired. The gross carrying amounts of credit impaired trade and other receivables are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade and other receivables that are written off could still be subject to enforcement activities.

43. Financial Instruments (Cont'd)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Trade and other receivables (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

The Group uses an allowance matrix to measure ECLs for trade receivables. Loss rates are based on actual credit loss experience over the past three years.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Cash and cash equivalents

Risk management objectives, policies and processes for managing the risk

The cash and cash equivalents are held with banks and financial institutions. The Group and the Company have a credit policy in place to control credit risk by deposit with banks and financial institutions with good credit rating.

Exposure to credit risk, credit quality and collateral

At the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amount in the statements of financial position.

Recognition and measurement of impairment loss

These banks and financial institutions have low credit risks. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Group and the Company provide unsecured financial guarantees to banks in respect of banking facilities granted to subsidiary companies and third parties. The Group and the Company monitor the ability of the subsidiary companies to service their loans on an individual basis.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk for the financial guarantees of the Group and of the Company as disclosed in Note 45 to the financial statements.

Recognition and measurement of impairment loss

There was no indication that any subsidiary companies would default on repayment as at the end of the reporting period and there was no indication that any going concern from them. The Group and the Company are of the view that loss allowance is not material and hence, it is not provided for.

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Group provides unsecured loans and advances to immediate holding company. The Company provides unsecured loans and advances to subsidiary companies. The Group and the Company monitors the ability of the subsidiary companies and of the immediate holding company to repay the loans and advances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Recognition and measurement of impairment loss

Generally, the Group and the Company consider loans and advances to immediate holding company and subsidiary companies have low credit risk because there is no indication of any going concern from immediate holding company and subsidiary companies.

43. Financial Instruments (Cont'd)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Inter-company loans and advances (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

The amount owing by immediate holding company is secured by Deed of Assignment on the net sale proceeds from the planned disposal of certain identified lands of immediate holding company and private caveat on four identified lands of immediate holding company. The Company assume that there is a significant increase in credit risk when subsidiary companies' financial position deteriorates significantly. The Company considers a subsidiary's advance to be credit impaired when:
- The subsidiary is unlikely to repay its advance to the Company in full; or
- The subsidiary is continuously loss making and is having a deficit in shareholders' fund.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

43. Financial Instruments (Cont'd)

(b) Financial risk management (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	After 5 years RM'000	Total contractual cash flows RM'000	Total carrying amount RM'000
Group						
2020						
Non-derivative financial liabilities						
Trade payables	3,418	-	-	-	3,418	3,418
Other payables	50,194	-	-	-	50,194	50,194
Lease liabilities	1,500	1,655	2,501	115	5,771	4,912
Borrowings	14,253	12,805	27,361	6,128	60,547	51,575
	69,365	14,460	29,862	6,243	119,930	110,099
2018						
Non-derivative financial liabilities						
Trade payables	15,054	-	-	-	15,054	15,054
Other payables	42,837	-	-	-	42,837	42,837
Amount due to associate company	22	-	-	-	22	22
Finance lease liabilities	396	239	346	-	981	880
Borrowings	42,383	26,160	28,840	-	97,383	80,046
Redeemable convertible notes	487	-	-	-	487	487
	101,179	26,399	29,186	-	156,764	139,326

43. Financial Instruments (Cont'd)

(b) Financial risk management (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM'000	1 to 2 years RM'000	Total contractual cash flows RM'000	Total carrying amount RM'000
Company				
2020				
Non-derivative financial liabilities				
Other payables	19,992	-	19,992	19,992
Amount due to subsidiary companies	54,841	-	54,841	54,841
Lease liabilities	480	120	600	579
Borrowings	4,181	2,673	6,854	6,075
Financial guarantee	45,740	-	45,740	45,740
	125,234	2,793	128,027	127,227
2018				
Non-derivative financial liabilities				
Other payables	20,000	-	20,000	20,000
Amount due to subsidiary companies	61,033	-	61,033	61,033
Amount due to associate company	22	-	22	22
Borrowings	15,958	12,560	28,518	26,701
Redeemable convertible notes	487	-	487	487
Financial guarantee	13,345	-	13,345	13,345
	110,845	12,560	123,405	121,588

(iii) Market risks

(a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to transactional currency risk primarily through cash advances that are denominated in a currency other than the functional currency of the operations to which they relate. The currency that gives rise to this risk are United States Dollar ("USD") and Singapore Dollars ("SGD"). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The Groups' exposure to foreign currency changes are not material.

(b) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group and the Company manage the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long-term deposits.

The Group and the Company manage its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group and the Company constantly monitor the interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group and the Company do not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

43. **Financial Instruments (Cont'd)**

(b) Financial risk management (Cont'd)

(iii) Market risks (Cont'd)

(b) Interest rate risk (Cont'd)

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2020	2018 Restated	2020	2018 Restated
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments				
Financial asset:				
Fixed deposits	377	8,420	281	269
Financial liabilities:				
Bank borrowing	-	803	-	556
Finance lease liabilities	-	880	-	-
Lease liabilities	4,912	-	579	-
	4,912	1,683	579	556
	(4,535)	6,737	(298)	(287)
Floating rate instruments				
Financial assets:				
Amount due from subsidiaries companies	-	-	76,351	69,416
Loan to a subsidiary	-	-	6,270	6,270
	-	-	82,621	75,686
Financial liabilities:				
Bank borrowing	48,575	66,145	6,075	26,145
	(48,575)	(66,145)	76,546	49,541

43. Financial Instruments (Cont'd)

(b) Financial risk management (Cont'd)

(iii) Market risks (Cont'd)

(b) Interest rate risk (Cont'd)

Interest rate risk sensitivity

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

The following demonstrates the sensitivity of the Group's and of the Company's profit/(loss) after tax to a reasonably possible change in the interest rate by 1% arising mainly as a result of higher/lower interest expense on floating rate loans and borrowings:

	Effect to profit or loss	
	2019	**2018**
	RM	**RM**
Group		
Interest rate increased by 1%	486	661
Interest rate decreased by 1%	(486)	(661)
Company		
Interest rate increased by 1%	765	495
Interest rate decreased by 1%	(765)	(495)

43. Financial Instruments (Cont'd)

(c) Fair value of financial instruments

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short term loans borrowings approximate their fair value due to the relatively short term nature of these financial instruments and/or insignificant impact of discounting.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value			Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	RM'000
Group				
2020				
Financial asset				
Other Investment	-	-	54	54
2018				
Financial asset				
Other Investment	-	-	8	8
Company				
2020				
Financial asset				
Other Investment	-	-	40	40
2018				
Financial asset				
Other Investment	-	-	6	6

	Fair value of financial instruments not carried at fair value			Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	RM'000
Group				
2018				
Financial liability				
Finance lease liabilities	-	535	-	880

(i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during current financial period and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iv) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

44. Capital Commitment

	Group 2020 RM'000	Group 2018 RM'000
Authorised and contracted for		
Purchase of property, plant and equipment	790	6,155

45. Financial Guarantees

	Company 2020 RM'000	Company 2018 RM'000
Unsecured		
Corporate guarantees given to the licensed financial institution for credit facility granted to subsidiary companies	45,740	13,345

The Company provides unsecured financial guarantee to bank and other financial institution in respect of facilities granted to subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

As at the reporting date, there was no indication that any subsidiary would default on repayment. The financial guarantees provided to financiers for subsidiaries are considered not likely to crystallise.

46. Capital Management

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company'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.

In order to maintain or adjust the capital structure, the Group and the Company may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group and the Company monitor capital using a gearing ratio. The Group's and the Company's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements.

The gearing ratios at the end of the reporting period are as follows:

	Group 2020 RM'000	Group 2018 Restated RM'000	Company 2020 RM'000	Company 2018 Restated RM'000
Total loans and borrowings	51,575	80,926	6,075	26,701
Less: Deposit, cash and bank balances	(9,194)	(11,285)	(379)	(355)
Net debt	42,381	69,641	5,696	26,346
Total equity	240,424	239,512	239,468	221,065
Gearing ratio	0.18	0.29	0.02	0.12

There were no changes in the Group's and in the Company's approach to capital management during the financial period.

47. Comparative Figures

The financial statements of the Group and of the Company as at 31 December 2018 were audited by another firm of chartered accountant.

During the financial period, the Group and Company made certain adjustments to the comparative as a result of prior year adjustment and certain reclassifications and restatements to the comparative to confirm with the current period presentation.

Prior year adjustments

The effects arising from prior year adjustments are as follows:

i. The Group and the Company have retrospectively adjusted for the overstatement of income tax and understatement of deferred tax assets in respect of non-taxable income;

ii. The Group has retrospectively adjusted for the overstatement of property, plant and equipment;

iii. The Group has retrospectively adjusted for the understatement of land use right and entertainment duty and overstatement of other receivables and non-controlling interest;

iv. The Group and the Company have retrospectively adjusted the overstatement of prepayment of leasehold land premium previously classified as other assets; and

v. The Group and the Company have retrospectively adjusted for equity component and liability component of the Redeemable Convertible Notes and the impact of deferred tax on equity component of RCN.

	Group			Company		
	As previously stated RM'000	Prior year adjustment RM'000	As restated RM'000	As previously stated RM'000	Prior year adjustment RM'000	As restated RM'000
Statement of profit or loss and other comprehensive income						
As at 31 December 2018						
Revenue	63,021	(1,961)	61,060			
Administrative expenses	(31,179)	40	(31,139)	(42,541)	40	(42,501)
Taxation	1,086	82	1,168	118	-	118

47. Comparative Figures (Cont'd)

	Group			Company		
	As previously stated RM '000	Prior year adjustment RM '000	As restated RM '000	As previously stated RM '000	Prior year adjustment RM '000	As restated RM '000
Statement of financial position As at 31 December 2018						
ASSETS						
Non-Current Assets						
Property, plant and equipment	67,172	(171)	67,001	-	-	-
Land use rights	250	866	1,116	-	-	-
Deferred tax assets	28,775	11,534	40,309	-	1,216	1,216
Other assets	1,383	(1,383)	-	1,383	(1,383)	-
Current Assets						
Trade and other receivables	9,837	(9,837)	-	3,553	(3,553)	-
Trade receivables	-	5,994	5,994			
Other receivables	-	2,785	2,785	-	149	149
Amount due from subsidiary companies	-	-	-	-	3,404	3,404
Amount due from associate company	-	7	7	-	-	-
Other assets	450	(450)	-	40	(40)	-
Tax recoverable	-	298	298	-	-	-
Fixed deposits with licensed banks	-	8,420	8,420	-	269	269
Cash and bank balances	11,285	(8,420)	2,865	355	(269)	86
Equity						
RCN	-	86	86	-	86	86
Accumulated losses	(76,225)	(7,818)	(84,043)	(99,360)	(1,423)	(100,783)
Non-controlling interests	1,839	(132)	1,707	-	-	-
LIABILITIES						
Non-Current Liabilities						
Loan and borrowings	30,486	(30,486)	-	-	-	-
Borrowings	-	30,000	30,000	-	-	-
Finance lease liabilties	-	486	486	-	-	-
Deferred tax liabilities	3,926	10,623	14,549	3,691	1,243	4,934
Current Liabilities						
Trade and other payable	54,575	(54,575)	-	81,078	(81,078)	-
Trade payables	-	15,054	15,054	-	-	-
Other payables	-	42,935	42,935	-	20,023	20,023
Amount due to subsidiary companies	-	-	-	-	61,033	61,033
Amount due to associate company	-	22	22	-	22	22
Loan and borrowings	50,912	(50,912)	-	27,301	(27,301)	-
Borrowings	-	50,046	50,046	-	26,701	26,701
Finance lease liabilties	-	394	394			
RCN	-	487	487	-	487	487
Deferred income	3,258	331	3,589	-	-	-
Tax payable	6,670	3,102	9,772	-	-	-
As at 31 December 2017						
Equity						
Accumulated losses	(68,339)	(5,979)	(74,318)	(63,150)	(1,463)	(64,613)
Non-controlling interests	2,982	(132)	2,850	-	-	-

48. Significant Event During and After Reporting Period

Outbreak of Coronavirus Pandemic ("Covid-19")

On 11 March 2020, the World Health Organisation declared the novel Coronavirus ("Covid-19") outbreak as a pandemic in recognition of its rapid spread across the globe. As per National Security Council's directive, the Government of Malaysia has imposed the Movement Control Order ("MCO") from 18 March 2020 to 3 May 2020 and Conditional Movement Control Order ("CMCO") from 4 May to 9 June 2020 and Recovery Movement Control Order ("RMCO") from 10 June 2020 to 31 August 2020 and further extended RMCO to 31 December 2020 and recently Enhanced Movement Control Order ("EMCO") and CMCO under which travel restrictions and lockdown or partial lockdown are being enforced. The emergence of Covid-19 since early 2020 has brought significant economic uncertainties to the Group's and to the Company's operating environment and caused financial impact to the Group's and to the Company's revenue, earnings and cash flow.

The Group and the Company are cognizant of the challenges posed by these developing events and the potential impact to the Group and to the Company. As at the date of this report, the management of the Group has assessed the overall impact of the situation on the business operations. Based on the assessment, there is no doubt a financial impact for current financial period and subsequent financial year, particularly on the food and beverage, rental of retail units and commercial space, leisure and tourism business segments. Nevertheless, the Group has seen positive developments on its business operations with the progressive uplifting of restriction on interstate travel and domestic tourism activities. The Group and the Company will continuously assess the situation, work closely with the local authorities to support their efforts in containing the spread of Covid-19, and effectuate appropriate and timely measures to minimise the impact of the outbreak on the Group's and on the Company's operations.

Given the evolving nature of the COVID-19 pandemic, it is currently not possible to ascertain the full financial impact it may have on the financial results and performance of the Group and of the Company for the financial year ending 30 June 2021.

49. Date of Authorisation for Issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 22 October 2020.

LIST OF PROPERTIES

as at 30 June 2020

	Company, Title and Particulars	Description	Tenure	Age of	Usage		Net Carrying Value as at 30.06.20 (RM)
1	**EDEN INC. BERHAD**						
a.	PM 39, Lot 63 Seksyen 4, Tanjung Mali, Bandar Padang Matsirat, Pulau Langkawi, Kedah.	Shopping Complex & Aquarium	Leasehold (Expiring in 2054)	23.5	Rented Out	6.1 acres	6,708,600
b.	PN 21989, Lot No. 8906, PN 21368, Lot No. 8907, PN 21372, Lot No. 8911, Gebeng, Mukim Sungai Karang, Kuantan, Pahang.	Industrial Land	Leasehold (Expiring on 28 October 2096)	-	For Investment	434.9578 acres	183,780,000
2.	**EDEN SEAFOOD VILLAGE (LANGKAWI) SDN. BHD.**						
	Part of, PM39 Lot 63, Seksyen 4, Tanjung Mali, Bandar Padang Matsirat, Pulau Langkawi, Kedah.	Shop Lots	Leasehold (Expiring in 2054)	23.5	Retail & Restaurant	59,691 sq. ft.	26,092,000
3.	**UNDERWATER WORLD LANGKAWI SDN. BHD.**						
	Part of, PM39 Lot 63, Seksyen 4, Tanjung Mali, Bandar Padang Matsirat, Pulau Langkawi, Kedah.	Double Storey Building with Aquarium	Leasehold (Expiring in 2054)	23.5	Aquarium & Office	94,412 sq.ft.	10,630,669
4.	**STRATAVEST SDN. BHD.**						
	Libaran Power Station CL 075323447, P. No. 14158, Sungai Jipon, Seguntor Industrial Estate District of Sandakan, Sabah	Low Speed Diesel Fired 60 MW Power Plant and Building	Leasehold - 99 years (Expiring on 31 December 2070)	21.5	Power Plant & Office Premises	16.01 acres	10,000,000
5.	**MUSTEQ HYDRO SDN. BHD.**						
	Sungai Kenerong Hydro Power 2.6km off Jalan Meranto, Kampong Stong, Kelantan	20 MW Hydro Power Plant and Building	Forest Reserve (30 years concession)	19.5	Power Plant & Office Premises	59,867 sq. ft.	38,326,868

ANALYSIS OF SHAREHOLDINGS AS AT 16 OCTOBER 2020

Total Issued Share Capital	:	403,361,379 shares
Class of Shares	:	Ordinary Shares
Voting rights	:	One (1) vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	147	1.58	3,639	0.00
100 – 1,000	1,920	20.61	1,488,571	0.37
1,001 – 10,000	4,095	43.97	21,241,936	5.27
10,001 – 100,000	2,718	29.18	104,142,623	25.82
100,001 – 20,168,067 (*)	434	4.66	276,484,610	68.55
20,168,068 and above (**)	0	0.00	0	0.00
TOTAL	**9,314**	**100.00**	**403,361,379**	**100.00**

Remark: * Less than 5% of issued holdings
** 5% and above of issued holdings

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The Substantial Shareholders' direct, and indirect (deemed) interests in the Company based on the Register of Substantial Shareholders of the Company are as follows: -

	Direct Interest		Indirect Interest	
Substantial Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
Serata Padu Sdn. Bhd.	43,794,171	10.86	-	-
Zil Enterprise Sdn. Bhd.	34,000,120	8.43	43,794,171 (1)	10.86
Serve Vest (M) Sdn. Bhd.	-	-	43,794,171 (2)	10.86
Tan Sri Abd Rahim bin Mohamad	-	-	86,687,591 (3)	21.49

Notes:

1. Deemed interested by virtue of its direct interest of more than 20% equity interest in Serve Vest (M) Sdn. Bhd. which in turn holds shares in Serata Padu Sdn. Bhd.

2. Deemed interested by virtue of its direct interest of more than 20% equity interest in Serata Padu Sdn. Bhd.

3. Deemed interested by virtue of:-

   - his direct interest of more than 20% equity interest in Zil Enterprise Sdn. Bhd. and his direct interest of more than 20% equity interest in Serve Vest (M) Sdn. Bhd. which in turn holds shares in Serata Padu Sdn. Bhd.; and
   - his daughter, Puan Fara Nadia binti Abd Rahim's shareholdings in EDEN.

ANALYSIS OF SHAREHOLDINGS

DIRECTORS' SHAREHOLDINGS

The Directors' direct and indirect (deemed) interests in the Company based on the Register of Directors' Shareholdings of the Company maintained pursuant to Section 59 of the Companies Act 2016 are as follows: -

	Direct Interest		Indirect Interest	
Directors	**No. of Shares**	**%**	**No. of Shares**	**%**
Tan Sri Abd Rahim bin Mohamad	-	-	86,687,591 (1)	21.49
Puan Sri Fadzilah binti Md Ariff	4,861,900	1.21	8,893,300 (2)	2.21
Datuk Mohamed Salleh bin Bajuri	375,000	0.09	-	-
Dato' Anuarudin bin Mohd Noor	20,000	negligible	-	-
Datuk Seri Ahmad bin Hj. Kabit	-	-	-	-
Dato' Nik Mohd Fuad bin Wan Abdullah	-	-	-	-

Notes:

1. Deemed interested by virtue of:-

    - his direct interest of more than 20% equity interest in Zil Enterprise Sdn. Bhd. and his direct interest of more than 20% equity interest in Serve Vest (M) Sdn. Bhd. which in turn holds shares in Serata Padu Sdn. Bhd.; and

    - his daughter, Puan Fara Nadia binti Abd Rahim's shareholdings in EDEN.

2. Deemed interested by virtue of her daughter, Puan Fara Nadia binti Abd Rahim's shareholdings in EDEN.

THIRTY (30) LARGEST SHAREHOLDERS

No.	Shareholders	Number of Shares	%
1.	Ambank (M) Berhad Pledged Securities Account for Zil Enterprise Sdn. Bhd.	20,000,120	4.96
2.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Serata Padu Sdn. Bhd.	18,107,471	4.49
3.	Tung Yan Yok	16,050,300	3.98
4.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Serata Padu Sdn. Bhd.	15,686,700	3.89
5.	ABB Nominee (Tempatan) Sdn. Bhd. Pledged Securities Account for Zil Enterprise Sdn. Bhd.	14,000,000	3.47
6.	ABB Nominee (Tempatan) Sdn. Bhd. Pledged Securities Account for Serata Padu Sdn. Bhd.	10,000,000	2.48
7.	Amsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account - Ambank (M) Berhad for Fara Nadia Binti Abd Rahim	7,893,300	1.96
8.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tung Yan Yok	6,315,000	1.57
9.	Lim Kia Chet	5,067,100	1.26
10.	Tee Woei Lim	4,927,400	1.22
11.	Ting Kam Cheong	4,300,460	1.07
12.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Fadzilah binti Md Ariff	3,831,900	0.95
13.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Rajinder Singh A/L Kuldip Singh	3,306,800	0.82
14.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Karamjit Kaur A/P Pall Singh	2,644,000	0.66
15.	Chua Fen Fatt	2,300,000	0.57
16.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Mohammed Amin bin Mahmud	2,284,500	0.57
17.	Ho Woon Wei	2,230,000	0.55
18.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Lee Yuet Ngor	1,870,000	0.46
19.	Gan Cheng Swee	1,802,000	0.45
20.	Khoo Beng Cheong	1,685,000	0.42
21.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Pet Huan	1,601,000	0.40
22.	Chai Koon Khow	1,505,500	0.37
23.	Chan Ha	1,500,000	0.37
24.	Lai Yin Foong	1,500,000	0.37
25.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chin Kiam Hsung	1,350,700	0.33
26.	Kon Kim Hok	1,338,000	0.33
27.	Ong Boon Seng	1,320,000	0.33
28.	Sim Li Yin	1,318,000	0.33
29.	Chin Khee Kong & Sons Sendirian Berhad	1,300,000	0.32
30.	Leong Sai Hwa	1,300,000	0.32
		158,335,251	39.25

ANALYSIS OF WARRANTHOLDINGS

ANALYSIS OF WARRANTHOLDINGS AS AT 16 OCTOBER 2020

Description	:	Warrants B
Total Outstanding Warrants	:	155,681,114 Warrants
Maturity Date	:	13 August 2021

ANALYSIS BY SIZE OF WARRANTHOLDINGS

Size of Warrantholdings	No. of Warrant holders	%	No. of Warrants	%
1 – 99	298	4.38	10,517	0.01
100 – 1,000	2,753	40.50	1,680,338	1.08
1,001 – 10,000	2,779	40.88	11,304,314	7.26
10,001 – 100,000	804	11.83	27,207,100	17.48
100,001 – 7,784,054 (*)	160	2.35	76,222,300	48.96
7,784,055 and above (**)	4	0.06	39,256,545	25.22
TOTAL	**6,798**	**100.00**	**155,681,114**	**100.00**

Remark: * Less than 5% of issued holdings
** 5% and above of issued holdings

LIST OF DIRECTORS' WARRANTHOLDINGS

The Directors' Warrantholdings of the Company are as follows: -

Directors	Direct Interest No. of Warrants	%	Indirect Interest No. of Warrants	%
Tan Sri Abd Rahim bin Mohamad	-	-	43,343,795 (1)	27.85
Puan Sri Fadzilah binti Md Ariff	2,430,950	1.56	4,446,650 (2)	2.86
Datuk Mohamed Salleh bin Bajuri	187,500	0.12	-	-
Dato' Anuarudin bin Mohd Noor	10,000	negligible	-	-
Datuk Seri Ahmad bin Hj. Kabit	-	-	-	-
Dato' Nik Mohd Fuad bin Wan Abdullah	-	-	-	-

1. Deemed interested by virtue of:-
   - his direct interest of more than 20% equity interest in Zil Enterprise Sdn. Bhd. and his direct interest of more than 20% equity interest in Serve Vest (M) Sdn. Bhd. which in turn holds shares in Serata Padu Sdn. Bhd.; and
   - his daughter, Puan Fara Nadia binti Abd Rahim's warrantholdings in EDEN.
2. Deemed interested by virtue of her daughter, Puan Fara Nadia binti Abd Rahim's warrantholdings in EDEN.

THIRTY (30) LARGEST WARRANTHOLDERS

No.	Warrantholders	Number of Warrants	%
1.	Chai Koon Khow	12,359,400	7.94
2.	Ambank (M) Berhad Pledged Securities Account for Zil Enterprise Sdn. Bhd.	10,000,060	6.42
3.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Serata Padu Sdn. Bhd.	9,053,735	5.82
4.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Serata Padu Sdn. Bhd.	7,843,350	5.04
5.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chai Yeng Sun	7,464,400	4.79
6.	ABB Nominee (Tempatan) Sdn. Bhd. Pledged Securities Account for Zil Enterprise Sdn. Bhd.	7,000,000	4.50
7.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ng Keng San	5,155,500	3.31
8.	ABB Nominee (Tempatan) Sdn. Bhd. Pledged Securities Account for Serata Padu Sdn. Bhd.	5,000,000	3.21
9.	Amsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account - Ambank (M) Berhad for Fara Nadia Binti Abd Rahim	3,946,650	2.54
10.	Lau Joo King	2,250,000	1.45
11.	Tung Yan Yok	2,150,000	1.38
12.	Pua Kock Boon @ Phua Kock Boon	2,000,000	1.28
13.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Fadzilah Binti Md Ariff	1,915,950	1.23
14.	Oh Ewe Fatt	1,895,000	1.22
15.	Low Hwa Hock	1,200,000	0.77
16.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Low Kien Khuan	1,000,000	0.64
17.	Shee Pee Lian	1,000,000	0.64
18.	Michael Chan Wai Keong	870,000	0.56
19.	Maybank Nominees (Tempatan) Sdn. Bhd. Lee Jiew Jeit	770,000	0.49
20.	Tai Guan Wei	602,300	0.39
21.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chooi Chin	570,000	0.37
22.	See Hong Cheen @ See Hong Chen	565,000	0.36
23.	Walter Wurtz	550,000	0.35
24.	Amsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account - Ambank (M) Berhad for Fadzilah Binti Md Ariff	515,000	0.33
25.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Fara Nadia Binti Abd Rahim	500,000	0.32
26.	Loo Sew Chun	462,000	0.32
27.	Ang Meng Chuan	450,000	0.29
28.	Kenanga Nominees (Tempatan) Sdn. Bhd. Rakuten Trade Sdn. Bhd. for Loh Siew Fan	450,000	0.29
29.	Tee Woei Lim	450,000	0.29
30.	Chuah Ken Peng	405,000	0.26
		88,393,345	56.78

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PROXY FORM

EDEN INC. BERHAD
[Registration No. 197701005144 (36216-V)]
(Incorporated in Malaysia)

Number of ordinary shares held	CDS Account No.

*I/We, (full name in capital letters) ....
bearing *NRIC No./Passport No./Registration No..
of (full address) ....
being a *member/members of EDEN INC. BERHAD (“**the Company**”), hereby appoint:

First Proxy “A”

Full Name	NRIC/ Passport No.	Proportion of Shareholdings Represented	
		No. of Shares	%
Full Address			

and/or failing *him/her,

First Proxy “B”

Full Name	NRIC/ Passport No.	Proportion of Shareholdings Represented	
		No. of Shares	%
Full Address			
			100%

or failing *him/her, the *CHAIRMAN OF THE MEETING as *my/our proxy to vote for *me/us and on *my/our behalf at the Forty-Second Annual General Meeting of the Company to be held on a fully virtual basis at the broadcast venue at Meeting Room, Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on Thursday, 10 December 2020 at 10:00 a.m. and at any adjournment thereof.

Please indicate with an “X” in the spaces provided below as to how you wish your votes to be casted. If no specific direction as to voting is given, the proxy will vote or abstain from voting at *his/her discretion.

Item No.	Agenda			
1.	To receive the Audited Financial Statements for the financial period ended 30 June 2020 together with the Reports of the Directors and the Auditors thereon.			
			For	
2.	(a) To re-elect Puan Sri Fadzilah binti Md Ariff who is to retire pursuant to Clause 116 of the Company’s Constitution.	1		
	(b) To re-elect Dato’ Nik Mohd Fuad bin Wan Abdullah who is to retire pursuant to Clause 116 of the Company’s Constitution.	2		
3.	To approve the payment of Directors’ fees for the financial period ended 30 June 2020.	3		
4.	To approve the benefits payable to the Non-Executive Directors pursuant to Section 230(1)(b) of the Companies Act 2016.	4		
5.	To re-appoint Messrs. UHY as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.	5		

		Resolution	For	Against
Special Business				
6.	**Ordinary Resolution** Retention of Datuk Mohamed Salleh bin Bajuri as Senior Independent Non-Executive Director.	6		
7.	**Ordinary Resolution** Authority to issue shares pursuant to the Companies Act 2016.	7		

* Strike out whichever not applicable

Signed this .... day of ...., 2020

....

Signature of Member/Common Seal

Notes:-

1. The 42nd AGM will be held on a fully virtual basis at the Broadcast Venue through Remote Participation and Voting ("**RPV**") facilities which are available on Securities Services e-Portal at **https://sshsb.net.my/**.

   Should you wish to personally participate at the Meeting remotely, please register electronically via Securities Services e-Portal at **https://sshsb.net.my/** by registration cut-off time and date. Please refer to the Administrative Guide for the 42nd AGM for further details.

2. In respect of deposited securities, only members whose names appear in the Record of Depositors on 3 December 2020 ("**General Meeting Record of Depositors**") shall be eligible to attend the Meeting.

3. A member entitled to attend and vote at the Meeting, shall be entitled to appoint more than one (1) proxy to attend, participate, speak and vote instead of the member at the Meeting. A proxy need not be a Member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the Member to attend, participate, speak and vote at the Meeting and upon appointment a proxy shall be deemed to confer authority to demand or join in demanding a poll.

4. Where a member appoints more than one (1) proxy in relation to the Meeting, he shall specify the proportion of his shareholdings to be represented by each proxy, failing which the appointment shall be invalid.

5. Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

6. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.

7. The instrument appointing a proxy must be deposited at Securities Services (Holdings) Sdn. Bhd., Level Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time for holding the Meeting or at any adjournment thereof. Alternatively, the Form of Proxy may be submitted electronically via Securities Services e-Portal at **https://sshsb.net.my/** before the proxy form submission cut-off time as mentioned above. For further information on the electronic submission of proxy form, kindly refer to the Administrative Guide.

8. The Administrative Guide for the 42nd AGM is available for download at **www.edenzil.com**

9. Any Notice of Termination of Authority to act as Proxy must be received by the Company before the commencement of the General Meeting or at any adjournment thereof, failing which, the termination of the authority of a person to act as proxy will not affect the following in accordance with Section 338 of the Companies Act 2016:-

   (a) the constitution of the quorum at such meeting;
   (b) the validity of anything he did as chairman of such meeting;
   (c) the validity of a poll demanded by him at such meeting; or
   (d) the validity of the vote exercised by him at such meeting.

Please fold along this line (1)

FORM OF PROXY

AFFIX STAMP

To:

EDEN INC. BERHAD [197701005144 (36216-V)]
c/o Securities Services (Holdings) Sdn. Bhd. [197701005827 (36869-T)]
Level 7, Menara Milenium, Jalan Damanlela,
Pusat Bandar Damansara, Damansara Heights,
50490 Kuala Lumpur, Wilayah Persekutuan

EDEN INC. BERHAD
[197701005144 (36216-V)]
(A member of Zil Group of Companies)

Please fold along this line (2)

EDEN INC. BERHAD
[197701005144 (36216-V)]
(A member of Zil Group of Companies)

15th Floor, Amcorp Tower
Amcorp Trade Centre
18, Jalan Persiaran Barat, Off Jalan Timur
46050 Petaling Jaya, Selangor

Tel : 603-7957 7781 Fax : 603-7957 4793

www.edenzil.com