



Annual Report  **Laporan Tahunan**

2023

CHARTING A NEW DIRECTION

At ATLAN, progress is more than just profits. We believe in creating possibilities by looking far and beyond the conventional. We are committed in seeking new technologies, partnerships and ideas to achieve higher returns to all stakeholders.



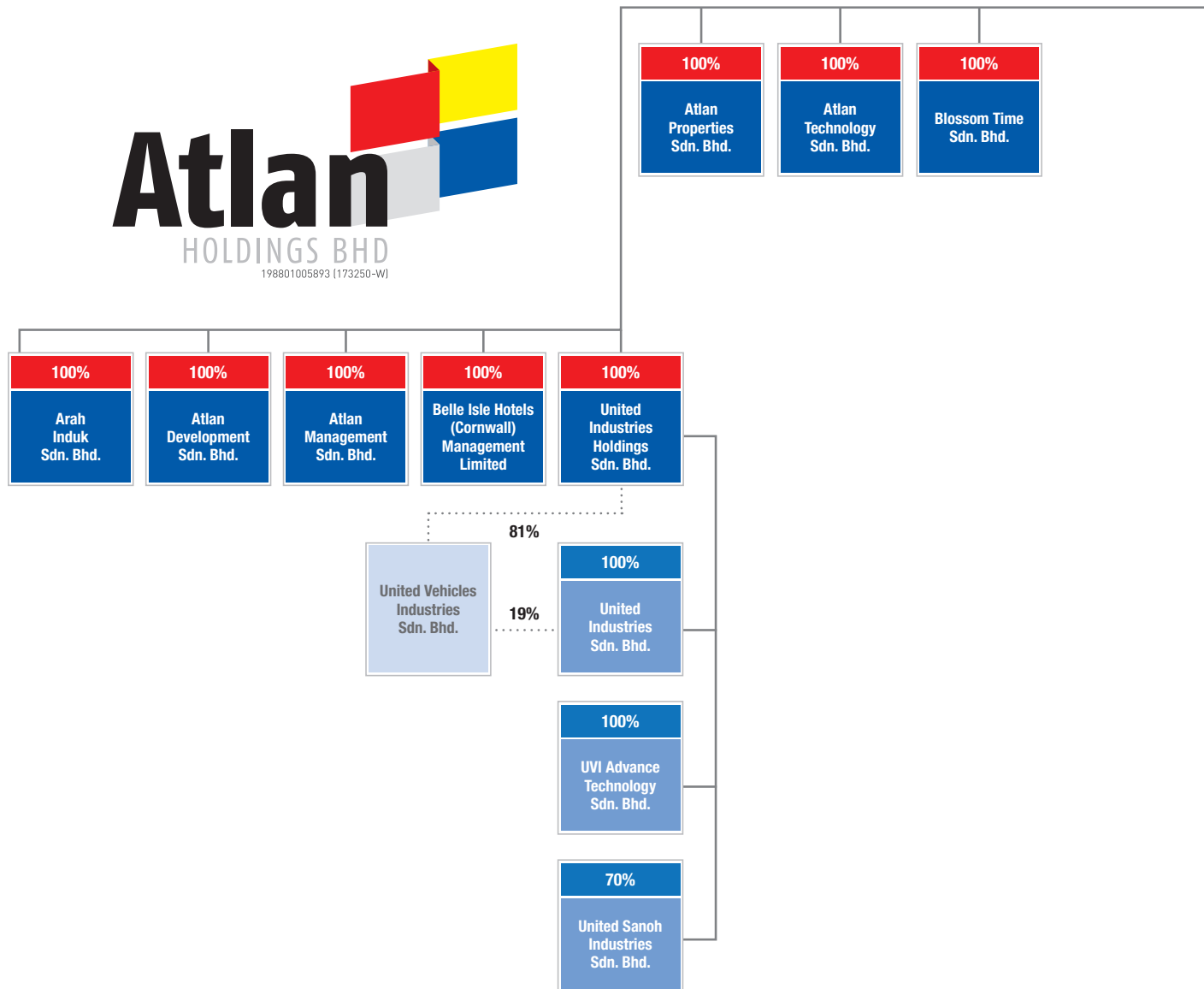
Menara Atlan

Table Of Contents

02	Corporate Structure	79	Additional Compliance Information
04	Corporate Information	80	Audit And Risk Management Committee Report
06	Profile Of Directors	84	Statement On Risk Management And Internal Control
12	Profile Of Key Senior Management	88	Statement Of Directors' Responsibility
14	Financial Highlights	89	Financial Statements
16	Chairman's Statement	212	Analysis Of Shareholdings
18	Penyata Pengerusi	215	List Of Properties
21	董事主席献词	218	Notice Of Annual General Meeting
23	Management Discussion & Analysis		Proxy Form
28	Sustainability Statement		
54	Corporate Governance Overview Statement		

Corporate Structure

(as at 9 June 2023)



(Cont'd)



Corporate Information

BOARD OF DIRECTORS

Dato' Sri Adam Sani Bin Abdullah

Executive Chairman

Tan Thiam Chai

Non-Independent Non-Executive Director

Raja Dato' Sri Shaharudin Shah Bin Raja Jalil Shah

Independent Non-Executive Director

Lee Sze Siang

Executive Director

Tuan Haji Mohd Jaffar Bin Awang (Ismail)

Senior Independent Non-Executive Director

Dato' Dr Abdul Razak Bin Abdul

Independent Non-Executive Director

Dato' Sri Robin Tan Yeong Ching

Non-Independent Non-Executive Director

Dato' Woo Hon Kong

Independent Non-Executive Director

Datuk Zawati Binti Abd Rahman

Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Dato' Dr Abdul Razak Bin Abdul

(Chairman)

(Re-designated on 28 July 2022)

Tuan Haji Mohd Jaffar Bin Awang (Ismail)

Raja Dato' Sri Shaharudin Shah Bin Raja Jalil Shah

(Appointed on 28 July 2022)

Datuk Zawati Binti Abd Rahman

(Appointed on 28 July 2022)

REMUNERATION COMMITTEE

Raja Dato' Sri Shaharudin Shah Bin Raja Jalil Shah

(Chairman)

Tuan Haji Mohd Jaffar Bin Awang (Ismail)

Dato' Dr Abdul Razak Bin Abdul

(Appointed on 28 July 2022)

NOMINATION COMMITTEE

Tuan Haji Mohd Jaffar Bin Awang (Ismail)

(Chairman)

(Re-designated on 28 July 2022)

Raja Dato' Sri Shaharudin Shah Bin Raja Jalil Shah

Dato' Dr Abdul Razak Bin Abdul

(Appointed on 28 July 2022)

Corporate Information

(Cont'd)

COMPANY SECRETARIES

Chua Siew Chuan
(SSM PC No. 201908002648,
MAICSA 0777689)

Thum Sook Fun
(SSM PC No. 201908000139, MIA 24701)

REGISTERED OFFICE

17th Floor, Menara Atlan
161B Jalan Ampang
50450 Kuala Lumpur, Malaysia

Tel : 603 – 2179 2000
Fax : 603 – 2179 2390
Email : ir@atlan.com.my

INVESTOR RELATIONS

Lee Sze Siang
17th Floor, Menara Atlan
161B Jalan Ampang
50450 Kuala Lumpur, Malaysia

Tel : 603 – 2179 2000
Fax : 603 – 2179 2390
Email : ir@atlan.com.my

CORRESPONDENCE ADDRESS

17th Floor, Menara Atlan
161B Jalan Ampang
50450 Kuala Lumpur, Malaysia

Tel : 603 – 2179 2000
Fax : 603 – 2179 2390
Web : <https://www.atlan.com.my>

SHARE REGISTRAR

Securities Services (Holdings)
Sdn. Bhd.
Registration No. 197701005827 (36869-T)
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur, Malaysia

Tel : 603 – 2084 9000
Fax : 603 – 2094 9940 /
603 – 2095 0292
Email : info@sshsb.com.my

PRINCIPAL BANKERS

Affin Bank Berhad
RHB Bank Berhad
CIMB Bank Berhad
OCBC Bank (Malaysia) Bhd
Industrial and Commercial Bank of
China (Malaysia) Berhad

AUDITORS

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Block J , Level 13A, Wisma AIA
Jalan Seri Tanjung Pinang
Tanjung Tokong
10470 Pulau Pinang
Tel : 604 – 688 1888
Fax : 604 – 688 1808

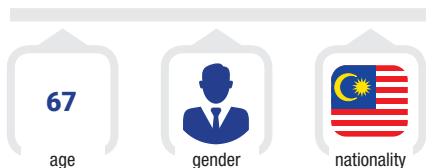
STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Name : Atlan
Stock Code : 7048
Stock Sector : Consumer Products
& Services
Listing Date : 15 January 1996

Profile Of Directors

Dato' Sri Adam Sani Abdullah

Executive Chairman



Dato' Sri Adam Sani Abdullah, was appointed as Chairman of the Company on 16 June 2000 and subsequently re-designated as Executive Chairman on 14 January 2022.

Dato' Sri Adam is a self-made entrepreneur for more than 43 years. He received his primary education in Malaysia and secondary education in the United Kingdom.

He is also the Non-Executive Chairman of Duty Free International Limited, a company listed on the Main Board of the Singapore Exchange Securities Trading Limited.

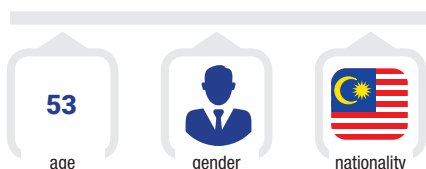
Dato' Sri Adam does not have any family relationship with any director.

Dato' Sri Adam has no conflict of interests with the Company. Other than our Company, Dato' Sri Adam does not hold any directorship in public companies and public listed companies.

Dato' Sri Adam has not been convicted of any offences within the past 5 years other than traffic offences and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 2023.

Lee Sze Siang

Executive Director



Lee Sze Siang, was appointed as Executive Director of the Company on 16 June 2000. He was re-designated to Non-Executive Director on 27 December 2004 and subsequently re-designated as Executive Director of the Company on 8 October 2008.

He holds a professional qualification from the Australia Society of Certified Practicing Accountants. He is also a member of the Malaysian Institute of Accountants. Previously, he was with KPMG, a firm of public accountants.

He is the Executive Director (Finance and Corporate Services) of Duty Free International Limited, a company listed on the Main Board of the Singapore Exchange Securities Trading Limited.

He does not have any family relationship with any director and/or major shareholder of the Company and has no conflict of interests with the Company.

Other than our Company, he does not hold any directorship in public companies and public listed companies.

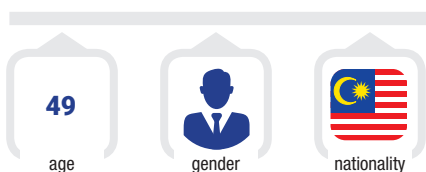
He has not been convicted of any offences within the past 5 years other than traffic offences and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 2023.

Profile of Directors

(Cont'd)

Dato' Sri Robin Tan Yeong Ching

Non-Independent
Non-Executive Director



Dato' Sri Robin Tan Yeong Ching, was appointed as a Non-Independent Non-Executive Director of the Company on 18 December 2012.

He graduated with a Bachelor of Social Science degree in Accounting/Law from the University of Southampton, United Kingdom, in 1995. He joined Berjaya Group Berhad in 1995 as an Executive and subsequently became the General Manager, Corporate Affairs in 1997.

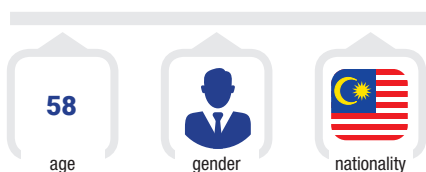
Currently, he is the Executive Chairman of Sports Toto Berhad and Deputy Chairman of Berjaya Land Berhad. He is also a Director of KDE Recreation Berhad and an Executive Director of STM Lottery Sdn Bhd, Berjaya Hartanah Berhad, Bukit Kiara Resort Berhad and Staffield Country Resort Berhad. He also holds directorships in several other private limited companies in the Berjaya Corporation Group of companies.

He does not have any family relationship with any director. His father, Tan Sri Dato' Seri Vincent Tan Chee Yoon is a deemed major shareholder of the Company.

He has not been convicted of any offences within the past 5 years other than traffic offences and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 2023.

Dato' Woo Hon Kong

Independent Non-Executive Director



Dato' Woo Hon Kong, was appointed as Non-Independent Non-Executive Director of the Company on 24 April 2002. He was re-designated to the Executive Director position on 5 July 2002 and subsequently re-designated as Non-Independent Non-Executive Director of the Company on 30 October 2008. He was further re-designated to Independent Non-Executive Director of the Company on 16 May 2014.

He holds a Bachelor of Laws degree from the University of Canterbury, New Zealand. He started his career in 1988 as a legal assistant and joined a mid size legal firm as a partner in 1989 until 1994. He subsequently oversees the management and financial matters of companies involved in real estate and equities market locally and overseas prior to joining Atlan Group.

He does not have any family relationship with any director and/or major shareholder of the Company and has no conflict of interests with the Company.

Other than our Company, Dato' Woo does not hold any directorship in public companies and public listed companies.

He has not been convicted of any offences within the past 5 years other than traffic offences and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 2023.

Profile of Directors

(Cont'd)

Tan Thiam Chai

Non-Independent
Non-Executive Director



Tan Thiam Chai, was appointed as a Non-Independent Non-Executive Director of the Company on 18 December 2012.

He graduated with a Diploma in Commerce (Financial Accounting) from Kolej Tunku Abdul Rahman (now known as Tunku Abdul Rahman University of Management and Technology) and also completed The Association of Chartered Certified Accountants (UK) professional course in 1981. He is a Fellow member of the Association of Chartered Certified Accountants (UK) since 1990 and also a member of the Malaysian Institute of Accountants.

He started work with an accounting firm in Kuala Lumpur for about 2 years and thereafter served in various Finance and Accounting positions with the Hong Leong Group of Companies in Malaysia as well as in Hong Kong for about 8 years. He joined Berjaya Group of Companies in early 1991 as a Finance Manager of an operating subsidiary and was promoted to Operation Manager later that year. In 1992, he was transferred to the Corporate Head Office of Berjaya Group Berhad to head the Group Internal Audit function and subsequently in 1993, he was promoted to oversee the Group Accounting function of Berjaya Group Berhad. He was appointed as the Chief Financial Officer of Berjaya Corporation Berhad on 18 July 2008 and held the said position till his retirement at the end of year 2018.

He is currently the Financial Adviser of Berjaya Corporation Berhad. He is also a Director of Berjaya Food Berhad, Berjaya Vacation Club Berhad, Indah Corporation Berhad, Cosway Corporation Berhad, Tioman Island Resort Berhad, Cosway Corporation Limited (Hong Kong) and Berjaya Starbucks Coffee Company Sdn Bhd. He also holds directorships in several other private limited companies in the Berjaya Corporation group of companies.

He does not have any family relationship with any director and/or major shareholder of the Company and has no conflict of interests with the Company.

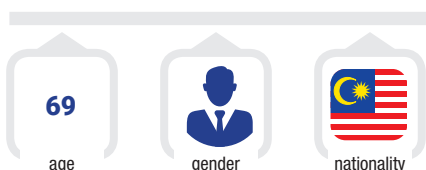
He has not been convicted of any offences within the past 5 years other than traffic offences and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 2023.

Profile of Directors

(Cont'd)

Tuan Haji Mohd Jaffar Bin Awang (Ismail)

Senior Independent
Non-Executive Director



Tuan Haji Mohd Jaffar Bin Awang (Ismail), was appointed as an Independent Non-Executive Director of the Company on 16 May 2017.

He holds a Master of Arts (South East Asean Studies) from University of Hull, United Kingdom and Bachelor of Social Science (Political Science) from University Sains Malaysia (USM).

He has had more than 30 years experience in the government, serving the Johor Civil Service where he held the position of Mayor at Johor Bahru City Council at the time he retired. Currently, he is a Director of Haily Group Berhad and holds directorships in several other private limited Companies.

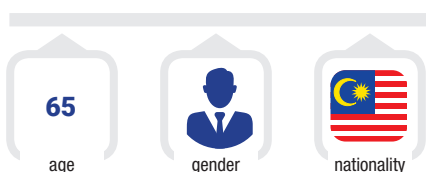
He serves as a member of the Audit and Risk Management and Remuneration of the Company. On 28 July 2022, he was re-designated to Chairman of the Nomination Committee of the Company.

He does not have any family relationship with any director and/or major shareholder of the Company and has no conflict of interests with the Company.

He has not been convicted of any offences within the past 5 years other than traffic offences and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 2023.

Raja Dato' Sri Shaharudin Shah Bin Raja Jalil Shah

Independent Non-Executive Director



Raja Dato' Sri Shaharudin Shah Bin Raja Jalil Shah, was appointed as an Independent Non-Executive Director of the Company on 13 June 2018.

He holds a B.A.(Hons) Degree in Accounting and Finance from Middlesex University, United Kingdom. He began his working career in Malaysia in 1985 by joining Permodalan Nasional Berhad (PNB) as a Senior Executive in the Investments Division. In 1990 he left PNB and became Manager of Corporate and Business Development in a publicly listed company, Malaysian General Investment Corporation Berhad (MGIC). Subsequently, he was appointed as Executive Director of its stockbroking arm, MGIC Securities Sdn. Bhd. (MGICS) in 1992. In 1997, he left MGICS to become Director (Institutional Sales) in Alliance Investment Bank Berhad (AIBB). After leaving AIBB in 2013, he is currently serving as a member of the Board of Directors of Deru Semangat Sdn. Bhd., which is involved in the cultivation of oil palm in Pahang.

He serves as Chairman of the Remuneration Committee and a member of the Nomination Committee of the Company. He was appointed as member of the Audit and Risk Management Committee of the Company on 28 July 2022.

He does not have any family relationship with any director and/or major shareholder of the Company and has no conflict of interests with the Company.

Other than our Company, he does not hold any directorship in public companies and public listed companies.

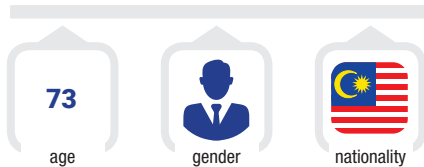
He has not been convicted of any offences within the past 5 years other than traffic offences and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 2023.

Profile of Directors

(Cont'd)

Dato' Dr Abdul Razak Bin Abdul

Independent Non-Executive Director



Dato' Dr. Abdul Razak Bin Abdul, was appointed as an Independent Non-Executive Director of the Company on 6 January 2022.

He holds a PhD (International Business) from Katholiek University of Leuven, Belgium and an MBA (Finance) from New York University. He began his working career as lecturer in Institute Teknologi MARA ("ITM") in 1973 and became the Head of ITM's School of Business in 1981. He has been actively involved in the insurance industry since 1983 and has manage both insurance and insurance broking companies. In 1990, he was appointed as Managing Director of then Ayer Hitam Tin Dredging Bhd and from there onward he has been actively involved in several Public Listed companies especially in their corporate restructuring exercises. Among others, he was a Director of Petaling Tin Berhad, Mutiara Goodyear Development Bhd, Kemayan Bhd and Idris Hydraulic Bhd. Currently, he is a Director and Chairman Audit Committee of FACB Industries Incorporated Berhad.

He was also involved and held directorship in several other private limited companies. He was the Executive Chairman of Federal Power Sdn Bhd, a power cable manufacturing firm, from 2007 to 2017. He is still the President of Malaysian Cable Manufacturer Association (MCMA) since 2005.

He was also involved and contributed to several governmental organizations and activities. Notably, he was appointed as Chairman of Human Resources Development Fund (HRDF), an agency under Ministry of Human Resources, from 2013 to 2017. Currently, he is in the board of Yayasan Budiman UiTM which oversee the development of all its alumni.

He serves as a member of the Audit and Risk Management Committee and subsequently re-designated as Chairman on 28 July 2022. He was also appointed as member of the Nomination and Remuneration Committees of the Company on 28 July 2022.

He does not have any family relationship with any director and/or major shareholder of the Company and has no conflict of interests with the Company.

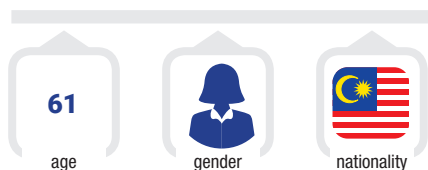
He has not been convicted of any offences within the past 5 years other than traffic offences and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 2023.

Profile of Directors

(Cont'd)

Datuk Zawati Binti Abd Rahman

Independent Non-Executive Director



Datuk Zawati Binti Abd Rahman, was appointed as an Independent Non-Executive Director of the Company on 19 April 2022.

She holds a Master of Business Administration (Finance) from Central State University, Oklahoma, USA and Bachelor of Business Administration (Finance) from Oklahoma State University, USA. She brings with her more than 30 years investment and business leadership experience, having worked in the banking and telecommunication industries. She also has extensive experience in providing financial training and management consultancy services.

She does not have any family relationship with any director and/or major shareholder of the Company and has no conflict of interests with the Company.

She was appointed as a member of the Audit and Risk Management Committee of the Company on 28 July 2022.

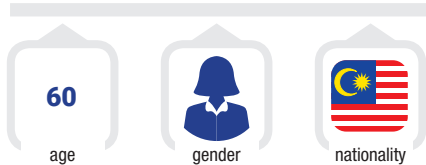
Other than our Company, she does not hold any directorship in public companies and public listed companies.

She has not been convicted of any offences within the past 5 years other than traffic offences and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 2023.

Profile of Key Senior Management

Ho Yuet Leng

Group General Manager -
Finance & Corporate Services



Ho Yuet Leng, joined the Group as Head of Finance and Corporate Services in October 2002, and was subsequently promoted to Group General Manager – Finance and Corporate Services in January 2006. Prior to joining the Group, she was the Finance Director of a listed Company on Bursa Malaysia Securities Berhad from years 1995 to 2002. From years 1983 to 1992, she worked in an international public accounting firm.

She holds a professional qualification from The Malaysian Institute of Certified Public Accountant. She is also a member of the Malaysian Institute of Accountants.

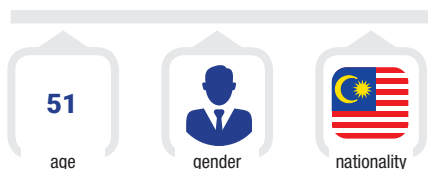
She does not have any family relationship with any director and/or major shareholder of the Company and has no conflict of interests with the Company.

She does not hold any directorships in public companies and public listed companies.

She has not been convicted of any offences within the past 5 years other than traffic offences and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 2023.

Profile of Key Senior Management

(Cont'd)

Khoo Chun KeongChief Executive Officer of
United Industries Holdings Sdn. Bhd.

Khoo Chun Keong, was appointed as Chief Executive Officer of United Industries Holdings Sdn. Bhd. on 1 September 2017.

He started with KPMG in 1992 under its articleship program and graduated in 1994. He subsequently joined a public listed company assisting the Managing Director to oversee its operations and expansion before moving on to his consultancy company.

He holds a professional qualification from the Malaysian Institute of Certified Public Accountant and also a member of the Malaysian Institute of Accountants.

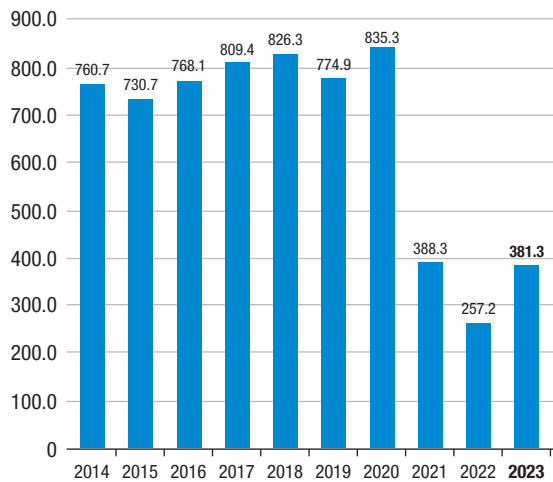
He does not have any family relationship with any director and/or major shareholder of the Company and has no conflict of interests with the Company.

He does not hold any directorships in public companies and public listed companies.

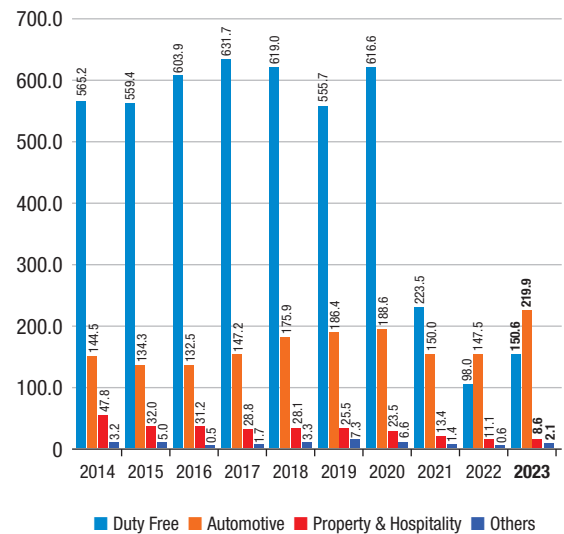
He has not been convicted of any offences within the past 5 years other than traffic offences and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 2023.

Financial Highlights

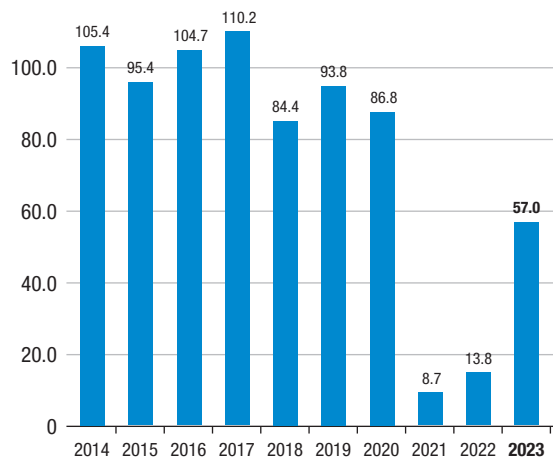
REVENUE (RM'million)



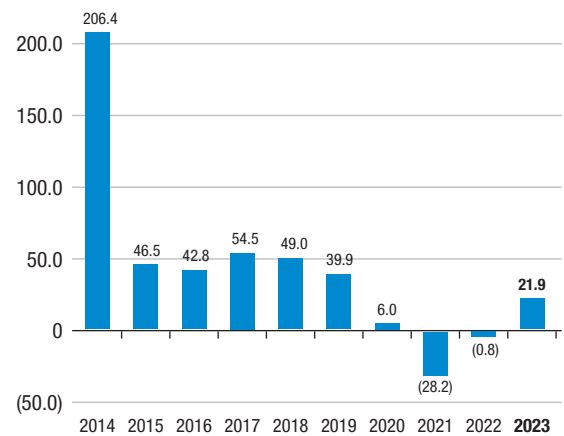
REVENUE BY BUSINESS SEGMENTS (RM'million)



EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (before exceptional items) (RM'million)



PROFIT/(LOSS) AFTER TAX AND NON-CONTROLLING INTERESTS (RM'million)

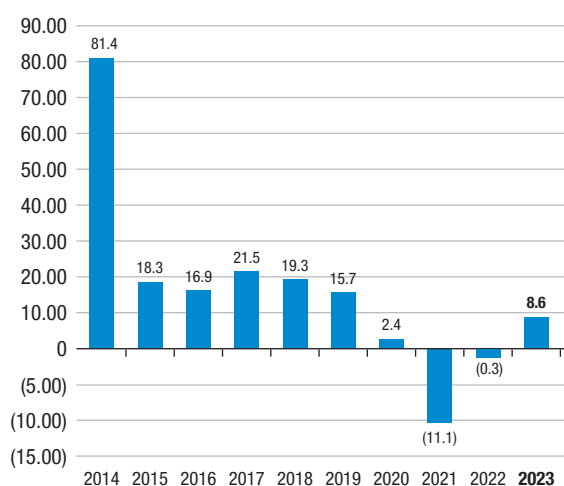


Financial Highlights

(Cont'd)

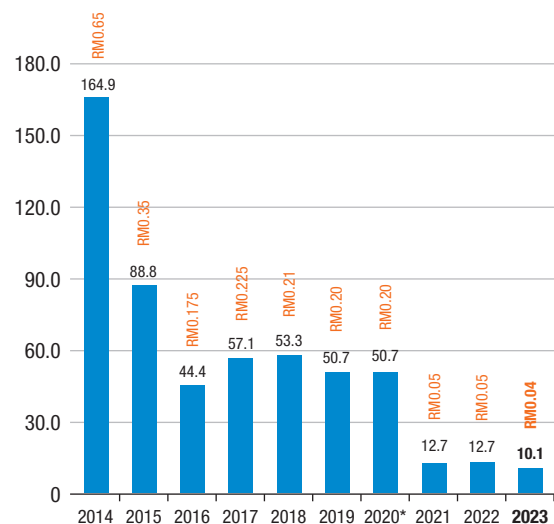
BASIC EARNINGS PER SHARE

(sen)



DIVIDEND PAYOUT

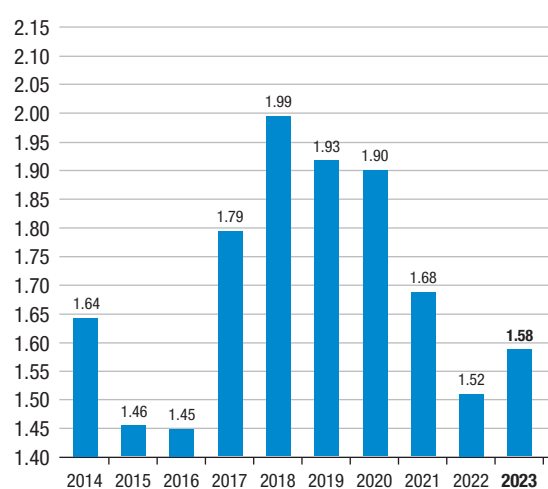
(RM'million)

 Dividend per share in RM


* Declared and paid out during and after financial year ended 29 February 2020

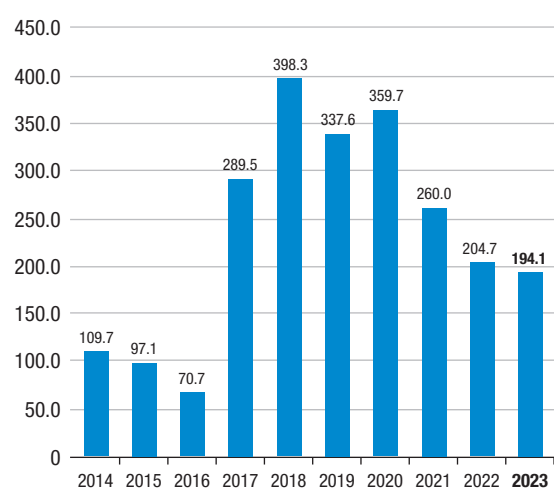
NET TANGIBLE ASSETS PER SHARE

(RM)



CASH AND CASH EQUIVALENTS

(RM'million)



Chairman's Statement

Bismillahirrahmanirrahim

Assalamualaikum
Warahmatullahi Wabarakatuh

On behalf of the Board of Directors (“**Board**”) of Atlan Holdings Bhd (“**Atlan**”, “**we**” or “**the Group**”), I present to you the annual report and audited financial statements of the Group for the financial year ended 28 February 2023 (“**FY2023**”).



ECONOMIC AND BUSINESS OVERVIEW

The Malaysian economy emerged from the health and economic crisis with a strong recovery in 2022, with the Gross Domestic Product (“GDP”) for 2022 registering 8.7% growth, far exceeding the 3.1% GDP expansion in 2021. This has been on the back of substantial Government policy support, sound macroeconomic fundamentals and a strong financial system, concurrently with economies in the region lifting restrictions and borders opening up for tourism. However, the fragility of global macroeconomic variables continued with supply chain disruptions, inflation and monetary tightening during the same period. The ongoing geopolitical conflicts also significantly impacted global economies. Addressing this, governments worldwide have effected stimulus packages to improve the economic situation and revive activities as businesses continue to face headwinds.¹

As we navigate this period of external volatilities, the Group is steadfast in our focus to deliver value to our stakeholders. We remain committed in leveraging on our core strengths to deliver improvements in the financial and operational performances of the Group.

As such, I am pleased to inform that the Group has performed commendably for the financial year ended 28 February 2023.

FINANCIAL PERFORMANCE

During the financial year under review, the Group reported a revenue of RM381.3 million, which represents a significant increase of 48.3% from the preceding year’s revenue of RM257.2 million. The notable improvement was mainly attributed to the full resumption of the Group’s Duty Free outlets and an increase in orders received from customers in the Automotive segment.

Furthermore, the Group reported a profit before tax of RM33.5 million for FY2023. This result indicates an improvement of RM37.4 million from the loss before tax of RM3.9 million recorded for the financial year ended 28 February 2022. The improvement in financial performance during FY2023, as compared to the preceding financial year, was primarily driven by higher revenues achieved by the Duty Free and Automotive segments mentioned earlier, coupled with higher net foreign exchange gain and lower operating expenses incurred.

DIVIDEND

In line with the Group’s commitment to reward our shareholders, the Board declared a total dividend of 4 sen per share for FY2023. This translates to a dividend yield of approximately 1.4% based on the closing share price of RM2.89 on 28 February 2023.

Chairman's Statement

(Cont'd)

OUTLOOK

The global economy is expected to grow at a slower pace in 2023. The Malaysian economy is projected to grow between 4.0% and 5.0% in 2023, supported by domestic demand underpinned by further improvement in employment and income levels, continued implementation of multiyear Government investment projects and higher tourism activities. However, downside risks remain, primarily from escalations of geopolitical tensions which could disrupt global trade, supply chains and commodity markets. In addition, tighter-than-expected labour markets and higher commodity prices may keep inflation elevated for longer, necessitating tighter monetary policy.¹

Nevertheless, although the Group expects the business environment in which it operates to remain challenging for the next few quarters, we are cautiously optimistic that our operations and financial performance will remain positive for the financial year ending 29 February 2024. With strong measures already put in place as a result of the Group's re-positioning initiatives, we look forward to strengthen our competitive edge and discipline in the respective industries that we operate in.

Given the challenges, the Group's focus remains on strategic planning, resource allocation and further cost optimisation to ensure business sustainability and continuity. We continue to maintain our strong financial position to weather the unpredictable business landscape. Our balance sheet remains strong and robust, with the Group's net assets of RM505.1 million and cash and bank balances of RM207.2 million as at 28 February 2023. Accordingly, the Group is well-positioned to explore and capitalise on potential synergistic business opportunities to bring greater value to our shareholders.

APPRECIATION

First and foremost, on behalf of the Board, I would like to record our gratitude and sincere appreciation to Jeneral Tan Sri Dato' Sri Abdullah Bin Ahmad and Tuan Haji Mohd Sharif Bin Hj Yusof, both Independent Non-Executive Directors, who had retired on 28 July 2022, for their invaluable service and contributions during their tenure with the Group. I would also like to express my sincere gratitude to the existing Board, Management team and all employees for their unwavering dedication to our Group. Their commitment has been the centre of our achievements and progress.

I would also like to extend my appreciation to the Government, our partners and suppliers for their collaboration and support. We recognise that our success is built on strong relationships with all our stakeholders, and we are grateful for their trust and partnership. Our customers are at the heart of everything we do. We are committed to providing them with the highest quality products and continuously strive to exceed their expectations. Finally, we would like to express our sincere gratitude to our shareholders for their unwavering support, confidence and trust. The Group remains steadfast in our commitment to creating sustainable long-term value and making a positive impact in the lives of our customers, employees, and the communities we operate in. We will continue to work tirelessly towards achieving our strategic goals and objectives, and strive to exceed the expectations of our stakeholders.

I remain your humble and obedient servant and pledge to continue my dedication and diligence to the Atlan Group.

Thank you.

Wassalamualaikum Warahmatullahi Wabarakatuh

Adam Sani Abdullah

Executive Chairman of Atlan Holdings Bhd
26 June 2023

Source:

¹ Bank Negara Malaysia - Economic and Monetary Review 2022

https://www.bnm.gov.my/documents/20124/10150285/emr2022_en_ch0c.pdf

Penyata Pengerusi



Bismillahirrahmanirrahim

Assalamualaikum
Warahmatullahi Wabarakatuh

Bagi pihak Lembaga Pengarah ("**Lembaga**") Atlan Holdings Bhd ("**Atlan**", "**kami**" atau "**Kumpulan**"), saya dengan sukacitanya membentangkan laporan tahunan dan penyata kewangan beraudit bagi tahun kewangan berakhir 28 Februari 2023 ("**tahun kewangan 2023**").

TINJAUAN EKONOMI DAN PERNIAGAAN

Ekonomi Malaysia telah bangkit daripada krisis kesihatan dan ekonomi dengan pemulihan yang kukuh pada tahun 2022, dengan Keluaran Dalam Negara Kasar ("KDNK") untuk tahun 2022 mencatatkan pertumbuhan sebanyak 8.7%, jauh melebihi 3.1% kadar pertumbuhan KDNK yang dicatatkan pada tahun 2021. Kebangkitan ini didokong oleh sokongan dasar kerajaan yang besar, asas makroekonomi yang kukuh, dan sistem kewangan yang mantap, serentak dengan pembukaan sekatan dan sempadan di rantau ini bagi tujuan pelancongan. Walaubagaimanapun, kerapuhan faktor-faktor makroekonomi global masih berterusan dengan gangguan rantai bekalan, inflasi, dan dasar kewangan yang ketat dalam tempoh yang sama. Konflik geopolitik yang berterusan ini juga memberi impak yang teruk kepada ekonomi global. Bagi menangani hal ini, kerajaan di seluruh dunia telah melaksanakan pakej rangsangan untuk memulihkan keadaan ekonomi dan menghidupkan semula aktiviti-aktiviti ekonomi, ketika perniagaan terus menghadapi cabaran.¹

Dalam kami mengharungi tempoh ketidakpastian luaran ini, Kumpulan sentiasa memberi tumpuan dalam memberikan nilai kepada pihak berkepentingan

kami. Kami kekal komited untuk terus memanfaatkan kekuatan teras kami bagi meningkatkan prestasi kewangan dan operasi Kumpulan.

Dengan itu, saya dengan sukacitanya memaklumkan bahawa Kumpulan telah memperolehi pencapaian yang membanggakan bagi tahun kewangan berakhir 28 Februari 2023.

PRESTASI KEWANGAN

Di dalam tahun kewangan yang dikaji, Kumpulan telah mencatatkan perolehan sebanyak RM381.3 juta, peningkatan yang signifikan sebanyak 48.3% berbanding perolehan tahun sebelumnya iaitu sebanyak RM257.2 juta. Peningkatan yang ketara ini disumbangkan terutamanya oleh pembukaan semula sepenuhnya outlet Bebas Cukai Kumpulan dan peningkatan tempahan yang diterima dari pelanggan di dalam segmen Automotif.

Selain itu, Kumpulan melaporkan keuntungan sebelum cukai sebanyak RM33.5 juta bagi tahun kewangan 2023. Keuntungan ini menunjukkan peningkatan sebanyak RM37.4 juta berbanding kerugian sebelum cukai sebanyak RM3.9 juta

Penyata Pengerusi

(Samb.)

yang dicatatkan bagi tahun kewangan berakhir 28 Februari 2022. Peningkatan prestasi kewangan pada tahun kewangan 2023, berbanding dengan tahun kewangan sebelumnya, adalah disebabkan oleh pendapatan yang lebih tinggi yang dicapai oleh segmen Bebas Cukai dan Automotif yang seperti dinyatakan sebelumnya, di samping keuntungan pertukaran asing bersih yang lebih tinggi dan penurunan kos operasi.

DIVIDEN

Selaras dengan komitmen Kumpulan dalam memberikan ganjaran kepada pemegang saham kami, Lembaga telah mengisytiharkan dividen sebanyak 4 sen setiap saham bagi tahun kewangan 2023. Ini diterjemahkan kepada hasil dividen kira-kira 1.4% berdasarkan harga penutupan saham iaitu RM2.89 pada 28 Februari 2023.

PANDANGAN DAN HARAPAN

Pertumbuhan ekonomi global dijangkakan berlaku pada kadar yang lebih perlahan pada tahun 2023. Sementara itu, ekonomi Malaysia diunjurkan berkembang antara 4.0% dan 5.0% pada tahun 2023, disokong oleh permintaan domestik hasil dari peningkatan pekerjaan dan tahap pendapatan, pelaksanaan projek pelaburan kerajaan berbilang tahun dan aktiviti pelancongan yang lebih tinggi. Walaubagaimanapun, risiko kelemahan ekonomi masih ada, terutamanya disebabkan oleh peningkatan ketegangan geopolitik yang boleh mengganggu perdagangan global, rantai bekalan dan pasaran komoditi. Selain itu, pasaran buruh yang lebih ketat dan harga komoditi yang lebih tinggi mungkin akan mengekalkan inflasi pada tahap yang lebih lama, yang akan mengakibatkan dasar kewangan yang lebih ketat.¹

Meskipun Kumpulan menjangkakan persekitaran perniagaan di mana ia beroperasi akan terus mencabar dalam beberapa suku yang akan datang, kami optimis bahawa operasi dan prestasi kewangan kami akan kekal positif bagi tahun kewangan yang berakhir pada 29 Februari 2024. Dengan langkah-langkah yang kukuh yang telah dilaksanakan sebagai hasil daripada inisiatif penyusunan semula Kumpulan, kami berharap ia akan dapat mengukuhkan lagi kelebihan daya saing dan disiplin dalam industri-industri yang kami beroperasi.

Dalam menghadapi cabaran tersebut, fokus Kumpulan tetap pada perancangan strategik, peruntukan sumber dan pengoptimuman kos bagi memastikan kemampanan dan kesinambungan perniagaan. Kami terus mengekalkan kedudukan kewangan yang kukuh bagi mengharungi landskap perniagaan yang sukar diramal ini. Kunci kira-kira kami kekal kukuh dan utuh, dengan aset bersih Kumpulan sebanyak RM505.1 juta dan baki tunai dan di bank sebanyak RM207.2 juta pada 28 Februari 2023. Dengan itu, Kumpulan berada dalam kedudukan yang baik untuk meneroka dan memanfaatkan peluang perniagaan yang bersinergi yang berpotensi untuk memberikan nilai yang lebih besar kepada pemegang saham kami.



Penyata Pengerusi

(Samb.)



PENGHARGAAN

Pertamanya, bagi pihak Lembaga, saya ingin mengucapkan berbilang terima kasih dan penghargaan kepada Jeneral Tan Sri Dato' Sri Abdullah Bin Ahmad dan Tuan Haji Mohd Sharif Bin Hj Yusof, yang kedua-duanya Pengarah Bebas Bukan Eksekutif, yang telah bersara pada 28 Julai 2022, di atas khidmat dan sumbangan yang tidak ternilai sepanjang tempoh mereka bersama Kumpulan. Saya juga ingin mengucapkan penghargaan kepada Ahli Lembaga Pengarah, pihak Pengurusan, dan semua kakitangan di atas dedikasi yang tidak berbelah bagi terhadap Kumpulan. Komitmen merekalah yang telah menjadi sumber kejayaan dan kemajuan kami.

Saya juga ingin mengucapkan penghargaan kepada Kerajaan, rakan kongsi, dan pembekal kami di atas kerjasama dan sokongan mereka. Kami mengakui bahawa kejayaan yang dibina ini adalah atas hubungan yang kukuh dengan semua pihak berkepentingan kami, dan kami bersyukur di atas kepercayaan dan kerjasama daripada mereka. Para pelanggan kami sentiasa berada di hati kami, di dalam setiap perkara yang kami lakukan. Kami komited untuk menyediakan produk berkualiti tinggi kepada para pelanggan

kami dan terus berusaha untuk melebihi jangkaan mereka. Akhir sekali, kami ingin mengucapkan ribuan terima kasih kepada para pemegang saham kami di atas sokongan yang tidak berbelah bagi, keyakinan, dan kepercayaan. Kumpulan Atlan tetap teguh dalam memberi komitmen bagi mencapai nilai jangka panjang yang mampan dan memberikan impak positif dalam kehidupan para pelanggan, kakitangan dan komuniti di mana kami beroperasi. Kami akan terus berusaha dengan gigih untuk mencapai matlamat dan objektif strategik kami, dan berusaha untuk melangkaui jangkaan semua pihak berkepentingan kami.

Saya dengan rendah diri berjanji untuk sedia berkhidmat meneruskan komitmen, dedikasi dan usaha saya untuk Kumpulan Atlan.

Terima kasih.

Wassalamualaikum Warahmatullahi Wabarakatuh

Adam Sani Abdullah

Pengerusi Eksekutif Atlan Holdings Bhd
26 Jun 2023

Sumber:

¹ Bank Negara Malaysia - Economic and Monetary Review 2022
https://www.bnm.gov.my/documents/20124/10150285/emr2022_en_ch0c.pdf

董事主席
献词

我很荣幸代表董事会，提呈益联控股有限公司（“益联”或“我们”或“集团”）截至2023年2月28日（“2023财政年”）的年度报告和已审核财务报表。



经济与商业展望

马来西亚经济在2022年从防疫和经济危机中强劲复苏，2022年国内生产总值（“GDP”）增长率达到8.7%，远高于2021年的3.1%。这是得益于政府政策的大力支持、坚实的宏观经济基础和强大的金融系统，同时受益于地区经济和边境限制得以解除并开放旅游政策。然而，同时地，全球宏观经济继续受到供应链中断、通货膨胀和货币紧缩的影响。持续性的政治冲突也极大地影响了全球经济。因此，国家政府已实施刺激性的经济计划以改善经济形势，以免企业持续性的面对阻力和解决这个问题。¹

在这个外部不稳定时期，集团致力于为股东提供价值，所以，我们坚定不移地致力于利用我们的核心优势，提高集团的财务和运营表现。

因此，我很荣幸地宣布，集团在截至2023年2月28日表现出色。

财务绩效

益联在2023财政年的营业额为3亿8千130万令吉，相较于去年的2亿5千720万令吉，显著增长了48.3%。这显著的增长主要是源自于免税商店的全面恢复营业和汽车行业的订单增长。

此外，益联于2023年2月28日所报的税前盈利为3千350万令吉。相较于2022年2月28日所报的税前亏损390万令吉，增进了3千740万令吉。相较于往年的财政年度，2023财政年度的业绩有所改善，主要源自于较早前提到的较高的营业收入于免税店和汽车行业，以及较高的净外汇收益和营运开支的降低。

股息

益联一向来承诺回报股东们，董事局宣布于2023财政年总派发每股4仙股息。股息收益相等干截至2023年2月28日闭市价每股2.89令吉的1.4%。

董事主席献词

(继续)



展望与前景

全球经济预计在2023年以较慢的速度增长。基于国内需求的支持，马来西亚经济预计在2023年增长4.0%至5.0%。然而该需求基础在于就业和收入水平的进一步改善，继续实施政府投资项目以及更多的旅游活动。然而经济衰退的风险仍然存在，政治紧张局势的升级可能会扰乱全球贸易、供应链和商品市场。此外，劳动力市场比预期更紧缩和更高的商品价格可能会导致长时间的通货膨胀而需要实施更紧缩的货币政策。¹

然而，尽管集团预计在未来几个季度，其业务所处的环境仍将具有挑战性，但我们谨慎乐观地认为，2024年2月29日的财政年度，我们的经营和财务表现将保持积极乐观。通过集团的重新定位计划，在我们处于的行业中我们已经采取了有力措施，期待加强我们的竞争优势和纪律性。

鉴于当前的挑战，集团的重点仍然是战略规划、资源配置和进一步成本优化，以确保业务的可持续性和连续性。我们继续保持强劲的财务状况，以抵御不可预测的商业环境。

我们的资产负债表依然强劲稳健，截至2023年2月28日，集团的净资产为5亿510万令吉，现金和银行余额为2亿720万令吉。因此，集团会探索和利用潜在的协同业务机会，为我们的股东带来更大的价值。

致谢

首先，本人谨代表董事会，对已于2022年7月28日退休的独立非执行董事丹斯里拿督斯里阿都拉阿末将军和穆罕默德沙里夫尤索夫先生，表达我们的感激和真诚的感谢，感谢他们在集团任职期间所做出的宝贵贡献。我还要衷心感谢现有的董事会、公司管理层和所有员工对我们集团的无私奉献。他们的承诺是我们取得成就和进步的中心。

我也衷心感谢政府，我们的合作伙伴和供应商的合作和支持。我们相信我们的成功建立于所有利益相关者的良好关系上，并且感激他们对我们的信任和合作。我们的客户是我们做任何事情的首要核心。我们致力于为客户提供最优质的产品，不断努力超越他们的期望。最后，我们要向股东表达真诚的感激，感谢他们的不懈支持、信心和信任。集团仍然坚定地致力于创造可持续的长期价值，并在客户、员工和我们经营的社区中产生积极影响。我们将继续不懈地努力实现我们的战略目标，并努力超越大家的期望。我仍然是你谦卑和顺从的仆人，并保证继续为益联集团奉献和奋斗。

谢谢。

Adam Sani Abdullah

益联集团董事主席

2023年6月26日

资源:

¹ Bank Negara Malaysia - Economic and Monetary Review 2022

https://www.bnm.gov.my/documents/20124/10150285/emr2022_en_ch0c.pdf

Management Discussion & Analysis

BUSINESS OVERVIEW

Atlan Holdings Bhd (“Atlan”, “we” or the “Group”) is an investment holding company with subsidiaries primarily involved in trading of duty free goods, dutiable and non-dutiable merchandise (“Duty Free”), auto-components manufacturing (“Automotive”) and property investment & hospitality (“Property and Hospitality”).

Established in 1988 as a private limited company, Atlan was involved in the precision metal stamping business then, based in Penang. The Group was listed on the Second Board of Bursa Malaysia Securities Berhad in 1996 and subsequently transferred to the Main Market in 2009.

For the financial year ended 28 February 2023 (“FY2023”), the Automotive segment was the key contributor to the Group’s revenue, having accounted for 57.7%, followed by the Duty Free segment, Property and Hospitality and investment holding and others, which constituted 39.5%, 2.3% and 0.5% of the Group’s revenue, respectively.

Duty Free

The Duty Free segment of the Group is undertaken by Duty Free International Limited (“DFIL”) and its Group of subsidiaries. DFIL, listed on the Mainboard of Singapore Exchange Securities Trading Limited (“SGX-ST”), is the leading duty free retailer in Malaysia with an operating history of over 44 years.

DFIL operates under the brand name of “ZON” and is Malaysia’s largest multichannel duty free and duty-paid retailing brand that serves Malaysians and international customers across all primary entry and exit points in Peninsular Malaysia.

Automotive

The Group operates its auto-components manufacturing segment via United Industries Holdings Sdn. Bhd. (“UI”) and its Group of subsidiaries (“UI Group”) has over 40 years of experience producing and supplying quality automotive components to Malaysia’s original equipment manufacturers.

We are currently one of the market leaders in manufacturing metallic tubes, fuel filler neck, fuel tank modules, metal stamping parts, and sub-assembly of instrument panels in Malaysia’s automotive industry.

Property And Hospitality

Atlan owns two properties strategically located in the heart of Kuala Lumpur city: Menara Atlan and a serviced apartment. Menara Atlan is managed by the Group’s property arm, while the Group’s hospitality arm operates a serviced apartment called “The Zon All Suites Residences on the Park” (“Zon Hotel”). The Zon Hotel has since ceased operations from 30 June 2020.

Management Discussion & Analysis

(Cont'd)

FINANCIAL PERFORMANCE

Atlan registered a commendable financial performance for the FY2023, and continued to maintain a robust financial position. The Group's revenue for FY2023 was RM381.3 million, indicating a substantial increase of 48.3% compared to RM257.2 million in the previous financial year, FY2022. In line with the revenue growth, the Group's profit before tax ("PBT") was RM33.5 million, and its profit after tax ("PAT") was RM27.3 million, as opposed to a loss before tax ("LBT") and loss after tax ("LAT") of RM3.9 million and RM4.4 million, respectively.

The Group's Duty Free segment posted revenue of RM150.6 million, registering 53.7% increase compared to the previous financial year's revenue of RM98.0 million. This increase in revenue is attributed to the full resumption of the Group's duty free outlets, which led to improved performance. In the previous financial year, Malaysia had implemented various levels of movement restrictions under the National Recovery Plan ("NRP"), resulting in only three outlets of the Group operating. Consequently, the Duty Free segment recorded a LBT of RM2.7 million in FY2022. In the current financial year under review, the Duty Free segment recorded a PBT of RM19.7 million, mainly due to the increased revenue and the reduction in operating expenses.

Our Automotive segment registered revenue and PBT of RM219.9 million and RM24.0 million respectively compared to the corresponding financial year's revenue of RM147.5 million and PBT of RM9.0 million. Higher revenue and profit were reported in current financial year under review mainly attributed by higher orders received from customers and all factories were in full operations throughout FY2023 as compared to cessation of operations by the factories from June 2021 to August 2021 following the imposition of Full Movement Control

Order nationwide by the Malaysian Government in FY2022.

Our Property and Hospitality segment posted revenue and LBT of RM8.6 million and RM0.4 million respectively compared to the corresponding year's revenue of RM11.1 million and PBT of RM3.7 million. The decline in revenue for FY2023 was primarily due to lower occupancy rate from the property segment. Consequently, LBT of RM0.4 million was registered in FY2023.

Our investment holding segment reported revenue of RM2.1 million compared to the previous financial year's revenue of RM0.6 million. Higher revenue registered in FY2023 were due to higher interest income earned as compared to FY2022. Our investment holding segment reported PBT RM5.1 million in FY2023 compared to PBT of RM1.1 million reported in FY2022. The improvement was derived from higher net gain in foreign exchange amounting to RM7.4 million compared to RM3.4 million reported in the corresponding financial year. The Group's total capital commitments, approved, contracted for and not contracted for, as of 28 February 2023, was RM19.6 million (28 February 2022: RM23.5 million).

As of 28 February 2023, the Group's financial position remained robust with a healthy cash and cash equivalents balance of RM194.1 million (28 February 2022: RM204.7 million) and a net cash position of RM169.6 million (28 February 2022: RM168.3 million), bringing the Group's net cash per share to RM0.67 (28 February 2022: RM0.66). Accordingly, the Group is well-positioned to explore and capitalise on potential synergistic business opportunities to bring greater value to our shareholders.

DIVIDEND

In recognition of our shareholders' continuous support, the Board had declared and paid out a single tier interim dividend of 4 sen per share during FY2023. This amounted to a total dividend of 4 sen per share for FY2023, translating to a dividend yield of 1.4% based on the closing share price of RM2.89 on 28 February 2023.

Management Discussion & Analysis

(Cont'd)

BUSINESS RISKS

Atlan remains cognisant of several businesses, financial and operational risks that may impact its operations. Hence, the Group adopted various adequate measures to manage and mitigate these risks to maximise output and provide added values to our shareholders and stakeholders alike.

Duty Free

The Group's Duty Free segment is subjected to regulatory risks. Its nature requires several licences, namely duty free shop licence, wholesale dealer's licence, bonded warehouse licence, and import licences to be renewed regularly. The segment is also exposed to other regulatory risks where its operational framework may change over time depending on various relevant authorities. Nonetheless, the Group continues to mitigate these risks by working closely with the authorities to ensure its business operations are constantly in compliance with the applicable laws and regulations and adapt to new rules and regulations as and when they are implemented.

The Duty Free segment is also subjected to transactional currency exposures arising from purchases denominated in currencies other than the functional currency of the operations they relate to, primarily the United States and Singapore dollars. Approximately 54% (FY2022: 77%) of the Duty Free segment's purchases were denominated in foreign currencies. Foreign currency exposures in transactional currencies other than the operating entities' functional currencies are kept to an acceptable level via constant monitoring of foreign currency fluctuations and hedging policies implemented within the Duty Free Group.

Automotive

The Group's Automotive segment face challenges due to trade uncertainties, increasing raw material costs, and the emergence of new technologies that could potentially threaten the Group's market share. To counter these challenges, the Automotive segment is committed to taking proactive measures such as continuously reviewing and improving product quality, safety, and manufacturing efficiency. Moreover, the Automotive segment aims to broaden the scope of raw material suppliers, enhance its purchasing processes, and invest in technology innovations to mitigate risks and remain competitive in the market.

Property And Hospitality

Currently, there is an oversupply of office and residential properties in Malaysia, leading to a glut in the property market. As a result, the property sector is facing significant pressure, particularly in tenancy performance and rental levels. Despite sluggish demand, the incoming supply of properties continues to rise, exacerbating the situation. The property market is expected to take some time to reach a new equilibrium as demand struggles to keep pace with the uncertain economic conditions of the present time. Notwithstanding that, the Group strives to overcome obstacles by providing better amenities and appealing rents to cater to the current market conditions.

The hospitality industry has faced some challenges due to the rise of alternative tourism accommodations like Airbnb, which has increased competition within the industry. Moreover, the costs of maintaining aging buildings are expected to rise with time. The hospitality segment is closely linked to the tourism industry, and therefore, any changes in the tourism industry can significantly impact the hospitality segment. Despite these challenges, the Group remains committed to taking pre-emptive measures such as cost optimisation and effective marketing to remain competitive and thrive in this challenging period.



Semi-detached units of Tropika Ferringhi

Management Discussion & Analysis

(Cont'd)

BUSINESS STRATEGY

To ensure that the business remains sustainable and continues to operate smoothly, the Group is holding onto its healthy reserves to weather the current challenging business environment. The Group constantly reviews, adjusts, and adapts its cost-cutting and containment measures, such as deferring discretionary expenses and non-critical capital expenditures.

Moreover, besides taking prudent financial measures, the Group is actively seeking potential acquisition targets that can bring synergies to its value chain.

Duty Free

The Duty Free segment is projected to experience a rebound in its business environment in 2022 and 2023, driven by the anticipated increase in international tourist arrivals as borders reopen. However, the global economy is still fraught with uncertainties, which are compounded by ongoing geopolitical conflicts and the continued presence of global headwinds.

Despite the challenging outlook, our core emphasis has not changed. We remain focused on delivering quality and value to our customers. Our mission is to expand our presence within Malaysia's duty free market and duty-paid market.

Below are the 5 crucial success elements of our company: -

- I. Increase operational efficiencies;
- II. Cost-effectiveness in the supply chain;
- III. Efficiency in logistics management of products;
- IV. Enhancement of retail outlets; and
- V. Increase in product assortments.

Our strategic plan for the current year entails maintaining our focus on cost optimisation, which has been instrumental in keeping the Duty Free segment relatively stable. To achieve this, we will continue to implement cost containment measures that involve recalibrating operational efficiencies by rebasing costs and prioritising capital expenditure to preserve cash reserves, ensuring that the Group can fulfil its financial and operational obligations. Furthermore, we will pursue opportunities to expand our range of assortments and negotiate with vendors for merchandise at competitive prices.

Automotive

The Group's Automotive segment will persist in exploring opportunities to expand its product line, while also actively seeking new technical collaboration opportunities that provide access to transformative innovations. This is essential to keep pace with the highly competitive nature of the automotive industry driven by technology. At the same time, the segment will implement cost-containment measures, including a comprehensive plan to ensure lean and efficient operations. These measures will be supported by a high-performing workforce that can effectively manage the challenges associated with the segment's growth and transformation.

Property And Hospitality

Atlan's property, strategically located in Kuala Lumpur, requires affordable rates to remain competitive in an oversupplied industry with a surplus of office and residential properties.

The Group is committed to leveraging its competitive strengths to attract new tenants/customers and increase rental yields through competitive rate strategies. Keeping that in mind, the Group remains committed to deliver high-quality services, consistently upgrade and refurbish the properties, and strengthen relationships with existing tenants.

Management Discussion & Analysis

(Cont'd)

OUTLOOK & PROSPECTS

With the worst of the pandemic behind us, a rebound in the global economy is expected. However, uncertainties over the global economy remains, contributed by the on-going geopolitical conflicts and the global headwinds that came after. Malaysia's economic growth is projected to ease to between 4% and 5% as slowing global growth is anticipated for 2023.¹

The Group is cautious about the outlook for the financial year ended 29 February 2024 due to the fragility of the economic recovery, which depends on various essential and changeable factors. These factors include containing inflation, implementing effective cost control measures, and the government's supportive fiscal policy for businesses. As a result, the Group anticipates that cost control measures will remain strong and continue into the foreseeable future.

Duty Free

The Duty Free segment is expected to face challenges in the business environment in which it operates for the next few quarters. However, barring unforeseen circumstances, the Group is cautiously optimistic that it will continue to perform well financially and operationally, given its strong fundamentals. The Group's focus remains firmly fixed on strategic planning, resource allocation, and cost optimisation to ensure it is well prepared for future challenges. Despite being cautious with its resources, the Group will still actively seek out excellent business opportunities to enhance the synergy of its existing businesses in the Duty Free segment.

Automotive

Malaysia Automotive Association ("MAA") reported that after two consecutive years in a row of declining sales, the Total Industry Volume ("TIV") had turned around to register 720,658 units in 2022. Not only it rebounded strongly, the TIV 2022 was a new record; an all-time high TIV achieved in the history of the local automotive industry. It was also the first time the annual TIV exceeded the 700,000 units' mark.

However, MAA has forecasted a decline of approximately 10% in TIV to 650,000 units for 2023. This projection is based on the continuing challenges

faced by the automotive industry, including supply chain disruptions such as the shortage of semiconductor chips, rising costs of freight and raw materials, and labor shortage issues. These challenges have the potential to negatively impact the country's economic growth momentum, which in turn could lead to lower sales of new vehicles.

Nevertheless, the Group's Automotive segment with its strong fundamentals, is prudently optimistic that it will be able to respond to the current challenging business environment positively barring any unforeseen circumstances.

Property and Hospitality

Downward pressure continues on the rental rates and occupancy levels in the oversupplied Klang Valley office market and the gap between supply and demand continues to widen amid weaker office demand and a shrinking pool of tenants. It is anticipated that more companies would experiment between working from an office, home, co-working, or managed space.

Nonetheless, the Group believes that our property strategic location gives us a competitive edge in a weak market and our property management strives to overcome obstacles by providing better amenities as well as appealing rents to cater to the current market conditions.

CLOSING REMARK

2023 is another year where we remain cautiously optimistic with our sights on the opportunities to expand our revenue stream that come our way. The Group will continue to pursue possibilities and explore prospective partnerships and collaborations in order to expand our portfolio in the region. As we are guided by the values of excellent corporate governance, entrepreneurial energy, and a dedication to sustainability in all of these, we will continue to build on the foundation of our achievements, allowing us to create stronger and more sustainable returns over time.

Source:

¹ Bank Negara Malaysia - Economic and Monetary Review 2022

https://www.bnm.gov.my/documents/20124/10150285/emr2022_en_ch0c.pdf

Sustainability Statements

29	About This Statement
30	About Us
31	Sustainability Governance
39	Economic
40	Environmental
44	Social
50	Group Sustainability Performance Data

About this Statement

The Atlan Holdings Bhd (“Atlan” or “the Company”) Sustainability Statement 2023 (“Statement”) provides information and updates on Atlan and its subsidiaries (“the Group”) continuing sustainability achievements and efforts.

Unless otherwise stated, this Annual Sustainability Statement presents information for the financial year ended 2023 (“FY2023”) which was from 1 March 2022 to 28 February 2023. It covers the entire Group’s sustainability matters, including all entities that Atlan has direct managerial control listed in the corporate structure on pages 2 to 3 of this Annual Report.

Atlan is an investment holding company with subsidiaries primarily involved in the trading of duty free goods, dutiable and non-dutiable merchandise (“Duty Free”), automotive components manufacturing (“Automotive”), and property investment & hospitality (“Property and Hospitality”). As the operating environments of the subsidiaries vary significantly, each respective division’s sustainability and materiality context may also differ. Subsidiaries will continue concentrating on reporting sustainability issues relevant to them.

This Statement is prepared in accordance with the “Core Option” of the Global Reporting Initiative (“GRI Standards”) issued by the Global Sustainability Standards Board (“GSSB”), with reference to the United Nations’ Sustainable Development Goals (“UNSDGs”), Bursa Malaysia Sustainability Reporting Framework including its enhanced criteria, guidance on climate change-related information disclosure from the Task Force on Climate-Related Financial Disclosures (“TCFD”), the International Organisation for Standardization (“ISO”) 26000:2010 Guidance on Social Responsibility as well as local and international sustainability indices such as the FTSE4Good Bursa Malaysia Sustainability Index.

The Board of Directors approved the content of this Statement after the department heads and internal auditors had reviewed its accuracy and reliability.

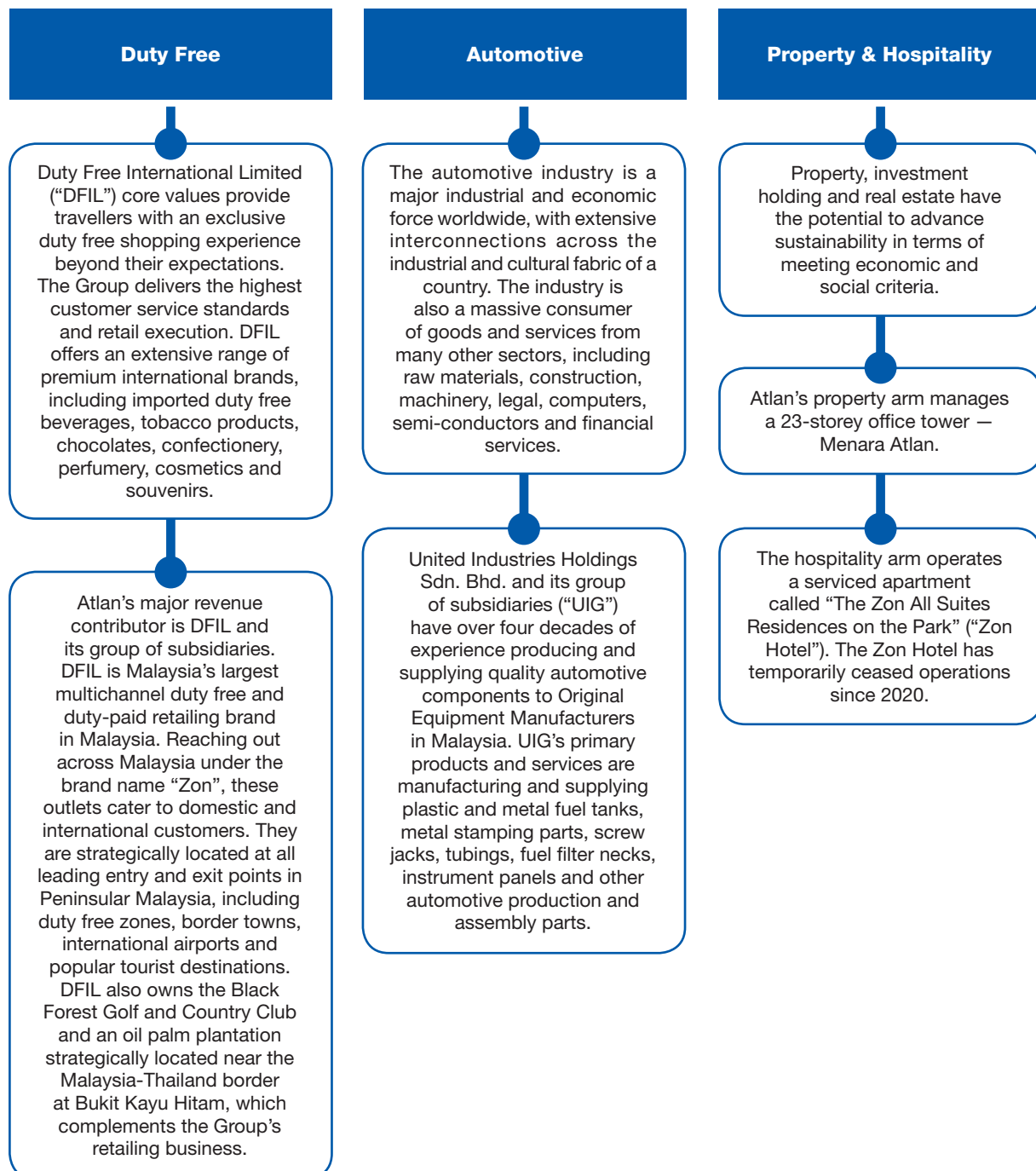
Please direct all feedback and comments on this Statement and the Group’s sustainability journey to info@atlan.com.my.



About Us

Atlan was incorporated in 1988 as a private limited company as Atlan Holdings Sdn Bhd. It was listed on the Second Board of Bursa Malaysia Securities Berhad in 1996 and subsequently transferred to the Main Market in 2009.

The principal activities of Atlan are investment holding and the provision of management, financial, technical and other ancillary services. Its subsidiaries are involved in property investment, hospitality, auto-components manufacturing and the trading of duty free and non-dutiable merchandise.



Sustainability Governance

VALUE CREATION THROUGH INTEGRATED THINKING

Sustainability, sound governance and a shared purpose undergird value creation at Atlan. We operate within a broader global context and leverage various forms of capital, including our valued employees and finite natural resources, to develop unique, differentiated solutions and offerings for all stakeholders.

We strive to integrate sustainability considerations throughout our operations’ lifecycles, from financing responsible investment decisions based on a careful evaluation of risks and opportunities to sales, where we deliver values that benefit customers and communities.

Atlan defines and implements sustainability initiatives that consider all aspects of our business. This approach enhances the communities in which we operate and also generates long-term shareholder value by improving the bottom line and mitigating environmental and social risks.

Atlan’s Sustainability Focus Areas



MANAGING SUSTAINABILITY

Integrating sustainability into every part of our business and value chain requires aligning priorities at the highest levels of corporate strategy. Sustainability remains a key priority in strategic planning at Board and management levels.

Sustainability Governance

(Cont'd)

Our Board of Directors continues to carry out its responsibilities in determining, monitoring and managing the environmental, social and governance factors material to the Group, providing strategic direction, and overseeing the standards, management processes and strategies needed to achieve sustainability within the business.

The Executive Director steers the implementation of sustainability-related business strategies, supported by the Sustainability Working Group, which internalises sustainability practices. Various essential business functions support this committee by implementing these strategies at the Group level.

Atlan Sustainability Governance Structure



Sustainability Governance

(Cont'd)

ETHICS AND INTEGRITY

Atlan ensures its operations comply with all applicable laws, regulatory requirements and policies. The Code of Conduct, integral to the induction training of newly employed personnel, governs the Group's ethical business conduct. All employees must act ethically in their relationships with stakeholders.

The Group's Anti-Bribery and Anti-Corruption Policy & Guidelines comply with the new section 17A of the Malaysian Anti-Corruption Commission Act 2009 ("MACC Act"), which took effect on 1 June 2020. The Group-wide Anti-bribery and Corruption Policy and Procedures include measures and guidances to assess risks, understand relevant laws and report concerns.

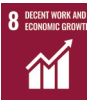
Atlan has a whistleblower channel for its employees with concerns about behaviour that conflicts with the Group's values and governing documents. Employees can raise genuine concerns or provide information that may contain evidence of unethical or improper activity in confidence to their immediate superior, Audit and Risk Management Committee, Head of Internal Audit, Chairman of the Board or Executive Director. Our whistleblower channel is entirely confidential. The Group received zero complaints through this channel in FY2023.

SUSTAINABILITY STRATEGY

As part of our sustainability strategy, we want to create more value for our stakeholders, communities and the Group – at a reduced environmental footprint.

For decades, the commitment to sustainability has been integral to Atlan's corporate culture. We aim to pioneer new solutions for sustainable development while shaping our business responsibly and increasing our economic success. This ambition encompasses all Group activities along the entire value chain.

Operating in property investment, manufacturing and the trading of duty free and non-dutiable merchandise, we contribute to all UNSDGs. However, we prioritise the goals in which we can maximise our impact.

Sustainability Pillars	What We Do	Priority Areas	Relevant UNSDGs
Economic	Creating and distributing economic value to our stakeholders and ultimately reflecting our commitment to profitable growth through performance excellence	- Economic performance - Anti-corruption - Nation-building and industry advancement - Procurement practices	  
Environmental	Showcasing our commitment to being a responsible corporate citizen by conducting business in an environmentally friendly manner	- Energy efficiency and carbon reduction - Water and waste management	   
Social	Managing and identifying business impacts on employees, workers in the value chain, customers and local communities	- Employee wellness, engagement and satisfaction - Talent management - Occupational safety and health - Customer satisfaction - Ensuring quality excellence - Employee benefits	   

Sustainability Governance

(Cont'd)

OUR NETWORK OF STAKEHOLDERS

Exercising transparency throughout our decision-making process and keeping stakeholder groups abreast of business endeavours are in keeping with Atlan's culture of accountability.

We continue identifying the most relevant stakeholders and assess procedures for engaging with them. Our leadership carefully reviews feedback from these engagements and integrates it into strategic planning.

The Group pursues various partnerships as a principal strategy for achieving its business goals. Recognising the evolving needs of our stakeholder groups, we conducted a stakeholder assessment to identify their areas of concern and ensure we can respond appropriately. The following table presents the results of our stakeholder engagement exercise.

Stakeholder Engagement Areas and Platforms

Stakeholder Group	Engagement Platforms	Frequency of Engagement	Areas of Concern
Customers	Direct visits	Regularly	Quality of products and services, product prices and promotions
	Corporate website	Regularly	
	Feedback forms	Regularly	
	Social media	Regularly	
	Loyalty programme	Regularly	
Employees	Annual performance review	Annually	Job-related training and development, work-life balance, employment benefits, performance appraisal and reward system
	Intranet portal	Regularly	
	Email communications	Regularly	
	Internal meetings	Regularly	
Board of Directors	Board meetings	Quarterly and annually	Regulatory compliance, economic performance, corporate governance and risk reviews
	Email communications	As required	
Government	Formal meetings	As required	Regulatory compliance, economic performance and societal welfare
	Dialogues	As required	
Investors	Media release	Quarterly	Regulatory compliance, economic performance, new Group developments, returns on investment and dividend distribution
	Investor relations roadshows	As required	
	Announcements	Quarterly/as required	
	Investor meetings	As required	
	Annual reports	Annually	
	Quarterly reports	Quarterly	
Suppliers	Meetings and dialogue sessions	As required	Product knowledge, events, partnerships, compliance and contract performance
	Email communications	Regularly	
	Trade fairs and events	Annually	
Financiers	Financial reports	Annually	Compliance with financiers' terms and conditions and economic performance
	Regular meetings	As required	

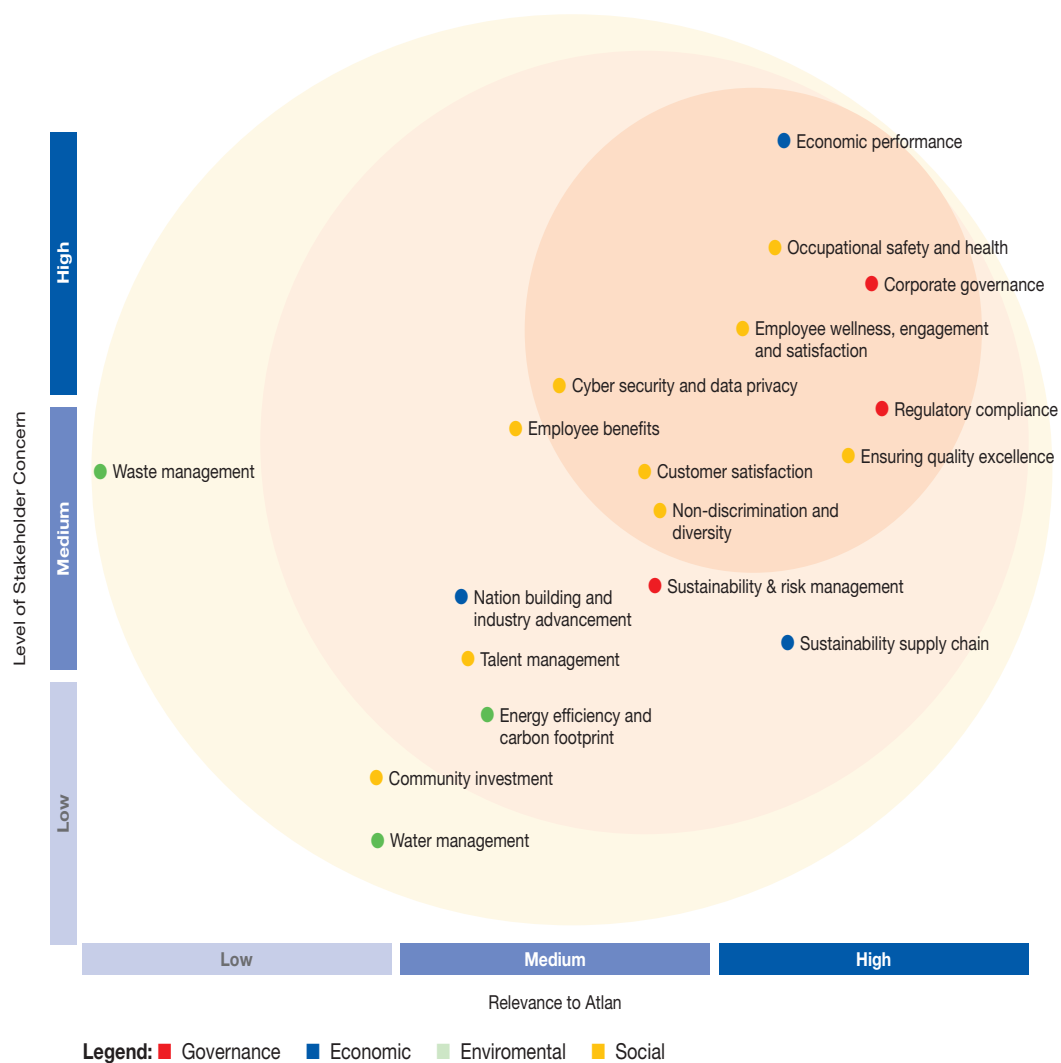
Sustainability Governance

(Cont'd)

MATERIALITY MATTERS

In FY2022, Atlan conducted a materiality assessment to identify critical economic, environmental, social, and governance (“EES”) risks and opportunities. We engaged with various external and internal stakeholders as part of the Group’s materiality assessment. Atlan’s Materiality Matrix presents these assessment outcomes. We will update this assessment biennially to ensure we cover all relevant areas within the Group’s sustainability agenda.

ATLAN MATERIALITY MATRIX



Sustainability Governance

(Cont'd)

We focus on addressing the most material topics identified in our materiality assessment as these material matters interconnect with our entire sustainability approach. The table below outlines the connectivity between our key EES focus areas and UNSDGs.

Summary of Material Sustainability Matters

Governance	Objective	Relevant UNSDGs
Corporate governance	Managing business strategy and processes to build financial integrity, investor confidence and superior performance	 
Regulatory compliance	Complying with all legal, economic, environmental and social legislation while supporting the national agenda	 
Sustainability & risk management	Advocating sustainability as a tool for managing the Company's risk exposure and minimising industry risks and unforeseen costs	

Economic	Objective	Relevant UNSDGs
Economic performance	Generating sustainable financial and economic returns and creating shareholder value to safeguard the sustainability of Atlan's business	 
Nation building and industry advancement	Contributing to advancing the nation by boosting economic growth and developing the retail, automotive, property and hospitality industries	   
Sustainability supply chain	Encouraging sustainable procurement by supporting local and promoting responsible business conduct among suppliers	

Sustainability Governance

(Cont'd)

Summary of Material Sustainability Matters (Cont'd)

Environmental	Objective	Relevant UNSDGs
Energy efficiency and carbon footprint	Using clean, renewable energy and moving towards a more energy-efficient future	   
Water management	Using water efficiently and minimising water wastage	  
Waste management	Adopting proper handling of waste for all types of waste, including automotive components and wastes generated by our hotel and office buildings	    

Social	Objective	Relevant UNSDGs
Occupational safety and health	Ensuring a safe work environment, minimising injury risks and nurturing employees' mental well-being	  
Employee wellness, engagement and satisfaction	Attracting and retaining employees by creating a great place to work by providing welfare and a healthy lifestyle, and regular engagement with employees	   
Talent management	Providing training and education to employees to expand their knowledge base for career development and improve customer service	   
Non-discrimination and diversity	Extending fair and non-discriminatory treatment to all employees	  
Employee benefits	Providing fair and comprehensive employee benefits	  

Sustainability Governance

(Cont'd)

Summary of Material Sustainability Matters (Cont'd)

Social	Objective	Relevant UNSDGs
Cybersecurity and data privacy	Protecting the Company's information (including confidential business data, employee information and customers' data privacy)	
Customer satisfaction	Continually assessing and responding to customers' needs to enhance customer experience	
Ensuring quality excellence	Implementing sound strategies, initiatives and comprehensive plans to ensure Atlan's core businesses remain resilient and sustainable and deliver maximum stakeholder value	
Community investment	Enriching lives in the community in which the Group operates through involvement in the society, corporate sponsorship and annual donations to non-profitable organisations	     

Economic

Atlan's economic objectives remained consistent — to continue delivering sustainable, growing total returns for shareholders, investors and other stakeholders. During this financial year, the Group showed healthy profit growth as its Duty Free segment returned to profit, with retail outlets returning to full operations. Our Automotive segment's revenue also increased as all factories are now fully operational and processing the increased orders.

MANAGEMENT APPROACH

As we advance, we expect the business environment to remain challenging as Malaysia's economic growth is susceptible to higher risk aversion in global financial markets, inflationary pressures and weaker-than-expected global growth. However, with solid fundamentals, the Group is optimistic that its financial performance will remain positive. We will continue strategising and taking timely measures to minimise operating risks and optimise resources to ensure our core businesses remain resilient and stable.

TOWARDS RESPONSIBLE AND SUSTAINABLE SUPPLY CHAINS

We engage a diverse group of suppliers and acknowledge the responsibility and opportunity to partner with them in minimising negative impacts along the value chain. Our Procurement Guideline sets out our expectations of our contractors and suppliers regarding critical areas of sustainable procurement, namely environmental management, human rights and labour management, health and safety, business ethics and integrity. We engage closely with our suppliers and contractors to gain deeper insight into their policies and practices. For example, we distribute sustainability assessment surveys and thoroughly analyse the responses. Leveraging this data, we will implement a roadmap for reducing our supply chain's environmental and social impacts through a partnership-based approach.

There were no negative social or environmental impact cases in the supply chain in FY2023.

PRIORITISING LOCAL

Atlan continues to make a positive difference in its local communities by creating jobs, training people, and supporting local businesses by buying from them. Atlan prioritises the hiring of locals across its operations. Atlan also contracts with local suppliers as this approach allows us to exercise greater control and flexibility over the supply chain while positively affecting the local economy.



EFFICIENCY IN THE SUPPLY CHAIN

Distribution is pivotal for DFIL to adapt to this growing trend. Despite its widespread presence, DFIL strives for consistent best practices, supply times and operational excellence. Based on business analysis, the Group has introduced a strategy that examines the end-to-end supply chain, from supplier to shelf, and the location of its brand partners and airports. This analysis provides the required capacity for the Group's ever-growing business and the option to discuss minimising logistics constraints with its suppliers.

The primary stakeholder groups pivotal to DFIL's business as a travel retailer are store customers and brand partners seeking to showcase their goods in the Group's outlets. DFIL has focused on refining its forecasting and replenishment system.

Environmental

Atlan's environmental objective is to improve the operational performance of our buildings, outlets and plants while reducing the environmental impact of our operations. With operations resuming full operations following a closure period for the COVID-19 pandemic, Atlan is mindful of the increased potential environmental footprint. We have taken several measures to minimise our impacts, improve energy efficiency, manage waste, and reduce water intensity and carbon footprint. The Group concentrates on achieving responsible environmental stewardship goals by effectively managing its environmental impacts, responsible consumption of resources.

MANAGEMENT APPROACH

An acute understanding of the potential operational environmental impacts and commitment to developing, maintaining and operating responsibly, using appropriate standards, guides our environmental management approach.

Corporate Activities	Environmental Impact	Response and Initiatives
- Leasing - Production - Retailing - Transportation - Sales and service - Purchasing - Recycling	- Air pollution - Waste - Water use - Noise - Local environmental issues	- Reducing exhaust emissions - Venturing into renewable energy - Designing 3R practices - Improving fuel economy - Green purchasing - Green logistics - Green offices - Implementing a proper disposal and waste management system - Utilising resources efficiently

As UIG operates in the manufacturing sector, its environmental impact is more significant than other businesses within the Group. UIG plants are certified with ISO 14001 except in Pegoh, Malacca. As part of these requirements, UIG has implemented a formal environmental policy to manage related air, water, and noise pollution when sourcing raw materials, manufacturing, and ultimately disposing of products.

Even though DFIL's operations as a retailing group do not contribute significantly to climate-related risks, the Group continues to adopt ways to optimise the use of scarce resources and explore opportunities for reducing its environmental footprint through its Environmental Policy.

Environmental

(Cont'd)

ENERGY AND CARBON

The science is clear on bringing global energy-related carbon emissions to net zero by 2050 to avoid worst impact of climate change on future generations. Buildings consume substantial energy and water, generating approximately 40% of global greenhouse gas emissions. We seek to minimise our environmental impact by investing in resource efficiency and embedding conservation practices into our operations at our buildings, plants and outlets. Energy-efficient assets, sound energy management, and using renewable energy when necessary will help us meet our emissions reduction goals.

Most lighting at operations uses high-efficiency LEDs. All new air-conditioning units have at least a three, preferably four-star rating, indicating their power efficiency. Atlan regularly checks compressed air and refrigerant lines to reduce energy waste from ageing or leaking piping. UIG's operations team regularly inspects each plant's energy consumption and adjusts the output level of facilities, such as lighting and ventilation, when necessary. Our automotive plant is fitted with sunroofs to use sunlight and natural daylight. UIG also staggers switching on its machines to prevent energy surges that lead to additional maximum demand charges.

DFIL operates shops in highly regulated locations, in owned and leased premises. A significant proportion of utility consumption on leased premises, such as water or energy use and sourcing in these stores, cannot be directly influenced by DFIL. The landlords and building construction predetermine these factors. However, energy consumption for outlets at owned premises has been traditionally high due to retail business requirements that call for optimal in-store lighting and ambient temperature to create a luxury shopping experience. DFIL has implemented the following actioned specific initiatives to reduce its footprint:

- Minimising plastic bag use
- Changing to differential switches to minimise consumption during closing hours
- Internal manual monitoring of resources and shutting down of power supply at unused operational areas
- Substituting traditional lighting with energy-efficient lighting systems
- Installing A-rated electronic devices for air-conditioning and refrigerators at outlets

Due to the nature of the retail travel industry, DFIL closely collaborates with third parties, particularly landlords, brand suppliers and logistic providers, to reduce the business's environmental impact and implement circular economies where possible.

RENEWABLE ENERGY

Complementing our energy reduction initiatives, DFIL is also increasing the adoption of renewable energy to meet the Group's energy demand through non-conventional energy sources. DFIL increased solar in its energy mix by installing panels on the roofs at Bukit Kayu Hitam and Padang Besar outlets.

The Group's total installed rooftop solar capacity is 565 kWp, generating 515 MWh electricity in FY2023, saving an average of RM21,842 monthly.

Environmental

(Cont'd)

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (“TCFD”)

Climate change is more than an environmental issue; it significantly influences social and industrial structures and greatly impacts business activities. Atlan evaluates the risks and opportunities of climate change and reflects them in the Group’s operational policies.

This year, Atlan began aligning its climate-related disclosures with the TCFD recommendations in four key areas: governance, strategy and risk management and metrics and targets. The Group will continue to enhance its implementation of TCFD recommendations and reporting.

Key Areas	Rationale	Atlan’s Approaches
Governance	Atlan’s governance around climate-related risks and opportunities	The Board considers sustainability issues in formulating its strategy, determining material Environmental, Social and Governance (“ESG”) factors and overseeing their management and monitoring.
Strategy	The actual and potential impacts of climate-related risks and opportunities on Atlan’s business, strategy and financial planning	- Atlan identified climate change as a critical risk in its Enterprise Risk Management (“ERM”) Framework, including physical and transitional risks. - Atlan’s strategy in addressing these climate-related risks and opportunities spans all areas of the Group’s operations cycle.
Risk management	Atlan’s process to identify, assess and manage climate-related risks	- The Board identified climate change as a material risk issue and reviewed these risks in the ERM Framework. - Atlan’s annual risk assessment exercise identifies, assesses and documents material risks, including relevant ESG risks, essential controls and mitigating measures.
Target	The metrics and targets used to assess and manage relevant climate-related risks and opportunities	- Atlan has tracked and reduced its greenhouse gas emissions (“GHG”) and discloses its direct emissions (Scope 1), indirect emissions (Scope 2) and other indirect emissions (Scope 3). For more information, please refer to the Performance Data Table on page 50 of this Sustainability Report. - The Group is currently developing carbon reduction targets.

WASTE MANAGEMENT

Everyone at Atlan plays a role in reducing operational waste. Our “waste mitigation hierarchy” prioritises waste avoidance when feasible. When waste is unavoidable, we work to reduce or reuse it whenever possible. We aim to dispose of waste only if other options have been exhausted and we have robust processes to select waste sites that meet our standards.

Environmental

(Cont'd)

ATLAN WASTE MANAGEMENT APPROACH

Our buildings, plants and outlets take various measures to mitigate and eliminate generated waste, including source reduction, reuse, recycling, handling, storage, transportation, and disposal of any remaining waste in compliance with applicable regulations.

Waste Handling of Key Types of Waste at Each Operation

At Our Buildings

General waste including office waste

- Paper waste minimisation is an ongoing effort in all our offices. The Group has also introduced local initiatives to reduce paper, including double-sided printing and encouraging the digital storage of documents, only printing when necessary.

At Our Outlets

Solid and recyclable waste

- Waste produced by operations outlets is mainly packing materials which are handled through the waste disposal system and recycled accordingly.
- DFIL continues to take measures to reduce single-use plastics. We reuse packing materials, cartons and pallets used to transport and protect products as much as possible, consistently reducing the consumption of new resources.

At Our Plants

Scheduled waste including waste paint

- Waste paint is removed from the UIG plant within 180 days and disposed of by a licensed contractor. Following the Environmental Quality (Scheduled Wastes) Regulations 2005, all oil drums are labelled and stored correctly. A licensed scheduled waste contractor is engaged to recycle wastes and recover paint pigment or other recyclables.
- Scheduled waste movement is recorded in the Electronic Scheduled Waste Information System according to the Environmental Quality Act 1974 ("EQA 1974").

CONSERVING WATER RESOURCES

Water is an essential resource for supporting the world's ecosystem. Atlan manages operational water resources in a manner that helps protect human health and the environment. We recognise our vital role in managing water resources used by operations and prudently manage its consumption. We translate our understanding of the potential impact of our operations into operational practices by adding technology applications focused on water management, for example, installing automatic hand waste with sensors at our manufacturing plant toilets. Displaying memos and notices in bathrooms reminds employees and visitors to save water and turn off taps that are not in use.

Social

Our people are our strength; we recognise the power of the individual to make a difference and the team's collective power to drive long-term competitive advantage. We invest in career development and knowledge building for our people. We celebrate diversity, recognise and reward performance and support our people in achieving their professional and community-related goals.

MANAGEMENT APPROACH

Atlan values the contributions made by each employee and remains focused on providing them with safe, engaging work environments and access to high-value development opportunities. As an employer, we are dedicated to living up to our corporate values and creating an atmosphere based on trust and respect. Atlan embedded this mindset in its recruitment practices and all through employment.

EMBRACING A DIVERSE AND INCLUSIVE WORKFORCE

Atlan comprises many individuals with unique differences, but together, we are Atlan. We are a value-based, principled organisation, acting respectfully and responsibly, continually striving to do the right thing for people. We also recognise that an inclusive culture promotes well-being, increases engagement and supports strong performance.

The Group provides a work environment free from discrimination or harassment based on race, ethnicity, gender, creed, religion, age, disability, sexual orientation, or any other status protected by law but also embraces principles of inclusiveness. Our policy is to provide equal opportunity to all employees regarding hiring, pay rates, training and development, promotions, and other terms of employment.

ATTRACT, RETAIN AND DEVELOP THE RIGHT PEOPLE

Our people are vital for enabling Atlan to execute its strategy. Attracting and retaining a diverse range of high-calibre people was a priority during FY2023.

Developing our people supports Atlan's preference to recruit from within as roles become available, providing existing employees with career opportunities. When the critical skills and qualifications are unavailable internally, Atlan relies on its Recruitment Team to attract external candidates. The Group, through its Automotive Division, took part in a career fair organised by SOCSO on 22 April 2022.

The Group's learning development platform provides a dynamic platform for employees to upgrade skills in critical business functions, professional development and relevant business processes. It also provides an open forum to upskill internally or externally via the training approvals process. Examples of training organised or attended by our people during the year include:

- Malaysian Employers Federation ("MEF") Half-day Webinar on Understanding & Implementation of Minimum Wages Order 2022
- Employer's tax audit and common payroll issues
- Quality awareness training
- Road safety briefing
- Team building and motivation.

Social

(Cont'd)

POSITIVE CULTURE AND ENGAGEMENT

Our corporate culture supports a collaborative, results-oriented environment recognising excellence at every level. We strive to create an atmosphere for employees that emphasises productivity, job satisfaction and general well-being.

Besides tailoring policies to promote health and well-being, we build a corporate culture surrounding healthier workplaces and create employee awareness programmes.

Competitive compensation, comfortable office conditions, professional and personal growth opportunities, wellness benefits and volunteer opportunities promote a healthy work-life environment that appeals to generations of workers. Actively monitoring employee engagement helps us understand the levels of engagement across businesses.

WELL-BEING AND ENGAGEMENT PROGRAMMES HELD IN FY2023

- ✓ Employee achievements recognitions
- ✓ Festive celebrations
- ✓ Contributions such as condolence contributions on the passing of an employee or his family member and bicycles contributions to foreign associates
- ✓ Departmental gatherings

REMUNERATING FAIRLY

We attract and retain qualified employees and motivate them to the highest performance with a total offer package that includes market-oriented compensation, individual development opportunities and a good working environment. Atlan's remuneration package exceeds legal requirements and has benefits such as pension and medical coverage. We regularly review our compensation systems at the global and local levels.

In FY2023, UIG revised its working days from compulsory alternate Saturday working days to five work days a week. The Group has also changed its parental leave, which now offers 98 days of maternity leave and seven days of paternity leave in line with Malaysian Labour Law.

OCCUPATIONAL SAFETY AND HEALTH

Placing the utmost importance on our employees' occupational health and safety, we proactively take steps to address the needs in our management systems. Across operations, on-site Environmental, Health and Safety personnel and our Safety Committee manage health and safety protocols. Detailed responsibilities of the Committee include:

- ✓ Assisting in developing safety and health rules and a safe system of work
- ✓ Reviewing the effectiveness of safety and health programmes
- ✓ Investigating accident and incident trends and reporting them to the management with recommendations or corrective actions
- ✓ Reviewing the safety and health policies at the workplace and recommending revisions to the management

This statement will primarily focus on UIG's health and safety approach. These operations pose more significant health and safety risks than other businesses within the Group.

Social

(Cont'd)

UIG Health and Safety Achievements

Goals	Achievements
Avoiding the occurrence of major industrial accidents at UIG plants	No major industrial accidents in the past three years.
Zero fatal accidents	No fatalities recorded.
Protecting the health and well-being of employees at work	Before starting work, UIG invites its employees to attend 'TAISHO', which involves light exercise to boost employee morale. The Group also offers an open and confidential counselling service to all employees.
Regular safety training for employees and contractors	UIG conducted various safety and health training programmes during the year, including basic occupational first aid CPR and AED training, safety awareness, evacuation drill and contractor safety briefing.
Standards and certification	UIG has achieved the ISO45001 certification since 2020, conducting a second audit and surveillance in this financial year. The surveillance covers reviewing policies, compliance, objectives and targets, non-conformity, management of change, and document and record control.
Partnership	We always look forward to partnership and networking opportunities to benefit the communities while improving our knowledge. In FY2023, we have welcomed an occupational safety and health study visit by internship students from UITM Shah Alam in January 2023.

SAFETY HAZARD AND RISK MANAGEMENT

Hazards exist in every workplace in different forms; workplace hazard identification, risk assessment and control are ongoing. Atlan identifies hazards by implementing the Hazard Identification Risk Assessment and Risk Control ("HIRARC") based on HIRARC Guidelines by the Department of Occupational Safety and Health ("DOSH") (2008). During the year, UIG revised the hazards of its blanking, piercing, trimming and cam-pierce process due to the change in the number of machines. UIG developed a hazard checklist referencing a sample of legislation and supporting codes of practice.

DFIL also schedules regular inspections and maintenance of all electrical and fire emergency systems, including fire alarms, emergency lights, exit signs, automatic sprinklers, pressurised hydrants, wet and dry risers and hose reel systems. A third-party service and maintenance company regularly inspects the machine room, lift and escalators to ensure they function optimally. DFIL takes appropriate measures in emergencies and considers shopper safety, the firefighting system, and electrical and storage facilities in the store design.

Social

(Cont'd)

SAFETY ACROSS OUR SUPPLY CHAIN

Our safety commitment extends to our supply chain, where we actively seek to influence our business partners to prioritise workplace safety. Our responsible sourcing practices include the need for suppliers and vendors to manage health and safety risks and ensure their workers are safe and protected. As a manufacturing plant, UIG has strict safety requirements on its contractors, especially those involved in hot work, using lifting equipment, working at heights and confined spaces and electrical commissioning. Visitors and contractors must attend a safety briefing by the Safety Team before entering our premises.

RESPECTING HUMAN RIGHTS

Atlan has embedded respect for human rights throughout its corporate policies, practices and expectations. These practices are guided by the goals of universally recognised human rights principles and support our integrated approach to identifying and mitigating potential human rights impacts of activities. We strive to influence our workforce positively and in our communities. We do not use forced or compulsory labour in our operations and forbid the use of children in the workforce.

Respecting the rights of our workforce and those within local communities reflects the spirit and intent of the United Nations Universal Declaration of Human Rights. We also support the International Labour Organization 1998 Declaration on Fundamental Principles and Rights at Work ("ILO Declaration"), including:

- Freedom of association
- Effectively recognising the right to collective bargaining
- Eliminating all forms of forced or compulsory labour
- Effectively abolishing child labour
- Eliminating discrimination in respect of employment and occupation

COMMUNITY AND SOCIAL IMPACT

At Atlan, we are privileged to operate in dynamic communities, aiming to do good by caring for the local communities. We aim to be leaders in corporate citizenship and sustainable development and to be responsible stewards of society by creating lasting value for these communities.

Atlan and its subsidiary companies proactively engage with stakeholders to understand their needs and create a greater sense of shared value and ownership.

Atlan contributed a total of RM500,000 to Yayasan Harmoni. This non-profit organisation extends aid and support to the poor and distressed and renders financial assistance and scholarships to deserving individuals.

RESILIENT FOR THE FUTURE

As an organisation and a member of the global community, embracing new ways of moving forward is imperative for the health of the business and planet. Sustainability is linked to business resiliency and growth — the size and scale can drive change that benefits all. We hope to influence every corner of our business, deepen our collaboration with our partners, and build our past efforts to ensure a better future for future generations. We will continue to grow while providing healthy and safe environments for customers, tenants, shoppers and communities.

Social

(Cont'd)

INNOVATIVE SHOPPING

At Atlan's Duty Free arm, DFIL, we aim to always be at the forefront of enhancing the shopping experience for our shoppers. In doing so, we have implemented several initiatives to bring our shoppers and tenants closer than ever.

Increasingly, the shopping experience is vital in the post-pandemic shopping environment. DFIL Group has to provide a space where shoppers are confronted with ambiances, emotions and reactions well beyond the one-dimensional backdrop to attract shoppers to our stores, fuelled by the unstoppable rise of digital and social media.

Texture, light, sound and smell are central as we combine the sensory and the subconscious to generate visual and atmospheric memories. DFIL redesigned the interiors of its stores, creating a modern feel. The Group's outlets offer a general lifestyle by offering merchandise that matches customers' aspirations. The Group focuses on features such as cosy interior design, smells and sounds and merchandise sampling.

DFIL also defines an exclusive shopping experience on three main elements: store, product and service.

Store

Well-organised, easy to browse and attractive

- DFIL pays special attention to create a strong sense of place by examining store designs, passenger flow and commercial space allocation.
- The Group's shops are designed as standalone boutiques or integrated shop-in-shop in its general travel retail stores to effectively meet each location's travellers' profile.

Product

Wide range of global brands

- DFIL delivers a full range of product categories, including perfumes and cosmetics, food and confectionery, duty free beverages, jewellery, fashion, leather, tobacco goods, souvenirs and electronics.
- DFIL is a partner of choice for global brands, allowing them to showcase their products in dedicated retail spaces and mirror their high street image.
- No incident of non-compliance concerning the health and safety impact of the Group's products and services.

Service

Service from the Heart

- DFIL delivers outstanding customer service at all outlet locations by allocating optimal staffing according to store traffic and sales and providing staff with a clear focus and targets. Empowering teams through solid leadership helps DFIL improve the selling capabilities of its products.
- Each section within an outlet is dedicated to a product category, with a highly-trained employee stationed to offer expert advice.
- DFIL commits to responsible marketing by providing transparent and honest information on promotions, offers and ongoing campaigns. There was no breach in the Group's marketing communication and information labelling during the year.

Social

(Cont'd)

COMMITMENT TO QUALITY AND SATISFACTION

Atlan is committed to providing quality products and services that meet or exceed customers' expectations. The Group's continuous improvement policy supports this ambition, evidenced by UIG's pursuit of ISO 9001 certification in its Quality Management System ("QMS"). UIG also adopts the International Automotive Task Force ("IATF16949") standard [IATF 16949:2016].

Atlan's Duty Free, Automotive and Property arms measure customer satisfaction regularly to improve perceived service levels and efficiency, employing a customer satisfaction survey, Net Promoter Score ("NPS"), complaints management and defects management system. Conducted by our Automotive sector, the annual customer satisfaction survey has shown an increasing trend. A satisfaction rate of 80% in FY2023 compared to 78% in FY2022 surpassed our target of 68%.

DATA PRIVACY AND SECURITY

Atlan prioritises data protection and security to ensure employees' and customers' personal data are safe and secure. Our data privacy strategy incorporates strong governance that improves privacy controls and drives a responsible business culture, supported by a continuous awareness of safe privacy practices and information management. Employing enhanced security infrastructure will boost customers, tenants and the public's confidence in business operations.



Group Sustainability Performance Data

	FY2021	FY2022	FY2023
ECONOMIC (RM'000)			
Political Contribution Made	0	0	0
Economic Value Generated *	53,806	69,669	116,036
<i>Note*: Represents revenue and other income, net of operating expenses</i>			
Economic Value Distributed			
Employees (Salary and other benefits)	55,560	45,380	53,181
Government (Income tax)	10,383	2,969	6,182
Providers of capital (Dividends and finance costs)	46,407	20,882	22,899
Community (Donations)	1,060	670	500
Total Economic Value Distributed	113,410	69,901	82,762
Anti-Corruption			
<i>Employees receiving training on anti-corruption by employment category</i>			
The Group delivered this training to directors and management. The Human Resource department briefed the remaining employees on matters via the Employee Handbook and Code of Conduct upon joining the company.			
Confirmed incidents of corruption	0	0	0

ENVIRONMENTAL			
Total energy consumption			
Total Electricity Consumption (MWh)	8,925	7,123	9,116
Purchased electricity (MWh)	8,434	6,708	8,601
Solar installed capacity (kWp)	565	565	565
Total electricity generated from solar panels (MWh)	491	415	515
Monthly average electricity savings from solar panels (MWh)	41	35	43
Monthly average cost savings from solar panels (RM)	20,835	17,614	21,842
Emissions (tCO₂e)			
Scope 1	493	410	641
Scope 2	4,934	3,924	5,031
Scope 3 (air travel)	6	6	9
Waste			
Total waste generated (kg)	12,946	12,255	27,461
Total waste diverted from disposal (kg)	12,946	12,255	27,461

Group Sustainability Performance Data

(Cont'd)

	FY2021	FY2022	FY2023
SOCIAL			
Diversity			
Total workforce	1,135	1,053	1,239
<u>Workforce Breakdown by Gender</u>			
Male	803 (71%)	752 (71%)	923 (74%)
Female	332 (29%)	301 (29%)	316 (26%)
<u>Workforce Breakdown by Age Group</u>			
< 30	410 (36%)	344 (33%)	521 (42%)
30 – 50	534 (47%)	530 (50%)	552 (45%)
> 50	191 (17%)	179 (17%)	166 (13%)
<u>Workforce Breakdown by Employment Contract</u>			
Permanent	1,095 (96%)	1,007 (96%)	1,197 (97%)
Contract	40 (4%)	46 (4%)	42 (3%)
<u>Workforce Breakdown by Employment Category</u>			
Executives	259 (23%)	229 (22%)	192 (15%)
Non-executives	876 (77%)	824 (78%)	1,047 (85%)
<u>Workforce Breakdown by Ethnicity</u>			
Malay	454 (40%)	413 (39%)	425 (34%)
Chinese	123 (11%)	107 (10%)	90 (8%)
Indian	178 (16%)	170 (16%)	164 (13%)
Others	380 (33%)	363 (35%)	560 (45%)
<u>Disabled employees</u>	0 (0%)	0 (0%)	0 (0%)
Workforce Breakdown by Gender and Age Group for Each Employment Contract			
<u>Permanent</u>			
Female	321 (29%)	299 (30%)	324 (27%)
Male	774 (71%)	708 (70%)	873 (73%)
< 30	406 (37%)	336 (34%)	532 (44%)
30 – 50	532 (49%)	526 (52%)	528 (44%)
> 50	157 (14%)	145 (14%)	137 (12%)
<u>Contract</u>			
Female	12 (30%)	14 (30%)	10 (24%)
Male	28 (70%)	32 (70%)	32 (76%)
< 30	4 (10%)	8 (17%)	2 (5%)
30 – 50	12 (30%)	9 (20%)	9 (21%)
> 50	24 (60%)	29 (63%)	31 (74%)

Group Sustainability Performance Data

(Cont'd)

	FY2021	FY2022	FY2023
SOCIAL (Cont'd)			
Workforce Breakdown by Gender and Age Group for Each Employment Category			
<u>Non-Executive</u>			
Female	226 (26%)	227 (28%)	236 (23%)
Male	650 (74%)	597 (72%)	811 (77%)
< 30	381 (43%)	327 (40%)	494 (47%)
30 – 50	378 (43%)	392 (47%)	445 (43%)
> 50	117 (14%)	105 (13%)	108 (10%)
<u>Executive</u>			
Female	112 (43%)	86 (38%)	80 (42%)
Male	147 (57%)	143 (62%)	112 (58%)
< 30	29 (11%)	21 (9%)	31 (16%)
30 – 50	161 (62%)	137 (60%)	105 (55%)
> 50	69 (27%)	71 (31%)	56 (29%)
Director Diversity			
Total directors	10	10	9
Male	10 (100%)	10 (100%)	8 (89%)
Female	0 (0%)	0 (0%)	1 (11%)
< 30	0 (0%)	0 (0%)	0 (0%)
30 – 50	1 (10%)	1 (10%)	1 (11%)
> 50	9 (90%)	9 (90%)	8 (89%)
Turnover			
Total turnover	619 (55%)	246 (23%)	306 (25%)
<u>Turnover by Gender</u>			
Male	307 (50%)	146 (59%)	221 (72%)
Female	312 (50%)	100 (41%)	85 (28%)
<u>Turnover by Age Group</u>			
< 30	300 (48%)	143 (58%)	163 (53%)
30 – 50	232 (38%)	64 (26%)	111 (36%)
> 50	87 (14%)	39 (16%)	32 (11%)
<u>Turnover by Employment Contract</u>			
Permanent	561 (91%)	220 (89%)	279 (91%)
Contract/Temporary	58 (9%)	26 (11%)	27 (9%)
<u>Turnover by Employment Category</u>			
Executive	89 (14%)	49 (20%)	55 (18%)
Non-executive	530 (86%)	197 (80%)	251 (82%)

Group Sustainability Performance Data

(Cont'd)

	FY2021	FY2022	FY2023
SOCIAL (Cont'd)			
New hires			
Total new hires	175	116	492
Male	84 (48%)	71 (61%)	396 (80%)
Female	91 (52%)	45 (39%)	96 (20%)
< 30	109 (62%)	56 (48%)	342 (70%)
30 – 50	37 (21%)	38 (33%)	135 (27%)
> 50	29 (17%)	22 (19%)	15 (3%)
Female Representation in the Management			
Women in Middle Management	18 (46%)	16 (39%)	12 (28%)
Women in Senior Management	4 (22%)	6 (24%)	7 (28%)
Corporate Social Responsibility			
Total contribution to non-profit organisations (RM)	1,060,000	670,000	500,000
Training			
Total training hours	2,291	1,966	6,252
Total investment in training (RM)	21,467	26,443	156,159
Number of training days	188	108	508
Training Hours Breakdown by Employment Category			
Permanent	2,291	1,966	6,244
Contract	0	0	8
Health and Safety			
Number of work-related fatalities	0	0	0
Human rights			
Number of substantiated complaints concerning human rights violations	0	0	0
Data Privacy and Security			
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	0	0	0

Corporate Governance

Overview Statement

The Board of Directors (“Board”) of Atlan Holdings Bhd. (“Atlan” or “the Company”) is pleased to present this Corporate Governance Overview Statement (the “Statement”) to provide an overview of the Corporate Governance practices adopted by the Company in achieving the intended outcomes as set out in the latest Malaysian Code on Corporate Governance (“MCCG”) with reference to the following three (3) key principles, under the stewardship of the Board:

- (a) Principle A : Board Leadership and Effectiveness;
- (b) Principle B : Effective Audit and Risk Management; and
- (c) Principle C : Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

This Statement outlines the corporate governance practices adopted by the Board of the Company during the financial year ended 28 February 2023 (“FY2023”), where possible, and applicable laws to be a dynamic framework within which the Group would conduct its businesses.

This Statement also serves as a compliance with Paragraph 15.25(1) of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and should be read together with the Corporate Governance Report of the Company for the FY2023 published on the Company’s website at <https://www.atlan.com.my> and Bursa Securities’ website at www.bursamalaysia.com.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

PART 1 - BOARD RESPONSIBILITIES

Intended Outcome 1.0

- **Every company is headed by a Board, which assumes responsibility for the company’s leadership and is collectively responsible for meeting the objectives and goals of the company.**

1.1 Strategic aims, values and standards

The Board is responsible for the leadership, oversight and overall management of the Company. An effective Board is one made up of a combination of the Executive Chairman and Executive Director with intimate knowledge of the business and Non-Executive Directors from diversified industry/business background to bring wide-ranging business and commercial experience to the Group. The Board has the overall responsibility for corporate governance, establishing goals, strategies and direction, reviewing the Group’s performance and critical business issues and ultimately the enhancement of long-term shareholders’ value. It monitors and delegates the implementation of the strategic direction to the management.

The Directors collectively, with their different background and specialisation, bring with them a diverse wealth of experience and expertise in areas such as business, finance, legal, regulatory and operations which is relevant to the Group. A brief profile of each individual Director is set out in this Annual Report.

Corporate Governance Overview Statement

(Cont'd)

At each Audit and Risk Management Committee (“ARMC”) meeting and Board meeting, and as and when the need arises, the respective personnel from the Management would brief the Directors on the current operations, issues faced and plans of the Group in order for the Board to be kept abreast on the conduct, business activities and development of the Group, and to discuss and advise the Management in its formulation of the Group’s business strategies, both short-term and long-term. Discussions would include the deployment of resources efficiently and effectively in achieving the objectives to be met. In making its decisions, the Board would be guided by the Group’s values and standards.

The Board’s role is to oversee the performance of the Management to determine whether the business is properly managed. The Board gets updates from Management at the quarterly Board meetings when reviewing the quarterly results. During such meetings, the Board participates actively in the discussion on the performance of the Company and the Group and also assesses the performance of the Management.

The Board has a formal schedule of matters reserved for its decision which include, amongst others, the following:-

- (i) Reviewing and adopting strategic plans for the Company and the Group which will enhance the future growth of the Company and the Group;
- (ii) Reviewing and evaluating key policies adopted by the Company and the Group;
- (iii) Overseeing the conduct of the Group’s businesses to evaluate whether the businesses are being properly managed;
- (iv) Identifying principal risks of the business and ensuring the implementation of appropriate systems to manage these risks;
- (v) Reviewing the adequacy and integrity of the Group’s internal control systems and management information systems;
- (vi) Establish Board committees and be responsible for all decisions made by the committees;
- (vii) Reviewing and approving unaudited quarterly results and audited financial statements;
- (viii) To ensure all candidates appointed to senior management positions are of sufficient caliber and satisfied that there are programmes in place to provide for the orderly succession of senior management; and
- (ix) Overseeing the development and implementation of shareholder communications policy for the Company.

As part of its efforts to ensure the effective discharge of its duties, the Board has delegated certain functions and responsibilities to the following respective Board Committees:-

- Nomination Committee;
- Remuneration Committee; and
- ARMC.

The Board Committees assist the Board in overseeing the Company and Group’s affairs and deliberate issues within the respective functions and respective terms of reference, which outline clearly the objectives, duties and powers of each Board Committee. The Chairman of each Board Committee will report to the Board on the outcome of the Board Committee’s meetings which also include the key issues deliberated at the respective Committee’s meetings.

Corporate Governance Overview Statement

(Cont'd)

1.2 The Chairman of the Board

The Board is helmed by the Executive Chairman, Dato' Sri Adam Sani Bin Abdullah who demonstrates strong leadership and oversees the effectiveness of the Board. Dato' Sri Adam Sani Bin Abdullah works closely with the rest of the Board members in forming policies and strategies to align business activities driven by the Management team.

The responsibilities of the Chairman are clearly defined in the Board Charter. They include, but are not limited to, the following:-

- To provide leadership to the Board, and oversee the Board in the effective discharge of its fiduciary duties;
- To set the agenda for Board Meetings and ensure efficient and effective conduct of the Board Meetings;
- To ensure that complete and accurate information to facilitate decision-making are provided to the Board members in a timely manner;
- To lead Board Meetings and encourage active participation and allow dissenting views to be freely expressed;
- To promote constructive and respectful relations between Board members and manage the interface between the Board and Management;
- To ensure that appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole; and
- To lead the Board in establishing and monitoring good corporate governance in the Company.

1.3 Separation of the positions of Chairman and Chief Executive Officer ("CEO")

The Executive Chairman of the Board and the Executive Director are held by two (2) different individuals with clearly accepted divisions of power and responsibilities as outlined in the Board Charter. The position of Executive Director is held by Mr. Lee Sze Siang. This is to ensure a balance of power and authority, such that no one (1) individual has unfettered powers of decision-making.

The Executive Chairman is responsible for leading the Board in its collective oversight of Management and ensuring the effectiveness of the Board matters whilst the Executive Director is responsible to implement the policies and strategies approved by the Board for the purposes of running the business and the day-to-day management of the Company. These divisions of responsibilities are set out in the Company's Board Charter.

1.4 Chairman and Board Committees

The Chairman of the Board, Dato' Sri Adam Sani Bin Abdullah is not a member of the Audit Committee, Nomination Committee or Remuneration Committee.

1.5 The Company Secretaries

The Board is supported by two (2) suitably qualified and competent Company Secretaries. Both Company Secretaries are qualified Chartered Secretaries as per Section 235(2)(a) of the Companies Act 2016 registered with the Companies Commission of Malaysia and are Fellow members of the Malaysian Association of the Institute of Chartered Secretaries and Administrators ("MAICSA").

The Board has ready and unrestricted access to the advice and services of the Company Secretaries, who are considered capable of carrying out the duties to which the post entails.

Corporate Governance Overview Statement

(Cont'd)

In performing their duties, the Company Secretaries carry out, amongst others, the following tasks:-

- Statutory duties as required under the Companies Act 2016, Listing Requirements of Bursa Securities, Capital Market and Services Act 2007;
- Facilitating and attending Board Meetings and Board Committee Meetings, respectively;
- Facilitating and attending the General Meeting(s);
- Ensuring that Board Meetings and Board Committee Meetings, respectively are properly convened and the proceedings are properly recorded;
- Ensuring timely communication of the Board level decisions to the Management for further action;
- Ensuring that all appointments to the Board and/or Board Committees are properly made in accordance with the relevant regulations and/or legislations;
- Maintaining records for the purpose of meeting statutory obligations of applicable jurisdictions;
- Facilitating the provision of information as may be requested by the Directors from time to time in a timely manner and ensuring adherence to Board policies and procedures;
- Facilitating the conduct of the assessments to be undertaken by the Board and/or Board Committees as well as to compile the results of the assessments for the Board and/or Board Committee's notation;
- Assisting the Company on the lodgments of documents with relevant statutory and regulatory bodies;
- Assisting the Board with the preparation of announcements for release to Bursa Securities; and
- Rendering advice and support to the Board and Management.

The Company Secretaries keep the Board abreast with the latest regulatory updates and also ensure that deliberations at Board and Board Committee meetings are well documented.

During the FY2023, the Company Secretaries discharged their duties and responsibilities accordingly, and they had and will continue to constantly keep themselves abreast on matters concerning company law, the capital market, corporate governance, and other pertinent matters, and with changes in the regulatory environment through continuous training and industry updates.

The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in discharging their functions and duties.

1.6 Meeting materials

The Board meets at least once every quarter, to consider all matters relating to the overall control, business performance and strategy of the Company and the Group. Additional meetings will be called when and if necessary.

All Board and Board Committee meetings and Annual General Meeting ("AGM") for each financial year are scheduled before the end of the preceding financial year to ensure sufficient time is given to the Directors to plan their schedules and enable them to attend the meetings.

Prior to the scheduled meeting, Directors will be provided with a structured agenda together with management reports and proposal papers in a timely manner. All Directors have full and timely access to information through the Board papers distributed in a timely manner prior to the Board meetings. The Board papers provide, among others, periodic financial information, annual budget, operational and corporate issues, investment proposals and Management proposals that require Board's approval.

Corporate Governance Overview Statement

(Cont'd)

Management staff may be invited to attend Board meetings to provide the Board with detailed explanations and clarifications on certain matters that are tabled to the Board. All Directors have unrestricted access to information within the Group. The Directors may seek advice from the Management on issues under their respective purview. The Directors may also interact directly with the Management, or request further explanation, information or updates on any aspect of the Group's operations or business concerns from them. In this way, the Board has full access to all information on the Company and the Group's affairs to enable the proper discharge of duties.

All deliberations and decisions made at the Board meetings are recorded by the Company Secretaries including whether there were any Directors abstained from voting or deliberating on a particular matter. Minutes of the meeting are circulated to the Board and the Management for review and comments in a timely manner before the minutes of the last Board meeting are confirmed at the next Board meeting.

Upon signature by the Chairman of the respective Board and Board Committees, the minutes of the Board or Board Committee meetings are kept in the Minutes Books kept at the registered office of the Company to be made available for inspection.

Directors are expected to give sufficient time and attention to carry out their responsibilities. For the FY2023, the Board held 6 meetings and the attendance record of the Directors was satisfactory. This is evidenced by the attendance record of the Directors at the Board meetings as set out in the below table:-

Directors	Attendance during tenure in office
1. Dato' Sri Adam Sani Bin Abdullah	4/6
2. Dato' Sri Robin Tan Yeong Ching	4/6
3. Dato' Woo Hon Kong	5/6
4. Lee Sze Siang	6/6
5. Tan Thiam Chai	6/6
6. Tuan Haji Mohd Jaffar Bin Awang (Ismail)	6/6
7. Raja Dato' Sri Shaharudin Shah Bin Raja Jalil Shah	6/6
8. Dato' Dr. Abdul Razak Bin Abdul	6/6
9. Datuk Zawati Binti Abd Rahman (<i>Appointed on 19 April 2022</i>)	6/6
10. Jeneral Tan Sri Dato' Sri Abdullah Bin Ahmad @ Dollah Bin Amad (B) (<i>Retired on 28 July 2022</i>)	3/3
11. Mohd Sharif Bin Hj Yusof (<i>Retired on 28 July 2022</i>)	3/3

For the FY2023, all the Directors have complied with the minimum 50% attendance requirement in respect of the Board Meeting as stipulated in the Listing Requirements of Bursa Securities. In the intervals between Board Meetings, for any matters requiring the Board's decisions, the Board's approvals are obtained by way of resolution in writing. The resolutions passed by way of such resolutions are then noted at the next Board Meeting.

Corporate Governance Overview Statement

(Cont'd)

Intended Outcome 2.0

- **There is demarcation of responsibilities between the board, board committees and management.**
- **There is clarity in the authority of the board, its committees and individual directors.**

2.1 Board Charter

The Board understands the importance of the roles and responsibilities between the Board and Management. The Board has a Board Charter, which includes a formal schedule of matters reserved for the Board. The said schedule details the responsibilities of the Board and Board-Management relationship, including management limitations. With this, the respective functions, roles and responsibilities of the Directors and Management are clearly set out in the Board Charter as guidance and clarity to enable them to effectively discharge their duties.

The Board Charter of the Company encompasses the governance and structure of the Board, authority, major responsibilities and terms of reference of the Board and Board Committees, matters reserved for the Board, and guidance on Board's conduct.

The Board reviews the Board Charter periodically, when necessary, to ensure it remains relevant and effective at the prevailing time and business environment. The Board Charter was last reviewed and approved by the Board on 27 April 2023.

The Board Charter is available on the Company's website at <https://www.atlan.com.my>.

Intended Outcome 3.0

- **The Board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.**
- **The Board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.**

3.1 Code of Conduct and Ethics

The Board has established and implemented policies to guide Directors, employees and stakeholders that engenders integrity, transparency and fairness. This is to actively nurture a strong corporate culture throughout the Group which promotes commitment to performance with integrity.

Employees are introduced to the ethical corporate culture of the Group during employee induction and thereafter, employees are constantly monitored to ensure the culture is upheld in their dealings within the Group and also in their association with customers, distribution, suppliers, governmental and regulatory authorities and other business associates. Any employee may report directly to the Executive Chairman of any ethical misconduct discovered within the Group.

The members of the Board conduct themselves in an ethical manner while executing their duties and functions and comply with the Company's Code of Conduct and Ethics.

Corporate Governance Overview Statement

(Cont'd)

In addition to the Company's Code of Conduct and Ethics, the Group also gives emphasis on the behavioral ethics and conduct that sets out the sound principles and standards of good practice within the Group's business landscape, which are expected to be observed by the Directors and employees. Both Directors and employees are required to uphold the highest integrity in discharging their duties and in dealings with various stakeholders such as shareholders, customers, fellow employees and regulators.

The Company's Code of Conduct and Ethics is available on the Company's website at <https://www.atlan.com.my>.

3.2 Whistleblowing Policy and Anti-Bribery and Corruption Policy & Guidelines

The Group has adopted a whistleblowing policy whereby accessible channels are provided for employees to raise concerns about possible improprieties in matters of financial reporting or other matters which they may become aware and if such event occurs, to ensure that:-

- (i) Independent investigations are carried out in an appropriate and timely manner;
- (ii) Appropriate action is taken to correct the weakness in internal controls and policies which allowed the perpetration of fraud and/or misconduct and to prevent a recurrence; and
- (iii) Administrative, disciplinary, civil and/or criminal actions that are initiated following the completion of investigations are appropriate, balance and fair, while providing reassurance that employees will be protected from reprisals or victimisation for whistleblowing in good faith and without malice.

In line with the Listing Requirements of Bursa Securities in relation to anti-corruption measures, an Anti-Bribery and Corruption Policy & Guidelines has been adopted by the Group which sets out the parameters and guidelines to prevent the occurrence of bribery and corrupt practices and to maintain integrity and work ethics in the conduct of the Group's business and operations. The Anti-Bribery and Corruption Policy & Guidelines provides guidance to all employees and associates of the Group relating to acts of bribery and corruption.

The whistleblowing policy and Anti-Bribery and Corruption Policy & Guidelines are published on the Company's website at <https://www.atlan.com.my>.

Intended Outcome 4.0

- **The Company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.**

4.1 Governance of Sustainability

The Board considers sustainability a part of its strategic formulation and in determining material Economic, Environmental, Social and Governance ("EESG") factors of the Group. The Board is responsible for overseeing the development and adoption of a sustainability framework. These sustainability efforts are steered and implemented by the Executive Director and the Sustainability Working Group. The Sustainability Working Group manages the day-to-day sustainability projects and initiatives, and also to ensure the Key Business Functions are able to complete their plans, meet their timeline and provide accurate information for sustainability disclosure.

Corporate Governance Overview Statement

(Cont'd)

4.2 Communication of Company's Sustainability Strategies, Priorities, Targets and Performance

In determining the Company's long-term strategy and success, the Board ensures that the sustainability strategies, priorities and targets are communicated well to the internal and external stakeholders. In order to communicate these updates to the stakeholders, a comprehensive description of the Company's sustainability path has been outlined in the annual Sustainability Statement which is part of the Company's Annual Report. This information is accessible both in hard copy and in the Company's website. The Sustainability Statement is on pages 28 to 53 of the Annual Report 2023.

4.3 Board keeps abreast of the relevant Sustainability Issues

The Board will take part in initiatives to stay abreast of sustainability issues relevant to the Group and the industry. The Board will also take the necessary steps to undertake professional training, development programmes, and activities related to sustainability and governance issues which will include climate-related risks and opportunities.

4.4 Performance Evaluation of Board and Senior Management

The Board recognises the importance of sustainability in all its business operations and has included review of efforts to address material sustainability risks and opportunities as a vital criterion in the performance evaluation of its board members in the FY2023. The criteria set were broadly based on the assessment framework by the MCGG and the Listing Requirements of Bursa Securities.

4.5 Sustainability Strategy (Step Up)

The Executive Director is the designated person to ensure that the sustainability framework is adhered to within the Group and continuously engages with relevant internal and external stakeholders such as employees, customers, suppliers, regulators, investors, industry associations and the community to ensure the Group's sustainability focus areas remain relevant and also to identify new ones that could add value to the businesses and stakeholders.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

PART 2 - BOARD COMPOSITION

Intended Outcome 5.0

- Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

5.1 Board Appointment

5.2 Board Composition

The Board currently comprises five (5) Independent Non-Executive Directors including a Senior Independent Director, two (2) Non-Independent Non-Executive Directors and two (2) Executive Directors. Accordingly, the following prescribed requirements have been fully complied by the Board:-

Corporate Governance Overview Statement

(Cont'd)

- Paragraph 3.04(1) of the Listing Requirements of Bursa Securities which stipulates that at least 2 directors or 1/3 of the board of directors, whichever is the higher, are independent directors; and
- Practice 4.1 of the MCCG, where at least half of the board comprises Independent Director.

The Independent Non-Executive Directors of the Company are independent of management and free from any business relationship which could materially interfere with the exercise of their judgment. They provide guidance, unbiased, fully balanced and independent views, advice and judgment to many aspects of the Group's strategy so as to safeguard the interests of minority shareholders and to ensure that the highest standards of conduct and integrity were maintained by the Group.

The Board places great importance on its Independent Directors where they serve as an essential source of impartial and professional guidance to protect the interest of the shareholders. The Independent Non-Executive Directors are professionals of high caliber and credibility who play a pivotal role in corporate accountability by contributing their knowledge, advice and experience towards making independent judgment on issues of strategies, performance, resources and standards of conducts.

Any material and important proposals that will significantly affect the policies, strategies, directions and assets of the Group will be subject to approval by the Board. None of the members of the Board has unfettered powers of decision. All Independent Non-Executive Directors do not participate in the day-to-day management of the Group and do not engage in any business dealing or other relationship with the Group.

The Board is satisfied that the Independent Directors represent the interest of public shareholders in the Company and the Board has appointed Tuan Haji Mohd Jaffar Bin Awang (Ismail) as the Senior Independent Non-Executive Director, who acts as:

- A sounding board for the Chairman;
- An intermediary for other Directors when necessary; and
- The point of contact for shareholders and other stakeholders in cases of query or concern raised.

5.3 Tenure of independent director

5.4 Policy on Tenure of independent director

The Board is mindful that the recommendation of Practice 5.3 of the MCCG which required the tenure of an independent director does not exceed a cumulative term limit of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the board as a non-independent director. If the Board intends to retain an independent director beyond nine (9) years, it should justify and seek annual shareholders' approval through a two-tier voting process.

The Board has not adopted a policy that limits the tenure of its Independent Directors to nine (9) years, being a step-up practice.

The Board through the Nomination Committee assesses the Independent Directors on an annual basis, with a view of ensuring the Independent Directors bring independent and objective judgment to the Board and this mitigates arising from conflict of interest or undue influence from interested parties. Where there is a likely conflict of interest position, the Board would take appropriate action to rectify the situation. Should any Director have an interest in any matter under deliberation, he is required to disclose his interest and abstain from participating discussions on the matter.

Corporate Governance Overview Statement

(Cont'd)

In ascertaining the independence status of the Directors, the Board believes that tenure should not form part of the assessment criteria. It is of the view that the fiduciary duties of Directors are the primary concern of all Directors, regardless of their status. The Board firmly believes that the ability of a Director to serve effectively is dependent on his/her calibre, qualification, experience and personal qualities, particularly his/her integrity and objectivity. It also believes there are significant advantages to be gained from long-serving Directors who possess insight and knowledge of the Company's business and affairs in view of the continuous challenges faced by the Company.

Dato' Woo Hon Kong ("Dato' Woo") was appointed to the Board as an Independent Non-Executive Director on 16 May 2014 and his tenure in office is more than nine (9) years as at 16 May 2023.

Both the Nomination Committee and the Board on 27 April 2023 assessed the independence of Dato' Woo, and were satisfied with his skills, contribution and independent judgements. Besides, Dato' Woo remained objective and independent in expressing his views and in participating in deliberation and decision making of the Board and Board Committees. His length of service on the Board does not in any way interfere with his exercise of independent judgement and ability to act in the best interests of the Company. In addition, Dato' Woo has confirmed and declared in writing that he is Independent Director and he has satisfied all the criteria of an Independent Director as set out in Paragraph 1.01 of the Listing Requirements of Bursa Securities.

The Company will seek shareholders' approval for retaining Dato' Woo who has served more than nine (9) years as Independent Director through the usual voting practice at this forthcoming 34th AGM. This is in accordance with the general rule of voting as provided by the Companies Act 2016 which states that every shareholder has one (1) vote for every share he holds and resolutions are to be passed by a simple majority for Ordinary Resolutions and 75% of votes for Special Resolutions.

In this respect, the Company will be seeking shareholders' approval at this forthcoming 34th AGM to retain Dato' Woo as Independent Director of the Company.

5.5 Appointment of Board and Senior Management

The Board endeavours to ensure that it consists of individuals with a diverse background equipped with professional and technical knowledge to effectively carry out its roles as the representative to the interests of shareholders.

The Nomination Committee is mindful of its responsibilities to conduct all Board appointments processes through various approaches in a manner that promotes diversity in the Board which can offer greater depth, breadth and lead to better decisions made while taking into account suitability for the role. It will also take into consideration Board balance and composition, the required mix of skills, the candidates' background, knowledge, integrity, competency, experience and potential contribution to the Group. In the case of candidates for the position of Independent Director, the Nomination Committee will also evaluate each candidate's ability to discharge responsibilities and functions as expected from an Independent Director.

A Directors' Fit and Proper Policy has been established to guide the Nomination Committee in the review and assessment of candidates that are to be appointed to the Board as well as Directors who are seeking re-election or re-appointment.

The Board, through the Nomination Committee, considers annually the time commitment expected from each of the Director to meet the expectations of their role. The Board is also expected to attend the AGM, engage with stakeholders and participate in the Board evaluation process.

Corporate Governance Overview Statement

(Cont'd)

Currently, several Directors hold more than two external appointments. The Board has considered these external commitments, taking into account the time commitment required for each role, and is satisfied they do not impact upon the individual Board members' ability to discharge their responsibilities fully and effectively. As evidenced in this statement, in FY2023, the majority of the Directors have attended all the Board and Board Committees meetings of the Company.

5.6 Identify Candidates for Board Appointment

The Board is responsible for the appointment of new Directors. The Nomination Committee is delegated with the role of screening and conducting initial selections, which may include external searches, before making a recommendation to the Board.

The Nomination Committee is also empowered to bring to the Board, recommendations as to the appointment of any new director or to fill board vacancy as and when it arises. In making its recommendation, the Nomination Committee will consider the required mix of skills, knowledge, expertise, experience and other qualities, including core competencies which Directors of the Company should bring to the Board. Nomination Committee has the authority to obtain the services of professional recruitment firms to source candidates for directorship or seek independent professional advice whenever necessary.

The duties and functions of the Nomination Committee are as follows:-

- When reviewing the recommended candidates to the Board, the Committee considers the candidate's:-
 - (i) Skills, knowledge, expertise and experience;
 - (ii) Competencies, time commitment, contribution and performance;
 - (iii) Professionalism;
 - (iv) Integrity;
 - (v) Boardroom diversity including gender, skills, experience, age, cultural background, other factors that will best qualify a nominee to serve on the Board;
 - (vi) Criteria set out in the Directors' Fit and Proper Policy;
 - (vii) Any business interest or relationship that may result in a conflict of interest that could affect the execution of the role; and
 - (viii) In the case of the candidates for the position of Independent Non-Executive Directors, the Committee should also evaluate the candidate's ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors;
 - To consider, in making recommendations, candidates for directorships proposed within the bounds of practicability, by any senior executive or any director or shareholder;
 - To ensure the board composition meets the needs of the Company;
 - To develop, maintain and review the criteria to be used in the recruitment process and annual assessment of directors;
 - To recommend to the Board, directors to fill the seats on board committees ;
 - To review its required mix of skills and experience and other qualities, including core competencies which Directors of the Company should bring to the Board;
 - To annually assess the effectiveness of the Board as a whole and assess the contribution of each individual director, including Independent Non-Executive Directors, as well as the chief executive officer and key officers;
 - To review the justifications and recommend to the Board to seek shareholders' approval where an independent director is retained as an independent director after his tenure has exceeded a cumulative term of nine (9) years up to the terms of twelve (12) years;

Corporate Governance Overview Statement

(Cont'd)

- To review the re-appointment and re-election of Directors of the Company. The review shall take into consideration the criteria set out in the Directors' Fit and Proper Policy and shall be contingent upon the satisfactory evaluation of their performance and contribution to the Board;
- To facilitate board induction and training programmes;
- To review the term of office and performance of ARMC and each of its members annually;
- To give consideration to succession planning for Directors and other Senior Management, taking into account the challenges and opportunities facing the Group and the skills, expertise and gender diversity needed on the Board and the Senior Management in the future.

5.7 Re-election of Directors at the general meeting

The performance of retiring Directors recommended for re-election at the 33rd AGM had been assessed through the Board annual evaluation (including the independence of Independent Non-Executive Director). A statement by the Board and Nomination Committee being satisfied with the performance and effectiveness of the retiring Directors who offered themselves for re-election at the 33rd AGM has been stated in the explanatory notes of the Notice of 33rd AGM.

The retiring Directors at the 33rd AGM pursuant to Regulation 100 of the Constitution were Dato' Sri Adam Sani Bin Abdullah, Dato' Sri Robin Tan Yeong Ching and Mr. Tan Thiam Chai ("Retiring Directors"). All of them have consented to continue in office and accordingly offered themselves for re-election at the 33rd AGM.

After assessing the contributions of the Retiring Directors in terms of guidance and time devoted to the Board affairs and in virtue of their skills and experience respectively, the Nomination Committee had recommended the re-election of Retiring Directors at the 33rd AGM.

The Board, being satisfied with the justification and criteria based on the recommendation of Nomination Committee, had sought the shareholders' approval at the 33rd AGM of the Company.

5.8 Nomination Committee

The Nomination Committee is governed by its terms of reference which is available on the Company's website at <https://www.atlan.com.my>.

The Nomination Committee of the Company comprises exclusively of Independent and Non-Executive Directors. The Nomination Committee is chaired by the Senior Independent Director. Its composition is as follows:-

Position	Name	Directorship
Chairman	Tuan Haji Mohd Jaffar Bin Awang (Ismail) (Re-designated on 28 July 2022)	Senior Independent and Non-Executive Director
Member	Raja Dato' Sri Shaharudin Shah Bin Raja Jalil Shah	Independent and Non-Executive Director
Member	Dato' Dr Abdul Razak Bin Abdul (Appointed on 28 July 2022)	Independent and Non-Executive Director

Corporate Governance Overview Statement

(Cont'd)

Tuan Haji Mohd Jaffar Bin Awang (Ismail) as a Senior Independent and Non-Executive Director of the Company was re-designated as the Chairman of Nomination Committee on 28 July 2022.

Tuan Haji Mohd Jaffar Bin Awang (Ismail) was appointed by the Board as the Senior Independent Director based on his experience with the Board and strong comprehension of the Company's governance issues. His collective tenure in the Company accords familiarity with the workings of the Board and its individual members. He is respected by the other Board members as he has consistently been conscientious in preserving the interest of the Company first and foremost throughout his tenure as director.

In line with the amendment of Listing Requirements of Bursa Securities and the establishment of the Directors' Fit and Proper Policy, the terms of reference of the Nomination Committee have been revised and updated on 27 April 2023.

The Nomination Committee had undertaken the following activities during the FY2023:-

- (i) Facilitated the self and peers' assessment on ARMC members;
- (ii) Reviewed the effectiveness of the ARMC as a whole;
- (iii) Reviewed the effectiveness of the individual directors, the Board as a whole;
- (iv) Annual review of the composition of the Board and all Board Committees having regard to the mix of skills, character, experience, integrity, competence and time commitment rendered;
- (v) Reviewed the independence of Independent Directors;
- (vi) Reviewed the required mix of skills, experience and other qualities of the Board;
- (vii) Reviewed and recommended to the Board, the re-election of the Directors who were subject to retirement at the 33rd AGM held on 28 July 2022;
- (viii) Reviewed and recommended to the Board, the re-designation of existing members of the Board Committees in conjunction with the change of Board composition; and
- (ix) Reviewed the composition of the Nomination Committee and Remuneration Committee.

On 27 April 2023, the Nomination Committee reviewed and recommended to the Board, to retain the Independent Director, Dato' Woo Hon Kong, who has served as Independent Non-Executive Director for a cumulative term of more than nine (9) years as at 16 May 2023, subject to shareholders' approval at the 34th AGM.

The Directors are mindful that they should receive appropriate continuous training to further enhance their skills and knowledge. Accordingly, the Company organises trainings on a regular basis for the Board to ensure they are kept up to date on relevant developments.

Some of the seminars and briefings attended by the Directors during the FY2023 to broaden their perspectives and to keep abreast with the changes on the guidelines issued by the relevant authorities as well as the latest developments in the market place were as follows:-

- Overseeing the Economic, Environmental, Social and Governance ("EESG") perspectives of the Group's businesses;
- Bursa Malaysia Immersive Session: The Board "Agender";
- Sustainability Governance & Reporting: Board's roles in overseeing the Environmental, Social & Governance agenda in a listed issuer's business.

Corporate Governance Overview Statement

(Cont'd)

The Company Secretaries circulate relevant guidelines on statutory and regulatory requirements from time to time to the Board for reference. During the FY2023, the Directors were updated on the amendments to the Listing Requirements of Bursa Securities, 2021 Corporate Governance Monitor Report released by the Securities Commission Malaysia, briefings by the external auditors, communications with other Directors, as well as information updates by the Management on the relevant industries throughout the financial year.

The external auditors also briefed the Board members on the changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements during the FY2023.

Upon review, the Board concluded that the Directors' trainings for the FY2023 were adequate.

5.9 Diversity of Board and Senior Management

The Company does not practice any form of gender, ethnicity and age group biasness as all candidates for either Board or Senior Management team shall be given fair and equal treatment.

Notwithstanding the Board not having any formalised board diversity policy or gender diversity policy, the Board practices non-gender discrimination and endeavours to promote workplace diversity and supports the representation of women in the composition of Board and Senior Management positions of the Company.

The Board believes that it is not detrimental to the Company in not adopting a formal gender, ethnicity and age group diversity policy as the Company is committed to provide fair and equal opportunities and nurturing diversity within the Group.

Nonetheless, the Group is an equal opportunity employer and all appointments to the Board and employment of senior management are based on objective criteria, merit, skills and experience, and are not driven by any age, cultural background or gender considerations.

The Board is satisfied with the composition of its members and is of the view that with the current mix of competency, experience, skill and knowledge, the Board is able to discharge its duties effectively and efficiently.

At present, the members of the Senior Management team are equipped with diverse skills, expertise and industry experience to lead the business direction of the Group.

The Board is committed to provide fair and equal opportunities within the Group and acknowledges the importance of boardroom and workplace diversity. The Group is committed to workplace diversity and that the workplace is fair, accessible, inclusive and free from discrimination.

Corporate Governance Overview Statement

(Cont'd)

5.10 Gender diversity

As mentioned above, the Board did not set specific targets on gender diversity for the Company but endeavours to improve the number of women directors on the Board, based on pre-determined skill sets and competencies. Datuk Zawati Binti Abd Rahman was appointed as an Independent and Non-Executive Director of the Company on 19 April 2022, the Board now complies with Paragraph 15.02 (1)(b) of Listing Requirements of Bursa Securities.

Nevertheless, the consideration of women's representation on the Board and in senior management positions will be prioritized, and efforts will be made to identify suitable candidates. This commitment is rooted in the primary objective of selecting the most qualified candidate who can effectively contribute to the Company's strategic objectives.

Intended Outcome 6.0

- **Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.**

6.1 Annual assessment of the Directors, Board as a whole and Board Committees

The Nomination Committee is required to assess the Board's effectiveness in terms of its composition, roles and responsibilities, and whether the Board Committees have discharged their functions and duties in accordance with the terms of reference. The Nomination Committee assesses on annual basis the composition of the Board to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making. All assessments and evaluations carried out by the Nomination Committee in discharging its functions have been well documented.

During the FY2023, the Board, through the Nomination Committee, had conducted the following annual assessment of the Directors and the effectiveness of the Board as a whole:-

- i. Evaluation on the effectiveness of the Board as a whole and Board Committees;
- ii. Assessment of Independent Directors;
- iii. Review of the term of office and performance of the ARMC and each of its members; and
- iv. Re-election of the retiring Directors.

Based on the aforesaid evaluations conducted in the FY2023, the Nomination Committee was satisfied with the performance of the Independent Directors, the Board Committees, and the Board as a whole.

Upon recommendation by the Nomination Committee of the proposed re-election of the relevant Directors, the Board had recommended and supported the re-election of the relevant Directors to be tabled at the 34th AGM for shareholders' approval.

Corporate Governance Overview Statement

(Cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

PART 3 - REMUNERATION

Intended Outcome 7.0

- The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.
- Remuneration policies and decisions are made through a transparent and independent process.

7.1 Remuneration Policy

In general, the remuneration is structured so as to link rewards to corporate and individual performance, as in the case of the Executive Directors and Senior Management. As for the Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken individually by the Director concerned.

The Board does not have any formal remuneration policy for Directors and Senior Management in place for the time being. Notwithstanding that, in determining the remuneration packages of Executive Directors and Senior Management, the Remuneration Committee has considered the compensation and benefits which commensurate with the level of the Executive Directors and Senior Management's responsibilities and performance, as well as taking into consideration the Group's performance relative to the industry. The Executive Chairman and Executive Director are not entitled to annual fees nor are entitled to receive any meeting allowances for the Board and Board Committees Meetings they attend.

The Board collectively determines the remuneration for the Non-Executive Directors to ensure the same is appropriately reflective of experience and the level of responsibilities and contributions including the number of the scheduled meetings for the Board and Board Committees; at the same time benchmark against the prevalent market practices. Each of the Non-Executive Directors abstains from deliberating and voting on his own remuneration.

7.2 Remuneration Committee

The Remuneration Committee is primarily responsible for recommending the policy and framework of the remuneration of the Directors and senior management, including the terms and remuneration of the Executive Director(s), to the Board in order to align with the business strategy and long-term objectives of the Company.

The Remuneration Committee of the Company comprises of all Independent and Non-Executive Directors. Its composition is as follows:-

Position	Name	Directorship
Chairman	Raja Dato' Sri Shaharudin Shah Bin Raja Jalil Shah	Independent and Non-Executive Director
Member	Tuan Haji Mohd Jaffar Bin Awang (Ismail)	Senior Independent and Non-Executive Director
Member	Dato' Dr Abdul Razak Bin Abdul (Appointed on 28 July 2022)	Independent and Non-Executive Director

Corporate Governance Overview Statement

(Cont'd)

The remuneration of Directors and senior management is determined at levels which enable the Company to attract and retain Directors and senior management with the relevant experience and expertise to govern the Group effectively.

For the FY2023, the Remuneration Committee performed its annual assessment of the remuneration package of the Executive Chairman, Executive Director and Senior Management.

In addition, the Remuneration Committee had also deliberated on the Directors' fees for the FY2023 which is subject to the shareholders' approval at the forthcoming 34th AGM.

Intended Outcome 8.0

- **Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.**

8.1 Details of the remuneration of Directors

Pursuant to Section 230 of the Companies Act 2016, the fees of the Directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved by the shareholders at a general meeting.

For the FY2023, the Board decided that the Directors' fees for FY2023 be maintained as the previous financial year for Non-Executive Directors and be recommended to the shareholders' approval at the forthcoming 34th AGM.

In addition, the Directors are covered under the Directors' & Officers' Liability Insurance in respect of liabilities arising from acts committed in their capacity as directors and officers of the Atlan Group as their benefit, provided that such director or officer has not acted negligently, fraudulently or dishonestly, or is in breach of his or her duty of trust.

The relevant resolutions in relation to the Non-Executive Directors' remuneration payable to the respective Directors are to be presented to the shareholders for approval at the forthcoming 34th AGM.

A summary in named basis of each individual directors of the remuneration of the Directors (including benefit-in-kind) in the Company for services rendered to the Group for the FY2023 is set out in the Corporate Governance Report which is available on the Company's website at <https://www.atlan.com.my>.

8.2 Remuneration of Senior Management

In determining the remuneration packages of the Senior Management personnel, factors that are taken into consideration included their individual responsibilities, skills, expertise and contributions to the Group's performance and whether the remuneration packages are competitive and sufficient to ensure that the Group is able to attract and retain executive talents.

Corporate Governance Overview Statement

(Cont'd)

The Company believes it may not be in its best interest to disclose the information on the remuneration on the named basis of each member of the Senior Management Personnel, having considered the highly competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the Group's business activities.

The remuneration of the Senior Management Personnel is a combination of annual salary, bonus and benefits-in-kind which are determined in a similar manner as other management employees of the Group. The basis of determination has been consistently applied and is based on individual performance, the overall performance of the Group and also benchmarked against other companies operating in similar industry.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

PART 1 - AUDIT COMMITTEE

Intended Outcome 9.0

- **There is an effective and independent Audit Committee.**
- **The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statements is a reliable source of information.**

9.1 The Chairman of the Audit Committee is not the Chairman of the Board

The Company complied with Practice 9.1 of the MCCG which stipulates that the Chairman of the Audit Committee is not the Chairman of the Board. This ensures that the objectivity of the Board's review of the ARMC's findings and recommendations is not impaired.

The ARMC is chaired by an Independent and Non-Executive Director, Dato' Dr Abdul Razak Bin Abdul, who fulfills such other requirements as prescribed by the Bursa Securities.

9.2 Former audit key partner

In order to safeguard the independence of the audit by avoiding the potential threats which may arise when a former key audit partner is in a position to exert significant influence over the audit and preparation of the Company's financial statements, the terms of reference of the ARMC require a former key audit partner of the Company's external auditors to observe a minimum three (3) years cooling-off period before being appointed as a member of the ARMC.

However, none of the ARMC members were former key audit partners of the Company and the Group.

9.3 Suitability, objectivity and independence of the external auditor

The ARMC has assessed the suitability, objectivity and independence of the External Auditors to safeguard the quality and reliability of audited financial statements. The assessment is conducted on a yearly basis by the ARMC, using the prescribed External Auditors Evaluation Form, with emphasis on evaluation based on competence, adequacy of experience and resources, quality of the audit performances, independence and objectivity of the External Auditors, the reasonableness of audit fees and comparison of audit and non-audit fees.

Corporate Governance Overview Statement

(Cont'd)

The ARMC had obtained a written assurance from the external auditors confirming that they were, and had been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

Based on the results of the evaluation, the ARMC is satisfied with the performance of the External Auditors, their adequacy of experience, resources and the professional staff assigned to the audit of the Group. The Board has accepted the recommendation of the ARMC for the re-appointment of Messrs. Ernst & Young PLT as External Auditors of the Company for the ensuing financial year in the upcoming AGM of the Company.

9.4 Composition of the Audit Committee

The ARMC comprises solely Independent Directors.

This is in compliance with Paragraph 15.09(1)(c) of the Listing Requirements of Bursa Securities, which stipulates that “all the audit committee members must be non-executive directors, with a majority of them being independent directors”.

The Company has adopted Practice 9.4 of the MCCG which recommends that the Audit Committee should comprise solely of Independent Directors.

9.5 Qualification of the Audit Committee

The Board has ensured that the ARMC as a whole is financially literate and has sufficient understanding of the Group’s business and matters under the purview of the ARMC, including the financial reporting process.

All ARMC members are financially literate, and its composition and performance are reviewed by the Nomination Committee annually and recommended to the Board for its approval.

Among the ARMC members, Chairman fulfills such other requirements as prescribed by the Bursa Securities. This meets the requirements of Paragraphs 15.09(1) of the Listing Requirements.

ARMC members acknowledge the need for continuous education trainings. For the financial year under review, members of the ARMC attended training on the developments in accounting and auditing standards, practices and rules and have continuously kept themselves abreast of the relevant development through the updates and briefings by the external auditors and the Management.

All ARMC members attended at least one training in FY2023 which was relevant to accounting and auditing standards, practices and rules in enhancing their professional development.

Corporate Governance Overview Statement

(Cont'd)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

PART 2 - RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Intended Outcome 10.0

- Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.
- The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

10.1 Establishment of risk management and internal control framework

The Board acknowledges that risk management is an integral part of the Group business operations. It is an ongoing process which involves different levels of management to identify, evaluate, monitor and manage and mitigate the risks that may affect the achievement of its business and corporate objectives.

The Management is responsible for creating risk awareness culture and to build the necessary environment for effective risk management. Significant issues related to internal controls and risk management are highlighted to the Board. If deemed necessary, assistance from external parties shall be consulted on issues in which the Board needs to seek an opinion.

The Company has established the Risk Management Team which is under the purview of the ARMC to oversee the risk management of the Group. The Risk Management Framework was adopted by the Board. The Board through the ARMC would obtain the report from the internal auditors on the periodic check on the internal control system.

10.2 Features of its risk management and internal control framework

The details of the Company's internal control system and framework are set out in the Statement on Risk Management and Internal Control on pages 84 to 87 of this Annual Report.

10.3 Risk Management Committee

The Board has not established a Risk Management Committee, being a step-up practice. The function of Risk Management Committee is currently assumed by the ARMC.

Corporate Governance Overview Statement

(Cont'd)

Intended Outcome 11.0

- **Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.**

11.1 Internal audit function

The Board's responsibility is to maintain sound systems of internal controls to safeguard shareholders' investment.

As the systems of internal controls are designed to mitigate rather than eliminate the likelihood of errors or fraud, these systems can only provide reasonable assurance against material misstatement or loss.

To maintain sound systems of internal controls, the Board has established an Audit & Risk Assessment ("ARA") department. The ARA department reports directly to the ARMC and is independent of the activities and operations that it audits. Its primary responsibility is to undertake regular and systematic reviews of the business operations, processes and procedures as well as compliances in order to provide independent and objective assurance that the Group's overall system of internal control and governance processes continues to operate adequately and effectively.

The scope of work covered by the internal audit function during the financial year are set out on pages 82 to 83 of this Annual Report.

The internal auditors adopt a risk-based approach towards the planning and conduct of audits, consistent with the Group's framework in designing, implementing and monitoring its internal control system.

The internal audit function is guided by Internal Audit Charter, which the ARMC has approved. Audit engagement is focused on priority areas according to the risk assessment and following the audit plan approved by the ARMC.

The Head of the ARA department attended the meetings and reported directly to the ARMC on the annual internal audit plan and internal audit reports on the audits conducted following the annual audit plan.

During the FY2023, the ARA department presented its internal audit reports to ARMC which included audit observations and findings, internal control weaknesses, and recommendations of corrective measures to be taken. ARA also reported that none of the internal control weaknesses has resulted in any material losses, contingencies or uncertainties that would require disclosure in the Annual Report.

The total costs of the internal audit function in respect of FY2023 was approximately RM298,000.

The ARA department consists of 4 audit personnel of which, Mr. Muhamad Anwar Bin Mustaffa, is the Head of ARA department.

Mr. Muhamad Anwar Bin Mustaffa, holds a Bachelor of Commerce in Accounting and Finance and is a member of the Institute of Internal Auditors ("IIA") and Certified Practise Accountant of Australia ("CPA").

Corporate Governance Overview Statement

(Cont'd)

None of the internal audit personnel had any relationship or conflict of interest that could impair their objectivity and independence in conducting their internal audit functions. The ARA Department provides the ARMC with reasonable assurance of the Group's internal control systems' adequacy and integrity.

The ARMC had in June 2022 reviewed and assessed the adequacy of the scope, functions, competency and resources of the internal auditors for the financial year ended 28 February 2022 and ensured that the ARA team had the necessary authority to carry out their work. The ARMC was also satisfied that the internal audit function was independent of the operations of the Company and the Group. During the FY2023, the ARA department had provided reasonable assurance that the Company and the Group's system of internal control was satisfactory and operating effectively.

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

PART 1 - COMMUNICATION WITH STAKEHOLDER

Intended Outcome 12.0

- **There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.**
- **Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.**

12.1 Effective, transparent and regular communication with its stakeholders

The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Company to the regulators, shareholders and stakeholders. The Company has identified persons authorised and responsible to approve and disclose material information to shareholders and stakeholders to ensure compliance with the Listing Requirements of Bursa Securities. The Board has delegated the authority to the Executive Director to approve all announcements for release to Bursa Securities. The Executive Director works closely with the Board, the Senior Management and the Company Secretaries who are privy to the information to maintain strict confidentiality of the information.

The Company continues to recognise the importance of transparency and accountability to its shareholders and investors. The Board always ensures that the shareholders are informed of the financial performance and major corporate activities of the Company. Such information is communicated to shareholders and investors through various disclosures and announcements to Bursa Securities, including the quarterly financial results, annual reports and where appropriate, circulars and press releases.

Apart from the mandatory announcements through Bursa Securities, the Company also maintains a website <https://www.atlan.com.my> to which shareholders and investors can have access to information on the operations and business activities of the Group.

Investor relations activities such as meetings with fund managers and analysts and interviews by the press are held at appropriate times to explain the Group's strategy, performance and major developments.

Corporate Governance Overview Statement

(Cont'd)

In maintaining the commitment to effective communication with shareholders, the Group adopts the practice of comprehensive, timely and continuing disclosures of information to its shareholders as well as to the general investing public. The practice of disclosure of information is not just established to comply with the requirements of the Listing Requirements of Bursa Securities. It also adopts the recommendations of the MCCG with regard to strengthening engagement and communication with shareholders. Where possible and applicable, the Group also provides additional disclosure of information on a voluntary basis. The Group believes that consistently maintaining a high level of disclosure and extensive communication with its shareholders is vital to shareholders and investors to make informed investment decisions.

The Annual Report is the main channel of communication between the Company and its stakeholders. The Annual Report communicates comprehensive information of the financial results and activities undertaken by the Group. As a listed issuer, the contents and disclosure requirements of the annual report are also governed by the Listing Requirements of Bursa Securities.

Another key avenue of communication with its shareholders is the Company's AGM, which provides a useful forum for shareholders to engage directly with the Board to facilitate greater understanding of the Company's business, governance and performance. At each AGM, the Directors of the Company would be present at the meetings to answer any questions that the shareholders may ask. The Chairman of the meeting will provide time for the shareholders to seek and clarify any issues pertaining to the resolutions tabled in the Company's AGM.

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

PART 2 - CONDUCT OF GENERAL MEETINGS

Intended Outcome 13.0

- **Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.**

13.1 Notice for an Annual General Meeting

General meeting serves as a principal platform for the Board and Senior Management to engage with shareholders and encourage effective shareholders' communication on the Company's performance, corporate and business developments and any other matters affecting shareholder interests.

The Annual Report 2022, which contained the Notice of 33rd AGM, was issued more than 28 days prior to the date of the meeting to give sufficient time to shareholders to consider the resolutions that would be discussed and decided at the 33rd AGM. The Notice of AGM, which set out the businesses to be transacted at the AGM, was also published in the nationally circulated daily newspaper. The notes to the Notice of AGM also provided the necessary explanation for each resolution proposed to enable shareholders to make informed decisions in exercising their voting rights.

To further promote the participation of members through proxy(ies), which is in line with the insertion of Paragraph 7.21 of the Listing Requirements of Bursa Securities, the Company's Constitution included explicitly the right of proxies to speak at general meetings, to allow a member who is an exempt authorised nominee to appoint multiple proxies for each omnibus account it holds and expressly disallow any restriction on proxy's qualification.

Corporate Governance Overview Statement

(Cont'd)

13.2 Attendance in General Meetings

13.3 Interaction with Shareholders in General Meetings

Given the intense situation with the COVID-19 pandemic and safe distancing requirements imposed by the Government, which discouraged mass gatherings, the Company had held its AGMs on a virtual basis to enable the shareholders of the Company to participate fully in the proceedings at more than one (1) venue using technology facilities and to exercise their right to speak and vote at the meeting without the need to be physically present at the venue. Where the shareholders were not able to participate, certain shareholders had appointed proxies to participate and vote on their behalf.

The Chairman of the 33rd AGM ensured that sufficient opportunities were given to shareholders to raise issues relating to the affairs of the Company by providing ample time for the Question and Answer session during the 33rd AGM. The Directors had actively responded to relevant questions addressed to them during the 33rd AGM. The representatives from external auditors were also present at the broadcast venue to respond to queries raised by shareholders.

In addition, written queries raised by the Minority Shareholders Watch Group were presented to shareholders during the 33rd AGM together with the Company's responses.

13.4 Voting

To have greater transparency, accuracy and efficiency in the voting process, the Company adopted the system of electronic voting by poll at the 33rd AGM to allow the shareholders or the appointed proxy or authorised representative to submit their votes online. Shareholders who participated remotely via live streaming at the 33rd AGM were required to login to Securities Services e-Portal for casting his/her vote online until the close of the voting session of the 33rd AGM.

An independent scrutineer was appointed to validate the votes cast and results of each resolution put to vote were announced at the Meeting. The poll results, confirmed by the Chairman were instantaneously displayed on-screen which were seen by shareholders who joined the meeting via electronic means.

An announcement detailing the poll results, including the total number of votes cast for and against each resolution and the respective percentages were announced via Bursa LINK on the same day after the conclusion of the general meeting.

13.5 Virtual General Meeting

The Board ensured the required infrastructures and tools were in place to enable the smooth broadcast of the 33rd AGM and meaningful engagement with the shareholders. The questions posed by the shareholders were responded by the Directors and displayed to all meeting participants during the 33rd AGM.

The Board ensured the seamless experience for shareholders in participating at the 33rd AGM virtually by engaging SS E Solutions Sdn. Bhd. (as the service provider of Remote Participation and Voting facilities), to provide the virtual platform, namely Securities Services e-Portal for the 33rd AGM.

Corporate Governance Overview Statement

(Cont'd)

The entire AGM proceedings were held through the Securities Services e-Portal. The Administrative Details of the AGM as well as the Securities Services e-Portal user guide with detailed registration and voting procedures were shared with the shareholders and the same were also published on the Company's website. All shareholders were encouraged to participate in the Company's AGM remotely to ensure a high level of accountability. Shareholders were given opportunities to raise questions and feedback on their views on issues affecting the Company and to vote in AGM remotely.

13.6 Minutes of the General Meeting

The Company's AGM remains one of the most important platforms for communication and engagement between the Company and its shareholders, as it encompasses a two-way discussion on the Company's achievements and performance in the past financial year and its plans and strategies for the near and long-term future.

The recording of the proceedings in the form of minutes reflects the matters that were deliberated, explanations, agreements as well as resolutions reached between the shareholders and Directors of the Company in the respective AGM.

The Minutes of 33rd AGM documented the proceedings, issues and concerns raised by shareholders, and the responses by the Company were made available on the Company's website at <https://www.atlan.com.my> within 30 business days after the conclusion of the 33rd AGM, so as to provide useful information to shareholders and investors especially for the absentee shareholders who were unable to attend the AGM.

This Statement is made in accordance with the resolution of the Board dated 26 June 2023.

Additional

Compliance Information

The following information is provided in accordance with Paragraph 9.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad as set out in Appendix 9C thereto:-

1. UTILISATION OF PROCEEDS

During the financial year ended 28 February 2023, the Company did not raise any funds through any corporate proposal/shareholders' mandate under Sections 75 and 76 of the Companies Act 2016.

2. AUDIT AND NON-AUDIT FEES

The amount of audit fees and non-audit fees paid or payable to the Company's external auditors and a firm affiliated to the external auditors' firm by the Company and the Group for the financial year ended 28 February 2023 are as follows:-

	Company (RM)	Group (RM)
Audit Fees	81,000	1,178,000
Non-Audit Fees	10,000	30,000
Total Fees	91,000	1,208,000

The non-audit fees breakdown for the Group amounting to RM30,000 are as follows:-

	Group (RM)
Reviewing Statement of Risk Management and Internal Control	10,000
Taxation fees	20,000
Total	30,000

In considering the nature and scope of the non-audit services, the Audit and Risk Management Committee is satisfied that the provision of such services would not likely to create any conflict or impair the independence and objectivity of the external auditors.

3. MATERIAL CONTRACTS INVOLVING DIRECTORS', CHIEF EXECUTIVE WHO IS NOT A DIRECTOR AND MAJOR SHAREHOLDERS' INTERESTS

Other than those related party transactions as disclosed in Note 38 to the financial statements, there were no material contracts entered into by the Company and its subsidiaries involving directors', chief executive who is not a director and major shareholders' interests, either still subsisting at the end of the financial year ended 28 February 2023 or entered into since the previous financial year ended 28 February 2022.

Audit and

Risk Management Committee Report

The Audit and Risk Management Committee (“ARMC”) was established by the Board of Directors (“the Board”) with the primary objective to assist the Board in fulfilling its fiduciary responsibilities relating to corporate governance, system of internal controls, risk management processes and management and financial reporting practices of the Group.

COMPOSITION

The ARMC comprises the following members:-

Position	Name	Directorship
Chairman	Dato’ Dr Abdul Razak Bin Abdul (Redesignated on 28 July 2022)	Independent and Non-Executive Director
Member	Tuan Haji Mohd Jaffar Bin Awang (Ismail)	Senior Independent and Non-Executive Director
Member	Raja Dato’ Sri Shaharudin Shah Bin Raja Jalil Shah (Appointed on 28 July 2022)	Independent and Non-Executive Director
Member	Datuk Zawati Binti Abd Rahman (Appointed on 28 July 2022)	Independent and Non-Executive Director

The ARMC comprises four (4) members and all of them are Independent Non-Executive Directors. The ARMC Chairman, Dato’ Dr Abdul Razak Bin Abdul fulfills such other requirements as prescribed by the Bursa Malaysia Securities Berhad that he possessed accountant qualifications. None of the ARMC members is an Alternate Director. This meets the requirements of Paragraphs 15.09(1) and (2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”).

The Chairman of the ARMC is not the Chairman of the Board. The composition of the Committee is in line with Practice 9.1 under the Malaysian Code on Corporate Governance (“MCCG”).

MEETINGS

The ARMC met six (6) times during the financial year ended 28 February 2023 (“FY2023”). Details of the attendance of the ARMC members holding office during the financial year are as follows:-

Members	Attendance at Meeting
Mohd Sharif Bin Hj Yusof (Retired on 28 July 2022)	2/3
Jeneral Tan Sri Dato’ Sri Abdullah Bin Ahmad @ Dollah Bin Amad (B) (Retired on 28 July 2022)	3/3
Tan Thiam Chai (Resigned on 28 July 2022)	3/3
Tuan Haji Mohd Jaffar Bin Awang (Ismail)	6/6
Dato’ Dr Abdul Razak Bin Abdul	6/6
Raja Dato’ Sri Shaharudin Shah Bin Raja Jalil Shah (Appointed on 28 July 2022)	3/3
Datuk Zawati Binti Abd Rahman (Appointed on 28 July 2022)	3/3

Audit and Risk Management Committee Report

(Cont'd)

AUTHORITY AND DUTIES OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The ARMC is governed by its Terms of Reference, which is available on the Company's website at <https://www.atlan.com.my>.

SUMMARY OF ACTIVITIES OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The activities of the ARMC for the FY2023 were as follows:-

(i) Financial Performance and Reporting

- Reviewed quarterly financial results of the Group for FY2023 presented by the Management before recommending to the Board for their consideration and approval;
- Reviewed with the external auditors the annual audited financial statements of the Group and the Company to ensure the said audited financial statements were drawn up under the relevant legislation and the applicable approved accounting standards before recommending to the Board for their consideration and approval; and
- Reviewed and deliberated on audit issues raised by the external auditors and the action plans required to address those issues.

(ii) Internal Audit ("IA")

- Reviewed and approved the annual IA plan presented by the internal auditors after being satisfied with the contents' suitability, adequacy and scope of coverage;
- Reviewed the IA reports, which highlighted the audit issues, recommendations and management's responses;
- Reviewed the follow-up reports by the internal auditors on the status of actions taken by the management on recommendations suggested in the IA reports;
- Discussed with the management on actions taken to improve the systems of internal control based on the recommendations and findings identified in the IA reports and made necessary recommendations to the Board for approval; and
- Evaluated the effectiveness and independence of the IA function in carrying out its responsibilities regarding risk management, internal control, and governance. Overall, the ARMC was satisfied with the performance of the IA function for the FY2023.

(iii) External auditors

- Reviewed and discussed with the external auditors their Audit Plan and scope of work for the financial year;
- Met twice with the external auditors without the presence of the Management team to discuss issues of concern to the external auditors arising from the annual statutory audit;
- Reviewed the results of the audit, management letter together with the management's responses and comments to the findings; and
- Evaluated the external auditors' performance for the financial year under review, covering areas such as calibre, quality processes, audit team experience, audit scope, audit governance and independence, and external auditors' audit fees. The Group's external auditors also confirmed their independence. The ARMC, being satisfied with the independence, stability, and performance of Messrs. Ernst & Young PLT for the FY2023, made recommendations to the Board for approval on the external auditors' re-appointment.

Audit and Risk Management Committee Report

(Cont'd)

SUMMARY OF ACTIVITIES OF THE AUDIT AND RISK MANAGEMENT COMMITTEE (CONT'D)

The activities of the ARMC for the FY2023 were as follows:- (Cont'd)

(iv) Related Party Transactions

- Reviewed and confirmed with the Management team on a quarterly basis of any related party transaction or recurrent related party transaction entered by the Group which was required to be transacted at an arm's length basis and was not detrimental to the minority shareholders; and
- Reviewed the proposed acquisition of a hotel located in the United Kingdom and its management company (collectively known as "Proposed Acquisitions") from a related party and formed its view on the Proposed Acquisitions.

(v) Corporate Governance

- Reviewed the impact of the relevant regulatory changes and ensured compliance by the Company and the Group;
- Reviewed the proposed amendments to the Term of Reference of ARMC; and
- Reviewed and recommended the Statement of Risk Management and Internal Control and ARMC Report for inclusion in the Annual Report to ensure the contents therein were accurate and in compliance with the Listing Requirements to the Board for approval.

(vi) Risk Management

- Reviewed and endorsed the risk management frameworks, guidelines and other key components of risk management for implementation within the Company and throughout the Group; and
- Reviewed the progress of ongoing risk management activities to identify, evaluate, monitor and manage critical risks.

INTERNAL AUDIT FUNCTION

The IA function is carried out by the Audit and Risk Management Assessment ("ARA") Department.

The internal auditors from the ARA Department are free from any relationships or conflicts of interest that could impair their objectivity and independence in their audit assignments. The Head of IA reports directly to the ARMC and administratively to the Executive Director.

The ARA Department assists the ARMC in discharging its duties and responsibilities, which is to provide reasonable assurance on the adequacy and effectiveness of the system of risk management and internal control of the organization. The ARA Department conducts an independent, objective, and systematic review of internal control processes to address risks and ensures that established policies and procedures, applicable laws and regulations are complied with. The ARA Department has unfettered access to the Board, ARMC and Management, as well as the authority to seek information and explanations.

Audit and Risk Management Committee Report

(Cont'd)

INTERNAL AUDIT FUNCTION (CONT'D)

The IA activities are specified in the annual audit plan submitted to the ARMC for approval. The Head of the ARA Department submits a summary of audit observations and IA reports to the ARMC members for their review every quarter. The quarterly summary and IA reports contain conclusions on the adequacy and effectiveness of the system of risk management and internal controls in the areas reviewed. Among the matters that are usually highlighted by the Head of the ARA department in the reports are internal control weaknesses, root causes, business impacts, recommendations and the corrective measures to be taken by Management within certain timeframe.

The Head of IA also follows up on the status of previous findings by summarizing the status of agreed actions by the Management. The ARMC monitors and reviews the effectiveness of the IA activities, ensuring that these activities contribute to the ongoing effectiveness of the system of internal control.

The activities carried out by the internal auditors for FY2023 include:-

- Conducted audit reviews of the Group's system of internal controls on reliability and integrity of financial and operational information, safeguarding of assets, the efficiency of operations, compliance with established policies as well as procedures and statutory requirements;
- Provided recommendations to the Management to assist the operations management and Group in improving and accomplishing its internal control requirements;
- Presented the IA reports to the ARMC on a quarterly basis; and
- Performed follow-up reviews to ensure that corrective actions were implemented effectively.

For the financial year under review, the total costs incurred by the Group for maintaining the IA functions were RM298,000.

PERFORMANCE OF ARMC

The term of office and performance of the ARMC and each of its members is assessed annually by the Nomination Committee ("NC") and the NC reports the outcome of its assessment to the Board. For the FY2023, the Board was satisfied that the ARMC has discharged its duties and responsibilities in accordance with the Terms of Reference of the ARMC.

This Statement is made in accordance with the resolution of the Board dated 26 June 2023.

Statement on Risk Management and Internal Control

PREAMBLE

The Board of Directors (the “Board”) is pleased to present its Statement on Risk Management and Internal Control which has been prepared pursuant to Paragraph 15.26(b) of Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (the “Guidelines”).

BOARD RESPONSIBILITY

The Board acknowledges its stewardship responsibility for the Group’s internal control and risk management system to safeguard shareholders’ investment and the Group’s assets and review its adequacy and integrity of the system.

However, it should be noted that such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement loss and fraud. For this statement, the associated company is not dealt with as part of the Group.

INTERNAL CONTROL SYSTEMS

The embedded control system is designed to facilitate the achievement of the Group’s business objectives. It comprises the following:-

- **Organisational Structure**

The organisational structure has well-defined lines of responsibility, the delegation of authority, segregation of duties and information flow to support the Group in achieving its business objectives.

In addition, the committees made up predominantly of non-executive directors such as the Audit and Risk Management Committee (“ARMC”), Nomination Committee and Remuneration Committee with defined terms of reference and functions, provide the essential support to the Board. These Board Committees have been delegated specific responsibilities all of which are governed by clearly defined Terms of Reference. The Terms of Reference of these Committees are accessible at the Company’s website at <https://www.atlan.com.my>.

- **Audit and Risk Management Committee**

The ARMC convenes its meeting regularly to meet its strategic business plan, thus ensuring that the Board adequately apprised and maintains adequate supervision over the entire operations.

Statements of Risk Management and Internal Control

(Cont'd)

INTERNAL CONTROL SYSTEMS (CONT'D)

- **Control Activities**

The Group continuously reviews and updates its policies, procedures and standards following changes in the operating environment.

- **Budgeting and Monitoring Processes**

The Group has a budgeting process for all operating units with periodical monitoring of performance so that significant variances are followed-up and Management action taken.

- **Managing and Monitoring of Capital and Revenue Expenditure**

The functional limits of authority for revenue and capital expenditure for all operating units facilitate the approval process whilst keeping potential exposure in check.

Detailed justification and approval process for major projects and acquisitions are imposed to ensure congruence with Company's strategic objectives.

- **Information and Communication Controls**

The Group's computerized information systems are streamlined to ensure compliance with hardware and software regulations and guidelines for system integrity, effectiveness and efficiency.

- **Independent Auditing**

Independent appraisals by internal and external auditors ensure ongoing compliance with policies, procedures, standards and legislations whilst assessing the effectiveness of the Group's systems of financial, compliance and operational controls.

RISK MANAGEMENT

The Board acknowledges that risk management is an integral part of the Group's business operations. It is an ongoing process that involves different management levels to identify, assess, evaluate, monitor and manage and mitigate risks that may affect the achievement of its business and corporate objectives. Regular Management and operational meetings are held to deliberate solutions to mitigate critical risks. These ongoing risk management activities are undertaken at all significant subsidiaries of the Group and collectively at the Group level. The ongoing risk management process is coordinated by the Audit and Risk Assessment Department ("ARA").

Key elements of the Group's risk management framework are described below:-

- **Risk Identification**

Risk identification is performed on an ongoing basis by different levels of management. The respective business units of the Group are the risk owners and are responsible for developing the appropriate risk response strategies.

Statements of Risk Management and Internal Control

(Cont'd)

RISK MANAGEMENT (CONT'D)

- **Risk Assessment**

The Group maintains a risk database together with their corresponding controls, which are categorised below:-

- ❖ Strategic risk, the risk which affects the overall direction of the business.
- ❖ Operational risk, derived from the inability of internal processes and procedures to address operational failings due to people or systems.
- ❖ Financial risk, the risk associated with financial reporting and recording of transactions.
- ❖ Compliance risk, the risk concerning legal, statutory, and corporate governance.

- **Risk Mitigation Process**

Potential risks were identified by the respective business functions based on relevant knowledge, expertise, and advice from subject matter experts. The policies and procedures of the Group embed internal controls to address and mitigate known risks.

- **Reporting & Communication**

On a quarterly basis, ARA reports to the ARMC, on any significant changes in the business and external environment, and any updates to key risks in the risk register.

The Management is responsible for creating risk awareness culture and to build the necessary environment for effective risk management. Significant issues related to internal controls and risk management are highlighted to the Board. If deemed necessary, the Board will seek external parties' council in matters in which the Board needs to seek an opinion.

INTERNAL AUDIT FUNCTION

The Internal Audit function supports the ARMC, and by extension, the Board, by providing reasonable independent assurance on the effectiveness of the Group's internal control.

In particular, the Internal Audit function appraises and contributes to improve the Group's internal control systems and reports to the ARMC on a quarterly basis.

The Internal Audit function adopts the risk-based approach when carrying out its internal audit work plan, reflecting the risk profile of the Group's major business sectors is routinely reviewed and approved by the ARMC. The scope of the Internal Audit function covers the audit of all business units and operations.

Statements of Risk Management and Internal Control

(Cont'd)

REVIEW OF ADEQUACY OF RISK MANAGEMENT AND INTERNAL CONTROL

The ARMC is responsible for reviewing the internal and external auditors' audit reports and assessing the Management's actions on recommendations made by the internal and external auditors to resolve lapses or weaknesses in the controls.

For the financial year ended 28 February 2023, the Board has received assurances from the Executive Chairman and Executive Director that the Group's internal controls are adequate and effective in all material aspects.

Based on the internal controls established and maintained by the Group, reviews performed by Management and works performed by internal and external auditors, the Board, with the concurrence of the ARMC, is of the opinion that the Group's internal controls are adequate and effective.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement as required by Paragraph 15.23 of the MMLR of Bursa Securities for inclusion in the Annual Report of the Company for the financial year ended 28 February 2023 and have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process that the Board has adopted in the review of the adequacy and integrity of the systems of internal control of the Group.

Their review was also performed in accordance with Audit and Assurance Practice Guides 3 issued by the Malaysian Institute of Accountants.

This Statement on Risk Management and Internal Control is made in accordance with a resolution of the Board of Directors dated 26 June 2023.

Statement of Directors' Responsibility in respect of the Audited Financial Statements

The Board of Directors ("Board") is required by the Companies Act 2016 to prepare financial statements which give a true and fair view of the state of affairs of the Group and of the Company at the end of each financial year and of their results and cash flows for the financial year then ended.

In preparing the financial statements, the Board has:-

- Adopted appropriate accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent;
- Ensured that applicable accounting standards have been complied with; and
- Applied the going concern basis.

The Board is responsible for ensuring that the Group and the Company maintain proper accounting records, that disclose with reasonable accuracy on the financial position of the Group and the Company, and that enable the Board to ensure that the financial statements comply with the provisions of the Companies Act 2016.

The Board is also responsible for taking reasonable steps to safeguard the assets of the Group and the Company and to prevent and detect other irregularities.

This Statement is made in accordance with a resolution of the Board of Directors dated 26 June 2023.

Financial Statements

90	Directors' Report	102	Statements of Comprehensive Income
95	Statement by Directors	103	Statements of Financial Position
95	Statutory Declaration	106	Statements of Changes in Equity
96	Independent Auditors' Report	109	Statements of Cash Flows
101	Income Statements	113	Notes to the Financial Statements

Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 28 February 2023.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management, financial, technical and other ancillary services.

The principal activities of the subsidiaries are set out in Note 18 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit net of tax	27,287	162,350
Profit attributable to:		
Owners of the parent	21,896	162,350
Non-controlling interests	5,391	–
	27,287	162,350

There were no material transfers to or from reserves or provisions during the financial year.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than as disclosed in the notes to the financial statements.

DIVIDEND

The dividend paid by the Company since 28 February 2022 was as follows:

	RM'000
In respect of the financial year ended 28 February 2023:	
First interim dividend (single-tier) of 4% on 253,650,409 ordinary shares, declared on 12 January 2023 and paid on 17 February 2023	10,146

The directors do not recommend the payment of any final dividend in respect of the financial year ended 28 February 2023.

Directors' Report

(Cont'd)

DIRECTORS

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

Dato' Sri Adam Sani Bin Abdullah**
 Dato' Sri Robin Tan Yeong Ching**
 Dato' Woo Hon Kong
 Tan Thiam Chai
 Lee Sze Siang**
 Tuan Haji Mohd Jaffar Bin Awang (Ismail)
 Raja Dato' Sri Shaharudin Shah Bin Raja Jalil Shah
 Dato' Dr Abdul Razak Bin Abdul
 Datuk Zawati Binti Abd Rahman (F)
 Jeneral Tan Sri Dato' Sri Abdullah Bin Ahmad @ Dollah Bin Amad (B)** (Retired on 28 July 2022)
 Mohd Sharif Bin Haji Yusof (Retired on 28 July 2022)

** These directors are also directors of certain subsidiaries of the Company.

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those directors listed above) are:

General Tan Sri Dato' Seri Mohd Azumi Bin Mohamed (Retired)
 Dato' Megat Hisham Bin Megat Mahmud
 Chew Soo Lin
 Y.A.M. Dato' Seri Sharifah Fazira Bt DYMM Syed Sirajuddin (F)
 Ho Yuet Leng (F)
 Datuk Haji Mohd Radzuan Bin Abdullah
 Datuk Mamat Bin Samat
 Rosly Bin Ahmad
 Ahmad Zubir Bin Khalid
 Cheah Im Bee (F)
 Robert Justin Frizelle
 Quek Meng Teck Derrick
 Dato' Azhar Bin Mohamed
 Khoo Chun Keong
 Hironobu Takashita
 Takashi Terauchi (Appointed on 31 March 2023)
 Tadayoshi Mizukami (Resigned on 8 November 2022)

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown below) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 38 to the financial statements.

Directors' Report

(Cont'd)

DIRECTORS' BENEFITS (CONT'D)

The Company maintains a liability insurance for the directors and officers of the Group. The total amount of sum insured for the financial year amounted to RM20,000,000.

The directors' benefits are as follows:

	Group RM'000	Company RM'000
Fees	363	236
Salaries and other emoluments	1,631	–
Defined contribution plan	75	–
	2,069	236

DIRECTORS' INTERESTS

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

	Number of ordinary shares			
	1 March 2022	Acquired	Sold	28 February 2023
The Company				
Deemed interest				
Dato' Sri Adam Sani Bin Abdullah*	130,319,214	–	–	130,319,214

* Deemed interested through Chesterfield Trust Company Limited as Trustees of the Lim Family Trust by virtue of himself as the settlor, initial protector and a primary beneficiary of the Lim Family Trust.

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

SIGNIFICANT AND SUBSEQUENT EVENTS

Details of significant and subsequent events are disclosed in Note 43 to the financial statements.

Directors' Report

(Cont'd)

OTHER STATUTORY INFORMATION

- (a) Before the income statements, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for impairment and satisfied themselves that all known bad debts had been written off and that adequate allowance for impairment had been made; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) the amount written off for bad debts or the amount of the allowance for impairment in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances 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.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year 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 year.
- (f) In the opinion of the directors:
 - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Directors' Report

(Cont'd)

AUDITORS

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

Auditors' remuneration is as follows:

	Group RM'000	Company RM'000
Ernst & Young PLT	1,178	81

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young PLT during or since the end of the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 26 June 2023.

Dato' Sri Adam Sani Bin Abdullah

Lee Sze Siang

Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, **Dato' Sri Adam Sani Bin Abdullah** and **Lee Sze Siang**, being two of the directors of **Atlan Holdings Bhd.**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 101 to 211 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 28 February 2023 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 26 June 2023.

Dato' Sri Adam Sani Bin Abdullah

Lee Sze Siang

Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Lee Sze Siang**, being the director primarily responsible for the financial management of **Atlan Holdings Bhd.**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 101 to 211 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed Lee Sze Siang
at Kuala Lumpur in the Federal Territory
on 26 June 2023

Lee Sze Siang
(MIA 16287)

Before me,

RADZILAN BIN MAHMOOD
W927
Commissioner for Oaths

Independent

Auditors' Report

to the members of Atlan Holdings Bhd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Atlan Holdings Bhd. which comprise the statements of financial position as at 28 February 2023 of the Group and of the Company, and income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 101 to 211.

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 28 February 2023, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

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

Independence and other ethical responsibilities

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

Key audit matters

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

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

Impairment assessment of property, plant and equipment ("PPE") and right-of-use assets ("ROUA")

As at 28 February 2023, the carrying amounts of the Group's PPE and ROUA are RM129.7 million and RM107.5 million, which represent 46% and 38% of the non-current assets respectively. Management's impairment assessment of PPE and ROUA is significant to the audit due to the magnitude of the amount and the heightened level of estimation uncertainty associated with current market and economic conditions. Hence, we consider this to be a key audit matter.

Independent Auditors' Report

(Cont'd)

Key audit matters (Cont'd)

Impairment assessment of property, plant and equipment ("PPE") and right-of-use assets ("ROUA") (Cont'd)

The recoverable amounts of the PPE and ROUA in the retail business have been determined based on value-in-use ("VIU") calculations using probability-based cash flow projections approved by management. The recoverable amounts of the PPE in the hospitality business have been determined based on fair value using the income approach. During the year ended 28 February 2023, management did not recognise any impairment loss on PPE but recognised an impairment loss of RM85,000 on ROUA (2022: RM Nil).

In respect of the recoverable amounts of the PPE and ROUA in the retail business, we assessed the methodology of the VIU calculations used by management. We held discussions with the relevant senior management personnel to understand the basis for the assumptions used in forming the estimates underpinning the assessment of the recoverable amount of these assets. The key assumptions include the revenue growth rates under various recovery scenarios, budgeted gross margins, budgeted operating costs and discount rates.

We evaluated these assumptions based on our knowledge of the business and available industry news providing insights on the different scenarios of possible recovery of passenger traffic for outlets located at airports and land borders. We evaluated the revenue growth rates and budgeted gross margins by considering the historical operating trends and the recovery of the Group's results in the current financial year following the transition to the endemic phase of COVID-19. We compared the budgeted operating costs to historical results taking into account the cost optimisation measures undertaken by the Group. Where applicable, we also compared the assumptions to financial results available subsequent to year end. We involved our internal valuation specialist to evaluate the discount rates by checking to comparable companies in the same industry.

In respect of the recoverable amounts of the PPE in the hospitality business, we considered the objectivity, independence and expertise of the firm of independent valuer engaged by the Group. We obtained an understanding of the methodology adopted by the independent valuer and assessed whether such methodology is consistent with those used in the industry. We evaluated the appropriateness of the data used by the independent valuer as inputs into their valuation. We evaluated the significant estimates applied in their valuation process, such as the assumption on the level of profit and the yield rate, by obtaining an understanding of the historical operating trend and management's plans for the hospitality business, considering the outlook for the hospitality industry and by comparing the yield rate used to comparable properties in Malaysia. We also tested the mathematical accuracy of the valuation methodology.

We also reviewed the adequacy of the disclosures in Notes 2.11, 3.2, 13 and 15 to the financial statements.

Impairment of investment in a subsidiary

As at 28 February 2023, the carrying amount of the Company's listed subsidiary Duty Free International Limited ("DFIL") amounted to RM500.0 million, net of accumulated impairment losses of RM187.0 million. During the year ended 28 February 2023, management recognised a reversal of impairment on investment in this subsidiary of RM149.1 million (2022: RM Nil) based on its expected recoverable amount. Estimating the VIU of the CGUs of this investment involved estimating the future cash inflows and outflows that will be derived from the CGUs and discounting them at an appropriate rate.

Due to the significance of the carrying amount of this investment and the heightened level of estimation uncertainty associated with current market and economic conditions, we considered this impairment test to be a key audit matter.

In addition to the procedures performed as described above in the key audit matter on impairment assessment of PPE and ROUA, we also involved our internal valuation specialist to assess the reasonableness of the long-term growth rate by comparing it to external economic data such as economic growth and inflation rate.

We also assessed the adequacy of the disclosures on the investment in subsidiaries in Notes 2.12, 3.2 and 18 to the financial statements.

Independent Auditors' Report

(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. We have obtained the Directors' Report prior to the date of this auditors' report. The remaining other information expected to be included in the annual report are expected to be made available to us after the date of this auditors' report.

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

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

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

When we read the remaining other information expected to be included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

Responsibilities of the directors for the financial statements

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

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

Independent Auditors' Report

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

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

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

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

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

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

Independent Auditors' Report

(Cont'd)

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 18 to the financial statements.

Other matters

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

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Chuan Yee Yang
No. 03489/03/2024 J
Chartered Accountant

Penang, Malaysia
26 June 2023

Income Statements

For the year ended 28 February 2023

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	4	381,264	257,242	15,608	3,709
Other income	5	22,997	20,517	2,587	515
Raw materials and consumables used		(263,673)	(148,839)	–	–
Changes in finished goods		32,653	(22,997)	–	–
Employee benefits expense	6	(53,181)	(45,380)	(248)	(262)
Depreciation and amortisation		(19,822)	(19,720)	–	–
Rental expenses		(5,860)	(755)	–	–
Legal and professional fees		(3,121)	(2,412)	(1,204)	(162)
Other operating expenses	8	(48,783)	(33,558)	(1,818)	(2,242)
		42,474	4,098	14,925	1,558
Waiver of amount due from subsidiaries		–	–	(11)	(20)
Impairment loss on right-of-use assets	15	(85)	–	–	–
Reversal of impairment loss on investment in a subsidiary	18	–	–	149,076	–
Reversal of impairment loss/ (Impairment loss) on investment in an associate		–	–	144	(199)
Operating profit		42,389	4,098	164,134	1,339
Share of results of an associate		144	(199)	–	–
Finance costs	9	(8,996)	(7,749)	(1,569)	(1,010)
Profit/(Loss) before tax		33,537	(3,850)	162,565	329
Income tax expense	10	(6,250)	(529)	(215)	(324)
Profit/(Loss) net of tax		27,287	(4,379)	162,350	5
Profit/(Loss) attributable to:					
Owners of the parent		21,896	(793)	162,350	5
Non-controlling interests		5,391	(3,586)	–	–
		27,287	(4,379)	162,350	5
Earnings/(Loss) per share attributable to owners of the parent (sen per share)					
Basic	11	8.63	(0.31)		
Diluted	11	8.63	(0.31)		

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Statements of Comprehensive Income

For the year ended 28 February 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Profit/(Loss) for the year		27,287	(4,379)	162,350	5
Other comprehensive income:					
Items that may be reclassified to profit or loss in subsequent periods					
- Income tax effect	22	(38)	22	–	–
- Foreign currency translation		563	801	–	–
Items that may not be reclassified to profit or loss in subsequent periods					
- Remeasurement gain/(loss) on defined benefit plans	31	159	(92)	–	–
Total comprehensive income for the year		27,971	(3,648)	162,350	5
Total comprehensive income attributable to:					
Owners of the parent		22,437	(301)	162,350	5
Non-controlling interests		5,534	(3,347)	–	–
		27,971	(3,648)	162,350	5

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Statements of Financial Position

As at 28 February 2023

	Note	Group 2023 RM'000	2022 RM'000
Assets			
Non-current assets			
Property, plant and equipment	13	129,716	133,124
Investment properties	14	28,980	30,887
Right-of-use assets	15	107,470	112,882
Goodwill	16	5,818	5,818
Intangible assets	17	–	–
Investment in an associate	19	300	156
Other investments	20	134	134
Prepayments	21	4,000	3,500
Deferred tax assets	22	7,736	7,926
		284,154	294,427
Current assets			
Inventories	23	135,931	110,706
Biological assets	24	178	155
Trade and other receivables	25	93,417	77,293
Capitalised contract costs	4	484	1,688
Prepayments	21	6,628	2,714
Tax recoverable		9,712	10,456
Derivative assets	27	29	–
Marketable securities	26	4	2
Cash and bank balances	28	207,174	217,673
		453,557	420,687
Total assets		737,711	715,114

Statements of Financial Position

(Cont'd)

	Note	2023 RM'000	Group 2022 RM'000
Equity and liabilities			
Current liabilities			
Trade and other payables	29	77,908	70,338
Provision for restoration costs	30	198	110
Employee benefits	31	434	408
Tax payable		333	485
Borrowings	32	22,670	27,758
Lease liabilities	33	1,496	555
		103,039	99,654
Net current assets		350,518	321,033
Non-current liabilities			
Provision for restoration costs	30	672	672
Employee benefits	31	1,705	2,218
Deferred tax liabilities	22	9,637	9,721
Derivative liabilities	27	–	222
Borrowings	32	14,903	21,593
Lease liabilities	33	102,620	95,560
		129,537	129,986
Total liabilities		232,576	229,640
Net assets		505,135	485,474
Equity attributable to owners of the parent			
Share capital	34	356,528	356,528
Currency translation reserve		(320)	219
Other reserve	35	(75,560)	(78,102)
Retained earnings	36	125,702	113,299
		406,350	391,944
Non-controlling interests		98,785	93,530
Total equity		505,135	485,474
Total equity and liabilities		737,711	715,114

Statements of Financial Position

(Cont'd)

	Note	Company 2023 RM'000	2022 RM'000
Assets			
Non-current assets			
Property, plant and equipment	13	1	1
Investment in subsidiaries	18	637,791	463,715
Investment in an associate	19	300	156
Other receivables	25	3,004	27,011
		641,096	490,883
Current assets			
Other receivables	25	11,514	510
Prepayments	21	27	22
Marketable securities	26	4	2
Cash and bank balances	28	25,052	38,399
		36,597	38,933
Total assets		677,693	529,816
Equity and liabilities			
Current liabilities			
Other payables	29	772	416
Borrowings	32	14,959	14,819
Tax payable		23	9
		15,754	15,244
Net current assets		20,843	23,689
Non-current liability			
Borrowings	32	4,975	9,812
Total liabilities		20,729	25,056
Net assets		656,964	504,760
Equity attributable to owners of the parent			
Share capital	34	356,528	356,528
Retained earnings	36	300,436	148,232
Total equity		656,964	504,760
Total equity and liabilities		677,693	529,816

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Statements

of Changes in Equity

For the year ended 28 February 2023

Attributable to owners of the parent									
Non-distributable									
Distributable									
2023 Group	Note	Total equity attributable to owners		Share capital RM'000	Currency translation reserve RM'000	Other reserve RM'000	Retained earnings RM'000	Non-controlling interests RM'000	
		Total equity RM'000	of the parent RM'000						
At 1 March 2022		485,474	391,944	356,528	219	(78,102)	113,299	93,530	
Profit for the year		27,287	21,896	-	-	-	21,896	5,391	
Other comprehensive income		684	541	-	420	-	121	143	
Transactions with owners									
Allotment of new ordinary shares by a subsidiary		1	1	-	-	1	-	-	
Effect of changes in functional currency of a subsidiary		-	-	-	(532)	-	532	-	
Derecognition of put option liability		5,592	2,114	-	(427)	2,541	-	3,478	
Dividend on ordinary shares	12	(10,146)	(10,146)	-	-	-	(10,146)	-	
Dividends paid to non-controlling interests by subsidiaries		(3,757)	-	-	-	-	-	(3,757)	
Total transactions with owners									
		(8,310)	(8,031)	-	(959)	2,542	(9,614)	(279)	
At 28 February 2023		505,135	406,350	356,528	(320)	(75,560)	125,702	98,785	

Statements of Changes in Equity

(Cont'd)

		Attributable to owners of the parent		Non-distributable		Distributable					
		Total equity attributable to owners of the parent		Currency translation reserve		Other reserve		Retained earnings		Non-controlling interests	
		RM'000		RM'000		RM'000		RM'000		RM'000	
2022	Note										
Group											
At 1 March 2021		548,174	432,463	356,528	(343)	(50,567)	126,845	115,711			
Loss for the year		(4,379)	(793)	-	-	-	(793)	(3,586)			
Other comprehensive income		731	492	-	562	-	(70)	239			
Transactions with owners											
Effect of changes in shareholdings in a subsidiary		(45,919)	(27,134)	-	-	(27,134)	-	(18,785)			
Unexercised put options of non-controlling interests		-	(401)	-	-	(401)	-	401			
Dividend on ordinary shares	12	(12,683)	(12,683)	-	-	-	(12,683)	-			
Dividend paid to non-controlling interest by a subsidiary		(450)	-	-	-	-	-	(450)			
Total transactions with owners											
		(59,052)	(40,218)	-	-	(27,535)	(12,683)	(18,834)			
At 28 February 2022		485,474	391,944	356,528	219	(78,102)	113,299	93,530			

Statements of Changes in Equity

(Cont'd)

	Note	Total equity RM'000	Share capital RM'000	Distributable Retained earnings RM'000
Company				
At 1 March 2022		504,760	356,528	148,232
Total comprehensive income		162,350	–	162,350
Transaction with owners				
Dividend on ordinary shares	12	(10,146)	–	(10,146)
At 28 February 2023		656,964	356,528	300,436
At 1 March 2021		517,438	356,528	160,910
Total comprehensive income		5	–	5
Transaction with owners				
Dividend on ordinary shares	12	(12,683)	–	(12,683)
At 28 February 2022		504,760	356,528	148,232

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Statements of Cash Flows

For the year ended 28 February 2023

Note	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Operating activities				
Profit/(Loss) before tax	33,537	(3,850)	162,565	329
Adjustments for:				
Amortisation of intangible assets	–	162	–	–
Amortisation of other investments	–	1	–	–
Depreciation	19,822	19,557	–	–
Deposits forfeited	(594)	–	–	–
Dividends income	–	–	(14,398)	(2,002)
Changes in fair value of biological assets	(23)	(55)	–	–
Changes in fair value of marketable securities	(2)	–	(2)	–
Changes in fair value of options	(222)	–	–	–
Gain on disposal of property, plant and equipment	(69)	(762)	–	–
Waiver of amount due from subsidiaries	–	–	11	20
Bad debts written off	58	47	–	–
Reversal of impairment loss on receivables	(691)	(214)	–	–
Impairment loss on receivables:				
- third parties	8	101	–	–
- subsidiaries	–	–	105	632
Impairment loss on right-of-use asset	85	–	–	–
Interest expense	8,996	7,749	1,569	1,010
Interest income	(6,512)	(5,126)	(1,210)	(1,707)
Inventories written back	(7,370)	(6,038)	–	–
Inventories written down	391	198	–	–
Inventories written off	2,561	77	–	–
Lease concessions received	(164)	(218)	–	–
(Gain)/Loss on forward foreign exchange contracts	(29)	61	–	–
Property, plant and equipment written off	5	26	–	–
Reversal of impairment loss on investment in a subsidiary	–	–	(149,076)	–
(Reversal of impairment loss)/ Impairment loss on investment in an associate	–	–	(144)	199
Provision for/(Reversal of) short term accumulating compensated absences	25	(55)	–	–
Share of results of an associate	(144)	199	–	–
Net unrealised gain on foreign exchange	(5,574)	(3,518)	(1,289)	(420)
Operating cash flows before changes in working capital	44,094	8,342	(1,869)	(1,939)

Statements of Cash Flows

(Cont'd)

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Operating activities (Cont'd)					
Balance brought forward		44,094	8,342	(1,869)	(1,939)
Changes in working capital:					
(Increase)/Decrease in inventories		(20,807)	18,606	–	–
(Increase)/Decrease in receivables and capitalised contract cost		(10,142)	10,229	(14)	(2)
Increase/(Decrease) in payables		17,395	(28,849)	356	339
Cash generated from/(used in) operations		30,540	8,328	(1,527)	(1,602)
Tax paid		(5,590)	(10,138)	(201)	(491)
Employee benefits paid		(328)	(197)	–	–
Net cash flows generated from/ (used in) operating activities		24,622	(2,007)	(1,728)	(2,093)
Investing activities					
Acquisition of:					
- investment properties		–	(1,926)	–	–
- property, plant and equipment		(6,584)	(7,817)	–	–
Payment for acquisition of equity interest in a subsidiary		–	(45,919)	–	–
Deposit paid for proposed acquisitions	43	(11,495)	–	(11,495)	–
Dividends received		–	–	14,398	12,002
Interest received		6,512	5,126	1,210	1,707
Proceed from exercise of warrants in a subsidiary by non-controlling interest		1	–	–	–
Proceeds from disposal of property, plant and equipment		437	768	–	–
Net cash flows (used in)/generating from investing activities		(11,129)	(49,768)	4,113	13,709

Statements of Cash Flows

(Cont'd)

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Financing activities					
Increase in pledged fixed deposits		(170)	(154)	–	–
Dividends paid to:					
- ordinary shareholders of the Company		(10,146)	(12,683)	(10,146)	(12,683)
- non-controlling interests of subsidiaries		(3,757)	(450)	–	–
Payment of leases		(1,193)	(890)	–	–
Interest paid		(2,486)	(1,665)	(1,266)	(1,379)
Advances to subsidiaries		–	–	(609)	(184)
Net (repayment)/drawdown of borrowings		(12,081)	6,596	(5,000)	(5,000)
Repayment of hire purchase liabilities		(79)	(97)	–	–
Net cash flows used in financing activities		(29,912)	(9,343)	(17,021)	(19,246)
Net decrease in cash and cash equivalents		(16,419)	(61,118)	(14,636)	(7,630)
Effects of foreign exchange rate changes		5,750	5,849	1,289	420
Cash and cash equivalents at beginning of financial year		204,733	260,002	38,399	45,609
Cash and cash equivalents at end of financial year	28	194,064	204,733	25,052	38,399

Statements of Cash Flows

(Cont'd)

Reconciliation of liabilities/(assets) arising from financing activities:

	Carrying amount as at 1 March 2022 RM'000	Cash flows RM'000	Non-cash changes/ Others RM'000	Carrying amount as at 28 February 2023 RM'000
Group				
Term loans	27,821	(6,269)	303	21,855
Bankers' acceptance	9,530	(3,812)	–	5,718
Revolving credit	12,000	(2,000)	–	10,000
Dividends payable	–	(10,146)	10,146	–
Lease liabilities				
- Hire purchase liabilities	128	(79)	–	49
- Other lease liabilities	95,987	(1,193)	9,273	104,067
Total liabilities from financing activities	145,466	(23,499)	19,722	141,689

Company				
Term loans	14,631	(5,000)	303	9,934
Revolving credit	10,000	–	–	10,000
Dividends payable	–	(10,146)	10,146	–
Amounts due from subsidiaries	(27,511)	(609)	25,116	(3,004)
Total liabilities/(assets) from financing activities	(2,880)	(15,755)	35,565	16,930

	Carrying amount as at 1 March 2021 RM'000	Cash flows RM'000	Non-cash changes/ Others RM'000	Carrying amount as at 28 February 2022 RM'000
Group				
Term loans	27,645	545	(369)	27,821
Bankers' acceptance	5,479	4,051	–	9,530
Revolving credit	10,000	2,000	–	12,000
Dividends payable	–	(12,683)	12,683	–
Lease liabilities				
- Hire purchase liabilities	225	(97)	–	128
- Other lease liabilities	90,552	(890)	6,325	95,987
Total liabilities from financing activities	133,901	(7,074)	18,639	145,466

Company				
Term loans	20,000	(5,000)	(369)	14,631
Revolving credit	10,000	–	–	10,000
Dividends payable	–	(12,683)	12,683	–
Amounts due from subsidiaries	(28,347)	184	652	(27,511)
Total liabilities/(assets) from financing activities	1,653	(17,499)	12,966	(2,880)

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Notes

to the Financial Statements

- 28 February 2023

1. CORPORATE INFORMATION

The Company is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Bursa Malaysia Securities Berhad ("Bursa Securities"). The registered office of the Company is located at 17th Floor, Menara Atlan, 161B, Jalan Ampang, 50450 Kuala Lumpur.

The principal activities of the Company are investment holding and the provision of management, financial, technical and other ancillary services.

The principal activities of the subsidiaries are set out in Note 18.

There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 June 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000), except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follow:

On 1 March 2022, the Group and the Company adopted the following new and amended MFRSs.

MFRSs, Amendments to MFRSs and IC Interpretation	Effective for annual periods beginning on or after
Amendments to Annual Improvement to MFRS Standards 2018-2020	1 January 2022
Amendments to MFRS 3 Business Combinations – References to the Conceptual Framework	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts-Cost of Fulfilling a Contract	1 January 2022

The adoption of the above standards and amendments has no material impact on the financial statements of the Group and of the Company in the period of initial application.

Notes to the Financial Statements

(Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective

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

MFRSs, Amendments to MFRSs and IC Interpretation	Effective for annual periods beginning on or after
Amendments to MFRS 101 Presentation of Financial Statements – Classifications of Liabilities as Current or Non-current	1 January 2023
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101 Presentation of Financial Statements – Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 101 Presentation of Financial Statements – Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 16 Leases – Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 10 and MFRS 128: Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application. A summary of the key amendments is as presented below:

Amendments to MFRS 101 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current

The amendments aim to promote consistency in applying the requirements by helping entities to determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt an entity might settle by converting it into equity.

The amendments clarify, not change, existing requirements, and so are not expected to affect entities' financial statements significantly. However, they could result in entities reclassifying some liabilities from current to non-current, and vice versa; this could affect an entity's loan covenants. Early application of the amendments is permitted. These amendments are not expected to have a significant impact on the Group's and the Company's financial statements.

Notes to the Financial Statements

(Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective (Cont'd)

Amendments to MFRS 101 Presentation of Financial Statements – Disclosure of Accounting Policies

The Amendments to MFRS 101 requires entities to disclose their material accounting policy information rather than their significant accounting policies. The Amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements.

To support the Amendments to MFRS 101, MFRS Practice Statement 2 was also amended to provide guidance on how to apply the concept of materiality to accounting policy information disclosures. The guidance and examples provided in the MFRS Practice Statement 2 highlight the need to focus on entity-specific information and demonstrate how the four-step materiality process can address standardised (or boilerplate) information and duplication of requirements of MFRSs in the accounting policy information disclosures. These amendments are not expected to have a significant impact on the Group's and the Company's financial statements.

Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

The Amendments to MFRS 108 revises the definition of accounting estimates to clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because changes in accounting estimates are applied prospectively to transactions, other events, or conditions from the date of that change, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events. These amendments are not expected to have a significant impact on the Group's and the Company's financial statements.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Group controls an investee, if and only if, the Group has all the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (i) The contractual arrangement with the other vote holders of the investee;
- (ii) Rights arising from other contractual arrangements; and
- (iii) The Group's voting rights and potential voting rights.

Notes to the Financial Statements

(Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation (Cont'd)

Subsidiaries are consolidated when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full except for unrealised losses, which are not eliminated when there are indications of impairment.

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

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity.

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

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

Notes to the Financial Statements

(Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation (Cont'd)

Business combinations (Cont'd)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 2.10.

Acquisitions of subsidiaries that include put options to acquire non-controlling interests in the future are accounted for in accordance with MFRS 10 Consolidated Financial Statements. During the period the non-controlling interests put options remain unexercised, the non-controlling interests are calculated and immediately derecognised as though it was acquired at that date. A financial liability with respect to put options is recognised in accordance with MFRS 9 Financial Instruments. The difference between derecognition of the non-controlling interests and recognition of the financial liabilities is accounted for as an equity transaction, and disclosed under capital reserve in equity.

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position, separately from equity attributable to owners of the Company.

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

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Notes to the Financial Statements

(Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Foreign currency

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

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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

(b) Consolidated financial statements

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

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For partial disposals of associates that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and to the Company and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Notes to the Financial Statements

(Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Property, plant and equipment (Cont'd)

Freehold land is stated at cost less accumulated impairment losses, if any. Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	over 20 to 93 years
Golf course	over 60 years
Motor vehicles	14.3% - 20%
Office equipment, furniture and fittings	10% - 33.3%
Plant and machinery	10% - 33.3%
Other assets	5% - 20%

Buildings situated on leased land are amortised over the unexpired term of leases.

Capital work-in-progress is not depreciated as these assets are not yet available for use.

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

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.8 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

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

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

Distribution rights

The distribution rights were acquired in business combinations and amortised on a straight line basis over its finite useful life of 3 years. The useful lives of the distribution rights are estimated based on the current contract duration.

Notes to the Financial Statements

(Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at cost less accumulated depreciation and impairment losses, if any.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	over 36.5 years
-----------	-----------------

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

2.10 Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

2.11 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

Notes to the Financial Statements

(Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Impairment of non-financial assets (Cont'd)

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment loss on goodwill is not reversed in a subsequent period.

2.12 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investment in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.13 Investments in associates

An associate is an entity in which the Group has 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 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 the associate's profit or loss for the period in which the investment is acquired.

An associate is equity accounted for from the date on which the investee becomes an associate.

Notes to the Financial Statements

(Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Investments in associates (Cont'd)

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 the 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 equal 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 and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's 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 asset transferred.

The most recent available audited financial statements of the associate is used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount if the associate and its carrying value, and then recognises the amount in profit or loss.

In the Company's separate financial statements, investment in associate is accounted for at cost less impairment losses, if any. On disposal of such investment, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.14 Financial assets

Initial recognition and measurement

Financial assets are recognised when and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party if the trade receivables do not contain a significant financing component at initial recognition.

Notes to the Financial Statements

(Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Financial assets (Cont'd)

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

- Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

- Fair value through other comprehensive income ("FVOCI")

Financial assets that are held for collection of contractual of cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

- Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss statement in the period in which it arises. Interest income from these financial assets is included in finance income.

Investment in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group and the Company may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the Group's and the Company's right to receive payments is established. For investments in equity instruments which the Group and the Company have not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss.

Notes to the Financial Statements

(Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Financial assets (Cont'd)

Derecognition

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 and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

2.15 Impairment of financial assets

The Group and the Company assess at each financial year end whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. In determining whether credit risk on a financial asset has increased significantly since initial recognition, the Group and the Company use external credit rating and other supportive information to assess deterioration in credit quality of a financial asset where practical. The Group and the Company assess whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For collective basis evaluation, financial assets are grouped on the basis of similar risk characteristics.

The Group and the Company consider past loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

The carrying amount of the financial asset is reduced through the use of an allowance account and the impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance account.

The Group and the Company measure the impairment loss based on the two-step approach to measure the Expected Credit Loss ("ECL") on financial assets:

- 12-month ECL

For a financial asset for which there is no significant increase in credit risk since initial recognition, the Group and the Company shall measure the allowance for impairment for that financial asset at an amount based on the probability of default occurring within the next 12 months considering the loss given default of that financial asset.

- Lifetime ECL

For a financial asset for which there is a significant increase in credit risk since initial recognition, a lifetime ECL for that financial asset is recognised as allowance for impairment by the Group and the Company. If, in a subsequent period the significant increase in credit risk since initial recognition is no longer evident, the Group and the Company shall revert the loss allowance measurement from lifetime ECL to 12-month ECL.

If in a subsequent period, the credit quality improves and reverses any previously assessed significant increase in credit risk since initial recognition, then the impairment loss reverts from lifetime ECL to 12-month ECL.

Notes to the Financial Statements

(Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

For the purpose of the consolidated statements of cash flows, cash and cash equivalents consist of cash and bank balances as defined above, net of outstanding bank overdrafts and deposits pledged with licenced banks.

2.17 Inventories

(a) Trading inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for on a weighted average basis.

(b) Manufacturing inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- (i) Raw materials: purchase costs on a first-in first-out basis.
- (ii) Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

(c) Inventory property

Inventory property cost includes freehold land, amounts paid to contractors for construction, borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

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

2.18 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources 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.

Notes to the Financial Statements

(Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group and the Company determine the classification of their financial liabilities at initial recognition.

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

The Group's and the Company's financial liabilities include trade and other payables, loans and borrowings, and derivative financial instruments.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group and the Company that do not meet the hedge accounting criteria. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in profit or loss.

The Group and the Company have designated interest rate swap as a financial liability at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Financial guarantee contracts

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

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of the loss allowance determined in accordance with the impairment model under MFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Notes to the Financial Statements

(Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Financial liabilities (Cont'd)

Derecognition

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

2.20 Borrowing costs

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

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

2.21 Employee benefits

(a) Short term benefits

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

(b) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligations to pay further contributions if any of the funds does not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as expense in the period in which the related services are performed. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries also make contributions to their respective countries' statutory pension schemes.

(c) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and the Company recognise termination benefits when they are demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Notes to the Financial Statements

(Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Employee benefits (Cont'd)

(d) Defined benefit plans

The Group operates an unfunded, defined benefit plan for its eligible employees. The Group's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods and that benefit is discounted to determine the present value. The discount rate is the market yield at the reporting date on high quality corporate bonds or government bonds. The defined benefit obligation is calculated using the projected unit credit method.

Re-measurements, comprising actuarial gains and losses, are recognised immediately in the statements of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Group recognises restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Group recognises the following changes in the net defined benefit obligation under employee benefits expense in the income statements:

- service costs comprising current service costs, past-service costs, gains and losses on curtailments, and non-routine settlements; and
- net interest expense or income.

2.22 Leases

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

Group as a lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating 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. The accounting policy for rental income is set out in Note 2.23(f).

Notes to the Financial Statements

(Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Leases (Cont'd)

Group as a lessee

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

(a) Right-of-use assets

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

Leasehold land	over 83 to 92 years
Land use rights	over 39 to 99 years
Buildings	over 1 to 36.5 years
Office equipment	over 2 to 5 years

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

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.11.

(b) Lease liabilities

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

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

Notes to the Financial Statements

(Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Leases (Cont'd)

Group as a lessee (Cont'd)

(c) Short-term leases and leases of low-value assets

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

2.23 Revenue

The Group and the Company satisfy a performance obligation and recognise revenue over time if the Group's and the Company's performance:

- (i) Do not create an asset with an alternative use to the Group and the Company and have an enforceable right to payment for performance completed to-date; or
- (ii) Create or enhance an asset that the customer controls as the asset is created or enhanced; or
- (iii) Provide benefits that the customer simultaneously receives and consumes as the Group and the Company perform.

For performance obligations where any one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group and the Company satisfy a performance obligation by delivering the promised goods or services, it creates a contract based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Revenue is measured at the fair value of consideration received or receivable. The following describes the performance obligations in contracts with customers:

(a) Sale of goods

Revenue from sales of goods is recognised net of discounts when control of the asset is transferred to the customer, generally on the delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Dividend income

Dividend income is recognised when the right to receive payment is established.

Notes to the Financial Statements

(Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Revenue (Cont'd)

(c) Rental of hotel rooms and other services

Revenue from rental of hotel rooms and other related services are recognised as and when the services are rendered.

(d) Management income

Management income is received from a third party operator who manages golf course of a subsidiary. The income is recognised on an accrual basis.

(e) Interest income

Interest income is recognised using the effective interest method.

(f) Rental, parking and related services

Rental income is recognised on a straight-line basis over the rental tenancy agreements or over the term of the lease. 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.

Parking and related services are recognised net of discounts, if any, as and when the services are rendered.

(g) Sale of inventory property

Revenue from sales of inventory property is recognised at the point in time when the control of the properties is transferred to the buyers without any significant contractual acts to complete.

(h) Sale of oil palm fresh fruit bunches

Revenue from sale of oil palm fresh fruit bunches is recognised when significant risks and rewards of ownership of goods are transferred to the customer.

2.24 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Notes to the Financial Statements

(Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Income taxes (Cont'd)

(b) Deferred tax

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

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

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

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Notes to the Financial Statements

(Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Income taxes (Cont'd)

(c) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except:

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

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

(d) Sales and Services Tax ("SST")

When SST is incurred, SST is recognised as part of the expense or cost of acquisition of the asset as SST is not recoverable from the taxation authority.

Revenue is recognised net of the amount of SST billed as it is payable to the taxation authority. SST payable to the taxation authority is included as part of payables in the statements of financial position.

2.25 Bearer trees and biological assets

Bearer trees are living plants used in the production or supply of agricultural produce; are expected to bear produce for more than one period; and have a remote likelihood of being sold as agricultural produce, except for incidental scrap sales. Bearer trees are included in property, plant and equipment. Bearer trees mainly include mature oil palm plantations. Mature plantations are depreciated on a straight-line basis over its estimated useful life of 25 years.

In general, oil palms are considered mature 30 to 36 months after field planting.

The carrying values of bearer trees are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year end 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.

A bearer tree is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the bearer trees is included in the income statement in the year the bearer plant is derecognised.

Produce that grows on mature plantations are measured at fair value less estimated point-of-sale costs. Point-of-sale costs include all costs that would be necessary to sell the produce.

Notes to the Financial Statements

(Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.26 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 42, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.27 Share capital and share issuance expenses

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

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.28 Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

2.29 Contingencies

A contingent liability is:

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

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

Notes to the Financial Statements

(Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.30 Fair value measurement

The Group and the Company measure financial instruments, such as, derivatives, and non-financial assets such as properties, at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 39.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group and by the Company.

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

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

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

The Group and the Company determine the policies and procedures for recurring fair value measurement, such as properties and unquoted financial assets.

External valuers may be involved for valuation of significant assets, such as properties and unquoted financial assets. Involvement of external valuers is decided upon annually by the Group and by the Company. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

Notes to the Financial Statements

(Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.30 Fair value measurement (Cont'd)

At each reporting date, the Group and the Company analyse the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's and the Company's accounting policies. For this analysis, the Group and the Company verify the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Group and the Company, in conjunction with the Group's and the Company's external valuers, also compare the changes in the fair value of each asset and liability with relevant external sources, where practical, to determine whether the change is reasonable.

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

2.31 Current and non-current classification

The Group and the Company present assets and liabilities in statements of financial position based on current and non-current classification.

An asset is classified as current when it is:

- expected to be realised or intended to sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within 12 months after the reporting period; or
- cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within 12 months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

Notes to the Financial Statements

(Cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.32 Related parties

A related party is defined as follows:

- (i) a person or a close member of that person's family is related to the Company if that person:
 - (a) has control or joint control over the Company;
 - (b) has significant influence over the Company; or
 - (c) is a member of the key management personnel of the Company or of a parent of the Company.
- (ii) an entity is related to the Company if any of the following conditions applies:
 - (a) if the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (b) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (c) both entities are joint ventures of the same third party;
 - (d) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (e) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
 - (f) the entity is controlled or jointly controlled by a person identified in (i); or
 - (g) a person identified in (i) (a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.33 Contract liabilities

A contract liability is the obligation to transfer goods and services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognised as revenue when the Company performs its obligation under the contracts.

2.34 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised in profit or loss on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Notes to the Financial Statements

(Cont'd)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's and of 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 periods.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's and the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(a) Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on MFRS 140 in making judgement whether a property qualified 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 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 so significant that a property does not qualify as investment property.

One of the buildings of the Group is being substantially let out to earn rental income. Accordingly, this property is classified as investment property.

(b) Control over certain subsidiaries

As at 28 February 2023, the proportion of equity interest of the Group is disclosed in Note 18(a).

Pursuant to the shareholders agreements, the Group is responsible for the management, business direction and strategies of each of the 6 companies, Emas Kerajang Sdn. Bhd., Seruntun Maju Sdn. Bhd., DFZ Emporium Sdn. Bhd., DFZ (M) Sdn. Bhd., Wealthouse Sdn. Bhd. and Kelana Megah Sdn. Bhd.. The Group assessed that it has retained control over the said 6 companies during the financial year through stipulations in the shareholders agreements.

Notes to the Financial Statements

(Cont'd)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of non-financial assets

Management performs impairment testing for the following assets:

- Goodwill;
- Property, plant and equipment;
- Right-of-use assets; and
- Investment in subsidiaries.

The above non-financial assets are tested whenever there is an indication of impairment, except goodwill which is tested for impairment annually. Impairment is recognised when events and circumstances indicate that the non-financial assets may be impaired and the carrying amounts of the non-financial assets exceed the recoverable amounts. Recoverable amount is defined as the higher of the non-financial assets' fair value less costs to sell and its value-in-use.

When value-in-use calculations are undertaken, management estimates the recoverable amount based on a discounted cash flow model. The cash flows are derived from the budget approved by the management. The recoverable amount is sensitive to budgeted gross margin, revenue growth rate as well as the discount rate used for the discounted cash flow model. For impairment assessment of goodwill and investment in subsidiaries, in addition to assumptions mentioned above, the recoverable amount is also sensitive to long term growth rate. Changes in these assumptions may result in changes in recoverable values.

The COVID-19 pandemic has adversely affected the Group's business operations significantly in the previous financial year due to unprecedented level of market volatilities and economic uncertainties. There is high level of uncertainties associated with the current market, economic condition and the speed of post-COVID recovery which affect the assumptions used in the value-in-use calculations. The determination of value-in-use calculations is based on a range of probability-based possible outcomes and these possible outcomes (recovery scenarios) include the expected effects that the pandemic may have on the cash flows projections such as the expected loss of earnings and the subsequent recovery including the effects of the lifting of travel restrictions, the increase in passenger traffic at airports and land borders, following the transition to the endemic phase of COVID-19 as well as the estimated cost savings from cost optimisation measures undertaken by the Group.

The carrying amount of the non-financial assets as at 28 February 2023 and related assumptions are disclosed in their respective notes to the financial statements.

Non-financial assets

Notes to the financial statements

Property, plant and equipment	13
Right-of-use assets	15
Goodwill	16
Investment in subsidiaries	18

Notes to the Financial Statements

(Cont'd)

4. REVENUE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue recognised at a point of time				
Sales of goods	368,123	244,621	–	–
Sale of oil palm fresh fruit bunches	2,286	1,823	–	–
Gross dividends:				
- subsidiaries	–	–	14,398	2,002
Revenue recognised over time				
Rental, parking and related services	7,244	9,272	–	–
Interest income:				
- subsidiaries	–	–	814	1,374
- others	3,611	1,526	396	333
Revenue from contracts with customers	381,264	257,242	15,608	3,709

Contracts balances

Information about receivables and contract liabilities and balances arising from contracts with customers is disclosed as follows:

		Group	
	Note	2023 RM'000	2022 RM'000
Trade receivables	25	34,645	25,780
Capitalised contract costs		484	1,688

Capitalised contract costs consist mainly of costs incurred for sales which have not yet been recognised as revenue.

Contract liabilities primarily relate to the Group's obligation to transfer goods to customers for which the Group has received advances from customers for sale of goods. Contract liabilities are recognised as revenue as the Group performs its obligations under the contract. Contract liabilities have increased due to an increase in the Group's customer base.

Set out below is the amount of revenue recognised from:

	Group	
	2023 RM'000	2022 RM'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	–	210

Notes to the Financial Statements

(Cont'd)

5. OTHER INCOME

Included in other income are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Gain arising from changes in fair value of biological assets	23	55	–	–
Gain arising from changes in fair value of options	222	–	–	–
Gain arising from changes in fair value of marketable securities	2	–	2	–
Gain on disposal of property, plant and equipment	69	762	–	–
Gain on forward foreign exchange contracts	29	–	–	–
Gain on foreign exchange:				
- realised	1,858	1,050	976	–
- unrealised	5,610	3,899	1,289	420
Lease concessions received	164	218	–	–
Deposits forfeited	594	–	–	–
Reversal of impairment loss on receivables:				
- third parties	691	214	–	–
Inventories written back *	7,370	6,038	–	–
Interest income from a third party	2,901	3,600	–	–
Rental income:				
- advertisement space	32	608	–	–
- property, plant and equipment	764	154	–	–

* The write back of inventories was made when the related inventories were sold above their carrying amounts.

6. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	44,283	33,751	236	253
Social security contribution	537	464	–	–
Contribution to defined contribution plan	3,604	3,222	–	–
Provision for/(Reversal of) short term accumulating compensated absences	25	(55)	–	–
Other benefits	4,732	7,998	12	9
	53,181	45,380	248	262

Included in employee benefits expense of the Group are executive directors' remuneration amounting to RM1,706,000 (2022: RM500,000) and amounts recognised pursuant to the wage subsidy program introduced in Malaysia amounting to RM1,963,000 (2022: RM2,895,000).

Notes to the Financial Statements

(Cont'd)

7. DIRECTORS' REMUNERATION

The details of remuneration receivable by directors of the Company during the financial year are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Executive:				
Salaries and other emoluments	1,631	461	–	–
Defined contribution plan	75	39	–	–
Total executive director's remuneration	1,706	500	–	–
Non-executive:				
Salaries and other emoluments	–	469	–	–
Defined contribution plan	–	6	–	–
Fees	363	369	236	253
Benefit-in-kind	–	1	–	–
Total non-executive directors' remuneration	363	845	236	253
Total directors' remuneration	2,069	1,345	236	253
Total directors' remuneration (excluding fees)	1,706	976	–	–

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of directors	
	2023	2022
Executive director:		
RM100,001 – RM150,000	–	1
RM350,001 – RM400,000	–	1
RM500,001 – RM550,000	1	–
RM1,100,001 – RM1,150,000	1	–
Non-executive directors:		
Below RM50,000	9	8
RM100,001 – RM150,000	–	1
RM450,001 – RM500,000	–	1
	11	12

The total number of directors as at 28 February 2023 was 9 (28 February 2022: 10).

Notes to the Financial Statements

(Cont'd)

8. OTHER OPERATING EXPENSES

Included in other operating expenses are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Amortisation of other investments	–	1	–	–
Auditors' remuneration:				
Ernst & Young				
- statutory audit	1,178	1,027	81	70
Other auditors				
- statutory audit	101	106	–	–
Bad debt written off	58	47	–	–
Goods and Services Tax ("GST") related expenses (Note 25)	1,225	–	–	–
Impairment loss on receivables:				
- third parties	8	101	–	–
- subsidiaries	–	–	105	632
Inventories written down	391	198	–	–
Inventories written off	2,561	77	–	–
Loss on foreign exchange:				
- realised	–	1,165	–	–
- unrealised	36	381	–	–
Loss on forward foreign exchange contracts	–	61	–	–
Management fee charged by a subsidiary	–	–	1,000	1,125
Payment in relation to settlement with Customs*	1,500	–	–	–
Property, plant and equipment written off	5	26	–	–

* On 6 July 2022, the Company's subsidiary, Seruntun Maju Sdn. Bhd. ("SMSB"), amicably reached a settlement with the Royal Malaysian Customs ("Customs") whereby Customs has terminated all prosecution and investigation instituted against SMSB and four of its officers. The settlement was recorded as a Consent Order in the High Court of Taiping and on 15 July 2022, SMSB paid a compound of RM1,500,000 to Customs with no admission of guilt or liability. With the above-mentioned settlement with Customs, the said matter with Customs has therefore been resolved.

9. FINANCE COSTS

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
- bankers' acceptance	278	147	–	–
- bank overdrafts	10	16	–	–
- hire purchase liabilities	5	9	–	–
- term loans	1,552	865	1,127	632
- revolving credit	442	437	442	378
- other lease liabilities	6,709	6,275	–	–
	8,996	7,749	1,569	1,010

Notes to the Financial Statements

(Cont'd)

10. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the financial years ended 28 February 2023 and 28 February 2022 are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Current income tax				
- Malaysian income tax	6,839	3,409	211	210
- (Over)/Under provision in respect of previous financial years	(657)	(440)	4	114
	6,182	2,969	215	324
Deferred income tax (Note 22):				
- Origination and reversal of temporary differences	994	(3,212)	-	-
- (Over)/Under provision in respect of previous financial years	(926)	772	-	-
	68	(2,440)	-	-
Income tax expense recognised in profit or loss	6,250	529	215	324

Notes to the Financial Statements

(Cont'd)

10. INCOME TAX EXPENSE (CONT'D)

Reconciliation between tax expense and accounting profit/(loss)

Domestic current income tax is calculated at the Malaysian statutory tax rate of 24% (2022: 24%).

The reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the financial years ended 28 February 2023 and 28 February 2022 are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before tax	33,537	(3,850)	162,565	329
Taxation at Malaysian statutory tax rate of 24%	8,049	(924)	39,016	79
Effect of different tax rates in other country	(271)	(34)	–	–
Effect of tax relief	(84)	(74)	–	–
Effect of expenses not deductible for tax purposes	2,808	1,998	463	611
Effect of income not subject to tax	(37)	(821)	(39,268)	(480)
Utilisation of deferred tax assets previously not recognised	(2,697)	–	–	–
Utilisation of reinvestment allowances	(254)	(191)	–	–
Deferred tax assets recognised	–	(57)	–	–
Deferred tax assets not recognised	319	300	–	–
(Over)/Under provision of deferred tax in previous financial years	(926)	772	–	–
(Over)/Under provision of income tax in previous financial years	(657)	(440)	4	114
Income tax expense recognised in profit or loss	6,250	529	215	324

Notes to the Financial Statements

(Cont'd)

11. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share amounts are calculated by dividing profit/(loss) net of tax attributable to owners of the parent by the number of ordinary shares outstanding during the financial year.

Diluted earnings/(loss) per share are calculated by dividing profit/(loss), net of tax, attributable to owners of the Company by the number of ordinary shares outstanding during the financial year plus the number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflect the profit/(loss) and share data used in the computation of basic and diluted earnings/(loss) per share for the financial years ended 28 February 2023 and 28 February 2022:

	Group	
	2023	2022
	RM'000	RM'000
Profit/(Loss) net of tax attributable to owners of the parent	21,896	(793)

	Group	
	2023	2022
	Number of shares '000	Number of shares '000
Number of ordinary shares for basic earnings/(loss) per share computation	253,650	253,650
Number of ordinary shares for diluted earnings/(loss) per share computation	253,650	253,650

There have been no transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

12. DIVIDENDS

	Company	
	2023	2022
	RM'000	RM'000
Recognised during the financial year:		
Dividends on ordinary shares:		
In respect of the financial year ended 28 February 2023		
- First interim single-tier dividend of 4%	10,146	-
In respect of the financial year ended 28 February 2022		
- First interim single-tier dividend of 5%	-	12,683
	10,146	12,683

The directors do not recommend the payment of any final dividend in respect of the financial year ended 28 February 2023.

Notes to the Financial Statements

(Cont'd)

13. PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings* RM'000	Golf course RM'000	Capital work-in-progress RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Plant and machinery RM'000	Bearer trees RM'000	Other assets RM'000	Total RM'000
At 28 February 2023									
Cost									
At 1 March 2022	148,522	44,648	6,639	10,929	48,564	93,284	2,825	2,409	357,820
Additions	279	-	3,580	397	233	2,182	-	1	6,672
Disposals	-	-	(368)	(377)	(17)	(2,315)	-	-	(3,077)
Write-offs	-	-	-	(169)	(26)	(25)	-	(1)	(221)
Transfers	-	-	(1,083)	-	-	1,083	-	-	-
Exchange difference	-	-	-	-	(3)	-	-	-	(3)
At 28 February 2023	148,801	44,648	8,768	10,780	48,751	94,209	2,825	2,409	361,191
Accumulated depreciation and impairment losses									
At 1 March 2022	74,779	17,942	-	9,481	40,857	79,627	1,196	814	224,696
Depreciation charge for the financial year	2,642	766	-	434	1,826	3,870	113	56	9,707
Disposals	-	-	-	(377)	(17)	(2,315)	-	-	(2,709)
Write-offs	-	-	-	(168)	(23)	(24)	-	(1)	(216)
Exchange difference	-	-	-	-	(3)	-	-	-	(3)
At 28 February 2023	77,421	18,708	-	9,370	42,640	81,158	1,309	869	231,475
Analysed as:									
Accumulated depreciation	71,216	18,708	-	9,370	41,366	81,033	1,309	862	223,864
Accumulated impairment losses	6,205	-	-	-	1,274	125	-	7	7,611
	77,421	18,708	-	9,370	42,640	81,158	1,309	869	231,475
Net carrying amount	71,380	25,940	8,768	1,410	6,111	13,051	1,516	1,540	129,716

Notes to the Financial Statements

(Cont'd)

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Land and buildings* RM'000	Golf course RM'000	Capital work-in-progress RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Plant and machinery RM'000	Bearer trees RM'000	Other assets RM'000	Total RM'000
At 28 February 2022									
Cost									
At 1 March 2021	149,206	44,648	4,970	10,898	48,573	95,259	2,825	2,420	358,799
Additions	135	-	6,061	344	195	1,082	-	-	7,817
Disposals	(243)	-	-	(303)	(101)	(6,341)	-	(5)	(6,993)
Write-offs	-	-	-	(10)	(103)	(393)	-	(6)	(512)
Reclassifications	715	-	(4,392)	-	-	3,677	-	-	-
Transferred to investment property	(1,091)	-	-	-	-	-	-	-	(1,091)
Adjustment [^]	(200)	-	-	-	-	-	-	-	(200)
At 28 February 2022	148,522	44,648	6,639	10,929	48,564	93,284	2,825	2,409	357,820

[^] Adjustment pertains to credit note received from vendor

Notes to the Financial Statements

(Cont'd)

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Land and buildings* RM'000	Golf course RM'000	Capital work-in-progress RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Plant and machinery RM'000	Bearer trees RM'000	Other assets RM'000	Total RM'000
Accumulated depreciation and impairment losses									
At 1 March 2021	72,459	17,176	-	9,364	39,048	82,609	1,083	766	222,505
Depreciation charge for the financial year	2,671	766	-	430	1,997	3,738	113	57	9,772
Disposals	(243)	-	-	(303)	(101)	(6,335)	-	(5)	(6,987)
Write-offs	-	-	-	(10)	(87)	(385)	-	(4)	(486)
Transferred to investment property	(108)	-	-	-	-	-	-	-	(108)
At 28 February 2022	74,779	17,942	-	9,481	40,857	79,627	1,196	814	224,696
Analysed as:									
Accumulated depreciation	68,574	17,942	-	9,481	39,583	79,502	1,196	807	217,085
Accumulated impairment losses	6,205	-	-	-	1,274	125	-	7	7,611
	74,779	17,942	-	9,481	40,857	79,627	1,196	814	224,696
Net carrying amount	73,743	26,706	6,639	1,448	7,707	13,657	1,629	1,595	133,124

Notes to the Financial Statements

(Cont'd)

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

* Land and buildings

	Buildings RM'000	Freehold land RM'000	Total RM'000
Group			
At 28 February 2023			
Cost			
At 1 March 2022	135,174	13,348	148,522
Additions	279	–	279
At 28 February 2023	135,453	13,348	148,801
Accumulated depreciation and impairment losses			
At 1 March 2022	74,779	–	74,779
Depreciation charge for the financial year	2,642	–	2,642
At 28 February 2023	77,421	–	77,421
Analysed as:			
Accumulated depreciation	71,216	–	71,216
Accumulated impairment losses	6,205	–	6,205
	77,421	–	77,421
Net carrying amount	58,032	13,348	71,380

Notes to the Financial Statements

(Cont'd)

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

* Land and buildings (Cont'd)

	Buildings RM'000	Freehold land RM'000	Total RM'000
At 28 February 2022			
Cost			
At 1 March 2021	135,858	13,348	149,206
Additions	135	–	135
Disposals	(243)	–	(243)
Reclassification	715	–	715
Transferred to investment property	(1,091)	–	(1,091)
Adjustment [^]	(200)	–	(200)
At 28 February 2022	135,174	13,348	148,522
Accumulated depreciation and impairment losses			
At 1 March 2021	72,459	–	72,459
Depreciation charge for the financial year	2,671	–	2,671
Disposals	(243)	–	(243)
Transferred to investment property	(108)	–	(108)
At 28 February 2022	74,779	–	74,779
Analysed as:			
Accumulated depreciation	68,574	–	68,574
Accumulated impairment losses	6,205	–	6,205
	74,779	–	74,779
Net carrying amount	60,395	13,348	73,743

Notes to the Financial Statements

(Cont'd)

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Office equipment, furniture and fittings RM'000
At 28 February 2023	
Cost	
At 1 March 2022/28 February 2023	73
Accumulated depreciation	
At 1 March 2022/28 February 2023	72
Net carrying amount	1
At 28 February 2022	
Cost	
At 1 March 2021/28 February 2022	73
Accumulated depreciation	
At 1 March 2021/28 February 2022	72
Net carrying amount	1

- (a) During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM6,672,000 (2022: RM7,817,000).

	2023 RM'000	Group 2022 RM'000
Cash payment	6,584	7,817
Capitalisation of restoration cost	88	–
	6,672	7,817

The net carrying amount of plant and equipment held under hire purchase liabilities as at reporting date are as follows:

	2023 RM'000	Group 2022 RM'000
Motor vehicles	49	142

Notes to the Financial Statements

(Cont'd)

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (b) Included in the plant and machinery of the Group are staff costs capitalised amounting to RM153,000 (2022: RM164,000).
- (c) Impairment loss recognised

During the current financial year, the management performed a review of the recoverable amounts of the property, plant and equipment and right-of-use assets (Note 15).

The recoverable amounts of the property, plant and equipment and right-of-use assets for the retail business have been determined based on value-in-use calculations using probability-weighted cash flow projections approved by management. The financial forecasts which were approved include management's different possible recovery scenarios of passenger traffics at outlets located at airports and borders. The pre-tax discount rate applied to cash flows projection is 7.6% to 18.2% (2022: 16.2% to 23.5%). The recoverable amounts of the property, plant and equipment for the hospitality business is determined using the income approach. The income approach entails the study of the income statements for the past three years and analysing these accounts to determine the profit to the owner, from which the outgoings are subtracted to arrive at the possible income. The yield rate used is 8.5% (2022: 8.0%).

For the financial year ended 28 February 2023, management recognised impairment loss on right-of-use assets of RM85,000 (2022: RM Nil) (Note 15) and no impairment loss on property, plant and equipment (2022: RM Nil).

14. INVESTMENT PROPERTIES

	2023 RM'000	Group 2022 RM'000
Cost		
At beginning of the financial year	113,886	109,577
Additions	–	1,926
Transferred from property, plant and equipment	–	1,091
Transferred from right-of-use assets	–	1,292
At end of the financial year	113,886	113,886
Accumulated depreciation and impairment losses		
At beginning of the financial year	82,999	81,119
Depreciation charge for the financial year	1,907	1,772
Transferred from property, plant and equipment	–	108
At end of the financial year	84,906	82,999
Analysed as:		
Accumulated depreciation	61,906	59,999
Accumulated impairment losses	23,000	23,000
	84,906	82,999
Net carrying amount	28,980	30,887

Notes to the Financial Statements

(Cont'd)

14. INVESTMENT PROPERTIES (CONT'D)

	Group	
	2023 RM'000	2022 RM'000
Fair values	72,736	84,675
Direct operating expenses arising from income generating investment properties included in income statements	3,592	3,527

The fair value of the investment properties was based on a valuation report provided by an independent qualified valuer and estimation by the directors. Valuation was based on current prices in an active market for certain properties and where appropriate, the investment method reflecting receipt of contractual rentals, expected future market rentals, current market yields, void periods, maintenance requirements and approximate capitalisation rates are used. At the reporting date, the directors have estimated the fair values of an investment property of the Group. The fair values have been determined by reference to market evidence of transaction prices for similar properties.

Investment properties with net carrying amount of RM26,744,000 (2022: RM28,612,000) are situated on a land owned by a third party with whom the Group has recognised in right-of-use assets as disclosed in Note 15.

Investment properties with a net carrying amount of RM28,980,000 (2022: RM30,887,000) are pledged as securities for borrowings (Note 32).

A quantitative sensitivity analysis of the change in the yield rate as at 28 February 2023 and 28 February 2022 is shown below:

Description	Fair value RM'000	Valuation technique	Unobservable inputs	Range	Sensitivity of the input to fair value
Buildings	70,500 (2022: 82,400)	Investment method	Yield adjustments based on management's assumptions*	7.75% to 8.25% (2022: 7.50% to 8.00%)	0.5% increase or decrease in the yield rate would result in decrease or increase in fair value by approximately RM2.1 million (2022: RM2.6 million).

* The yield adjustments are made for any difference in the nature, location or condition of the specific property.

Notes to the Financial Statements

(Cont'd)

15. RIGHT-OF-USE ASSETS

Group as lessor

The Group has entered into operating leases on its buildings and advertisement space. These leases have terms of less than 1 year to 3 years. Rental income recognised by the Group during the financial year is RM6,341,000 (2022: RM9,872,000).

Future minimum rentals receivable under non-cancellable operating lease are as follows:

	Building RM'000
At 28 February 2023	
Within one year	2,757
After one year but not more than 5 years	1,505
	4,262
At 28 February 2022	
Within one year	5,545
After one year but not more than 5 years	3,055
	8,600

Group as lessee

The Group has lease contracts for various items of leasehold land, land use rights, buildings (office premises, retail outlets, warehouse, staff quarters) and office equipment used for its operations. Leases of leasehold land generally have lease terms between 83 and 92 years, land use rights generally have lease terms between 39 and 99 years, buildings generally have lease terms between 1 and 36.5 years while office equipment generally have lease terms between 2 and 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options and variable lease payments.

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

Notes to the Financial Statements

(Cont'd)

15. RIGHT-OF-USE ASSETS (CONT'D)

Group as lessor (Cont'd)

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the financial year:

	Leasehold land RM'000	Land use rights RM'000	Buildings RM'000	Total RM'000
As at 1 March 2022	2,100	20,273	90,509	112,882
Additions	–	–	2,853	2,853
Lease modification	–	–	28	28
Depreciation expense	(118)	(450)	(7,640)	(8,208)
Impairment loss	–	–	(85)	(85)
At 28 February 2023	1,982	19,823	85,665	107,470

	Leasehold land RM'000	Land use rights RM'000	Buildings RM'000	Total RM'000
As at 1 March 2021	3,527	20,723	97,573	121,823
Additions	–	–	541	541
Lease expirations/terminations	–	–	(177)	(177)
Depreciation expense	(135)	(450)	(7,428)	(8,013)
Transferred to investment property	(1,292)	–	–	(1,292)
At 28 February 2022	2,100	20,273	90,509	112,882

Included in right-of-use assets are commitments in respect of a non-cancellable lease expiring in 2038 for a piece of property leased by a subsidiary, Naluri Properties Sdn. Bhd. ("NPSB"). NPSB has an option to renew its lease for another 30 years after the expiry of the lease.

Please refer to Note 13(d) to the financial statements for details on the impairment assessment of the right-of-use assets.

16. GOODWILL

	Group	
	2023 RM'000	2022 RM'000
Cost		
At beginning/end of the financial year	27,408	27,408
Accumulated impairment loss		
At beginning/end of the financial year	(21,590)	(21,590)
Net carrying amount at beginning/end of the financial year	5,818	5,818

Notes to the Financial Statements

(Cont'd)

16. GOODWILL (CONT'D)

(a) Allocation of goodwill

Goodwill has been allocated to the Group's cash-generating unit ("CGU") identified according to business segment as follows:

	Group	
	2023	2022
	RM'000	RM'000
Trading of duty free goods, dutiable and non-dutiable merchandise	5,818	5,818

(b) Key assumptions used in value-in-use calculations

The recoverable amount of the CGUs is determined based on value in use calculations using probability-weighted cash flow projections from financial forecasts with key assumptions approved by management covering a five-year period. The financial forecasts which were approved include management's different scenarios of possible recovery of passenger traffics at outlets located at airports and land borders from COVID-19 pandemic.

In the financial year ended 28 February 2023 and 28 February 2022, no impairment loss has been recognised by management on goodwill arising from acquisition of these CGUs.

Key assumptions used in the discounted cash flow models are revenue growth rates, budgeted gross margins, ability to renew duty free licences, discount rates, and long-term growth rate.

(i) Revenue growth rates

The revenue projection for the first year is determined based on financial budget prepared. Revenue growth rates for financial year ("FY") 2024 range between 6% to 14% and 3% to 48% for FY2025 to FY2028. (2022: Revenue growth rates for FY2023 range between 3% to 18% and 3% to 5% for FY2024 to FY2027).

(ii) Budgeted gross margin

The budgeted gross margins for the trading of duty free goods and non-dutiable merchandise segment are in the range of 22% to 24% (2022: 10% to 25%) which is based on average gross margin achieved in past years.

(iii) Duty free licences

The duty free business requires a number of licences, which include duty free shop licence, wholesale dealer's licence, bonded warehouse licence and/or liquor import licence. It is assumed that the licences will be renewed upon their expiry on terms and conditions which are not less favourable.

Notes to the Financial Statements

(Cont'd)

16. GOODWILL (CONT'D)

(b) Key assumptions used in value-in-use calculations (Cont'd)

(iv) Long-term growth rates

The forecasted long-term growth rates are based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGUs. The forecasted growth rate used to extrapolate cash flow projections beyond the five-year period is 2.2% (2022: 2.2%).

(v) Pre-tax discount rate

The pre-tax discount rate applied to the cash flow projections is 15.4% to 15.6% (2022: 16.1% to 16.2%) based on weighted average cost of capital of the Group.

(c) Sensitivity to changes in assumptions

With regards to the assessment of value in use of all CGUs, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the units to materially exceed their recoverable amounts.

17. INTANGIBLE ASSETS

	Distribution rights Group	
	2023 RM'000	2022 RM'000
Cost		
At beginning of the financial year	619	619
Written off	(619)	–
At end of the financial year	–	619
Accumulated amortisation		
At beginning of the financial year	619	457
Amortisation	–	162
Written off	(619)	–
At end of the financial year	–	619
Net carrying amount	–	–

Distribution rights relate to the various distribution contracts for the Group's beverages distribution business that were acquired in business combination. As explained in Note 2.8, the useful life of these rights is estimated to be 3 years. The amortisation of distribution rights is included in the profit or loss. These rights were fully amortised during financial year 2022 and written off during financial year 2023 respectively.

Notes to the Financial Statements

(Cont'd)

18. INVESTMENT IN SUBSIDIARIES

	Company	
	2023	2022
	RM'000	RM'000
Quoted equity instruments, at cost		
outside Malaysia	686,963	686,963
Unquoted shares, at cost	326,797	301,797
	1,013,760	988,760
Less: Accumulated impairment losses	(375,969)	(525,045)
	637,791	463,715

During the financial year, the Company subscribed for 25,000,000 Convertible Redeemable Preference Shares ("CRPS") fully paid up in the capital of Naluri Properties Sdn. Bhd. by way of capitalisation of debts amounting to RM25,000,000 owing to the Company.

- (a) Details of the subsidiaries, which were incorporated and operate in Malaysia (unless otherwise indicated), as at 28 February 2023, are as follows:

Name of Company	Proportion of ownership interest in ordinary shares		Principal activities
	2023	2022	
	%	%	
Arah Induk Sdn. Bhd.	100	100	Dormant
Atlan Properties Sdn. Bhd.	100	100	Investment holding
Atlan Technology Sdn. Bhd.	100	100	Dormant
Atlan Orient Sdn. Bhd.	100	100	Dormant
Naluri Properties Sdn. Bhd.	100	100	Property investment, general construction and apartment hotel business
Duty Free International Limited ("DFIL") (Incorporated in Singapore) +^	76	76	Investment holding
United Industries Holdings Sdn. Bhd. ("UIH")	100	100	Investment holding
Blossom Time Sdn. Bhd.	100	100	Property development
Timeless Image Sdn. Bhd. *****	100	100	Investment holding
RZ Equities Sdn. Bhd. **	100	100	Dormant
Trifiniti Networks Sdn. Bhd. ***	–	100	Dormant
Zon Hospitality Services Sdn. Bhd. ****	–	100	Dormant
Atlan Assets Sdn. Bhd. *****	100	100	Dormant

Notes to the Financial Statements

(Cont'd)

18. INVESTMENT IN SUBSIDIARIES (CONT'D)

- (a) Details of the subsidiaries, which were incorporated and operate in Malaysia (unless otherwise indicated), as at 28 February 2023, are as follows (Cont'd):

Name of Company	Proportion of ownership interest in ordinary shares		Principal activities
	2023 %	2022 %	
Atlan Management Sdn. Bhd.	100	100	Providing various administration, advisory, management, planning, functions and assistance to its holding company and related companies
Atlan Development Sdn. Bhd.	100	100	Dormant
Ocean Pride Sdn. Bhd.	100	100	Dormant
Belia Karisma Sdn. Bhd. *****	100	100	Dormant
Gardenia Success Sdn. Bhd.	100	100	Dormant
Held through Belia Karisma Sdn. Bhd. and Atlan Assets Sdn. Bhd.			
Naluri International Limited (Incorporated in Hong Kong) #*	–	100	Investment holding
Held through DFIL			
DFZ Capital Sdn. Bhd. ("DFZ")	76	76	Investment holding
Darul Metro Sdn. Bhd.	76	76	Dormant
Orchard Boulevard Sdn. Bhd.	76	76	Investment holding and resort development
Zon Duty Free Pte. Ltd. (Incorporated in Singapore) #	76	76	Wholesaler and distributor of duty free and non-dutiable merchandise
Brand Connect Holding Pte. Ltd. (Incorporated in Singapore) #*	59	59	Investment holding

Notes to the Financial Statements

(Cont'd)

18. INVESTMENT IN SUBSIDIARIES (CONT'D)

- (a) Details of the subsidiaries, which were incorporated and operate in Malaysia (unless otherwise indicated), as at 28 February 2023, are as follows (Cont'd):

Name of Company	Proportion of ownership interest in ordinary shares		Principal activities
	2023	2022	
	%	%	
Held through DFZ			
DFZ Trading Sdn. Bhd.	76	76	Investment holding and management services
Selasih Eksklusif Sdn. Bhd.	76	76	Retailer of duty free and non-dutiable merchandise
Winner Prompt Sdn. Bhd.	76	76	Licenced distributor and wholesaler of duty free merchandise
Emas Kerajang Sdn. Bhd. @	53	53	Retailer of duty free and non-dutiable merchandise
Seruntun Maju Sdn. Bhd. @	53	53	Retailer of duty free and non-dutiable merchandise
Held through Darul Metro Sdn. Bhd.			
Binamold Sdn. Bhd.	76	76	Property investment
Held through Orchard Boulevard Sdn. Bhd.			
Gold Vale Development Sdn. Bhd.	76	76	Dormant
Kelana Megah Sdn. Bhd. @	31	76	Dormant
Cergasjaya Properties Sdn. Bhd.	76	76	Resort development, properties management and cultivation of oil palm
Black Forest Golf and Country Club Sdn. Bhd.	76	76	Dormant
Tenggara Senandung Sdn. Bhd.	76	76	Dormant
DFZ Asia Sdn. Bhd.	76	76	Investment holding

Notes to the Financial Statements

(Cont'd)

18. INVESTMENT IN SUBSIDIARIES (CONT'D)

- (a) Details of the subsidiaries, which were incorporated and operate in Malaysia (unless otherwise indicated), as at 28 February 2023, are as follows (Cont'd):

Name of Company	Proportion of ownership interest in ordinary shares		Principal activities
	2023 %	2022 %	
Held through Orchard Boulevard Sdn. Bhd. (Cont'd)			
PT DFZ Indon (Incorporated in Indonesia) #	75	75	Dormant
Held by Brand Connect Holding Pte. Ltd.			
Drinks Hub Asia Pte. Ltd. (Incorporated in Singapore) #	59	59	Wholesaler of beverages
Brand Connect Asia Pacific Pte. Ltd. (Incorporated in Singapore) #	59	59	Wholesaler of beverages
Held through DFZ Trading Sdn. Bhd.			
Cergasjaya Sdn. Bhd.	76	76	Wholesaler and retailer of duty free and non-dutiable merchandise
Melaka Duty Free Sdn. Bhd.	39	39	Retailer of duty free and non-dutiable merchandise
DFZ Duty Free Supplies Sdn. Bhd.	76	76	Wholesaler and distributor of duty free and non-dutiable merchandise
Jasa Duty Free Sdn. Bhd.	76	76	Retailer of duty free and non-dutiable merchandise
DFZ Emporium Sdn. Bhd. @	22	22	Retailer of duty free and non-dutiable merchandise
DFZ (M) Sdn. Bhd. @	53	53	Retailer of duty free and non-dutiable merchandise
Wealthouse Sdn. Bhd. @	22	22	Retailer of duty free and non-dutiable merchandise

Notes to the Financial Statements

(Cont'd)

18. INVESTMENT IN SUBSIDIARIES (CONT'D)

- (a) Details of the subsidiaries, which were incorporated and operate in Malaysia (unless otherwise indicated), as at 28 February 2023, are as follows (Cont'd):

Name of Company	Proportion of ownership interest in ordinary shares		Principal activities
	2023 %	2022 %	
Held through DFZ Trading Sdn. Bhd. (Cont'd)			
Jelita Duty Free Supplies Sdn. Bhd.	76	76	Wholesaler and distributor of duty free and non-dutiable merchandise
DFZ Duty Free (Langkawi) Sdn. Bhd.	76	76	Retailer of duty free and non-dutiable merchandise
Zon Emporium Sdn. Bhd.	76	76	Dormant
DFZ Utara Sdn. Bhd.	76	76	Dormant
Held through DFZ Asia Sdn. Bhd.			
PT DFZ Indon (Incorporated in Indonesia) #	1	1	Dormant
Held through Brand Connect Asia Pacific Pte. Ltd.			
Brand Connect Pte. Ltd. (Incorporated in Singapore) #	59	59	Retail sale of beverages
Held through UIH			
United Industries Sdn. Bhd.	100	100	Manufacturing and marketing of exhaust systems and other automotive component parts
United Sanoh Industries Sdn. Bhd.	70	70	Manufacturing and distribution of brake, fuel, other automotive component parts and clutch tubings

Notes to the Financial Statements

(Cont'd)

18. INVESTMENT IN SUBSIDIARIES (CONT'D)

- (a) Details of the subsidiaries, which were incorporated and operate in Malaysia (unless otherwise indicated), as at 28 February 2023, are as follows (Cont'd):

Name of Company	Proportion of ownership interest in ordinary shares		Principal activities
	2023	2022	
	%	%	
Held through UIH (Cont'd)			
UVI Advance Technology Sdn. Bhd.	100	100	Dormant
Held through UIH and United Industries Sdn. Bhd.			
United Vehicles Industries Sdn. Bhd.	100	100	Manufacturing and marketing of fuel tanks, other automotive component parts and wheelbarrows

+ A corporation listed on Singapore Stock Exchange ("SGX-ST")

^ Audited by member firm of Ernst & Young Global in Singapore

Audited by a firm other than Ernst & Young PLT

@ Accounted as subsidiaries with 76% effective ownership as the Group has full control in the entities through the terms of non-voting Convertible Redeemable Preference Shares and shareholder agreements entered into by the Group and the non-controlling interests.

* Company was deregistered from the Companies Registry of Hong Kong on 10 June 2022 and ceased to be a subsidiary of the Group.

** An application to strike off the Company had been submitted since financial year ended 29 February 2016.

*** Company was struck off with effect from 3 March 2022.

**** Company was struck off with effect from 14 March 2022.

***** Company was struck off with effect from 2 March 2023.

- (b) Subsidiaries with material non-controlling interests

The Group regards DFIL and its subsidiaries ("DFIL Group") and United Sanoh Industries Sdn. Bhd. ("USISB") as subsidiaries which have non-controlling interests that are material to the Group. The equity interest held by non-controlling interests are as follows:

	DFIL Group		USISB	
	2023 %	2022 %	2023 %	2022 %
Equity interest held by non-controlling interests	24	24	30	30

Notes to the Financial Statements

(Cont'd)

18. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Subsidiaries with material non-controlling interests (Cont'd)

The summarised financial information of DFIL Group and USISB is set out below. The information presented below is based on the amounts before inter-company elimination.

(i) Summarised statements of financial position

	DFIL Group		USISB	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Non-current assets	174,110	184,029	13,731	12,860
Current assets	304,006	264,125	51,441	51,833
Total assets	478,116	448,154	65,172	64,693
Current liabilities	27,117	16,617	21,767	20,294
Non-current liabilities	106,508	100,767	4,229	4,991
Total liabilities	133,625	117,384	25,996	25,285
Net assets	344,491	330,770	39,176	39,408
Equity attributable to owners of the company	258,044	249,685	27,423	27,586
Non-controlling interests	86,447	81,085	11,753	11,822
	344,491	330,770	39,176	39,408

Notes to the Financial Statements

(Cont'd)

18. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Subsidiaries with material non-controlling interests (Cont'd)

(ii) Summarised statements of comprehensive income

	DFIL Group		USISB	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	151,797	99,125	78,077	49,235
Profit/(Loss) for the financial year	15,420	(5,977)	5,751	(1,184)
Profit/(Loss) attributable to:				
Owners of the company	11,754	(2,747)	4,026	(829)
Non-controlling interests	3,666	(3,230)	1,725	(355)
	15,420	(5,977)	5,751	(1,184)
Item that may be reclassified to profit or loss in subsequent periods				
- Remeasurement on defined benefit plans	–	–	17	–
- Foreign currency translation	563	801	–	–
Total comprehensive income	15,983	(5,176)	5,768	(1,184)
Total comprehensive income attributable to:				
Owners of the company	12,179	(2,184)	4,038	(829)
Non-controlling interests	3,804	(2,992)	1,730	(355)
	15,983	(5,176)	5,768	(1,184)
Dividends paid to non-controlling interests	1,957	–	1,800	450

Notes to the Financial Statements

(Cont'd)

18. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Subsidiaries with material non-controlling interests (Cont'd)

(iii) Summarised statements of cash flows

	DFIL Group		USISB	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Net cash (used in)/generated from:				
- Operating activities	(1,778)	1,368	8,954	(255)
- Investing activities	5,460	(41,366)	(4,118)	(2,058)
- Financing activities	(4,795)	(7,200)	(1,797)	(5,571)
Net (decrease)/increase in cash and cash equivalents	(1,113)	(47,198)	3,039	(7,884)
Effects of foreign exchange rate changes	4,461	5,430	—	—
Cash and cash equivalents at beginning of the financial year	143,461	185,229	8,774	16,658
Cash and cash equivalents at end of the financial year	146,809	143,461	11,813	8,774

(c) Acquisition of additional interest in DFZ Capital Sdn Bhd ("DFZ")

On 7 December 2021, a subsidiary of the Company, DFIL acquired 15% of equity interest in DFZ for a cash consideration of RM45,919,000.

	Group 2022 RM'000
Considerations paid to non-controlling shareholders	45,919
Carrying amount of interest acquired in DFZ	(9,994)
Differences recognised in other reserves	35,925

Notes to the Financial Statements

(Cont'd)

18. INVESTMENT IN SUBSIDIARIES (CONT'D)

(d) Impairment loss recognised

The management of the Company has carried out a review of the recoverable amount of its investment in subsidiaries. The recoverable amount was based on the higher of fair value less cost to sell and value-in-use. The value-in-use calculation for DFIL was derived from probability-based cash flow projections based on the financial forecasts with key assumptions approved by management covering a five-year period. The financial forecasts which were approved include the management's different scenarios of possible recovery of passenger traffics at outlets located at airports and land borders. Based on the assessment, impairment losses of RM149,076,000 was reversed during the financial year when the recoverable amount is above the carrying amount of investment in DFIL.

The key assumptions used in value-in-use calculations are presented below:

(i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margin is the average gross margin achieved in the year immediately before the budgeted year, increased for expected efficiency improvements. The budgeted gross margins are in the range from 32% to 36% (2022: 23% to 26%).

(ii) Revenue growth rates

The revenue projection for the first year is determined based on financial budget prepared. Revenue growth rates for financial year ("FY") 2024 range between 19% to 27% and 3% to 37% for FY2025 to FY2028. (2022: 2023 ranged between 144% to 204% and 16% to 36% for FY2024 to FY2026).

(iii) Long-term growth rates

The forecasted growth rates are based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGUs. The forecasted growth rate used to extrapolate cash flow projections beyond the five-year period is 2.2% (2022: 2.1%).

(iv) Pre-tax discount rate

The pre-tax discount rate applied to the probability-based discounted cash flow projections is 14.9% to 15.2% based on weighted average cost of capital of the Group (2022: 15.6% to 15.7%).

Sensitivity to changes in assumptions

With regards to the assessment of value in use of all CGUs, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the units to materially exceed their recoverable amounts.

Notes to the Financial Statements

(Cont'd)

19. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unquoted shares in Malaysia, at cost	437	437	437	437
Less: Accumulated impairment loss	–	–	(137)	(281)
	437	437	300	156
Shares of post acquisition results	(137)	(281)	–	–
	300	156	300	156
Represented by:				
Share of net assets of an associate	300	156	300	156

The particulars of the an associate, which is incorporated in Malaysia, are as follows:

Name of Company	Proportion of ownership interest in ordinary shares		Principal activities
	2023 %	2022 %	
Scandinavian Avionics (Malaysia) Sdn. Bhd. #	25	25	Sale of aviation related electrical instruments and the provision of avionics support services

Audited by a firm other than Ernst & Young PLT

The financial year end of the associate is 31 December. The results of the associate is accounted for in the Group's financial statements under the equity method, based on the most recently available audited financial statements and the unaudited management financial statements of the associate made up to period ended 28 February 2023.

The associate requires the parent's consent to distribute its profits. The parent does not foresee giving such consent at the reporting date.

The associate had no contingent liabilities or capital commitments as at 28 February 2023 or 28 February 2022.

Notes to the Financial Statements

(Cont'd)

19. INVESTMENT IN AN ASSOCIATE (CONT'D)

The summarised financial information of the associate is set out below and represents the amounts in the financial statements of the associate and not the Group's share of those amounts.

(a) Summarised statement of financial position

	2023 RM'000	Group 2022 RM'000
Non-current assets	2,770	2,537
Current assets	379	372
Total assets	3,149	2,909
Current liabilities, representing total liabilities	1,949	2,285
Net assets	1,200	624

(b) Summarised statement of comprehensive income

	2023 RM'000	Group 2022 RM'000
Revenue	7,807	387
Profit/(Loss) net of tax, representing total comprehensive income	576	(794)

(c) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in the associate

	2023 RM'000	Group 2022 RM'000
Net assets at beginning of the financial year	624	1,418
Profit/(Loss) net of tax	576	(794)
Net assets at end of the financial year	1,200	624
Interest in the associate	25%	25%
Carrying value of Group's interest in the associate	300	156

Notes to the Financial Statements

(Cont'd)

20. OTHER INVESTMENTS

	Group	
	2023	2022
	RM'000	RM'000
Unquoted shares at cost		
- in Malaysia	21	21
Corporate golf club and vacation club memberships at cost	123	123
Less: Accumulated amortisation	(10)	(10)
	113	113
	134	134

21. PREPAYMENTS

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Current				
Prepaid rental	3,400	–	–	–
Prepaid other operating expenses	3,228	2,714	27	22
	6,628	2,714	27	22
Non-current				
Prepaid development return*	4,000	3,500	–	–
Total prepayments	10,628	6,214	27	22
Amount to be charged out to profit or loss:				
- Not later than 1 year	6,628	2,714	27	22
- Later than 1 year but not later than 5 years	4,000	3,500	–	–
	10,628	6,214	27	22

Included in prepaid rental is the rental paid in advance by the Group in relation to one of the Group's retail outlets.

* Related to development return paid to the State Government of Johor and City Council of Johor, as a condition precedent to be fulfilled under the agreement for the proposed sale of Kelana Megah Sdn. Bhd.'s intended lease interests in the land parcel as mentioned in Note 29.

Notes to the Financial Statements

(Cont'd)

22. DEFERRED TAX

	2023 RM'000	Group 2022 RM'000
At beginning of the financial year	1,795	4,257
Recognised in profit or loss (Note 10)	68	(2,440)
Recognised in equity	38	(22)
At end of the financial year	1,901	1,795

Presented after appropriate offsetting as follows:

Deferred tax assets	(7,736)	(7,926)
Deferred tax liabilities	9,637	9,721
	1,901	1,795

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	Property, plant and equipment RM'000	Right- of-use assets RM'000	Total RM'000
At 1 March 2022	12,324	20,809	33,133
Recognised in profit or loss	(596)	634	38
At 28 February 2023	11,728	21,443	33,171
At 1 March 2021	10,532	19,737	30,269
Recognised in profit or loss	1,792	1,072	2,864
At 28 February 2022	12,324	20,809	33,133

Notes to the Financial Statements

(Cont'd)

22. DEFERRED TAX (CONT'D)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows (Cont'd):

Deferred tax assets of the Group:

	Unutilised tax losses and unabsorbed capital allowances RM'000	Others RM'000	Lease liability RM'000	Total RM'000
At 1 March 2022	(5,919)	(1,645)	(23,774)	(31,338)
Recognised in profit or loss	934	781	(1,685)	30
Recognised in equity	–	38	–	38
At 28 February 2023	(4,985)	(826)	(25,459)	(31,270)
At 1 March 2021	(2,895)	(904)	(22,213)	(26,012)
Recognised in profit or loss	(3,024)	(719)	(1,561)	(5,304)
Recognised in equity	–	(22)	–	(22)
At 28 February 2022	(5,919)	(1,645)	(23,774)	(31,338)

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unabsorbed capital allowances	52,650	52,813	818	818
Unabsorbed reinvestment allowances	9,711	9,711	–	–
Unutilised tax losses	249,088	255,242	–	–
Other deductible temporary differences	106,115	109,706	–	–
	417,564	427,472	818	818

Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profits of other subsidiaries in the Group and they have been arisen in subsidiaries that have insufficient profits to fully utilise these unabsorbed capital allowances, unabsorbed reinvestment allowances, unutilised tax losses and other deductible temporary differences in the foreseeable future. The prior year comparatives have been restated to reflect the revised deferred tax assets available to the Group.

Notes to the Financial Statements

(Cont'd)

22. DEFERRED TAX (CONT'D)

The unabsorbed capital allowances, unabsorbed reinvestment allowances and unutilised tax losses are available for offsetting against future taxable profits subject to no substantial change in shareholdings under the Income Tax Act, 1967 and guidelines issued by the tax authority. The ability to carry forward unutilised tax losses and unabsorbed reinvestment allowances are restricted to a maximum period of seven consecutive Year of Assessment ("YA"), effective YA 2019. Based on the latest Malaysian Finance Act gazetted on 31 December 2021, the time limit for the carry forward of the unused tax losses has been extended from 7 years to 10 years. As a result of this change, the unused tax losses accumulated up to the year of assessment 2018 are allowed to be carried forward for 10 consecutive years of assessment and any balance of the unused tax losses thereafter shall be disregarded.

The unabsorbed capital allowances, unabsorbed reinvestment allowances, and unutilised tax losses of the Group are available for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholding of those entities under Income Tax Act, 1967 and guidelines issued by the tax authority, as follows:

	Group	
	2023 RM'000	2022 RM'000
Utilisation period		
With no expiry	55,856	56,251
Within 5 years from recognition	236,068	–
Within 6 to 10 years from recognition	40,301	281,852
	332,225	338,103

23. INVENTORIES

	Group	
	2023 RM'000	2022 RM'000
Cost		
Raw materials	23,030	33,230
Work in progress	5,934	5,581
Trading goods	89,806	53,258
Finished goods	2,136	1,880
Inventory property	13,665	13,665
Consumables	241	309
Goods in transit	1,119	2,783
	135,931	110,706

Notes to the Financial Statements

(Cont'd)

23. INVENTORIES (CONT'D)

During the financial year, the amount of inventories recognised as an expense in the income statements was RM231,020,000 (2022: RM173,059,000).

Inventories are written down to the estimated net realisable value. The net realisable value of the inventories are determined based on the expected sales.

The inventories written down mainly relate to selected inventories, of which sales for such inventories are expected to be low.

24. BIOLOGICAL ASSETS

	Group	
	2023	2022
	RM'000	RM'000
At fair value		
At beginning of the financial year	155	100
Gain arising from changes in fair value	23	55
At end of the financial year	178	155

Mature oil palm trees produce fresh fruit bunches ("FFB"), which are used to produce Crude Palm Oil ("CPO") and Palm Kernel ("PK"). The Group adopted the Amendments to MFRS 116 and MFRS 141 on 1 March 2016, which changed the accounting requirements for biological assets. Bearer plant will now fall within the scope of MFRS 116 Property, Plant and Equipment whereas agricultural produce growing on bearer trees (e.g. fruit growing on a tree) will remain within the scope of MFRS 141 Agriculture. The fair values of bearer fruits are determined by using the total sales figure in the following month with the assumptions of all the fruits harvested are sold subsequently to the customer.

During the financial year, the Group's bearer fruits produced approximately 2,600 tonnes (2022: 2,100 tonnes) of FFB. The selling prices per tonne for those FFB based on CPO and PK selling price ranged between RM2,200 to RM5,900 (2022: RM2,600 to RM6,400). The selling prices per tonne for those FFB were based on a calculation using the periodic market prices of CPO and PK and contracted pre-determined extraction rates of CPO and PK as agreed with the buyer of FFB crop.

Notes to the Financial Statements

(Cont'd)

25. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current				
Other receivables				
Due from subsidiaries	–	–	3,004	27,011
Current				
Trade receivables				
Third parties	35,199	27,163	–	–
Less: Allowance for impairment	(554)	(1,383)	–	–
Trade receivables, net	34,645	25,780	–	–
Other receivables				
Due from subsidiaries	–	–	16,965	17,484
Less: Allowance for impairment	–	–	(16,965)	(16,984)
	–	–	–	500
Deposit paid for proposed acquisitions (Note 43)	11,495	–	11,495	–
Deposits	4,379	6,516	3	3
Due from Berjaya Waterfront Sdn. Bhd.	40,338	40,434	–	–
Sundry receivables	2,628	3,479	16	7
GST receivable	–	1,225	–	–
	58,840	51,654	11,514	10
Less: Allowance for impairment	(68)	(141)	–	–
Other receivables, net	58,772	51,513	11,514	510
Total current trade and other receivables, net	93,417	77,293	11,514	510
Total trade and other receivables	93,417	77,293	14,518	27,521
Less: GST receivable	–	(1,225)	–	–
Total trade and other receivables excluding GST receivable	93,417	76,068	14,518	27,521
Add: Cash and bank balances (Note 28)	207,174	217,673	25,052	38,399
Total financial assets carried at amortised cost	300,591	293,741	39,570	65,920

Notes to the Financial Statements

(Cont'd)

25. TRADE AND OTHER RECEIVABLES (CONT'D)

Trade receivables

Trade receivables are non-interest bearing and are generally on 14 to 120 days (2022: 14 to 120 days) terms. Other credit terms are assessed and approved on a case-by-case basis. Trade receivables are recognised at their original invoice amounts which represent their fair values on initial recognition.

Due from subsidiaries

The amounts owing from subsidiaries are unsecured and are recoverable on demand. The interest bearing and non-interest bearing amounts are as follows:

	Company	
	2023	2022
	RM'000	RM'000
Interest bearing	3,004	27,511

The effective interest is 5.0% (2022: 5.0%) per annum.

Due from Berjaya Waterfront Sdn. Bhd. ("Berjaya Waterfront")

The amount due from Berjaya Waterfront is related to the uncollected portion of the sale consideration for the Group's interests over leasehold properties in The Zon Johor Bahru, which was completed in March 2013. This balance is subject to interest throughout the term that the balance was outstanding. The interest rate was initially at 6% per annum, but this has been revised to 7% per annum from 16 April 2022 onwards.

The balance of RM40.0 million was scheduled to be due on 15 April 2023. On 15 April 2023, both parties had mutually agreed that Berjaya Waterfront shall pay the remaining deferred consideration of RM40.0 million on or before 15 April 2024 and Berjaya Waterfront will continue to pay interest at the rate of 7% per annum on unpaid consideration on quarterly basis.

The amount is guaranteed by Berjaya Waterfront's holding company.

GST receivable

In the previous financial year, a subsidiary of the Company, Seruntun Maju Sdn. Bhd. ("SMSB") had received Bills of Demand dated 2 November 2017 from the Royal Malaysian Customs of Perak Darul Ridzuan ("Customs") which demanded payments of GST amounting to RM1,225,000 for the period from 1 April 2015 to 31 December 2016. The GST receivable amounting to RM1,225,000 has been expensed off during the year.

Notes to the Financial Statements

(Cont'd)

25. TRADE AND OTHER RECEIVABLES (CONT'D)

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2023	2022
	RM'000	RM'000
Neither past due nor impaired	28,562	22,084
1 to 30 days past due not impaired	2,417	2,051
31 to 60 days past due not impaired	2,038	297
61 to 90 days past due not impaired	248	310
91 to 120 days past due not impaired	628	220
More than 120 days past due not impaired	752	818
Past due but not impaired	6,083	3,696
Impaired	554	1,383
	35,199	27,163

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to RM6,083,000 (2022: RM3,696,000) that are past due at the reporting date but not impaired. Although these balances are unsecured in nature, they are mostly due from creditworthy debtors.

None of the Group's trade receivables that are past due but not impaired have been renegotiated during the financial year.

Trade receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2023	2022
	RM'000	RM'000
Individually impaired		
Trade receivables - nominal amounts	554	1,383
Less: Allowance for impairment	(554)	(1,383)
	—	—

Notes to the Financial Statements

(Cont'd)

25. TRADE AND OTHER RECEIVABLES (CONT'D)

Trade receivables that are impaired (Cont'd)

Movement in allowance accounts:

	Group	
	2023	2022
	RM'000	RM'000
At beginning of the financial year	1,383	1,506
Charge for the year	8	53
Written back	(648)	(167)
Write off against trade receivables	(216)	(22)
Exchange difference	27	13
At end of the financial year	554	1,383

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in legal disputes or financial difficulties, and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Management conducts periodic assessment on its trade receivable balances on an account-by-account basis. Hence, all impairment losses are provided for specific trade receivable balances. Management is of the opinion that there is no further factor that warrants the consideration of additional impairment losses on a collective basis.

Other receivables that are impaired

Other receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2023	2022
	RM'000	RM'000
Individually impaired		
Sundry receivables - nominal amounts	68	141
Less: Allowance for impairment	(68)	(141)
	–	–

	Company	
	2023	2022
	RM'000	RM'000
Individually not impaired		
Due from subsidiaries	3,004	27,511
Individually impaired		
Due from subsidiaries - nominal amounts	16,965	16,984
	19,969	44,495
Less: Allowance for impairment	(16,965)	(16,984)
	3,004	27,511

Notes to the Financial Statements

(Cont'd)

25. TRADE AND OTHER RECEIVABLES (CONT'D)

Other receivables that are impaired (Cont'd)

Movement in allowance accounts:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial year	141	2,278	16,984	17,660
Charge for the year	–	48	105	632
Reversal	(43)	(47)	–	–
Write off against other receivables	(30)	(2,138)	(124)	(1,308)
At end of the financial year	68	141	16,965	16,984

Sundry receivables that are individually determined to be impaired at the reporting date relate to debtors that are in legal disputes or financial difficulties, and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Management conducts periodic assessment on its sundry receivable balances on an account-by-account basis. Hence, all impairment losses are provided for specific sundry receivable balances. Management is of the opinion that there is no further factor that warrants the consideration of additional impairment losses on a collective basis.

26. MARKETABLE SECURITIES

	Group and Company			
	2023		2022	
	Carrying	Market value	Carrying	Market value
	amount	of quoted	amount	of quoted
	RM'000	investments	RM'000	investments
		RM'000		RM'000
Held for trading investments				
Equity instruments				
- Quoted outside Malaysia	4	4	2	2

Changes in fair value

During the financial year, the Group and the Company have recognised an increase in fair value amounting to RM2,000 (2022: RM Nil) with regards to the equity instruments.

Notes to the Financial Statements

(Cont'd)

27. DERIVATIVE ASSETS AND LIABILITIES

	Notional amount RM'000	Assets RM'000	Liabilities RM'000
Group			
At 28 February 2023			
Forward currency contracts	1,093	29	–
		29	–
At 28 February 2022			
Call and put options	(222)	–	(222)
		–	(222)
		Assets RM'000	Liabilities RM'000
Group			
At 28 February 2023			
Current		29	–
At 28 February 2022			
Non-current		–	(222)

The Group uses forward foreign currency contracts to manage some of its transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency translation exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting. The derivatives represent total financial assets and liabilities at fair value through profit or loss, classified held for trading.

During the financial year, the Group recognised gain on forward foreign exchange contracts amounting to RM29,000 (2022: loss of RM61,000) arising from fair value changes of financial derivative. The fair value changes are attributable to changes in foreign exchange and forward rate.

The call and put options relate to the acquisition of Brand Connect Holding Pte. Ltd. ("BCH") in financial year ended 28 February 2019. The carrying amount has been adjusted to RM Nil as the options are no longer expected to be exercised due to the planned voluntary liquidation of BCH within the next financial year.

Notes to the Financial Statements

(Cont'd)

28. CASH AND BANK BALANCES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash on hand and at banks	83,483	92,740	1,350	1,138
Deposits with licenced banks	123,691	124,933	23,702	37,261
	207,174	217,673	25,052	38,399

Cash at banks earns interest at floating rates based on daily bank deposit rates. Deposits with licenced banks are made for varying periods of between one day and one year (2022: one day and one year) depending on the immediate cash requirements of the Group and of the Company, and earn interest at the respective deposit rates. The effective interest rates for the Group and the Company were 0.3% to 2.87% (2022: 0.18% to 2.05%) per annum and 0.30% to 2.87% (2022: 0.30% to 1.88%) per annum, respectively.

Deposits with licenced banks of the Group amounting to RM13,110,000 (2022: RM12,940,000) are pledged to banks for credit facilities granted to certain subsidiaries as disclosed in Note 32.

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the reporting date:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash on hand and at banks	83,483	92,740	1,350	1,138
Deposits with licenced banks	123,691	124,933	23,702	37,261
	207,174	217,673	25,052	38,399
Deposits pledged with licenced banks	(13,110)	(12,940)	–	–
Cash and cash equivalents	194,064	204,733	25,052	38,399

Notes to the Financial Statements

(Cont'd)

29. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade payables				
Third parties	48,888	31,552	–	–
Other payables				
Sundry payables	10,279	9,317	94	144
GST payable	–	41	–	–
Sales and Service Tax (“SST”) payable	20	21	–	–
Accruals	13,086	17,798	678	272
Deposits payable	3,293	3,692	–	–
Rental payable	798	1,320	–	–
Royalty payable	1,544	445	–	–
Deposits received for proposed disposal	–	560	–	–
Put option liability	–	5,592	–	–
	29,020	38,786	772	416
Total trade and other payables	77,908	70,338	772	416
Less: GST payable	–	(41)	–	–
Total trade and other payables excluding GST payable	77,908	70,297	772	416
Add: Borrowings (Note 32)	37,573	49,351	19,934	24,631
Add: Lease liabilities (Note 33)	104,116	96,115	–	–
Total financial liabilities carried at amortised cost	219,597	215,763	20,706	25,047

Trade payables

The amounts are non-interest bearing. The credit terms of trade payables normally range from 30 to 120 days (2022: 30 to 120 days).

Sundry payables

The amounts are non-interest bearing. Sundry payables are normally settled on an average term of 30 to 120 days (2022: 30 to 120 days).

Deposits received for proposed disposal

This deposit relates to the proposed sale of Kelana Megah Sdn. Bhd.’s intended lease interests in the land parcel bearing lot number PTB 20379 to Berjaya Waterfront Sdn. Bhd. for a consideration of RM27,990,000 (“KMSB Agreement”). However, the Agreement was rescinded and revoked on 8 April 2022. The deposit was hence deemed forfeited and is recognised as income during the financial year.

Put options liability

The put options liability reflects the carrying value of the put options to acquire the 22.22% non-controlling interest in a subsidiary, Brand Connect Holding Pte. Ltd. (“BCH”) in the prior year. As at 28 February 2023, the carrying value of the liability has been adjusted to RM Nil as the option is no longer expected to be exercised due to the planned voluntary liquidation of BCH within the next financial year.

Notes to the Financial Statements

(Cont'd)

30. PROVISION FOR RESTORATION COSTS

	Group	
	2023 RM'000	2022 RM'000
At beginning of the financial year	782	907
Provision during the year	88	–
Written off during the year	–	(125)
At end of the financial year	870	782
Analysis of present value of restoration costs:		
Not later than 1 year	198	110
Later than 1 year and not later than 5 years	672	672
	870	782
Less: Amount due within 12 months	(198)	(110)
Amount due after 12 months	672	672

Provision represents the estimated costs of asset dismantlement, removal or restoration of premises arising from the use of such premises, which are capitalised and included in right-of-use assets and property, plant and equipment.

31. EMPLOYEE BENEFITS

The Group's defined benefit plan is unfunded and is only applicable to employees who are in the scope of the two Collective signed between the National Union of Transport Equipment and Allied Industries Workers and 3 subsidiaries of the Group.

The latest signed Collective Agreements are for the period from 1 March 2020 to 28 February 2023 and they shall subsist until superseded by new Collective Agreements.

Based on the latest signed Collective Agreements, employees who retire upon reaching the optional retirement age of 55 up to the mandatory retirement age of 60, retire on medical grounds as certified by the appointed Company Doctor, or employees who pass away while in the employ of the Group are eligible to receive the retirement benefit. This retirement benefit ceases with effect from 31 December 2016 and the benefit shall be calculated up to 31 December 2016 for eligible employees upon the employees retiring on attaining the retirement age.

Notes to the Financial Statements

(Cont'd)

31. EMPLOYEE BENEFITS (CONT'D)

The same Collective Agreements stated that in place of the above retirement benefit, eligible employees shall receive an additional 1% based on their basic salary, in respect of the Group's contribution to the Employees Provident Fund.

- (a) The amounts recognised in the statements of financial position are determined as follows:

	Group	
	2023	2022
	RM'000	RM'000
Present value of unfunded defined benefit obligations	2,139	2,626
Analysed as:		
Current	434	408
Non-current:		
Later than 1 year but not later than 2 years	238	252
Later than 2 years but not later than 5 years	569	766
Later than 5 years	898	1,200
	1,705	2,218
Total employee benefits	2,139	2,626

- (b) Movement in the net liability recognised in the statements of financial position:

	Group	
	2023	2022
	RM'000	RM'000
At beginning of the financial year	2,626	2,731
Remeasurement (gain)/loss on other comprehensive income	(159)	92
Benefits paid	(328)	(197)
At end of the financial year	2,139	2,626

Notes to the Financial Statements

(Cont'd)

31. EMPLOYEE BENEFITS (CONT'D)

- (c) Principal actuarial assumptions used at the reporting date (expressed as weighted average):

	Group	
	2023	2022
	%	%
Discount rate	4.2	4.1

- (d) A quantitative sensitivity analysis of the change in the rates as at 28 February 2023 and 28 February 2022 is shown below:

		Group	
		2023	2022
		Impact on	Impact on
		defined	defined
		benefit	benefit
	Increase/ (decrease)	obligations	obligations
	%	RM'000	RM'000
Discount rate	1.0	(113)	(128)
Discount rate	(1.0)	113	128

- (e) The expected benefit payments in future years are as follows:

	Group	
	2023	2022
	RM'000	RM'000
Not later than 1 year	452	408
Later than 1 year and not later than 5 years	924	1,122
Later than 5 years and not later than 10 years	761	840
More than 10 years	626	–
	2,763	2,370

Notes to the Financial Statements

(Cont'd)

32. BORROWINGS

		Group		Company	
	Maturity	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current					
Secured:					
Bankers' acceptances	2024	5,718	9,530	–	–
Revolving credit	2024	–	2,000	–	–
Term loans					
- term loan	2024	6,952	5,463	4,959	4,819
- Islamic term loan	2023	–	765	–	–
		12,670	17,758	4,959	4,819
Unsecured:					
Revolving credit	2024	10,000	10,000	10,000	10,000
		22,670	27,758	14,959	14,819
Non-current					
Secured:					
Term loans					
- term loan	2025-2032	14,903	21,593	4,975	9,812
		14,903	21,593	4,975	9,812
Total borrowings					
		37,573	49,351	19,934	24,631
Total borrowings					
Bankers' acceptances		5,718	9,530	–	–
Revolving credit		10,000	12,000	10,000	10,000
Term loans		21,855	27,821	9,934	14,631
Total borrowings		37,573	49,351	19,934	24,631
Maturity of borrowings					
Not later than 1 year		22,670	27,758	14,959	14,819
Later than 1 year and not later than 5 years		10,806	16,005	4,975	9,812
More than 5 years		4,097	5,588	–	–
		37,573	49,351	19,934	24,631

Notes to the Financial Statements

(Cont'd)

32. BORROWINGS (CONT'D)

The borrowings are secured by way of:

- fixed charges on certain properties of the Group with a net carrying amount of RM28,980,000 (2022: RM30,887,000);
- deposits with licenced banks of the Group amounting to RM13,110,000 (2022: RM12,940,000);
- fixed and floating charges over all present and future assets of certain subsidiaries; and
- corporate guarantees by the Company and by certain subsidiaries of the Group.

Bankers' acceptances

Bankers' acceptances bear interest rates which range from 4.1% to 4.67% (2022: 2.17% to 3.0%) per annum. The bankers' acceptances are secured by corporate guarantee by certain subsidiaries of the Group.

Term loans

Term loans bear interest rate at BLR - 0.50% to 1.2% per annum. The term loan is secured by certain investment properties of the Group and corporate guarantee by the Company.

Islamic term loan

Islamic term loan bears interest rate at base financing rate ("BFR") - 1.50% per annum. The term loan is secured by certain properties of the Group and corporate guarantee by the Company.

Revolving credit

Certain revolving credits are secured by corporate guarantee by the Group and bear interest rate at 0.8% per annum above cost of fund ("COF"). The unsecured revolving credit bears interest rate at 4.95% per annum (2022: 3.80% per annum).

33. LEASE LIABILITIES

		Group 2023 RM'000	2022 RM'000
Current			
Hire-purchase liabilities	(a)	49	79
Other lease liabilities	(b)	1,447	476
		1,496	555
Non-current			
Hire-purchase liabilities	(a)	-	49
Other lease liabilities	(b)	102,620	95,511
		102,620	95,560
Total lease liabilities		104,116	96,115

Notes to the Financial Statements

(Cont'd)

33. LEASE LIABILITIES (CONT'D)

(a) Hire purchase liabilities

	2023 RM'000	Group 2022 RM'000
Future minimum payments:		
Not later than 1 year	50	84
Later than 1 year and not later than 2 years	–	50
Total future minimum payments	50	134
Less: Future finance charges	(1)	(6)
Present value of hire purchase liabilities	49	128

Analysis of present value of hire purchase liabilities:

Not later than 1 year	49	79
Later than 1 year and not later than 2 years	–	49
	49	128
Less: Amount due within 12 months	(49)	(79)
Amount due after 12 months	–	49

Hire purchase liabilities

These obligations are secured by a charge over the hire purchase assets (Note 13). The discount rates implicit in the leases of the Group at 2.99% (2022: 2.99%) per annum.

(b) Other lease liabilities

	2023 RM'000	Group 2022 RM'000
At beginning of the financial year	95,987	90,552
Additions	2,852	541
Accretion of interest (Note 9)	6,709	6,275
Lease concessions received	(117)	(106)
Lease modifications/terminations	28	(192)
Payments of:		
- Principal	(1,193)	(890)
- Interest	(199)	(193)
At end of the financial year	104,067	95,987
Analysed as:		
Current	1,447	476
Non-current	102,620	95,511
	104,067	95,987

Notes to the Financial Statements

(Cont'd)

33. LEASE LIABILITIES (CONT'D)

(b) Other lease liabilities (Cont'd)

The maturity analysis of lease liabilities are disclosed in Note 40(b).

The following are the amounts recognised in profit or loss:

	Group	
	2023 RM'000	2022 RM'000
Depreciation expense of right-of-use assets	8,208	8,013
Interest expense on lease liabilities	6,709	6,275
Impairment loss on right-of-use assets	85	–
Lease concessions received	(117)	(106)
Lease concessions received related to prior year	(47)	(112)
Expenses relating to short-term leases	1,196	614
Total amount recognised in profit and loss	16,034	14,684

The Group had total cash outflows for leases of RM7,301,000 (2022: RM1,886,000) for the financial year ended 28 February 2023. The Group also had non-cash additions to right-of-use assets and lease liabilities of RM2,852,000 (2022: RM541,000) for the financial year ended 28 February 2023.

The future cash outflows which are not capitalised in lease liabilities:

Variable lease payments

The Group has lease contracts for retail stores that contain variable lease payments based on a percentage of sales generated by the stores, on top of fixed payments. The variable lease payments are incurred and recognised in profit or loss amounted to RM5,080,000 (2022: RM Nil) for the financial year ended 28 February 2023.

34. SHARE CAPITAL

	Number of shares '000	Share Capital (Issued and fully paid) RM'000
Group and Company		
At 1 March 2022 and 28 February 2023	253,650	356,528
At 1 March 2021 and 28 February 2022	253,650	356,528

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 residual assets.

Notes to the Financial Statements

(Cont'd)

35. OTHER RESERVE

Other reserve arises from changes in the Group's equity interest in subsidiaries.

	Group	
	2023 RM'000	2022 RM'000
At beginning of the financial year	(78,102)	(50,567)
Allotment of new ordinary shares by a subsidiary	1	–
Effect of changes in shareholdings in a subsidiary	–	(27,134)
Derecognition of put options liability	2,541	–
Unexercised put option of non-controlling interests	–	(401)
At end of the financial year	(75,560)	(78,102)

With the transactions above, the Company's equity interest in DFIL is 75.53% (2022: 75.53%) as at 28 February 2023.

36. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings as at 28 February 2023 and 28 February 2022 under the single tier system.

37. COMMITMENTS

Capital commitments

	Group	
	2023 RM'000	2022 RM'000
Capital expenditure		
<u>Approved and contracted for:</u>		
Property, plant and equipment	10,178	11,070
<u>Approved but not contracted for:</u>		
Property, plant and equipment	9,435	12,438
	19,613	23,508

Included in capital expenditure is RM9,500,000 (2022: RM10,000,000) in relation to development return payable to the State Government of Johor and City Council of Johor, as a condition precedent to be fulfilled under the agreement for proposed sale of Kelana Megah Sdn. Bhd.'s intended lease interests in the land parcel as disclosed in Note 29.

Notes to the Financial Statements

(Cont'd)

38. RELATED PARTY DISCLOSURES

(a) Significant transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Dividend income from subsidiaries	—	—	(14,398)	(2,002)
Donation to Yayasan Harmoni*	500	670	—	—
Purchases from Heinemann Asia Pacific Pte. Ltd. ("HAP")	—	26,340	—	—
Management fee paid/payable to HAP	—	305	—	—
Ad-space rental received/receivable from HAP	—	(589)	—	—
Reimbursement of costs from HAP	—	(4,300)	—	—
Interest income from subsidiaries	—	—	(814)	(1,374)
Management fee charged by a subsidiary	—	—	1,000	1,125

* Dato' Sri Adam Sani Bin Abdullah is the founder and executive chairman of Yayasan Harmoni, a non-profitable non-government organisation.

(b) Compensation of key management personnel

The remuneration of certain directors and other members of key management during the financial year were as follows:

	Group	
	2023 RM'000	2022 RM'000
Short-term employee benefits	3,962	2,725
Defined contribution plan	364	207
	4,326	2,932

Included in the remuneration of total key management personnel are:

	Group	
	2023 RM'000	2022 RM'000
Directors' remuneration (excluding fees)	1,706	976

Notes to the Financial Statements

(Cont'd)

39. FAIR VALUE OF ASSETS AND LIABILITIES

(a) Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: 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); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(b) Fair value of assets and liabilities that are carried at fair value

The following table shows an analysis of each class of assets and liabilities carried at fair value by level of fair value hierarchy:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
At 28 February 2023				
Assets measured at fair value				
Financial assets:				
Marketable securities (Note 26)	4	–	–	4
Derivative assets (Note 27)	–	29	–	29
Non-financial assets:				
Biological assets (Note 24)	–	–	178	178
Assets for which fair values are disclosed				
Investment properties (Note 14)	–	–	70,500	70,500

Notes to the Financial Statements

(Cont'd)

39. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(b) Fair value of assets and liabilities that are carried at fair value (Cont'd)

The following table shows an analysis of each class of assets and liabilities carried at fair value by level of fair value hierarchy (Cont'd):

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
At 28 February 2022				
Assets measured at fair value				
Financial assets:				
Marketable securities (Note 26)	2	–	–	2
Non-financial assets:				
Biological assets (Note 24)	–	–	155	155
Liabilities measured at fair value				
Financial liabilities:				
Derivative liabilities (Note 27)				
- Call and put options	–	–	222	222
Assets for which fair values are disclosed				
Investment properties (Note 14)	–	–	82,400	82,400
Company				
At 28 February 2023				
Assets measured at fair value				
Financial assets:				
Marketable securities (Note 26)	4	–	–	4
At 28 February 2022				
Assets measured at fair value				
Financial assets:				
Marketable securities (Note 26)	2	–	–	2

Notes to the Financial Statements

(Cont'd)

39. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(c) Level 1 fair value measurements

Marketable securities (Note 26): Fair value is determined directly by reference to their published market bid price at the reporting date (Level 1).

(d) Level 2 fair value measurements

Derivatives (Note 27): Forward currency contracts are valued using a valuation technique with market observable inputs (Level 2). The most frequently applied valuation techniques include forward pricing models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

(e) Level 3 fair value measurements

The following is a description of the fair value measurements using significant unobservable inputs (Level 3):

Biological assets (Note 24): The fair values of bearer fruits are determined by using the total sales figure in the following month with the assumptions of all the fruits harvested are sold subsequently to the customer.

Call and put options (Note 27): The fair values of call and put options in 2022 are determined by using Black-Scholes tree model, which includes some assumptions that are supported by observable market data. The key inputs used in determining the fair value are as follows:

Description	Fair value as at 28 February 2022 RM'000	Valuation techniques	Unobservable inputs	Range (weighted average)
Call and put options	222	Black-Scholes	Exercise price	USD
				2,252,000
			Time to expire	7.6 years
			Volatility	29.58%
			Risk free rate	1.41%
			Dividend yield	0%

As disclosed in Note 29, as at 28 February 2023, the carrying amount of the call and put option liability has been adjusted to RM Nil as the option is no longer expected to be exercised due to the planned voluntary liquidation of BCH within the next financial year.

Notes to the Financial Statements

(Cont'd)

39. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(f) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value:

	Note
Trade and other receivables (current)	25
Trade and other payables (current)	29
Borrowings (current)	32

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of current borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Amounts due from/(to) holding company, subsidiaries and a related company and finance lease obligations.

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

(g) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

	2023		2022	
	Carrying value RM'000	Fair amount RM'000	Carrying value RM'000	Fair amount RM'000
Group				
Hire purchase liabilities (Notes 33)	49	49	128	130

Notes to the Financial Statements

(Cont'd)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Group and by the Company. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been, throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's credit risk is primarily attributable to trade receivables.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 60 days when they fall due, which are derived based on the Group's historical information.

Notes to the Financial Statements

(Cont'd)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (Cont'd)

The Group considers “low risk” to be an investment grade credit rating with at least one major rating agency for those investments with credit rating. To assess whether there is a significant increase in credit risk, the company compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the customer
- Significant increases in credit risk on other financial instruments of the same customer
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- Significant changes in the expected performance and behaviour of the customer, including changes in the payment status of borrowers in the group and changes in the operating results of the customer

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

A summary of the Group's basis for recognition of the Group's expected credit loss (“ECL”) for trade receivables, debt securities and other receivable is as follows:

Assets classifications	Basis for recognition of expected credit loss provision
Trade receivables	Lifetime ECL (simplified approach)
Debt securities	12-month ECL
Other receivables	12-month ECL
Due from Berjaya Waterfront Sdn. Bhd.	Lifetime ECL

The gross carrying amount of trade and other receivables are disclosed in Note 25.

Notes to the Financial Statements

(Cont'd)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (Cont'd)

Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due. The loss allowance provision as at 28 February 2023 and 28 February 2022 incorporates forward looking information such as forecast of economic conditions.

Summarised below is the information about the credit risk exposure on the Group's trade receivables using provision matrix.

	Current RM'000	More than 30 days past due RM'000	More than 60 days past due RM'000	More than 90 days past due RM'000	Total RM'000
28 February 2023					
Gross carrying amount	2,417	2,038	248	1,934	6,637
Loss allowance provision	–	–	–	(554)	(554)

	Current RM'000	More than 30 days past due RM'000	More than 60 days past due RM'000	More than 90 days past due RM'000	Total RM'000
28 February 2022					
Gross carrying amount	2,051	297	310	2,421	5,079
Loss allowance provision	–	–	–	(1,383)	(1,383)

Debt securities and other receivables

The company's debt securities at amortised cost are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. Management considers 'low credit risk' for the debt securities when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

As for other receivables including amount due from Berjaya Waterfront Sdn. Bhd., the Group assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in. The Group measured the impairment loss allowance using general approach of ECL and determined that the ECL is insignificant.

Excessive risk concentration

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets, except for the amount due from Berjaya Waterfront Sdn. Bhd. as described in Note 25.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position.
- Nominal amount of RM94,880,000 (2022: RM94,880,000) relating to corporate guarantees provided by the Company as securities for banking facilities to certain subsidiaries.

Notes to the Financial Statements

(Cont'd)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (Cont'd)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the industry sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

	Group		Group	
	2023		2022	
	RM'000	% of total	RM'000	% of total
By business segments:				
Property and hospitality	464	1%	346	1%
Trading of duty free goods, dutiable and non-dutiable merchandise	1,981	6%	1,034	4%
Automotive	32,200	93%	24,400	95%
	34,645	100%	25,780	100%

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 25.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements.

In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

As at 28 February 2023, the Group's holding of cash and short-term deposits amounting to RM194,064,000 (2022: RM204,733,000) are expected to be sufficient for working capital purposes as well as meet its on-going financial commitments in the next financial year.

Notes to the Financial Statements

(Cont'd)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

	← 2023 →			
	On demand or within one year RM'000	One to five years RM'000	More than five years RM'000	Total RM'000
Group				
Financial assets:				
Trade and other receivables	93,417	–	–	93,417
Derivative assets	29	–	–	29
Cash and bank balances	207,174	–	–	207,174
Total undiscounted financial assets	300,620	–	–	300,620
Financial liabilities:				
Trade and other payables	77,908	–	–	77,908
Borrowings	23,842	12,500	4,377	40,719
Lease liabilities	10,720	54,919	101,232	166,871
Total undiscounted financial liabilities	112,470	67,419	105,609	285,498
Total net undiscounted financial assets/(liabilities)	188,150	(67,419)	(105,609)	15,122
Company				
Financial assets:				
Other receivables	14,518	–	–	14,518
Cash and bank balances	25,052	–	–	25,052
Total undiscounted financial assets	39,570	–	–	39,570
Financial liabilities:				
Other payables	772	–	–	772
Borrowings	15,625	5,304	–	20,929
Total undiscounted financial liabilities	16,397	5,304	–	21,701
Total net undiscounted financial assets/(liabilities)	23,173	(5,304)	–	17,869

Notes to the Financial Statements

(Cont'd)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities (Cont'd)

The table below summarises the maturity profile of the Group's and of the Company's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations (Cont'd).

	2022			
	On demand or within one year RM'000	One to five years RM'000	More than five years RM'000	Total RM'000
Group				
Financial assets:				
Trade and other receivables	76,068	–	–	76,068
Cash and bank balances	217,673	–	–	217,673
Total undiscounted financial assets	293,741	–	–	293,741
Financial liabilities:				
Trade and other payables	70,297	–	–	70,297
Derivatives liabilities	–	–	222	222
Borrowings	29,293	19,614	6,099	55,006
Lease liabilities	992	52,384	112,448	165,824
Total undiscounted financial liabilities	100,582	71,998	118,769	291,349
Total net undiscounted financial assets/(liabilities)	193,159	(71,998)	(118,769)	2,392
Company				
Financial assets:				
Other receivables	27,521	–	–	27,521
Cash and bank balances	38,399	–	–	38,399
Total undiscounted financial assets	65,920	–	–	65,920
Financial liabilities:				
Other payables	416	–	–	416
Borrowings	15,775	10,292	–	26,067
Total undiscounted financial liabilities	16,191	10,292	–	26,483
Total net undiscounted financial assets/(liabilities)	49,729	(10,292)	–	39,437

Notes to the Financial Statements

(Cont'd)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flows interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk.

The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

Sensitivity analysis for interest rate risk

The table below demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Group's and of the Company's profit/(loss) before tax (mainly through the impact on interest expense on floating rate loans and borrowings). The assumed movement in the basis points for interest rate sensitivity analysis is based on the currently observable market environment.

	Increase/ (Decrease) in basis points	Effect on profit/(loss) before tax RM'000
Group		
28 February 2023		
Ringgit Malaysia	+10	48
Ringgit Malaysia	-10	(48)
Singapore Dollar	+10	19
Singapore Dollar	-10	(19)
28 February 2022		
Ringgit Malaysia	+10	24
Ringgit Malaysia	-10	(24)
Singapore Dollar	+10	34
Singapore Dollar	-10	(34)

Notes to the Financial Statements

(Cont'd)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Interest rate risk (Cont'd)

Company	Increase/ (Decrease) in basis points	Effect on profit/(loss) before tax RM'000
28 February 2023		
Ringgit Malaysia	+10	(15)
Ringgit Malaysia	-10	15
Singapore Dollar	+10	19
Singapore Dollar	-10	(19)
28 February 2022		
Ringgit Malaysia	+10	(22)
Ringgit Malaysia	-10	22
Singapore Dollar	+10	34
Singapore Dollar	-10	(34)

(d) 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 has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the Group's functional currency. The foreign currencies in which these transactions are denominated are mainly United States Dollar ("USD"), Singapore Dollar ("SGD"), Thai Baht ("THB"), Indonesian Rupiah ("IDR"), Japanese Yen ("JPY"), Chinese Yuan ("CNY") and Australian Dollar ("AUD"). Approximately 39% (2022: 55%) of the Group's purchases are denominated in foreign currencies. Foreign currency exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The Group also holds cash and cash equivalents denominated in USD and SGD for working capital purposes.

Notes to the Financial Statements

(Cont'd)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Foreign currency risk (Cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit/(loss) before tax to a reasonably possible change in the USD, SGD, THB, IDR, JPY, CNY and AUD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		2023 RM'000	2022 RM'000
Group			
USD/RM	- strengthened 3% (2022: 3%)	(284)	133
	- weakened 3% (2022: 3%)	284	(133)
SGD/RM	- strengthened 3% (2022: 3%)	553	2,927
	- weakened 3% (2022: 3%)	(553)	(2,927)
THB/RM	- strengthened 3% (2022: 3%)	(58)	(64)
	- weakened 3% (2022: 3%)	58	64
IDR/RM	- strengthened 3% (2022: 3%)	(36)	(26)
	- weakened 3% (2022: 3%)	36	26
JPY/RM	- strengthened 3% (2022: 3%)	(176)	(115)
	- weakened 3% (2022: 3%)	176	115
CNY/RM	- strengthened 3% (2022: 3%)	30	(29)
	- weakened 3% (2022: 3%)	(30)	29
SGD/USD	- strengthened 3% (2022: 3%)	20	19
	- weakened 3% (2022: 3%)	(20)	(19)
AUD/USD	- strengthened 3% (2022: 3%)	11	(199)
	- weakened 3% (2022: 3%)	(11)	199
RM/USD	- strengthened 3% (2022: 3%)	–	329
	- weakened 3% (2022: 3%)	–	(329)
Company			
SGD/RM	- strengthened 3% (2022: 3%)	561	1,027
	- weakened 3% (2022: 3%)	(561)	(1,027)

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group does not have exposure to commodity price risk.

Notes to the Financial Statements

(Cont'd)

41. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial year under review.

The Group monitors capital using a gearing ratio, which is total external debt divided by total capital.

The Group ensures that the gearing ratio shall not be more than 2.0 times to comply with covenants from its borrowings.

The Group includes within total external debt, all financial borrowings of the Group. Total external debt due and payable within 12 months consists of bankers' acceptances, bank overdrafts, term loans, revolving credit, interest payable and current portion of hire purchase liabilities. Capital includes equity attributable to owners of the parent and non-controlling interests.

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Borrowings (non-current)	14,903	21,593	4,975	9,812
Borrowings (current excluding term loans, i.e. due and payable within 12 months)	15,718	21,530	10,000	10,000
Borrowings (current - term loans)	6,952	6,228	4,959	4,819
Hire purchase liabilities	49	128	–	–
Total external debt	37,622	49,479	19,934	24,631
Total equity	505,135	485,474	656,964	504,760
Gearing ratio (times)	0.07	0.10	0.03	0.05

Notes to the Financial Statements

(Cont'd)

42. SEGMENT INFORMATION

(a) Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services. The activities of the Group are carried out mainly in Malaysia and as such, segmental reporting by geographical locations is not presented. The operating businesses 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.

(b) Business segments

The Group comprises the following main business segments:

- (i) Investment holding;
- (ii) Property and hospitality;
- (iii) Trading of duty free goods, dutiable and non-dutiable merchandise; and
- (iv) Automotive.

Other business segments mainly consist of provision of corporate services, dormant and inactive companies, none of which are of a sufficient size to be reported separately.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

(c) Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The directors are of the opinion that transfer prices between business segments are based on negotiated prices. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

Notes to the Financial Statements

(Cont'd)

42. SEGMENT INFORMATION (CONT'D)

2023

	Investment holding RM'000	Property and hospitality RM'000	Trading of duty free goods, dutiable and non-dutiable merchandise RM'000	Automotive RM'000	Others RM'000	Adjustments and eliminations RM'000	Note	Per consolidated financial statements RM'000
Revenue:								
External customers	2,108	8,626	150,581	219,946	3	-		381,264
Inter-segment	15,212	655	-	-	6,700	(22,567)	A	-
Total revenue	17,320	9,281	150,581	219,946	6,703	(22,567)		381,264
Results:								
Depreciation	-	(4,510)	(10,056)	(5,521)	(390)	655		(19,822)
Gain arising from changes in fair value of biological assets	-	23	-	-	-	-		23
Share of results of an associate	144	-	-	-	-	-		144
Impairment loss on right-of-use assets	-	-	(85)	-	-	-		(85)
Other non-cash expenses	-	-	4,813	283	-	-	B	5,096
Segment profit/(loss)	5,106	(401)	19,737	23,971	(6,024)	(8,852)	C	33,537
Assets:								
Investment in associates	300	-	-	-	-	-		300
Additions to non-current assets	-	16	391	6,237	28	-	D	6,672
Segment assets	123,861	164,406	269,258	161,142	1,296	17,748	E	737,711
Liabilities:								
Segment liabilities	1,577	5,461	121,963	54,690	1,342	47,543	F	232,576

Notes to the Financial Statements

(Cont'd)

42. SEGMENT INFORMATION (CONT'D)

2022

	Investment holding RM'000	Property and hospitality RM'000	Trading of duty free goods, dutiable and non-dutiable merchandise RM'000	Automotive RM'000	Others RM'000	Adjustments and eliminations RM'000	Note	Per consolidated financial statements RM'000
Revenue:								
External customers	589	11,111	98,029	147,504	9	-		257,242
Inter-segment	3,375	655	-	-	7,575	(11,605)	A	-
Total revenue	3,964	11,766	98,029	147,504	7,584	(11,605)		257,242
Results:								
Depreciation	-	(4,424)	(10,406)	(4,977)	(396)	646		(19,557)
Amortisation	-	-	(162)	(1)	-	-		(163)
Gain arising from changes in fair value of biological assets	-	55	-	-	-	-		55
Share of results of an associate	(199)	-	-	-	-	-		(199)
Other non-cash expenses	-	-	5,681	169	-	-	B	5,850
Segment profit/(loss)	1,062	3,749	(2,723)	8,981	(6,971)	(7,948)	C	(3,850)
Assets:								
Investment in associates	156	-	-	-	-	-		156
Additions to non-current assets	-	2,037	117	7,585	4	-	D	9,743
Segment assets	118,322	158,753	254,082	163,783	1,636	18,538	E	715,114
Liabilities:								
Segment liabilities	8,246	4,234	103,064	53,361	1,178	59,557	F	229,640

Notes to the Financial Statements

(Cont'd)

42. SEGMENT INFORMATION (CONT'D)

A Inter-segment revenues are eliminated on consolidation.

B Other material non-cash (expenses)/income consist of the following items as presented in the respective notes to the financial statements:

	Note	2023 RM'000	2022 RM'000
Reversal of impairment loss on receivables	5	691	214
Impairment loss on receivables	8	(8)	(101)
Inventories written down	8	(391)	(198)
Inventories written off	8	(2,561)	(77)
Inventories written back	5	7,370	6,038
Property, plant and equipment written off	8	(5)	(26)
		5,096	5,850

C The following items are deducted from segment profit/(loss) to arrive at "Profit/(Loss) before tax" presented in the income statements:

	2023 RM'000	2022 RM'000
Share of results of an associate	(144)	199
Finance costs	8,996	7,749
	8,852	7,948

D Additions to non-current assets consist of:

	2023 RM'000	2022 RM'000
Property, plant and equipment	6,672	7,817
Investment properties	–	1,926
	6,672	9,743

E The following items are added to segment assets to arrive at total assets reported in the statements of financial position:

	2023 RM'000	2022 RM'000
Investment in associates	300	156
Deferred tax assets	7,736	7,926
Tax recoverable	9,712	10,456
	17,748	18,538

Notes to the Financial Statements

(Cont'd)

42. SEGMENT INFORMATION (CONT'D)

- F The following items are added to segment liabilities to arrive at total liabilities reported in the statements of financial position:

	2023	2022
	RM'000	RM'000
Deferred tax liabilities	9,637	9,721
Tax payable	333	485
Borrowings	37,573	49,351
	47,543	59,557

43. SIGNIFICANT AND SUBSEQUENT EVENTS

On 20 October 2022, on behalf of the Board of Directors of the Group, Affin Hwang Investment Bank Berhad ("AHIBB") announced that Atlan had entered into the following conditional agreements ("Proposed Acquisitions"):

- (i) property sale and purchase agreement ("Property SPA") with Belle Isle Property Ltd ("BIP") for the purchase of The Cornwall Hotel Spa & Estate located in the United Kingdom ("Property") amounting to GBP10,800,000 (equivalent to RM58,432,000);
- (ii) asset acquisition agreement ("Asset SPA") with BIP for the purchase of all of BIP's existing assets and liabilities which relate to the Property's operations amounting to GBP1 (equivalent to RM5); and
- (iii) share sale and purchase agreement ("Shares SPA") with Mark Trevor Rudrum for the acquisition of the entire issued share capital of Belle Isle Hotels (Cornwall) Management Ltd ("BIM") amounting to GBP250,000 (equivalent to RM1,360,000).

The total deposits paid for these proposed acquisitions as at 28 February 2023 amounting to RM11,495,000.

On 15 March 2023, on behalf of the Board of Directors of the Group, AHIBB announced that following the approval of the Company's shareholders for the Proposed Acquisitions which was obtained at the extraordinary general meeting held on 15 March 2023, the Property SPA has become unconditional.

On 3 April 2023, on behalf of the Board of Directors of the Group, AHIBB announced that the Property SPA, Asset SPA and Shares SPA had been completed following the respective payments of the balance consideration.

Accordingly, on 3 April 2023, BIM became a wholly-owned subsidiary of the Company and is the owner of the Property and the existing assets and liabilities which relates to the Property's operations.

Analysis of Shareholdings as at 31 May 2023

DIRECTORS' DIRECT AND DEEMED INTERESTS IN THE COMPANY AND/OR ITS SUBSIDIARY COMPANIES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act, 2016 the Directors' interests in the Company and its subsidiaries are as follows:-

Name	Direct Interest		Deemed Interest	
	No. of Ordinary Shares	%	No. of Ordinary Shares	%
Dato' Sri Adam Sani Bin Abdullah	–	–	130,319,214 ⁽¹⁾	51.38

Notes:-

- (1) Deemed interested held through Chesterfield Trust Company Limited as Trustees of The Lim Family Trust in Distinct Continent Sdn. Bhd. and Alpretz Capital Sdn. Bhd. by virtue of himself being the Settlor, initial Protector and a primary beneficiary of Trust.

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 31 MAY 2023 (As shown in the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of Ordinary Shares	%	No. of Ordinary Shares	%
Chesterfield Trust Company Limited as Trustees of The Lim Family Trust	–	–	130,319,214 ⁽¹⁾	51.38
Lim Family Holdings Limited	–	–	130,319,214 ⁽²⁾	51.38
Distinct Continent Sdn. Bhd.	83,220,340	32.81	–	–
Alpretz Capital Sdn. Bhd.	47,098,874	18.57	–	–
Dato' Sri Adam Sani Bin Abdullah	–	–	130,319,214 ⁽³⁾	51.38
Berjaya Corporation Berhad	44,200,000	17.43	22,533,600 ⁽⁴⁾	8.88
Juara Sejati Sdn. Bhd.	13,900,000	5.48	5,100,000 ⁽⁵⁾	2.01
Berjaya Group Berhad	–	–	22,533,600 ⁽⁶⁾	8.88

Notes:-

- (1) Deemed interested through Lim Family Holdings Limited in Distinct Continent Sdn. Bhd. and Alpretz Capital Sdn. Bhd. by virtue of Section 8 of the Companies Act 2016.
- (2) Deemed interested through Distinct Continent Sdn. Bhd. and Alpretz Capital Sdn. Bhd. by virtue of Section 8 of the Companies Act 2016.
- (3) Deemed interested held through Chesterfield Trust Company Limited as Trustees of The Lim Family Trust in Distinct Continent Sdn. Bhd. and Alpretz Capital Sdn. Bhd. by virtue of himself being the Settlor, initial Protector and a primary beneficiary of Trust.
- (4) Deemed interested by virtue of its interest in Inter-Pacific Capital Sdn. Bhd., Berjaya Philippines Inc., Juara Sejati Sdn. Bhd. and Teras Mewah Sdn. Bhd..
- (5) Deemed interested by virtue of his interest in Inter-Pacific Capital Sdn. Bhd. and Berjaya Philippines Inc.
- (6) Deemed interested by virtue of its interest in Inter-Pacific Capital Sdn. Bhd., Berjaya Philippines Inc., Juara Sejati Sdn. Bhd. and Teras Mewah Sdn. Bhd..

Analysis of Shareholdings

(Cont'd)

ANALYSIS OF SHAREHOLDINGS AS AT 31 MAY 2023

Class of Shares : Ordinary shares

Voting Rights : One (1) vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS AS AT 31 MAY 2023

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	200	18.38	4,737	0.00
100 – 1,000	329	30.24	119,423	0.04
1,001 – 10,000	393	36.12	1,345,288	0.53
10,001 – 100,000	98	9.01	2,918,986	1.15
100,001 to less than 5% of issued shares	66	6.07	178,424,225	70.35
5% and above of issued shares	2	0.18	70,837,750	27.93
TOTAL	1,088	100.00	253,650,409	100.00

THIRTY (30) LARGEST SHAREHOLDERS AS AT 31 MAY 2023

Name of Shareholders	No. of Shares Held	%
1. ABB Nominee (Tempatan) Sdn. Bhd. - Pledged Securities Account for Distinct Continent Sdn. Bhd. (Adam Sani)	56,337,750	22.21
2. Kenanga Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Alpretz Capital Sdn. Bhd.	14,500,000	5.72
3. Kenanga Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Alpretz Capital Sdn. Bhd.	12,264,313	4.84
4. Inter-Pacific Equity Nominees (Tempatan) Sdn. Bhd. - IPM for Alpretz Capital Sdn. Bhd.	10,500,000	4.14
5. RHB Nominees (Tempatan) Sdn. Bhd. - Bank of China (Malaysia) Berhad Pledged Securities Account for Berjaya Corporation Berhad	10,500,000	4.14
6. Lembaga Tabung Angkatan Tentera	9,817,300	3.87
7. Affin Hwang Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Berjaya Corporation Berhad	9,400,000	3.71
8. Kenanga Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Ong Kar Beau	8,577,000	3.38
9. RHB Nominees (Tempatan) Sdn. Bhd. - Bank of China (Malaysia) Berhad Pledged Securities Account for Distinct Continent Sdn. Bhd.	8,200,000	3.23
10. Kenanga Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Distinct Continent Sdn. Bhd.	7,730,223	3.05
11. Kenanga Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Alpretz Capital Sdn. Bhd.	7,464,061	2.94

Analysis of Shareholdings

(Cont'd)

THIRTY (30) LARGEST SHAREHOLDERS AS AT 31 MAY 2023 (CONT'D)

	Name of Shareholders	No. of Shares Held	%
12.	RHB Nominees (Tempatan) Sdn. Bhd. - OSK Capital Sdn Bhd for Berjaya Corporation Berhad	6,220,000	2.45
13.	RHB Nominees (Tempatan) Sdn. Bhd. - Bank of China (Malaysia) Berhad Pledged Securities Account for Distinct Continent Sdn. Bhd. (OKB)	5,627,367	2.22
14.	Juara Sejati Sdn. Bhd.	5,400,000	2.13
15.	Distinct Continent Sdn. Bhd.	5,325,000	2.10
16.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Berjaya Corporation Berhad	5,000,000	1.97
17.	RHB Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Juara Sejati Sdn. Bhd.	5,000,000	1.97
18.	Phoon Ching Heong	3,995,554	1.58
19.	CIMB Group Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Berjaya Corporation Berhad	3,970,000	1.57
20.	Teras Mewah Sdn. Bhd.	3,533,600	1.39
21.	CIMB Group Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Juara Sejati Sdn. Bhd.	3,500,000	1.38
22.	Inter-Pacific Equity Nominees (Asing) Sdn. Bhd. - Berjaya Philippines Inc.	3,100,000	1.22
23.	CIMB Group Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Berjaya Corporation Berhad	3,000,000	1.18
24.	AMSEC Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account – Ambank (M) Berhad for Berjaya Corporation Berhad	2,930,000	1.16
25.	Ong Ai Ee	2,535,155	1.00
26.	Chew Soo Lin	2,340,834	0.92
27.	Ong Kar Beau	2,000,000	0.79
28.	RHB Nominees (Tempatan) Sdn. Bhd. - Bank of China (Malaysia) Berhad Pledged Securities Account for Inter-Pacific Capital Sdn. Bhd.	2,000,000	0.79
29.	Berjaya Corporation Berhad	1,900,000	0.75
30.	ABB Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Alpretz Capital Sdn. Bhd.	1,791,926	0.71

List of Properties

for financial year ended 28 February 2023

	Location	Description	Existing Use	Tenure / Expiry Date	Age of Building Years	Approx Areas Sq Metre	Net Book Value as at 28 February 2023 RM'mil	Date of Acquisition
1	Lot No. 1, Section 63, Town of Kuala Lumpur, Wilayah Persekutuan	Office building, hotel apartment building and building under construction	Registered office, office block for rent and hotel apartments for letting	Leasehold (60 years - expiring 2038) renewable for a further 30 years	Office building (37), Hotel apartment (26)	18,701.20	40.01	1974
2	Lot PT 482 HS(M) 19/1981, Mukim Sungai Laka, Daerah Kubang Pasu, Kedah Darul Aman	Double storey shophouse	Vacant	Leasehold (99 years - expiring 2080)	36	297.00	0.06	1987
3	Lot 2224 HS(M) 1/1987, PT 1443, Bukit Kayu Hitam, Mukim Sungai Laka, Daerah Kubang Pasu, Kedah Darul Aman	A single storey warehouse annexed to a double storey shopping complex and 30 units of single storey lock-up shops and ancillary building	Duty Free shopping complex and warehouse	Leasehold (60 years - expiring 2072)	35	17,978.00	1.98	1987
4	Lot 127-142 & 169-174, PT 1889-1904 & 1931-1936, HS(M) 135/1989- 150/1989 & 177/1989- 182/1989, Bandar Baru Laka Temin, Mukim Sungai Laka, Daerah Kubang Pasu, Kedah Darul Aman	22 units single storey terrace house	Staff quarters	Leasehold (99 years - expiring 2088)	30	3,216.00	0.34	1996
5	Lot 475, Seksyen 1, Bandar Batu Ferringhi, Daerah Timur Laut, Pulau Pinang	Vacant land	Vacant land	Freehold	N/A	2,346.00	–	2003
6	Lot 3688, 3689 & PT 2209, Bukit Kayu Hitam, Mukim Sungai Laka, Daerah Kubang Pasu, Kedah Darul Aman	Vacant land, part of which is Golf and Country Club	Rented out and partly cultivated with oil palms	Leasehold (60 years - expiring 2053 and 2057)	25	3,127,220.00	34.48	1993 & 1997

List of Properties

(Cont'd)

	Location	Description	Existing Use	Tenure / Expiry Date	Age of Building Years	Approx Areas Sq Metre	Net Book Value as at 28 February 2023 RM'mil	Date of Acquisition
7	Lot 44 Premises No. 42/1/2&3, Kompleks Munshi Abdullah, Jalan Munshi Abdullah, 75100 Melaka	4 & 1/2 storey shophouse	Vacant	Leasehold (99 years - expiring 2102)	38	522.00	0.37	1992
8	Lot 4720, Mukim Titi Tinggi, 2 Jalan Baru Sadao, 02100 Padang Besar, Perlis	Store	Store	Leasehold (60 years - expiring 2054)	29	9,474.00	8.99	1994
9	Lot 3548, Mukim Titi Tinggi, 2 Jalan Baru Sadao, 02100 Padang Besar, Perlis	Warehouse annexed to a single storey shopping complex	Duty Free Complex and warehouse	Leasehold (60 years - expiring 2050)	31	14,658.00		1990
10	Lot 2063, Mukim Titi Tinggi, Padang Besar, 30 Bangunan PKENPs, Jalan Besar, 02100 Padang Besar, Perlis	Double storey shophouse	Rented out	Freehold	36	112.00	0.14	1990
11	Shop Lot Nos 47 & 48, Mukim Titi Tinggi, Padang Besar, 3D & 4D Kompleks Arked Niaga PKENPs, 02100 Padang Besar, Perlis	Shoplot	Rented out	Leasehold (99 years - expiring 2084)	33	59.46	0.21	1990
12	PN 108045, Lot 4858, Mukim Pengkalan Hulu, District of Hulu Perak, Perak Darul Ridzuan	Duty Free Complex	Duty Free Complex	Leasehold (60 years - expiring 2114)	33	10,116.00	8.15	1990
13	Lot No. 5017, Mukim Kapar, District of Klang, Selangor Darul Ehsan	Industrial premises	Factories, office and ancillary buildings	Freehold	19 - 38	12,140.55	12.86	1982
14	Lot No PT 54753, Mukim Kapar, District of Klang, Selangor Darul Ehsan	Industrial premises	Factory, office and warehouse	Freehold	19 - 44	24,281.00	14.20	1979

List of Properties

(Cont'd)

	Location	Description	Existing Use	Tenure / Expiry Date	Age of Building Years	Approx Areas Sq Metre	Net Book Value as at 28 February 2023 RM'mil	Date of Acquisition
15	8 Persiaran Kampung Jawa, No Hakmilik 6711, Lot 9891, Mukim 12, Daerah Barat Daya, Pulau Pinang	Factory land and building	Business and office premises	Leasehold (99 years expiring 2113)	25	4,354.00	4.67	2002
16	Pajakan Negeri No 3839, Lot no 11618, Mukim 12, Daerah Barat Daya, Pulau Pinang	Factory land	Business and office premises	Leasehold (99 years expiring 2111)	N/A	1,106.00		2001
17	PS 1641-A, Kawasan Perindustrian Pulau Sebang, 78000 Alor Gajah, Melaka	A single-storey open-sided detached factory	Factory	Leasehold (99 years expiring on 23 Oct 2100)	7	2,323.04	2.48	2017
18	Lot 204-5A forming part and parcel of land held under HS(D) 23110 PT 2223, Mukim Pegoh, Daerah Alor Gajah, Negeri Melaka	Freehold industrial land	Factory	Freehold	4	5,312.95	15.50	2019

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirty-Fourth Annual General Meeting (“34th AGM”) of Atlan Holdings Bhd. (“Company”) will be conducted **virtually** for the purpose of considering and if thought fit, passing with or without modification, the resolutions set out in this notice:-

Day and Date	:	Thursday, 27 July 2023
Time	:	11:00 a.m.
Broadcast Venue	:	Boardroom, 18th Floor, Menara Atlan, 161B, Jalan Ampang, 50450 Kuala Lumpur
Online Meeting Platform	:	Securities Services ePortal at https://sshsb.net.my/
Modes of Communication	:	Typed text in the Online Meeting Platform

AGENDA

As Ordinary Business:-

- | | |
|---|---|
| <ol style="list-style-type: none"> 1. To receive the Audited Financial Statements for the financial year ended 28 February 2023 together with the Reports of the Directors and Auditors thereon. 2. To re-elect the following Directors who retire by rotation pursuant to Regulation 100 of the Company’s Constitution and being eligible, have offered themselves for re-election:- <ol style="list-style-type: none"> (a) Tuan Haji Mohd Jaffar bin Awang (Ismail) (b) Dato’ Woo Hon Kong (c) Mr. Lee Sze Siang 3. To approve the payment of Directors’ fees amounting to RM236,250 for the financial year ended 28 February 2023. 4. To approve the payment of Directors’ benefits up to an amount of RM200,000 for the period commencing from 28 July 2023 until the date of the next Annual General Meeting of the Company to be held in year 2024. 5. To re-appoint Messrs. Ernst & Young PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. 6. To transact any other ordinary business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company’s Constitution. | <p><i>(Please refer to Explanatory Note 2)</i></p> <p>Resolution 1
Resolution 2
Resolution 3</p> <p>Resolution 4</p> <p>Resolution 5</p> <p>Resolution 6</p> |
|---|---|

Notice to Annual General Meeting

(Cont'd)

As Special Business:-

7. Ordinary Resolution

Resolution 7

Authority to issue shares pursuant to Companies Act 2016 and waiver of pre-emptive rights

“THAT subject always to the Companies Act 2016 (the “Act”), the Company’s Constitution, Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“MMLR”) and any relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered pursuant to the Act, 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 to be issued pursuant to this Resolution does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being;

THAT pursuant to Section 85 of the Act to be read together with Regulation 71 of the Company’s Constitution, that approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares arising from any issuance of new shares pursuant to this mandate.

AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities;

AND FURTHER 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.”

8. Ordinary Resolution

Resolution 8

Mandate for Dato’ Woo Hon Kong who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company

“THAT subject to the passing of Resolution 2, Dato’ Woo Hon Kong, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be and is hereby retained as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance.”

By Order of the Board,

CHUA SIEW CHUAN (SSM PC No. 201908002648) (MAICSA 0777689)
THUM SOOK FUN (SSM PC No. 201908000139) (MIA 24701)
 Company Secretaries

Date: 28 June 2023

Notice to Annual General Meeting

(Cont'd)

EXPLANATORY NOTES:-

(1) Information for Shareholders/Proxies

- 1.1 The 34th AGM will be conducted virtually through live streaming and online remote voting via the Remote Participation and Voting ("RPV") facilities to be provided by SS E Solutions Sdn. Bhd. via Securities Services ePortal's platform at <https://sshsb.net.my/>. Please follow the procedures provided in the Administrative Guide for the 34th AGM in order to register, participate and vote remotely via the RPV facilities.
- 1.2 The Broadcast Venue is strictly for the purpose of compliance with Section 327(2) of the Companies Act 2016 ("Act") which stipulates that the Chairman of the Meeting shall be present at the main venue of the Meeting.

Members/Proxies/Corporate Representatives **WILL NOT BE ALLOWED** to attend the 34th AGM in person at the Broadcast Venue on the day of the Meeting.
- 1.3 For the purpose of determining who shall be entitled to participate and vote at this Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Regulation 77(b) of the Company's Constitution and Paragraph 7.16(2) of the Bursa Securities Main Market Listing Requirements ("MMLR"), a Record of Depositors as at 21 July 2023 ("General Meeting Record of Depositors") and a Depositor whose name appears on such Record of Depositors shall be entitled to participate and vote in the 34th AGM.
- 1.4 A member of the Company entitled to participate and vote at the 34th AGM is entitled to appoint more than one (1) proxy to participate, speak and vote in his/her stead. There shall be no restriction as to the qualification of the proxy. A proxy appointed by the member shall have the same rights as the member to participate, speak and vote at the 34th AGM. The members or their proxies may submit questions to the Company via real time submission of typed texts through a text box within Securities Services ePortal's platform during live streaming of the 34th AGM as the primary mode of communication. In the event of any technical glitch in the primary mode of communication, shareholders and proxies may email their questions to eservices@sshsb.com.my during the 34th AGM.
- 1.5 Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- 1.6 The instrument appointing a proxy or representative and the duly registered power of attorney or other authority, if any, shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.
- 1.7 Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
- 1.8 Where a member of the Company is an Exempt Authorised Nominee ("EAN") which holds ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account ("Omnibus Account"), there shall be no limit to the number of proxies which the EAN may appoint in respect of each Omnibus Account it holds.
- 1.9 Pursuant to Paragraph 8.29A of Bursa Securities MMLR, all resolutions set out in the Notice of the 34th AGM will be put to vote on a poll.

Notice to Annual General Meeting

(Cont'd)

EXPLANATORY NOTES:- (CONT'D)

1.10 The appointment of proxy(ies) may be made in hardcopy form or by electronic means in the following manner and must be received by the Company not less than twenty-four (24) hours before the time appointed for holding the 34th AGM or any adjournment thereof:-

(a) In Hardcopy Form

The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur.

(b) By Electronic Means

The Form of Proxy may also be electronically lodged via Securities Services ePortal's platform at <https://sshsb.net.my/> or by email to eservices@sshsb.com.my.

(2) Item 1 of the Agenda - Audited Financial Statements for the financial year ended 28 February 2023

The audited financial statements are laid in accordance with Section 340(1)(a) of the Act for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put forward for voting.

(3) Resolutions 1, 2 and 3 : Re-election of Directors who retire by rotation pursuant to Regulation 100 of the Company's Constitution

Regulation 100 of the Company's Constitution states that one-third (1/3) of the Directors shall retire by rotation from office and shall be eligible for re-election at each AGM. All Directors shall retire from office at least once in each three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

In determining the eligibility of the Directors to stand for re-election at the forthcoming AGM, the Nomination Committee ("NC") has considered the following:-

- i. Evaluation on the effectiveness of the Individual Directors, the Board as a whole and all Board Committees; and
- ii. For Independent Non-Executive Directors ("INEDs") only, the level of independence demonstrated by the INEDs and their ability to act in the best interest of the Company.

In line with Practice 6.1 of the Malaysian Code on Corporate Governance ("MCCG"), the Board has conducted an assessment of the Directors of the Company based on the relevant performance criteria which include the following:-

- i. Board mix and composition;
- ii. Quality of information and decision making;
- iii. Boardroom activities;
- iv. Board's relationship with the management.

The Board approved the NC's recommendation for the re-election of the retiring Directors pursuant to Regulation 100 of the Company's Constitution at the 34th AGM of the Company. At the relevant Board meeting, all the retiring Directors under Regulation 100 of the Company's Constitution have consented to their re-election and abstained from deliberation as well as decision on their own eligibility to stand for re-election.

Notice to Annual General Meeting

(Cont'd)

EXPLANATORY NOTES:- (CONT'D)

(4) Resolutions 4 and 5 : Payment of Directors' fees and Directors' benefits made payable to the Directors

Section 230(1) of the Act provides amongst others, that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. Pursuant thereto, shareholders' approval will be sought at 34th AGM for the payment of benefits payable to the Non-Executive Directors for the period commencing from 28 July 2023 until the date of next AGM of the Company to be held in year 2024.

The Board wishes to seek for shareholders' approval at the 34th AGM for the payment of Directors' fees and benefit payable to the Directors:-

- (i) Resolution 4 on the proposed Directors' fees of RM236,250 for the financial year ended 28 February 2023 ("FY2023").

For the FY2023, the Board had at its meeting held on 27 April 2023 agreed that the proposed Directors' fees of RM236,250 for FY2023 (financial year ended 28 February 2022: RM253,250).

- (ii) Resolution 5 on the proposed Directors' benefits payable to the Non-Executive Directors pursuant to Section 230(1)(b) of the Act.

The benefits payable to the Directors pursuant to Section 230(1)(b) of the Act have been reviewed by the Board of the Company, which recognises that the benefits payable is in the best interest of the Company for the period commencing from 28 July 2023 until the next AGM of the Company to be held in the year 2024. The benefits comprise of benefits in kind and meeting allowance, which will only be accorded based on actual attendance of meetings by the Directors. In the event the proposed amount is insufficient e.g. due to more meetings or enlarged Board size, approval will be sought at the next AGM for the shortfall.

(5) Resolution 6 : Re-appointment of Auditors

The Audit and Risk Management Committee ("ARMC") and the Board have considered the re-appointment of Messrs. Ernst & Young PLT as auditors of the Company, are satisfied with the performance, competency, audit approach and independence of Messrs. Ernst & Young PLT and viewed that they have met the relevant criteria prescribed by Paragraph 15.21 of Bursa Securities MMLR.

The Board endorsed the ARMC's recommendation to seek for shareholders' approval to re-appoint Messrs. Ernst & Young PLT as auditors of the Company, until the conclusion of the next AGM and to authorise the Directors to fix their remuneration.

(6) Resolution 7 : Authority to issue shares pursuant to the Act and Waiver of Pre-emptive rights

The proposed Resolution 7 is to seek for the renewal of a Previous Mandate (as defined herein) to give flexibility to the Board of Directors to issue and allot shares up to 10% of the total number of issued share (excluding treasury shares) of the Company for the time being, at any time in their absolute discretion for such purposes as the Board of Directors' consider to be in the best interest of the Company (hereinafter referred to as the "General Mandate"). This General Mandate is sought to avoid any delays and costs involved with the convening of a general meeting. This General Mandate, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company.

The Company has been granted a general mandate by its shareholders at the last AGM held on 28 July 2022 (hereinafter referred to as the "Previous Mandate").

As at the date of this Notice, the Company did not implement its proposal for new allotment of shares under the Previous Mandate and hence, no proceeds were raised therefrom.

Notice to Annual General Meeting

(Cont'd)

EXPLANATORY NOTES:- (CONT'D)

The General Mandate, upon renewal, 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 acquisition(s).

The waiver of pre-emptive rights will allow the Board of Directors to issue new Ordinary Shares of the Company which rank equally to existing issued shares of the Company, to any person without having to offer the new shares to all existing shareholders of the Company prior to issuance of new shares in the Company under the General Mandate.

(7) Resolution 8 : Mandate for Dato' Woo Hon Kong to continue to act as INED of the Company

The proposed resolution is to seek the shareholders' approval to retain Dato' Woo Hon Kong ("Dato' Woo") who has served on the Board as Independent Non-Executive Director for a cumulative term of more than 9 years, as INED of the Company.

The Board has vide its NC conducted an assessment and reviewed the independence of Dato' Woo who has served as an INED for a term of more than 9 years. The Board is satisfied with the results and recommended that the resolution be put up for shareholders' approval for Dato' Woo to retain as an INED based on the following justifications:-

- (a) He has satisfied all the criteria of an Independent Director set out in Paragraph 1.01 of the Bursa Securities MMLR;
- (b) He has remained objective and independent in expressing his view and in participating in deliberation and decision making of the Board; and
- (c) His length of services on the Board does not in any way interfere with his exercise of independent judgment and ability to act in the best interest of the Company.

The Company will seek shareholders' approval annually for retaining Dato' Woo as INED with Company's present voting practice, which is in accordance with the general rule of voting as provided by the Act which states that every Shareholder has 1 vote for every share he holds and resolutions are to be passed by a simple majority for Ordinary Resolution.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to participate and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Notice to Annual General Meeting

(Cont'd)

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING (Pursuant to Paragraph 8.27(2) of the Bursa Securities MMLR)

1. Details of individuals who are standing for election as Directors

As at date of this notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election) at this forthcoming 34th AGM.

2. General Mandate for issue of securities in accordance with Paragraph 6.03(3) of the Bursa Securities MMLR

Details of the general mandate to issue securities in the Company pursuant to Sections 75 and 76 of the Act are set out in Explanatory Note 6 of the Notice of 34th AGM.

FORM OF PROXY

NO. OF SHARES HELD	
CDS ACCOUNT NO.	

I/We _____ NRIC No./Company No. _____
(full name in block letters)

of _____
(full address)

being a member of **ATLAN HOLDINGS BHD., 19881005893 (173250-W)** hereby appoint _____
of _____

or failing *him/her, _____ of _____
or failing *him/her, the Chairman of the meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Thirty-Fourth Annual General Meeting ("34th AGM") of the Company to be conducted virtually at the Broadcast Venue, Boardroom, 18th Floor, Menara Atlan, 161B, Jalan Ampang, 50450 Kuala Lumpur on Thursday, 27 July 2023 at 11.00 a.m. and at any adjournment thereof.

Please indicate your vote by a (X) in the respective box of each resolution. If no specific direction as to voting is given, the proxy will vote or abstain from voting on the resolutions at his/her discretion.

No.	Ordinary Resolutions	For	Against
AS ORDINARY BUSINESS:			
Resolution 1	Re-election of Tuan Haji Mohd Jaffar bin Awang (Ismail) as Director of the Company		
Resolution 2	Re-election of Dato' Woo Hon Kong as Director of the Company		
Resolution 3	Re-election of Mr. Lee Sze Siang as Director of the Company		
Resolution 4	Payment of Directors' fees		
Resolution 5	Payment of Directors' benefits		
Resolution 6	Re-appointment of Messrs. Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix their remuneration		
AS SPECIAL BUSINESS:			
Resolution 7	Authority to issue shares pursuant to the Companies Act 2016 and waiver of pre-emptive rights		
Resolution 8	Mandate for Dato' Woo Hon Kong to continue to act as an Independent and Non-Executive Director of the Company		

* Strike out whichever not applicable

Note : Please note that the short descriptions given above of the Resolutions to be passed do not in any way whatsoever reflect the intent and purpose of the Resolutions. The short descriptions have been inserted for convenience only. Shareholders are encouraged to refer to the Notice of 34th AGM for the full purpose and intent of the Resolutions to be passed.

As witness *my/our hand(s) this _____ day of _____, 2023.

COMMON
SEAL

Signature of Shareholder(s)

Notes:-

- The 34th AGM will be conducted virtually through live streaming and online remote voting via the Remote Participation and Voting ("RPV") facilities to be provided by SS E Solutions Sdn. Bhd. via Securities Services ePortal's platform at <https://sshsb.net.my/>. Please follow the procedures provided in the Administrative Guide for the 34th AGM in order to register, participate and vote remotely via the RPV facilities.
- The Broadcast Venue is strictly for the purpose of compliance with Section 327(2) of the Companies Act 2016 which stipulates that the Chairman of the Meeting shall be present at the main venue of the Meeting. Members/Proxies/Corporate Representatives **WILL NOT BE ALLOWED** to attend the 34th AGM in person at the Broadcast Venue on the day of the Meeting.
- For the purpose of determining who shall be entitled to participate and vote at this Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Regulation 77(b) of the Company's Constitution and Paragraph 7.16(2) of the Bursa Securities Main Market Listing Requirements ("MMLR"), a Record of Depositors as at **21 July 2023** ("General Meeting Record of Depositors") and a Depositor whose name appears on such Record of Depositors shall be entitled to participate and vote in the 34th AGM.
- A member of the Company entitled to participate and vote at the 34th AGM is entitled to appoint more than one (1) proxy to participate, speak and vote in his/her stead. There shall be no restriction as to the qualification of the proxy. A proxy appointed by the member shall have the same rights as the member to participate, speak and vote at the 34th AGM. The members or their proxies may submit questions to the Company via real time submission of typed texts through a text box within Securities Services ePortal's platform during live streaming of the 34th AGM as the primary mode of communication. In the event of any technical glitch in the primary mode of communication, shareholders and proxies may email their questions to eservices@sshsb.com.my during the 34th AGM.
- Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- The instrument appointing a proxy or representative and the duly registered power of attorney or other authority, if any, shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.
- Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
- Where a member of the Company is an Exempt Authorised Nominee ("EAN") which holds ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account ("Omnibus Account"), there shall be no limit to the number of proxies which the EAN may appoint in respect of each Omnibus Account it holds.
- Pursuant to Paragraph 8.29A of MMLR, all resolutions set out in the Notice of the 34th AGM will be put to vote on a poll.
- The appointment of proxy(ies) may be made in hardcopy form or by electronic means in the following manner and must be received by the Company not less than twenty-four (24) hours before the time appointed for holding the 34th AGM or any adjournment thereof:-
 - Hardcopy Form
The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur.
 - By Electronic Means
The Form of Proxy may also be lodged electronically via Securities Services ePortal's platform at <https://sshsb.net.my/> or by email to eservices@sshsb.com.my.
- Any alteration in this form must be initialed.

Personal data privacy:

By submitting the duly executed proxy form, the member and his/her proxy consent to the Company and/or its agents/service providers to collect, use and disclose the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the 34th AGM of the Company and any adjournment thereof.



Fold this flap for sealing

Then fold here

AFFIX
POSTAGE
STAMP

THE SHARE REGISTRAR
ATLAN HOLDINGS BHD.
Registration No. 198801005893 (173250-W)
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur

1st fold here



Correspondence address:

ATLAN HOLDINGS BHD.

Registration No. 198801005893 (173250-W)

17TH FLOOR, MENARA ATLAN,
161B, JALAN AMPANG,
50450 KUALA LUMPUR, MALAYSIA.

T +603 2179 2000

F +603 2179 2390

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