GREEN OCEAN CORPORATION BERHAD

Registration No. 200301029847 (632267-P)
(Incorporated in Malaysia)

2020 ANNUAL REPORT

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CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Dato' Nik Ismail bin Dato' Nik Yusoff
Independent Non-Executive Chairman

Mak Siew Wei
Executive Director

Khoo Chee Siang
Independent Non-Executive Director

Roy Winston George
Independent Non-Executive Director

AUDIT COMMITTE

Khoo Chee Siang
Chairman

Dato' Nik Ismail bin Dato' Nik Yusoff
Member

Roy Winston George
Member

NOMINATION AND REMUNERATION COMMITTEE

Roy Winston George
Chairman

Dato' Nik Ismail bin Dato' Nik Yusoff
Member

Khoo Chee Siang
Member

COMPANY SECRETARY

Wong Yuet Chyn (MAICSA 7047163)
(SSM PC 202008002451)

REGISTERED OFFICE

No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan (KL)
Tel: (603) 6201 1120
Fax: (603) 6201 3121

CORPORATE OFFICE

Lot 742, 4th Mile, Jalan Kapar
42100 Klang
Selangor Darul Ehsan
Tel: (603) 3291 2224 / 3291 2225
Fax: (603) 3290 4388
Email: info@greenoceancorp.com
Website: www.greenoceancorp.com

SHARE REGISTRAR

ShareWorks Sdn Bhd
No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas
50480 Kuala Lumpur, Wilayah Persekutuan (KL)
Tel: (603) 6201 1120
Fax: (603) 6201 3121

AUDITORS

ECOVIS MALAYSIA PLT
No. 9-3, Jalan 109F, Plaza Danau 2
Taman Danau Desa, 58100 Kuala Lumpur
Malaysia
Tel: (603) 7981 1799
Fax: (603) 7980 4796

PRINCIPAL BANKERS

Ambank (M) Berhad
CIMB Bank Berhad
Malayan Banking Berhad

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia Securities Berhad
Stock Name : GOCEAN
Stock Code : 0074

CORPORATE **STRUCTURE**

GREEN OCEAN
CORPORATION BERHAD
Registration No. 200301029847 (632267-P)
(Incorporated in Malaysia)

100%
Ace Edible Oil Industries Sdn Bhd
Reg. No. 197101001215
(11576-A)

Palm kernel crushing, crude palm kernel oil, palm kernel expeller and trading of variety of palm oil products.

100%
Ace Green Energy Sdn Bhd
Reg. No. 201801013190
(1275206-W)

Wholesale trading of variety of biomass and alternative material, energy and fuels and services.

100%
G Rubber Sdn Bhd
Reg. No. 202001021399
(1377719-K)

Manufacturing and trading of gloves

Joint Venture

51%
NSN ACE Joint Venture Sdn Bhd
Reg. No. 201901022874
(1332203-V)

Handling of the coal, to purchase coal and any other materials locally and/or overseas.

FINANCIAL **HIGHLIGHTS**

Period Ended/Financial Year	30.6.2020 (15 months) *	31.3.2019 (12 months)	31.3.2018 (12 months)	31.3.2017 (12 months)	31.3.2016 (12 months)
Key Operating Results (RM'000)					
Revenue	222,844	361,477	154,672	200,960	193,871
Revenue growth	-38.40%	133.70%	-23.00%	3.70%	242.10%
Gross profit	(6,582)	5,588	(4,633)	1,501	713
Gross profit margin	-2.95%	1.55%	-3.00%	0.75%	0.37%
(Loss)/Profit before interest and tax	(10,126)	3,201	(7,140)	293	(450)
Interest expense	(1,300)	(1,272)	(371)	(157)	(14)
(Loss)/Profit before tax	(11,426)	1,929	(7,511)	136	(464)
(Loss)/Profit for the year/period attributable to owners of the Company	(11,430)	1,925	(7,511)	136	278
Other Key Data (RM'000)					
Total assets	37,468	56,620	37,855	46,370	58,611
Total liabilities	26,905	34,627	17,788	25,869	38,247
Equity attributable to owners of the Company	10,563	21,993	20,067	20,501	20,364
Share Information					
Basic (loss)/earnings per share (sen)	(3.95)	0.66	(2.75)	0.05	0.11
Net asset per share attributable to owners of the Company (sen)	3.65	7.59	6.93	7.78	7.73
Market capitalisation (RM'000)	34,765	33,317	40,560	28,971	25,020
Financial Ratios					
Gross profit margin (%)	-2.95%	1.55%	-3.00%	0.75%	0.37%
Curent ratio	0.71	1.09	1.06	1.11	1.04
Quick ratio	0.58	0.70	0.46	1.06	1.01
Debt to equity ratio (%)	206.20%	125.70%	76.70%	32.90%	1.10%
Net debt to equity ratio (%)	173.98%	114.36%	64.22%	29.50%	-2.30%

* On 26 August 2020, the Company announced the change of financial year end from 31 March to 30 June. The current financial reporting period is for a 15-months period from 1 April 2019 to 30 June 2020.

ABBREVIATIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Annual Report: -

Abbreviations	Description
Act	The Companies Act 2016
AC	Audit Committee
ACE LR	ACE Market Listing Requirements of Bursa Securities
AGM	Annual General Meeting
Board	Board of Directors
Bursa Securities	Bursa Malaysia Securities Berhad
CG	Corporate Governance
CPO	Crude Palm Oil
CPKO	Crude Palm Kenel Oil
EU	European Countries
FY 2019	Financial year ended 31 March 2019
FPE 2020	Financial period of 15-months ended 30 June 2020
Green Ocean or the Company	Green Ocean Corporation Berhad
Green Ocean Group or the Group	Green Ocean and its subsidiaries
Green Ocean's Website	www.greenoceancorp.com
ISO	International Organization for Standardization
MARGMA	Malaysian Rubber Glove Manufacturers Associates
MCCG 2017 or the Code	Malaysian Code on Corporate Governance 2017
MFRS	Malaysian Financial Reporting Standard
NRC	Nomination and Remuneration Committee
TOR	Terms of Reference

CHAIRMAN'S **STATEMENT**

Dear Shareholders,

On behalf of our Board of Directors, I hereby present the Annual Report of Green Ocean Corporation Berhad ("the Company" or "the Group") incorporating the Audited Financial Statements of the Group and of the Company for the financial period ended 30 June 2020 ("FPE 2020").

OVERVIEW

2019 is a challenging year for the palm oil industries as the CPO prices were pressured by high stocks accumulated from previous year's high production. Sentiments were also affected by the US-China trade war and geopolitical tension in the Middle East. Exports of Malaysian Crude Palm Kernel Oil ("CPKO") in 2019 has increased by17.76%, from 0.92 million tonnes in 2018 to 1.08 million tonnes in 2019. Top three major export market for Malaysian palm kernel oil are the EU with 0.24 millions tonnes, followed by China at 0.187 millions tonnes (up by 18.7%) and India at 0.107 million tonnes (up by 30.1%). The increase in export to China and India give an good impact to the export market for 2019.

Beginning 2020, Malaysian palm oil industries affected by the outbreak of the coronavirus where there was slow demand from palm oil importing countries as well as domestic consumption. The movement control order also affecting the palm oil upstream activities such as fertilizing, harvesting and Fresh Fuit Bunches ("FFB") milling. It is projected that Malaysian palm oil production will likely to have slow growth in 2020 compared to 2019. It is estimated that CPO production projected to be 1% lower to 19.7 million tonnes compared to 19.9 million tonnes in 2019.

FINANCIAL HIGHLIGHTS

The Group recorded a lower revenue of RM222.8 million for the FPE 2020 or 38.4% decrease as compared to RM361.5 million in the previous FY 2019. Gross loss of RM6.6 million was recorded for the current financial period as compared to the previous financial year gross profit of RM5.6 million, which was mainly attributed to the decrease in trading of palm oil products, ceasation of tolling contract and decision to limit the production of CPKO to mitigate the uncertainty of CPKO market price that has decreased by approximately 14.76% during the financial period.

The Group recorded a loss before tax of RM11.4 million in FPE 2020 as compared to a profit before tax of RM1.9 million in FY 2019, which was largely due to the decrease in trading of palm oil products and the uncertainty of CPKO market price.

CORPORATE DEVELOPMENTS

As part of the Group's initiative to explore new business opportunities to diversify the revenue stream, the Group via its wholly-owned subsidiary, Ace Green Energy Sdn Bhd ("Ace Green") had on 17 June 2019 entered into a Joint Venture Agreement ("JVA") with NSN Global Resources Sdn Bhd ("NSN Global"). On even date, Ace Green and NSN Global further entered into a Shareholders Agreement to form a joint venture company. Following this, NSN ACE Joint Venture Sdn Bhd was incorporated on 1 July 2019 to secure contract to operate the handling of the coal, to purchase coal and any other materials locally and/or overseas.

In view of the increase in demand for personal protective equipment as resulted from the COVID-19 pandemic, the Group had on 30 July 2020 incorporated a new wholly-owned subsidiary namely, G Rubber Sdn Bhd with the intention to carry out manufacturing and trading of gloves to capitalize on prevailing supernormal demand for gloves.

CHAIRMAN'S **STATEMENT**

(cont'd)

In September 2020, the Group further announced its intention to diversify and venture into glove business. The Group intends to commission up to 12 double former glove-dipping lines in stages over the course of 36 months. These 12 lines are expected to yield a combined production capacity of up to approximately 2.0 billion pieces of gloves per annum. The proposed diversification and expansion plan shall be funded via a combination of internal generated funds, bank borrowings and/or fund raising exercises to be determined.

OUTLOOK

2020 is exceptionally challenging for the global economy. Confronted with an unprecedented health crisis, Malaysia economy is not exempted from COVID-19 pandemic. The Malaysian economy contracted by 17.1% in the second quarter of 2020 (1Q 2020: 0.7%). The decline reflected the unprecedented impact of the stringent containment measures to control the COVID-19 pandemic globally and domestically.

Council of Palm Oil Producing Countries ("CPOPC") remains optimistic that palm oil is heading for a price recovery in the second half of 2020 due to improving global consumption and dwindling production after COVID-19 outbreak. The total palm oil production in Indonesia and Malaysia is expected to be lower this year due to last year's dry weather and lower fertilizer application and current lower labour supply. Gradual opening up of major markets post COVID-19 starting from June 2020 is expected to make the price outlook bullish. Palm oil is a daily item needed for food and toiletries and countries will begin importing and stocking their supplies notably by China and India. A push to use more palm oil in biofuels particularly by Indonesia will augur well for lower stocks and higher prices.

In 2019, Malaysia is the world's largest exporter of rubber gloves, where exports of rubber gloves from Malaysia contributed to 63.18% of total global demand for rubber gloves. MARGMA expects exports of rubber gloves from Malaysia to reach 220 billion pieces in 2020, an increase of 17.65% from 2019 to support the surge in demand for medical gloves globally due to the on-going COVID-19 pandemic. Global demand for rubber gloves is expected to reach 330 billion pieces in 2020, an increase of 11.49% from 2019.

APPRECIATION

On behalf of our Board, I wish to extend my sincere thanks and appreciation to the management and staff for their contribution, dedication and commitment, and also to our ex-board members for their invaluable services to the Group. I also wish to take this opportunity to welcome onboard all newly appointed board members and I look forward to work with them as we continue our journey.

To all our valued shareholders, our Board is also grateful for your confidence and continued interest in the Company. Our gratitude and sincere thanks are also extended to our valued customers, financiers, business associates, suppliers and regulatory bodies for their invaluable support, assistance and confidence as we move forward together in the coming years. My gratitude also goes to my fellow board members for their assistance, advice and guidance.

Dato' Nik Ismail bin Dato' Nik Yusoff
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

Green Ocean Corporation Berhad ("Green Ocean" or "the Group") is a public limited liability company incorporated and based in Malaysia that has been listed on ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") since year 2005. Green Ocean is an investment holding company, whereas its subsidiaries are involved in palm kernel crushing, refining of palm oil and palm kernel oil and trading of refined palm oil products, and general trading in bio tech and renewable energy. Over the recent years, the Group has managed to increase its revenue via the trading of refined palm oil products, albeit at relatively low margins. The market prices for crude palm kernel oil have been generally on a downwards trend in recent years. To mitigate the challenging market condition, the Group has undertaken initiatives to explore and introduce new products and has begun to trade in other palm oil and biomass products and explored other new business opportunities to mitigate the prevailing market condition.

Change of Financial Year End

The Group's financial year has changed to 30 June, which accounts for the cumulative 15-months performance results (1 March 2019 to 30 June 2020 – FPE 2020) being reported under this Annual Report. The comparative figures presented are for the cumulative 12-months performance results (1 March 2018 to 31 March 2019 – FY 2019). The Group will adopt the usual cycle of 12 months for FYE 2021 (1 July 2020 – 30 June 2021) onwards.

Review of Financial Results, Performance and Financial Condition For the Financial Period Ended 30 June 2020 ("FPE 2020")

Green Ocean registered a 38.4% decrease in revenue from RM361.5 million in FY 2019 to RM222.8 million in FPE 2020. The decrease in revenue was due the decrease in the production & trading of palm oil products and trading in olein products, offset by higher trading in biomass material.

	Group	
	01.04.2019 to 30.06.2020 RM	**01.04.2018 to 31.03.2019 RM**
Sales of:		
- Production and trading of palm kernel oil and palm kernel expeller	98,150,088	158,429,681
- Trading of refined, bleached and deodorised olein	124,522,713	202,892,419
- Trading of biomass material	171,604	154,405
	222,844,405	361,476,505

The Group recorded a loss before tax of RM11.4 million in FPE 2020 as compared to profit before tax of RM1.9 million in FY 2019, which was largely resulted from the decrease in revenue and the market price of crude palm kernel oil that was on a declining trend. The Group's basic loss per share was at 3.95 sen as compared to basic earnings per share of 0.66 sen in the previous FY 2019. The reduction in earnings per share was mainly due to the decrease in revenue recorded during the year.

Review of Financial Results, Performance and Financial Condition For the Financial Period Ended 30 June 2020 ("FPE 2020") (Cont'd)

In FPE 2020, the Group's total assets decrease by 33.8% from RM56.6 million in previous year to RM37.5 million. The decrease in the total assets was mainly due to lower inventory and trade receivables in line with the lower business activities during the year. Total liabilities decrease from RM34.6 million last year to RM26.9 million current year were due to lower bank borrowing in line with the lower business activities. As at 30 June 2020, the current ratio was lower at 0.71 times (FY 2019: 1.09 times). The Group's gearing position was significant higher with debt to equity ratio of 125.7% in previous FY 2019 as compared to 206.2% as at 30 June 2020. The equity attributable to the owners of the Company has decreased by 51.8% to RM10.6 million in comparison to the previous FY 2019 of RM22.0 million and the net assets per share stood at RM0.04.

Statement of Cash Flows

	FPE 2020 (RM'000)	FY 2019 (RM'000)	Variance (RM'000)
Operating (loss)/profit before working capital changes	(9,213)	3,655	(12,868)
Changes in working capital	17,354	(14,566)	31,920
Cash generated from /(used in) operating activities	8,141	(10,911)	19,052
Net cash from/(used in) operating activities	8,123	(10,910)	19,033
Net cash used in investing activities	(51)	(46)	(5)
Net cash (used in)/from financing activities	(7,627)	6,716	(14,343)
Net increase/(decrease) in cash and cash equivalents	445	(4,240)	4,685

Operating loss before changes in working capital recorded at RM9.2 million, down from profit before changes in working capital of RM3.7 million in previous FY 2019, which was largely resulted from the decrease in revenue and the declining market price of crude palm kernel oil during the period under review. Changes in working capital increased to positive RM17.4 million from negative RM14.6 million in previous FY 2019, mainly due to lower inventory and trade receivables in line with the lower business activities during the period under review. This has resulted in net cash from generated operations of RM8.1 million as compared to net cash used in operations of RM10.9 million in previous FY 2019.

Net cash used in investing activities increase slightly due to investment in a joint venture, NSN ACE Joint Venture Sdn Bhd with cash consideration of RM51,001 in FPE 2020.

Net cash used in financing activities of RM7.6 million mainly due the net repayment of banker acceptances and finance costs.

The above effects resulted in overall net increase in cash and cash equivalents by RM0.4 million as compared to the net decrease of RM4.2 million in previous FY 2019.

MANAGEMENT **DISCUSSION AND ANALYSIS**
(cont'd)

Performance of Palm Kernel Crushing, Refining of Palm Oil and Palm Kernel Oil and Trading of Refined Palm Oil Products

	FPE 2020 (RM'000)	FY 2019 (RM'000)	Variance (RM'000)	%
Revenue	222,844	361,477	(138,633)	-38.4%
Gross (loss)/profit	(6,582)	5,588	(12,170)	-217.8%
Other income	58	262	(204)	-77.9%
Total operating expenses	(2,817)	(2,375)	(442)	-18.6%
Finance costs	(1,300)	(1,271)	(29)	-2.3%
(Loss)/Profit before tax	(10,642)	2,204	(12,846)	-582.8%
Taxation	(3)	(4)	1	25.0%
(Loss)/Profit for the period/year	(10,645)	2,200	(12,845)	-583.9%

During the financial period under review, revenue decreased by 38.4% from RM361.5 million in previous FY 2019 to RM222.8 million in current FPE 2020. The decrease in the revenue was mainly due to lower trading of palm oil products, cessation of tolling contract and the management decision to limit the production of crude palm kernel oil and palm kernel expeller to mitigate the risk exposure arising from crude palm kernel oil market price that was on declining trend. Gross loss of RM6.6 million was recorded as compared to a gross profit of RM5.6 million in previous FY 2019, which was largely due to decrease in revenue and market price of crude palm kernel oil has decreased by approximately 14.9% during FPE 2020. The slight increase in operating expenses was mainly due to the additional storage charges incurred to temporarily rent third party warehouses and storage tanks to store excess palm kernel expeller and crude palm kernel oil during the FPE 2020. Finance costs incurred were mainly for banker acceptance facility. As a result of the above, a loss before tax of RM10.6 million was recorded as compared to a profit before tax of RM2.2 million in previous year.

Internal Strategy

In previous year, the Group has taken action to control the production capacity based on minimum risk exposure due to the uncertainty of the market price of palm kernel and palm kernel oil. Early this year, based on the published source, the Group is expecting overall palm oil production to be flat as compared to 2019, which will make the price outlook bullish in 2020. Unfortunately, the World Health Organisation ("WHO") has declared the outbreak of COVID-19 pandemic in January 2020, which gave a big impact to palm oil industries where both demand and supply decreased tremendously. Nevertheless, the Group foresee some recovery in palm oil industries for second half 2020. The management remain cautious and maintain the control of the production capacity.

The Group has been exploring other business opportunities to diversify the revenue stream by increasing our trading activities to include wider range of oil palm related products and new business segments to minimize our business concentration risks. In June 2019, the Group's subsidiary Ace Green Energy Sdn Bhd has formed a joint venture company known as NSN ACE Joint Venture Sdn Bhd ('NAJV') to focus on coal trading and handle coal cargo in Port Lumut. NAJV has started importing the coal and expecting to continue the coal related activities this year.

In view of the increase in demand for personal protective equipment as resulted from the COVID-19 pandemic, the Group has on 30 July 2020 incorporated a new wholly-owned subsidiary namely, G Rubber Sdn Bhd with the intention to carry out manufacturing and trading of gloves to capitalise on prevailing supernormal demand for gloves.

Dividend Policy

The current focus of the Group is to create and enhance shareholders' value in the long run. We aim to re-invest the earnings to fund for the business growth. As such, the Group does not adopt any dividend policy in the short term but will consider to distribute excess profits once we have stable earnings, after taking into consideration of the working capital requirements and planned capital expenditure in the future.

Prospects

Based on a published source, total production of major oil in Quarter 4, 2019 declined by 2.10% as compared to Quarter 4, 2018. Slower year-on-year production of the major oils was mainly attributed to the decline in palm oil production by 5.08%, followed by rapeseed oil by 2.44%, palm kernel oil by 1.40% and soya bean oil by 0.28%. The total palm oil production in Malaysia and Indonesia is expected to be flat in 2020 and this will boost the palm oil price. Unfortunately, the outbreak of COVID-19 pandemic disrupts the momentum and forecast.

Estimates so far indicated the virus could trim global economic growth by 3.0% to 6.0% in 2020, with a partial recovery in 2020. This global scenario also gave a similar impact on the Malaysian palm oil industries. The palm oil industries are expected to be in a recovery phase and better position towards the end of 2020. In second half of 2020, the demand for palm oil is poised to recover as lockdowns around the globe begin to ease and major consumers (including China and India), are back in the market boosting purchases to replenish stocks. The demand will be supported by implementation of biodiesel mandates in major palm oil producing countries.

On the local scene, Malaysia's GDP contracted by 17.1% in Quarter 2, 2020 mainly due to the three phases of the movement control order ("MCO") and Conditional Movement Control Order ("CMCO") implemented to curb the spread of COVID-19 in Malaysia. The capacity constraints due to the restriction imposed during the lockdown had affected growth in the services, manufacturing and construction sectors. All sectors recorded negative growth, except for the agriculture sector, which grew 7.2%.

The Group will continue to focus in the trading and supply of refined palm oil products while monitoring the market prices for crude palm commodities. The Group intends to resume the production of CPKO should the market prices for crude palm commodities become favourable.

Recently, the Group has announced its plans to venture into glove business as the Group's view is that the gloves market outlook is expected to remain positive for next few years. The Group's venture into the glove business is expected to allow the Group to capitalise on a booming segment with favorable long term prospects and is expected contribute to the future earnings of the Group as well as improve the Group's financial performance in the coming years.

Barring any unforeseen situation, the Group strive to achieve better performance and sustainable business growth in the coming year.

Mak Siew Wei
Executive Director

PROFILE OF **THE DIRECTORS**

DATO' NIK ISMAIL BIN DATO' NIK YUSOFF

Independent Non-Executive Chairman
Malaysian, Aged 73, Male

Dato' Nik Ismail bin Dato' Nik Yusoff was appointed as Independent Non-Executive Director and Chairman on 7 August 2020 and also Member of the Audit Committee and Nomination and Remuneration Committee.

Dato' Nik Ismail graduated from Universiti Kebangsaan Malaysia with a Diploma of Sains Kepolisan (DPS).

Dato' Nik Ismail joined the Police Force in 1965 and served the Police Force until his retirement on 2 September 2001 as Deputy Commissioner of Police. During his 36 years in service, he has served the Police Force well, with full commitment and professionalism. He has served in various positions in the Police Force, including Chief Police Officer in the State of Terengganu (1997), Kedah (1997-1999), and Selangor (1999-2001). He was also the Deputy Director Special Branch in Bukit Aman in 1995 to 1997.

He currently sits on the Board as Independent Non-Executive Chairman of AT Systematization Berhad, AE Multi Holdings Berhad and also as Independent Non-Executive Director at Pasukhas Group Berhad.

Dato' Nik Ismail does not hold any shares in the Company. He does not have any family relationship with any Director or major shareholder of the Company and has not been convicted of any offences within the past 5 years other than traffic offences, if any. He does not have any conflict of interest in any business arrangement involving the Company.

MAK SIEW WEI

Executive Director
Malaysian, Aged 45, Male

Mr. Mak Siew Wei was appointed to the Board as Executive Director on 27 July 2020.

Mr. Mak pursued his education in the United State of America and graduated with Bachelor Degree in Management Information System and subsequently worked for Marvic International (NY) Ltd in New York as a Business Development Manager for 3 years.

Mr. Mak currently sits on the Board as Executive Director of Advance Information Marketing Berhad, AT Systematization Berhad, Saudee Group Berhad and Pasukhas Group Berhad.

Mr. Mak is a substantial shareholder of the Company and his shareholding is disclosed in the Analysis of Shareholdings section of this Annual Report. He does not have any family relationship with any Director or other major shareholder of the Company and has not been convicted of any offences within the past 5 years other than traffic offences, if any. He does not have any conflict of interest in any business arrangement involving the Company.

PROFILE OF **THE DIRECTORS**
(cont'd)

KHOO CHEE SIANG

Independent Non-Executive Director
Malaysian, Aged 44, Male

Mr. Khoo Chee Siang was appointed to the Board on 18 September 2017. He is also the Chairman of the Audit Committee and Member of the Nomination and Remuneration Committee.

Mr. Khoo is a Fellow Member of the Association of Chartered Certified Accountants ("FCCA"). Mr. Khoo was the Executive Director of UHY Advisory (KL) Sdn Bhd, a boutique financial and corporate advisory firm from 2008 to 2016 and subsequent joined SCH Group Berhad as Executive Director to oversee the finance and accounts department and to lead the corporate finance exercise for 2017 and 2018. He started his career in auditing with an international medium accounting firm, Morison Anuarul Azizan Chew and was subsequently promoted to Senior Consultant in Corporate Finance and Advisory Department. He later joined Finmart Alliance Sdn Bhd as an Associate Director in-charge of corporate finance and business advisory services. He has significant experience in corporate finance, initial public offerings, corporate debt restructuring as well as his external auditing experience covered various sectors. Currently, he is the Managing Director of Eco Asia Capital Advisory Sdn Bhd.

Mr. Khoo currently sits on the Board as Independent Non-Executive Director of Chin Hin Group Property Berhad (formerly known as Boon Khoon Group Berhad), Seers Berhad and GPA Holdings Berhad.

Mr. Khoo does not hold any shares in the Company. He does not have any family relationship with any Director or major shareholder of the Company and has not been convicted of any offences within the past 5 years other than traffic offences, if any. He does not have any conflict of interest in any business arrangement involving the Company.

ROY WINSTON GEORGE

Independent Non-Executive Director
Malaysian, Aged 55, Male

Mr. Roy Winston George was appointed to the Board as Independent Non-Executive Director on 28 July 2020. He is also the Chairman of Nomination and Remuneration Committee and Member of Audit Committee .

Mr. Roy is a Member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. He started his career in an international accounting firm and has since held senior management positions in various companies involved in the financial services and hospitality sector.

Mr. Roy does not hold any shares in the Company. He does not have any family relationship with any Director or major shareholder of the Company and has not been convicted of any offences within the past 5 years other than traffic offences, if any. He does not have any conflict of interest in any business arrangement involving the Company.

KEY MANAGEMENT **TEAM PROFILE**

The executive director of Green Ocean Corporation Berhad is part of the key senior management of the group and his profile is presented in the profile of the directors on page 12 of this annual report.

ABDUL RAZAK BIN ABDULLAH

***General Manager -
Operation and Business Development,
Malaysian, Aged 49, Male***

Mr. Abdul Razak Abdullah joined Green Ocean on 2 May 2018. He oversees the Group of companies' overall operation, production planning, sustainability and compliance. He also leads the business development to develop growth and implement growth opportunities within and between organization.

Mr. Abdul Razak has more than twenty-three (23) years with various industries including with some of the world's leading player such as Eurocopter (now knowns as Airbus Helicopters – world's leading helicopter manufacturer) and ST Microelectronics (One of World's leading semiconductors player). In his previous working experiences, he has lead the Operation Division and Business Development Division in various industries including Utilities, Biomass, Aviation, Automotive, Pulp & Paper and Semiconductors.

Mr. Abdul Razak holds a qualification in Master in Business Administration and Bachelor in Chemical Engineering.

Notes:
i. None of the Key Management has any family relationship with any director and/or major shareholder of the Company.
ii. None of the Key Management has any conflict of interests with the Company.
iii. Other than traffic offences, if any none of the Key Management has any convictions for offences within the past 5 years nor any public sanction or penalty imposed by the relevant regulatory bodies during the FPE 2020.

SUSTAINABILITY **STATEMENT**

OUR APPROACH

Sustainability has always been the principle of the Group to strive to improve its business growth and management measures in its palm kernel crushing activities in producing crude palm kernel oil, palm kernel expeller and trading of variety of palm oil products and wholesale trading of variety of biomass and alternative fuels, whilst increasing the development of community and social responsibilities.

The Group in its efforts has developed a systematic approach that addresses the well-being of its workforce and communities, and also in ensuring the critical concerns of environmental impact and climate change and scarcity of available natural resources in line with Bursa Securities Berhad's Sustainability Reporting Guide.

MATERIAL SUSTAINABILITY MATTERS

Through the principle of materiality, the Group is focusing in managing the significant economic, environmental, social challenges towards sustainability.

Economic

In recognising the needs for sustainability therefore through its wholly owned subsidiary, Ace Edible Oil Industries Sdn Bhd ("AEOI") sources its palm oil products through direct supply from third-party mills. The Group is committed to comply with Roundtable Sustainable Palm Oil ("RSPO") and Malaysian Sustainable Palm Oil ("MSPO") building Traceable Supply Chains where phased supply chain traceability targets are monitored, tracked and reported to relevant authorities on daily basis.

We continue to strive for excellence in all areas of our business by achieving accreditation and complying to international standards in the industry. Our list of accreditations achieved with various certification bodies are as follows:

a. Roundtable Sustainable Palm Oil Certification ("RSPO")
b. Malaysian Sustainable Palm Oil Certification ("MSPO")
c. ISO 22000 (Food Safety) Certification

Environment

The Group through its subsidiary AEOI, had obtained certification from the Roundtable on Sustainable Palm Oil ("RSPO") on 21 November 2016 and Malaysian Sustainable Palm Oil (MSPO) on 3 February 2020 . With this certification, the Group has refocused its approach to improve its sustainability principles in being a responsible palm oil company. In addition, AEOI is always ensure that the operation and all activities within the group complied in accordance with the Environment and Quality Act.

As part of our commitment to the environment, we encourage an environmentally friendly culture within the group. Action has been taken to reduce the overall energy consumed by lighting in and around our office and production areas. Employees are encouraged to prioritize electronic means to store documents, to reduce printing or photocopying and to use double sided printing, to recycle and reuse where possible. We believe that this small steps will help the employees to be more environmental concerns on day to day actitivities.

Social

Employees are our most valuable assets, for this reason, the Group's sustainability journey began by focusing on the well-being and safety of its employees, by providing a safe and healthy environment for our employees. On job training for skill development and improvement are conducted for our employees so that they can contribute efficiently and more importantly for their personal career development.

OUR COMMITMENT

The Group will continue to integrate its sustainability values and practices, into the Group's operations and work culture. The Group's sustainability and corporate responsibility reflect our commitment to continue to add value to the business growth, environment and social sustainability.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

The Board of Directors ("Board") presents this Statement to provide shareholders and investors with an overview of the application of the Principles set out in the Malaysian Code on Corporate Governance 2017 ("MCCG 2017") by Green Ocean Corporation Berhad ("Green Ocean" or "the Company") and should be read together with the Corporate Governance Report 2020 of Green Ocean ("CG Report") which accompanies this Annual Report and is also available on Green Ocean's website at www.greenoceancorp.com ("Green Ocean's Website").

The CG Report provides the details on how Green Ocean has applied each Practice as set out in the MCCG 2017 during the financial period ended 30 June 2020 ("FPE 2020"). Other than Practice 4.5, 4.6, 8.2 and 11.2, the Board is of the view that Green Ocean and its subsidiaries ("the Group") has substantially complied with the recommendations of MCCG 2017.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

(a) BOARD RESPONSIBILITIES

The roles and responsibilities of the Board and Management, the Board Committees and the individual Directors are set out in the Board Charter which is accessible through Green Ocean's Website. The Board Charter will be reviewed on an annual basis or more frequently if necessary.

It is the primary governance responsibility of the Board to provide stewardship and directions for the management of the Group. The Board's responsibilities in respect of the stewardship of the Company include review and approve strategic plans and key business initiatives, corporate governance and internal control frameworks and promote a sound corporate culture which reinforces ethical, prudent and professional behaviour. While the Board sets the platform of strategic planning and policies, the Executive Director is responsible for implementing the operational and corporate decisions while the Independent Non-Executive Directors ensure corporate accountability by providing unbiased and independent views, advice and judgement and challenging the Management's assumptions and projections in safeguarding the interests of shareholders and investors.

The Board has defined the roles and responsibilities for its Directors. In discharging their fiduciary responsibilities, the Directors deliberate and review the financial performance, the execution of strategic plans, the principal risks faced and the effectiveness of management mitigation plans, the appraisal of Executive Management and Key Management, succession plan as well as the integrity of management information and systems of internal control of the Group.

The day-to-day management of the business operations of Green Ocean is led by the Executive Director and a team of Key Management. The Board is constantly updated by the team on the implementation of all business and operational initiatives and significant operational and regulatory challenges faced.

The Board is led by Independent Non-Executive Chairman and he ensures the effective functioning of the Board. The roles of the Chairman is defined and set out in the Board Charter.

The Chairman facilitates the effective contributions of all Directors and promotes constructive and respectful relations between Board members and between Board and Management. The Board has well-defined descriptions for responsibilities of the Board Chairman, Executive Director and the individual Board Members.

In furtherance of the above and to ensure orderly and effective discharge of its functions and responsibilities, the Board has established the following Board committees:

- Audit Committee ("AC")
- Nomination and Remuneration Committee ("NRC")

The Board has defined the terms of reference for each Committee and the Chairman of these respective committees report and update the Board on significant matters and salient matters deliberated in the Committees.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(a) BOARD RESPONSIBILITIES (CONT'D)

The Board is supported by one (1) External Company Secretary. The Company Secretary of Green Ocean is qualified to act as Company Secretary under Section 235 of the Companies Act 2016, of which is an Associate Member of the Malaysian Institute of Chartered Secretaries & Administrators. The Company Secretary provides the required support to the Board in carrying out its duties and stewardship role, providing the necessary advisory role with regards to the Company's constitution, Board's policies and procedures as well as compliance with all regulatory requirements, codes, guidance and legislation.

There were six (6) Board Meetings held during the FPE 2020. Meeting agendas included review of quarterly financial results and announcements, plan and direction of the Group. The record of attendance for each Director at those meetings are set out below:-

Name	Designation	No. Of Meetings Attended	Percentage of Attendance (%)
Datuk Seri Chiau Beng Teik *(Resigned on 7 August 2020)*	Non-Independent Non-Executive Chairman	6/6	100
Mohd Yusri bin Md Yusof *(Resigned on 28 February 2020)*	Managing Director	3/5	60
Khoo Chee Siang	Independent Non-Executive Director	6/6	100
Fong Shin Ni *(Resigned on 28 July 2020)*	Independent Non-Executive Director	6/6	100
Shelly Chiau Yee Wern *(Resigned on 28 July 2020)*	Non-Independent Non-Executive Director	5/6	83
Datin Seri Anizah binti Musa *(Resigned on 7 August 2020)*	Independent Non-Executive Director	5/6	83
Dato' Nik Ismail bin Dato' Nik Yusoff *(Appointed on 7 August 2020)*	Independent Non-Executive Chairman	-	-
Mak Siew Wei *(Appointed on 27 July 2020)*	Executive Director	-	-
Roy Winston George *(Appointed on 28 July 2020)*	Independent Non-Executive Director	-	-

The Board meetings are fixed in advance at the end of the preceding financial year to enable the Directors to plan ahead and incorporate the year's meetings into their own schedules. Board meetings are held every quarter and additional meeting are held as and when necessary. Senior management are invited to attend board meetings to furnish details or clarifications on matters tabled for the Board's consideration.

In the intervals between Board meetings, for exceptional matters requiring urgent Board decisions, Board approvals are sought via written resolutions, which are attached with sufficient and relevant information required for an informed decision to be made. Where a potential conflict arises in any transactions involving any particular Director's interest, such Director is required to declare his or her interest and abstain from discussion and the decision-making process. In the event one or more Directors are unable to attend Board meetings physically, the Company's Constitution allow for such meetings to be conducted via telephone, video conference or any other form of electronic communication.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**
(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(a) BOARD RESPONSIBILITIES (CONT'D)

Continuous training is vital for the Directors in discharging their duties effectively. All Directors are encouraged to attend appropriate external training programmes to gain insight and keep abreast with developments and issues relevant to the Group's business especially in the areas of corporate governance and regulatory requirements.

The external training programmes, seminars and/or conferences attended by the Directors in office at the end of FPE 2020 were as follows:

No.	Name of Director	Training Programmes/Seminar/Conference
1.	Datuk Seri Chiau Beng Teik *(Resigned on 7 August 2020)*	-
2.	Encik Mohd Yusri bin Md Yusof *(Resigned on 28 February 2020)*	-
3.	Mr Khoo Chee Siang	- Sustainability Reporting Workshop - The Global Leadership Summit – Marketplace Special Edition 2019 - SCLE Revision: Advisory Services (Rules and Regulations) (Module 19)
4.	Madam Fong Shin Ni *(Resigned on 28 July 2020)*	- Dialogue between the Securities Commission and the Company's Directors and Company Secretary - Corruption, Money Laundering and Employment Issues
5.	Datin Seri Anizah binti Musa *(Resigned on 7 August 2020)*	-
6.	Ms. Shelly Chiau Yee Wern *(Resigned on 28 July 2020)*	- Global Leadership Summit – Connect. Collaborate. Contribute
7.	Dato' Nik Ismail bin Dato' Nik Yusoff *(Appointed on 7 August 2020)*	-
8.	Mr. Mak Siew Wei *(Appointed on 27 July 2020)*	-
9.	Mr. Roy Winston George *(Appointed on 28 July 2020)*	-

The Board (via the NRC and with assistance of the Company Secretary) continuously evaluate and determine the training needs of the Directors to build their knowledge so that they can be up-to-date with the development of the Group's business and industry that may affect their roles and responsibilities.

(b) BOARD COMPOSITION

Green Ocean is led and managed by a diverse and experienced Board of Directors with a mix of suitably qualified and experienced professionals that are relevant to the business to carry out its responsibilities in an effective and competent manner. The current Board is drawn from different ethnic, cultural and socio-economic backgrounds and their ages range from 44 to 73 years to ensure that diverse viewpoints are considered in the decision making process.

The profile of each Director is set out in Pages 12 to 13 of this Annual Report.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(b) BOARD COMPOSITION (CONT'D)

The Board currently has four (4) members including three (3) Independent Directors. The Board takes cognizance of the recommendation that at least half of the Board comprise of independent directors and although the Board has not made any decision at this juncture, going forward, the Board will review and deliberate on the merits of the recommendation vis a vis, the Group's size, structure and dynamics during the coming financial year.

During the FPE 2020, the Board through its NRC conducted an annual review of the Board's size, composition and balance and concluded that the Board's dynamics are healthy and effective. The present members of the Board possess the appropriate skills, experience and qualities to steer the Group forward. The NRC is also satisfied that the existing structure, size, composition, current mix of skills, competence, knowledge, experience and qualities of the existing Board members are appropriate to enable the Board to carry out its responsibilities effectively. The Board will continue to monitor and review the Board size and composition and will nominate new members as and when the need arises.

The Board noted the Practice 4.2 of the MCCG 2017 states that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Nevertheless, upon completion of the nine (9) years, an Independent Director may continue to serve the Board subject to the approval of shareholders to continue as an Independent Director or be re-designated as a Non-Independent Director. An Independent Director who continues to serve the Boards after the 12th year of appointment will require shareholders' approval at a general meeting through a 2-tier voting process as prescribed under the MCCG 2017. Currently, all the Independent Directors of the Company has each served less than nine (9) years in the Company. The Board noted the recommendation of MCCG 2017 and shall address the matter when the need arises.

The re-election of Directors provides an opportunity for shareholders to renew their mandate conferred to the Directors. The Constitution of the Company provides that all directors shall retire by rotation once in every three (3) years or at least one-third (1/3) of the Board shall retire but shall be eligible to offer themselves for re-election at the Annual General Meeting ("AGM"). The above provisions are adhered to by the Board at every AGM.

At the forthcoming 2020 AGM, Mr. Khoo Chee Siang is due to retire by rotation under Clause 134 of the Constitution and being eligible have offered himself for re-election. Mr. Mak Siew Wei, Mr. Roy Winston George and Dato' Nik Ismail bin Dato' Yusoff are due to retire under Clause 119 of the Constitution and being eligible have offered themselves for re-election. Following the NRC's review on the performance of the four Directors and having noted their significant and valued contributions to the Board, the NRC has recommended their re-election to the Board and the Board has concurred with such recommendation and is recommending that shareholders re-elect the said Directors at the forthcoming 2020 AGM.

(c) REMUNERATION

The Board (via the NRC) will ensure that the Group's levels of remuneration commensurate with the skills and responsibilities expected of Key Management as well as the Directors and that it must be sufficient to attract and retain talent needed to run the Group successfully. The Board, as a whole, determines the remuneration of the Directors and each individual Director is required to abstain from discussing his/her own remuneration.

The NRC is guided by market norms and industry practices when making recommendations for the compensation and benefits of Directors and Key Management. The NRC's recommended remuneration for Directors and Key Management is subject to the Board's approval as it is the ultimate responsibility of the Board to approve the remuneration of the Directors and Key Management.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**
(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(c) REMUNERATION (CONT'D)

In relation to the fees and allowances for the Non-Executive Directors, it will be presented at the AGM for shareholders' approval. The details of the Group's remuneration policies and practices are included in the Board Charter which is available on Green Ocean's Website.

The remuneration of the Directors of the Group and the Company for the FPE 2020 are as follows:-

	Salaries and allowances RM	Fees RM	Defined contribution plan RM	Total RM
Company				
Khoo Chee Siang	-	45,000	-	45,000
Fong Shin Ni *(resigned on 28 July 2020)*	-	30,000	-	30,000
Shelly Chiau Yee Wern *(resigned on 28 July 2020)*	-	30,000	-	30,000
Datin Seri Anizah Binti Musa *(resigned on 7 August 2020)*	-	30,000	-	30,000
Subsidiary				
Mohd Yusri bin Md Yusof *(resigned on 28 February 2020)*	426,573	-	34,389	460,962

The Group's Key Management includes Director of the Company (of which his detailed remuneration has been disclosed in this Corporate Governance Overview Statement). Whilst for the remaining Key Management, the remuneration for the top five Key Management in bands of RM50,000 during the FPE 2020 are as follows:-

Range of Remuneration	Top 5 Senior Mangement
RM100,001-RM150,000	Ew Soon Aik *(Resigned on 31 January 2020)* Tan Kok Teong *(Resigned on 31 March 2020)*
RM150,001-RM250,000	Gioh Poh Chiok (*Resigned on 30 September 2020)*
RM250,001-RM300,000	Abdul Razak bin Abdullah

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

(a) AUDIT COMMITTEE

The AC currently comprises three members, majority of whom are Independent Directors. None of the current members of the AC is former key audit partner involved in auditing the Group.

The Board noted the Practice 8.2 of the MCCG 2017 requires the AC to have a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the AC. The AC will update the TOR to include a provision governing a requirement of a two-year cooling-off period prior to a former key audit partner being appointed as a member of the AC.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

(a) AUDIT COMMITTEE (CONT'D)

The AC has policies and procedures to review, assess and monitor the performances, suitability and independence of the external auditors.

Prior to the commencement of the annual audit, the AC will seek confirmation from the external auditors as to their independence. This confirmation would be re-affirmed by the external auditors to the AC upon their completion of the annual audit. These confirmations were made pursuant to the Independence Guidelines of the Malaysian Institute of Accountants.

Further details on the work performed by AC in furtherance of its oversight role are set out in the AC Report on Pages 23 to 26 of this Annual Report.

(b) RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

During FPE 2020, the Board and AC were assisted by the Executive Director and the Management to maintain its risk management system, which is reviewed and updated constantly to safeguard shareholders' investments and the Group's assets.

The Group's internal audit function has been outsourced to an external consultant which reports directly to the AC.

The internal audit function reviews and appraises the risk management and internal control processes of the Group. The Statement on Risk Management and Internal Control set out on Page 27 to 28 of this Annual Report provides an overview of the Group's approach to ensure the effectiveness of the risk management and internal processes within the Group.

Going forward, the Board has restructured its risk management and internal control processes with the establishment of the AC and the Risk Management Committee.

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

(a) COMMUNICATION WITH STAKEHOLDERS

Green Ocean is committed to upholding high standards of transparency and promotion of investor confidence through the provision of comprehensive, accurate and quality information on a timely and even basis.

The Board endeavors to keep its shareholders and investors informed of the Group's progress through a comprehensive annual report and financial statements, circulars to shareholders, quarterly financial reports, periodic press releases and the various announcements made during the year. These will enable the shareholders, investors and members of the public to have an overview of the Group's performance and operation.

The Group also maintains a corporate website at www.greenoceancorp.com whereby shareholders as well as members of the public may access for the latest information on the Group. Alternatively, they may obtain the Company's latest announcements via the website of Bursa Securities at www.bursamalaysia.com.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

(b) CONDUCT OF GENERAL MEETINGS

The Board recognises the importance of communications with its shareholders and will take additional measures to encourage shareholders' participation at general meetings as recommended by the MCCG 2017.

This includes the Chairman highlighting to shareholders and proxy holders, their right to speak up at general meetings, the conduct of poll voting for all resolutions tabled at general meetings and a review of the performance of the Group during the AGMs.

Most of the Directors attended the 16th AGM held on 29 August 2019. Barring unforeseen circumstances, all Directors (which include the Chairs of all mandated Board committees) shall be attending the forthcoming 17th AGM via fully virtue basis to engage directly with the shareholders and address their queries at the meeting. The external auditors will also be present at the meeting to answer shareholders' queries on their audit process and report, the accounting policies adopted by the Group, and their independence.

In line with the best corporate governance practice, the Notice of the 17th AGM and Annual Report are sent out to shareholders at least 28 days before the date of the meeting to allow sufficient time for shareholders to consider the proposed resolutions to be tabled at the AGM.

Pursuant to Rule 8.31(A) of the ACE LR, all resolutions tabled at general meetings will be put to vote by way of a poll and the voting results will be announced at the general meetings and through Bursa LINK. The Board will ensure that all resolutions set out in the forthcoming and future general meetings will be voted on by way of a poll and verified by an independent scrutineer. The outcome of all resolutions proposed at the general meetings will be announced to Bursa Securities through Bursa LINK on the same day.

The Board has not adopted electronic poll voting as the number of shareholders turning up for the AGM was relatively small and the voting for resolutions was expediently carried out by traditional balloting, supervised by an independent scrutineer. Depending on the cost effectiveness, the Board will consider and explore the suitability and feasibility of adopting electronic poll voting in coming years to expediate the polling process.

Key Focus Area and Future Priorities

The Board is fully committed to compliance with the requirements of MCCG 2017. The Board will continue to enhance its corporate governance practices by taking steps to address the current departures from the pratices stipulated in the MCCG. The key focus areas will be meeting the requirements with regards to formalise policy on gender diversity and targets, formalise policy that requires a former key audit partner to deserve a cooling-off period of at least two years before appointed as a member of the AC and the adoption of integrated reporting based on a globally recognized framework. In addition to this, following the Malaysian Anti-Corruption Commission Act 2009 ("MACC 2009") came into force on 1 June 2020, the Board will be taking steps in minimizing and preventing the occurrence of corrupt practices guided by five principles as illustrated in the Guidelines on Adequate Procedures issued by the Prime Minister's Department in December 2018 pursuant to Section 17A(5) of the MACC 2009. Future priorities include leveraging on technology to facilitate further participation by shareholders at General Meetings. With these strategies in place, the Group is confident of achieving its corporate governance objectives.

This CG Overview Statement was approved by the Board of Directors of the Group on 27 October 2020.

AUDIT **COMMITTEE REPORT**

MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee ("AC" or the "Committee") of Green Ocean Corporation Berhad ("Green Ocean" or the "Company") is comprised wholly of Non-Executive Directors as follows:

Khoo Chee Siang
Chairman, Independent Non-Executive Director

Dato' Nik Ismail bin Dato' Nik Yusoff
Member, Independent Non-Executive Director *(appointed on 7 August 2020)*

Roy Winston George
Member, Independent Non-Executive Director *(appointed on 28 July 2020)*

Datin Seri Anizah binti Musa
Member, Independent Non-Executive Director *(resigned on 7 August 2020)*

Fong Shin Ni
Member, Independent Non-Executive Director *(resigned on 28 July 2020)*

Shelly Chiau Yee Wern
Member, Non-Independent Non-Executive Director *(resigned on 28 July 2020)*

Mr. Khoo Chee Siang is a member of the Malaysian Institute of Accountants.

Mr. Khoo Chee Siang meets the requirement of Paragraph 15.09 (1)(c)(i) of ACE Market Listing Requirements in that he is a Chartered Accountant and a member of the Malaysian Institute of Accountants

SECRETARY

The secretary to the AC is the Company Secretary of the Company.

TERMS OF REFERENCE

The AC has discharged its function and carried out its duties as set out in the Terms of Reference ("TOR").

The detailed TOR of the AC outlining the composition, duties and functions, authority and procedures of the AC are published and available on the Company's website at www.greenoceancorp.com.

MEETINGS AND MINUTES

Attendance at Meetings

The record of attendance of the members of the AC for meetings held during the financial period ended 30 June 2020 ("FPE 2020") are as follows:

AC Member	Designation	Number of Committee Meetings Attended
Khoo Chee Siang	Independent Non-Executive Director	6/6
Dato' Nik Ismail bin Dato' Nik Yusoff	Independent Non-Executive Director	0/6
Roy Winston George	Independent Non-Executive Director	0/6
Datin Seri Anizah binti Musa	Independent Non-Executive Director	0/6
Fong Shin Ni	Independent Non-Executive Director	6/6
Shelly Chiau Yee Wern	Non-Independent Non-Executive Director	5/6

The quorum of the meeting is two (2).

AUDIT **COMMITTEE REPORT**
(cont'd)

Meetings

The AC will meet at least four (4) times a year although additional meetings may be called at any time at the discretion of the Committee. The record of attendance of the members of the AC is shown above.

The meetings are pre-scheduled and are timed just before the Company's Board of Directors' ("Board") meetings. The Agenda carries matters that need to be deliberated, reviewed or decided on and reported to the Board. Notices and AC papers are circulated to all members prior to the meeting with sufficient time allocated for them to prepare themselves for deliberation on the matters being raised.

If the need arises, the Chairman has the discretion to call for the attendance of Management, internal auditors and external auditors during such meetings.

During its AC meetings, the AC shall review the risk management and internal control processes, the Interim and Year-end Financial Report, the Internal and External Audit Plans and Reports, Related Party Transactions/Recurrent Related Party Transactions ("RRPT"), and all other areas within the scope of responsibilities of the AC under its TOR.

Minutes

The Company Secretary shall be the Secretary of the AC which shall provide the necessary administrative and secretarial services for the effective functioning of the Committee. The minutes of the meetings are circulated to the Committee and to all members of the Board.

SUMMARY OF ACTIVITIES

In respect of the FPE 2020, the AC in discharging its duties and functions carried out activities which are summarised broadly as follows:

a) Internal Audit

The AC is aware of the fact that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the systems of internal control.

The Company engaged Eco Asia Advisory Sdn Bhd as outsources Internal Auditors to carry out the internal audit function of the Company and its subsidiaries ("Group") for the FPE 2020.

The internal auditor reports directly to the AC regulary by presenting its Internal Audit Reports during the AC meetings, whereby relevant issues identified in the Internal Audit Reports will be discussed with the Management in the meeting. Rectification work, if necessary will be performed and follow-up will be carried out by internal auditor for the purpose of reporting at the subsequent AC meeting.

During the financial year the following internal audit reports were tabled for discussion and review:-

i) Review on the fixed assets management and human resource management of Green Ocean Corporation Berhad and Ace Edible Oil Industries Sdn Bhd, for Quarter 2, 2020 and Quarter 4, 2020 respectively.
ii) Follow-up on previous internal audit report as at September 2019.

For FPE 2020, the cost incurred for internal audit function was RM22,000.

b) Financial Reporting

In overseeing and discharging its responsibilities in respect of financial reporting, the AC:

i. Reviewed the financial positions, unaudited quarterly interim financial reports and announcements for the quarters ended 30 June 2019, 30 September 2019, 31 December 2019, 31 March 2020 and 30 June 2020 prior to submission to the Board for consideration and approval ;

ii. Ensured the quarterly reports and Audited Financial Statements ("AFS") were prepared in compliance with the Malaysian Reporting Financial Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the Requirements of the Companies Act 2016 in Malaysia while the quarterly reports took into consideration Rule 9.22 including Appendix 9B of the Listing Requirements; Reviewed the various Board's Policies and Procedures, Board Charter, procedures for RRPT;

iii. Reviewed the External Auditors' Audit Plan for the FPE 2020 which covered the engagement and reporting requirements, audit approach, areas of audit emphasis, significant events during the financial year, communication with the management, engagement team, the reporting and deliverables as well as the proposed audit fees;

iv. Reviewed the External Auditors' audit findings and recommendations and the AFS for the FPE 2020;

v. Considered the performance of External Auditors, reviewed the independence of External Auditors and recommended to the Board for re-appointment;

vi. To ensure the integrity of the financial information, received assurance from the Executive Directors and the Management, that:-

- Appropriate accounting policies had been adopted and applied consistently;
- The going concern basis applied in the AFS was appropriate;
- Prudent judgements and reasonable estimates had been made in accordance with the requirements set out in the MFRSs and IFRSs;
- Adequate controls and processes were in place for effective and efficient financial reporting and relevant disclosures under MFRSs, IFRSs and Listing Requirements; and
- The consolidated AFS and the Quarterly Condensed Consolidated Financial Statements did not containmaterial misstatements and gave a true and fair view of the financial position

vii. Reviewed the AC Report, Corporate Governance Overview Statement, CG Report and Statement on Risk Management and Internal Control for publication in the 2020 Annual Report; and

viii. Reviewed the Statement on Risk Management and Internal Control together with the Internal Auditors and External Auditors and received assurance from the Executive Directors and the Management that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects before recommending the Statement to the Board.

AUDIT **COMMITTEE REPORT**
(cont'd)

c) External Audit

Messrs Ecovis Malaysia PLT ("Ecovis") is the External Auditors for the Group. The External Auditors attended two (2) AC meetings held during the FPE 2020. The External Auditors were encouraged to raise with the AC any matters they considered important to bring to the AC's attention. For FPE 2020, two (2) private sessions were held between the AC with the External Auditors without the presence of the Executive Directors and Management. The Chairman of the AC also sought information on the communication flow between the External Auditors and the Management which was necessary to allow unrestricted access to information for the External Auditors to effectively perform their duties.

The non-audit fees paid to the External Auditors amounting to RM5,000 for the FPE 2020. The non-audit fees were in respect of services rendered in respect of review of the Statement on Risk Management and Internal Control.

The AC carried out an assessment of the performance and suitability of Ecovis based on the quality of services and relationship with Management, AC, Internal auditors and Board. The AC has been generally satisfied with the independence, performance and suitability of Ecovis based on the assessment and are recommending to the Board and shareholders for approval for the re-appointment of Ecovis as External Auditors for the Financial Year Ending 30 June 2021.

CG PRACTICES

Apart from discharging its duties with respect to the internal audit, financial reporting and external audit, the AC also reviewed the disclosures made in respect of the financial results and Annual Report of the Company in line with the principles and spirit set out in the MCCG 2017, other applicable laws, rules, directives and guidelines.

The AC discussed and reviewed the Corporate Governance Overview Statement and CG Report for the FPE 2020.

This statement was approved by the Board on 27 October 2020.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

This Statement on Risk Management and Internal Control is made pursuant to Rule 15.26(b) of ACE Market Listing Requirements ("ACE LR") of Bursa Securities which requires the Board of Directors of Green Ocean Corporation Berhad ("Board") to include in this Annual Report a statement about the state of risk management and internal control of the Company and its subsidiaries ("Group").

The following statement outlines the nature and scope of the Group's risk management and internal control for the financial period ended 30 June 2020 as guided by the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers issued by Bursa Securities and taking into consideration the recommendations underlying Principle 6 of the Code.

1. RESPONSIBILITY FOR RISK MANAGEMENT AND INTERNAL CONTROLS

The Board and Management recognise their overall responsibilities in maintaining a sound system of internal controls that covers financial, operational, compliance and risk management practices in the organisation. The Board acknowledges its overall responsibility to review and maintain an adequate system of internal controls organisation- wide with consistent integrity designed to manage rather than eliminate risks to improve the governance process of the organisation. However, there are limitations inherent in any system of internal controls; the evaluation and implementation of the system can only provide reasonable assurance and not absolute assurance against any material loss or misstatement.

The Group has established an on-going process for identifying, evaluating and managing the significant risks that may affect the achievement of its business objectives. The system of internal controls has been in place during the financial year and the system is subject to regular reviews by the Board. The Board has received assurance from the Executive Director and the Management that the Company's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

2. INTERNAL AUDIT FUNCTION

During the financial period under review, the Group outsourced the internal audit function to an independent consultancy firm, Messrs. Eco Asia Advisory Sdn Bhd to review the risk assessment of the internal control systems of the Group and to report directly to the Audit Committee of its internal audit findings.

The scope of the internal audit focused on the risk areas identified in the enterprise-wide risk assessment exercise in accordance with the internal audit plan approved by the Audit Committee. The Audit Committee received reports of the findings of the internal audits with comments from the Management and the Internal Auditor's recommendations. These internal audit reports were tabled during the Audit Committee meetings for review to ensure that the necessary corrective actions were implemented. Update on the status of action plan as identified in the previous internal audit reports were also presented to the Audit Committee for review and deliberation.

During the financial period under review, a number of internal control weaknesses have been identified and all of which have been or are being addressed by the Management. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in this Annual Report.

The internal audit fee incurred for the outsourced internal audit function in respect of the financial period under review amounted to RM22,000.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(cont'd)

3. KEY ELEMENTS OF INTERNAL CONTROLS

Apart from risk management and internal audits, the other key elements of the Group's internal control systems are as follows:-

- The Board has put in place an organisation structure, which formally defines lines of responsibility and delegation of authority.
- Internal control procedures are set out in a series of standard operating policies and procedures. These procedures are subject to regular reviews and improvements to reflect changing risks or to resolve operational deficiencies.
- Quarterly performance reports with information on financial performance and key business indicators are deliberated at the Audit Committee meetings and thereafter tabled to the Board.
- The Audit Committee and the Board are committed to identify any significant risks faced by the Group and assess the adequacy of financial and operational controls to address these risks.
- The Audit Committee reviews the External Auditors' recommendations on internal controls arising from the statutory audit.
- The Audit Committee holds meetings to deliberate on the findings and recommendations for improvement by both the Internal and External Auditors on the state of the internal controls system and reports to the Board.
- Formal board meetings are held during the financial year under review in order to assess the performance and controls at operational level.

4. REVIEW OF THIS STATEMENT

The External Auditors have reviewed this Statement on Risk Management and Internal Controls for inclusion in the Annual Report for the financial period ended 30 June 2020 pursuant to Rule 15.23 of Bursa Securities ACE LR, and reported to the Board that nothing has come to their attention that causes them to believe that this Statement on Risk Management and Internal Controls is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

5. CONCLUSION

The Board is of the view that the developments of internal controls is an on-going process and has taken steps to establish a sound internal controls system and will continue to strengthen the internal controls environment.

Based on the Internal Auditors' reports for the financial period ended 30 June 2020, there is a reasonable assurance that the Group's systems of internal controls are adequate and are working satisfactorily.

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 to prepare the financial statements of each financial year which have been made out in accordance with the applicable Malaysian Accounting Standards Board and to give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the year ended.

In preparing the financial statements, the Directors have taken the necessary steps and actions as follows:

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that are prudent and reasonable;
- Ensured that all applicable accounting standards have been followed; and
- Prepared the financial statements on a going concern basis as the Directors have a reasonable expectation, having made the necessary enquiries, that the Group and Company have adequate resources to continue operational existence for the foreseeable future.

The Directors have the responsibility in ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and Company and which enable them to ensure that the financial statements comply with the Companies Act 2016.

The Directors have the overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect any fraud and other irregularities.

ADDITIONAL COMPLIANCE INFORMATION

The following additional compliance information is provided in accordance with Bursa Malaysia Securities Berhad ACE Market Listing Requirements:-

1. Audit and Non-Audit Fees

For the FPE 2020, the External Auditors have rendered statutory audit and non-statutory audit services to the Group and the Company. A breakdown of fees paid were listed as below for information:-

	Group (RM)	Company (RM)
Statutory audit services rendered		
Statutory audit	130,000	42,000
Non-statutory audit services rendered		
Review of Statement on Risk Management and Internal Control	5,000	5,000
Total	135,000	47,000

FINANCIAL **CALENDAR**

FINANCIAL PERIOD ENDED 30 JUNE 2020

ANNOUNCEMENT OF RESULTS

First Quarter Ended 30 June 2019
Date Announced 30 August 2019

Second Quarter Ended 30 September 2019
Date Announced 15 November 2019

Third Quarter Ended 31 December 2019
Date Announced 28 February 2020

Fourth Quarter Ended 31 March 2020
Date Announced 26 June 2020

Fifth Quarter Ended 30 June 2020
Date Announced 28 August 2020

PUBLISHED ANNUAL REPORT AND FINANCIAL STATEMENT

Notice of Annual General Meeting
30 October 2020

**17th Annual
General Meeting
Friday
4 December 2020**

REPORTS AND **FINANCIAL STATEMENTS**

for the Financial Period Ended 30 June 2020

DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial period ended 30 June 2020.

Principal activities

The Company is principally an investment holding company. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

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

Change of financial year end

The Directors have, in their resolution dated 26 August 2020, approved the change of the financial year end from 31 March to 30 June. Therefore, the financial period covered in these financial statements is for a period of 15 months from 1 April 2019 to 30 June 2020. Thereafter, the financial year of the Group and the Company shall revert to 12 months ending 30 June, for each subsequent year.

Results

	Group RM	Company RM
Net loss for the financial period attributable to the owners of the Company	(11,429,941)	(25,227,436)

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

Reserves and provisions

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

Dividends

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any dividend in respect of the current financial period.

Directors

The Directors of the Company who served during the financial period up to the date of this report are as follows:

Khoo Chee Siang	
Mak Siew Wei	(Appointed on 27 July 2020)
Roy Winston George	(Appointed on 28 July 2020)
Dato' Nik Ismail bin Dato' Nik Yusoff	(Appointed on 7 August 2020)
Datuk Seri Chiau Beng Teik	(Resigned on 7 August 2020)
Datin Seri Anizah binti Musa	(Resigned on 7 August 2020)
Shelly Chiau Yee Wern	(Resigned on 28 July 2020)
Fong Shin Ni	(Resigned on 28 July 2020)
Mohd Yusri bin Md Yusof	(Resigned on 28 February 2020)

DIRECTORS' REPORT
(cont'd)

Directors (cont'd)

The names of the Directors of the subsidiaries of the Company in office during the financial period and up to the date of this report are as follows:

Datuk Seri Chiau Beng Teik	
Shelly Chiau Yee Wern	
Mak Siew Wei	(Appointed on 25 August 2020)
Mohd Yusri bin Md Yusof	(Resigned on 28 February 2020)
Dato' Tan See Meng	(Resigned on 26 December 2019)

Directors' benefits

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of fees and emoluments received or due and receivable by the Directors from the Company and its related corporations, or the fixed salary of a full time employee of the Company or of related corporations as disclosed in Note 28.2 to the financial statements) by reason of a contract made by the Company or its related corporations with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 28.1 to the financial statements.

Neither at the end of the financial period, nor at any time during that financial period, did there subsist any arrangement to which the Company was a party, being arrangements with the object of enabling Directors of the Company to acquire benefits by means of the acquisitions of shares in or debentures of the Company or any other body corporate.

Directors' interests in shares

The interests in shares in the Company and its related corporation of those who were Directors at the end of the financial period as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016, are as follow:

	Number of ordinary shares			
	As at 01.04.2019	**Bought**	**Sold**	**As at 30.06.2020**
Interest in the Company				
Direct interest				
Datuk Seri Chiau Beng Teik	49,452,950	-	-	49,452,950
Khoo Chee Siang	-	28,362,300	-	28,362,300
Indirect interest				
Datuk Seri Chiau Beng Teik	10,000,000**	-	-	10,000,000**

** Deemed interest by virtue of his interest in PP Chin Hin Realty Sdn. Bhd. ("PPCHR") pursuant to Section 8 of the Companies Act 2016. PPCHR is the holding company of Divine Inventions Sdn. Bhd..

By virtue of the direct and indirect interest in the shares of the Company, the above Directors are deemed to have an interest in the shares of all the subsidiaries to the extent that the Company has interest.

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

Directors' remuneration

Details of Directors' remuneration during the financial period are set out in Note 28.2 to the financial statements.

Issue of shares and debentures

During the financial period:

(i) there were no changes in the issued and paid-up share capital of the Company; and

(ii) there were no issues of debentures by the Company.

Warrants

The Company had previously issued 65,843,362 free warrants on the basis of 1 free warrant for every 4 ordinary shares held by the entitled shareholders on the entitlement date. The issuance was completed upon admission of the warrants to the Official List of Bursa Malaysia Securities Berhad ("Bursa") and the listing of and quotation for the warrants on the ACE Market of Bursa on 18 August 2014 ("Warrants A").

Warrants A of the Company were constituted by a Deed Poll dated on 9 July 2014.

The salient features of Warrants A and the movements of Warrants A are disclosed in Note 13 to the financial statements.

Warrants A of the Company had expired on 7 August 2019.

Share option scheme

No option has been granted during the financial period to take up any unissued shares of the Company.

Other statutory information

Before the financial statements of the Group and of the Company were prepared, 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 impairments and had satisfied themselves that there are no known bad debts and that adequate impairments had been made; and

(ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business as shown in the accounting records had been written down to an amount which they might be expected so to realise.

DIRECTORS' REPORT
(cont'd)

Other statutory information (cont'd)

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

(i) which would render writing off of bad debts necessary or the impairments in the financial statements of the Group and of the Company inadequate to any material extent; or

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

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

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

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

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

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

In the opinion of the Directors:

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

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

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

Significant event during the financial period

The details of significant event during the financial period is disclosed in Note 32 to the financial statements.

Subsequent events after the reporting period

The details of subsequent events after the reporting period are disclosed in Note 33 to the financial statements.

Indemnity and insurance for Directors, officers and auditors

No indemnity has been given to or insurance effected for the Directors or officers of the Company pursuant to Section 289 of the Companies Act 2016 ("the Act").

To the extent permitted by the Act, the Company has agreed to indemnify its auditors as part of the terms of their engagement against claims by third parties arising from the audit. No payment has been made to indemnify the auditors during or since the financial period.

Auditors' remuneration

The details of auditors' remuneration are set out in Note 24 to the financial statements.

Auditors

The auditors, ECOVIS MALAYSIA PLT, have expressed their willingness to continue in office.

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

Mak Siew Wei	**Khoo Chee Siang**
Director	Director

27 October 2020

STATEMENT BY DIRECTORS

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

We, **Mak Siew Wei** and **Khoo Chee Siang**, being two of the Directors of **Green Ocean Corporation Berhad**, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 45 to 97 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020 and of the financial performance and cash flows of the Group and of the Company for the financial period ended on that date.

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

Mak Siew Wei
Director

Khoo Chee Siang
Director

27 October 2020

STATUTORY DECLARATION

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

I, **Mak Siew Wei**, being the Director primarily responsible for the financial management of **Green Ocean Corporation Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 45 to 97 are, to the best of my knowledge and belief, 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 on 27th October 2020
at Puchong, Selangor

Mak Siew Wei

Before me,

Ng Say Jin
(No. B195)
Commissioner for Oaths

INDEPENDENT AUDITORS' **REPORT**

TO THE MEMBERS OF GREEN OCEAN CORPORATION BERHAD

Report on the Audit of the Financial Statements

We have audited the financial statements of **Green Ocean Corporation Berhad** ("the Company"), which comprise the statements of financial position as at 30 June 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 45 to 97.

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

Basis for Opinion

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

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 Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

INDEPENDENT AUDITORS' **REPORT**
(cont'd)

Report on the Audit of the Financial Statements (Cont'd)

Key Audit Matters

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

Key audit matter	How the matters was addressed in our audit
Impairment assessment of property, plant and equipment ("PPE") of a subsidiary, ACE Edible Oil Industries Sdn. Bhd. ("AEOI") Refer to Note 4.2(i) and Note 5 to the financial statements. During the financial period, AEOI had temporarily ceased its production of crude palm kernel oil ("CPKO") due to the market prices for CPKO have remained subdued and weaker demand. This has increased the risk that the carrying values of PPE in AEOI, amounted to RM18,779,417 as at 30 June 2020, may be impaired. Management has performed an impairment test on these PPE due to the presence of impairment indicators on these PPE as at 30 June 2020. As disclosed in Note 4.2(i), the impairment test was conducted by comparing the carrying amounts of these PPE to their respective recoverable amounts. Management has concluded that there is no additional impairment required in respect of these PPE for the current financial period. This area is significant to our audit because of the significance of the carrying amounts of these PPE and significant management judgement involved in determining the recoverable amounts of these PPE.	We have performed the following: (a) we have performed sighting of PPE to ensure they are in good working condition. (b) we have evaluated Management's discounted cash flow forecast ("DCF") used in the estimation of value-in-use and the process by which the DCF was prepared and approved, including checking the mathematical accuracy of the underlying calculations. (c) we have considered the appropriateness of the DCF estimated by Management, by understanding the projection methodologies and bases used by Management, which include the impact of discount rate used by Management, production volume, production cost and market prices of crude palm commodities against historical results and market data. (d) we have evaluated the reasonableness of the estimated selling prices and estimated cost to sell determined by Management. (e) we have assessed the adequacy and appropriateness of the disclosures made in the financial statements.

Report on the Audit of the Financial Statements (Cont'd)

Key Audit Matters (cont'd)

Key audit matter	How the matters was addressed in our audit
Assessment of the Group's funding requirements and ability to meet short term obligations Refer to Note 2.4, Note 33(a) and Note 33(c) to the financial statements. As of 30 June 2020, the current liabilities of the Group exceeded its current assets by RM7,742,200. Subsequent to the financial period ended 30 June 2020, the Company has proposed to undertake several corporate proposals which included a completed private placement on 26 August 2020 (Note 33(a)), and a proposed diversification of principal activities, proposed private placement, proposed renounceable rights issue with warrants, and proposed establishment of an employees' share options scheme (Note 33(c)). As disclosed in Note 33(c), the Company had obtained approval from Bursa Securities for the proposals on 6 October 2020 and the Company had obtained its shareholders' approval at an extraordinary general meeting convened on 27 October 2020. The ability of the Group to generate sufficient cash flows to meet its liabilities as and when they fall due is dependent upon whether the Group is able to obtain continuing financial support from its Directors, shareholders, bankers and creditors and the successful completion of the proposals as disclosed in Note 33(c) to the financial statements. The assessment on the ability of the Group to generate sufficient cash flows to meet its obligations when fall due is a key audit matter as it involves consideration of future events which are uncertain and required significant judgement.	We have performed the following: (a) we have considered the available financing facilities of the Group and assessed the timing of repayment to bankers and lenders to ascertain whether sufficient funds are available for the Group to meet their obligations when fall due. (b) we have assessed subsequent settlement of trade receivables after the financial period end on sampling basis. (c) we have reviewed the adequacy of the Group's disclosure in the financial statements.

We have determined that there are no key audit matters in audit of the separate financial statements of the Company to be communicated in our auditors' report.

INDEPENDENT AUDITORS' **REPORT**
(cont'd)

Report on the Audit of the Financial Statements (Cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above 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 the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") 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 has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole that 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 of auditing in Malaysia and ISAs 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.

Report on the Audit of the Financial Statements (Cont'd)

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

As part of an audit in accordance with approved standards of auditing in Malaysia and ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

(a) 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.

(b) 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 of the Company's internal control.

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

(d) 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.

(e) 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.

(f) 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.

INDEPENDENT AUDITORS' **REPORT**
(cont'd)

Report on the Audit of the Financial Statements (Cont'd)

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

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

Other Matters

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.

ECOVIS MALAYSIA PLT
AF 001825
Chartered Accountants

YONG HUI NEE
03283/09/2022 J
Chartered Accountant

Kuala Lumpur
27th October 2020

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2020

		Group		Company	
		30.06.2020	31.03.2019	30.06.2020	31.03.2019
	Note	RM	RM	RM	RM
Non-current assets					
Property, plant and equipment	5	18,832,320	19,509,085	52,903	77,703
Investment in subsidiaries	6	-	-	50,000	9,599,330
Investment in a joint venture	7	81,288	-	-	-
Goodwill	8	-	-	-	-
		18,913,608	19,509,085	102,903	9,677,033
Current assets					
Inventories	9	3,294,066	13,132,014	-	-
Trade receivables	10	10,173,546	18,123,426	-	-
Other receivables, deposits and prepayments	11	1,672,712	3,363,501	8,751	10,755
Amount owing by subsidiaries	12	-	-	274,164	15,920,612
Tax recoverable		14,366	1,035	1,800	-
Cash and bank balances		3,399,340	2,490,835	95,922	95,922
		18,554,030	37,110,811	380,637	16,027,289
Total assets		37,467,638	56,619,896	483,540	25,704,322
Equity and liabilities					
Equity					
Share capital	13	34,189,276	34,189,276	34,189,276	34,189,276
Revaluation reserve	14	8,930,000	8,930,000	-	-
Accumulated losses		(32,556,618)	(21,126,677)	(33,810,671)	(8,583,235)
Total equity		10,562,658	21,992,599	378,605	25,606,041
Non-current liability					
Deferred tax liabilities	15	608,750	608,750	-	-
Current liabilities					
Trade payables	16	4,218,187	2,906,144	-	-
Other payables and accruals	17	274,567	2,171,336	77,935	71,281
Amount owing to Directors	18	27,000	27,000	27,000	27,000
Amount owing to a related party	19	-	1,273,574	-	-
Bank borrowings	20	21,776,476	27,640,493	-	-
		26,296,230	34,018,547	104,935	98,281
Total liabilities		26,904,980	34,627,297	104,935	98,281
Total equity and liabilities		37,467,638	56,619,896	483,540	25,704,322

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

	Note	Group 01.04.2019 to 30.06.2020 RM	Group 01.04.2018 to 31.03.2019 RM	Company 01.04.2019 to 30.06.2020 RM	Company 01.04.2018 to 31.03.2019 RM
Revenue	21	222,844,405	361,476,505	-	-
Cost of sales		(229,426,713)	(355,888,826)	-	-
Gross (loss)/profit		(6,582,308)	5,587,679	-	-
Other income	22	57,612	370,879	-	108,559
Administrative expenses		(3,106,606)	(2,355,192)	(816,600)	(382,587)
Selling and distribution costs		(525,087)	(347,007)	-	-
Other expenses		(28)	(55,495)	(24,409,671)	-
(Loss)/Profit from operations		(10,156,417)	3,200,864	(25,226,271)	(274,028)
Finance costs	23	(1,299,934)	(1,271,794)	-	(747)
Share of result of joint venture		30,287	-	-	-
(Loss)/Profit before tax	24	(11,426,064)	1,929,070	(25,226,271)	(274,775)
Tax expense	25	(3,877)	(3,606)	(1,165)	-
Net (loss)/profit for the financial year		(11,429,941)	1,925,464	(25,227,436)	(274,775)
<u>Net (loss)/profit attributtable income attributable to:</u>					
Owners of the Company		(11,429,941)	1,925,464	(25,227,436)	(274,775)
<u>Total comprehensive (loss)/ income attributable to:</u>					
Owners of the Company		(11,429,941)	1,925,464	(25,227,436)	(274,775)
(Loss)/Earnings per ordinary share ("EPS")					
- Basic/diluted (sen)	26	(3.95)	0.66		

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

	Share capital RM	Non-distributable reserves Revaluation reserve RM	Accumulated losses RM	Total equity RM
Group				
At 1 April 2018	34,189,276	8,930,000	(23,052,141)	20,067,135
Net profit/Total comprehensive income for the financial year	-	-	1,925,464	1,925,464
At 31 March 2019/1 April 2019	34,189,276	8,930,000	(21,126,677)	21,992,599
Net loss/Total comprehensive loss for the financial period	-	-	(11,429,941)	(11,429,941)
At 30 June 2020	34,189,276	8,930,000	(32,556,618)	10,562,658

	Share capital RM	Accumulated losses RM	Total equity RM
Company			
At 1 April 2018	34,189,276	(8,308,460)	25,880,816
Net loss/Total comprehensive loss for the financial year	-	(274,775)	(274,775)
At 31 March 2019/1 April 2019	34,189,276	(8,583,235)	25,606,041
Net loss/Total comprehensive loss for the financial period	-	(25,227,436)	(25,227,436)
At 30 June 2020	34,189,276	(33,810,671)	378,605

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

	Note	Group 01.04.2019 to 30.06.2020 RM	Group 01.04.2018 to 31.03.2019 RM	Company 01.04.2019 to 30.06.2020 RM	Company 01.04.2018 to 31.03.2019 RM
Cash flows from operating activities					
(Loss)/Profit before tax		(11,426,064)	1,929,070	(25,226,271)	(274,775)
Adjustments for:-					
Impairment lossess on:					
- Other receivables	11	-	55,495	-	-
- Investment in a subsidiary	6	-	-	9,549,330	-
- Amount owing by a subsidiary	12	-	-	14,860,340	-
Depreciation of property, plant and equipment	5	676,737	545,501	24,800	24,622
Finance costs	23	1,299,934	1,271,794	-	747
Inventories written down	9	266,409	216,703	-	-
Interest income		-	(495)	-	-
Gain on disposal of property, plant and equipment		-	(108,559)	-	(108,559)
Property, plant and equipment written off		28	-	-	-
Government grant recognised		-	(254,827)	-	-
Share of result of joint venture		(30,287)	-	-	-
Operating (loss)/profit before changes in working capital		(9,213,243)	3,654,682	(791,801)	(357,965)
Changes in inventories		9,571,539	(3,275,012)	-	-
Changes in trade and other receivables		9,640,669	(16,828,519)	2,004	9,397
Changes in trade and other payables		(584,726)	3,600,852	6,654	(36,749)
Changes in amount owing by/(to) related party		(1,273,574)	1,936,988	-	-
Cash generated from/(used in) operation activities		8,140,665	(10,911,009)	(783,143)	(385,317)
Interest received		-	495	-	-
Tax paid		(17,208)	-	(2,965)	-
Tax refunded		-	342	-	-
Net cash generated from/(used in) operating activities		8,123,457	(10,910,172)	(786,108)	(385,317)

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (cont'd)

		Group		Company	
	Note	01.04.2019 to 30.06.2020 RM	01.04.2018 to 31.03.2019 RM	01.04.2019 to 30.06.2020 RM	01.04.2018 to 31.03.2019 RM
Cash flows from investing activities					
Acquisition of a subsidiary		-	-	-	(50,000)
Investment in a joint venture	7	(51,001)	-	-	-
Proceeds from disposal of property, plant and equipment		-	115,561	-	115,561
Purchase of property, plant and equipment	5	-	(161,456)	-	(93,964)
Net cash used in investing activities		(51,001)	(45,895)	-	(28,403)
Cash flows from financing activities					
Proceeds from bank borrowings		17,081,675	23,408,898	-	-
Repayment of bank borrowings		(23,408,898)	(15,256,106)	-	-
Finance costs paid		(1,299,934)	(1,271,794)	-	(747)
Advances/(Repayment) from/(to) Directors		-	(34,000)	-	(34,000)
Repayment of finance lease liabilities under MFRS 117		-	(130,966)	-	(130,966)
Repayment from subsidiaries, net of advances		-	-	786,108	583,897
Net cash (used in)/generated from financing activities	(a)	(7,627,157)	6,716,032	786,108	418,184
Net increase/(decrease) in cash and cash equivalents		445,299	(4,240,035)	-	4,464
Cash and cash equivalents at beginning of the financial period/year		(1,740,760)	2,499,275	95,922	91,458
Cash and cash equivalents at the end of the financial period/year	27	(1,295,461)	(1,740,760)	95,922	95,922

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (cont'd)

(a) Movement in financial liabilities arising from financing activities

	At 1 April RM	Additions RM	Repayment RM	Interest expense RM	At 31 March/30 June RM
Group					
Period ended 30.06.2020					
Bankers' acceptance	23,408,898	17,081,675	(24,310,549)	901,651	17,081,675
Amount owing to Directors	27,000	5,103,000	(5,103,000)	-	27,000
Year ended 31.03.2019					
Short term loan	9,000,000	-	(9,159,802)	159,802	-
Bankers' acceptance	6,256,106	23,408,898	(7,057,412)	801,306	23,408,898
Amount owing to Directors	61,000	72,000	(106,000)	-	27,000
Lease liabilities	130,966	-	(131,713)	747	-
Company					
Period ended 30.06.2020					
Amount owing to Directors	27,000	135,000	(135,000)	-	27,000
Year ended 31.03.2019					
Amount owing to Directors	61,000	72,000	(106,000)	-	27,000
Lease liabilities	130,966	-	(131,713)	747	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

1. Corporate information

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

The registered office of the Company is located at 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Malaysia.

The principal place of business of the Company is located at Lot 742, 4th Mile, Jalan Kapar, 42100 Klang, Selangor Darul Ehsan, Malaysia.

The Company is principally an investment holding company. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 27 October 2020.

2. 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 Companies Act 2016 in Malaysia. The consolidated financial statements for the financial period ended 30 June 2020 comprise the financial statements of the Company and its subsidiaries and the Group's interest in a joint venture.

2.1 Change of financial year end

The Directors have, in their resolution dated 26 August 2020, approved the change of the financial year end from 31 March to 30 June. Therefore, the financial period covered in these financial statements is for a period of 15 months from 1 April 2019 to 30 June 2020. Thereafter, the financial year of the Group and the Company shall revert to 12 months ending 30 June, for each subsequent year. The comparatives are for the financial year from 1 April 2018 to 31 March 2019.

2.2 Adoption of MFRS, Amendments to MFRS and IC Interpretation during the current financial period

The accounting policies adopted by the Group and the Company are consistent with those of the previous financial period, except for the adoption of the following MFRS, Amendments to MFRS and IC Interpretation:

MFRSs (Including the Consequential Amendments)		Effective Date
MFRS 16	Leases	1 January 2019
Amendments to MFRS 128	Long-term Interests In Associates And Joint Ventures	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRSs	Annual Improvements to MFRSs 2015-2017 Cycle	1 January 2019

The adoption of MFRSs and Amendments to MFRSs and IC Interpretations did not result in significant changes in the accounting policies of the Group and the Company and has no significant effect on the financial performance or position of the Group and of the Company for the current financial period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (cont'd)

2. Basis of preparation (cont'd)

2.2 Adoption of MFRS, Amendments to MFRS and IC Interpretation during the current financial period (cont'd)

(i) MFRS 16, 'Leases'

MFRS 16 replace the guidance in MFRS 117, 'Leases', IC interpretation 4, 'Determining Whether an Arrangement Contains a Lease', IC interpretation 115, 'Operating Leases – Incentives' and IC Interpretation 127, 'Evaluating the Substance of Transactions Involving the Legal Form of a 'Lease'.

The Group and the Company has adopted MFRS 16 using simplified retrospective transition method, with date of initial application ("DIA") of 1 April 2019.

Under simplified retrospective transition method, the comparative information for financial year ended 31 March 2019 was not restated and the cumulative effects of initial application were recognised as an adjustment to the opening balance of retained earnings as at 1 April 2019. The comparative information continued to be reported under the previous accounting policies governed under MFRS 117, 'Leases' and IC Int. 4, 'Determining whether an Arrangement Contains a Lease'.

Upon adoption of MFRS 16, the Group and the Company also applied the following practical expedient:

- for contracts entered into before the transition date, the Group and the Company relied on it assessment made applying MFRS 117 and IC Int. 4. At the DIA, the Company has elected not to reassess whether these contract are, contain a lease.
- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the exclusion of initial direct costs for the measurement of the right-of-use ("ROU") asset at the date of initial application;
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and
- the Group and the Company have also elected not to apply the standard to leases for which the lease term ends within 12 months from the DIA.

As a result, the adoption of MFRS 16 has no material financial impact to the Group and the Company's financial statements upon transition at the DIA.

2.3 Standards and amendments issued but not yet effective

The following are MFRSs, Amendments to MFRSs and IC Interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective and have not been adopted by the Group and the Company:

MFRS (Including the Consequential Amendments)		Effective Date
Amendments to MFRS 3	"Business Combinations" – Definition of a Business	1 January 2020
Amendments to MFRS 101 and 108	Definition of Material	1 January 2020
Amendments to MFRS 7, 9 and 139	Interest Rate Benchmark Reform	1 January 2020

2. Basis of preparation (cont'd)

2.3 Standards and amendments issued but not yet effective (cont'd)

The following are MFRSs, Amendments to MFRSs and IC Interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective and have not been adopted by the Group and the Company: (cont'd)

MFRS (Including the Consequential Amendments)		Effective Date
Amendments to MFRSs and IC Interpretation	Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 16	Covid-19 – Related Rent Concessions	1 June 2020
Amendments to MFRS 4	'Insurance Contracts' – Extension of the Temporary Exemption from Applying MFRS 9	17 August 2020
Amendments to MFRS 9, 139, 7, 4 and 16	Internal Rate Benchmark Reform - Phase 2	1 January 2021
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds Before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRSs	Annual Improvements to MFRSs 2018 - 2020 Cycle	1 January 2022
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 10 and 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

The Group and the Company plan to apply the abovementioned MFRSs, amendments to MFRSs and IC Interpretations from the beginning of the financial year where they become effective, or earlier.

The adoption of the above MFRSs and amendments to MFRSs is expected to have no material impact on the financial statements of the Group and of the Company in the period of initial application.

2.4 Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 3 and on the assumption that the Group and the Company are going concerns.

The Group has prepared its financial statements by applying the going concern assumption, notwithstanding that the Group incurred a net loss of RM11,429,941 for the financial period ended 30 June 2020 and as of that date, the Group's current liabilities exceeded its current assets by RM7,742,200, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as going concerns.

As disclosed in Notes 33(a) and 33(c), subsequent to the financial period ended, the Company has undertaken several corporate proposals which are expected to raise sufficient funding for the Group to meet its short term obligations, at least for the next twelve months.

2. Basis of preparation (cont'd)

2.4 Basis of measurement (cont'd)

As such, at the date of this report, there is no reason for the Directors to believe there is any significant uncertainty that the Group will not successfully achieve the above action plans/activities. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that would be required should the going concern basis prove to be invalid.

2.5 Functional and presentation currency

These financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM"), which is the functional currency of the Company.

2.6 Use of estimates and judgements

The preparation of the financial statements in conformity with MFRS requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The areas involving significant judgement and estimation uncertainty to the financial statements are disclosed in Note 4 to the financial statements.

3. Summary of significant accounting policies

3.1 Basis of consolidation

The consolidated financial statements consists of the financial statements of the Company and its subsidiaries as disclosed in Note 6 to the financial statements. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

(a) Power over the investee;
(b) Exposure, or rights, to variable returns from its involvement with the investee; and
(c) The ability to use its power over the investee to affect its returns.

If the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) The contractual arrangement with the other vote holders of the investee;
(b) Rights arising from other contractual agreements; and
(c) The voting rights and potential voting rights of the Company.

Intragroup balances, transactions, income and expenses are eliminated in the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly controlled entity are eliminated against the investment to the extent of the interest of the Group in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment. The consolidated financial statements reflect external transactions only.

3. Summary of significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

The financial statements of the Group are prepared for the same reporting period, using consistent accounting policies.

Non-controlling interests represent equity in the Group that are not attributable, directly or indirectly, to the owners' of the Company, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to the owners' of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners' of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date on which control is transferred to the Company up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary disposed of during the financial period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date the Company ceases to control the subsidiary.

Changes in the Company's interests 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 consideration paid or received is recognised directly in equity and attributed to the owners' of the Company.

When the Group losses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(i) Aggregate of the fair value of the consideration received and the fair value of any retained interest; and
(ii) Previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable MFRSs). The fair value of any investments retained in the former subsidiaries at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 Financial Instruments or, where applicable, the cost on initial recognition of an investment in associate or jointly controlled entity.

<u>Subsidiaries</u>

Investment in subsidiaries, which are eliminated on consolidation, are stated at cost less any accumulated impairment losses, if any, in the Company's separate financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (cont'd)

3. Summary of significant accounting policies (cont'd)

3.2 Business combinations not under common control

Business combinations not under common control are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

(a) Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 Income Taxes and MFRS 119 Employee Benefits respectively;

(b) Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 Share-based Payment at the acquisition date; and

(c) Assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with MFRS 137 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the previously held equity interest of the Group in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the consolidated statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

3. Summary of significant accounting policies (cont'd)

3.3 Joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

On acquisition of an investment in joint venture, 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 joint venture's profit or loss for the period in which the investment is acquired.

The financial statements of the joint venture is prepared as of the same reporting date, using consistent accounting policies as the Group and the Company.

A joint venture is equity accounted for from the date on which the investee becomes a joint venture.

Under the equity method, on initial recognition the investment in a joint venture 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 joint venture after the date of acquisition. When the Group's share of losses in a joint venture equal or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Profits and losses resulting from transactions between the Group and its joint venture are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

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

3.4 Goodwill

Goodwill is measured at cost less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro-rate to the other assets of the unit on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (cont'd)

3. Summary of significant accounting policies (cont'd)

3.4 Goodwill (cont'd)

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit of loss on disposal.

3.5 Foreign currencies

The financial statements of the Group and of the Company are measured using the currency of the primary economic environment in which each entity in the Group and the Company is operates ("functional currency").

In preparing the financial statements of the Group and of the Company, transactions in currencies other than the functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at the date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of the monetary items, and on the translation of monetary items, are included in profit or loss for the period. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for differences (if any) arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

3.6 Property, plant and equipment and depreciation

Operating tangible assets that are used for more than one accounting period in the production and supply of goods and services, for administrative purposes are recognised as property, plant and equipment when the Group obtains control of the asset. These include assets constructed or acquired for environmental protection purposes and investment property measured on the cost model. The assets, including major spares, stand-by equipment and servicing equipment, are classified into appropriate classes based on their nature. Any subsequent replacement of a significant component in an existing asset is capitalised as a new component in the asset and the old component is derecognised.

All property, plant and equipment are initially measured at cost. For a purchased asset, cost comprises purchase price plus all directly attributable costs incurred in bringing the asset to its present location and condition for management's intended use. For a self-constructed asset, cost comprises all direct and indirect costs of construction (including provision for restoration and cost of major inspection) but excludes internal profits. For an exchange of non-monetary asset that has a commercial substance, cost is measured by reference to the fair value of the asset received. For an asset transferred from a customer or a grantor, cost is measured by reference to the fair value of the asset.

All property, plant and equipment are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, except for freehold land which is carried at revalued amounts, being its fair value at the date of revaluation, less any subsequent accumulated impairment losses. Revaluation is made with sufficient regularity to ensure that carrying amount do not differ materially from that which would be determined using the fair value at the end of the reporting period.

3. Summary of significant accounting policies (cont'd)

3.6 Property, plant and equipment and depreciation (cont'd)

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss to the extent of the decrease previously expensed. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Freehold land is not depreciated but are subject to impairment test if there is any indication of impairment. All other property, plant and equipment are depreciated by allocating the depreciable amount of a significant component or of an item over the remaining useful life.

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

Freehold buildings and office renovation	4% - 10%
Plant and machinery, tools and equipment	10%
Electrical installation	10%
Motor vehicles	10%
Office equipment, furniture and fittings and computer equipment	10%

At the end of each reporting period, the residual values, useful lives and depreciation methods for the property, plant and equipment are reviewed, with any change in estimate is adjusted prospectively over its remaining useful life, commencing in the current period.

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 de-recognition of the asset is included in the profit or loss when the asset is derecognised.

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 policy for recognition and measurement of impairment losses is in accordance with Note 3.9(b) to the financial statements.

3.7 Inventories

Inventories are measured at the lower of cost and net realisable value (which is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale). Cost comprises purchase price and directly attributable costs of bringing the inventories to their present location and condition. For manufactured goods, cost includes cost of raw material, conversion costs of labour and variable and a proportion of fixed production overheads. For homogeneous items of inventory, cost is determined by the weighted average cost formula. Net realisable value is determined on an item-by-item basis or on group of similar items basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (cont'd)

3. Summary of significant accounting policies (cont'd)

3.8 Financial instruments

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

(a) Financial assets

Classification

The Group and the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ('OCI') or through profit or loss), and
- those to be measured at amortised cost.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commit to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement of financial asset at amortised cost

At initial recognition, the Group measures a financial asset at its fair value plus transactions costs, in the case of a financial asset not at fair value through profit or loss ('FVTPL'), that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest ('SPPI').

Subsequent to initial recognition, the financial assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss.

3. Summary of significant accounting policies (cont'd)

3.8 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Measurement of financial asset at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the statements of profit or loss.

This category includes derivative instruments and listed equity investments which the Group and the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statements of profit or loss when the right of payment has been established.

(b) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and meet the definition of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Company becomes a party to the contractual provisions of the financial instrument.

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

The Group and the Company have not designated any financial liabilities at fair value through profit or loss.

Other financial liabilities are recognised initially at fair value, net of directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liabilities for at least twelve months after the reporting date.

A financial liability is derecognised when the obligation under the liability is extinguished and the resulting gains or losses are recognised in profit or loss

3. Summary of significant accounting policies (cont'd)

3.8 Financial instruments (cont'd)

(c) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, there is a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.9 Impairment

(a) Impairment of financial assets

Financial assets carried at amortised cost

The Group and the Company assess on a forward looking basis the expected credit loss ('ECL') associated with its debt instruments carried at amortised cost. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

The assessment of whether credit risk has increased significantly is based on quantitative and qualitative information that include financial evaluation of the creditworthiness of the debtors or issuers of the instruments, ageing of receivables, defaults and past due amounts, past experiences with the debtors, current conditions and reasonable forecast of future economic conditions. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward looking information.

The ECL approach can be classified into the categories below:

(a) Trade receivables

The Group applies the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables.

Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience. The Group considers forward-looking factors do not have significant impact to its credit risk given the nature of its industry and the amount of ECLs is insensitive to changes to forecast economic conditions.

(b) Other receivables and intercompany receivables

At each reporting date, the Group or the Company measures ECL through loss allowance at an amount equal to 12 months ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

Cash and cash equivalents are also subject to the impairment requirements of MFRS 9. The identified impairment loss was immaterial.

3. Summary of significant accounting policies (cont'd)

3.9 Impairment of financial assets (cont'd)

(b) Impairment of non-financial assets

The carrying amount of assets, other than those to which MFRS 136 – Impairment of Assets does not apply, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Goodwill that have an indefinite useful life are tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill might be impaired.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the CGU to which the asset belongs. Goodwill acquired in a business combination is from the acquisition date, allocate to each of the CGU or groups of CGU of the Group and the Company that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquire are assigned to those units or groups of units.

Goodwill acquired in a business combination shall be tested for impairment as part of the impairment testing of CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, including the goodwill, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in profit or loss immediately.

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for other assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Such reversals are recognised as income immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (cont'd)

3. Summary of significant accounting policies (cont'd)

3.10 Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss in the period in which they are incurred.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sales are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sales are interrupted or completed.

3.11 Leases

The Group as lessee

Policy applicable from 1 April 2019

The Group assesses whether a contract is or contains a lease, at inception of a contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease agreements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjustment for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

3. Summary of significant accounting policies (cont'd)

3.11 Leases (cont'd)

The Group as lessee (cont'd)

Policy applicable prior to 1 April 2019

(a) Finance lease

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised, lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the profit of loss.

Leased assets are depreciated over the estimated useful lives of the assets. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

(b) Operating lease

Operating lease payments are recognised as an expense in the profit or loss on the straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on the straight-line basis.

3.12 Share capital and dividends

An equity instrument is any contract that evidences a residual interest in the assets 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 as liabilities when approved for appropriation.

3.13 Taxes

(a) Current tax

Current tax expenses are determined according to the tax laws of the jurisdiction in which the Group and the Company operates and include all taxes based upon taxable profit and real property gains taxes payable on disposal of properties, if any.

Current income tax assets and liabilities are the expected amount to be recovered from or paid to the taxation authorities at the end of the reporting period.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statements of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

3. Summary of significant accounting policies (cont'd)

3.13 Taxes (cont'd)

(b) Deferred tax (cont'd)

A deferred tax asset is recognised only to the extent that it is probable that taxable profit would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profit would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profit would be available, such reductions would be reversed to the extent of the taxable profit.

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

Deferred tax would be recognised as income or expense and included in profit or loss for the period unless the tax related to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government which have the substantive effect of actual enactment by the end of each reporting period.

(c) Sales and service tax ("SST")

Revenue are recognised net of the amount of SST.

The amount of SST incurred in a purchase of assets or services is not recoverable from the taxation authority and is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

The amount of SST payable to the taxation authority is included as part of payables in the statements of financial position.

3.14 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liabilities or assets are not recognised in the statements of financial position of the Group and of the Company.

3.15 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments, if any, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

3. Summary of significant accounting policies (cont'd)

3.16 Revenue from contracts with customers

Revenue from contracts with customers is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group transfers control of the goods or services promised in a contract and the customer obtains control of the goods or services. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of tax, returns, rebates and discounts. The transaction price is allocated to each distinct good or service promised in the contract. Depending on the terms of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

(a) Sales of goods

The Group and the Company contract with its customers for sales of oil palm products. Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is recognised at an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods.

(b) Interest income

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

(c) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

3.17 Employee benefits

(a) Short-term employee benefits

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

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plans

The Group make contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contribution to defined contribution pension schemes are recognised as an expenses in the period in which the related service is performed.

3.18 Earnings per ordinary share ("EPS")

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, and the effects of all dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (cont'd)

3. Summary of significant accounting policies (cont'd)

3.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

3.20 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.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts has recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

3.21 Fair value measurement

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, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's 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.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

3. Summary of significant accounting policies (cont'd)

3.22 Related parties

A party is related to an entity (referred to as the "reporting entity") if:

(i) A person or a close member of that person's family:

(a) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity;
(b) has control or joint control over the reporting entity; or
(c) has significant influence over the reporting entity.

(ii) Any one of the following condition applies:

(a) the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(b) either entity is an associate or joint venture of the other entity (or of a member of a group of which the other entity is a member).
(c) both entities are joint ventures of a third entity.
(d) either 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 reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the plan.
(f) the entity is controlled or jointly controlled by a person identified in (i).
(g) a person identified in (i)(b) 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).
(h) the entity, or any member of a group of which it is part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

(iii) Directly, or indirectly through one or more intermediaries, the party:

(a) controls, is controlled by, or is under common control with, the Company (this includes parents, subsidiaries, fellow subsidiaries and fellow associates and joint ventures);
(b) has an interest in the entity that gives it significant influence over the entity; or
(c) has joint control over the entity.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with entity and include:

(i) that person's children and spouse or domestic partner;
(ii) children of that person's spouse or domestic partner; and
(iii) dependants of that person or that person's spouse or domestic partner.

3. Summary of significant accounting policies (cont'd)

3.23 Current versus non-current classification

Assets and liabilities in statement of financial position are presented based on current/non-current classification. An asset is current when it is:

(i) Expected to be realised or intended to sold or consumed in normal operating cycle;
(ii) Held primarily for the purpose of trading;
(iii) Expected to be realised within twelve months after the reporting period; or
(iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

(i) It is expected to be settled in normal operating cycle;
(ii) It is held primarily for the purpose of trading;
(iii) It is due to be settled within twelve months after the reporting period; or
(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

4. Significant accounting estimates and judgements

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the 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.

4.1 Critical judgements made in applying accounting policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements.

4.2 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:

(i) Impairment of non-financial assets

The Group and the Company assess whether there are any indicators of impairment for non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

4. Significant accounting estimates and judgements (cont'd)

4.2 Key sources of estimation uncertainty (cont'd)

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: (cont'd)

(i) Impairment of non-financial assets (cont'd)

Property, plant and equipment ("PPE")

As of 30 June 2020, Management have made an impairment assessment on PPE of a subsidiary company, ACE Edible Oil Industries Sdn. Bhd. ("AEOI") pursuant to the temporarily ceased its production of crude palm kernel oil ("CPKO") during the financial period due to the market prices for CPKO have remained subdued and weaker demand. The recoverable amount was determined based on a variety of methods. The basis of recoverable amounts for the said assets was determined as follows:

(a) Freehold land and factory building – fair value less cost to sell, being comparison to recent selling prices of similar properties in the same location and where necessary, adjusting for size of the property, net of estimated cost to sell based on Management's best estimates.

(b) Other assets – value-in-use method, based on discounted cash flow forecast generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rate.

Management believe that the chosen valuation method is appropriate in determining the recoverable amounts of the PPE of AEOI.

Management are of the opinion that the carrying amount of the PPE of AEOI of RM18,779,417 net of accumulated impairment loss of RM1,769,561 (31.03.2019: RM19,431,382 net of accumulated impairment loss of RM1,769,561) is recoverable.

Investment in a subsidiary

The carrying amount of investment in AEOI as at 30 June 2020 was RM Nil (31.03.2019: RM9,549,330). The Company has recognised impairment losses in respect of cost of investment in AEOI and the accumulated impairment loss amounted to RM11,280,489 (31.03.2019: RM1,731,159). In current financial period, the Company had fully impaired its investment in AEOI and further impairment loss of RM9,549,330 is provided for.

(ii) Expected credit losses of amounts owing by subsidiaries, trade receivables and other receivables

The Group and the Company assess the credit risk at each reporting date, whether there have been significant increases in credit risk since initial recognition on an individual basis. To determine whether there is a significant increase in credit risks, the Group and the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtors.

4. Significant accounting estimates and judgements (cont'd)

4.2 Key sources of estimation uncertainty (cont'd)

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: (cont'd)

(ii) Expected credit losses of amounts owing by subsidiaries, trade receivables and other receivables (cont'd)

Where there is a significant increase in credit risk, the Group and the Company determine the lifetime expected credit losses by considering the loss given default and the probability of default assigned to each counterparty customer. The financial assets are written off either partially or in full when there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-offs.

(iii) Written down of inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the times the estimates are made. Majority of the Group's inventories are subject to prevailing market commodity prices which may cause selling prices to change rapidly, and the Group's results to change.

The management expects that the expected net realisable values of the inventories would not have material difference from the management's estimation of a net realisable value, hence, it would not result in material variance in the Group's results for the financial period.

5. Property, plant and equipment

	Freehold land RM	Freehold buildings and office renovation RM	Plant and machinery, tools and equipment RM	Electrical installation RM	Motor vehicles RM	Office equipment, furniture and fittings and computer equipment RM	Total RM
Group							
Cost/Valuation							
At 1 April 2018	17,000,000	3,940,825	10,375,497	1,179,491	1,065,101	286,086	33,847,000
Additions	-	57,254	6,000	-	89,726	8,476	161,456
Disposals	-	-	-	-	(1,065,101)	-	(1,065,101)
At 31 March 2019/1 April 2019	17,000,000	3,998,079	10,381,497	1,179,491	89,726	294,562	32,943,355
Written off	-	(59,764)	-	(29,500)	-	(199,729)	(288,993)
At 30 June 2020	17,000,000	3,938,315	10,381,497	1,149,991	89,726	94,833	32,654,362
Accumulated depreciation							
At 1 April 2018	-	2,264,529	7,813,762	781,953	1,051,099	265,964	12,177,307
Depreciation charge for the year	-	167,762	278,629	70,478	23,450	5,182	545,501
Disposals	-	-	-	-	(1,058,099)	-	(1,058,099)
At 31 March 2019/1 April 2019	-	2,432,291	8,092,391	852,431	16,450	271,146	11,664,709
Depreciation charge for the period	-	215,386	343,318	88,098	22,432	7,503	676,737
Written off	-	(59,763)	-	(29,500)	-	(199,702)	(288,965)
At 30 June 2020	-	2,587,914	8,435,709	911,029	38,882	78,947	12,052,481
Group							
Accumulated impairment losses							
At 1 April 2018/31 March 2019/ 1 April 2019/30 June 2020	-	1,141,216	606,397	21,657	-	291	1,769,561
Net carrying amounts							
At 30 June 2020	17,000,000	209,185	1,339,391	217,305	50,844	15,595	18,832,320
At 31 March 2019	17,000,000	424,572	1,682,709	305,403	73,276	23,125	19,509,085

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (cont'd)

5. Property, plant and equipment (cont'd)

	Office equipment, furniture and fittings and computer equipment RM	Motor vehicles RM	Total RM
Company			
Cost			
At 1 April 2018	21,169	1,065,101	1,086,270
Additions	4,238	89,726	93,964
Disposals	-	(1,065,101)	(1,065,101)
At 31 March 2019/1 April 2019/30 June 2020	25,407	89,726	115,133
Accumulated depreciation			
At 1 April 2018	19,808	1,051,099	1,070,907
Depreciation charge for the year	1,172	23,450	24,622
Disposals	-	(1,058,099)	(1,058,099)
At 31 March 2019 / 1 April 2019	20,980	16,450	37,430
Depreciation charge for the period	2,368	22,432	24,800
At 30 June 2020	23,348	38,882	62,230
Net carrying amounts			
At 30 June 2020	2,059	50,844	52,903
At 31 March 2019	4,427	73,276	77,703

(a) Security

The freehold land of the Group is being pledged as security for banking facilities as disclosed in Note 20 to the financial statements.

(b) Freehold land carried at valuation

An independent valuation of the Group's freehold land was performed by independent qualified valuers, PPC International Sdn. Bhd. to determine the fair value of the freehold land as of 29 January 2018. The valuers have the appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations.

The Directors are of the view that the carrying amount of the freehold land as at 30 June 2020 approximates its current fair value.

Had the Group's freehold land been measured on a historical cost basis, its carrying amounts would have been RM7,600,000 (31.03.2019: RM7,600,000).

5. Property, plant and equipment (cont'd)

(c) Fully depreciated assets

Included in property, plant and equipment of the Group and of the Company are fully depreciated property, plant and equipment, which are still in use, at cost as follows:

	Group		Company	
	30.06.2020 RM	31.03.2019 RM	30.06.2020 RM	31.03.2019 RM
Electrical installation	-	29,500	-	-
Freehold building and office renovation	-	59,764	-	-
Office equipment, furniture and fittings and computer equipment	28,886	225,225	21,168	17,778
Plant and machinery, tools and equipment	234,996	183,996	-	-

(d) Impairment

The Group has recognised in prior years, a provision for impairment of RM1,769,561 for property, plant and equipment held by a subsidiary company, AEOI. Current financial period assessment showed that no further impairment loss is required for the carrying amount of these assets assessed. The valuation method used to determine the recoverable amount of these assets are disclosed in Note 4.2(i) to the financial statements.

6. Investment in subsidiaries

	Company	
	30.06.2020 RM	31.03.2019 RM
Unquoted shares, at cost		
At 1 April	11,330,489	11,280,489
Addition during the financial period/year	-	50,000
	11,330,489	11,330,489
Less: Accumulated impairment losses	(11,280,489)	(1,731,159)
At 30 June/31 March	50,000	9,599,330

Movement in accumulated impairment losses as follows:

	Company	
	30.06.2020 RM	31.03.2019 RM
At 1 April	1,731,159	1,731,159
Impairment loss during the financial period/year (Note 24)	9,549,330	-
At 30 June/31 March	11,280,489	1,731,159

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (cont'd)

6. Investment in subsidiaries (cont'd)

The subsidiaries, all incorporated in Malaysia, are as follows:

Name of subsidiaries	Group's interest 30.06.2020 %	Group's interest 31.03.2019 %	Principal activities
ACE Edible Oil Industries Sdn. Bhd. ("AEOI") *	100	100	Palm kernel crushing, crude palm kernel oil, palm kernel expeller and trading of variety of palm oil products.
ACE Green Energy Sdn. Bhd. ("AGESB")	100	100	Wholesale trading of variety of biomass and alternative material, energy and fuels and services.

* The auditors' report on the financial statements of the subsidiary includes a "Material Uncertainty Related to Going Concern" regarding the ability of the subsidiary to continue as a going concern in view of its capital deficiency position as at the end of the current reporting period. The financial statements were prepared on a going concern basis as the Company has undertaken to provide continued financial support to the subsidiary.

7. Investment in a joint venture

	Group 30.06.2020 RM	Group 31.03.2019 RM
Unquoted shares, at cost		
At 1 April	-	-
Addition during the financial period	51,001	-
Share of post acquisition reserves	30,287	-
At 30 June/31 March	81,288	-

On 17 June 2019, AGESB entered into a Joint Venture Agreement ("JVA") and Shareholders Agreement with NSN Global Resources Sdn. Bhd. ("NSN") to form a joint venture company. Pursuant to the terms stipulated in the JVA and Shareholders Agreement, the Group had acquired 51% shareholding in the joint venture with cash consideration of RM 51,001.

The details of the joint venture, which is incorporated in Malaysia, is as follow:

Name of joint venture	Group's interest 30.06.2020 %	Group's interest 31.03.2019 %	Principal activities
Joint venture of AGESB			
NSN ACE Joint Venture Sdn. Bhd. ("NASB")	51	-	To secure contracts to operate the handling of coal, to purchase coal and any other materials locally and/or overseas.

7. Investment in a joint venture (cont'd)

The summarised financial information of the joint venture, not adjusted for the proportion of the ownership interest held by the Group, is as follows:

	30.06.2020 RM
NASB	
Assets and liabilities	
Current assets, representing total assets	186,104
Current liabilities, representing total liabilities	26,716

	01.07.2019 (date of incorporation) to 30.06.2020 RM
Results	
Revenue	1,254,211
Cost of sales	(1,139,095)
Other income	4,311
Total expenses	(60,041)
Net profit/Total comprehensive income for the financial period	59,386

8. Goodwill

	Group	
	30.06.2020 RM	31.03.2019 RM
Cost		
At 1 April/31 March/30 June	736,384	736,384
Accumulated impairment losses		
At 1 April/31 March/30 June	(736,384)	(736,384)
Net carrying amount	-	-

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating unit ("CGU") that is expected to benefit from that business combination. Before recognition of any impairment losses, the carrying amount of goodwill had been allocated to the following business segment as an independent CGU.

	Group	
	30.06.2020 RM	31.03.2019 RM
Biotechnology related products	736,384	736,384

In 2012, the Group assessed the recoverable amount of goodwill, and determined that goodwill was fully impaired.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (cont'd)

9. Inventories

	Group	
	30.06.2020	**31.03.2019**
	RM	**RM**
At cost:		
Finished goods	-	10,883,711
Spare parts	80,564	117,425
At net realisable value:		
Finished goods	3,213,502	1,616,938
Raw materials	-	513,940
	3,294,066	13,132,014
Inventories recognised as cost of sales	227,604,945	354,879,225
Inventories written down	266,409	216,703

10. Trade receivables

Trade receivables are non-interest bearing and the normal trade credit terms granted ranges from 7 to 30 days (31.03.2019: 5 to 30 days). Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

11. Other receivables, deposits and prepayments

	Group		Company	
	30.06.2020	**31.03.2019**	**30.06.2020**	**31.03.2019**
	RM	**RM**	**RM**	**RM**
Other receivables	1,248,210	2,492,936	-	-
Less: Accumulated impairment	(55,495)	(55,495)	-	-
	1,192,715	2,437,441	-	-
Deposits	415,565	805,564	-	-
Prepayments	64,432	120,496	8,751	10,755
	1,672,712	3,363,501	8,751	10,755

11. Other receivables, deposits and prepayments (cont'd)

Movement of allowance for impairment:

	Group		Company	
	30.06.2020 RM	31.03.2019 RM	30.06.2020 RM	31.03.2019 RM
At 1 April	55,495	-	-	-
Add: Charge during the period/year	-	55,495	-	-
At 30 June/31 March	55,495	55,495	-	-

12. Amount owing by subsidiaries

	Company	
	30.06.2020 RM	31.03.2019 RM
Amount owing by subsidiaries	15,134,504	15,920,612
Less: Accumulated impairment	(14,860,340)	-
	274,164	15,920,612

Movement of allowance for impairment:

	Company	
	30.06.2020 RM	31.03.2019 RM
At 1 April	-	-
Impairment during the financial period/year (Note 24)	14,860,340	-
At 30 June/31 March	14,860,340	-

Amount owing by subsidiaries is non-trade in nature, which arose mainly from advances and expenses paid on behalf. Amount owing by subsidiaries are unsecured, interest-free and repayable on demand in cash and cash equivalents.

13. Share capital

	Number of shares		RM	
	30.06.2020	31.03.2019	30.06.2020	31.03.2019
Group/Company				
Issued and fully paid up:				
At beginning and end of financial period/ year				
- Ordinary shares with no par value	289,710,800	289,710,800	34,189,276	34,189,276

13. Share capital (cont'd)

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

Warrants

The Company had previously issued 65,843,362 free warrants on the basis of 1 free warrant for every 4 ordinary shares held by the entitled shareholders on the entitlement date. The issuance was completed upon admission of the warrants to the Official List of Bursa Malaysia Securities Berhad ("Bursa") and the listing of and quotation for the warrants on the ACE Market of Bursa on 18 August 2014 ("Warrants A").

The Warrants A of the Company were constituted by a Deed Poll dated on 9 July 2014.

The salient features of the Warrants A were as follows:

(a) The issue date of the Warrants A was 8 August 2014 and the expiry date was 7 August 2019.
(b) The Warrants can be exercised at any time during the period commencing on and inclusive of the date of issue of the Warrants A up to and including the expiry date. Any Warrants A not exercised during the exercise period will lapse and cease to be valid.
(c) Each Warrant A entitles the registered holder to subscribe for 1 new ordinary share of the Company at the exercise price of RM0.34 at any time during the exercise period and the exercise price was subject to adjustments in accordance with the terms and provisions of the Deed Poll.
(d) The new ordinary shares arising from the exercise of the Warrants A shall, upon allotment and issue, rank pari passu with the existing issued ordinary shares of the Company, save and except that they will not be entitled to any right, allotment, dividend and/or any other distribution that may be declared, made or paid before the date of allotment and issue of the new ordinary shares of the Company.

Warrants A of the Company had expired on 7 August 2019.

The movement in the Company's Warrants A are as follows:

	Number of Warrants	
	30.06.2020	**31.03.2019**
At 1 April	65,843,362	65,843,362
Cancellation upon expiry	(65,843,362)	-
At 30 June/31 March	-	65,843,362

14. Revaluation reserve

The revaluation reserve represents increase in the fair value of freehold land, net of tax.

	Group	
	30.06.2020 **RM**	**31.03.2019** **RM**
At beginning and end of financial period/year	8,930,000	8,930,000

15. Deferred tax liabilities

	Group	
	30.06.2020	**31.03.2019**
	RM	**RM**
At 1 April	608,750	608,750
(Charged)/Credited to profit or loss:		
Property, plant, equipment	134,621	(185,307)
Other receivables	-	(13,319)
Inventories	103,578	304,593
Unabsorbed capital allowances	(48,692)	-
Unutilised tax losses	(189,507)	(105,967)
At 30 June/31 March	608,750	608,750
Deferred tax liabilities (before offsetting):		
Temporary difference arising from:		
Property, plant and equipment	1,531,896	1,397,275
Revaluation of freehold land	470,000	470,000
	2,001,896	1,867,275
Offsetting	(1,393,146)	(1,258,525)
Deferred tax liabilities (after offsetting):	608,750	608,750
Deferred tax assets (before offsetting):		
Temporary difference arising from:		
Other receivables	13,319	13,319
Inventories	184,314	287,892
Unabsorbed capital allowances	48,692	-
Unutilised tax losses	1,146,821	957,314
	1,393,146	1,258,525
Offsetting	(1,393,146)	(1,258,525)
Deferred tax assets (after offsetting):	-	-

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

Unrecognised deferred tax assets

	Group	
	30.06.2020	**31.03.2019**
	RM	**RM**
Unutilised tax losses	24,792,024	15,055,055
Unabsorbed capital allowances	202,885	-

The unutilised tax assets are available to offset against future taxable profits of the Group, subject to the requirements under Income Tax Act 1967 and guidelines issued by Inland Revenue Board of Malaysia.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (cont'd)

15. Deferred tax liabilities (cont'd)

With effect from the year of assessment ("YA") 2019, unutilised tax losses in a YA can only be carried forward for a maximum period of 7 consecutive YAs. Unutilised tax losses for YA 2020 can be set off against income from any business source for 7 YAs and will be disregarded in YA 2028. Unutilised tax losses accumulated up to YA 2018 can be utilised for another 7 YAs and will be disregarded in YA2026."

Deferred tax assets have not been recognised in respect of the unabsorbed capital allowances and unutilised tax losses due to uncertainty of its realisation.

16. Trade payables

Trade payables of the Group are non-interest bearing and the normal trade credit terms granted range from 7 to 30 (31.03.2019: 7 to 30) days terms.

17. Other payables and accruals

	Group		Company	
	30.06.2020 RM	31.03.2019 RM	30.06.2020 RM	31.03.2019 RM
Other payables	15,981	111,775	9,823	23,833
Accruals	258,586	2,059,561	66,112	47,448
	274,567	2,171,336	75,935	71,281

18. Amount owing to Directors

Amount owing to Directors is unsecured, interest-free and payable on demand in cash and cash equivalents.

19. Amount owing to a related party

Amount owing to a related party was trade and non-trade in nature, unsecured, interest-free and payable on demand in cash and cash equivalents.

20. Bank borrowings

	Group	
	30.06.2020 RM	31.03.2019 RM
Secured:		
Bankers' acceptances	17,081,675	23,408,898
Bank overdraft	4,694,801	4,231,595
	21,776,476	27,640,493

20. Bank borrowings (cont'd)

Bank borrowings obtained by a subsidiary from a banking institution are secured by the following:

(a) First party legal charge over the Group's freehold land as disclosed in Note 5 to the financial statements;
(b) A joint and several guarantee by a Director of AEOI and a shareholder of the Group; and
(c) Corporate guarantee by the Company.

The bankers' acceptance weighted average effective interest rate at reporting date is 3.46% (2019: 3.98%) per annum.

The bank overdraft bore interest rate at the reporting date of 0.50% (31.03.2019: 0.50%) above base financing rate per annum.

21. Revenue

	Group	
	01.04.2019 to 30.06.2020 RM	01.04.2018 to 31.03.2019 RM
Sales of:		
- Production and trading of palm kernel oil and palm kernel expeller	98,150,088	158,429,681
- Trading of refined, bleached and deodorised olein	124,522,713	202,892,419
- Trading of biomass material	171,604	154,405
	222,844,405	361,476,505
Timing of revenue recognition:		
Goods transferred at a point in time	222,844,405	361,476,505

22. Other income

	Group		Company	
	01.04.2019 to 30.06.2020 RM	01.04.2018 to 31.03.2019 RM	01.04.2019 to 30.06.2020 RM	01.04.2018 to 31.03.2019 RM
Discount received	35,000	-	-	-
Gain on disposal of property, plant and equipment	-	108,559	-	108,559
Goverenment grant recognised	-	254,827	-	-
Interest income	-	495	-	-
Sales of scrap	22,612	-	-	-
Others	-	6,998	-	-
	57,612	370,879	-	108,559

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (cont'd)

23. Finance costs

	Group		Company	
	01.04.2019 to 30.06.2020 RM	01.04.2018 to 31.03.2019 RM	01.04.2019 to 30.06.2020 RM	01.04.2018 to 31.03.2019 RM
Bank overdraft interest	398,283	309,939	-	-
Bankers' acceptance interest	901,651	801,306	-	-
Finance lease interest	-	747	-	747
Short term loan interest	-	159,802	-	-
	1,299,934	1,271,794	-	747

24. (Loss)/Profit before tax

(Loss)/Profit before tax is arrived at after charging:

	Group		Company	
	01.04.2019 to 30.06.2020 RM	01.04.2018 to 31.03.2019 RM	01.04.2019 to 30.06.2020 RM	01.04.2018 to 31.03.2019 RM
Auditors' remuneration	130,000	88,000	42,000	40,000
Depreciation of property, plant and equipment (Note (a))	676,737	545,501	24,800	24,622
Impairment losses on:				
- Other receivables (Note 11)	-	55,495	-	-
- Investment in subsidiaries (Note 6)	-	-	9,549,330	-
- Amount owing by subsidiaries (Note 12)	-	-	14,860,340	-
Inventories written down	266,409	216,703	-	-
Property, plant and equipment written off	28	-	-	-
Realised foreign exchange loss	922	33,169	-	-
Rental of equipment	7,950	9,420	-	-
Staff costs (Note (a))	1,648,940	1,608,566	-	-

24. (Loss)/Profit before tax (cont'd)

(Loss)/Profit before tax is arrived at after charging: (cont'd)

	Group		Company	
	01.04.2019 to 30.06.2020 RM	01.04.2018 to 31.03.2019 RM	01.04.2019 to 30.06.2020 RM	01.04.2018 to 31.03.2019 RM
Note (a)				
Expenses charged to cost of sales:				
Depreciation of property, plant and equipment	580,092	467,568	-	-
Staff costs:				
- Salaries and other benefits	132,600	211,887	-	-
- Defined contribution plans	13,929	12,241	-	-
- Social security contribution plans	2,094	1,820	-	-
- Other benefits	734	692	-	-
Expenses charged to administrative expenses:				
Depreciation of property, plant and equipment	96,645	77,933	24,800	24,622
Staff costs:				
- Salaries and other benefits	1,349,683	1,234,305	-	-
- Defined contribution plans	136,612	138,366	-	-
- Social security contribution plans	10,713	6,353	-	-
- Other benefits	2,575	2,902	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (cont'd)

25. Tax expense

	Group		Company	
	01.04.2019 to 30.06.2020 RM	01.04.2018 to 31.03.2019 RM	01.04.2019 to 30.06.2020 RM	01.04.2018 to 31.03.2019 RM
Income tax expense				
Current tax expense	3,190	1,895	-	-
Underprovision in prior years	687	1,711	1,165	-
	3,877	3,606	1,165	-

A reconciliation of tax expense applicable to (loss)/profit before tax at the statutory tax rate to tax expense at the effective tax rate of the Group and the Company are as follows:

	Group		Company	
	01.04.2019 to 30.06.2020 RM	01.04.2018 to 31.03.2019 RM	01.04.2019 to 30.06.2020 RM	01.04.2018 to 31.03.2019 RM
(Loss)/Profit before tax:	(11,426,064)	1,929,070	(25,226,271)	(274,775)
Tax at statutory tax rate of 24% (2019: 24%)	(2,742,255)	462,977	(6,054,305)	(65,946)
Tax effect in respect of:				
Non-taxable income	(13,503)	-	-	-
Non-deductible expenses	373,383	494,303	6,054,305	65,946
Utilisation of unrecognised deferred tax assets	-	(955,385)	-	-
Deferred tax assets not recognised during the financial year	2,385,565	-	-	-
Underprovision in prior years	687	1,711	1,165	-
Tax expense for the financial period/year	3,877	3,606	1,165	-

26. (Loss)/Earnings per share

	Group	
	01.04.2019 to 30.06.2020	01.04.2018 to 31.03.2019
Basic (loss)/earnings per share		
(Loss)/Profit for the financial period/year (RM):	(11,429,941)	1,925,464
Weighted average number of ordinary shares in issue (units)	289,710,800	289,710,800
Basic (loss)/earnings per ordinary share (sen)	(3.95)	0.66

Diluted (loss)/earnings per share

The diluted (loss)/earnings per share of the Group is equals the basic (loss)/earnings per share as the assumed conversion from the exercise of Warrants A would be anti-dilutive.

27. Cash and cash equivalents

Cash and cash equivalents of the Group and the Company are as follows:

	Group		Company	
	30.06.2020 RM	31.03.2019 RM	30.06.2020 RM	31.03.2019 RM
Cash and bank balances	3,399,340	2,490,835	95,922	95,922
Bank overdraft (Note 20)	(4,694,801)	(4,231,595)	-	-
	(1,295,461)	(1,740,760)	95,922	95,922

The currency exposure profile of cash and cash equivalents are as follow:

	Group		Company	
	30.06.2020 RM	31.03.2019 RM	30.06.2020 RM	31.03.2019 RM
Ringgit Malaysia	(1,301,877)	(1,747,176)	95,922	95,922
United States Dollar	6,416	6,416	-	-
	(1,295,461)	(1,740,760)	95,922	95,922

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (cont'd)

28. Related party disclosures

28.1 Related party transactions

The related party of the Group represents a company in which a former Director (resigned during the financial period) of a subsidiary company is also a Director and has a financial interest.

During the financial period/year, significant related party transactions undertaken between the Group with the related party, which are negotiated based on agreed terms and conditions, are as follows:

	Group	
	01.04.2019 to 30.06.2020 RM	01.04.2018 to 31.03.2019 RM
Related party		
- Sales	-	73,512,460
- Purchases	(90,319,124)	(262,071,784)

28.2 Key management personnel compensation

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Company. The remunerations of Directors and key management personnel during the financial period/year are as follows:

	Group		Company	
	01.04.2019 to 30.06.2020 RM	01.04.2018 to 31.03.2019 RM	01.04.2019 to 30.06.2020 RM	01.04.2018 to 31.03.2019 RM
Directors				
- Fees	135,000	72,000	135,000	72,000
- Salary, allowance and bonus	426,573	466,200	-	-
- Defined contribution plans	33,696	48,024	-	-
- Social security contribution	693	923	-	-
	595,962	587,147	135,000	72,000
Other key management personnel				
- Salary, allowance and bonus	611,534	488,602	-	-
- Defined contribution plans	71,076	57,270	-	-
- Social security contribution	3,832	3,309	-	-
	686,442	549,181	-	-
Total key management personnels compensation	1,282,404	1,136,328	135,000	72,000

29. Financial instruments

29.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised under MFRS 9 as follows:

	30.06.2020 RM	31.03.2019 RM
Group		
Financial assets at amortised cost		
Trade receivables	10,173,546	18,123,426
Other receivables and deposits (exclude GST recoverable)	1,199,015	2,833,741
Cash and bank balances	3,399,340	2,490,835
	14,771,901	23,448,002
Financial liabilities at amortised cost		
Trade payables	4,218,187	2,906,144
Other payables and accruals	274,567	2,171,336
Amount owing to Directors	27,000	27,000
Amount owing to a related party	-	1,273,574
Bank borrowings	21,776,476	27,640,493
	26,296,230	34,018,547
Company		
Financial assets at amortised cost		
Amount owing by subsidiaries	274,164	15,920,612
Cash and bank balances	95,922	95,922
	370,086	16,016,534
Financial liabilities at amortised cost		
Other payables and accruals	77,935	71,281
Amount owing to Directors	27,000	27,000
	104,935	98,281

29. Financial instruments (cont'd)

29.2 Capital risk management

The Group manages its capital to ensure that entities in the Group and the Company will be able to continue as a going concern while maximising the return to shareholders.

The Group and the Company monitor and review their capital structure based on their business and operating requirements.

There were no changes in the Group's and the Company's approach to capital management during the financial period.

Under the requirement of Bursa Malaysia Guidance Note No. 3, the Group is required to maintain consolidated shareholders' equity equal to or not less than 25% of the issued and paid-up capital (excluding treasury shares), otherwise the Group will be classified under GN3. The Group has complied with this requirement.

29.3 Financial risk management

The operations of the Group are subject to a variety of financial risks, including credit risk, interest rate risk, liquidity risk and commodity price risk in connection with its use or holding of financial instruments. The Group and the Company manage their exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company closely on an ongoing basis.

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group and of the Company.

(i) Credit risk management

The Group is exposed to credit risk mainly from trade and other receivables. The Group has concentration of credit risks and manages these risks by monitoring credit ratings to any individual counterparty. The Group extends credit to its customers based upon careful evaluation of the customer's financial condition and credit history.

(a) Credit risk concentration

As of 30 June 2020, two (31.03.2019: three) of the Group's customers accounted for 97% (31.03.2019: 97%) of total outstanding trade receivables as at the period end.

(b) Corporate guarantee

The maximum exposure to credit risk is represented by the outstanding banking facilities of the subsidiary and a third party.

The Company provides financial guarantees to bank in respect of banking facilities granted to a subsidiary and a third party in respect of a contract entered by the subsidiary. The Company monitors on an ongoing basis the results of the subsidiary and its repayments to the bank and the subsidiary's performance in the contract entered. As at the end of the reporting period, there was no indication that the subsidiary would default on repayment and no financial guarantee was called upon by the holder as at the end of the reporting period.

29. Financial instruments (cont'd)

29.3 Financial risk management (cont'd)

(i) Credit risk management (cont'd)

(c) Assessment of impairment losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt).

Trade receivables

The Group applies the simplified approach to measuring expected credit losses using a lifetime expected credit loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

For certain large customers or customers with a high risk of default, the Group assesses the risk of loss of each customer individually based on their financial information, past trends of payments and external credit rating, where applicable.

Also, the Group considers any trade receivables having financial difficulty or in default with significant balances outstanding for more than 365 days are deemed credit impaired and assesses for their risk of loss individually.

The expected credit loss rates are based on the payment profiles of sales over a period of 1 year from the measurement date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables are summarised below:

	Gross amount RM	Collective impairment RM	Carrying amount RM
Group			
30.06.2020			
Neither past due nor impaired	803,883	-	803,883
Past due, not impaired			
- 0 to 30 days	2,629,832	-	2,629,83
- 31 to 60 days	-	-	-
- 61 to 90 days	5,321	-	5,321
- > 90 days	6,734,510	-	6,734,510
	10,173,546	-	10,173,546

29. Financial instruments (cont'd)

29.3 Financial risk management (cont'd)

(i) Credit risk management (cont'd)

(c) Assessment of impairment losses (cont'd)

Trade receivables (cont'd)

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables are summarised below: (cont'd)

	Gross amount RM	Collective impairment RM	Carrying amount RM
Group			
31.03.2019			
Neither past due nor impaired	5,718,655	-	5,718,655
Past due, not impaired			
- 0 to 30 days	4,280,259	-	4,280,259
- 31 to 60 days	622,141	-	622,141
- 61 to 90 days	1,251,223	-	1,251,223
- > 90 days	6,251,148	-	6,251,148
	18,123,426	-	18,123,426

Other receivables

Other receivables are also subject to the impairment requirements of MFRS 9, the identified impairment loss, based on 12 months ECL, is amounted to RM Nil (31.03.2019: RM55,495).

Cash and bank balances

The Group considers these banks and financial institutions have low credit risks. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

(d) Intercompany balances

The maximum exposure to credit risk is represented by their carrying amount in the Company's statement of financial position.

The Company provides unsecured advance to subsidiaries and monitors the results of the subsidiaries regularly.

29. Financial instruments (cont'd)

29.3 Financial risk management (cont'd)

(i) Credit risk management (cont'd)

(d) Intercompany balances (cont'd)

Generally, the Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loan and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

During the financial period, the loss allowances provided for loans and advances to subsidiaries amounted to RM14,860,340.

The movements in the loss allowances are disclosed in Note 12 to the financial statements.

(ii) Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in the market interest rates. The Group's exposure to interest rate risk arise primarily from its bank borrowings bearing interest at floating rates.

Sensitivity analysis for interest rate risk

The sensitivity analysis below has been determined based on the exposure to interest rate for bank borrowings bearing interest at floating rates at the end of the reporting period. At the end of the reporting period, if interest rate had been 50 basis points lower/higher, with all other variables held constant, the Group's profit after tax would have been approximately RM43,000 higher/lower (31.03.2019: RM85,000 higher/lower), arising mainly as a result of higher/lower interest expense on floating rate bank borrowings.

(iii) Liquidity risk management

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities, the Group's and the Company's exposure to liquidity risk arise principally from trade payables and bank borrowings.

The Group and the Company maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

However, for the financial period ended 30 June 2020, the Group incurred a loss of RM11,429,941 and as of that date, the current liabilities of the Group exceeded its current assets by RM7,742,200.

Subsequent to the financial period end, the Company has proposed to undertake several corporate proposals as disclosed in Notes 33(a) and 33(c). As of to date, the Company has raised a gross funding of approximately RM7.56 million from its private placement.

29. Financial instruments (cont'd)

29.3 Financial risk management (cont'd)

(iii) Liquidity risk management (cont'd)

The Directors are of the view that the Group and the Company will be able to meet their liabilities as and when they fall due using the proceeds from the above corporate proposals.

The table below has been drawn up based on the undiscounted cash flows of non-derivative financial liabilities based on the earliest date of which the Group and the Company can be required to pay. The table includes both interest and principal cash flows.

	Less than 1 year RM	1 - 5 years RM	Total RM
Group			
30.06.2020			
Non-interest bearing:			
Trade payables	4,218,187	-	4,218,187
Other payables and accruals	274,567	-	274,567
Amount owing to Directors	27,000	-	27,000
Interest bearing:			
Bank borrowings*	22,772,865	-	22,772,865
	27,292,619	-	27,292,619

* The Group has been granted a moratorium of 6 months by a financial institution to defer the payment of its banker's acceptances amounted to RM9,991,919 until 30 September 2020.

	Less than 1 year RM	1 - 5 years RM	Total RM
31.03.2019			
Non-interest bearing:			
Trade payables	2,906,144	-	2,906,144
Other payables and accruals	2,171,336	-	2,171,336
Amount owing to Directors	27,000	-	27,000
Amount owing to a related party	1,273,574	-	1,273,574
Interest bearing:			
Bank borrowings	28,929,235	-	28,929,235
	35,307,289	-	35,307,289
Company			
30.06.2020			
Non-interest bearing:			
Other payables and accruals	77,935	-	77,935
Amount owing to Directors	27,000	-	27,000
	104,935	-	104,935
31.03.2019			
Non-interest bearing:			
Other payables and accruals	71,281	-	71,281
Amount owing to Directors	27,000	-	27,000
	98,281	-	98,281

29. Financial instruments (cont'd)

29.3 Financial risk management (cont'd)

(iv) Commodity price risk management

The Group is exposed to the risk fluctuations in prevailing market commodity prices on the mix of palm kernel purchases and crude palm kernel oil it produces/purchases. The Group's policy is to manage the risk of crude palm kernel oil price fluctuations through the use of contract based prices with suppliers and customers.

29.4 Fair values of financial instruments

The fair values of financial instruments refer to the amounts at which the instruments could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction. Fair values have been arrived at based on prices quoted in an active, liquid market or estimated using certain valuation techniques such as discounted future cash flows based upon certain assumptions. Amounts derived from such methods and valuation techniques are inherently subjective and therefore do not necessarily reflect the amounts that would be received or paid in the event of immediate settlement of the instruments concerned.

On the basis of the amounts estimated from the methods and techniques as mentioned in the preceding paragraph, the carrying amount of the various financial assets and financial liabilities reflected on the statements of financial position approximate their fair values.

30. Segment reporting

Segment analysis has not been prepared as the Group is a single product business primarily engaged in palm kernel crushing, refining of palm oil and palm kernel oil and trading of refined palm oil and this forms the focus of the Group's internal reporting systems.

The financial contribution from ACE Green Energy Sdn. Bhd., which involved in wholesale trading of biomass and alternative material, energy and fuels and services is insignificant for the current financial period.

Revenue from major customers

During the financial period, major customer contributing more than 10% of the Group's total revenue are amounted to RM158,810,393 (01.04.2018 to 31.03.2019: RM320,397,828), which relates to 3 (01.04.2018 to 31.03.2019: 5) customers.

31. Corporate guarantee

On 8 January 2019, the Company has furnished a corporate guarantee to Cargill Palm Products Sdn. Bhd. ("CPPSB") for all liabilities, full compliance and performance of ACE Edible Oil Industries Sdn. Bhd. ("AEOI"), a wholly-owned subsidiary, in respect of its obligations under the contract entered between CPPSB and AEOI.

On 12 December 2019, the Company had provided a corporate guarantee to a licensed bank for banking facilities granted to AEOI. Details of the banking facilities are disclosed in Note 20 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (cont'd)

32. Significant event during the financial period

On 11 March 2020, the World Health Organisation declared the Coronavirus ("COVID-19") outbreak as a pandemic owing to its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed the Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the COVID-19 outbreak in Malaysia. The COVID-19 outbreak also resulted in travel restriction, lockdown and other precautionary measures imposed in various countries. The emergence of the COVID-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Group and the Company operate. The government and central bank of Malaysia have responded with monetary and fiscal interventions to stabilise economic conditions.

The Group and the Company have preliminary assessment of the overall impact of the situation on the Group's and the Company's operations and concluded that there is no material adverse effects on the financial statements for the financial period ended 30 June 2020.

Nevertheless, given the widespread nature of the outbreak and the unpredictability of future development of COVID-19, the Group and the Company are unable to reasonably estimate the potential financial impact of COVID-19 outbreak on the Group's and the Company's 2021 financial statements reliably at this juncture. The Group and the Company will continuously monitor the impact of COVID-19 on its operations and financial performance and will be taking appropriate and timely measures to minimise the impact of the outbreak on the Group's and the Company's operations.

33. Subsequent events after the reporting period

(a) On behalf of the Directors, M&A Securities Sdn. Bhd. ("M&A Securities") has on 28 July 2020 announced that the Company proposed to undertake a private placement which entails the issuance of up to 28,971,000 new ordinary shares in the Company, representing not more than 10% of the number of ordinary shares of the Company in issue ("Proposed Private Placement").

On 14 August 2020, the Company received the approval from Bursa Securities for the listing of and quotation for up to 28,971,000 new ordinary shares to be issued pursuant to the Proposed Private Placement subject to certain conditions.

On 26 August 2020, on behalf of the Directors, M&A Securities announced that the Proposed Private Placement has been completed following the listing of and quotation for 28,971,000 new ordinary shares on the ACE Market of Bursa Securities.

The Proposed Private Placement has raised a gross proceeds of approximately RM7.56 million, at issue price of RM0.2610 each.

(b) On 30 July 2020, the Company has newly incorporated a wholly-owned subsidiary, G Rubber Sdn. Bhd. ("GRSB") with an issued share capital of 1 ordinary share at RM1 per share.

The intended principal activities of GRSB are to carry out manufacturing and trading of gloves.

33. Subsequent events after the reporting period (cont'd)

(c) On 1 September 2020, on behalf of the Directors, Mercury Securities Sdn. Bhd. ("Mercury Securities") announced that the Company proposed to undertake the following:

(i) Proposed diversification of the existing business of the Group to include the glove business;
(ii) Proposed private placement of up to 95,605,000 new ordinary shares in the Company, representing 30% of the total number of issued shares of the Company, to independent third-party investor(s) to be identified later at an issue price to be determined later;
(iii) Proposed renounceable rights issue of up to 828,573,600 new shares ("Rights Shares") together with up to 621,430,200 free detachable warrants in the Company ("Warrants B") on the basis of 4 Rights Shares together with 3 free Warrants B for every 2 existing shares held by the entitled shareholders on an entitlement date to be determined; and
(iv) Proposed establishment of an Employees' Share Options Scheme ("ESOS") involving up to 30% of the total number of issued shares of the Company (excluding treasury shares, if any) for eligible directors and employees of the Group.

On 6 October 2020, the Company received the approval letter from Bursa Securities for the above proposals subject to certain conditions.

The Company had obtained its shareholders' approval for the above proposals at an extraordinary general meeting convened on 27 October 2020.

LIST OF **PROPERTIES**

The Group owns the following properties as at 30 June 2020:-

Location of Property	Description (Existing Use)	Land Area/ Built-up Area (Sq.Ft.)	Tenure	Age of Building	Net Book Value as at 30.06.2020 (RM'000)	Date of Revaluation/ Acquisition
Lot 742, 4th Mile, Jalan Kapar, 42100 Klang, Selangor Darul Ehsan. (HSM 43704, Lot No. PT 71256, Batu 3 ½, Jalan Kapar, Mukim of Kapar, District of Klang, Selangor.)	Land	210,424 sq.ft. (19,549 m2)	Freehold	–	17,000	25.01.2018 (Date of Revaluation)
	(i) Factory and stores	38,750 sq.ft. (3,600 m2)	–	8 years	209	
	(ii) Factory, refinery, office and distillation plant	21,305 sq.ft. (1,970 m2)	–	11 years		

ANALYSIS OF SHAREHOLDINGS
as at 2 OCTOBER 2020

SHARE CAPITAL

Issued and Fully Paid-up Capital	:	318,681,800
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

SHAREHOLDING DISTRIBUTION SCHEDULE

No. of Shareholders	Size of Shareholdings	No. of Shares Held	% of Shares
18	Less than 100	974	*
238	100 to 1,000	140,090	0.04
1,315	1,001 to 10,000	8,457,250	2.65
1,392	10,001 to 100,000	52,963,400	16.62
360	100,001 to less than 5% of issued shares	207,667,136	65.16
1	5% and above of the issued shares	49,452,950	15.52
3,324	**TOTAL**	**318,681,800**	**100.00**

* Less than 0.01%

LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER)

	Name of Shareholders	No. of Shares Held	Percentage (%)
1.	Maybank Securities Nominees (Tempatan) Sdn Bhd *-Exempt An for Maybank Kim Eng Securities Pte Ltd (A/C 649063)*	49,452,950	15.52
2.	Maybank Securities Nominees (Asing) Sdn Bhd *-Exempt An for Maybank Kim Eng Securities Pte Ltd (A/C 648849)*	15,222,400	4.78
3.	Maybank Nominess (Tempatan) Sdn Bhd *-Pledged Securities Account for Ong Choo Meng*	8,000,000	2.51
4.	DB (Malaysia) Nominee (Asing) Sdn Bhd *-Exempt An for Nomura PB Nominees Ltd*	7,902,100	2.48
5.	Affin Hwang Nominees (Tempatan) Sdn Bhd *-Pledged Securities Account for Lim Teck Huat*	5,860,100	1.84
6.	Yeoh Guan Fook	3,700,000	1.16
7.	Hu, Xin	3,700,000	1.16
8.	Voon Seng Keong	3,412,436	1.07
9.	Teh Li King	3,170,200	0.99
10.	Public Nominees (Tempatan) Sdn Bhd *-Pledged Securities Account for Ng Tee Yew (E-SRB)*	3,000,000	0.94
11.	Mustafa Hasan bin H Qudratullah	2,881,000	0.90
12.	Maybank Securities Nominees (Tempatan) Sdn Bhd *-Pledged Securities Account for Teo Ker-Wei (MARGIN)*	2,514,400	0.79
13.	Wong Yoke Fong @ Wong Nyok Fing	2,500,000	0.78

ANALYSIS OF **SHAREHOLDINGS**

as at 2 OCTOBER 2020 (cont'd)

LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER) (CONT'D)

	Name of Shareholders	No. of Shares Held	Percentage (%)
14.	Maybank Nominees (Tempatan) Sdn Bhd *-Lee See Leong*	2,300,000	0.72
15.	Lee Chee Hoon	2,100,000	0.66
16.	Kenanga Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Koh Boon Poh (008)*	2,020,000	0.63
17.	Affin Hwang Nominees (Tempatan) Sdn Bhd *- Pledged Securities Account for Lee Pooi Ling (LEE4962C)*	2,000,000	0.63
18.	Leong Wei Lun	1,810,000	0.57
19.	Ng Ah Keow	1,800,000	0.56
20.	Lee Choon Hooi	1,800,000	0.56
21.	Affin Hwang Nominees (Tempatan) Sdn Bhd *-Pledged Securities Account for Lim Kian Hin*	1,800,000	0.56
22.	Yoong Sin Kuen	1,766,300	0.55
23.	Tan Kong Han	1,700,000	0.53
24.	Maybank Nominees (Tempatan) Sdn Bhd *-Pledged Securities Account for Tang Yeam Soon*	1,600,000	0.50
25.	Diamond Silk International Sdn Bhd	1,600,000	0.50
26.	VM Team Engineering Sdn Bhd	1,501,900	0.47
27.	CGS-CIMB Nominees (Tempatan) Sdn Bhd *-Pledged Securities Account for Chow Yee Chin (KEBUN TEH-CL)*	1,500,000	0.47
28.	M&A Nominee (Tempatan) Sdn Bhd *-Pledged Securities Account for Tan Choon Hwa (M&A)*	1,500,000	0.47
29.	Public Nominees (Tempatan) Sdn Bhd *-Pledged Securities Account for Lim Bon Siew (E-KLG)*	1,469,800	0.46
30.	Seik Thye Kong	1,450,000	0.45
	TOTAL	**141,033,586**	**44.26**

SUBSTANTIAL SHAREHOLDERS

	NAME OF SHAREHOLDERS	DIRECT	%	INDIRECT	%
1.	Mak Siew Wei	49,452,950	15.52	-	-

STATEMENT OF DIRECTORS' SHAREHOLDERS

	NAME OF SHAREHOLDERS	DIRECT	%	INDIRECT	%
1.	Dato' Nik Ismail bin Dato' Nik Yusoff	-	-	-	-
2.	Mak Siew Wei	49,452,950	15.52	-	-
3.	Khoo Chee Siang	-	-	-	-
4.	Roy Winston George	-	-	-	-

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventeenth Annual General Meeting ("17th AGM") of **GREEN OCEAN CORPORATION BERHAD ("GREEN OCEAN" or "COMPANY")** will be conducted on a fully virtual basis from the Broadcast Venue at 18th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan, **Friday**, **4 December 2020** at **10.30 a.m.** for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company for the financial period ended 30 June 2020 and the Directors and Auditors Reports thereon. **(See Explanatory Note 9)**

2. To approve the payment of Directors' fees of RM135,000 for the financial period ended 30 June 2020. **(Ordinary Resolution 1)**

3. To approve the payment of Directors' fees of RM135,000 for the financial year ending 30 June 2021. **(Ordinary Resolution 2)**

4. To approve the payment of Directors' benefits amounting to RM14,000 for the period commencing after the date of this AGM to the date of the next AGM be and is hereby approved. **(Ordinary Resolution 3)** **(See Explanatory Note 10)**

5. To re-elect Mr. Khoo Chee Siang as Director who retires pursuant to Clause 134 of the Company's Constitution. **(Ordinary Resolution 4)**

6. To re-elect the following Directors who retire pursuant to Clause 119 of the Company's Constitution: -

   (i) Mr. Mak Siew Wei **(Ordinary Resolution 5)**
   (ii) Mr. Roy Winston George **(Ordinary Resolution 6)**
   (iii) Dato' Nik Ismail bin Dato' Nik Yusoff **(Ordinary Resolution 7)**

7. To re-appoint Messrs Ecovis Malaysia PLT as Auditors of the Company for the financial year ending 30 June 2021 and to authorize the Board of Directors to fix their remuneration. **(Ordinary Resolution 8)**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:

8. **Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016 ("CA 2016")** **(Ordinary Resolution 9)** **(See Explanatory Note 11)**

   "**THAT** subject to Sections 75 and 76 of the CA 2016 and approvals of the relevant government/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this Resolution does not exceed twenty per centum (20%) of the total issued and paid up share capital of the Company for the time being and the Directors be and also empowered to obtain approval for the listing and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad; and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

NOTICE OF **ANNUAL GENERAL MEETING**
(cont'd)

9. **Proposed Allocation of Employees' Share Option Scheme ("ESOS") Options ("Proposed Allocation of ESOS") to Dato' Nik Ismail bin Dato' Nik Yusoff** **(Ordinary Resolution 10)** **(See Explanatory Note 12)**

"**THAT** approval be hereby given to the Board to authorise the ESOS Committee to offer to grant, from time to time throughout the duration of the ESOS, such number of ESOS options to subscribe for new Shares under the ESOS to Dato' Nik Ismail bin Dato' Nik Yusoff, the Independent Chairman of the Company, provided always that not more than 10% of the total Green Ocean Shares available under the ESOS and any other subsisting employee share scheme(s), individually and collectively, shall be allocated to him if he, either singly or collectively through persons connected with him, holds 20% or more of the issued share capital of the Company (excluding treasury shares, if any), subject always to such terms and conditions of the by-laws of the ESOS and the Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time."

10. **Proposed Allocation of ESOS Options to Mr. Mak Siew Wei** **(Ordinary Resolution 11)** **(See Explanatory Note 12)**

"**THAT** approval be hereby given to the Board to authorise the ESOS Committee to offer to grant, from time to time throughout the duration of the ESOS, such number of ESOS options to subscribe for new Shares under the ESOS to Mr. Mak Siew Wei, the Executive Director of the Company, provided always that not more than 10% of the total Green Ocean Shares available under the ESOS and any other subsisting employee share scheme(s), individually and collectively, shall be allocated to him if he, either singly or collectively through persons connected with him, holds 20% or more of the issued share capital of the Company (excluding treasury shares, if any), subject always to such terms and conditions of the by-laws of the ESOS and the Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time."

11. **Proposed Allocation of ESOS Options to Mr. Khoo Chee Siang** **(Ordinary Resolution 12)** **(See Explanatory Note 12)**

"**THAT** approval be hereby given to the Board to authorise the ESOS Committee to offer to grant, from time to time throughout the duration of the ESOS, such number of ESOS options to subscribe for new Shares under the ESOS to Mr. Khoo Chee Siang, the Independent Director of the Company, provided always that not more than 10% of the total Green Ocean Shares available under the ESOS and any other subsisting employee share scheme(s), individually and collectively, shall be allocated to him if he, either singly or collectively through persons connected with him, holds 20% or more of the issued share capital of the Company (excluding treasury shares, if any), subject always to such terms and conditions of the by-laws of the ESOS and the Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time."

12. **Proposed Allocation of ESOS Options to Mr. Roy Winston George** **(Ordinary Resolution 13)** **(See Explanatory Note 12)**

    "**THAT** approval be hereby given to the Board to authorise the ESOS Committee to offer to grant, from time to time throughout the duration of the ESOS, such number of ESOS options to subscribe for new Shares under the ESOS to Mr. Roy Winston George, the Independent Director of the Company, provided always that not more than 10% of the total Green Ocean Shares available under the ESOS and any other subsisting employee share scheme(s), individually and collectively, shall be allocated to him if he, either singly or collectively through persons connected with him, holds 20% or more of the issued share capital of the Company (excluding treasury shares, if any), subject always to such terms and conditions of the by-laws of the ESOS and the Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time."

13. To transact any other business for which due notice shall have been given in accordance with the Company's Constitution and the CA 2016.

By Order of the Board
GREEN OCEAN CORPORATION BERHAD

WONG YUET CHYN (MAICSA 7047163) (SSM PC 202008002451)
Company Secretary
Kuala Lumpur
Date: 30 October 2020

Notes:-

1. *A member of the Company entitled to attend and vote is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead.*

2. *A member of the Company may appoint not more than two (2) proxies to attend the meeting, provided that the member specifies the proportion of the members shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.*

3. *A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.*

4. *Where a member is an Authorised nominee as defined under The Securities Industry (Central Depositories) Act 1991, it may appoint at least one 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 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*

5. *The instrument appointing a proxy shall be in writing, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, shall be deposited at the Registered Office of the Company situated at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) or e-mail to proxy@shareworks.com.my not later than Thursday, 3 December 2020 at 10.30 a.m., and in default the instrument of proxy shall not be treated as valid.*

6. *An instrument appointing a proxy shall in the case of an individual, be signed by the appointor or by his attorney duly authorised in writing and in the case of a corporation, be either under its common seal or signed by its attorney or in accordance with the provision of its constitution or by an officer duly authorised on behalf of the corporation.*

NOTICE OF **ANNUAL GENERAL MEETING**
(cont'd)

7. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 25 November 2020, shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.*

8. *Pursuant to Rule 8.31A(1) of the AMLR of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.*

Explanatory Notes on Ordinary Business

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

   The audited financial statements are laid in accordance with Section 340(1)(a) of the CA 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.

10. ***Proposed Directors' Benefits***

    The proposed Ordinary Resolution 3, if passed, will authorise and approve the payment of Directors' Benefits comprised of meeting allowances payable to each Non-Executive Directors, where applicable, for their attendance of Board and Committee Meetings, pursuant to the requirements of Section 230 of CA 2016 for the period commencing after the date of this AGM to the date of the next AGM.

Explanatory Notes on Special Business

11. ***Authority to Issue Shares Pursuant to Sections 75 and 76 of the CA 2016***

    The proposed Resolution 9 is proposed for the purpose of granting a renewed general mandate for issuance of shares by the Company under Sections 75 and 76 of the CA 2016. The Ordinary Resolution 9, if passed, will give the Directors of the Company authority to issue ordinary shares in the Company at any time in their absolute discretion without convening a General Meeting. The authorisation, unless revoked or varied by the Company at a General Meeting, will expire at the conclusion of the next AGM of the Company.

    A private placement of 28,971,000 new Green Ocean's Shares at the issue price of RM0.2610 per placement share had been completed on 26 August 2020, which raised a total of approximately RM7,561,431.
    The utilization of proceeds from the above private placement is as follows: -

Details of Utilisation	***Proposed Utilisation (RM'000)***	***Actual Utilisation (RM'000)***	***Balance Unutilised (RM'000)***
Repayment of bank borrowings	3,000,000	(3,000,000)	-
General working capital	4,361,431	(267,132)	4,094,299
Estimated expenses for the Proposed Private Placement	200,000	(200,000)	-
Total	7,561,431	(3,467,132)	4,094,299

    Bursa Securities had vide its letter dated 16 April 2020 granted greater flexibility for listed issuers to raise fund quickly and efficiently through an increased general mandate limit for new issue of securities from the existing 10% to not more than 20% of the total number of issued shares (excluding treasury shares) ("20% General Mandate") to assist and support listed issuers in these trying and challenging times due to the COVID-19 pandemic. The Board of Directors is of the view that the 20% General Mandate is in the best interest of the Company and its shareholders as the authority will facilitate any possible fundraising activities, including but not limited to placement of shares for purpose of funding of working capital, capital expenditures, settlement of trade and non-trade creditors, repayment of banking facilities or as consideration for strategic investments.

12. ***Proposed Allocation of ESOS Options to Dato' Nik Ismail bin Dato' Nik Yusoff, Mr. Mak Siew Wei, Mr. Khoo Chee Siang and Mr. Roy Winston George***

The proposed Ordinary Resolutions 10, 11, 12 and 13 are made pursuant to the ESOS which had been approved by the shareholders of the Company at the Extraordinary General Meeting ("EGM") held on 27 October 2020. The ESOS is in force for a period of five (5) years from the effective date of implementation of the ESOS. The Board now wishes to seek the approval of shareholders to allocate ESOS Options up to 10% each as described in the Ordinary Resolutions 10, 11, 12 and 13 to Dato' Nik Ismail, Mr. Mak, Mr. Khoo and Mr. Roy. The proposed Ordinary Resolutions 10, 11, 12 and 13 are to approve the Proposed Allocation, subject always to such terms and conditions and/or any adjustments and/or variations which may be made in accordance with the provisions of the ESOS By-Laws.

The Proposed Allocation is part of the incentive scheme which the Green Ocean Group has implemented for all its employees. Dato' Nik Ismail, Mr. Mak, Mr. Khoo and Mr. Roy are eligible to participate in the ESOS and is therefore deemed interested to the extent of his Proposed Allocation under the ESOS. Accordingly, they have declared their interests in the Proposed Allocation and have abstained and will continue to abstain from deliberating and voting on any subject matter pertaining to their entitlement under the ESOS at the Board meeting(s) and will continue to abstain from voting in respect of their direct and/or indirect shareholdings in the Company, if any, on the resolution pertaining to the Proposed Allocation to be tabled at this AGM. Dato' Nik Ismail, Mr. Mak, Mr. Khoo and Mr. Roy shall also ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in the Company, if any, on the resolutions approving the Proposed Allocation to be tabled at this AGM. Save as disclosed above, none of the other Directors, major shareholders and/or persons connected to them has any interest, whether direct or indirect, in the Proposed Allocation.

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GREEN OCEAN
CORPORATION BERHAD
Registration No. 200301029847 (632267-P)
(Incorporated in Malaysia)

PROXY FORM

CDS Account No.				-				-								
No. of Shares Held																

I/We ....
(Full name in block letters)

(NRIC No./Passport No./Company Registration No..)

of ....
(Full address)

being a member/members of **GREEN OCEAN CORPORATION BERHAD**, hereby appoint

Name of Proxy	**NRIC No./Passport No.**	**% of Shareholding to be Represented**
Address		
Email Address		

and/or failing him/her

Name of Proxy	**NRIC No./Passport No.**	**% of Shareholding to be Represented**
Address		
Email Address		

or failing him/her, the **CHAIRMAN OF THE MEETING** as my/our proxy to vote for me/us on my/our behalf at the 17th Annual General Meeting ("17th AGM") of the Company to be held at will be conducted on a fully virtual basis from the Broadcast Venue at 18th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on **Friday, 4 December 2020 at 10.30 a.m.** and at any adjournment thereof.

ORDINARY RESOLUTIONS		**FOR**	**AGAINST**
1.	Payment of Directors' Fees for the financial period ended 30 June 2020		
2.	Payment of Directors' Fees for the financial year ending 30 June 2021		
3.	Payment of Directors' Benefits		
4.	Re-election of Mr. Khoo Chee Siang		
5.	Re-election of Mr. Mak Siew Wei		
6.	Re-election of Mr. Roy Winston George		
7.	Re-election of Dato' Nik Ismail bin Dato' Nik Yusoff		
8.	Re-appointment of Auditors		
9.	Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016		
10.	Proposed Allocation to ESOS Options to Dato' Nik Ismail bin Dato' Nik Yusoff		
11.	Proposed Allocation of ESOS Options to Mr. Mak Siew Wei		
12.	Proposed Allocation of ESOS Options to Mr. Khoo Chee Siang		
13.	Proposed Allocation of ESOS Options to Mr. Roy Winston George		

(Please indicate with an "X" in the space provided on how you wish to cast your vote. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

Dated this .... day of .... 2020.

....
Signature(s) of member(s)

Notes:-

1. *A member of the Company entitled to attend and vote is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead.*
2. *A member of the Company may appoint not more than two (2) proxies to attend the meeting, provided that the member specifies the proportion of the members shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.*
3. *A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.*
4. *Where a member is an Authorised nominee as defined under The Securities Industry (Central Depositories) Act 1991, it may appoint at least one 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 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
5. *The instrument appointing a proxy shall be in writing, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, shall be deposited at the Registered Office of the Company situated at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) or e-mail to proxy@shareworks.com.my not later than Thursday, 3 December 2020 at 10.30 a.m., and in default the instrument of proxy shall not be treated as valid.*
6. *An instrument appointing a proxy shall in the case of an individual, be signed by the appointor or by his attorney duly authorised in writing and in the case of a corporation, be either under its common seal or signed by its attorney or in accordance with the provision of its constitution or by an officer duly authorised on behalf of the corporation.*
7. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 25 November 2020, shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.*
8. *Pursuant to Rule 8.31A(1) of the Ace Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.*

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Affix Stamp

The Company Secretary
Green Ocean Corporation Berhad
Registration No. 200301029847 (632267-P)
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas, 50480 Kuala Lumpur
Wilayah Persekutuan (KL)

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