



# ANNUAL REPORT 2021





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ANNUAL REPORT 2021

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PROXY FORM

# 64<sup>th</sup>

# ANNUAL GENERAL MEETING



Multi-Purpose Hall,  
Ground Floor, Sapura@Mines,  
No. 7, Jalan Tasik,  
The Mines Resort City,  
43300 Seri Kembangan,  
Selangor Darul Ehsan



Wednesday, 14 July 2021



10:00 a.m.

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Management Discussion  
& Analysis (MD&A)

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Board of Directors'  
Profile

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Corporate Governance  
Overview Statement





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# AGILE

WE WILL CONSTANTLY LOOK FOR NEW BUSINESS OPPORTUNITIES SO THAT WE REMAIN AN AGILE PLAYER THAT STAYS AHEAD OF THE FORCES OF CHANGE AND COMPETITION.

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## OVERVIEW

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## ANNUAL REPORT 2021

SAPURA RESOURCES BERHAD • 195701000235 (3136-D)

# Notice of Sixty-Fourth (64<sup>th</sup>) Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Sixty-Fourth (64<sup>th</sup>) Annual General Meeting (“AGM”) of the Company will be conducted on a fully virtual basis for the purpose of considering and if thought fit, passing with or without modifications the resolutions setting out in this notice.



Multi-Purpose Hall,  
Ground Floor, Sapura@Mines,  
No. 7, Jalan Tasik,  
The Mines Resort City,  
43300 Seri Kembangan,  
Selangor Darul Ehsan



Wednesday, 14 July 2021



10:00 a.m.

## AGENDA

### AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company together with the Directors’ and Auditors’ reports for the financial year ended 31 January 2021. *[Please refer to Note A]*
2. To approve the payment of Directors’ fees of RM560,230.14 for the financial year ended 31 January 2021. **Ordinary Resolution 1**  
*[Please refer to Note B]*
3. To approve the payment of Directors’ benefits payable up to an amount of RM63,000.00 from 15 July 2021 until the date of the next AGM of the Company. **Ordinary Resolution 2**  
*[Please refer to Note B]*
4. To re-elect the following Directors who are retiring in accordance with Clause 116 of the Company’s Constitution and being eligible, have offered themselves for re-election:-
  - (a) Dato’ Shahrman bin Shamsuddin; and
  - (b) Encik Ahmad Jauhari bin Yahya**Ordinary Resolution 3**  
**Ordinary Resolution 4**  
*[Please refer to Note C]*
5. To re-appoint Ernst & Young PLT as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. **Ordinary Resolution 5**  
*[Please refer to Note D]*

### AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions, with or without modifications:-

6. **Retention of Dato’ Muthanna bin Abdullah as Independent Non-Executive Director**

“THAT Dato’ Muthanna bin Abdullah who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years since 18 December 2008, be and is hereby retained as an Independent Non-Executive Director of the Company.” **Ordinary Resolution 6**  
*[Please refer to Note E]*
7. **Retention of Tan Sri Datuk Amar (Dr.) Hamid bin Bugo Independent Non-Executive Director**

“THAT Tan Sri Datuk Amar (Dr.) Hamid bin Bugo who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years since 25 August 2009, be and is hereby retained as an Independent Non-Executive Director of the Company.” **Ordinary Resolution 7**  
*[Please refer to Note F]*

8. **Authority for Directors to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016**

“THAT subject to the Companies Act 2016 (“the Act”), the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad (“Bursa Securities”) and any other governmental and/or regulatory authorities, the Directors of the Company be and are hereby empowered pursuant to Sections 75 and 76 of the Act, to allot and issue shares in the Company at any time, at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit, provided always that the aggregate number of shares to be issued pursuant to this resolution does not exceed twenty per centum (20%) of the total number of issued shares of the Company for the time being to be utilised until 31 December 2021 as empowered by Bursa Securities pursuant to Bursa Malaysia Berhad’s letter dated 16 April 2020 to grant additional temporary relief measures to listed issuers and thereafter ten per centum (10%) of the total number of issued shares of the Company for the time being as stipulated under Paragraph 6.03(1) of the Bursa Securities Main Market Listing Requirements (hereinafter referred to as the “General Mandate”);

**AND THAT** the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities;

**AND FURTHER THAT** such authority shall commence immediately upon the passing of this resolution and shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

9. To transact any other business of which due notice shall have been given in accordance with the Act and the Company’s Constitution.

BY ORDER OF THE BOARD

**CHUA SIEW CHUAN** (MAICSA 0777689) (SSM PC NO. 201908002648)

**YAU JYE YEE** (MAICSA 7059233) (SSM PC NO. 202008000733)

Company Secretaries

Selangor Darul Ehsan

10 June 2021

**Ordinary Resolution 8**  
[Please refer to Note G]

**EXPLANATORY NOTES ON ORDINARY AND SPECIAL BUSINESSES:**

**A. Audited Financial Statements**

This Agenda item is meant for discussion only as under the provision of Section 340(1)(a) of the Act, formal approval by members is not required to be obtained. Hence, this Agenda item will not be put forward for voting.

**B. Payment of Directors’ Fees and Benefits Payable**

Section 230(1) of the Act provides amongst others, that “the fees” of the directors and “any benefits” payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the shareholders’ approval shall be sought at the 64th AGM on the Directors’ fees for the period for the financial year ended 31 January 2021 under Ordinary Resolution 1.

Under Ordinary Resolution 2, the benefits payable to the Directors have been reviewed by the Board Nomination and Remuneration Committee (“BNRC”) and the Board of Directors of the Company, which recognise that the benefits payable are in the best interest of the Company. The Directors’ benefits comprised of meeting allowance only.

**C. Re-election of Directors**

Clause 116 of the Constitution of the Company states that one-third (1/3) of the Directors shall retire from office and shall be eligible for re-election at each AGM. All Directors shall retire from office at least once every three (3) years but shall be eligible for re-election.

In determining the eligibility of the Directors to stand for re-election at the forthcoming 64th AGM, the BNRC has considered the following:-

- (i) Directors’ self-assessment and peer-to-peer performance evaluation;
- (ii) Evaluation on the effectiveness of the Board as a Whole and the Committees of the Board; and
- (iii) For Independent Non-Executive Directors (“INEDs”) only, the level of independence demonstrated by the INEDs and their ability to act in the best interest of the Company.

The Board approved the BNRC’s recommendation for the retiring Directors pursuant to Clause 116 of the Constitution of the Company. All the retiring Directors have consented to their re-election, and abstained from deliberation as well as decision on their own eligibility to stand for re-election at the relevant BNRC and Board meetings, where applicable.

**D. Re-appointment of Auditors**

The Board Audit and Risk Committee (“BARC”) have assessed the suitability and independence of the External Auditors and recommended the re-appointment of Ernst & Young PLT as External Auditors of the Company for the financial year ending 31 January 2022. The Board has in turn reviewed the recommendation of the BARC and recommended the same to be tabled to the shareholders for approval at the forthcoming 64th AGM of the Company under Ordinary Resolution 5.

**E. Retention of Dato’ Muthanna bin Abdullah as an Independent Non-Executive Director**

Dato’ Muthanna bin Abdullah (“Dato’ Muthanna”) was appointed as an Independent Non-Executive Director of the Company on 18 December 2008 and has served the Board for a cumulative term of more than twelve (12) years in this capacity.

Notice of Sixty-Fourth (64<sup>th</sup>) Annual General Meeting

The Board of Directors via the Board Nomination and Remuneration Committee, after having assessed the collective skills, experience and independence of Dato' Muthanna through the conduct of annual performance evaluation and assessment, regarded him to be independent based on among others, the following justifications and recommends that Dato' Muthanna be retained as an Independent Non-Executive Director of the Company, subject to the approval from the shareholders of the Company through a two-tier voting process as described in the Guidance to Practice 4.2 of the Malaysian Code on Corporate Governance:-

- (a) He has fulfilled the criteria under the definition of an Independent Director as set out under Paragraph 1.01 of the Main Market Listing Requirements ("MMLR") of Bursa Securities and thus, he would be able to function as check and balance, provide a broader view and bring with him an element of objectivity to the Board.
- (b) He has not been involved in any business or other relationship which could hinder the exercise of independent judgement, objectivity or his ability to act in the best interests of the Company.
- (c) He has no potential conflict of interest, whether business or non-business related with the Company.
- (d) He has not established or maintained any significant personal or social relationship, whether direct or indirect, with the Managing Director, major shareholders or management of the Company (including their family members) other than normal engagements and interactions on a professional level consistent with his duties and expected of him to carry out his duties as an Independent Director.

**F. Retention of Tan Sri Datuk Amar (Dr.) Hamid bin Bugo as an Independent Non-Executive Director**

Tan Sri Datuk Amar (Dr.) Hamid bin Bugo ("Tan Sri Hamid") was appointed as an Independent Non-Executive Director of the Company on 25 August 2009 and has served the Board for a cumulative term of more than nine (9) years in this capacity.

The Board of Directors via the Board Nomination and Remuneration Committee, after having assessed the collective skills, experience and independence of Tan Sri Hamid through the conduct of annual performance evaluation and assessment, regarded him to be independent based on among others, the following justifications and recommends that Tan Sri Hamid be retained as an Independent Non-Executive Director of the Company, subject to the approval from the shareholders of the Company as described in the Guidance to Practice 4.2 of the Malaysian Code on Corporate Governance:-

- (a) He has fulfilled the criteria under the definition of an Independent Director as set out under Paragraph 1.01 of the MMLR of Bursa Securities and thus, he would be able to function as check and balance, provide a broader view and bring with him an element of objectivity to the Board.
- (b) He has not been involved in any business or other relationship which could hinder the exercise of independent judgement, objectivity or his ability to act in the best interests of the Company.
- (c) He has no potential conflict of interest, whether business or non-business related with the Company.
- (d) He has not established or maintained any significant personal or social relationship, whether direct or indirect, with the Managing Director, major shareholders or management of the Company (including their family members) other than normal engagements and interactions on a professional level consistent with his duties and expected of him to carry out his duties as an Independent Director.

**G. Authority for Directors to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016**

The proposed Ordinary Resolution 8 is intended to renew the authority granted to the Directors of the Company at the Sixty-Third AGM of the Company held on 27 July 2020 to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed –

- (i) twenty percent (20%) of the total number of issued shares of the Company for the time being (for issuance and allotment until 31 December 2021 as empowered by Bursa Securities pursuant to Bursa Malaysia Berhad's letter dated 16 April 2020 to grant additional temporary relief measures to listed issuers) ("20% General Mandate"); and
- (ii) ten percent (10%) of the total number of issued shares of the Company for the time being (for issuance and allotment after 31 December 2021 as stipulated under Paragraph 6.03(1) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements) ("10% General Mandate").

Should the 20% General Mandate and/or 10% General Mandate be exercised, it will enable the Directors to take swift action in case of a need for corporate exercises or fund-raising activities or in the event business opportunities arise which involve the issuance of new shares and to avoid delay and cost in convening general meetings to approve such issuance of shares. The proceeds raised from the corporate exercises or fund-raising activities will be utilised for funding future investment projects, working capital and/or acquisitions.

As at the date of this Notice, no new shares in the Company had been issued pursuant to the mandate granted to the Directors at the last AGM held on 27 July 2020 which will lapse at the conclusion of the forthcoming 64th AGM.

**NOTES:-**

**MODE OF MEETING AND VENUE**

- 1. The 64th AGM of the Company will be conducted on a fully virtual basis through live streaming and online remote voting by shareholders and proxies via the Remote Participation and Voting ("RPV") Platform. Please follow the steps and procedures provided in the Administrative Notes for the 64th AGM of the Company in order to register, participate and vote remotely via the RPV Platform.
- 2. The Broadcast Venue, which is the main venue of the 64th AGM is strictly for the purpose of complying with Section 327(2) of the Act which requires the Chairman of the Meeting to be present at the main venue of the meeting and in accordance with Clause 77 of the Company's Constitution which allows a general meeting to be held at more than one (1) venue, using any technology or method that enables the members of the Company to participate and to exercise the members' right to speak and vote at the general meeting. Shareholders, proxy(ies) and/or corporate representatives will not be allowed to be physically present at the broadcast venue on the day of the 64th AGM of the Company.

**APPOINTMENT OF PROXY**

- 1. In respect of deposited securities, only members whose names appear on the Record of Depositors as at 7 July 2021 (General Meeting Record of Depositors) shall be entitled to participate, speak and vote at this Meeting.
- 2. A member of the Company who is entitled to participate and vote at the Meeting, shall be entitled to appoint more than one (1) proxy to participate, speak and vote in his stead. Where a member appoints more than one (1) proxy in relation to a meeting, the member shall specify the proportion of his/her shareholdings to be represented by each proxy, failing which the appointment shall be invalid.
- 3. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation. There shall be no restriction as to the qualification of the proxy. A proxy appointed to participate and vote at the Meeting shall have the same rights as the member to participate, speak and vote at the Meeting.

As guided by the Securities Commission Malaysia's Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, the primary mode of communication by shareholders for the 64th AGM is via text messaging facilities provided under the RPV Platform. In the event of any technical glitch in the primary mode of communication, all other reasonable modes of communication are acceptable for the 64th AGM.

4. The instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorised in writing or, if the member is a corporation, shall either be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.

5. Where a member of the Company is an Exempt Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

6. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at the Company's Share Registrar, Boardroom Share Registrars Sdn. Bhd. of 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the Meeting, i.e., not later than 12 July 2021 at 10:00 a.m. or adjournment thereof.

Alternatively, the form of proxy can be deposited electronically through the Share Registrar's website, Boardroom Smart Investor Online Portal at www.boardroomlimited.my. Kindly login and deposit your proxy form electronically not less than forty-eight (48) hours before the time appointed for holding the Meeting, i.e., not later than 12 July 2021 at 10:00 a.m. or adjournment thereof.

All resolutions set out in the Notice of the Meeting are to be voted by poll voting as per paragraph 8.29A(1) of the MMLR of Bursa Securities via the RPV Platform.

**7. Corporate Representatives**

As an alternative to the appointment of a proxy, a corporate member may appoint its corporate representative to attend the 64th AGM pursuant to Section 333 of the Act. For this purpose and pursuant to Section 333 (5) of the Act, the corporate member shall be provided a certificate under its common seal as prima facie evidence of the appointment of the corporate representative.

**Personal data privacy:**

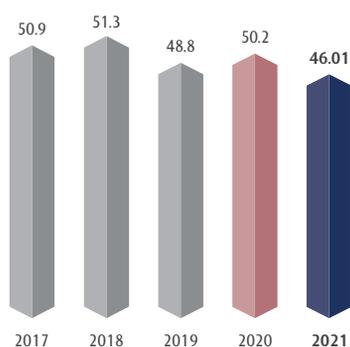
*By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.*

# Financial Highlights

31 JANUARY						
		2017	2018	2019	2020	2021
Revenue	(RM'million)	50.9	51.3	48.8	50.2	46.01
Profit/(loss) attributable to equity holders of the Company	(RM'million)	100.3	13.5	(6.1)	(25.1)	(20.5)
Shareholders' funds	(RM'million)	448.9	462.4	456.3	424.4	403.1
Basic/diluted earnings/(loss) per share	(sen)	71.87	9.64	(4.35)	(17.99)	(14.70)
Net assets per share	(RM)	3.22	3.31	3.27	3.04	2.89

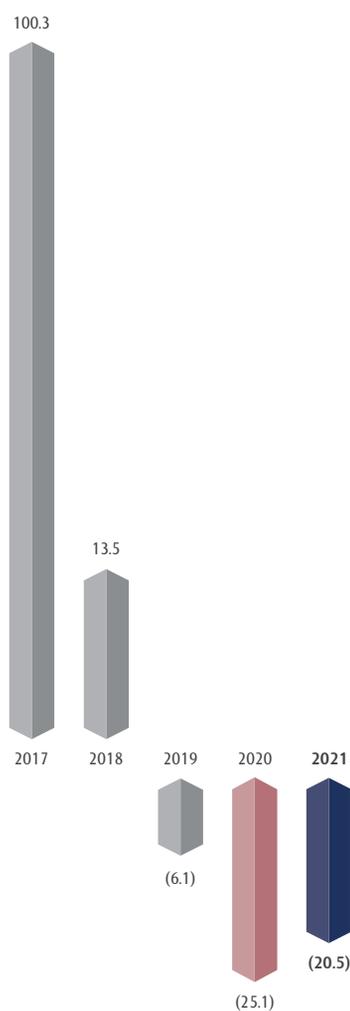
## Revenue

(RM' Million)



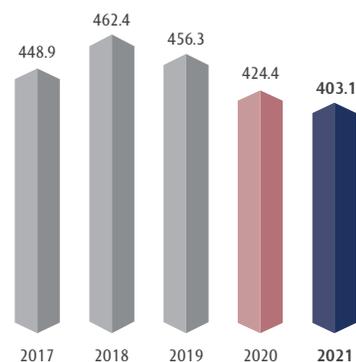
## Profit/(loss) attributable to equity holders of the Company

(RM' Million)



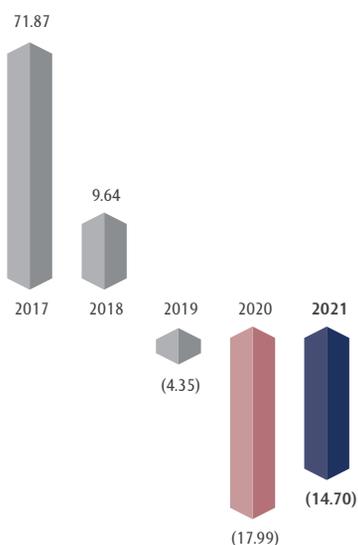
## Shareholders' funds

(RM' Million)



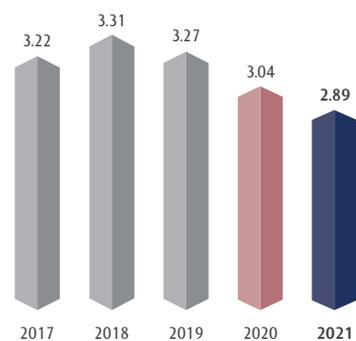
## Basic/diluted earnings/(loss) per share

(Sen)



## Net assets per share

(RM' Million)



# Corporate Information

## BOARD OF DIRECTORS

**1**  
**TAN SRI DATUK AMAR (DR) HAMID BIN BUGO**  
 Chairman/Independent Non-Executive Director

**2**  
**DATO' SHAHRIMAN BIN SHAMSUDDIN**  
 Managing Director

**3**  
**TAN SRI DATO' SERI SHAHRIL BIN SHAMSUDDIN**  
 Non-Independent Non-Executive Director

**4**  
**DATO' MUTHANNA BIN ABDULLAH**  
 Independent Non-Executive Director

**5**  
**AHMAD JAUHARI BIN YAHYA**  
 Independent Non-Executive Director

**6**  
**ANDREW HENG**  
 Independent Non-Executive Director

## BOARD AUDIT AND RISK COMMITTEE

Dato' Muthanna bin Abdullah (Chairman)

Ahmad Jauhari bin Yahya

Andrew Heng

## BOARD NOMINATION AND REMUNERATION COMMITTEE

Tan Sri Datuk Amar (Dr) Hamid bin Bugo (Chairman)

Dato' Muthanna bin Abdullah

Ahmad Jauhari bin Yahya

## INVESTOR RELATIONS

Mail to:  
 Sapura@Mines  
 No. 7 Jalan Tasik  
 The Mines Resort City  
 43300 Seri Kembangan  
 Selangor Darul Ehsan

## WEBSITE

www.sapura-resources.com

## COMPANY SECRETARIES

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

**Yau Jye Yee**  
 (MAICSA 7059233) SSM PC No. 202008000733

## PRINCIPAL SOLICITORS

Lim Chee Wee Partnership  
 Skrine & Co.

## PRINCIPAL BANKER

Malayan Banking Berhad

## REGISTERED OFFICE

Sapura@Mines  
 No. 7 Jalan Tasik  
 The Mines Resort City  
 43300 Seri Kembangan  
 Selangor Darul Ehsan  
 Tel: 603-8949 7000  
 Fax: 603-8949 7046

## AUDITORS

Ernst & Young PLT  
 Chartered Accountants  
 Level 23A, Menara Milenium  
 Jalan Damanlela  
 Pusat Bandar Damansara  
 50490 Kuala Lumpur  
 Tel: 603-7495 8000  
 Fax: 603-2095 9076/78

## INTERNAL AUDITORS

KPMG Management & Risk Consulting Sdn. Bhd.  
 10 th Floor, KPMG Tower  
 No. 8, First Avenue  
 Bandar Utama  
 47800 Petaling Jaya  
 Selangor Darul Ehsan  
 Tel: 603- 7721 3388  
 Fax: 603- 7721 3399

## SHARE REGISTRAR

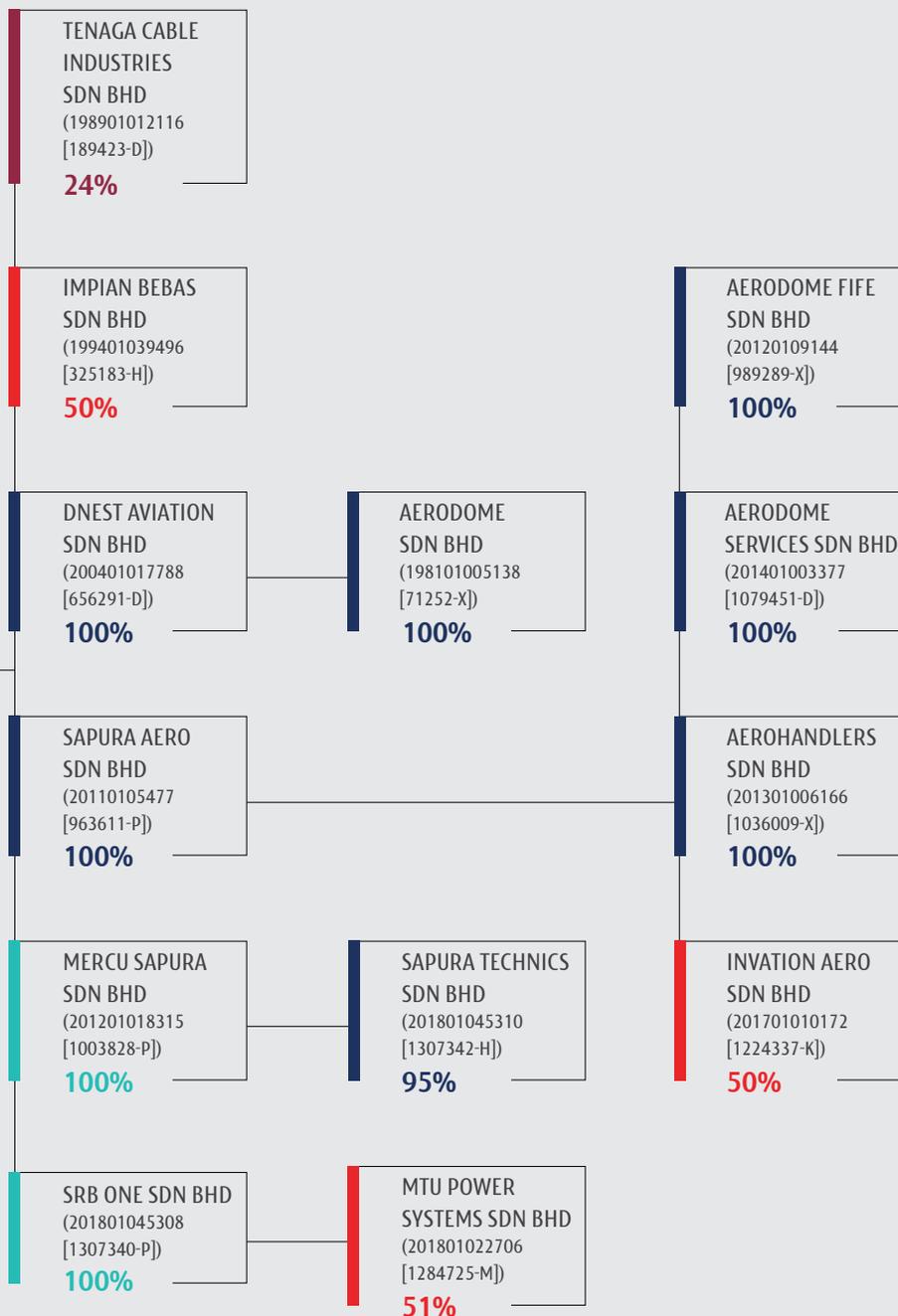
Boardroom Share Registrars Sdn. Bhd.  
 11 th Floor, Menara Symphony  
 No. 5, Jalan Prof. Khoo Kay Kim  
 Seksyen 13  
 46200 Petaling Jaya  
 Selangor Darul Ehsan  
 Tel: 603- 7890 4700  
 Fax: 603- 7890 4670

## STOCK EXCHANGE LISTING

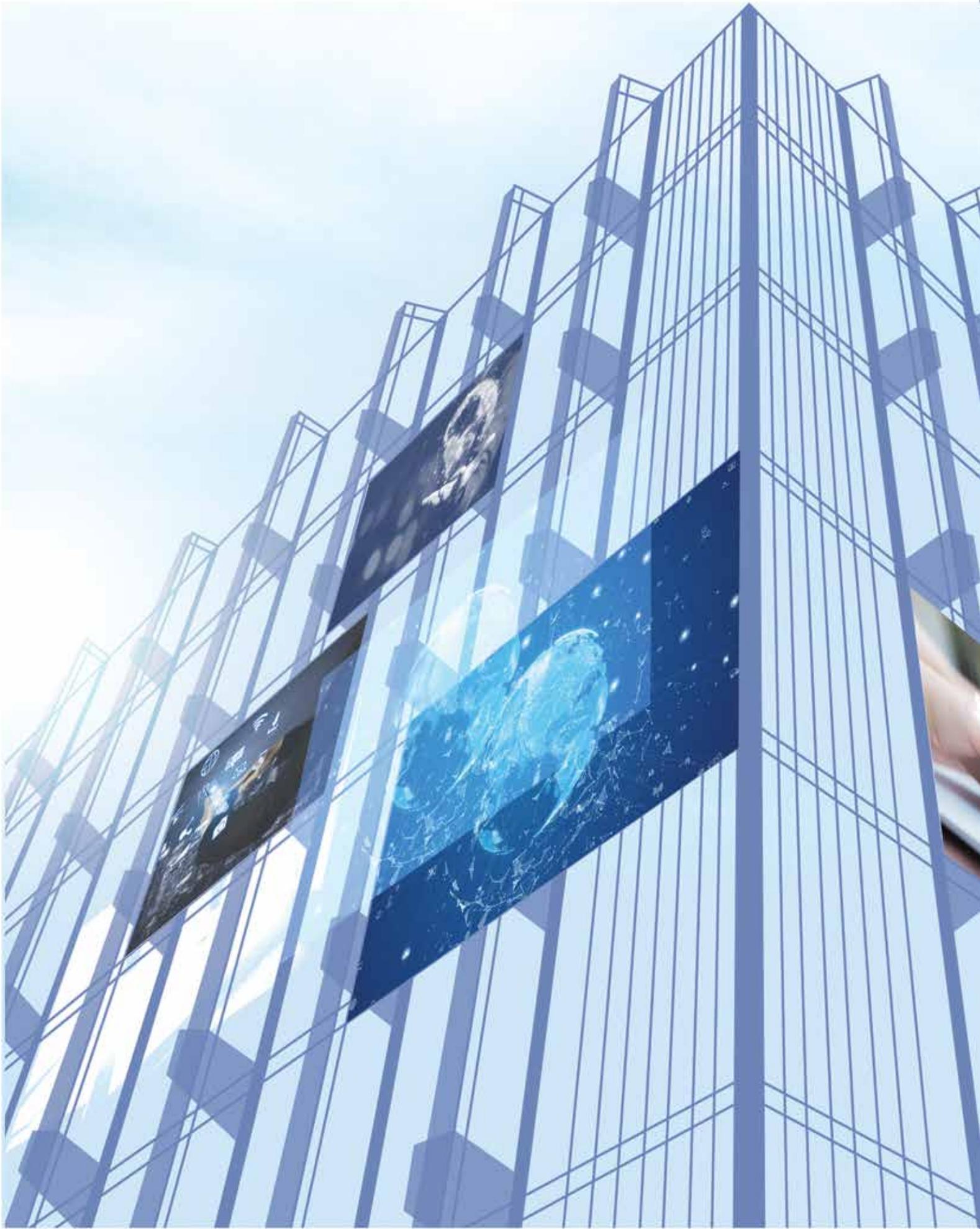
Main Market,  
 Bursa Malaysia Securities Berhad  
 Stock Name : SAPRES  
 Stock Code : 4596

# Corporate Structure

As at 30th April, 2021



- Aviation
- Jointly controlled entity
- Associate
- Others





# RESOURCEFUL

WE ARE RESOURCEFUL IN DEVELOPING THE BEST SOLUTIONS FOR OUR CUSTOMERS BY CONSTANTLY LEARNING, COLLABORATING AND SHARING INFORMATION TO MAKE FULL USE OF OUR GROUP'S CAPABILITIES - BOTH INSIDE AND OUTSIDE OF OUR BUSINESSES.



## STRATEGIC REVIEW

12

MANAGEMENT DISCUSSION & ANALYSIS (MD&A)

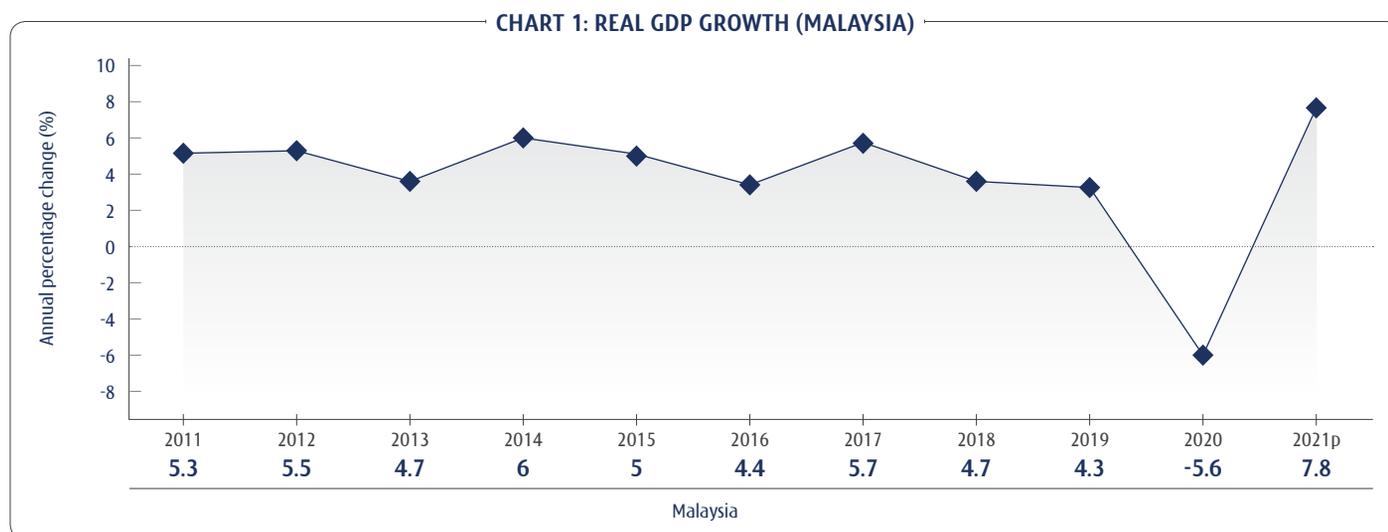
## ANNUAL REPORT 2021

SAPURA RESOURCES BERHAD • 195701000235 (3136-D)

# Management Discussion & Analysis (MD&A)

## INTRODUCTION

Against the backdrop of a post-pandemic economic downturn, Sapura Resources Berhad (“SRB” or the “Company”) and its subsidiaries (collectively referred to as the “Group”), faced yet another financial year that tested the Group’s resilience and persistence to stay the course despite fronting fervent challenges and having to swiftly adapt to ever changing economic and political landscape. Throughout the year 2020, the Malaysian economy has witnessed a slump in growth rate to as low as -17.1% for Q2 of 2020, occurring during the instatement of the first Movement Control Order (“MCO”). This was followed by an economic recovery in Q3 before a relapse in COVID-19 cases which resulted in the re-instatement of the MCO and further weakening of the country’s economic growth<sup>1</sup>. The overall Gross Domestic Product (“GDP”) growth rate of -5.6% for 2020 marks the worst economic performance in twenty-two (22) years since the then debilitating Asian financial crisis of 1998. Despite such gloom, glimmers of improvement are expected by the International Monetary Fund with the forecasted GDP rate for Malaysia set at 7.8% as shown in Chart 1:



Abbreviation: p = Projected  
 Source: International Monetary Fund 2021

However, according to Bank Negara Malaysia (“BNM”), its forecasted growth rate which currently range between 6.5% to 7.5% would be revised, given the resurgence of COVID-19 cases, the declaration of state of emergency, along with the developments in vaccination programmes<sup>2</sup>. Besides, unlike the first MCO implemented in March last year, the subsequent MCO 2.0 is expected to leave a less detrimental economic impact, with more sectors being allowed to reopen, giving a promise of continuity to many business operations. Despite the general projection of a hopeful economic growth by local and international financial institutions, there are some that remain conservative towards such optimism. The Socio-Economic Research Centre (“SERC”) forecasted a GDP growth rate of only 4%, since the state of the Malaysian economy for 2021 hinges on country’s virus containment efforts, vaccination programmes and improvements in export figures<sup>3</sup>.

The property and aviation industries have witnessed turbulent times during the past year. Despite an overall impaired economy, the property sector performed better than expected in 2020, placing it in a good stead for a gradual rebound in 2021<sup>4</sup>. The expected rebound is supported by a climate of historically low interest rate with BNM announcing a series of Overnight Policy Rate (“OPR”) cuts to as low as 1.75% and stimulus measures by the government, which includes tax holidays and investment tax allowance for foreign companies to relocate their operations to Malaysia.

However, the supply glut in the industry poses concerns towards landlords and owners, with a cumulative supply of 114.9 million square feet in quarter 3 of 2020 and a 1% increase in vacancy rate based on y-o-y comparison<sup>5</sup> – refer to Chart 2 below. With twelve (12) upcoming

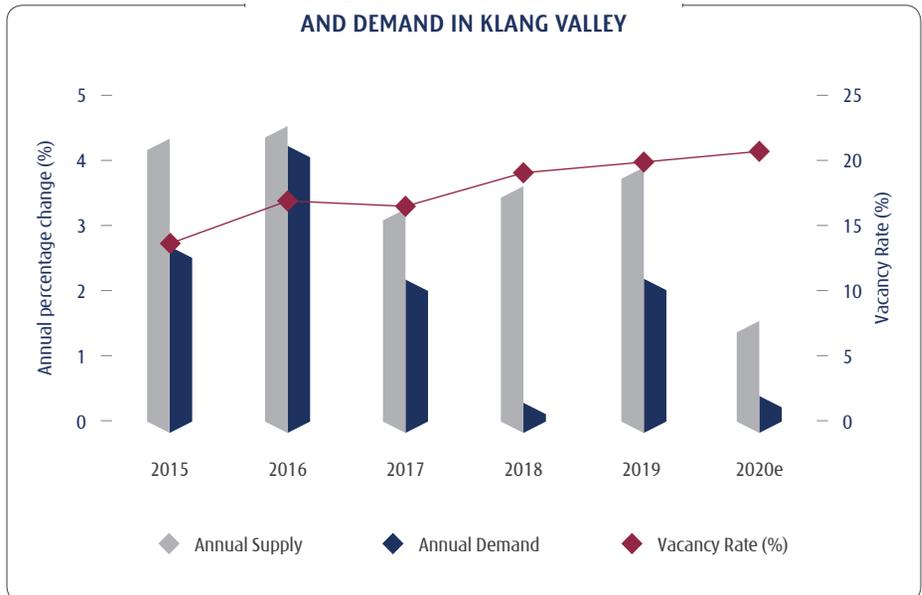
<sup>1</sup> Malaysia Economic Performance Fourth Quarter 2020, Department of Statistics Malaysia  
<sup>2</sup> M’sian economy on recovery path in 2021 but BNM may revise growth forecast given new developments, The Edge Markets  
<sup>3</sup> SERC lowers Malaysia’s GDP forecast to 4% for 2021 amid reimposition of MCO, The Edge Markets  
<sup>4</sup> PropertyGuru Malaysia Property Market Outlook 2021, PropertyGuru  
<sup>5</sup> Real Estate Market Outlook 2021, C H Williams Talhar & Wong Sdn Bhd (CBRE | WTW)

additions to Klang Valley’s fleet of purpose-built office buildings, the supply glut may continue to increase along with the vacancy rate, which may be pushed higher, should all the projects be completed within the next three (3) years. 84% of the total future supply is situated in Kuala Lumpur City Centre, where Permata Sapura, property investment owned by the Group’s jointly controlled entity, is located. Many big corporations are moving out of their existing premises and into newer establishments in prime locations, a trend that the Group would be looking to capitalise upon. The Group will also be focused on drawing tenants through fervent market efforts in the midst of a competitive environment.

For the aviation sector, several countries have witnessed a drop of over 90% in flight movements as a result of international borders being shut across the globe and domestic travel being restricted as a means to curb the COVID-19 outbreak<sup>6</sup>. Whilst the pandemic consequences have adversely affected the Group, its operations have generally remain resilient, bolstering each existing business units and staying optimistic for an economic rebound in Q4 of 2021. Besides, based on Chart 3, private aircraft movement at Subang Airport is witnessing a gradual climb after two major slumps occurring during the two instatements of MCO.

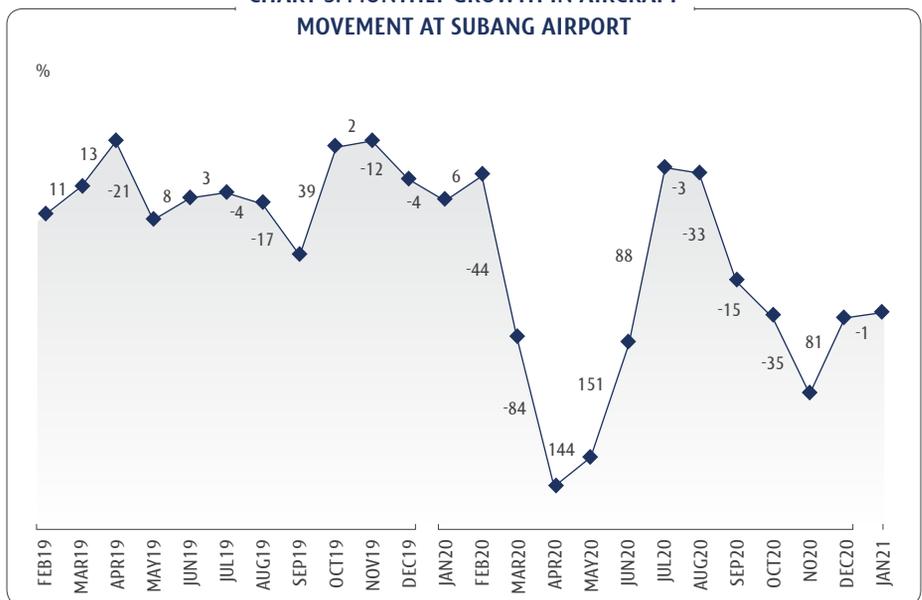
The key factor that will drive the industry recovery is the development of vaccines which is viewed as the solution to the pandemic. This will result in a steady decline in COVID-19 cases which will thereafter ease public health measures and soon after pave the way for domestic and international passenger movements. With regards to business aviation, it is seeing a new potential for growth as it has proven to be a reliable mode of travel for the private sector and government officials. Besides, according to a report by GlobeAir, flying private aircrafts has a far lesser risk of COVID-19 contraction as compared to commercial flights<sup>7</sup>. There are also fewer restrictions in place when flying private as compared to commercial flights, resulting in more people opting to fly private<sup>8</sup>. With the above factors, a rebound is highly anticipated for the aviation sector and is expected to reach pre-pandemic levels by 2022<sup>9</sup>.

**CHART 2: ANNUAL CHANGES IN SUPPLY AND DEMAND IN KLANG VALLEY**



Abbreviation: e = Estimated, NLA = Net Lettable Area, sq. ft. = square feet  
Source: CBRE | WTW Research, 2021

**CHART 3: MONTHLY GROWTH IN AIRCRAFT MOVEMENT AT SUBANG AIRPORT**



Source: SRB’s Intelligence, 2021

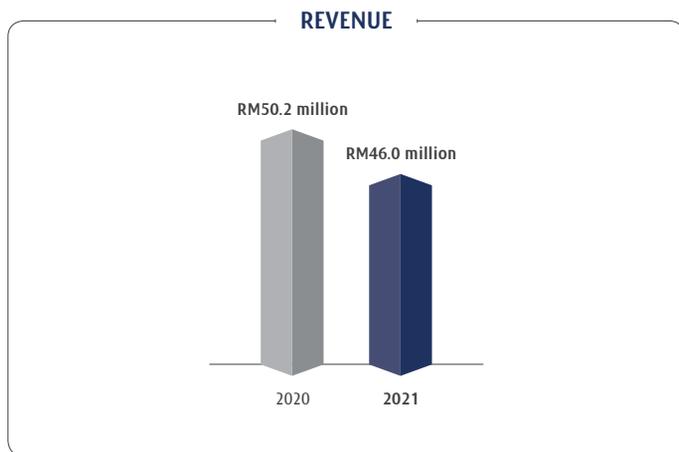
<sup>6</sup> Coronavirus: impact on the aviation industry worldwide – statistics & facts 2020, Statista  
<sup>7</sup> The Malaysian Aerospace Sector: Where do we go from here?, Malaysian Investment Development Authority, 2020  
<sup>8</sup> The Malaysian Aerospace Sector: Where do we go from here?, Malaysian Investment Development Authority, 2020  
<sup>9</sup> Aerospace industry can rebound to pre-pandemic levels by 2022, says Azmin, The Star, 2021

Management Discussion & Analysis (MD&A)

As for the MRO segment, the market has been severely bruised, given the fact that many aircrafts remain grounded and largely non-operational, thus leading to very low demand for MRO services. This leaves MRO based companies to scale down its operations until there is an increase in aircraft movement. Nevertheless, Malaysia remains a preferred location for many MRO companies due to the country’s strategic position within the region of South-east Asia and strong local supply chain<sup>10</sup>.

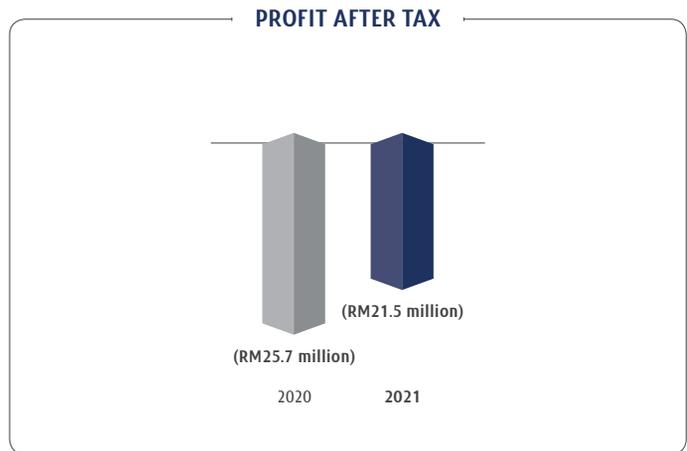
**FINANCIAL REVIEW**

The revenue of the Group stood at RM46.0 million for the Financial Year Ended (“FYE”) 31 January 2021, reflecting a decrease of RM4.2 million or 8.4% as compared to the preceding year’s revenue of RM50.2 million. Amongst the major contributors to the Group’s revenue are its two core business segments, namely the property segment which remains the Group’s largest revenue contributor at 56%, followed by the aviation sector.



With regards to profit/loss, the Group registered a loss of RM21.3 million in FYE 31 January 2021, as compared to last year, of which losses amounted to RM 25.7 million.

Despite recording lesser revenue as compared to last year, operational expenses incurred were approximately RM16.3 million lesser as compared to that of last year due to one-off expenses that were incurred in FY2020 which included the provision for claim from Pan-Asia of RM8.2 million. The decline in revenue streams is marginal across both its core business segments however as the MRO segment is adversely affected by the travel restrictions due to the Covid 19 pandemic and the investment holding segment is maintaining focus on stabilising existing investments rather than pursuing new ventures.



The Group recorded a net assets per share of RM2.89, a decrease of 5% as compared to the RM3.04 in the preceding year. The net asset per share is determined based on the quotient of the net tangible asset attributable to the Group against the number of ordinary shares in issue of 139,600,000. Whilst the net assets per share figure has registered a decline, the financial health of the Group is supported by a total equity of RM403.1 million with very low gearing and readily available cash and bank balances of RM81.5 million.

As for earnings per share, the Group recorded a loss of RM0.1470 per share for FYE 31 January 2021, which was lower by RM0.0329 per share as compared to the immediate preceding period which recorded a loss of RM0.1799 per share. Earnings per share is determined based on the profit attributable to the Group divided by the number of ordinary shares in issue. Based on the adoption of a long-term view and anchored on the vision of delivering sustainable returns over a period of time, the Group remains conservative on the declaration of dividends for FYE 31 January 2021 so as to free cash flow to meet its current and future capital requirements which continued to be adversely affected by an unpredictable economic environment, heavily influenced by the COVID-19 pandemic. To reiterate, the Group is steadfast in its quest to generate value for its shareholders in a sustainable manner.

**OPERATIONAL HIGHLIGHTS**

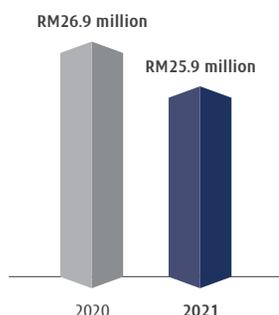
**Property segment**

The Group currently owns three investment properties under its portfolio as detailed below:

- 10-storey office building at Sapura@Mines with an NLA of 260,000 square feet;
- Warehouses with an NLA of 165,000 square feet at Jalan Tandang; and
- Commercial showroom building with an NLA of 46,000 square feet at Jalan 219, Petaling Jaya

<sup>10</sup> The Malaysian Aerospace Sector: Where do we go from here? Malaysian Investment Development Authority, 2020

**REVENUE  
(PROPERTY SEGMENT)**



Despite new feats of challenges arising in the property market with further increase in the supply glut and higher vacancy rates, the Group's operations remain strong, registering a higher than expected revenue and profit after tax of RM25.9 million and RM8.2 million respectively. Several expense reduction measures were undertaken to maintain profitability, such as delay in the purchase of CAPEX and lower utilities consumption during the MCO period, which evidently led to lower utilities expense.

**PROFIT AFTER TAX  
(PROPERTY SEGMENT)**

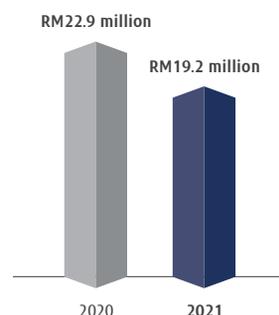


The Group continues to generate steady rental income from its existing properties and will be focused on maintaining a sustainable occupancy rate for all three of its properties in the portfolio. Given the adverse market conditions, the main revenue contributor of this segment will continue to stream from Sapura@Mines.

**Aviation segment**

The Group's aviation arm provides a suite of aviation services, with major operations encompassing the ground handling, hangarage and aircraft management, along with other ancillary and engineering services.

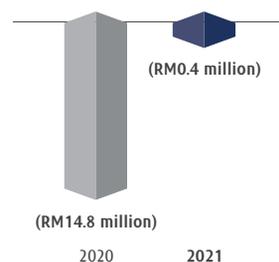
**REVENUE  
(AVIATION SERVICES)**



The aviation segment recorded a revenue of RM19.2 million for FYE 31 January 2021, marking a 16% decrease as compared to the previous year of which revenue recorded was RM22.9 million. The decrease is mainly due to lower ground operations revenue, as a result of a significantly lower aircraft movement during the MCO period. However, the segment remains as the Group's second largest revenue stream, with revenue contributions of up to 42% of the total revenue recorded by the Group.

In relation to profits, the segment recorded a loss after tax of RM0.4 million, representing a 97% decrease in losses as compared to the previous year which recorded a loss of RM14.8 million. Despite achieving lower revenue than the previous year, the Group was able to counterweigh the decrease with a commendable improvement in loss after tax. Such improvement stems from the absence of major one-off expenses that arose in FY2020 which included the provision for claim from Pan Asia of RM8.2 million and impairment loss of RM2.2 million relating to the development of hangar. Besides, lower operating expenses for FY2021, the wage subsidy from the government through the Bantuan Prihatin programme has also contributed to improved financial performance for FY2021.

**PROFIT AFTER TAX  
(AVIATION SERVICES)**



## Management Discussion & Analysis (MD&A)

Despite the aviation industry being adversely affected by the pandemic, the Group performed fairly amidst major economic slowdowns in the sector. The Group will be continuing its focus on operational efficiency by staying prudent in its expenses. With ground handling operations being dependent mainly on aircraft movement, other revenue streams will take precedence, particularly the hangarage segment which stayed resilient throughout COVID-19, followed by the aircraft management segment. Ground handling operation is anticipated to recover as soon as the international travel ban is lifted, and lesser restrictions imposed on domestic travel.

### MRO segment

The operations of this segment include aircraft maintenance, repair & overhaul, targeting the narrow-body aircraft maintenance business. The segment achieved a low revenue of RM1 million during the financial year under review. There was a delay in obtaining approval for servicing A320 aircraft and business was affected by a significant decrease in aircraft movement due to COVID-19. With loss after tax amounting to RM15.8million, the Group has taken steps to scale down operations of this segment until the demand for air travel returns. This is done to enable the Group to face challenges as a new player in a highly competitive industry amidst a post-pandemic era.

### Investment holding segment

The investment holding operating segment comprises equity investment and group-level corporate services and business development functions. During the financial year under review, initiatives were mainly taken on the cash flow management of investee companies such as addressing operational expenditure and revisiting financing facilities.

With regard to the Group's investment in Impian Bebas Sdn Bhd ("IBSB"), an equal joint collaboration with KLCC Holdings Sdn Bhd on commercial space development, the project was physically completed towards the end of FYE 31 January 2021 with the CCC obtained on 19 March 2021. Situated in Lot 91 KLCC, the commercial space, known as Permata Sapura, comprises approximately 930,000 square feet NLA and is open for occupancy amidst an area highly regarded as the focal commercial centre for Kuala Lumpur that houses many large corporations and multinational businesses. During the financial year under review, a loss attributed to the Group of RM2.1 million was recorded.

As for the Group's other joint venture company, MTU Power Systems Sdn Bhd ("MPS"), a tough financial year was experienced with losses amounting to RM4.1 million during the year under review. The venture is relatively new and future prospects for the development of this venture is apparent through diversification plans that are further narrated in the ensuing "Trends and Forward-Looking Prospects" section under "Investment Holding".

Besides, the Group's 24% owned associate Tenaga Cable Industries Sdn Bhd ("TCI") continued to generate positive figures, contributing marginally to the Group's share of profit during the year under review.

## TRENDS AND FORWARD-LOOKING PROSPECTS

### Property segment

Main Market	Klang Valley	
	2020	2021
Purpose-built Office	▼	▼
Shop Office	▶	▶
Retail	▼	▼

Stagnant ▶ Drop ▼

Source: CBRE | WTW Research, 2021

Looking at the trending of three property market categories; Purpose-built Office, Shop Office and Retail, the overall market outlook remains tepid for 2021 as it was in 2020. Amongst the three markets, only shop office is expected to see stagnation during the year 2021, with both purpose-built office and retail expecting to experience drop as compared the previous year. With vacancy rate increasing by 1.0% for the office market, there seems to be no signs of respite as 6.1 million square feet of office space is expected to be added to the fold within the next 3 years<sup>11</sup>.

Since the MCO has forced the businesses to adopt work-from-home practices, corporations have been implementing significant use of technology and flexi-working conditions in terms of transforming office layouts and staying cost efficient<sup>12</sup>. However, towards the turn of the first quarter, more and more corporations are slowly transitioning its workforce to return to office on a staggered basis, encouraged by the vaccination programmes heavily underway and favorable recovery rates.

As the Group's property portfolio is largely supported by the purpose-built office of Sapura@Mines, the Group is projecting a decline in rental rate and occupancy preceding the full upliftment of the Klang Valley MCO.

### Aviation segment

The aviation industry suffered a difficult year in 2020 with a majority of countries imposing international travel bans on top of stringent travel restrictions within the country. Malaysia followed suit in the initiative of containing the COVID-19 cases within the country's borders. Almost every segment involved in aviation was affected, since general aircraft movement significantly declined. Major developments have however arisen, with vaccination programmes in full swing, where fully vaccinated individuals may soon be allowed to travel freely in the country<sup>13</sup>. This is a very promising sign for the industry with key aviation players beginning their recruitment process for aviation personnel in preparation for the anticipated surge in travel demand.

<sup>11</sup> Real Estate Market Outlook 2021, C H Williams Talhar & Wong Sdn Bhd (CBRE | WTW)

<sup>12</sup> Real Estate Market Outlook 2021, C H Williams Talhar & Wong Sdn Bhd (CBRE | WTW)

<sup>13</sup> Fully vaccinated Malaysians may soon be allowed to travel freely in the country, The Straits Times, 2021

The Group is placing close attention to measures taken by the Government in terms of loosening travel restrictions as an anticipated rebound is expected in quarter 4 of 2021. Despite the worst-case scenario being a delayed economic rebound that only takes place next year, the improvement in the industry seems more certain at least in the context of Malaysia. The Group will remain resilient and continue its aviation services and operations at Subang Airport.

### MRO segment

Since the mandatory approval to operate as an MRO has been obtained in February 2020 from the Civil Aviation Authority of Malaysia, the Group began its pursuit in the commercial market for MRO aviation at its base at Senai International Airport, Johor Bahru through Sapura Technics Sdn Bhd. The Group provides MRO services for Boeing 737 series and the Airbus A320 family aircraft.

Progress on this front has been slowed with passenger demand being significantly low, forcing airlines to find ways to cut costs which include cutting back on MRO spending and putting off maintenance activities whenever possible, with Oliver Wyman estimating a fall in MRO spending of 45% in 2020. The Group temporarily had its MRO operations scaled down to reduce operational expenses with prioritisation geared towards profitable portfolios within the Group until demand in air travel picks up.

### Investment Holding

The investment holding segment of the Group consists of jointly controlled entities, namely Impian Bebas Sdn Bhd (“**IBSB**”) and MTU Power Systems Sdn Bhd (“**MPS**”) and associate company Tenaga Cable Industries Sdn Bhd (“**TCI**”).

#### IBSB

As the owner of the newly completed Lot 91 KLCC (Permata Sapura), the Group intends to occupy the premier office with prime tenants. In order to attract the Group’s desired tenants, the latest technological advancements have been incorporated into the aspects of the commercial space and premier tower. Besides, biometric recognition modality is deployed to replace the use of tags for office tenants and incorporate amongst others, applications for commercial usage at the mall, health screening sensors and smart sensors throughout the area. Moreover, Permata Sapura’s basement car park is connected to KLCC’s existing basement car park, enabling easy access within the KLCC precinct<sup>14</sup>.

#### MPS

During FYE 31 January 2020, the Group diversified its principal activities to include the sale and service of engines and parts, and paved way for a new venture under the MRO & engineering services segment through its joint venture company, MPS. Although MPS is expected to be in gestation period for the next few years, Royal Malaysia Navy’s repowering contract bids have been won by the Group, promising new sources of revenue going forward. In addition, MPS has remained on the offensive throughout the financial year under review by increasing clientele.

### Key risks and mitigation

A pragmatic approach to risk management is firmly embedded in the heart of the Group’s long-term growth strategy. The Group seeks to align its risk appetite with the overarching business strategies, whilst incorporating the risk processes within its business operations. Risk management is governed in a top down and bottom up manner with the Board setting the business strategies and appetite to manage risk, whilst Management is responsible to manage the risks within the parameters of the business strategy, risk framework and financial appetite.

Amongst the key risks faced by the Group, business sustainability continues to be one of them, with COVID-19 pandemic taking a toll on new segments such as the MRO segment. Substantial decrease in revenue streams will continue to force the Group in taking cost optimisation measures and minimize the scale of operations that are unyielding and proven costly to operate.

As with other companies, the sustainability of operations remains a priority which requires a sizeable cash reserve. The Group is focused on analysing its portfolio to identify which businesses are to be prioritised amongst all of its operations. The main aim of the Group is to stabilise all its current businesses whilst exploring new streams of revenue.

Recognising the confluence of internal cash flow pressure and external headwinds brought about by an overwhelmingly weak macroeconomic environment, the Group will review its strategies and prioritise cost efficiency of its established operations. To reinforce, the Group will forge ahead whilst continuously monitoring and proactively responding to risk and opportunities.

The Group’s risk management approach is provided in detail, as encapsulated in the Statement of Risk Management and Internal Control that set out from page 68 to 73 of this Annual Report. The material economic, environment and social matters that impact the Group’s business operations and stakeholders can be found on the Sustainability Statement that set out from page 34 to 53 of this Annual Report.

<sup>14</sup> Permata Sapura 2020, GDP Architects





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# PROFESSIONAL

WE SET HIGH STANDARDS OF PROFESSIONAL CONDUCT IN ALL OUR INTERACTIONS. AS A GROUP, WE STRIVE TO EXCEED EXPECTATIONS THROUGH OUR COMMITMENT TO QUALITY AND CONSTANT IMPROVEMENT.

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## LEADERSHIP

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23	BOARD OF DIRECTORS' PROFILE
29	PROFILES OF SENIOR MANAGEMENT

## ANNUAL REPORT 2021

SAPURA RESOURCES BERHAD • 195701000235 (3136-D)

## Board of Directors



**DATO' MUTHANNA  
BIN ABDULLAH**

Independent  
Non-Executive Director

**DATO' SHAHRIZAN  
BIN SHAMSUDDIN**

Managing Director

**TAN SRI DATUK AMAR  
(DR.) HAMID BIN BUGO**

Chairman/Independent  
Non-Executive Director



**TAN SRI DATO' SERI  
SHAHRIL BIN SHAMSUDDIN**

Non-Independent  
Non-Executive Director



**ENCIK AHMAD JAUHARI  
BIN YAHYA**

Independent  
Non-Executive Director



**MR. ANDREW HENG**

Independent  
Non-Executive Director

# At a Glance

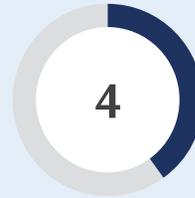
## POSITION



Managing Director



Non-Independent  
Non-Executive Director



Independent  
Non-Executive Director

## AGE GROUP



40 - 59  
years old

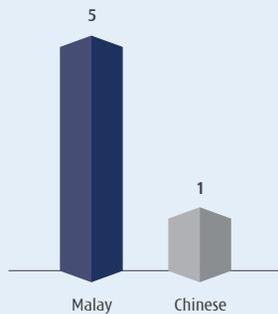


60 - 69  
years old

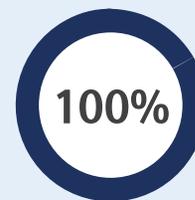


70 - 79  
years old

## ETHNICITY



## NATIONALITY



Malaysian

# Board of Directors' Profile

**Nationality**  
Malaysia

**Gender/Age**  
Male/75 years old

**Date of Appointment**  
25 August 2009

**Length of service  
(as at 30 April 2021) :**  
11 years 8 months



## Board Committees Membership(s) :

Board Nomination and  
Remuneration Committee  
– Chairman



## Directorships in other public companies and listed issuers

- Petroleum Sarawak Berhad  
– Independent Non-Executive Chairman

## ADDITIONAL INFORMATION ON BOARD OF DIRECTORS

- 1. Conflict of Interests**  
None of the Directors of the Company has any conflict of interest with the Company other than those disclosed in the financial statements of the Company.
- 2. Convictions for Offences**  
None of the Directors of the Company has any conviction for offences within the past five (5) years other than traffic offences (if any) or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 January 2021.



## TAN SRI DATUK AMAR (DR.) HAMID BIN BUGO

Chairman/Independent Non-Executive Director

## Board Meeting Attendance In Financial Year



## Past Working Experience

Tan Sri Hamid was first appointed to the Board of Sapura Resources Berhad as an Independent Non-Executive Director on 25 August 2009 and was re-designated as a Senior Independent Non-Executive Director on 26 March 2015. On 4 March 2016, Tan Sri Hamid was then re-designated as the Chairman/Senior Independent Non-Executive Director of the Company and within the same year, he was re-designated as the Chairman/Independent Non-Executive Director on 26 April 2016.

Tan Sri Hamid graduated from Canterbury University, New Zealand with a Bachelor and a Master of Art in Economics. He also holds a Postgraduate Diploma in Teaching (New Zealand) and a Postgraduate Certificate in Business Studies from Harvard Institute of Development Studies, United States of America. He was honoured with a PhD. (in Commerce) by Lincoln University, New Zealand.

His working experience includes Administration Manager, Malaysia LNG Sdn. Bhd. (a joint venture of Petronas, Shell and Mitsubishi); the first General Manager of Land Custody and Development Authority, Sarawak; Permanent Secretary, Ministry of Resources Planning, Sarawak; and State Secretary of Sarawak. He previously sat on the Boards of various companies and statutory bodies including Sime Darby Berhad Group, Malaysian Airline System Berhad, Malaysia LNG, Employees Provident Fund Board, Universiti Malaysia Sarawak and Universiti Putra Malaysia. He was a member of the MACC Advisory Council and a board member of Institute of Integrity Malaysia. He was also the first Managing Director of Sarawak Information Systems Sdn Bhd (SAINS).

Tan Sri Hamid was also the Founding Chairman of the Sarawak Biodiversity Centre. He was actively involved in the listing of Mulu National Park as a World Heritage Site. Tan Sri Hamid is a recipient of an Excellent Award from the American Association of Conservation Biology.

Tan Sri Hamid is also active in charitable associations and organisations in Malaysia. He is the Chairman of Yayasan Kemajuan Insan Sarawak and Chairman of the State Library of Sarawak and was an active member of the Lembaga Amanah Kebajikan Masjid Sarawak.

Tan Sri Hamid does not have any family relationship with the other Directors and/or major shareholders of the Company.

Board of Directors' Profile

**Nationality**  
Malaysia

**Gender/Age**  
Male/60 years old

**Date of Appointment**  
19 February 1990

**Length of service (as at 30 April 2021) :**  
31 years 2 months



**Board Committees Membership(s) :**

Nil



**Directorships in other public companies and listed issuers**

- MIMOS Berhad  
– Chairman



**TAN SRI DATO' SERI SHAHRIL BIN SHAMSUDDIN**

Non-Independent Non-Executive Director

**Board Meeting Attendance In Financial Year**



**Past Working Experience**

Tan Sri Shahril was appointed as Managing Director of Sapura Resources Berhad on 19 February 1990, and was later re-designated as a Non-Independent Non-Executive Director of the Company on 1 March 2007.

He is the President and Group Chief Executive Officer of Sapura Group, who manages a diversified portfolio of businesses, namely oil and gas, industrial and manufacturing, property management, aviation, defence and security and rail. On 22 March 2021, he retired as the President and Group Chief Executive Officer of Sapura Energy Berhad and on 30 April 2021 he resigned as the Non-Independent Non-Executive Director of Sapura Energy Berhad.

He is a member of the Asian Executive Board of the Massachusetts Institute of Technology's ("MIT") Sloan School of Management and the Board of Governors of the Asia School of Business, a collaboration between MIT Sloan and Bank Negara Malaysia. He was appointed as Chairman of MIMOS Berhad on 18 May, 2020 and he is also the Chairman of the Malaysia-Brazil Business Council. He was the recipient of the Legion d'Honneur by the Republic of France in 2007, Malaysia's Entrepreneur of the Year award by Ernst & Young in 2009 and Man of the Year award by the Oil & Gas Year Malaysia in 2014. He was conferred an Honorary Doctorate in Technology Management by the Universiti Teknologi Malaysia ("UTM") in May 2013. He is also a member of the Board of Trustees of the UTM Endowment Fund and Perdana Leadership Foundation.

He was conferred the rank of Honorary Brigadier General of the Territorial Army by the Malaysian Armed Forces in 2014 and was honoured with the Order of Rio Branco by the Government of Brazil in 2019.

He holds a Master of Science in Management of Technology from MIT Sloan School of Management and a Bachelor of Science in Industrial Technology from California Polytechnic State University.

Tan Sri Shahril is a major shareholder of the Company and is also the brother of Dato' Shahril bin Shamsuddin, the Managing Director and major shareholder of the Company.

**Nationality**  
Malaysia

**Gender/Age**  
Male/52 years old

**Date of Appointment**  
28 July 2005

**Length of service  
(as at 30 April 2021) :**  
15 years 9 months



**Board Committees  
Membership(s) :**

Nil



**Directorships in other public  
companies and listed issuers**

- Sapura Industrial Berhad  
– Executive Director
- Sapura Energy Berhad  
– Non-Independent Non  
Executive Director



**Past Working Experience**

Dato' Shahrizan was appointed to the Board of Sapura Resources Berhad as a Non-Independent Non-Executive Director on 28 July 2005. On 1 March 2007, he was redesignated as the Managing Director of Sapura Resources Berhad.

Dato' Shahrizan holds a Master of Science in Engineering Business Management from Warwick University, United Kingdom and a Bachelor of Science in Industrial Technology from Purdue University, United States of America.

Dato' Shahrizan began his career with Sapura Group in 1991 and has held a number of key senior positions within the Group. As the Managing Director of Sapura Resources Berhad, he manages a diversified portfolio which includes property investment, private aviation services and commercial aviation, aviation MRO and engineering services in marine sector.

Dato' Shahrizan is a major shareholder of the Company and is also the brother of Tan Sri Dato' Seri Shahril bin Shamsuddin, the Non-Independent Non-Executive Director and major shareholder of the Company.

**DATO' SHAHRIZAN  
BIN SHAMSUDDIN**

Managing Director

**Board Meeting Attendance In  
Financial Year**



Board of Directors’ Profile

**Nationality**  
Malaysia

**Gender/Age**  
Male/61 years old

**Date of Appointment**  
18 December 2008

**Length of service (as at 30 April 2021) :**  
12 years 4 months



**Board Committees Membership(s) :**

- Board Audit and Risk Committee – Chairman
- Board Nomination and Remuneration Committee – Member



**Directorships in other public companies and listed issuers**

- MSM Malaysia Holdings Berhad
  - Independent Non-Executive Director
- IHH Healthcare Berhad
  - Independent Non-Executive Director
- Malaysian Life Reinsurance Group Berhad
  - Independent Non-Executive Director
- Malaysian Rating Corporation Berhad
  - Independent Non-Executive Director
- MSIG Insurance (Malaysia) Berhad
  - Independent Non-Executive Director
- Digital Nasional Berhad (formerly known as MKD Sejahtera Sdn Bhd)
  - Independent Non-Executive Director



**Past Working Experience**

Dato’ Muthanna was appointed to the Board of Sapura Resources Berhad as an Independent Non-Executive Director on 18 December 2008.

Dato’ Muthanna is a lawyer by profession and was previously the Partner of the law firm of Abdullah Chan & Co. He is currently a Consultant in Abdullah Chan & Co. He graduated from the University of Buckingham with Degree in Law in 1981 and was admitted as a Barrister-at-Law of the Middle Temple, London in 1982. He was admitted as an advocate and solicitor of the High Court of Malaya in 1983.

He is also a Director of MSM Malaysia Holdings Berhad, IHH Healthcare Berhad, Malaysian Life Reinsurance Group Berhad, Malaysian Rating Corporation Berhad, MSIG Insurance (Malaysia) Berhad, Digital Nasional Berhad and a Trustee of Yayasan Siti Sapura and of The Habitat Foundation. He was appointed as Honorary Consul of the Republic of San Marino in Kuala Lumpur on 30 March 2017.

Dato’ Muthanna does not have any family relationship with the other Directors and/or major shareholders of the Company.

**DATO’ MUTHANNA BIN ABDULLAH**

Independent Non-Executive Director

**Board Meeting Attendance In Financial Year**



**Nationality**  
Malaysia

**Gender/Age**  
Male/67 years old

**Date of Appointment**  
19 January 2016

**Length of service  
(as at 30 April 2021) :**  
5 years 3 months



**Board Committees  
Membership(s) :**

Board Audit and Risk  
Committee  
– Member

Board Nomination and  
Remuneration Committee  
– Member



**Directorships in other public  
companies and listed issuers**

- Taliworks Corporation Berhad
  - Independent Non-Executive Director



**ENCIK AHMAD JAUHARI  
BIN YAHYA**

Independent Non-Executive Director

**Board Meeting Attendance In  
Financial Year**



**Past Working Experience**

Encik Ahmad Jauhari was appointed to the Board of Sapura Resources Berhad as an Independent Non-Executive Director on 19 January 2016.

He holds a Bachelor of Science (Hons) Degree in Electrical and Electronics Engineering from University of Nottingham, United Kingdom.

He started his career with ESSO Malaysia Berhad in 1977 before joining The New Straits Times Press (M) Berhad in 1979 where he rose to the rank of Senior Group General Manager, Production and Circulation. He then joined Time Engineering Berhad as the Deputy Managing Director in 1992 and subsequently became Managing Director within the same year. He then served as the Managing Director of Malaysian Resources Corporation Berhad in 1993 before taking the role of Managing Director of Malakoff Berhad from 1994 till 2010.

After 2010, he became a Director at Malaysia Airport Holdings Berhad and the Chairman of Destination Resorts and Hotel Sdn. Bhd. prior to his appointment at Malaysia Airlines Berhad.

Encik Ahmad Jauhari was appointed as the Group Chief Executive Officer of Malaysia Airlines Berhad on 19 September 2011. He was a member of the Board Tender Committee and sat on the Boards of several subsidiaries within the Malaysia Airlines Berhad Group of Companies. He stepped down from the role of Group Chief Executive Officer of Malaysia Airlines Berhad on 30 April 2015 but remained on the Board as a Non-Executive Director until December 2015.

Encik Ahmad Jauhari also has vast experience in managing organisations on the international front as he had served as the Director and Chairman of Executive Committee of Central Electricity Generating Company Limited (Jordan), a Director of Shuaibah Expansion Project Company Limited (Saudi Arabia) and a Director of Souk Tieta Independent Water Project (IWP) in Algeria.

Encik Ahmad Jauhari has vast and diverse working experience in various industries which includes oil and gas, media publications, engineering, power generation, gas utilities, telecommunications and IT. He is also the founder member and the former President of Penjanabebas (Association of Independent Power Producer of Malaysia).

Encik Ahmad Jauhari is an Executive Director of Cenergi SEA Sdn Bhd since August 2016. He is also the Chairman of Minconsult Sdn Bhd.

Encik Ahmad Jauhari does not have any family relationship with the other Directors and/or major shareholders of the Company.

Board of Directors’ Profile

**Nationality**  
Malaysia

**Gender/Age**  
Male/46 years old

**Date of Appointment**  
3 June 2019

**Length of service (as at 30 April 2021) :**  
1 year 10 months



**Board Committees Membership(s) :**

Board Audit and Risk Committee  
– Member



**Directorships in other public companies and listed issuers**

- Nil



**MR. ANDREW HENG**

Independent Non-Executive Director

**Past Working Experience**

Andrew Heng was appointed to the Board of Sapura Resources Berhad as an Independent Non-Executive Director on 3 June 2019.

Andrew is a Chartered Accountant with the Malaysian Institute Accountants (“MIA”), a fellow member of CPA Australia, Chartered Accountant Australia New Zealand, a member of the Cambodian Institute of CPAs, a Chartered Valuer and Appraiser with the Institute of Valuers and Appraisers Singapore, a Certified Financial Planner with the Financial Planning Association of Malaysia and a Chartered Internal Auditor with The Institute of Internal Auditors Malaysia.

Andrew graduated from the University of Western Australia with a Bachelor of Commerce and Bachelor of Law in 1998 and Master of Business Administration from the University of Manchester. He was also called to the Malaysian Bar in 2000.

Andrew is a Group Managing Partner of Baker Tilly Malaysia and has more than 20 years of experience in corporate restructuring, transaction advisory and corporate recovery. He is the lead partner in Malaysia for Corporate Advisory and is experienced in Mergers and Acquisitions, Reverse Take Over and Initial Public Offerings of companies, including being Independent Valuer’s/Expert Report’s Role in valuation of companies and financial due diligence for application, for admission and listing on the Bursa Malaysia.

Andrew does not have any family relationship with the other Directors and/or major shareholders of the Company.

**Board Meeting Attendance In Financial Year**



# Profiles of Senior Management

	<b>IVAN OH BOON WEE</b> Chief Financial Officer (SM2)	<b>SYED HAROON BIN OMAR ALSHATRIE</b> Head of Property Division (SM1)
<b>Nationality</b>	Malaysia	Malaysia
<b>Gender/Age</b>	Male/56 years old	Male/46 years old
<b>Date of Appointment</b>	7 October 2020	1 February 2019
<b>Length of Service (as at 30 April 2021)</b>	6 months	2 years and 3 months
<b>Working Experience</b>	<p>Ivan Oh Boon Wee is currently the Chief Financial Officer, reporting directly to the Managing Director of Sapura Resources Berhad (SRB). His main areas of responsibilities include Financial Management, Accounts and Reporting, Treasury, Taxation and Risk Management.</p> <p>He has over thirty-five (35) years of total working experience with in-depth knowledge and capabilities in his areas of responsibilities whilst extensively familiar with listing requirements and corporate governance. He is also experienced in certain specialised functions such as tax planning &amp; compliance including cross border transactions, corporate restructuring of distressed companies and corporate finance work including fund raising and mergers &amp; acquisitions. The last position he held was as the Business Controller at Appspace (Malaysia) Sdn Bhd responsible for the overall finance and accounting functions of a group of companies across multiple jurisdictions ie Switzerland, UK, UAE, Malaysia &amp; Australia. He also held positions as Vice President of Treasury at Asia Broadcast Satellite (HK) Ltd, CFO of Ho Hup Construction Company Berhad and financial and operational leadership roles in TIME dotCom Berhad. He began his career with PriceWaterhouseCoopers spanning over fourteen (14) years which included Assurance and Corporate Advisory services.</p> <p>Ivan Oh Boon Wee is a Certified Public Accountant of Malaysia Institute of Accountants (MIA) as well as Malaysia Institute of Public Accountants (MICPA).</p> <p>He has no directorships in other public companies and listed companies. He does not have any family relationship with any other director and/or major shareholder of the Company. He does not have any conflict of interest with the Company and have no convictions for any offences within the past five (5) years.</p>	<p>Syed Haroon bin Omar Alshatrie is currently the Head of Property Division, reporting to the Managing Director. His main responsibility areas include Business Planning &amp; Analytics, Property Management, Cost, Contract &amp; Procurement, Integrated Technology Services, Contract and Commercial, Business Development.</p> <p>Syed Haroon holds more than fifteen (15) years of accumulated working experience in Malaysia from 2007-2020. His corporate career in Malaysia commenced with CIMB Group as a Corporate Client Manager for CIMB's Middle East office. Throughout his tenure in CIMB Group, he has been in the forefront in various positions, which includes Retail Business Intelligence and Analytics. From 2010-2012, he spearheaded the function of the CIMB Islamic's, Retail Product Distribution department which requires the transformation of the Group's Islamic retail distribution channels. He subsequently undertook the role as the Regional Islamic Retail Strategy portfolio in 2013.</p> <p>In 2016, he joined Sapura Secured Technology Group holding the portfolio of Head, Mergers and Integration and Head, Corporate Development. The portfolios covered Sapura's Malaysia and Singapore businesses involving, Strategic Operations, Strategic Engagement and Business Transformation.</p> <p>Syed Haroon graduated from International Islamic University Malaysia with Bachelor of Laws (LLB)(Hons) in 2006.</p> <p>He has no directorships in other public companies and listed companies. He does not have any family relationship with any other director and/or major shareholder of the Company. He does not have any conflict of interest with the Company and have no convictions for any offences within the past five (5) years.</p>

Profiles of Senior Management

	<h2>BURHANUDIN BIN NOORDIN ALI</h2> <p>Chief Operating Officer, Aviation Business (SM2)</p>	<h2>WAN HASLAN BIN WAN HASSAN</h2> <p>Chief Corporate Planning &amp; Business Development Officer (SM2)</p>
<b>Nationality</b>	Malaysia	Malaysia
<b>Gender/Age</b>	Male/45 years old	Male/53 years old
<b>Date of Appointment</b>	15 May 2019	19 October 2020
<b>Length of Service (as at 30 April 2021)</b>	1 year and 11 months	6 months
<b>Working Experience</b>	<p>Burhanudin Bin Noordin Ali is currently the Chief Operating Officer, Aviation Business reporting to the Managing Director.</p> <p>He has more than twenty-two (22) years of accumulated working experience in the Aviation, Aerospace, and Defence Industry specializing in Business Management, Operations Management, Engineering Management, Program Management, and Design Engineering. Prior to joining the Company, he was the Senior Vice President Aerospace and Defence at Contraves Advanced Devices Sdn Bhd where he was responsible for the setting up of the Aerospace and Defence business division, primarily engaged in avionics manufacturing businesses for the Airbus A400M and A380 aircrafts.</p> <p>From 2009 to 2011, he served as the Engineering Manager at Spirit Aerosystems Malaysia Sdn Bhd where he was responsible to manage several aerostructures design and development projects in relation to the Airbus A350 wing and fuselage as well as the Airbus A320 Sharklet. His other experiences include engineering related positions in BW Offshore Asia Sdn Bhd and Composite Technology Research Malaysia Sdn Bhd, focusing on aircraft design and development projects such as the Nimrod Maritime Reconnaissance Aircraft MRA4, EAGLE Aerial Reconnaissance Vehicle (EAGLE ARV), Airbus A380, and Airbus A400M.</p> <p>Burhanudin graduated from University of Strathclyde, Glasgow, Scotland with a Master of Business Administration in 2014. He also holds a Bachelor of Science in Mechanical Engineering from Purdue University, West Lafayette, USA in 1998.</p> <p>He is presently a Director of Mercu Sapura Sdn Bhd and Sapura Technics Sdn Bhd. He does not have any family relationship with any other director and/or major shareholder of the Company. He does not have any conflict of interest with the Company and have no convictions for any offences within the past five (5) years.</p>	<p>Wan Haslan Bin Wan Hassan is currently the Chief Corporate Planning &amp; Business Development Officer, reporting to the Managing Director. His main responsibilities include Corporate Business Development, Corporate Investment Management and Corporate Finance.</p> <p>He has thirty (30) years of working experience with public-listed and private companies in Malaysia and abroad. Among the industries that he was involved in were real estate development, aviation, investment banking, technology commercialisation, and audit. Apart from Malaysia, the projects that he has worked with were operating in the Middle East, Europe, Africa, Thailand and Indonesia.</p> <p>Wan Haslan graduated from IIUM with in Master in Business Administration (Finance) in 1999. He also holds a Bachelor (Hons) Accounting and Finance degree from Lancaster University, United Kingdom in 1991.</p> <p>Wan Haslan is also a Chartered Accountant Malaysia [C.A.(M)] of the Malaysian Institute of Accountants (MIA) and a Fellow of the Chartered Institute of Management Accountants (CIMA) UK.</p> <p>He has no directorships in other public companies and listed companies. He does not have any family relationship with any other director and/or major shareholder of the Company. He does not have any conflict of interest with the Company and have no convictions for any offences within the past five (5) years.</p>

## MAI ELIZA BINTI MIOR MOHAMAD ZUBIR

Head of Corporate Support (SM2)

<b>Nationality</b>	Malaysia
<b>Gender/Age</b>	Female/48 years old
<b>Date of Appointment</b>	13 January 2014
<b>Length of Service</b> <i>(as at 30 April 2021)</i>	7 years and 3 months

### Working Experience

Mai Eliza Binti Mior Mohamad Zubir is currently the Head of Corporate Support, reporting to the Managing Director. Her main responsibility areas include Group Legal & Secretarial, Human Resource and Integrity.

She has a total working experience of more than twenty (20) years as in-house legal counsel handling legal matters and company secretarial matters for corporations of which seven (7) years are in Sapura Resources Berhad. Previously, she held the position as Group General Manager Legal and Corporate Services at National Aerospace & Defence Industries Sdn Bhd (holding company of Airod Sdn Bhd) for thirteen (13) years. Her experience also involves Aerospace and Defence Industry specializing in legal services for the whole NADI Group of Companies and was also responsible for the Human Resource and Administration portfolio.

She then joined Sapura Resources Berhad in January 2014 as Head of Legal and Secretarial. Her working experience is mainly in the areas of legal affairs for the SRB Group of Companies. Among the duties include legal advisory and opinion on diverse issues with the objective to maximize legal rights and minimise risks. She performs the duty as the strategic legal advisor to the Senior Management and the Board and a crucial member of the senior management team in all corporate exercise and investment proposal.

Mai Eliza graduated from University of Sheffield, United Kingdom with Bachelor of Laws (LLB)(Hons) in 1996. She also obtained Certificate of Legal Practice from University Malaya in 1997.

She has no directorships in other public companies and listed companies. She does not have any family relationship with any other director and/or major shareholder of the Company. She does not have any conflict of interest with the Company and have no convictions for any offences within the past five (5) years.

### ADDITIONAL INFORMATION ON SENIOR MANAGEMENT

1. Conflict of Interests  
None of the Senior Management of the Company has any conflict of interest with the Company.
2. Convictions for Offences  
None of the Senior Management of the Company has any conviction for offences within the past five (5) years other than traffic offences (if any) or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 January 2021.





# HONOURABLE

WE WIN THE TRUST OF OUR  
STAKEHOLDERS AND CUSTOMERS BY  
ACTING WITH HONOUR, CONDUCTING  
OURSELVES WITH PRINCIPLE, FOCUSING  
ON DELIVERING VALUE AND ENSURING  
THAT WE MANAGE THE RESOURCES  
ENTRUSTED TO US EFFICIENTLY



## SUSTAINABILITY STATEMENT

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SUSTAINABILITY STATEMENT

## ANNUAL REPORT 2021

SAPURA RESOURCES BERHAD • 195701000235 (3136-D)

# Sustainability Statement

Sapura Resources Berhad (“SRB”)’s sustainability initiatives are connected to our management of material Economic, Environmental and Social (“EES”) risks and opportunities to drive our business operations without compromising our commitments towards our people, local communities and the environment.

## INTRODUCTION

This Sustainability Statement is our third Statement, prepared to demonstrate sustainability commitments and performance of SRB and its active subsidiaries (collectively referred to as “the Group”).

It has been prepared in accordance with Practice Note 9 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Bursa Malaysia’s Sustainability Reporting Guide (2nd Edition). We have also made reference of our sustainability efforts in accordance to the United Nations’ Sustainable Development Goals (“SDGs”).

All information disclosed in this statement covers the calendar year from 1 February 2020 to 31 January 2021 (Financial Year End (“FYE”) 2021), unless otherwise stated. For selected performance indicators that have been historically tracked, we have included data from the past three (3) years.

## REPORTING SCOPE AND BOUNDARY

The scope of this Sustainability Statement covers the sustainability efforts and activities of SRB and our active subsidiaries of the following business segments in Malaysia. It does not cover SRB’s jointly controlled entities nor associate companies.

- 

**Investment Holding and Property**

Sapura Resources Berhad
- 

**Aviation**

AeroDome Sdn Bhd  
Aerohandlers Sdn Bhd  
Aerodome Services Sdn Bhd
- 

**Maintenance, Repair and Overhaul (“MRO”)**

Sapura Technics Sdn Bhd

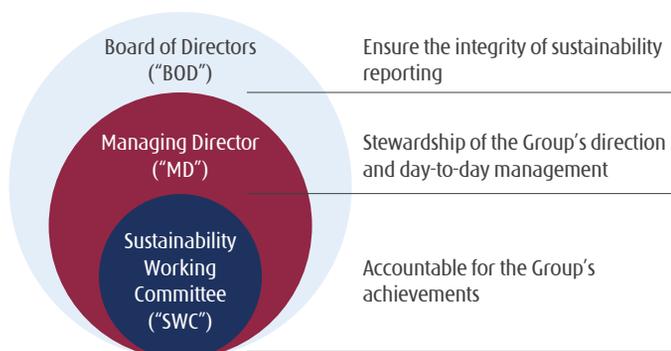
## SUSTAINABILITY APPROACH

In 2020, we have witnessed the COVID-19 pandemic outbreak that has caused significant changes within the local and global business environment. Due to the travel restrictions and newly introduced Standard Operating Procedures (“SOPs”) to slowdown the spread of the disease, our business operations have seen major changes, which include a reduction in the number of aircraft movements, reliance on technology to support the work-from-home (“WFH”) requirement and introduction of additional SOPs for our employees and our tenants.

During these unprecedented times, we continue to drive our sustainability efforts across all our business segments to ensure a sustainable development of our business through the importance we have placed particularly in our material matters that shape the Group’s sustainability efforts in managing the long-term value creation of our stakeholders.

## SUSTAINABILITY GOVERNANCE

At SRB, the Sustainability Working Committee (“SWC”) plays an integral role and continues to act as the key custodian of sustainable development, under the oversight from the Board of Directors (“BODs”) and the Managing Director (“MD”). The SWC, comprising of Heads of Business Divisions (HBDv), is chaired by the Chief Corporate Planning & Business Development Officer. SRB’s sustainability commitment and functions are communicated throughout the Group and carried out as shown in the following sustainability governance structure.



## MATERIALITY ASSESSMENT

Understanding the concern by our stakeholders on EES and to accurately reflect the changes in our business in FY2021, we have conducted the Materiality Assessment processes. It includes our assessment of our stakeholders through the Stakeholder Prioritisation Workshop, followed by Stakeholder Engagement activities, and Sustainability Impact Assessment Workshop, where we reassess and update our material sustainability risks and opportunities (also referred to as “sustainability matters”). For FY2021, our sustainability matters and themes remain the same as previous year, as they are still relevant to our business and stakeholders’ expectations.



**Delivering Sustainability through Responsible Operations**

- Business Development & Strategic Partnerships / Collaborations
- Corporate Governance, Ethics & Integrity
- Quality Management
- Supply Chain Management
- Customer Satisfaction



**Improving Social Well-Being**

- Development of Human Capital
- Fair & Inclusive Workplace
- Occupational Safety & Health
- Community Development



**Driving Environmental Sustainability**

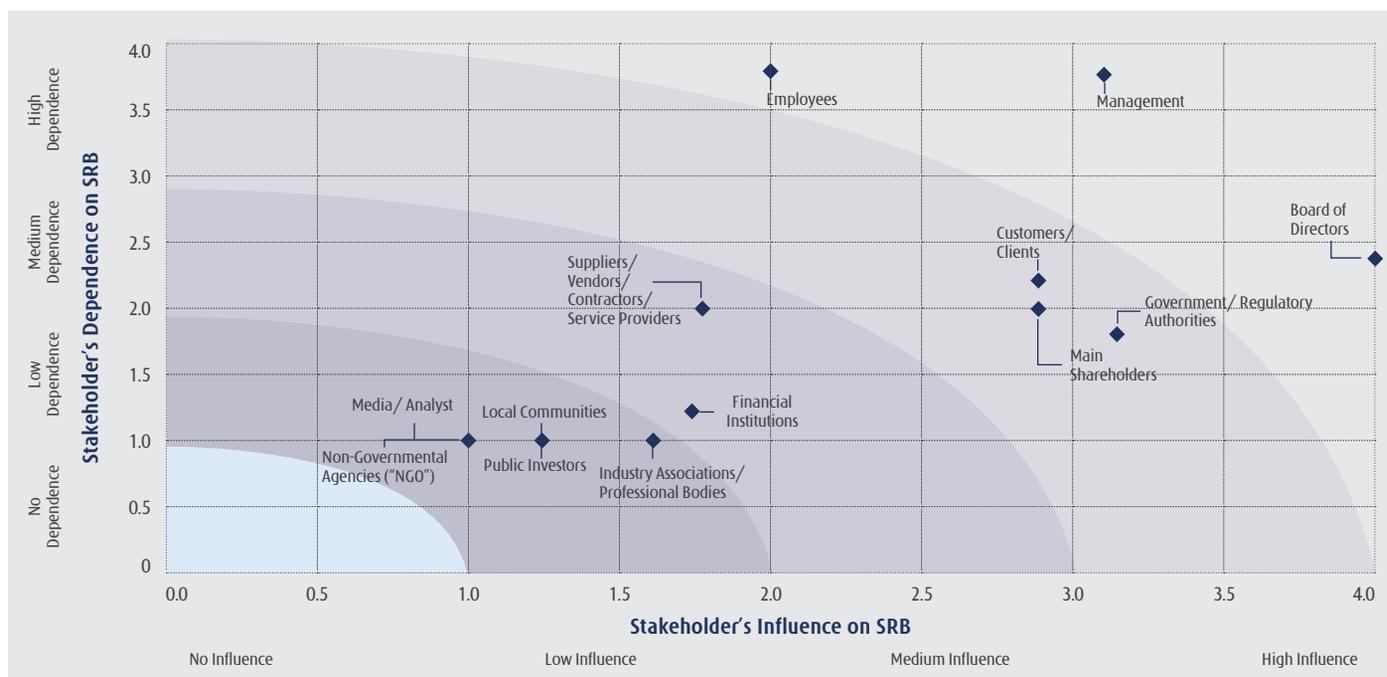
- Energy Management
- Water Management
- Waste Management

**LISTENING TO OUR STAKEHOLDERS THROUGH STAKEHOLDER ENGAGEMENT**

Understanding stakeholders concerns through periodic communication and prioritisation remains SRB's priority for FY2021, as all stakeholder groups hold varying levels of influence and dependence to our business operations. The Stakeholder Prioritisation Matrix below illustrates the results of our structured process.

As part of our materiality assessment, we have engaged with our selected key internal and external stakeholder groups to determine the level of importance for each of our identified sustainability matters via surveys. This year, we continued to engage with similar key stakeholder groups which have high influence and dependence on SRB, which are the Board of Directors, Management, Employees, Customers/ Clients and Suppliers/ Vendors/ Contractors/ Service Providers.

**STAKEHOLDER PRIORITISATION MATRIX**



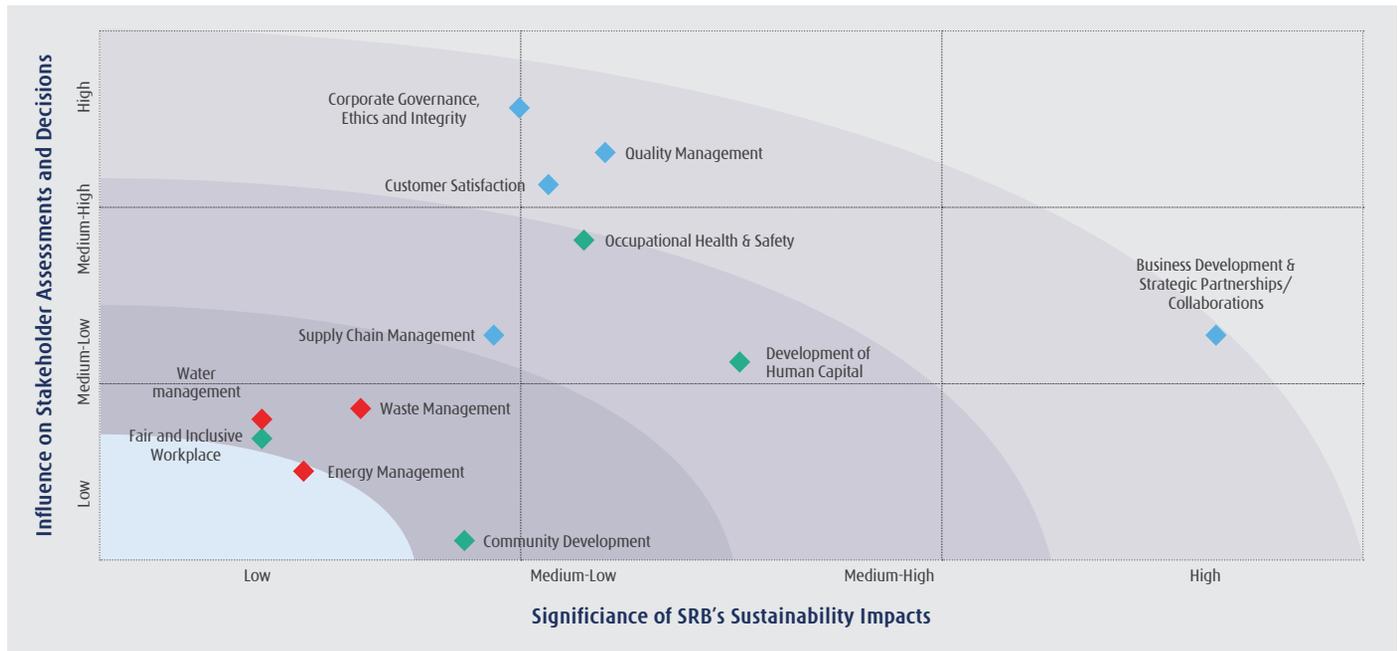
Sustainability Statement

**OUR MATERIAL SUSTAINABILITY MATTERS**

For FY2021, we have also undertaken a structured materiality assessment process to identify the sustainability matters which are material for SRB to focus on. The Sustainability Impact Assessment utilises our existing risk assessment parameters as per SRB’s Enterprise Risk Management Framework to determine the likelihood and impact of occurrence of the risk events associated with the sustainability matters.

The outcome of the Sustainability Impact Assessment represents the business perspective (x-axis) whilst the survey responses represents the internal and external stakeholders’ perspective (y-axis) as depicted in our Materiality Matrix.

**SRB’S MATERIALITY MATRIX**



**Legend:**  
◆ **Theme 1:** Delivering Sustainability through Responsible Operations  
◆ **Theme 2:** Improving Social well-being  
◆ **Theme 3:** Driving Environmental Sustainability

Material Sustainability matters		
<b>High Importance</b> 1. Business Development & Strategic Partnerships/Collaborations 2. Quality Management 3. Customer Satisfaction 4. Corporate Governance, Ethics and Integrity	<b>Medium-High Importance</b> 5. Occupational Health & Safety 6. Development of Human Capital 7. Supply Chain Management	<b>Medium-Low Importance</b> 8. Community Development 9. Waste Management 10. Energy Management 11. Water Management 12. Fair and Inclusive Workplace

**OUR VALUE CREATION MODEL**

The management of our material matters are strongly linked to how we utilise our various business capital that focus on all EES aspects to create long-term value for our business and stakeholders. It also guides us in our decision-making process and journey to achieving the Group’s objectives. Our current sustainability initiatives are mapped and aligned to selected key United Nations SDGs against the corresponding themes to show our sustainability commitments within the business operations.



Sustainability Statement



**THEME 1:**

**DELIVERING SUSTAINABILITY THROUGH RESPONSIBLE OPERATIONS**

SRB is committed in creating and sharing of sustainability values with our stakeholders by operating in a responsible manner.

**BUSINESS DEVELOPMENT & STRATEGIC PARTNERSHIP OR COLLABORATION**

In the year of 2020, our business has been affected by the COVID-19 pandemic and Malaysian government’s Movement Control Order (“MCO”). As part of ensuring sustainable business operations, we have taken initiatives to identify potential new streams of incomes and funds, enhance and integrate sustainability initiatives into our daily business operations, and leverage the positive impacts of sustainability to achieve greater business growth.

Our respective teams in each business segments are well guided by our existing internal policies and proper measures for any business development opportunities and strategic partnership or collaboration.



**What we did?**

- Continuous and active monitoring of the health of our investment performances in properties, aviation and MRO. We also conducted market analysis, where we analyse market data on trends, opportunities and threats to SRB’s business. Prudent planning with frequent meetings and discussions with the BOD on matters such as business issues, particularly those arising from the COVID-19 pandemic.
- Establishment of new criteria for due diligence check prior into entering new businesses. The criteria include counter-party background checks, financial viability, business risk and synergy.



**What we achieved?**

- Developed new strategies for Hangarage, Ground Handling & Ancillaries. The strategies allow us to potentially attract two major companies to establish maintenance establishment with us, supporting maintenance services to our existing tenants’ aircrafts and other operators within the region.
- In relation to our Ground Handling operations, we managed to reengage a former client. We have also collaborations with firms that have extensive international network on aircraft handling, which provides opportunities for us to expand our Ground Handling operations.
- We have also initiated an invitation to a major ground support equipment (“GSE”) supplier to set up a base inclusive of all range of equipment in Sultan Abdul Aziz Shah Airport (“SZB”), which would enable us to cater to both narrow and wide body aircrafts. SRB is able to offer apron space or shared space with our GSEs.

**QUALITY MANAGEMENT**

Quality of our assets and services provides opportunities for competitive advantage in our industry. We aim to meet the level of service expected by our customers and compliance by our regulators. In FY2021, our quality management activities are focused on our aviation and MRO segments. This is due to the high-risk nature of the business, enhanced by the COVID-19 pandemic situation and operating to a highly regulated industry.

**Quality Management System in Aviation Segment at SRB**

In our Aviation Segment, we are required to comply with international aviation policies and procedures, including requirements by the International Civil Aviation Organisation (“ICAO”), International Standard for Business Aircraft Handling (“IS-BAH”), Civil Aviation Authority of Malaysia (“CAAM”) and Malaysian Aviation Commission (“MAVCOM”). We have integrated the international aviation policies and procedures into our Standard Operating Procedures (“SOP”) and Ground Handling Manual (“GHM”).

As for our MRO segment, our quality assurance practice is governed by the Maintenance Organisation Exposition (“MOE”) and the Quality Assurance (“QA”) Departmental Manual. All these manuals are internally and externally audited on a yearly basis.

**Safety and Quality Policy in Aviation Segment at SRB**

We also have in place a Safety and Quality Policy that is reviewed and updated on a yearly basis to reflect the management’s commitment to safety and quality matters in the activities of the organisation. The following initiatives illustrates our commitment to safety and quality for FY2021.

Aviation Segment	MRO Segment
<ul style="list-style-type: none"> <li>To support the quality management practice through the provision of appropriate resources that will result in an organisational quality culture which cultivates the best practices.</li> <li>To continually review our quality and standards to guarantee safety and compliance of our ground handling services.</li> <li>To actively foster ownership and accountability of quality responsibility among all employees through the adequate provision of training and communication.</li> <li>To ensure company standard operating procedures complies with all relevant Aviation Acts and Regulations.</li> <li>To provide and maintain quality, safe and healthy workplace and system free of any hazards and risks.</li> <li>To enforce that the management of safety is a primary responsibility of all managers and employees<sup>1</sup>.</li> <li>To ensure that sufficient skilled and trained human resources and financial resources are available to implement safety strategies and processes.</li> <li>To promote and achieve the objectives of occupational safety and health quality work procedures, and rules and guidelines of occupational safety and health among workers across the company.</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of Human Factors Training for all staff.</li> <li>Encourage personnel to report maintenance related errors/ incidents to meet Airworthiness Notice 6501 of CAAM Part 145 certification requirements.</li> <li>Recognise safety as a prime consideration at all times for all of the staff.</li> <li>Promote “Just Culture<sup>2</sup>” and encourage staff to report safety concerns and hazardous conditions without fear of punitive reprisals.</li> </ul>

To ensure the quality of our assets and services is not compromised, we have taken many initiatives and measures, particularly in alignment to the COVID-19 SOP introduced by the Malaysian government and efficiency of our business operations.

Property Segment	Aviation Segment
<p>Our focus for property segment is to provide safe and quality space for our customers</p> <ul style="list-style-type: none"> <li>Sanitisation services: We introduced sanitisation services to our buildings, which include daily disinfection of common areas. We also offer the sanitisation to our tenants.</li> <li>Thermal scanner system: We introduced automated thermal scanner system at our building entry point.</li> <li>Online document system: We also introduced centralised online document system to support the WFH arrangements.</li> </ul>	<p>Our aim in Aviation segment is to improve our facilities in compliance to the relevant regulations/standards</p> <ul style="list-style-type: none"> <li>Fire Fighting System Upgrade: We have completed the upgrading works in compliance with Certificate of Completion &amp; Compliance requirement and is awaiting certification from Majlis Bandaraya Shah Alam (“MBSA”). Our fire suppression system is also compliant with United States National Fire Protection Association (“NFPA”) 409 Standards.</li> <li>Security Surveillance Upgrade: We have given top priority to the serviceability of our CCTV cameras. New cameras have been purchased to replace unserviceable cameras and surge protectors have also been installed in cameras.</li> <li>Ground Handling License &amp; Accreditation: We obtained the MAVCOM Ground Handling license with a validity until 2023 and received CAAM Ground Handling Technical Approval until June 2021. In addition, we have achieved IS-BAH Stage 2 accreditation with a validity until July 2022, which ensures that safety management activities are appropriately targeted and that safety risks are being effectively managed.</li> <li>COVID-19 Measures: We have introduced disinfectant services at SZB to safeguard customers/ clients and workforce from the transmission of the virus. Our current manpower is also equipped with full Personal Protective Equipment (“PPE”).</li> </ul>

<sup>1</sup> The enforcement is primarily done through trainings and Safety Review meetings.

<sup>2</sup> Just Culture Policy presented by the Civil Air Navigation Services Organisation (CANSO): [https://www.icao.int/Meetings/a39/Documents/WP/wp\\_193\\_en.pdf](https://www.icao.int/Meetings/a39/Documents/WP/wp_193_en.pdf)

Sustainability Statement

**CUSTOMER SATISFACTION**

Customer satisfaction remains our priority in our efforts to improve our services and communication.

In the Aviation segment, we adopted the Procedure for Contract & Customer Relationship Management (“CCRM”) and the standard operating procedure for Quality & Safety Survey Reporting (“QSSR”) to govern our services and safety in Ground Handling. In 2020, we have enhanced our current policies in several revisions to the existing procedures, including in the areas of service quality, efficiency and performance, as well as contract management.

**Listening to our Customers**

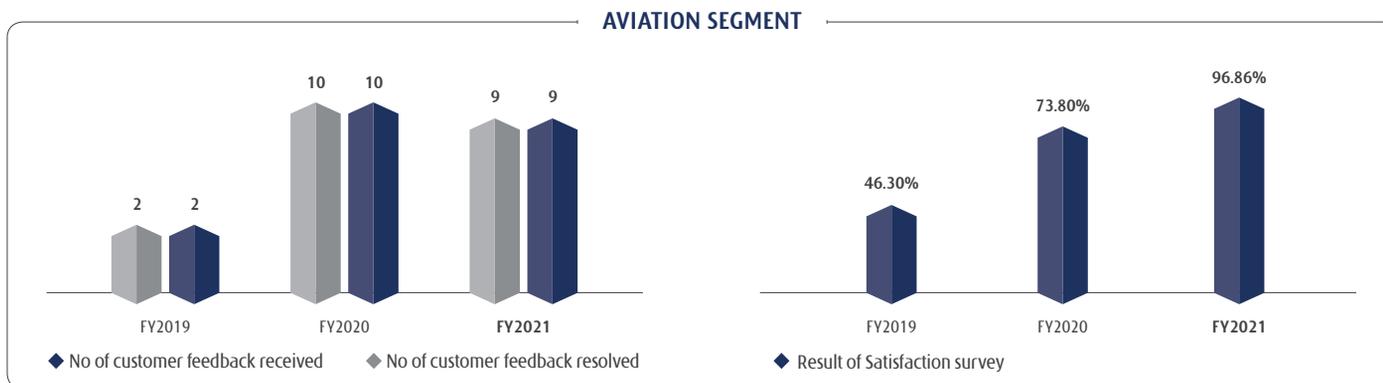
AVIATION SEGMENT			
 <p><b>Hotline for Facilities and Customer Relationship Management</b> <i>@AeroDome Sdn. Bhd.</i></p> <p>Establish point-to-point communications that directly connects tenants for necessary &amp; immediate assistance</p>	 <p><b>Notice boards with departmental information &amp; Facility Team contact details</b> <i>@AeroDome Sdn. Bhd.</i></p> <p>Promote effective way of displaying information and communicating with visitors and tenants</p>	 <p><b>Customer &amp; Tenants Satisfaction Survey</b> <i>@AeroDome Sdn. Bhd.</i></p> <p>Gather customers’/ tenants’ feedback to improve services and means of communication</p>	 <p><b>Quality and Safety Survey Report (“QSSR”)</b> <i>@AeroHandlers Sdn. Bhd.</i></p> <p>Monitor customer satisfaction on delivery of aviation services</p>

In FY2021, we have received feedback from customers addressing our work process, quality of service and professionalism. All feedback (positive or negative) received are acted upon as an opportunity for continual improvement in customer retention and services. In addition, the data and feedback received from customers will allow us to improve our services towards the needs and expectations of our customers.

We have resolved all issues raised under the feedback for the past three (3) consecutive years.

**Customer Satisfaction Survey – Aviation Segment**

We also continue to conduct our annual customer satisfaction survey. The result of the survey has shown continuous improvements in customer satisfaction over the past three (3) years. The criteria of the survey include areas such as professionalism, response timeline, accuracy of information and communication.



## CORPORATE GOVERNANCE, ETHICS AND INTEGRITY

SRB's Corporate Governance, Ethics and Integrity is spearheaded by the Head of Corporate Support and the Integrity Officer. To further cultivate good governance practices across all SRB's business segment, we also have Subsidiaries Governance Framework ("SGF") to set the standards and practices to be used in directing and managing the business affairs of the SRB Group and to ensure corporate accountability. SGF sets out the roles, responsibilities and accountabilities of the Board of Directors, Board Committees, Management Committees and Board of subsidiary companies. There are seven (7) separate entities with respective individual roles in the management of governance, as follows:-

Governance Management at SRB	
<b>Board Audit and Risk Committee</b>	To assist the Board in fulfilling its fiduciary responsibilities relating to corporate governance, system of internal controls, risk management processes and management of financial reporting practices of the Group.
<b>Board Nomination and Remuneration Committee</b>	To assist the Board in fulfilling its fiduciary responsibilities relating to appointment and remuneration of directors and key senior management personnel in SRB.
<b>Group Management Committee</b>	This committee conducts oversight on governance and business matters of SRB and all its subsidiaries.
<b>Risk Management Committee</b>	This committee conducts oversight on risk matters of SRB and all its subsidiaries.
<b>Sustainability Working Committee</b>	This committee conducts oversight on sustainability matters of SRB and all its subsidiaries.
<b>Integrity and Governance Unit ("IGU")</b>	The IGU handles complaint on breaches of SRB's Anti-Bribery and Corruption ("ABC") Policy and non-compliance to governance.
<b>Legal Department</b>	Legal Department handles all compliance and regulatory matters.

## Sustainability Statement

Our governance management is also guided by our internal policies as below. In FY2021, we have introduced two new policies, which are Enterprise Risk Management (“ERM”) Policy and Guidelines on Entertainment and Gift Expenses to further enhance our risk management process and standardisation of gift policies.

Policy	Descriptions
<b>Code of Conduct and Ethics for Directors*</b>	<ul style="list-style-type: none"> <li>Set forth the ethical and professional standards of corporate and individual behaviour expected of directors to uphold corporate integrity.</li> <li>Enhance the standard of corporate governance and corporate behaviour.</li> </ul>
<b>Employee Code of Conduct (Section 10 of Employee Handbook)</b>	<ul style="list-style-type: none"> <li>Set forth the ethical conduct expected of the employees and matters on conflict of interest, anti-money laundering, insider trading, harassment, abuse of power, confidentiality.</li> <li>Contain our approach in managing conflict of interest, harassment, grievances, employee confidentiality and protection of confidential business information, abuse of power.</li> </ul>
<b>Whistle-Blowing Policy*</b>	<ul style="list-style-type: none"> <li>Ensure stakeholders can raise concerns without fear of reprisals and safeguard confidentiality.</li> <li>Protect the whistleblower from reprisal as a consequence of making disclosure.</li> <li>Provide a transparent and confidential process for dealing with concerns.</li> <li>Protect the long-term reputation of SRB and support SRB’s values.</li> </ul>
<b>Anti-Bribery &amp; Corruption Policy* (“ABC Policy”)</b>	<ul style="list-style-type: none"> <li>Adopt a zero-tolerance policy against all forms of bribery and corruption.</li> <li>Prohibit all Directors and employees of SRB and its subsidiaries as well as any third party, agent acting for or on behalf of SRB, or its Directors, officers and employees from directly or indirectly receiving or providing any form of gratification.</li> <li>Every individual is encouraged to raise concerns and speaking up when they see, or becomes aware of bribery, corruption and gratification. Complaints can be made through email to SRBethicsline@sapura.com.my.</li> </ul>
<b>Board Charter*</b>	<ul style="list-style-type: none"> <li>Outline the authority, responsibilities, membership and operation of the Board adopting principles of good corporate governance and practice, in accordance with applicable laws in Malaysia.</li> </ul>
<b>Board Diversity Policy*</b>	<ul style="list-style-type: none"> <li>Ensure a diverse and inclusive board that will leverage on differences in thoughts, perspectives, knowledge, skills, regional and industry experiences, cultural and geographical background, age, ethnicity and gender to achieve effective stewardship and management which lead to its competitive advantage.</li> <li>Ensure that several aspects including but not limited to professional experience, skills and knowledge, gender, educational background, ethnicity, cultural and age are considered in designing the Board’s composition.</li> </ul>
<b>Board Remuneration Policy*</b>	<ul style="list-style-type: none"> <li>Ensure that SRB maintains appropriately experienced and qualified board members, this policy is designed:                             <ul style="list-style-type: none"> <li>To attract and retain Directors;</li> <li>To motivate Directors to achieve SRB’s business objectives; and</li> <li>To align the interest of the Company with the long-term interest of the shareholders.</li> </ul> </li> </ul>
<b>Anti-Money Laundering</b>	<ul style="list-style-type: none"> <li>Money laundering includes money used to fund terrorism, regardless of how it was obtained.</li> <li>Adopted a zero tolerance to all forms of fraud, bribery and corruption, including money laundering.</li> <li>Employees are responsible to disclose knowledge or suspicion of money laundering to the Legal Department.</li> </ul>
<b>Enterprise Risk Management Policy</b>	<ul style="list-style-type: none"> <li>Safeguard shareholders’ investments and SRB’s assets.</li> <li>Mitigate primary risks that could inhibit the accomplishment of SRB’s goals and objectives.</li> </ul>
<b>Guidelines on entertainment and gift expenses</b>	<ul style="list-style-type: none"> <li>All employees are to comply to the following when dealing with any person or party who has any form of business or other dealings with the Group, including potential future dealings:                             <ul style="list-style-type: none"> <li>Not to accept any payments or gifts the value of which is likely to be in excess of RM300 (individually or collectively, or any favours that might be regarded as placing the employee under some obligation to such person or party);</li> <li>Not allowed to request for gifts, service or bribe from suppliers or clients, regardless of its worth; and</li> <li>An employee shall not use his/her position to his/her private advantage or conduct himself/herself in such a manner as to bring his private interest into conflict with his duties or obligations.</li> </ul> </li> </ul>

\* These policies are available on our website at [www.sapura-resources.com](http://www.sapura-resources.com).

## SUPPLY CHAIN MANAGEMENT

At SRB, our Cost, Contracts & Procurement Department (“CCP”), is responsible to ensure fair tender exercises and procurement activities that are in accordance to our Procurement Policies and Procedures.

Aside from the Procurement Policies and Procedures, we have Supplementary SOPs for Aviation.

Supplementary SOPs Policies	
<b>Aviation Segment</b> 	<ol style="list-style-type: none"> <li>1. SOP and Procedure of Procurement               <ul style="list-style-type: none"> <li>• Enhancement of current procurement policies for the aviation business through additional Supplementary Standard Operating Procurement Procedures in order to measure performance of vendors supplying aviation related products &amp; services.</li> <li>• Ensuring the product &amp; services rendered meet the aviation &amp; safety standards.</li> <li>• Enhancement of current procurement SOPs to execute the procurement process for aviation related products &amp; services.</li> <li>• Consistency and efficiency in governing procurement activities.</li> <li>• Transparency and visibility of all procurement activities within the company.</li> <li>• All procurement activities shall be in accordance to the Limits of Authority (“LOA”).</li> <li>• Aviation business fulfils the requirement for goods / services with best value for money and meeting aviation standards.</li> </ul> </li> <li>2. Vendor Contract Agreement               <ul style="list-style-type: none"> <li>• Outlines the terms and conditions to govern the services or products supplied to the aviation business.</li> </ul> </li> </ol>

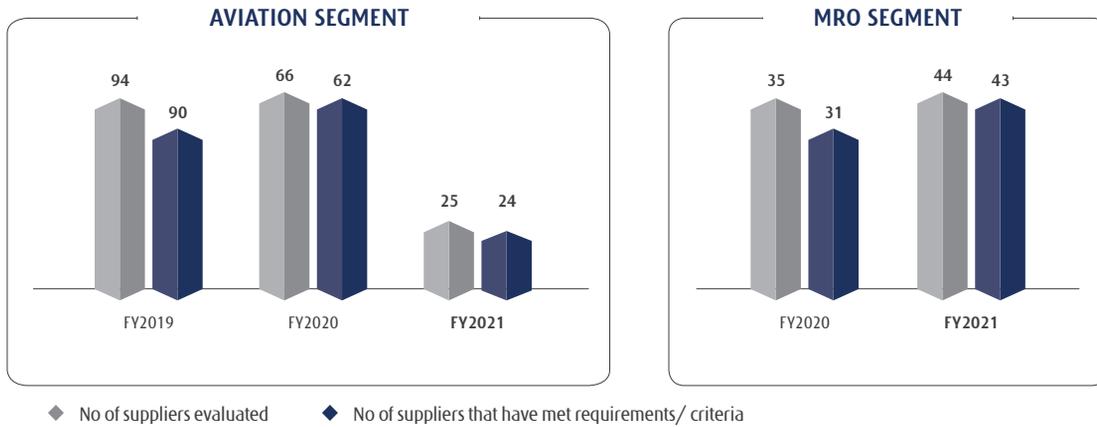
### Our Supplier Assessment

Our vendors also undergo evaluation and monitoring processes for a fair evaluation process and criteria of suppliers, contractors, work environment and performance safety.

Evaluation & Monitoring Processes Criteria	
<b>Aviation and MRO Segment</b> 	<ul style="list-style-type: none"> <li>• Company Information, Certification (CAAM, European Union Aviation Safety Agency (“EASA”), International Organisation for Standardisation (“ISO”), Original Equipment Manufacturer (“OEM Distributor”)) and List of Major Customers.</li> <li>• Outsourcing of manufacturing and special processes.</li> <li>• Training of employees.</li> <li>• Quality of delivered goods and services and quality control.</li> <li>• Personnel competency and availability as well as facility readiness.</li> <li>• Tools and test equipment availability.</li> <li>• Punctuality of delivering good and services.</li> <li>• Responsiveness and aftersales service.</li> </ul>

Sustainability Statement

In our evaluation for FY2021, due to the restriction caused by the COVID-19 pandemic, we have reduced the number of suppliers evaluated.

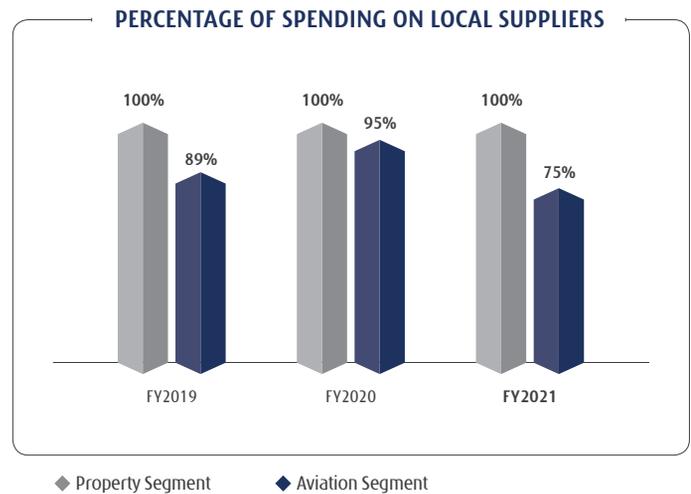


SRB will engage with the suppliers that do not meet the requirements and upon assessment, SRB will decide whether to impose penalties, to have them blacklisted and/or to have their contracts terminated.

**Supporting Local Suppliers**

We have continued our support for local suppliers for the past three (3) years by emphasising on sourcing from a pool of competitive local suppliers, where possible, across all three (3) business segments.

We also make an initiative to scout for qualified local expertise that are able to meet our requirements for the sourcing, based on our existing evaluation & monitoring processes criteria.



**How COVID-19 has affected our supply chain?**



Due to emergence of the COVID-19 pandemic, sourcing activities in all business segments had been affected due to delayed feedback from vendor and limited availability of sources. This has resulted in a setback to our procurement process with the reduced choices and lack of participating suppliers in vendor quotations.



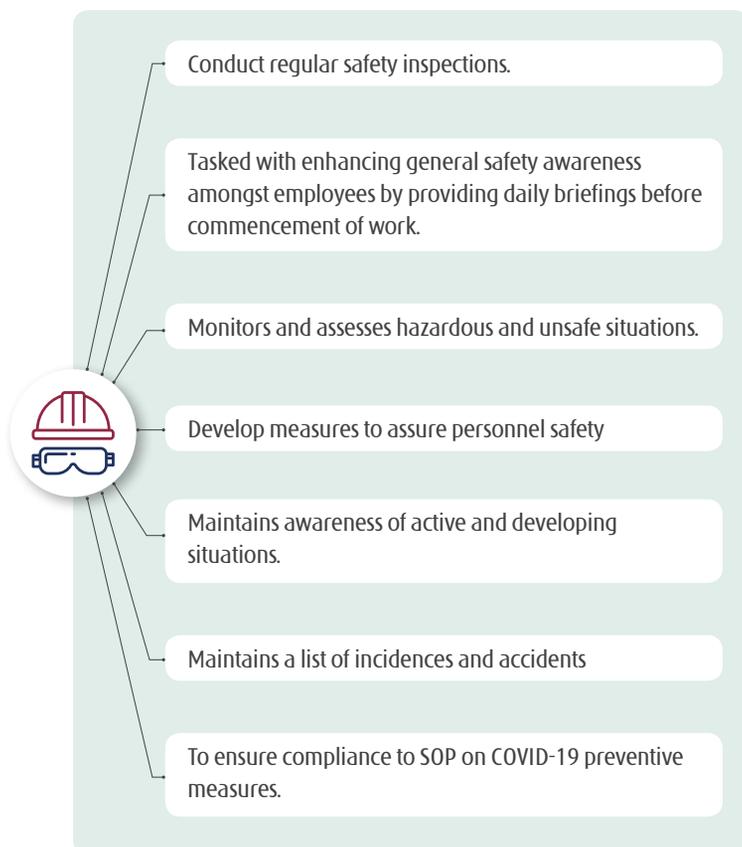
**THEME 2:  
IMPROVING SOCIAL WELLBEING**

We take appropriate measures to build strong human and social capital to support the welfare and matters of interest to our people and the surrounding community.

**OCCUPATIONAL SAFETY & HEALTH**

SRB is attentive towards our Occupational Safety and Health (“OSH”) management, while considering the growing prevalence of health and safety impact on our economic landscape. Our commitment is to strengthen our OSH management to safeguard the health, safety as well as the well-being of all parties in our premises at all time.

We also ensure that our OSH management is in accordance with the national Occupational Safety & Health Act (“OSHA”) 1994. We also have appointed a Safety Supervisor in SRB. The role and responsibility of the Safety Supervisor are as follows:



To improve on the efficiency and effectiveness of our Safety Supervisor, we have conducted trainings that are curated for our Safety Supervisor.

Training Programs	Description
Certified training programme and registered with the Department of Safety and Health (or Green Book)	We ensure that our Safety Supervisor have gone through a one-off certified training programme and be registered with the Department of Safety and Health (“DOSH”) (or Green Book). The Safety Supervisor are expected to be ready during emergencies and be familiar with the types of PPE required for specific work at SRB.

Aside from the certification trainings, we also provide our Safety Supervisor with compulsory OSH training programmes to further expand their awareness and competencies in health and safety aspects. Due to the COVID-19 pandemic, not all our programmes were conducted in FY2021.

 <b>Property Segment</b>	<ul style="list-style-type: none"> <li>Annual Fire Evacuation Drill Exercise*.</li> <li>Emergency Response Command Drill Training*.</li> </ul>
 <b>Aviation Segment</b>	<ul style="list-style-type: none"> <li>Safety Management System Awareness.</li> <li>Usage of PPE and Proper Tools / Equipment.</li> <li>First Aid and cardiopulmonary resuscitation (CPR) Training.</li> </ul>
 <b>MRO Segment</b>	<ul style="list-style-type: none"> <li>Safety Management System Awareness.</li> </ul>

*Note: \*Not conducted in FY2021 due to introduction of WFH arrangement*

In the FY2021, SRB had improved in the reduction of the number of our health and safety related incidents in our Aviation Segment to zero (0). However, due to the COVID-19, we had two (2) medical treatment cases in Property Segment positive with the disease. We had taken immediate action to quarantine and ensure treatment to these employees.

Sustainability Statement

Year	Property Segment		Aviation Segment			
	Dangerous Occurrence	Medical Treatment Case	Dangerous Occurrence	Medical Treatment Case	Bodily Injury (Loss Time Injury)	Others
FY2020	0	1	1	1	1	2*
FY2021	0	2	0	0	0	0

Note: \* Accident and incident involving company vehicles within the facility

**How COVID-19 affected our OSH?**



In compliance to the Malaysian SOP in managing the COVID-19 pandemic, we have introduced precautionary measures to protect the safety and health of our employees and customers. At our Property Segment, we also initiated sanitisation services for tenants, invested in security and health equipment (e.g. temperature reader, masks).

**DEVELOPMENT OF HUMAN CAPITAL**

At SRB, we strive to attract and retain the finest talents that are focused in enhancing SRB’s business performance towards competitive edge in the market. This is in line with our commitment in crafting success by instilling personal qualities that define the collective values of our workforce. The development of our human capital is managed by our Group Human Resources (“HR”) Department for all business segments. The Group HR is under the purview of the Corporate Support Division.

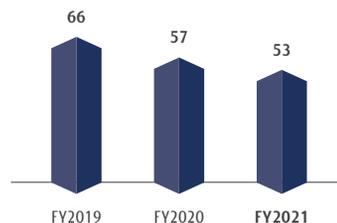
SRB supports the Project Management Professional (“PMP”) Certification Training with Examination that is designed to ensure competence and professionalism in the field of project management. This module covers the foundation knowledge of project management, which topics include understanding the difference between projects and operations, programs, portfolios, and life cycles.

**Internship Programme**

We have also continued our efforts in nurturing young talents by providing opportunities for university students and recent graduates to join our internship programme.

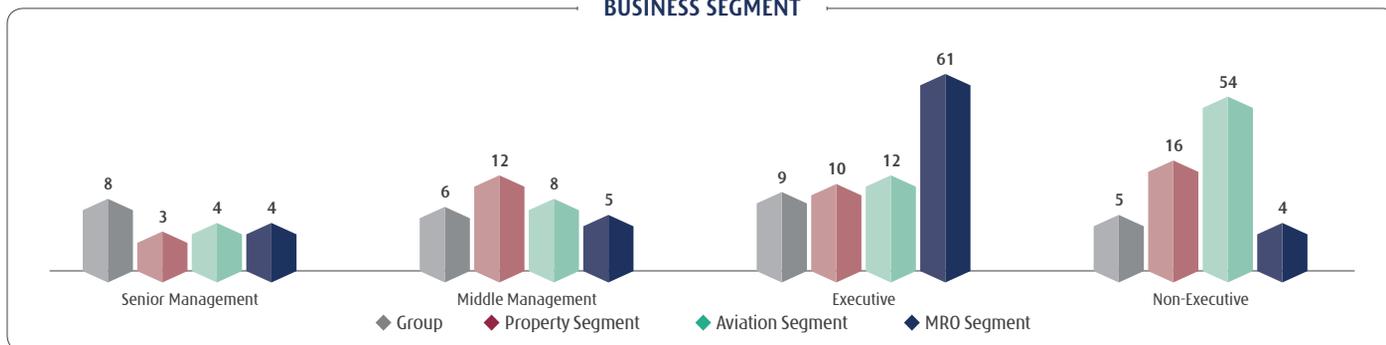
For FY2021, we have provided 53 internship positions, out of which three (3) have been absorbed into our workforce upon the completion of the internship programme.

**INTERNSHIP PROVIDED**



As at 31 January 2021, the total number of employees is 221 individuals across the Group and the business segments. The profile by employee categories are as follows:

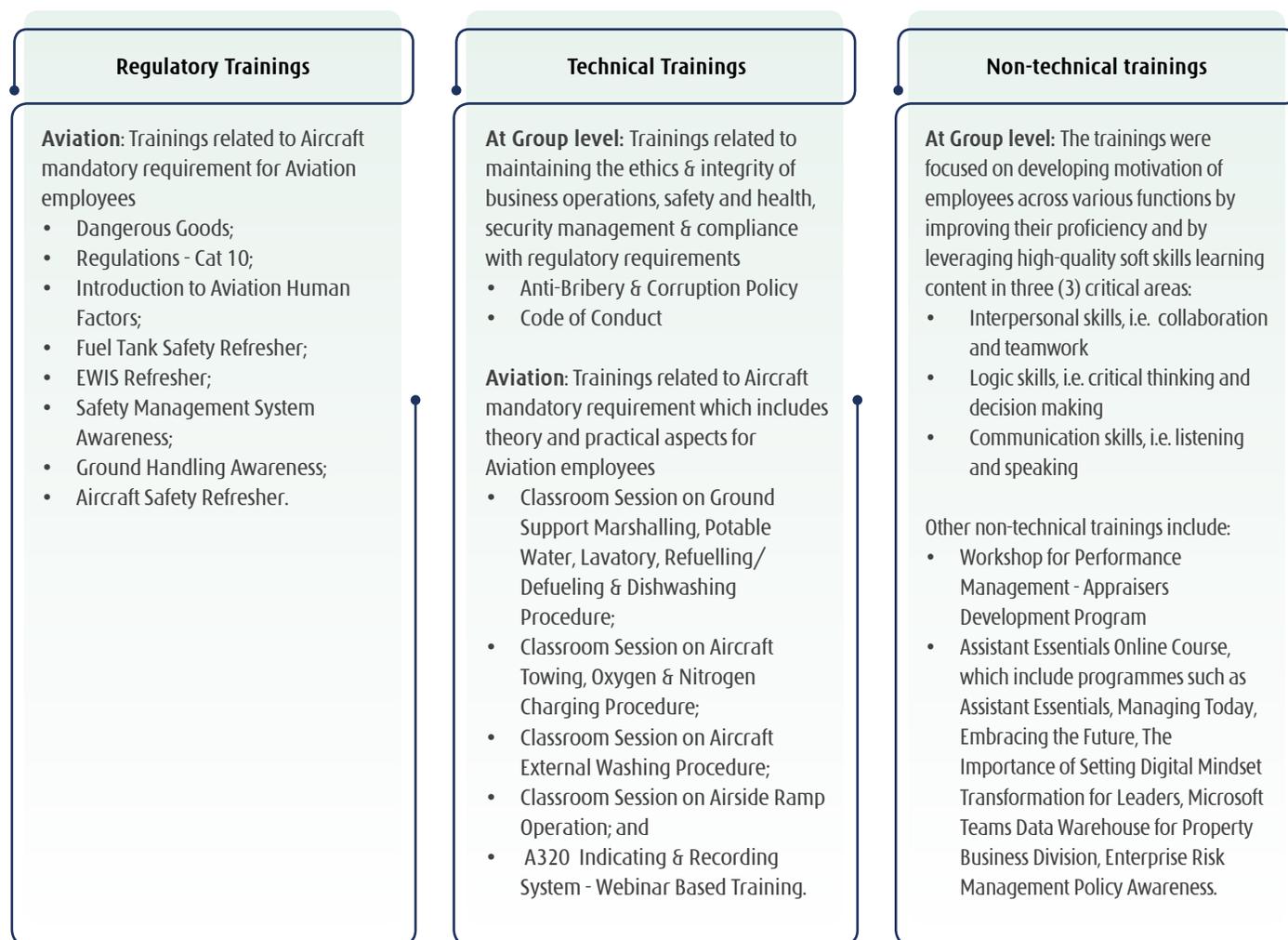
**BUSINESS SEGMENT**



Our employees have successfully garnered the average training hours of 11 hours per employee in FY2021 despite the challenges faced during the pandemic. The training hours breakdown by Group and business segments is as per the following table.

	Group	Property Segment	Aviation Segment	MRO Segment
Total for FY2021 (hours)	2,444	493.5	1,366.5	584
Per (hours)	11.0	7.2	17.5	7.9

The type of training programmes that we have provided for our employees consist of both technical and non-technical trainings, which also include trainings on relevant regulations to our industries. The technical trainings focus more on the aviation segment due to its highly regulated environment. These trainings are conducted via aviation classroom session such as ground support marshalling, potable water, lavatory, refueling/ defueling, dishwashing procedure and project management.



We have developed our own Training & Development Framework as well as Succession Planning Framework to support our talent management program. In addition, we are also developing the Training Needs Analysis ("TNA") which will be used to address the training needs for SRB's employees inclusive of organisational, operational and individual needs. This initiative also includes gap analysis and competency development.

Sustainability Statement

**How COVID-19 has affected our development of human capital?**



The pandemic has significantly affected the physical training hours for FY2021. Despite the reduced hours on physical training, this has accelerated virtual training as an alternative medium. The challenges faced with the virtual trainings include the difficulty to gauge the effectiveness of the training via digital platforms and to ascertain the cost-benefit of trainings in the absence of physical interactions.

SRB intends to overcome the challenges faced with the development of the TNA which is currently work-in-progress. However, SRB expects the risks or challenges faced to be reduced as employees are progressively adapting to the alternative mediums of trainings.

**COMMUNITY DEVELOPMENT**

SRB truly values the influence its operations have towards the local community and are wholly committed to provide a positive effect to the community. The community development initiatives for all business segments in SRB is led by our Group’s HR Department. For FY2021, the COVID-19 pandemic has significantly affected SRB’s initiatives in community development activities as we have reduced our involvement in the community due to the restrictions in place.

As SRB anticipates the risk faced in the execution and participation of programs due to COVID-19 would continue in FY2022, the discussions on the mitigating actions are currently undertaken to ensure adequate participation in community development in the future.

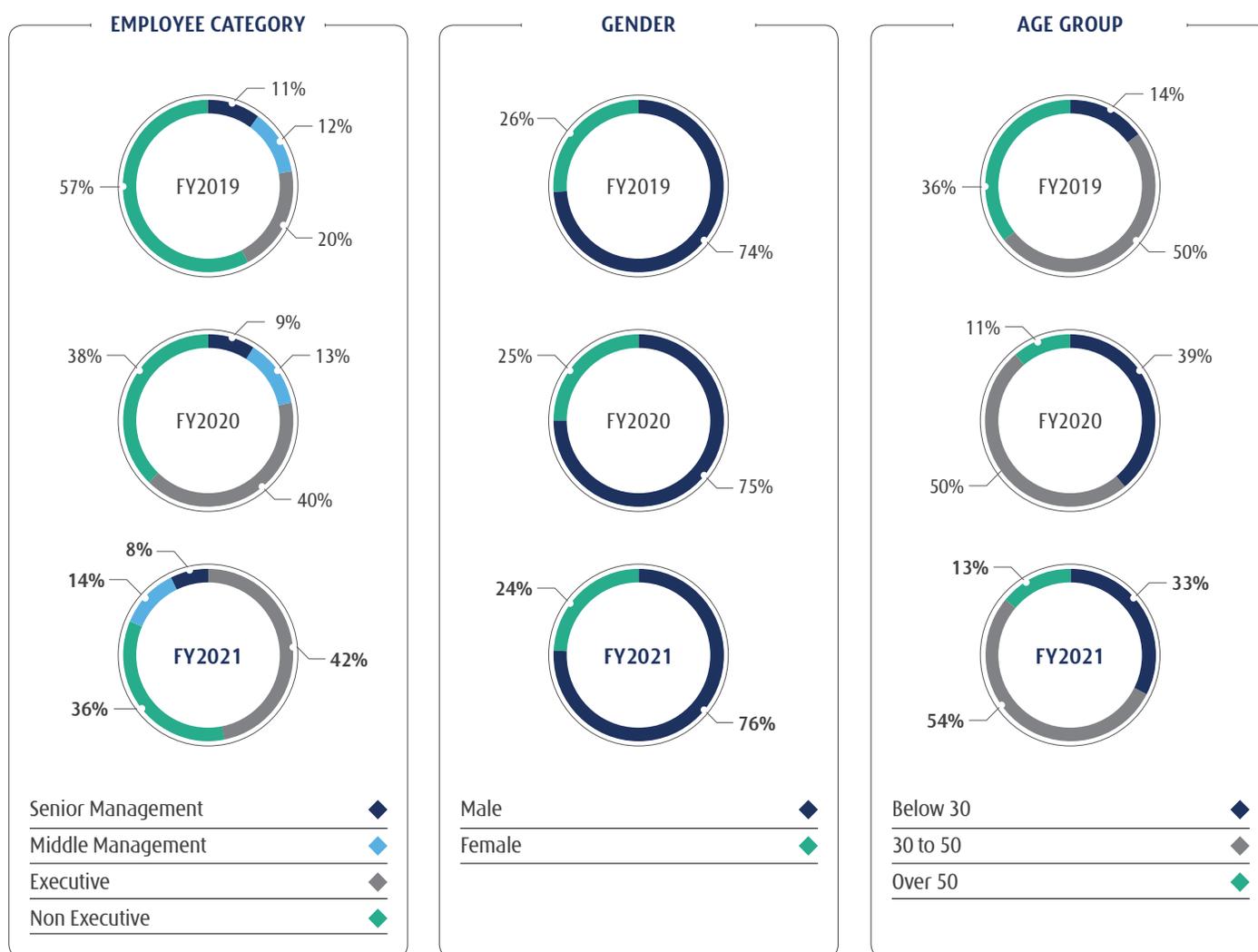
**FAIR AND INCLUSIVE WORKPLACE**

At SRB, we perceive our employees to be one of our strongest assets and has the ability to drive the sustainable future of SRB. We continue to embrace the diversity and inclusivity of our people with equal treatment to foster a fair and conducive workplace environment. The initiatives on fair and inclusive workplace is headed by the Group HR Department. The HR team steers the social wellbeing matters for all business segments under the SRB Group.

Our practices prevalent to employee and workplace management are attentively guided by sets of policies and procedures that applies to the Group and all business segments within the Group.

Policies	Description
 <b>Employee Handbook</b>	Our Employee Handbook outlines our approach to ensure fair and inclusive workplace are being managed across all management levels at SRB.
 <b>Code of Conduct</b>	Our Employee Handbook contains the information on Code of Conduct. We included our commitment to zero tolerance on child labour practices and sexual discrimination and/ or harassment.
 <b>Disciplinary Procedure</b>	To put in place clear processes and procedures related to disciplinary action, and to ensure consistent and fair treatment whenever the code of professional ethics have been breached.
 <b>Cessation of Employment</b>	To cover termination and separation of employment such as resignation and retirement. The purpose of this policy is to provide a clear separation process and to avoid misunderstanding and distrust between the employee and SRB.
 <b>Employee Satisfaction Survey</b>	To gauge and understand employee perception and level of satisfaction amongst SRB employees.
 <b>Establishment of KPI Guidelines</b>	To facilitate and ensure the alignment of Key performance Indicators (KPIs) to SRB’s strategic planning and to ensure the consistency and appropriateness of KPIs.

We also value diversity at SRB, where our employee demographic includes a mix of genders and age groups.



In times of uncertainties in FY2021, we also managed to reduce our attrition rate, from FY2020 at 26% to 13.6% in FY2021, as follows:

	FY2019	FY2020	FY2021
Attrition rate	14.0%	26.0%	13.6%

In addition to our standard employee welfare and benefits, in FY2021, SRB has also placed the wellbeing of our employees as a priority. We have developed procedures and implemented measures in relation to the COVID-19 Pandemic to safeguard and prevent the transmission of the virus amongst the employees.

## Sustainability Statement

<p><b>1</b> Purchase of Covid-19 Rapid Test Kit (tests conducted every 2 weeks on staff at the office)</p> 	<p><b>2</b> Purchase of PPE (Mask, Glove, Hand Sanitiser)</p> 	<p><b>3</b> Disinfection services three (3) times per day for all the toilets and lifts</p> 	<p><b>4</b> Single channel entry into Sapura@Mines</p> 
<p><b>5</b> Infographic pamphlet on COVID-19 are placed at all common area</p> 	<p><b>6</b> Hand sanitisers are provided at all common areas</p> 	<p><b>7</b> Ensure social distancing in common areas (placed tapes)</p> 	<p><b>8</b> All tenants are required to monitor / record their employee's sick leave</p> 
<p><b>9</b> Consider alternate communication methods (virtual meetings)</p> 	<p><b>10</b> Closure of food outlets and introduction of SOP on food handling and sharing</p> 	<p><b>11</b> Closure of surau and gymnasium</p> 	

### COVID-19 and Work From Home (“WFH”)



Due to the pandemic, SRB’s workflow and process were required to be adjusted to WFH settings as only a limited number of staff are allowed to work at the office in any given time. In order to ensure the WFH practice is successful, SRB has ensured hardware and software readiness and continuous IT support. Moreover, SRB had taken salient measures in providing guidelines to ensure that the employees are able to adapt to the change of the working arrangement. SRB anticipates that the challenges and risks faced by the Group and business segments on employee and workplace management to be the same for FY2022.

SRB has introduced the WFH Guidelines, which covers the area of IT and communication, internet access, SAP access, hardware and reporting.



### THEME 3: DRIVING ENVIRONMENTAL SUSTAINABILITY

SRB is committed to minimise our environmental footprints and impact through our efficient management of energy, water and waste in our operations, and to improve the overall environmental performance.

#### WASTE MANAGEMENT

At SRB, we are conscious over our Waste Management practices across all business segments. We have different teams at the Property Segment and Aviation Segment overseeing our waste management practices. At the Property Segment, Facility Maintenance & Building Services (“FMBS”) manages the daily waste disposal and records the monthly activities at Sapura@Mines. At the Aviation Segment, our Facility Management team takes charge of monitoring and reporting to the Management on a monthly basis on our waste management practices. The Facility Management team also contributes in promoting other activities in relation to the waste management programmes.

We have a structured set of guidelines to ensure appropriate measures are taken to manage the waste generated from our operations. These guidelines are constantly updated for improvement for the purpose of efficient and effective waste management.

#### Aviation Segment



- Our practices are steered by the Waste Management standard operating procedure (Part 10). This emphasises on the systematic approach to manage hazardous and non-hazardous waste disposal and recycling procedures.
- In addition, we strictly adhere to the Water Services Industry Act 2005 (655), Environmental Quality Act 1974 (127) and Environmental Quality (schedule waste) Regulation 2007 to ensure our efforts are in compliance with the current laws and regulations.

In the year under review, we have continued our efforts in waste management, which are as follows:

What we did?	
Property Segment 	<ul style="list-style-type: none"> <li>• Reduce colour printing.</li> <li>• Promote paperless communication.</li> </ul>
Aviation Segment 	<ul style="list-style-type: none"> <li>• Waste are segregated into various waste categories by placing different bins at various areas within the hangar facility.</li> <li>• Positioning of spill kits at various locations to manage spillages.</li> <li>• Chemicals and excess fuel will be disposed according to the applicable local environmental regulation through a licensed third-party.</li> <li>• Ensure all new equipment for future installation is environmentally-friendly.</li> <li>• Ensure oil waste is properly disposed by an appointed licensed contractor.</li> </ul>

## Sustainability Statement

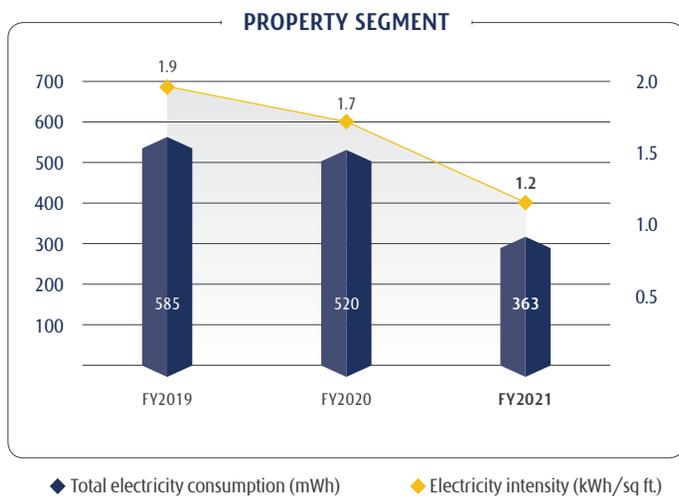
### ENERGY MANAGEMENT

SRB is mindful to ensure that our operations are conducted in an environmentally responsible manner. We aim to continuously progress in our energy performance and efficiency to decrease energy wastages within our corporation and tenants.

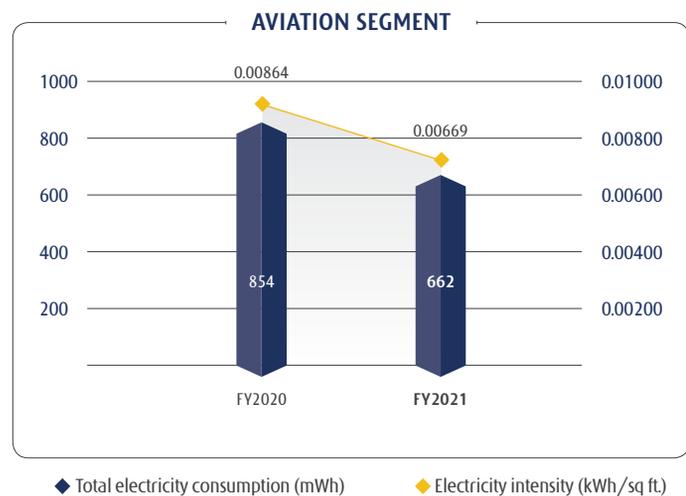
<p>Aviation Segment</p> 	<ul style="list-style-type: none"> <li>The Facilities Management team governs the energy performance of this segment with monitoring the rate and pattern of electricity consumption at the AeroDome Hangar. A monthly report on the consumption is periodically submitted to the Management of each Hangar. The Facilities Management team is guided by a structured Facilities Management Standard Operating Procedure which outlines the standard processes in managing facilities that includes maintaining, monitoring and measuring the energy consumption.</li> <li>In order to ensure the controls or processes are carried out effectively, SRB conducts daily and monthly inspections. The routine inspection includes inspection of electrical equipment to ensure their serviceability while also systematically and continuously monitoring energy consumption and efficiency.</li> </ul>
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Throughout the year, we have conducted multiple initiatives towards better energy management.

What we did?	What we achieved?
<p><b>Property Segment</b></p> <ul style="list-style-type: none"> <li>Upgrading chiller to inverter magnetic bearing to avoid the usage of fluid lubrication and reducing the start-up load.</li> <li>Replacement of energy consuming florescent tube lighting with energy saving light emitting diodes (“LED”) in the indoor parking and staircase areas.</li> <li>Implementation of centralised air conditioning schedule monitoring.</li> <li>Implementation of common areas lighting schedule monitoring.</li> </ul>	<ul style="list-style-type: none"> <li>SRB’s Property Segment has contributed to the reduction of 29% of electricity consumption compared from the previous year.</li> </ul>
<p><b>Aviation Segment</b></p> <ul style="list-style-type: none"> <li>Converting to energy saving LED lights in &amp; around hangar and office facilities.</li> <li>Installing Inverter air conditioning units for office, store or facilities with long hours of usage (Above 12 hours).</li> </ul>	<ul style="list-style-type: none"> <li>Our Aviation Segment has also achieved 10% reduction of electricity consumption.</li> </ul>



The decrease in the trend of electricity usage observed is influenced by the WFH initiatives, rescheduled chiller operation, shutting down of operation due to MCO and additional new efficient chiller that was put in place during FY2021



The positive reduction in the electricity consumption is due to the MCO, installation of LED light for hangar floor, office & perimeter area as well as the rearrangement of air conditioner unit, capacity and installation of inverter unit.

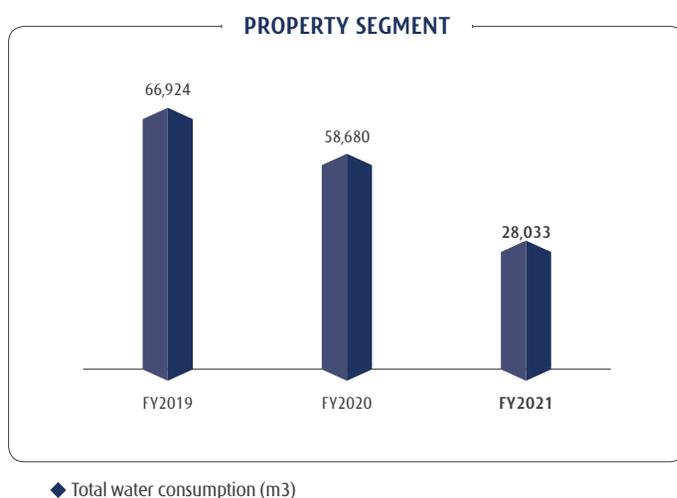
## WATER MANAGEMENT

Operating with several business segments, SRB is continuously seeking ways to improve its water management across all of our operational activities. At SRB, the Facility Management and Building Services is in charge of the water management initiatives.

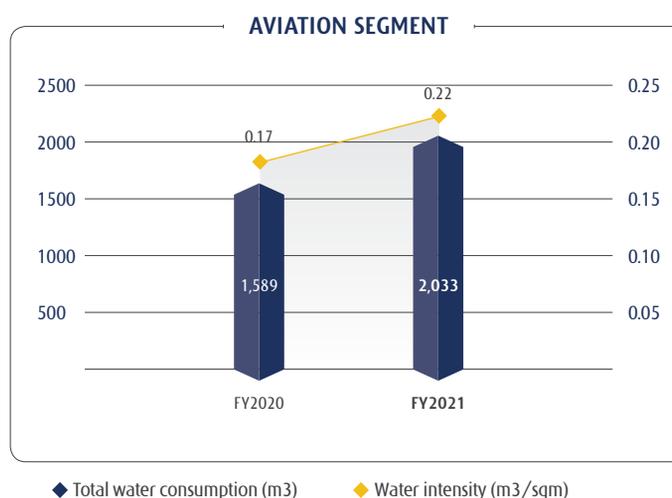
 <p>Property Segment</p>	<ul style="list-style-type: none"> <li>The Facilities and Maintenance Department holds the responsibility to manage and monitor the consumption of utility at Sapura@Mines. The Department carries out periodic inspection of water tank, plumbing and water piping.</li> </ul>
 <p>Aviation Segment</p>	<ul style="list-style-type: none"> <li>The water management activities are controlled by the Facility Management team. The role of the Facility Management team includes to monitor and to report to the Management on a monthly basis on the water management practices.</li> <li>In addition, the Aviation Segment also ensures that the water management practices comply to the Street Drainage and Building Act 1974.</li> </ul>

Similar to the waste management activities, SRB has continuous measures in the management of water, as follows:

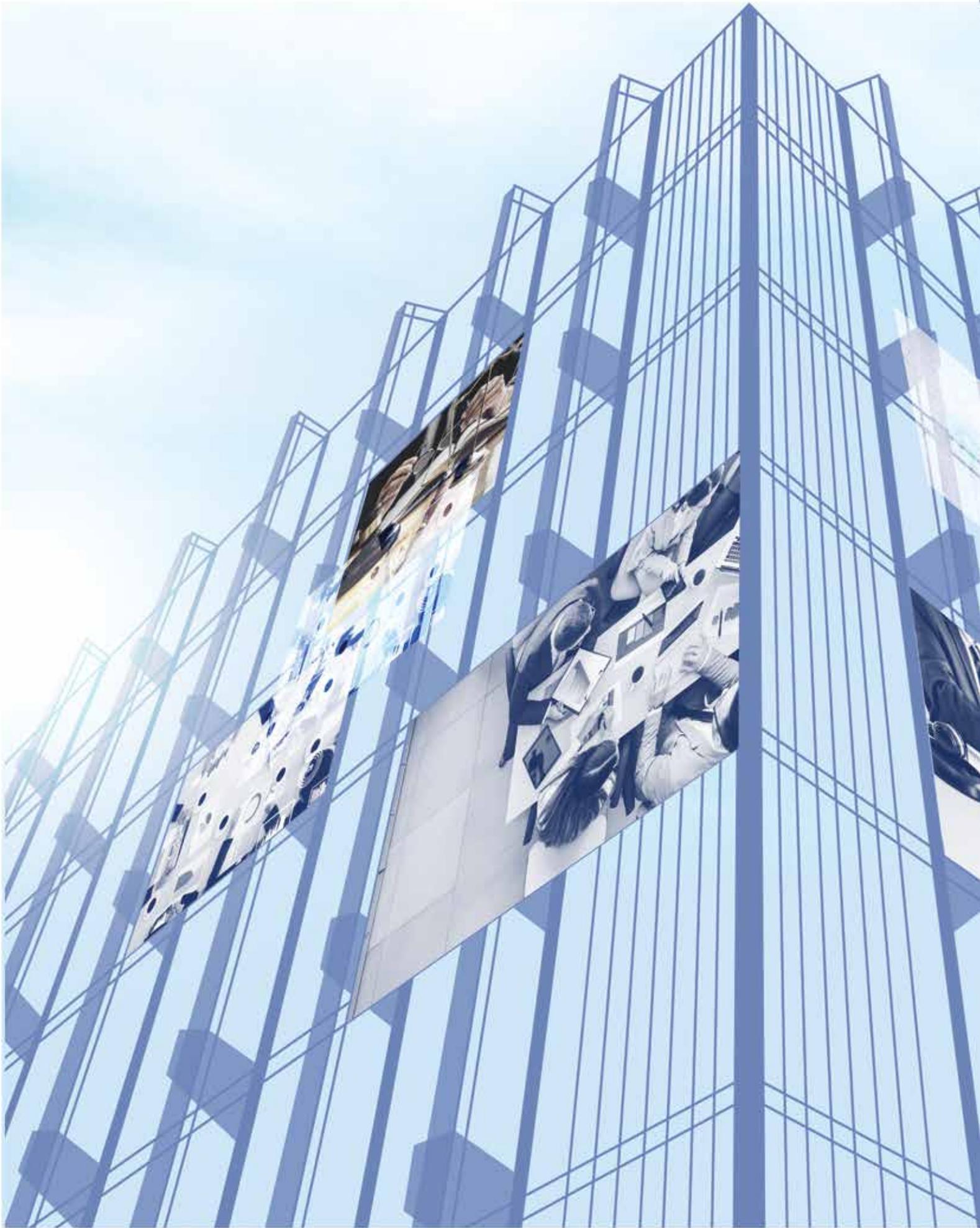
What we did?	What we achieved?
<p><b>Property Segment</b></p> <ul style="list-style-type: none"> <li>Practice Preventive and Predictive Maintenance (“PPM”) by-monthly and conduct annual audits, or as and when necessary, to identify and monitor leakages in the piping systems of the buildings.</li> <li>Usage of motion sensor activated tap in washrooms.</li> <li>Usage of motion sensor urinal activated urinal flush.</li> </ul>	<ul style="list-style-type: none"> <li>SRB’s Property segment decreased 52% of its water consumption in the year of review</li> </ul>
<p><b>Aviation Segment</b></p> <ul style="list-style-type: none"> <li>Carries out Daily Facility Inspection initiative, which comprises of monitoring of water consumption on a monthly basis using Monthly Water Utilisation Table, and daily inspections using the Daily Facilities Checklist to identify any leakage and defaults.</li> </ul>	<ul style="list-style-type: none"> <li>Our Aviation segment has recorded an increase in water consumption in FY2021 by 29% due to the installation, testing and commissioning of firefighting equipment for the purpose of attaining CCC certification at Aerodome’s Hangar 1, 2, and 3.</li> </ul>



The significant decrease in the water consumption is a result of the building shutdown during the MCO period and WFH initiative.



The increase in the water consumption for the year was contributed by the installation, testing and commissioning of firefighting equipment for the purpose of attaining CCC certification at Aerodome’s Hangar 1, 2, and 3.





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# RESILIENT

WE WILL CONTINUALLY BUILD UP OUR KNOWLEDGE AND SKILLS, EXERCISE GOOD JUDGEMENT AND KEEP ABREAST WITH INDUSTRY DEVELOPMENTS SO THAT WE CAN BECOME A RESILIENT AND COMPETITIVE PLAYER.

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## CORPORATE GOVERNANCE

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## ANNUAL REPORT 2021

SAPURA RESOURCES BERHAD • 195701000235 (3136-D)

# Corporate Governance Overview Statement

The Board of Directors (“the Board”) of Sapura Resources Berhad (“SRB” or “the Company”) is committed to ensuring that good corporate governance is practised throughout the Company and its subsidiaries (“the Group”) in discharging its responsibilities with integrity, transparency and professionalism to protect and enhance shareholders’ value and the financial position of the Group. The Board in discharging its responsibilities has always been vigilant of the fiduciary duties entrusted upon the Board.

The Board is pleased to present this Corporate Governance Overview Statement (“Statement”) to provide investors with an overview of the extent of compliance with three (3) Principles as set out in the Malaysian Code on Corporate Governance (“MCCG”) under the stewardship of the Board. This Statement also serves as a compliance with Paragraph 15.25 of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”). In addition, the details of the application of each Practice of the MCCG are disclosed in the Corporate Governance Report, which is available on the Company’s corporate website at [www.sapura-resources.com](http://www.sapura-resources.com).

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### I. Board Responsibilities

The Board is primarily responsible for the proper stewardship of the Group. The Board provides overall strategic direction and effective control of the Group and has established clear functions reserved for the Board and those delegated to the Management.

The Board plays an important role in reviewing and guiding strategy and to approve any of the Management’s proposal on a strategic plan. The Board also sets the values and standards to be achieved by the Group and in doing so the Board ensures the protection and enhancement of shareholders’ value.

There are key matters which are reserved for the Board for its deliberation and decision to ensure the direction and control of the Group’s business are in its hands, while a capable and experienced Management team headed by the Managing Director is put in charge to oversee the day-to-day operations of the Group. The Board is guided by its Board Charter which outlines the duties, roles and responsibilities of the Board.

The Board understands the principal risks of all aspects of the business that the Group is operating in and recognised that business decisions require the consideration of risk. In order to achieve a proper balance between risks incurred and potential returns to shareholders, the Board ensures that there are systems in place that effectively monitor and manage these risks with a view to the long-term viability of the Group.

The Board has delegated certain responsibilities to two (2) Board Committees, namely the Board Audit and Risk Committee (“BARC”) and the Board Nomination and Remuneration Committee (“BNRC”) to assist the Board in the deliberation of issues within their respective functions and terms of reference

(“TOR”). These Board Committees, as entrusted by the Board, will discuss relevant issues and report to the Board with their recommendations. However, this does not absolve the Board’s ultimate responsibility of decision-making.

Apart from the above, the Management is also delegated with certain authority to enable them to effectively discharge their responsibilities, as set out in the Company’s Limits of Authority.

### The Chairman and the Managing Director (“MD”)

The roles of the Chairman of the Board and the MD of the Group are held by separate individuals and each has a clear accepted division of responsibilities to ensure that there is a balance of power and authority to promote accountability. The Chairman is responsible for ensuring Board effectiveness and conduct, leading the Board in the oversight of management, whilst the MD of the Company has overall responsibilities over the Company and the Group’s operating units, organisational effectiveness and implementation of Board policies and decisions on a day-to-day basis.

The Board is chaired by Tan Sri Datuk Amar (Dr.) Hamid bin Bugo, an Independent Non-Executive Director who has a strong presence as the Chairman of the Company and is able to provide effective leadership, strategic direction and necessary governance to the Group.

Dato’ Shahrman bin Shamsuddin has been the MD of the Group since 1 March 2007. He is responsible for the stewardship of the Group’s direction and the day-to-day management of the Group. The Board together with the MD develop the corporate objectives, which include performance targets and long-term goals of the business, to be met by the MD. The MD reports to the Board and is primarily responsible for running the business and implementing the policies and strategies adopted by the Board.

### Company Secretaries

The Board is supported by suitably qualified, experienced and competent Company Secretaries. The Company Secretaries advise the Board and Board Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Group. The Board members have unlimited access to the professional advice and services of the Company Secretaries. The Company Secretaries ensure that all Board and Board Committees' Meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are recorded and maintained in the statutory register of the Company.

### Access to information and advice

The Board has unrestricted access to all information within the Company, whether as a full Board or in their individual capacity, as supplied by the Management in a timely manner in order for the Board to discharge its responsibilities efficiently and effectively. The agenda for the Board meetings, together with the appropriate reports and information on the Company's business operations, and proposal papers for the Board's consideration are circulated to all the Directors prior to the Board meetings. Sufficient time have been provided to the Board to review the information provided, to make enquiries and to obtain further information and clarification, if necessary. During the meetings, the Management provides further detailed information and clarification on issues raised by Board members.

During the FYE2021, Senior Management as well as professional advisers were invited to attend the relevant Board and Board Committees' meetings to provide additional insights and professional views, advices and explanations on specific items on the meeting agenda.

The Board may also obtain independent professional advice at the Company's expense in furtherance of its duties. Whenever necessary, consultants and experts are invited to brief the Board on their areas of expertise or their reports.

Nevertheless, the Board members also have unlimited access to the advice of the Group's Head of Corporate Support which includes the legal services.

### Board Charter

The Company has in place a Board Charter which governs how the Company conducts its affairs and serves as a source reference and primary induction literature, providing insights to existing and prospective board members to assist the Board in the performance of their fiduciary duties as Directors of the Company.

In discharging its duties, the Board is guided by its Board Charter which outlines the authority, responsibilities, membership and operation of the Board of the Company, adopting principles of good corporate governance and practice, in accordance with the applicable laws in Malaysia.

The Board endeavors to comply at all times with the principles and practices as set out in the Board Charter. The Board will review the Board Charter from time to time and make any necessary amendments to ensure it remains consistent with the Board's objectives, current law and practices.

The Board Charter is available on SRB's corporate website at [www.sapura-resources.com](http://www.sapura-resources.com).

### Code of Conduct and Ethics

The Board has adopted a Code of Conduct and Ethics for Directors which provides guidance to all Directors as to the ethical conduct to be complied with, to uphold the principles of honesty and integrity, to ensure a high standard of ethical and professional conduct is upheld in the performance of their duties and responsibilities. The Code of Conduct and Ethics for Directors is available on SRB's corporate website at [www.sapura-resources.com](http://www.sapura-resources.com).

The Board is committed in maintaining a corporate culture which engenders trustworthiness, acceptable values, spirit of social responsibility and accountability that permeate throughout the Group.

### Whistleblowing Policy

The Board has adopted a Whistleblowing Policy to encourage all of the Company's stakeholders including but not limited to the employees, vendors and customers to raise genuine concerns about possible improprieties involving the Group in matters relating to financial reporting, accounting controls, compliance, improper conduct and other wrongdoings and malpractices on a confidential basis without fear of intimidation or reprisal.

The Whistleblowing Policy will be reviewed by the Board from time to time to assess its relevance and effectiveness.

A copy of the Whistleblowing Policy is available on the Company's corporate website at [www.sapura-resources.com](http://www.sapura-resources.com).

Any employee of the Company or member of the public who has knowledge or is aware about any improper conduct has been, or is being, or is likely to be committed within the Group, may pose his/her concerns to the designated email address: [ChairmanBARCSR@sapura.com.my](mailto:ChairmanBARCSR@sapura.com.my).

## Corporate Governance Overview Statement

### Anti-Bribery and Corruption Policy (“ABC Policy”)

A formal ABC Policy was established and adopted on 28 November 2019. The ABC Policy is applicable to the Group and all levels and all business/support units in the Group.

The purpose of the ABC Policy is:-

- to set out the Company’s responsibilities and responsibilities of all employees, officers and Directors of the Group to observe and uphold the Company’s stance on zero-tolerance to bribery and corruption.
- to provide information and guidance on how the Company expects the employees and those working for them to conduct themselves.
- to provide guidance on how to recognise bribery and corruption and to set out the procedure on how to raise concerns on breaches of this policy.
- to ensure that the Group has adequate procedures in place to prevent and detect bribery and corruption.
- to protect the Group against the possible penalties and repercussions resulting from acts of bribery and corruption.

An Integrity and Governance Unit (“IGU”) was formed and is primarily responsible for the implementation and administration of this ABC Policy. The IGU is headed by the Integrity & Governance Officer (“IG Officer”). The IGU has the responsibility for monitoring the use and effectiveness of the ABC Policy and dealing with any queries on its interpretation. The IGU reports directly to the BARC. Any reports on the breach of the ABC Policy can be made to the designated email address at SRBethicsline@sapura.com.my.

The ABC Policy is available on the Company’s corporate website at [www.sapura-resources.com](http://www.sapura-resources.com)

## II. Composition of the Board

As at the date of this Statement, the Board consists of six (6) members, which is made up of four (4) independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director and one (1) Executive Director. The Board’s composition and its respective length of service are as set out below:

Name	Designation	Length of service (as at 30 April 2021)
Tan Sri Datuk Amar (Dr.) Hamid bin Bugo	Chairman/Independent Non-Executive Director	11 years 8 months
Tan Sri Dato’ Seri Shahril bin Shamsuddin	Non-Independent Non-Executive Director	31 years 2 months
Dato’ Shahrizan bin Shamsuddin	Managing Director	15 years 9 months
Dato’ Muthanna bin Abdullah	Independent Non-Executive Director	12 years 4 months
Encik Ahmad Jauhari bin Yahya	Independent Non-Executive Director	5 years 3 months
Andrew Heng	Independent Non-Executive Director	1 year 10 months

The Board comprises of a majority of Independent Directors which represents more than 67% of the Board.

### Re-election of Directors

Any Director appointed during the year is required under the Company’s Constitution to retire and may seek for re-election by the shareholders at the following Annual General Meeting (“AGM”) immediately after their appointment. The Company’s Constitution also requires that one-third of the Directors including the MD to retire by rotation and to seek for re-election at each AGM and that each Director shall submit himself/herself for re-election at least once in every three (3) years.

The Directors who are subjected to re-election at the AGM had to be assessed by the BNRC whereupon their recommendation had been considered by the Board for recommendation to shareholders for approval at the upcoming AGM.

The Directors who are standing for re-election at the forthcoming 64th AGM of the Company are as set forth in the Notice of the AGM as contained in this Annual Report.

### Tenure of Independent Director

Practice 4.2 of the MCCG recommended that the tenure of an Independent Director does not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board as a Non-Independent Director.

If the Board intends to retain an Independent Director beyond a cumulative term limit of nine (9) years, it should justify and seek annual shareholders' approval. If the Board continues to retain the Independent Director after twelfth (12th) year, the Board should seek annual shareholders' approval through a two-tier voting process at a general meeting.

The Board subscribes to an open policy on the tenure of Independent Director whereby there should not be an arbitrary tenure imposed on the Independent Directors. The Board believes that the length of tenure of Independent Directors on the Board does not interfere with their objective and independent business judgement with a view to the best interest of the Company.

In view thereof, the Board shall provide justifications and seek shareholders' approval in the event it proposes to retain an independent director who has served the Board in that capacity for more than nine (9) years, upon the prior review and relevant recommendation from the BNRC.

The Company will be seeking shareholders' approval at the forthcoming AGM for the retention of the following Independent Non-Executive Directors ("INEDs") of the Company:-

- (i) Dato' Muthanna Bin Abdullah, who has served the Board for a cumulative term of more than twelve (12) years since 18 December 2008, through a two-tier voting process as described in the Guidance to Practice 4.2 of MCCG; and
- (ii) Tan Sri Datuk Amar (Dr.) Hamid Bin Bugo who has served the Board for a cumulative term of more than nine (9) years since 25 August 2009, through the annual shareholders' approval.

The BNRC meets as and when required and at least once in every financial year. During the financial year under review, the BNRC met two (2) times for FYE2021 and the meeting attendances are as follows:-

Members	Membership/ Designation	No. of meetings attended	%
Tan Sri Datuk Amar (Dr.) Hamid bin Bugo	Chairman Independent Non- Executive Director	2/2	100
Dato' Muthanna bin Abdullah	Member Independent Non- Executive Director	2/2	100
Encik Ahmad Jauhari bin Yahya	Member Independent Non- Executive Director	2/2	100

In view that Tan Sri Datuk Amar (Dr.) Hamid Bin Bugo's cumulative term of more than twelve (12) years would only crystallise on 25 August 2021, his retention as an INED would only need to be through the usual voting process i.e., two-tier voting process is not necessary.

The Board through the BNRC had undertaken relevant annual performance evaluations and assessments and recommended for the two (2) abovementioned Directors to continue to serve as INEDs based on the following justifications:

- (1) They have met the criteria set in the annual assessment of their independence in line with the Listing Requirements of Bursa Securities;
- (2) Both of them have vast experience, knowledge and skills in a diverse range of businesses and therefore provide constructive opinion, counsel, oversight and guidance as Directors;
- (3) Their management and legal background have provided valuable insights and advice to enable the Board to discharge its duties effectively and in a competent manner;
- (4) They have actively participated and contributed to the discussion and deliberation at the Board and Board Committees' meetings. They have diligently attended all the Meetings held for the Board and Board Committees for FYE2021; and
- (5) They have exercised due care and diligence and acted in the best interest of the Company by providing independent views to the deliberations and decision making of the Board and Board Committees' Meetings.

### Board Nomination and Remuneration Committee ("BNRC")

The BNRC is currently chaired by Tan Sri Datuk Amar (Dr.) Hamid bin Bugo, an Independent Non- Executive Director.

The BNRC was established with a clearly defined TOR and comprised exclusively of three (3) non-executive directors, all of whom are independent.

## Corporate Governance Overview Statement

For FYE 2021, the BNRC had undertaken the following activities:-

- (1) Reviewed and recommended to the Board the proposed Directors' fees in respect of the financial year ended 31 January 2020;
- (2) Reviewed the proposed Directors' benefits payable for the period from 28 July 2020 until the next AGM of the Company and to recommend the same to the Board for recommendation to the shareholders for approval at the Sixty-Third AGM;
- (3) Reviewed and recommended the re-election of Directors to the Board for recommendation of the same to the shareholders for approval at the Sixty-Third AGM;
- (4) Reviewed and recommended the retention of the Independent Non-Executive Directors to the Board for recommendation of the same to the shareholders for approval at the Sixty-Third AGM;
- (5) Reviewed and assessed the effectiveness of the Board of Directors as a whole and contribution of the BARC and BNRC; contribution and performance of each individual Director of the Company; and each member of the BARC;
- (6) Assessed the independence of the Independent Directors;
- (7) Reviewed and recommended the revised TOR of the BNRC to the Board for approval and adoption;
- (8) Considered and recommended the appointment of Encik Ahmad Jauhari bin Yahya as a member of the BARC;
- (9) Reviewed and recommended the proposed appointment of Chief Financial Officer of the Company to the Board for approval; and
- (10) Reviewed and recommended the proposed appointment of Chief Corporate Planning and Business Development Officer of the Company to the Board for approval.

The TOR of the BNRC is available on the Company's corporate website at [www.sapura-resources.com](http://www.sapura-resources.com).

### Annual Board Evaluation

The Board had conducted self-assessment and peer review and the results were tabled for the BNRC for review and discussion. The purpose of the annual board evaluation is to evaluate the Board in terms of their capability, character, integrity and commitment towards the Company and to recognise further improvements, if any, required for the effectiveness of each individual Director.

Based on the results of the evaluation conducted for FYE2021, the BNRC was satisfied with the performance of the individual members of the Board.

During the FYE2021, the Board had convened a total of eight (8) Board of Directors' Meetings for the purposes of deliberating on the Group's quarterly financial results and discussing important matters which called for immediate attention and decision of the Board. During the Board of Directors' Meetings, the Board reviewed the operation and performance of the Group and other strategic issues that might affect the Group's business. Relevant Senior Management were invited to attend all of the Board of Directors' Meetings to provide the Board with their views and clarifications on issues raised by the Directors.

The BNRC has been tasked to review the attendance of Directors at Board and/or Board Committees' Meetings. Upon review, the BNRC noted the Board members have devoted sufficient time and effort to attend the Board and/or Board Committees' meetings for FYE 2021.

The attendance record of each Director at the Board Meetings held for the financial year under review is as follows:-

Name of Directors	Designation	No. of meetings attended	%
Tan Sri Datuk Amar (Dr.) Hamid bin Bugo	Chairman Independent Non- Executive Director	8/8	100
Dato' Shahrizan bin Shamsuddin	Managing Director	8/8	100
Tan Sri Dato' Seri Shahril bin Shamsuddin	Non-Independent Non-Executive Director	8/8	100
Dato' Muthanna bin Abdullah	Independent Non- Executive Director	8/8	100
Encik Ahmad Jauhari bin Yahya	Independent Non- Executive Director	8/8	100
Mr. Andrew Heng	Independent Non- Executive Director	8/8	100
Dato' Fuziah @ Fauziah binti Dato' Ismail (retired w.e.f. 27 July 2020)	Senior Independent Non- Executive Director	4/4#	100

Note:

# Reflects the number of meetings held during FYE2021 prior to her retirement as Director

The Board also met on an ad-hoc basis to deliberate urgent issues and matters that required expeditious Board direction or approval. There were four (4) Special Board of Directors' Meetings held during the FYE2021 out of the total eight (8) meetings held. In the intervals between Board meetings, any matters requiring urgent Board decisions and/or approval were sought via circular resolutions which were supported with all the relevant information and explanations required to make an informed decision.

The Board is satisfied with the time and commitment rendered by the Directors to the Group. None of the Directors have more than five (5) directorships in listed issuers listed on Bursa Securities.

In order for the Group to remain competitive, the Board ensures that the Directors continuously enhance their skills and expand their knowledge to meet the challenges of the Board. The Board recognised that continuing education would be the way forward in ensuring its members are continually equipped with the necessary skills and knowledge to meet the challenges ahead.

As at the date of this Statement, the Board has participated in various continuing education or training programmes as indicated in the Corporate Governance Report.

Upon review, the Board concluded that the Directors' trainings for the FYE2021 were adequate. In recognising the need to keep abreast with the fast-changing business and regulatory environment, the Board has encouraged its members to attend at least one (1) continuing education programme, if possible.

### III Remuneration

A Board Remuneration Policy was established to support the Group's business strategy that is long term and strategic in nature. The remuneration framework is designed based on the need to attract and retain Directors; to motivate Directors to achieve the Group's business objectives; and to align the interest of the Group with the long-term interest of the shareholders. The Board Remuneration Policy is available on the Company's corporate website at [www.sapura-resources.com](http://www.sapura-resources.com).

The Board believes in a remuneration policy that fairly supports the Directors' responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value. The Board's objective in this respect is to offer a competitive remuneration package in order to attract, develop and retain its Directors.

The BNRC is responsible for reviewing and making recommendations to the Board for approval, the framework and remuneration packages of the Non-Executive Directors in all forms, drawing from outside advice whenever necessary prior to making the relevant recommendations to the Board so that the levels of remuneration are sufficient to attract and retain the Directors needed to run the Group successfully. In its review, the BNRC considers various factors including the Directors' fiduciary duties, time commitments and the Company's performance.

For FYE2021, the total Directors' fees payable to the Directors, of RM560,230.14 have been recommended to the shareholders for approval at the forthcoming AGM of the Company. The breakdown of the remuneration of each individual Director for FYE2021 for the Company/Group is disclosed in the Corporate Governance Report.

#### Remuneration Committee

The Board is satisfied that the BNRC has effectively and efficiently discharged its roles and responsibilities with respect to its nomination and remuneration functions. As such, it is not necessary to separate the nomination and remuneration functions into distinct nomination and remuneration committees.

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

#### Board Audit and Risk Committee ("BARC")

The Board is responsible for ensuring that the quarterly and annual audited financial statements of the Company present a balanced and clear view and assessment of the Company's financial position, performance and prospects and comply with the applicable financial reporting standards. The Board is assisted by the BARC in reviewing the Group's financial reporting process and accuracy of its financial results, and scrutinising information for disclosure to ensure compliance with the accounting standards, accuracy, adequacy and completeness in giving the true situation of the Group's performance.

The BARC assists the Board in reviewing the Group's financial reporting process and accuracy of its financial results, and scrutinising information for disclosure to ensure reliability and compliance with the applicable financial reporting standards. The BARC reviewed the unaudited quarterly financial reports and the year-end audited financial statements of the Company prior to recommendation of the same to the Board for approval and submission to Bursa Securities and/or the shareholders (where relevant).

## Corporate Governance Overview Statement

The BARC is chaired by Dato’ Muthanna bin Abdullah, who is an Independent Non-Executive Director of the Company. As at the date of this Statement, the BARC consists of three (3) members, all of whom are Independent Non-Executive Directors. The composition of the BARC is as follows:-

Name	Position	Designation
Dato’ Muthanna bin Abdullah	Chairman	Independent Non-Executive Director
Mr. Andrew Heng	Member	Independent Non-Executive Director
Encik Ahmad Jauhari bin Yahya (Appointed as a member on 17 August 2020)	Member	Independent Non-Executive Director
Dato’ Fuziah @ Fauziah binti Dato’ Ismail (Ceased as a member on 27 July 2020)	Member	Senior Independent Non-Executive Director

The TOR of the BARC is available on the Company’s corporate website at [www.sapura-resources.com](http://www.sapura-resources.com).

None of the members of the Board were former key audit partners and notwithstanding that in order to uphold the utmost independence, the Board has no intention to appoint any former key audit partner as a member of the Board.

### Assessment of Suitability and Independence of External Auditors

For the FYE2021, the BARC has assessed the suitability and independence of the External Auditors vide an annual assessment of the suitability and independence of the External Auditors of the Company.

In its assessment, the BARC considered, inter alia, the following factors:-

For “**Suitability**” of the External Auditors:-

- The External Auditors have the adequate resources, skills, knowledge and experience to perform their duties with professional competence and due care in accordance with the approved professional auditing standards and the applicable regulatory and legal requirements;
- To the knowledge of the BARC, the External Auditors do not have any record of disciplinary actions taken against them for unprofessional conduct by the Malaysian Institute of Accountants (“MIA”) which has not been reversed by the Disciplinary Board of MIA;
- The external audit firm has the geographical coverage required to audit the Group;
- The external audit firm advises the BARC on significant issues and new developments pertaining to risk management, corporate governance, financial reporting standards and internal controls on a timely basis;
- The external audit firm consistently meets the deadlines set by the Company;
- The level of quality control procedures in the external audit firm, including the audit review procedures; and
- The external audit scope is adequate to cover the key financial and operational risks of the Group.

For “**Independence**” of the External Auditors:-

- The engagement partner has not served for a continuous period of more than five (5) years with the Company;

- The BARC receives written assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements; and
- Tenure of the current Auditors.

Upon completion of the said assessment, the BARC was satisfied with Ernst & Young PLT’s technical competency and audit independence during the FYE2021.

### Risk Management and Internal Control Framework

The Board is committed to determine the Group’s level of risk tolerance and to actively identify, assess and monitor key business risks to safeguard shareholders’ investments and the Group’s assets. The risk management and internal control function were assumed and overseen by the BARC with the assistance of the External Auditors and the outsourced Internal Auditors, who will report on the effectiveness and efficiency of the internal control processes and procedures periodically to the BARC to ensure that the system is viable and robust.

The Board adopted a Group’s Enterprise Risk Management (“ERM”) Policy on 25 June 2020 upon recommendation by the BARC. The ERM shall be a core management competency that incorporates a well-structured systematic process to identify business risk and lessen their impact on the Group.

This involves the following core elements:

- the identification of each business risk;
- the measurement of the identified business risk;
- the control or the way the risk is managed in line with the needs of the Group’s policies and strategies; and
- constant monitoring and communicating of risks associated with any activity, function or process in a way that will enable the Group to minimise losses and maximize opportunities.

The Company’s internal audit function is outsourced to KPMG Management and Risk Consulting Sdn. Bhd. and they are responsible to evaluate and improve the effectiveness of risk management, internal control and governance processes of the Group.

Details pertaining to the Group’s internal control system and its effectiveness are set out in the Statement on Risk Management and Internal Control of this Annual Report.

**PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS**

**Communication with Stakeholders**

The Board ensures that all material information and corporate disclosures are discussed with the Management prior to dissemination to ensure compliance with Bursa Securities' Listing Requirements. In deciding on the necessary disclosures and announcements, the Board is also guided by Bursa Securities' corporate disclosure guides as published by Bursa Securities from time to time.

The Board is committed to achieve timely and high-quality disclosure in accordance with the spirit, intention and purpose of the applicable regulatory requirements.

The Board has adopted the following measures with regard to communication with the Company's stakeholders:-

**(i) Announcements to Bursa Securities**

Material information, updates and periodic financial reports are published on a timely basis through announcements to Bursa Securities. Shareholders and investors can obtain the Company's latest announcements such as quarterly financial results in the dedicated website of Bursa Securities at [www.bursamalaysia.com](http://www.bursamalaysia.com) or the Company's corporate website at [www.sapura-resources.com](http://www.sapura-resources.com).

**(ii) Corporate Website**

A corporate website ([www.sapura-resources.com](http://www.sapura-resources.com)) is maintained and the said website contains relevant information on the Group's activities, financial results, major strategic development and other matters affecting stakeholders' interests for the shareholders, potential investors, suppliers and the general public.

**(iii) Annual Reports**

The Company's Annual Reports to the shareholders remain the central means of communicating to the shareholders, amongst others, the Company's operations, activities and performance for the past financial year-end as well as the status of compliance with the applicable rules and regulations.

**(iv) AGMs/General Meetings**

The AGM/General Meetings which are used as the main forum of dialogue for shareholders to raise any issues pertaining to the Group.

**(v) Investor Relations**

Shareholders and other interested parties are welcome to contact the Company should they have any comments, questions or concerns, by writing in, via telephone or facsimile, details of which are as follows:-

Address : Sapura@Mines  
No. 7, Jalan Tasik, The Mines Resort City  
43300 Seri Kembangan, Selangor Darul Ehsan  
Malaysia  
Telephone No. : 603-8949 7000  
Fax No. : 603-8949 7046

**Conduct of General Meetings**

The AGM provides an opportunity for the shareholders to seek and clarify any issues pertaining to the Group and to have a better understanding of the Group's activities and performance. Both individuals and institutional shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions. The Board is always available to meet members of the press after the AGM.

The Company adheres to its Board Charter where sufficient notice period is given to the shareholders in order for them to schedule their time to attend the Company's AGM. To carry on the good governance practice, the Notice of the Sixty-Fourth AGM will be issued at least 28 days before the AGM date.

Due to the COVID-19 pandemic and the enforcement of the Movement Control Order in Malaysia, the Company had leveraged on technology to facilitate remote participation of shareholders and electronic voting for the conduct of the poll on all the resolutions for the first time. The Company's Sixty-Third AGM was the first fully virtual general meeting held by the Company. It was streamed live and where eligible shareholders were able to log in to remotely participate in and vote at the meeting.

In line with paragraph 8.29A of the Listing Requirements of Bursa Securities on the requirement for poll voting for any resolution set out in the notice of general meetings, during the Sixty-Third AGM held last year, shareholders were briefed on the voting procedures and the results of the poll were verified by the independent scrutineer, Boardroom Corporate Services Sdn. Bhd. The poll voting was conducted via electronic means and the results of the poll were displayed on the screen. The results of all the resolutions proposed at the Sixty-Third AGM were subsequently announced to Bursa Securities on the same day.

**KEY FOCUS AREAS AND FUTURE PRIORITIES**

Looking ahead to the financial year ending 2022, the Board and its respective Board committees will:-

- Focus on major strategic issues to ensure sustainability and growth;
- Continue to monitor succession planning for the senior leadership team, to ensure a healthy pipeline of talent is emerging for future senior executive management;
- Maintain focus on Management's responses to COVID-19 to keep the workforce safe and productive despite multiple operational restrictions; and
- The Group will continue to intensify its efforts encompassing areas such as risk management as well as anti-bribery and corruption compliance throughout the Group.

**CONCLUSION**

The Board is satisfied that for the FYE2021, the Company complies substantially with the principles and practices of the MCCG.

This Statement, together with the Corporate Governance Report were approved by the Board on 28 April 2021.

# Board Audit and Risk Committee Report

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

The BARC is pleased to present the BARC Report for the financial year ended 31 January 2021 (“**FYE2021**”) in compliance with Paragraph 15.15 of the Main Market Listing Requirements (“**Listing Requirements**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and the Malaysian Code on Corporate Governance (“**MCCG**”).

## COMPOSITION OF THE BARC

For the FYE2021, the BARC comprised of three (3) members, all of whom were Independent Non-Executive Directors during the FYE2021.

The current composition of the BARC is as follows:-

Name	Position	Designation
Dato’ Muthanna bin Abdullah	Chairman	Independent Non-Executive Director
Mr. Andrew Heng	Member	Independent Non-Executive Director
Encik Ahmad Jauhari bin Yahya	Member	Independent Non-Executive Director

## NUMBER OF BARC MEETINGS AND DETAILS OF ATTENDANCE

For the FYE2021, the BARC held a total of five (5) meetings. The details of the attendance of each BARC member are as follows:-

BARC Members	Total no. of meetings attended	%
Dato’ Muthanna bin Abdullah	5/5	100
Mr. Andrew Heng	5/5	100
Encik Ahmad Jauhari bin Yahya (Appointed on 17 August 2020)	2/2	100
Dato’ Fuziah @ Fauziah binti Dato’ Ismail (Ceased on 27 July 2020)	3/3	100

## SUMMARY OF WORK OF THE BARC

The BARC is governed by its terms of reference (“**TOR**”) on its discharge of authorities, duties and responsibilities.

During the FYE2021, the BARC had carried out the following activities which are in line with its responsibilities as set out in the TOR:-

### 1) Financial Reporting

- (a) Reviewed the unaudited quarterly financial reports and the audited year-end financial statements of the Group for FYE2021 before they were presented to the Board for approval and for release to Bursa Securities accordingly; and

- (b) In its review of the unaudited quarterly financial reports and the audited yearend financial statements, discussed with Management and the external auditors on the-
- changes in or implementation of accounting policies and practices;
  - any financial reporting developments in the Malaysian Financial Reporting Standards;
  - significant arising from the audit;
  - significant matters highlighted including financial reporting issues;
  - significant judgements made by Management, significant and unusual events or transactions, and how these matters are addressed;
  - going concern assumption; and
  - compliance with accounting standards and other legal requirements.
- (c) The dates where the BARC met during the FYE2021 to deliberate on financial reporting matters are as appended below:-

Date of meetings	Financial Reporting Statements Reviewed
21 April 2020	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the fourth quarter ended 31 January 2020.
10 June 2020	Audited Financial Statements for the financial year ended 31 January 2020 ("AFS").
22 June 2020	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the first quarter ended 30 April 2020.
22 September 2020	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the second quarter ended 31 July 2020.
25 November 2020	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the third quarter ended 31 October 2020.

## 2) Audit Reports

- (a) Received and reviewed the internal and external audit reports together with Management's responses in ensuring that appropriate and prompt remedial actions are taken by Management on major deficiencies in controls or procedures that have been identified including status of previous audit recommendations.
- (b) Discussed thoroughly and made enquiries on internal audit findings and Management's relevant responses to resolve those findings.

## 3) Matters relating to External Audit

- (a) Reviewed the terms of engagement and the Audit Planning Memorandum by the external auditors, Ernst & Young PLT ("EY") covering the nature and scope of audit planned as well as the audit timeline for the financial year under review.
- (b) Reviewed the external auditors' audit report and the significant audit findings underlying their report.
- (c) Reviewed key audit matters raised by EY from its annual audit and management letter including Management's responses/actions taken on the resolution of such issues.
- (d) Reviewed the annual AFS of the Company and of the Group prior to submission of the same to the Board for approval.

## Board Audit and Risk Committee Report

- (e) Met with the external auditors without the presence of the Management on 10 June 2020 in order to provide the external auditors an avenue to unequivocally express any concerns they might have, including those relating to their ability to perform their work without any constraint or interference.
- (f) Evaluated the external auditors' independence and objectivity, as well as their ability to serve the Group in terms of technical competencies and manpower resource sufficiency and reviewed the reasonableness of the proposed audit fees charged against the size and complexity of the Group.
- (g) Reviewed the audit and non-audit fees payable to the external auditors for FYE2021 to ensure the level of non-audit services rendered by the external auditors would not impair their objectivity and independence as external auditors of the Company.
- (h) Assessed and reviewed and was satisfied with the performance and effectiveness of the external auditors and recommended to the Board on their re-appointment as the external auditors of the Company for the ensuing year at the Annual General Meeting.

### 4) Matters relating to Internal Audit

- (a) Reviewed and considered the adequacy of scope, functions, resources of the outsourced internal auditors, KPMG Management & Risk Consulting Sdn. Bhd. ("KPMG") and that it has the necessary authority to carry out its work.
- (b) Reviewed the Internal Audit Plan and subsequent updates on the Internal Audit Plan in respect of the changes made to the plan and timeline.
- (c) Reviewed the Internal Audit Report for each cycle consisting of audit findings and observations identified during the course of internal audit, prioritised areas for improvement as well as recommended corrective actions to be taken by Management as presented by KPMG.
- (d) Evaluated the adequacy and performance of KPMG for the FYE2021 as well as their capabilities and competency to serve the Group in terms of technical competencies and manpower resources.

### 5) Risk Management and Internal Control

- (a) Formalised and adopted a Group Risk Management Policy and Framework to maintain a sound system of internal control.
- (b) Reviewed the Statement on Risk Management and Internal Control of the Group for inclusion in the Annual Report for the FYE2021.
- (c) Received and reviewed quarterly reports from KPMG on the Group's risk profile and the risk register for the FYE2021 to ensure these were being managed effectively.

### 6) Related Party Transactions

- (a) Reviewed the related party transactions entered into by the Company or the Group and to determine if such transactions were undertaken on an arm's length basis and normal commercial terms and on terms not more favourable to the related parties than those generally available to the public.
- (b) Reviewed any conflicts of interest that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of Management's integrity.
- (c) Reviewed the report on recurrent related party transactions of a revenue or trading nature entered into by the Group on a quarterly basis and to monitor the thresholds of the recurrent related party transactions to ensure compliance with the Listing Requirements of Bursa Securities.

### 7) Annual Reporting

Reviewed and recommended the BARC Report and Statement on Risk Management and Internal Control to ensure compliance with relevant regulatory reporting requirements, prior to recommending to the Board for approval.

### 8) Others

- (a) Conducted a self/peer evaluation and the review of the performance of BARC as a whole to evaluate and review the BARC's overall effectiveness in discharging its duties and responsibilities.
- (b) Reviewed and approved the Terms of Reference of the Group Risk Management Committee.

## SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The BARC in respect of the internal audit function, is supported by KPMG, the outsourced professional internal auditors in discharging its duties and responsibilities for the FYE2021.

The primary responsibility of the internal audit function is to assist the Board to oversee that Management has in place, a sound risk management, internal control and governance system and to provide independent and objective assessment of the adequacy and effectiveness of the risk management, internal control and governance processes established by Management and/or the Board within the Group.

The Internal Audit Reports and Management's responses are first circulated to the Managing Director as well as to the relevant Heads of Department prior to tabling them at the BARC meetings.

During the FYE2021, the representatives of KPMG attended the BARC meetings to report to the BARC on a quarterly basis, at a minimum, on their observations and findings of the effectiveness of the governance, risk management and internal control processes within the Group.

The internal audit work carried out by KPMG for the financial year under review included the following:

- (a) Developed the Group Internal Audit Plan for FYE2021 and tabled to the BARC during the meeting for the BARC's approval on the proposed scope of work, timeline and fees.
- (b) Presented its Internal Audit Report for each cycle consisting of audit findings and observations identified during the course of internal audit, prioritised areas for improvement as well as corrective actions to be taken by Management in the quarterly BARC meetings.
- (c) Conducted internal audit works covering the key audited areas as follows:-
  - Strategic management and procurement for the newly setup subsidiary providing Maintenance, Repair and Overhaul (MRO) services
  - Ground handling services assessment for SRB's flagship ground handling service provider
  - Assessment on the management of IT general control for SRB Group
- (d) Presented its follow-up audit report consisting of the recommendations raised in previous cycles of internal audit carried out by KPMG.

The total cost incurred in maintaining the internal audit function for the financial year ended 31 January 2021 was RM188,291/- (2020: RM250,531/-).

## BOARD'S CONCLUSION

The Board is satisfied that the BARC and its members have carried out their functions, duties and responsibilities in accordance with the TOR of the BARC and there were no material misstatements, frauds, violations and deficiencies in the systems of internal control not addressed by Management.

# Statement on Risk Management and Internal Control

The Board of Directors (“Board”) of Sapura Resources Berhad (“SRB” or the “Company”) seeks to promote a risk-conscious culture and is highly committed to maintain a sound internal control system and risk management framework in the Company and its subsidiaries (collectively referred to as the “Group”). To this end, the Board is pleased to present the following Statement on Risk Management and Internal Control (the “Statement”), which outlines the nature and scope of internal control and risk management of the Group for the financial year ended 31 January 2021.

This Statement is made pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which calls for the annual report to include a “statement about the state of risk management and internal control of the listed issuer as a group” and Practice 9.2 of the Malaysian Code on Corporate Governance (“MCCG”) which stipulates that “the board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework”.

This Statement does not cover the Group’s joint ventures and associate companies as the Board of SRB does not have full control and management over the respective companies. The Group’s interests in the joint ventures and associate companies are served through representations on the boards of the respective companies and review of management accounts, and enquiries given that the Board is not vested with full governance control.

## BOARD’S RESPONSIBILITY

The Board acknowledges the importance of maintaining a sound system of internal control and the proper identification and management of risks affecting the Group’s operations in order to safeguard shareholders’ investments and other stakeholders’ interests. Accordingly, the Board affirms its overall responsibility for the Group’s system of internal control and risk management, and for reviewing the adequacy, integrity and operating effectiveness of the said system. Such a system covers financial, operational and compliance risks and the relevant controls designed to manage the said risks. In view of the inherent limitations in any system of risk management and internal control processes, the system can only provide reasonable, but not absolute assurance, against material misstatements, financial losses, defalcations or fraud.

The Board Audit and Risk Committee (“BARC”) which comprises solely of Independent Non-Executive Directors, has been entrusted with the responsibility of assisting the Board in the oversight of risk management and internal controls. This includes reviewing and regularly communicating to the Board on the key risks enveloping the Group, the impact and likelihood of such risks crystallising and Management’s readiness to manage and mitigate the risks that arise. The BARC is supported by the outsourced internal audit function, KPMG Management & Risk Consulting Sdn Bhd (“KPMG”), which regularly reports to the BARC on the design and operating effectiveness of the internal control, risk management and governance processes and procedures. Notwithstanding the delegated responsibilities, the Board acknowledges its overall responsibility in the establishment and oversight of the Group’s risk management and internal control system.

## MANAGEMENT’S RESPONSIBILITY

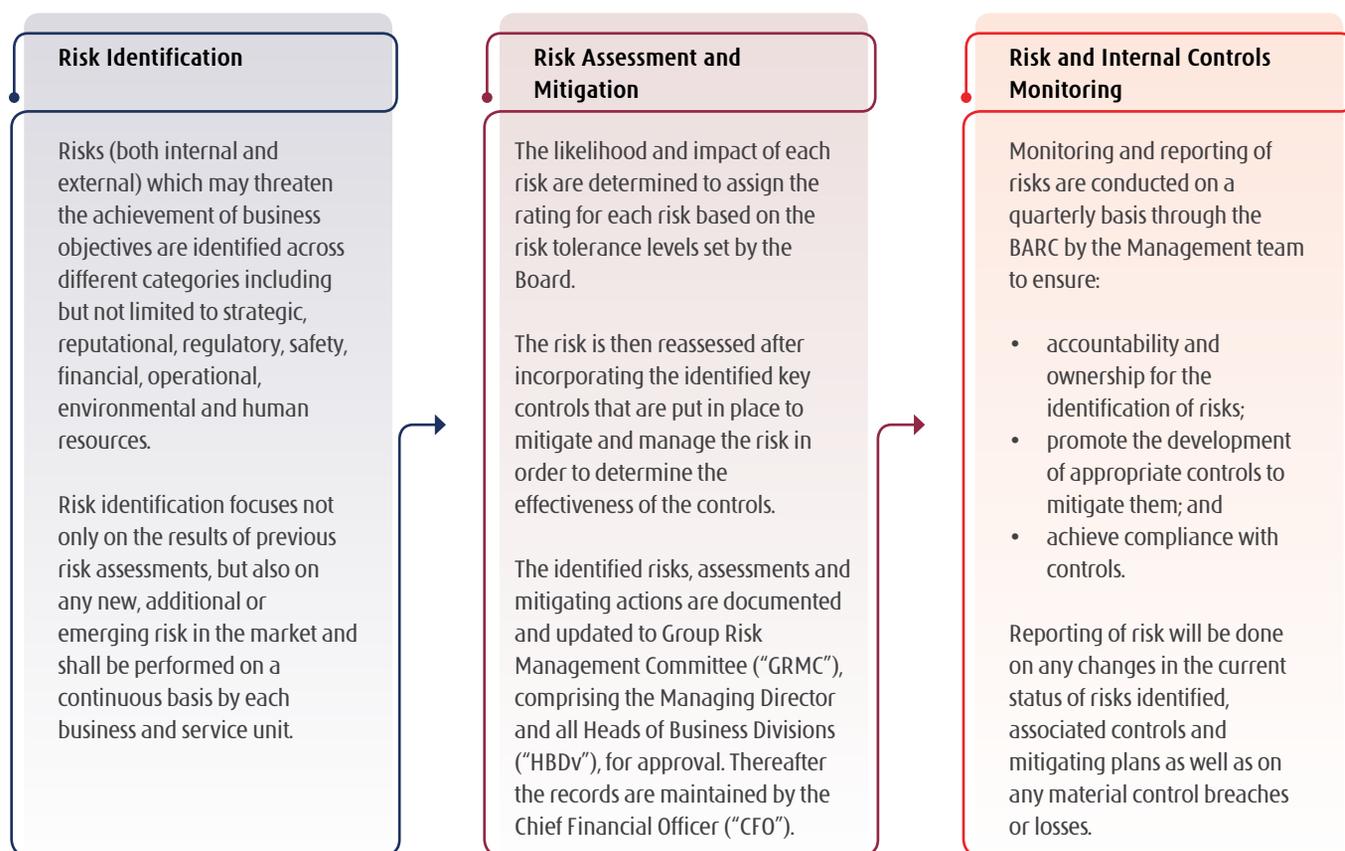
The Management team is responsible for the implementation of SRB’s risk management policies and procedures and to ensure appropriate controls are in place to address identified risks within specific business and service units. In order to achieve this, the roles of the management team include identifying and evaluating risks faced within the Group’s business units; designing adequate internal controls for the Group’s business units; defining the job descriptions within the Management team and Risk Officer to incorporate the control and risk management action plans within their domain of responsibility; reporting to the BARC on any material control breaches or losses in an open and timely manner; and implementing suitable action plans towards ineffective controls identified by the internal audit function.

## RISK MANAGEMENT

The Board firmly believes that risk management is critical to the Group’s continued business sustainability and the accretion of value creation. This is exemplified by the unforeseen events brought about by the debilitating COVID-19 pandemic which has forced the Group to heighten its risk management efforts as means to sustain its businesses in the midst of a global economic distress. The priority of the Group remains towards the sustenance of each of its business units and the addressing of inefficiencies identified within its operations. Given its unprecedented nature, the COVID-19 pandemic resulted in stark changes in the conduct of business and current work practices adopted by the Group such as working remotely from home and harnessing on technology to facilitate social distancing practices through virtual meetings.

The Group has instituted a Risk Management Policy and Framework (“the Policy”) which sets out the overarching approach and requirements for managing risk. The Policy is designed to systematically identify, analyse, monitor and report key risks and the likelihood of risk occurrence as well as the magnitude of impact. The Policy is reviewed by the BARC on a periodic basis and approved by the Board to ensure it reflects the current objectives of the Group as well as the markets in which the Group operates in.

Management is accountable to the Board for the execution of the risk management policies and in identifying the key risks such as strategic, reputational, financial, operational, environmental and regulatory risks affecting the Group. In this regard, Management evaluates the nature and extent of those risks by putting in place mitigating action plans for effective monitoring and reporting to the Board. Quarterly results from the risk assessment taking into account any changes in the business processes and the market environment as well as the implementation status of corrective action plan on key risks are reported to the BARC accordingly. Salient methodical steps of the risk management framework outlining the process to identify, assess, mitigate and monitor the key business risks of SRB are shown below:



## Statement on Risk Management and Internal Control

### INTERNAL CONTROL FRAMEWORK

The Board regularly reviews the evaluation on the adequacy and operating effectiveness of the Group's internal control framework. Salient elements of the Group's internal control framework are described below:

#### Organisation structure

The Group has in place an organisation structure with clearly demarcated lines of responsibilities and segregated reporting lines up to the Board and its Committees to ensure operational effectiveness and efficiency as well as independent stewardship. The Board and its Committees are supported by the Group Management Committee which meets on a monthly basis to discuss on operational matters.

#### Board Charter

A Board Charter ensures that the Board of Directors ("Board") acting on behalf of SRB is cognisant of their fiduciary duties and responsibilities as members of the Board and the varied legislations and regulations affecting their conduct. In addition, the Board Charter serves as a source of reference to the Board for matters relating to the Board organisation and provides guidance to the Board members in performing their duties, roles and responsibilities as Directors of SRB.

#### Board Diversity Policy

A Board Diversity Policy is established to consider aspects including but not limited to professional experience, skills and knowledge, gender, educational and cultural background, ethnicity and age in configuring the Board's composition. The recognition of cognitive diversity is premised on the need to avert "blind spots" and leverage on multifaceted perspectives, experience and expertise required to achieve effective stewardship and ensure that SRB's competitive advantage is retained.

#### Board Remuneration Policy

A Board Remuneration Policy is established to support the Group's business strategy that is long term and strategic in nature. The remuneration framework of Directors is designed based on the need to attract and retain Directors; motivate Directors to achieve SRB's business objectives; and align the interest of the Group with the long-term interest of the shareholders.

### Board Committees

- **Board Audit and Risk Committee ("BARC")**

The primary function of the BARC is to assist the Board in discharging its fiduciary duties in respect of the corporate accounting and reporting practices of SRB, review quarterly financial statements, interim financial announcements as well as year-end annual financial statements, internal and external audit reports, risk management and internal control, related party transactions and other functions as the BARC considers appropriate or as authorised by the Board.

- **Board Nomination and Remuneration Committee ("BNRC")**

The BNRC, amongst others, reviews the composition of the Board and assist the Group in new appointments of Directors and Board Committees, evaluate the effectiveness of the Board, Board Committees and each individual Director, review the objectives and goals set for the Managing Director as well as determine the level and make-up of the Managing Director's remuneration.

#### Subsidiaries Governance Framework ("SG Framework")

The SG Framework, in which is applicable across all subsidiaries of SRB as well as all levels and business/ support units in SRB, sets out the corporate governance standards and practices adopted by SRB to ensure compliance with Companies Act 2016, Main Market Listing Requirements ("MMLR"), Malaysian Code on Corporate Governance ("MCCG") and Guidelines on the Conduct of Directors of Listed Corporations and their Subsidiaries as released by Securities Commission Malaysia in July 2020 (and updated in April 2021).

The SG Framework defines the reporting structure of all Management Committees i.e. Group Risk Management Committee ("GRMC"), Sustainability Steering Committee ("SSC") and Group Management Committee ("GMC"). SRB adopts a centralised approach in managing its subsidiaries with crystalised shareholder-reserved matters.

#### Limits of Authority ("LOA")

Clearly defined limits of authority, responsibility and accountability have been established to govern the business and standard day-to-day operations, including matters requiring the Board, Board Committees, Managing Director, Chief Financial Officer ("CFO"), Heads of Business Division ("HBDv"), Head of Business Unit ("HBU") and Heads of Department ("HOD") approval. The LOA determines the approving authorities and authority limits for various transactions such as assets, procurement and contract, financial, human resource, legal and other matters. Major capital expenditure, acquisition and disposal of investment interests are approved by the Board before execution. The LOA aims to safeguard the SRB and its shareholders' interests as in line with the Group's internal control practices.

### Annual budgeting

A strategic planning and annual budgeting process covering forecasts for each area of business with detailed reviews at all levels of operations. The Board reviews, pressure-tests and approves the annual budget prepared by Management.

### Management reporting system

A Management reporting system is established and this calls for operations and management accounts to be prepared and reviewed periodically. The system also regulates Management to conduct Business Performance Review meetings so as to monitor the Group’s financial performance and results. In addition, meetings are held at business unit to provide updates on any operational matters.

### Code of Conduct and Ethics for Directors (“the Code”)

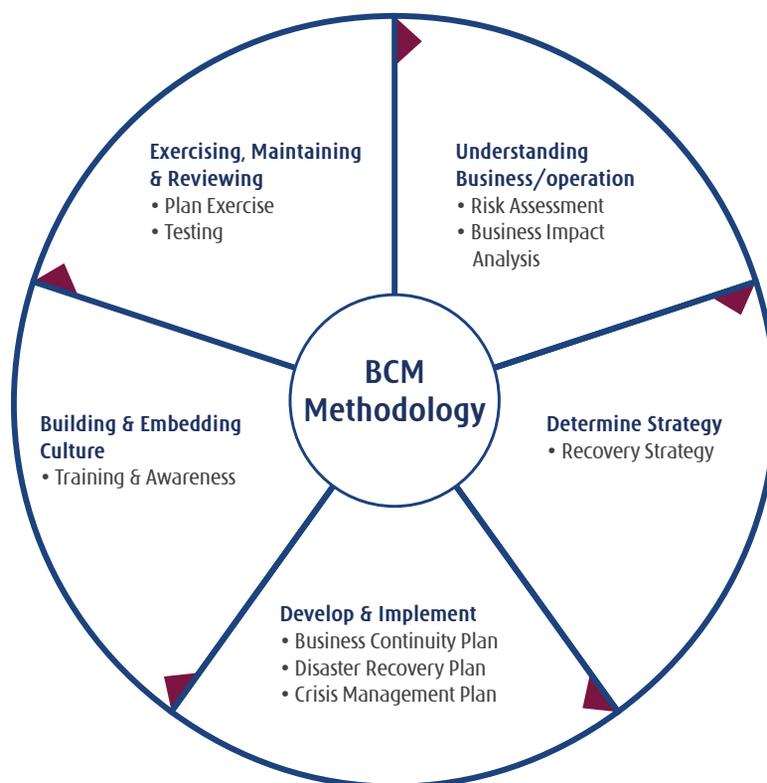
The Code is established to outline fundamental guiding principles that are anchored on professional conduct. The Directors acknowledge that they must exercise judgment in applying the principles embodied in this Code to any particular situation. The Code provides guidance to the Directors to assist them in carrying out their duties and responsibilities in accordance with the standards of professional conduct expected by SRB. The Code incorporates adaptations from the “Code of Ethics for Company Directors” issued by Companies Commission of Malaysia and is available on SRB’s corporate website at [www.sapura-resources.com](http://www.sapura-resources.com)

### Code of Conduct and Ethics for Employees

The Code of Conduct for employees lays out the duties and responsibilities of employees during the continuance of the employment. All employees must support the policies, procedures and practices of the Group; conduct themselves with propriety and decorum at all times to reflect the good standing of the Group; and honour confidentiality of all Group’s information that they have acquired during and after employment. The Code of Conduct for employees forms as a guide which covers a wide range of areas including workforce values, business integrity and data privacy. The Code of Conduct for employees is part of SRB’s Employee Handbook.

### Business Continuity Management Policy (“BCM Policy”)

The BCM Policy seeks to guide the Group on BCM by providing a framework around which the BCM capability is designed and built. The objective of BCM is to ensure that the Group is more resilient to potential threats and allow the operations of the Group to resume or continue under adverse or abnormal conditions within a reasonable and predetermined timeframe upon the occurrence of a disruption. The BCM methodology includes the following:



## Statement on Risk Management and Internal Control

### Anti-Bribery and Corruption Policy (“ABC Policy”)

Cognisant of the change to the regulatory tapestry given the operationalisation of section 17A of the Malaysian Anti-Corruption Commission Act 2009 as effected vide the Malaysian Anti-Corruption Commission (Amendment) Act 2018, the Board undertook to exercise oversight on the establishment of adequate procedures to prevent the commission of corrupt acts by persons associated to the Group through the institution of the ABC Policy. The ABC Policy covers areas pertaining to corruption and bribery; gifts, hospitality and entertainment; facilitation payments, kickbacks, sponsorships and charitable donations; political contributions; etc. The ABC Policy is premised on a supply-chain wide perspective covering dealings with third parties such as agents, suppliers and vendors, contractors, sub-contractors, distributors, etc. Any breaches to the ABC Policy shall be treated as a serious misconduct or offence leading to disciplinary actions taken against the offender.

In order to raise awareness on ethical conduct across the Group, training sessions are carried out on an annual basis. Induction programmes for new joiners will cover the contents on the ABC Policy and the same will be carried out for newly inducted vendors and contractors. Employees and third parties enlisted by the Group are required to sign the Anti-Bribery and Corruption Policy Declaration Form as a means to express conformance to the ABC Policy. The ABC Policy is available on SRB’s corporate website at [www.sapura-resources.com](http://www.sapura-resources.com)

In addition, as required by paragraph 15.29 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, corruption risk factors are also assessed on an annual basis as part of the Group’s management of risks on an enterprise level.

### Whistleblowing Policy

The Board has put in place a Whistleblowing Policy that enables the stakeholders of the Group to escalate bona fide concerns regarding unethical, unlawful or undesirable conduct via a reporting channel within the Group in an objective manner without fear of retaliatory actions. Stakeholders of the Group may report any integrity/ethical misconducts through [SRBethicsline@sapura.com.my](mailto:SRBethicsline@sapura.com.my) which will be directed to the Integrity and Governance Unit (“IGU”). In relation to improper/fraudulent misconducts, it may be reported to any member of the Whistleblowing Committee for subsequent update or escalation to the BARC based on the nature and gravity of the alleged misconduct. If for any reason an individual is reticent to report to the Whistleblowing Committee, the concerns may then be escalated directly to the Senior Independent Director or the Chairman of the BARC. The Whistleblowing Policy is available on SRB’s corporate website at [www.sapura-resources.com](http://www.sapura-resources.com)

### Document Retention Policy

A Document Retention Policy was established to ensure complete and accurate records are maintained to support general operations and to meet contractual, legal or regulatory requirements including the Personal Data Protection Act 2010. The Policy shall be reviewed by the BARC on a periodical basis to ensure it reflects the current objectives of SRB and shall be approved by the Board.

### Employee Grievance Policy

An SOP for Employee Grievance was established to provide a platform in resolving internal disputes or complaints. Based on this policy, detailed procedures are set up to allow employees to discuss their grievances or concerns in confidence with their immediate superior or Head of Department prior to submitting a compliant procedure form for review by the Human Resources Department and third-level Manager. The policy enables the grievances and concerns to be addressed at the “get-go” stage.

### Enterprise Risk Management Policy

The Enterprise Risk Management (“ERM”) Policy was formed to promote creation and value protection within the Group. The policy lays out the Group’s main ERM practices, key elements and key attributes that supports the Group in appropriately identifying and managing risks. The Group’s ERM framework consists of the following seven (7) key elements which mirrors globally accepted risk management standards:



### Insurance and security safeguards

The Group has in place insurance and security safeguards over their employees and major assets whereby it is covered against any untoward events, in which is beyond the Group's control, that could result in material losses. The insurance coverage is reviewed at specific intervals to ensure its adequacy.

### INTERNAL AUDIT FUNCTION

The Board regularly reviews the evaluation on the adequacy and operating effectiveness of the Group's internal control framework. SRB outsourced its internal audit function to KPMG to assess the adequacy and integrity of the Group's internal control systems. The internal audit function reports directly, and provides assurance, to the BARC through the execution of internal audit work based on a risk-based internal audit plan approved by the BARC before commencement of work. In carrying out its activities, the internal audit function has unrestricted access to the relevant records, personnel and physical properties of the Group. The internal audit work is carried out based on KPMG's Internal Audit Methodology ("KIAM"), which is closely aligned with the International Professional Practices Framework ("IPPF") of the Institute of Internal Auditors, of which final communication of internal audit plan, processes and results of the internal audit assessment are supported by sufficient, reliable and relevant information that signifies a satisfactory conclusion of the internal audit work.

For the financial year ended 31 January 2021, the internal audit function assessed the adequacy and operating effectiveness of internal controls deployed by Management for the Group's key operations and processes, and to make appropriate recommendations thereof. The following in-scope companies and key processes were covered by the internal audit function:-

In-scope companies	Key processes
Sapura Technics Sdn Bhd	Strategy management & procurement
AeroHandlers Sdn Bhd	Ground handling services
Sapura Resources Berhad; and Sapura Aero Sdn Bhd	IT Management

Following the completion of its work, the internal audit function reported directly to the BARC on improvement measures pertaining to internal controls, including a follow-up on the status of Management's implementation of recommendations raised in previous reports. The internal audit reports were submitted to the BARC, who reviewed the observations with Management, including Management's action plans to address the concerns raised by the internal audit function.

For more information on the Summary of work of the Internal Audit function, kindly refer to the BARC Report, as set out in this Annual Report.

### Review by the external auditor

In accordance to paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditor, Ernst & Young PLT has reviewed this Statement for inclusion in this Annual Report of the Group for the financial year ended 31 January 2021.

The review of this Statement by the external auditor was performed in accordance with the scope set out in Audit and Assurance Practice Guide 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report ("AAPG 3"), issued by the Malaysian Institute of Accountants in February 2018.

The external auditor reported that nothing has come to their attention that caused them to believe that the Statement intended to be included in the Annual Report of the Group was not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of AAPG 3, nor was it factually inaccurate.

AAPG 3 does not require the external auditor to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The external auditor is also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remediate the problems.

### Commentary on the adequacy and effectiveness of the Group's internal control and risk management system

For the financial year under review and up to the date of this Statement, the Board is of the view that the Group's risk management and internal control system is adequate and effective to safeguard the interests of stakeholders and the Group's assets, despite the impediments brought about by the COVID-19 pandemic. There were no material weaknesses or deficiencies in the system of internal control and risk management that have directly resulted in any material loss to the Group.

The Managing Director and Chief Financial Officer have also provided assurance to the Board that the Group's risk management and internal control system, in all material aspects, are operating adequately and effectively based on the risk management and internal control framework of the Group.

This Statement is made in accordance with the resolution of the Board of Directors dated 28 April 2021.

# Statement of Directors' Responsibility in Respect of the Audited Financial Statements

Pursuant to Paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

The Directors are responsible to ensure that the financial statements of the Group are drawn up in accordance with the applicable approved Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board, International Financial Reporting Standards issued by the International Accounting Standards Board, the provisions of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are also responsible to ensure that the annual audited financial statements of the Group and of the Company are prepared with reasonable accuracy from the accounting records of the Group and of the Company so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 January 2021, and of the results of their operations and cash flows for the financial year then ended.

In preparing the audited financial statements, the Directors have:

- a) Adopted applicable accounting policies and applied them consistently;
- b) Made judgements and estimates that are reasonable and prudent;
- c) Ensured the adoption of applicable approved accounting standards; and
- d) Used the going-concern basis for the preparation of the financial statements.

The Directors are also responsible to ensure that proper accounting records are kept which disclose with reasonable accuracy of the financial position of the Group and Company and are kept in accordance with the Companies Act 2016.

The Directors have general responsibility to take such steps that are reasonably open to them to safeguard the assets of the Group and the Company and to prevent and detect fraud and other irregularities.

# Additional Compliance Information

Pursuant to Paragraph 9.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

## 1. Utilisation of Proceeds

There were no proceeds raised from any corporate proposals for the financial year ended 31 January 2021.

## 2. Audit and Non-Audit Fees

The details of the audit and non-audit fees paid/payable to the external auditors or a firm or corporation affiliated to the external auditors' firm for the financial year ended 31 January 2021 are as follows:-

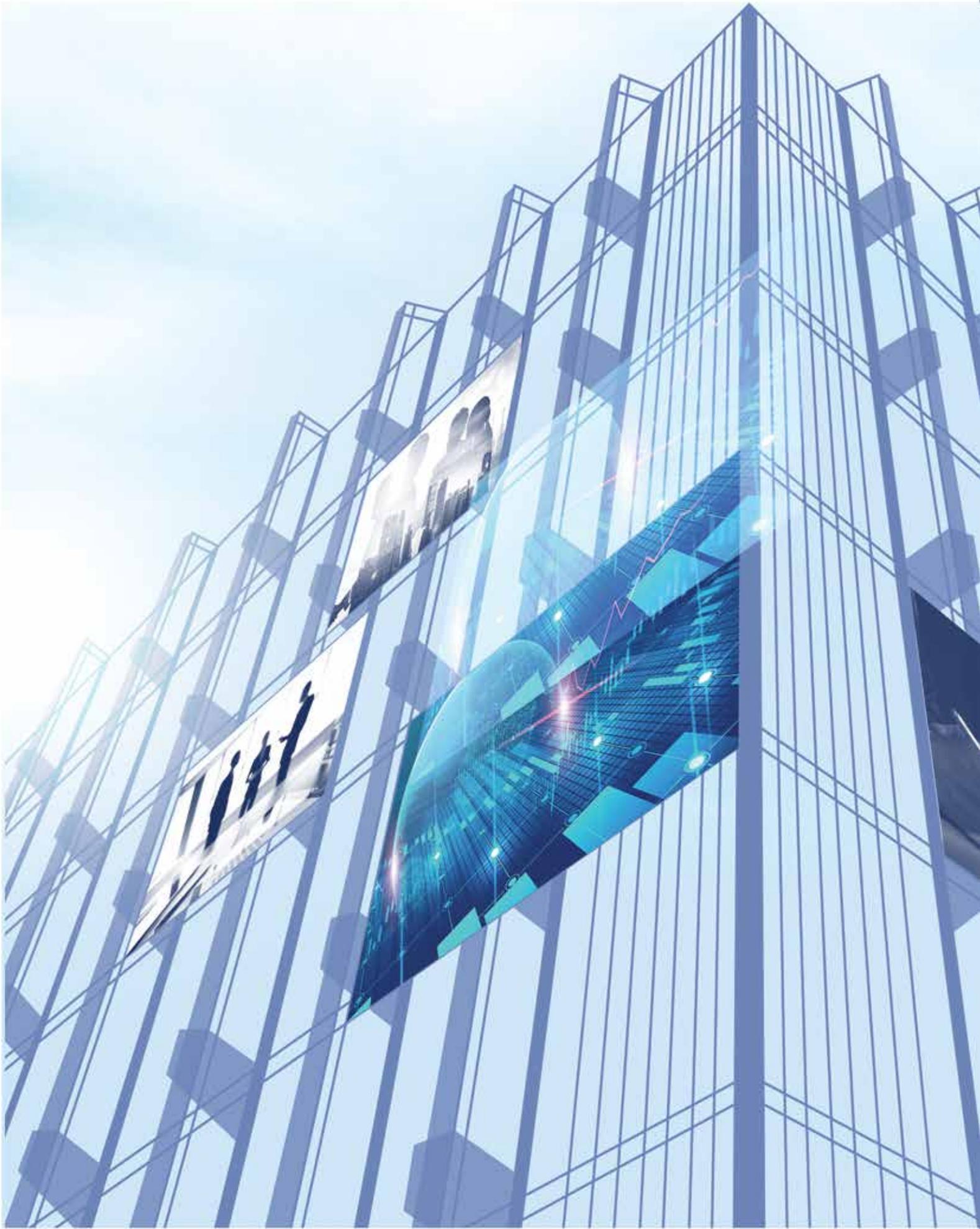
	Company (RM)	Group (RM)
Fees paid/payable to. Ernst & Young PLT		
• Audit	81,500	230,600
• Non-audit		
- Tax fees	28,000	92,900
- Tax advisory services	39,340	96,060
- Assurance related services	53,500	53,500
Fees paid/payable to other auditors		
• Audit	30,000	30,000
• Non-audit	40,500	40,500
Grand Total	272,840	543,560

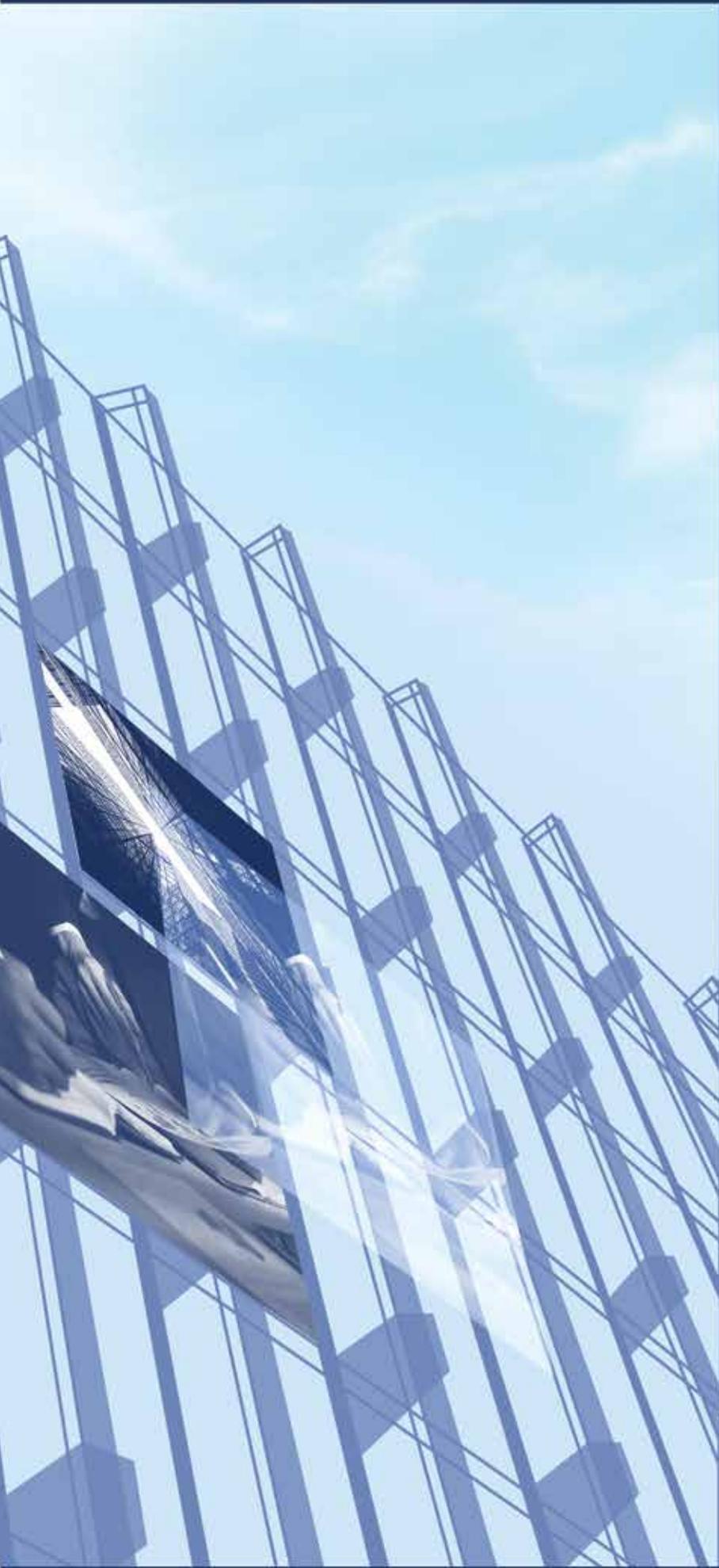
## 3. Material Contracts

There were no material contracts entered into by the Company and its subsidiaries (not being contracts entered into in the ordinary course of business) involving the interests of Directors, chief executive and/or major shareholders, either still subsisting at the end of the financial year ended 31 January 2021 or entered into since the end of the previous financial year.

## 4. Recurrent ("RRPT") Related Party Transactions of a Revenue or Trading Nature

The Company did not enter into nor seek mandate from its shareholder on any RRPT during the financial year ended 31 January 2021.





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**ANNUAL REPORT 2021**

SAPURA RESOURCES BERHAD • 195701000235 (3136-D)

# Directors' Report

The directors present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 January 2021.

## Principal activities

The principal activities of the Company are investment holding and property investment.

The principal activities of the subsidiaries and other information relating to the subsidiaries are described in Note 15 to the financial statements.

## Holding company

The holding company is Sapura Holdings Sdn. Bhd., which is incorporated in Malaysia.

## Results

	Group RM'000	Company RM'000
Loss for the year	(21,314)	(2,123)
Loss attributable to:		
Owners of the parent	(20,525)	(2,123)
Non-controlling interest	(789)	-
	(21,314)	(2,123)

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

## Dividends

The directors do not recommend the payment of any dividend in respect of the current financial year.

## Directors

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

Tan Sri Datuk Amar (Dr.) Hamid bin Bugo  
 Tan Sri Dato' Seri Shahril bin Shamsuddin  
 Dato' Shahrizan bin Shamsuddin \*  
 Dato' Muthanna bin Abdullah  
 Ahmad Jauhari bin Yahya  
 Andrew Heng  
 Dato' Fuziah @ Dato' Fauziah binti Dato' Ismail (Resigned on 27 July 2020)

\* Directors of the Company and subsidiaries

### Directors (cont'd.)

The names of the directors of the subsidiaries of the Company since the beginning of the financial year to the date of this report are disclosed in Note 15 to the financial statements.

### Directors' benefits

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 8 to the financial statements or other than benefits included in remuneration as director and/or employee of related corporations) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 32 to the financial statements.

The Company maintains a liability insurance for the directors and officers of the Group. The total amount of sum insured for the directors and officers of the Group for the financial year amounted to RM10,000,000.

The total amount of insurance premium effected for any director and officer of the Group during the financial year is RM16,758.

### Directors' interests

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

	Number of ordinary shares			At 31.1.2021
	At 1.2.2020	Acquired	Transfer	
<b>Sapura Resources Berhad - the Company</b>				
<u>Direct Interest</u>				
Tan Sri Dato' Seri Shahril bin Shamsuddin	83,250	-	-	83,250
Dato' Shahrman bin Shamsuddin	83,250	-	-	83,250
<u>Indirect Interest</u>				
Tan Sri Dato' Seri Shahril bin Shamsuddin	72,372,772	-	-	72,372,772
Dato' Shahrman bin Shamsuddin	72,372,772	-	-	72,372,772
<b>Sapura Holdings Sdn. Bhd. - holding company</b>				
<b>Ordinary Shares</b>				
<u>Direct Interest</u>				
Tan Sri Dato' Seri Shahril bin Shamsuddin	30,147,187	-	-	30,147,187
Dato' Shahrman bin Shamsuddin	30,147,187	-	-	30,147,187
<u>Indirect Interest</u>				
Tan Sri Dato' Seri Shahril bin Shamsuddin	11,165,626	-	-	11,165,626
Dato' Shahrman bin Shamsuddin	11,165,626	-	-	11,165,626

## DIRECTORS' REPORT (cont'd.)

### Directors' interests (cont'd.)

	Number of ordinary shares			
	At 1.2.2020	Acquired	Transfer	At 31.1.2021
<b>Preference Shares (Class "A")</b>				
<u>Direct Interest</u>				
Tan Sri Dato' Seri Shahril bin Shamsuddin	10,000	-	-	10,000
<b>Preference Shares (Class "B")</b>				
<u>Direct Interest</u>				
Dato' Shahriman bin Shamsuddin	10,000	-	-	10,000

Tan Sri Dato' Seri Shahril bin Shamsuddin and Dato' Shahriman bin Shamsuddin by virtue of their interests in shares in the holding company are also deemed interested in shares of all the holding company's subsidiaries to the extent the holding company has an interest.

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

### Other statutory information

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any material contingent liability of the Group or of the Company which has arisen since the end of the financial year.

### Other statutory information (cont'd.)

- (f) In the opinion of the directors:
- (i) no material contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

### Auditors

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

Auditors' remuneration are disclosed in Note 6 to the financial statements.

### Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young PLT for the financial year ended 31 January 2021.

Signed on behalf of the Board in accordance with a resolution of the directors dated 21 May 2021.

**Dato' Shahrman bin Shamsuddin**

**Dato' Muthanna bin Abdullah**

## Statement by Directors

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

We, Dato' Shahrizan bin Shamsuddin and Dato' Muthanna bin Abdullah, being two of the directors of Sapura Resources Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 88 to 163 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 January 2021 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 21 May 2021.

Dato' Shahrizan bin Shamsuddin

Dato' Muthanna bin Abdullah

## Statutory declaration

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

I, Ivan Oh Boon Wee, being the officer primarily responsible for the financial management of Sapura Resources Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 88 to 163 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed  
Ivan Oh Boon Wee at Kuala Lumpur  
in the Federal Territory on 21 May 2021.

Ivan Oh Boon Wee  
(MIA membership no: 17911)

Before me,

# Independent Auditors'

to the members of Sapura Resources Berhad (Incorporated in Malaysia)

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of Sapura Resources Berhad, which comprise the statements of financial position as at 31 January 2021 of the Group and of the Company, and 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 88 to 163.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 January 2021, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for opinion

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

### Independence and other ethical responsibilities

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

### Key audit matters

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

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

(i) *Investment in a joint venture, Impian Bebas Sdn Bhd ("IBSB")*  
(Refer to Note 17 to the financial statements)

The Group's carrying amount of investment in IBSB as of 31 January 2021 amounted to approximately RM192 million. As disclosed in Note 17 to the financial statements, in order to address the negative consequential effect of the unprecedented COVID-19 pandemic, the Group has initiated a negotiation together with its joint venture partner, KLCC (Holdings) Sdn Bhd, through IBSB, with all the financial institutions for a more favourable Master Lease Agreement ("MLA") arrangement and improved terms for its loan.

The success of the negotiations of the terms of the MLA and the terms of the borrowings with the financial institutions would affect the recoverability of the Group's investment in IBSB. Hence, due to the significance of this investment to the Group, we identified this matter as an area of focus.

In addressing the area of focus, we performed amongst others, the following procedures:

- We reviewed the Group's correspondences and minutes of meetings with IBSB and the financial institutions;
- We discussed the status of the negotiations with the management and with those charged with governance;

## INDEPENDENT AUDITORS' (cont'd.)

TO THE MEMBERS OF SAPURA RESOURCES BERHAD (INCORPORATED IN MALAYSIA)

### Key audit matters (cont'd.)

(i) *Investment in a joint venture, Impian Bebas Sdn Bhd ("IBSB") (cont'd.)*  
(Refer to Note 17 to the financial statements)

In addressing the area of focus, we performed amongst others, the following procedures (cont'd.):

- We assessed the basis adopted by the management in their evaluations of the possible outcome of the negotiations; and
- We reviewed the disclosures made in the financial statements to determine whether the disclosures on commitments toward the joint venture are in accordance with the requirements of MFRS 12 Disclosure of Interests in Other Entities.

(ii) *Impairment of non-current assets for aviation and maintenance, repair and overhaul ("Aviation and MRO") segments*  
(Refer to Note 11 to the financial statements)

The Group is required to perform impairment test of cash generating units ("CGU") whenever there is an indication that the CGU may be impaired by comparing the carrying amount with its recoverable amount.

For the financial year ended 31 January 2021, approximately 17% of non-current assets of the Group were from the Aviation and MRO segments. Due to the COVID-19 pandemic, the Aviation and MRO segments of the Group continued to report losses for the current financial year, indicating that the carrying amounts of the related non-current assets of the segments may be impaired.

Accordingly, the Group estimated the recoverable amounts of the non-current assets of the segments using value-in-use ("VIU"). Estimating the VIU involves estimating the future cash inflows and outflows that will be derived from the CGU and discounting them at an appropriate rate.

This impairment review was significant to our audit because the assessment process is complex and is based on assumptions that are highly judgmental. In determining the recoverable amount based on VIU, our procedures included amongst others, the following:

- We obtained an understanding of the relevant processes and internal controls over the estimation of recoverable amounts of the CGU;
- We assessed the robustness of management's budgeting process by comparing the actual results achieved against previously forecasted budgets;
- We evaluated the key assumptions used in determination of the VIU (such as growth rate, inflation rate, occupancy rates, rental rates, number of service hours, ground handling rates, transient and ancillary rates as well as the related expenses) by making comparisons to historical trends, contracts and available market information;
- We performed sensitivity analysis on the key assumptions to understand the impact that alternative assumptions would have had on the overall carrying amount;
- We assessed whether the discount rates used to determine the present value of the cash flows reflect the current market assessments of the time value of money and the risks specific to the asset is the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive from the asset; and
- We also evaluated the adequacy of the disclosures of each key assumption on which the Group has based its cash flow projections. Key assumptions are those to which the recoverable amount is most sensitive, as disclosed in Note 11 to the financial statements.

**Key audit matters (cont'd.)**

**(iii) Impairment review of investment in subsidiary and amounts due from subsidiaries**  
*(Refer to Note 15 and Note 18 to the financial statements)*

As at 31 January 2021, the Company's investment in DNest Aviation Sdn. Bhd. amounted to approximately RM8.4 million. The continued losses and the depleting shareholders' funds reported by this subsidiary is viewed as indicators that the investment may be impaired.

In addition, the Company also recorded net amounts due from subsidiaries of approximately RM58.1 million, as at 31 January 2021. MFRS 9 Financial Instruments requires an entity to recognise a loss allowance for expected credit losses on financial assets that are measured at amortised cost, including amounts due from subsidiaries.

Accordingly, the Company performed impairment reviews in respect of the investment in this subsidiary and the amounts due from subsidiaries by comparing the carrying amounts of the assets to their recoverable amounts.

We focused on these two areas as these impairment assessments involved significant level of judgement and assumptions applied by management.

**(a) Impairment of investment in subsidiary**

In addressing the area of focus on impairment of investment in the subsidiary, we performed amongst others, the following procedures:

- We obtained impairment assessment from the management where the recoverable amount was determined using fair value of the net assets;
- As part of our evaluation of the fair value of the net assets, we discussed the valuation with the management and independent valuer to obtain an understanding of the assets and related data used as input to the valuation model;
- We considered the independence, competence, capabilities and objectivity of the independent valuer; and
- We obtained an understanding of the methodology adopted by the independent valuer in estimating the fair value of the assets and assessed whether such methodology is consistent with those used in the industry.

**(b) Impairment of amounts due from subsidiaries**

In addressing the area of focus on impairment of amount due from subsidiaries, we performed amongst others, the following procedures:

- We obtained an understanding of the relevant processes and internal controls over the estimation of estimated future cash flows; and
- We evaluated the key assumptions used in determination of the estimated future cash flows (such as growth rate, inflation rate, occupancy rates, rental rates, number of service hours, ground handling rates, transient and ancillary rates as well as the related expenses) by making comparisons to historical trends, contracts and available market information.

## INDEPENDENT AUDITORS' (cont'd.)

TO THE MEMBERS OF SAPURA RESOURCES BERHAD (INCORPORATED IN MALAYSIA)

### *Information other than the financial statements and auditors' report thereon*

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

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

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

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

### *Responsibilities of the directors for the financial statements*

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

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

### *Auditors' responsibilities for the audit of the financial statements*

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

***Auditors' responsibilities for the audit of the financial statements (cont'd.)***

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

**Other matters**

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

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

Kuala Lumpur, Malaysia  
21 May 2021

**Ismed Darwis Bin Bahatiar**  
No. 02921/04/2022 J  
Chartered Accountant

# Statements of Comprehensive Income

For the year ended 31 January 2021

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	4	46,001	50,172	28,946	30,512
Operating expenses		(63,259)	(79,590)	(31,854)	(42,392)
Other income		4,074	7,141	1,905	7,148
Loss from operations		(13,184)	(22,277)	(1,003)	(4,732)
Finance costs	5	(1,817)	(1,691)	(82)	(214)
Share of result of an associate		1,003	736	-	-
Share of result of joint ventures		(6,136)	(1,797)	-	-
Loss before tax	6	(20,134)	(25,029)	(1,085)	(4,946)
Taxation	9	(1,180)	(691)	(1,038)	(1,038)
Loss after tax, representing total comprehensive loss for the year		(21,314)	(25,720)	(2,123)	(5,984)
Loss, representing total comprehensive loss attributable to:					
Owners of the parent		(20,525)	(25,120)	(2,123)	(5,984)
Non-controlling interest		(789)	(600)	-	-
		(21,314)	(25,720)	(2,123)	(5,984)
Loss per share attributable to the owners of the parent (sen):					
Basic/diluted	10	(14.70)	(17.99)		

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

# Statements of Financial Position

As at 31 January 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	11	48,697	45,990	7,496	10,014
Investment properties	12	120,891	125,523	120,891	125,523
Right-of-use assets	13	29,178	26,854	-	611
Intangible assets	14	-	-	-	-
Investment in subsidiaries	15	-	-	8,411	8,888
Investment in an associate	16	17,734	16,731	12,000	12,000
Investment in joint ventures	17	195,830	172,366	180,011	150,411
Trade and other receivables	18	-	-	55,009	30,147
		412,330	387,464	383,818	337,594
<b>Current assets</b>					
Trade and other receivables	18	6,853	12,447	6,811	22,147
Prepayments		738	431	100	111
Tax recoverable		1,108	1,433	252	-
Other current financial assets	19	50	106	50	106
Short term investment	20	67,522	51,396	67,522	51,396
Cash and cash equivalents	21	16,431	41,119	10,214	30,746
		92,702	106,932	84,949	104,506
<b>Total assets</b>		<b>505,032</b>	<b>494,396</b>	<b>468,767</b>	<b>442,100</b>
<b>Equity and liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	22	48,456	16,549	40,470	10,495
Provisions	23	11,972	12,047	3,000	3,000
Loans and borrowings	24	2,523	2,762	2,432	2,700
Lease liabilities	26	5,392	5,946	-	470
Tax payable		-	122	-	122
		68,343	37,426	45,902	16,787
<b>Net current assets</b>		<b>24,359</b>	<b>69,506</b>	<b>39,047</b>	<b>87,719</b>

**STATEMENTS OF FINANCIAL POSITION (cont'd.)**

AS AT 31 JANUARY 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Non-current liabilities</b>					
Deferred tax liabilities	27	3,764	3,879	1,953	2,118
Loans and borrowings	24	175	127	-	-
Lease liabilities	26	29,675	28,575	-	160
		33,614	32,581	1,953	2,278
<b>Total liabilities</b>		101,957	70,007	47,855	19,065
<b>Net assets</b>		403,075	424,389	420,912	423,035
<b>Equity</b>					
Share capital	28	139,600	139,600	139,600	139,600
Other reserves	29	2,581	2,581	1,100	1,100
Retained profits	30	261,783	282,308	280,212	282,335
<b>Equity attributable to owners of the parent</b>		403,964	424,489	420,912	423,035
Non-controlling interest		(889)	(100)	-	-
<b>Total Equity</b>		403,075	424,389	420,912	423,035
<b>Total equity and liabilities</b>		505,032	494,396	468,767	442,100

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

# Statements of changes in equity

For the year ended 31 January 2021

	Attributable to owners of the parent					Total equity RM'000
	Share capital (Note 28) RM'000	Non-Distributable Capital reserve (Note 29) RM'000	General reserve (Note 29) RM'000	Retained profits (Note 30) RM'000	Total RM'000	
<b>Group</b>						
<b>At 1 February 2020</b>	139,600	1,481	1,100	282,308	424,489	424,389
Total comprehensive loss for the year	-	-	-	(20,525)	(20,525)	(21,314)
<b>At 31 January 2021</b>	139,600	1,481	1,100	261,783	403,964	403,075
<b>At 1 February 2019</b>	139,600	1,481	1,100	307,428	449,609	449,609
Subscription of shares by non-controlling interest	-	-	-	-	-	500
Total comprehensive loss for the year	-	-	-	(25,120)	(25,120)	(25,720)
<b>At 31 January 2020</b>	139,600	1,481	1,100	282,308	424,489	424,389

## STATEMENTS OF CHANGES IN EQUITY (cont'd.)

FOR THE YEAR ENDED 31 JANUARY 2021

	<-----Attributable to owners of the parent----->			Total RM'000
	<-----Distributable----->			
	Share capital (Note 28) RM'000	General reserve (Note 29) RM'000	Retained profit (Note 30) RM'000	
<b>Company</b>				
<b>At 1 February 2020</b>	139,600	1,100	282,335	423,035
Total comprehensive loss for the year	-	-	(2,123)	(2,123)
<b>At 31 January 2021</b>	139,600	1,100	280,212	420,912
<b>At 1 February 2019</b>	139,600	1,100	288,319	429,019
Total comprehensive loss for the year	-	-	(5,984)	(5,984)
<b>At 31 January 2020</b>	139,600	1,100	282,335	423,035

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

# Statements of Cash Flows

For the year ended 31 January 2021

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Operating activities</b>				
Loss before tax	(20,134)	(25,029)	(1,085)	(4,946)
Adjustments for:				
Interest income from subsidiary	-	-	(86)	(98)
Profits distribution from short term investment	(1,406)	(6,632)	(1,406)	(6,632)
Interest income from short term deposits	(296)	(257)	(296)	(257)
Profits distribution from money market instrument	(2)	(33)	(2)	(33)
Dividend income	-	(2)	-	(2)
Interest income from redeemable cumulative preference shares ("RCPS")	-	-	(2,015)	(666)
Finance costs	86	187	77	182
Finance cost on lease liabilities	1,731	1,504	5	32
Unrealised foreign exchange gain	(33)	(4)	-	-
Unrealised fair value loss on held for trading investment securities	56	9	56	9
Gain on disposal of property, plant and equipment	(4)	(69)	-	(36)
Gain on lease modification	(2,048)	-	-	-
Gain on termination of lease	(10)	-	(10)	-
Depreciation of investment properties	5,784	3,142	5,784	3,142
Depreciation of property, plant and equipment	8,397	8,694	3,077	5,532
Depreciation of right-of-use assets	5,441	5,542	305	306
Provision for claim	-	8,217	-	-
Reversal for impairment of:				
- trade receivables	(508)	(272)	-	(26)
- amount due from subsidiaries	-	-	-	(3,933)
- other receivables	-	(34)	-	-
Impairment loss on:				
- trade receivables	1,037	773	2	7
- investment in subsidiaries	-	-	477	11,811
- amount due from subsidiaries	-	-	1,025	1,991
- amount due from a joint venture company	345	1,363	345	255
- property, plant and equipment	-	2,270	-	-
Share of result of an associate	(1,003)	(736)	-	-
Share of result of joint ventures	6,136	1,797	-	-
Operating profit before working capital changes	3,569	430	6,253	6,638
Inventories	-	13	-	-
Trade and other receivables	4,371	436	(8,786)	(22,846)
Trade and other payables	2,159	(5,356)	375	(3,032)
Cash generated from/(used in) operations	10,099	(4,477)	(2,158)	(19,240)
Taxes paid	(1,092)	(253)	(1,577)	(966)
Net cash generated from/(used in) operating activities	9,007	(4,730)	(3,735)	(20,206)

## STATEMENTS OF CASH FLOWS (cont'd.)

FOR THE YEAR ENDED 31 JANUARY 2021

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Investing activities</b>				
Purchase of property, plant and equipment and investment properties	(12,124)	(15,867)	(1,711)	(5,016)
Additional investment in a joint venture	-	(32,711)	-	(22,503)
Net (investment to)/withdrawal from short term investment	(16,126)	91,544	(16,126)	91,544
Proceeds from disposal of property, plant and equipment	20	82	-	36
Profits distribution received from short term investment	1,406	6,632	1,406	6,632
Interest income received from short term deposits	296	257	296	257
Profits distribution from money market instrument	2	33	2	33
Dividend received	-	2	-	2
Net cash (used in)/generated from investing activities	(26,526)	49,972	(16,133)	70,985
<b>Financing activities</b>				
Subscription of RCPS	-	-	-	(21,300)
Interest received from RCPS	-	-	-	666
Net withdrawal of hire-purchase	77	12	-	-
Net repayments of other short term borrowings	(2,700)	(3,000)	(2,700)	(3,000)
Repayment of lease liabilities	(6,892)	(6,744)	(319)	(319)
Interest paid	(86)	(187)	(77)	(182)
Proceeds from subscription of shares by non-controlling interest	-	500	-	-
Net cash used in financing activities equivalents	(9,601)	(9,419)	(3,096)	(24,135)
Net (decrease)/increase in cash and cash equivalents	(27,120)	35,823	(22,964)	26,644
Cash and cash equivalents at the beginning of year	41,119	5,296	30,746	4,102
Cash and cash equivalents at end of year	13,999	41,119	7,782	30,746
Cash and cash equivalents				
Cash in hand and banks (Note 21)	16,431	11,119	10,214	746
Short-term deposits (Note 21)	-	30,000	-	30,000
Bank overdrafts (Note 24)	(2,432)	-	(2,432)	-
	13,999	41,119	7,782	30,746

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

# Notes to the Financial Statements

31 January 2021

## 1. Corporate information

Sapura Resources Berhad (“the Company”) is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Bursa Malaysia Securities Berhad (“Bursa Malaysia”). The registered office of the Company is located at Sapura @ Mines, No. 7, Jalan Tasik, The Mines Resort City, 43300, Seri Kembangan, Selangor Darul Ehsan.

The holding company is Sapura Holdings Sdn. Bhd., a company incorporated in Malaysia.

The principal activities of the Company are investment holding and property investment. The principal activities of the subsidiaries are disclosed in Note 15.

## 2. Summary of significant accounting policies

### 2.1 Basis of preparation of the financial statements

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

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

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

As of 1 February 2020, the Group and the Company had adopted new, amendments and revised MFRS (collectively referred to as “pronouncements”) that have been issued by the Malaysian Accounting Standards Board (“MASB”) as described fully in Note 2.2.

### 2.2 Changes in accounting policies and effects arising from adoption of new and revised MFRSs

On 1 February 2020, the Group and the Company adopted the following new and amended MFRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2020.

Description	Effective for annual period beginning on or after
Amendments to MFRS 3 Business Combinations (Definition of Business)	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7 Financial Instruments (Interest Rate Benchmark Reform)	1 January 2020
Amendments to MFRS 101 Presentation of Financial Statements (Definition of Material)	1 January 2020
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material)	1 January 2020
Amendments to MFRS 16 Leases (COVID -19 Related Rent Concessions)	1 June 2020

The adoption of the above Amendments to MFRS and IC Interpretation did not have any significant financial impact to the Group and the Company.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 JANUARY 2021

### 2. Summary of significant accounting policies (cont'd.)

#### 2.3 New and revised pronouncements yet in effect

The following pronouncements that have been issued by the Malaysian Accounting Standards Board will become effective in future financial reporting periods and have not been adopted by the the Group and the Company in these financial statements:

Effective for annual periods beginning on or after 1 January 2021

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform
Amendments to MFRS 16 Leases	COVID -19 Related Rent Concessions beyond 30 June 2021

Effective for annual periods beginning on or after 1 January 2022

Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018 - 2020)
Amendments to MFRS 9	Financial Instruments (Annual Improvements to MFRS Standards 2018 - 2020)
Amendments to MFRS 3	Business Combinations (Reference to the Conceptual Framework)
Amendments to MFRS 116	Property, Plant and Equipment (Property, Plant and Equipment - Proceed before Intended Use)
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts - Cost of Fulfilling a Contract)
Amendments to MFRS 141	Agriculture (Annual Improvements to MFRS Standards 2018 - 2020)

Effective for annual periods beginning on or after 1 January 2023

Amendments to MFRS 17	Insurance Contracts
Amendments of MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)
Amendments to MFRS 101	Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)
Amendments to MFRS 101	Presentation of Financial Statements (Disclosure of Accounting Policies)

Deferred yet to be effective

Amendments to MFRS 10	Consolidated Financial Statements (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)
Amendments to MFRS 128	Investments in Associates and Joint Ventures (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)

The Group and the Company are expected to apply the abovementioned pronouncements beginning from the respective dates the pronouncements become effective. The initial application of the abovementioned pronouncements are not expected to have any material impacts to the financial statements of the Group and the Company.

## 2. Summary of significant accounting policies (cont'd.)

### 2.4 Subsidiary and Basis of Consolidation

#### (i) Subsidiary

Subsidiaries are entities controlled by the Company.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control when such rights are substantive. The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

#### (ii) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at and for the year ended 31 January of each year.

The financial statements of the subsidiary is prepared for the same reporting period as the Company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full. Subsidiary is the entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls an entity.

Subsidiary is consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Acquisitions of subsidiaries are accounted for using the acquisition method of accounting. The identifiable assets acquired and the liabilities assumed are measured at their fair values at the acquisition date. Acquisition costs incurred are expensed and included in administrative expenses. The difference between these fair values and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

### 2.5 Transactions with non-controlling interests

Non-controlling interest at the reporting period, being the portion of the net assets of the subsidiaries attributable to equity interest that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated statements of financial position and statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company. Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

### 2.6 Foreign currency

#### (a) Functional and presentation currency

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

## NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 JANUARY 2021

### 2. Summary of significant accounting policies (cont'd.)

#### 2.6 Foreign currency (cont'd.)

##### (b) Foreign currency transactions

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

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

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 the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

##### (c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

#### 2.7 Property, plant and equipment

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

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

## 2. Summary of significant accounting policies (cont'd.)

### 2.7 Property, plant and equipment (cont'd.)

Depreciation of other property, plant and equipment is computed on a straight-line basis over the estimated useful lives of the assets, at the following annual rates:

Buildings	1.4% - 4.0%
Hangars	3% - 20%
Office equipment, furniture and fittings	12% - 33%
Motor vehicles	20%
Renovation	10% - 20%
Work-in-progress	Not depreciated until available for use

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

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

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

### 2.8 Investment properties

Investment properties are properties that are held either to earn rental income or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Investment properties are initially measured at cost, including transaction costs.

Depreciation of leasehold land classified as investment properties is provided for on a straight-line basis to write off the cost of the asset to its residual value over the respective remaining lease periods of the leasehold land.

Depreciation of leasehold building classified as investment properties is provided for on a straight-line basis to write off the cost of the asset to its residual value over the shorter of its lease term period or 50 years.

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.7 up to the date of change in use.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 JANUARY 2021

### 2. Summary of significant accounting policies (cont'd.)

#### 2.9 Intangible assets

##### (a) Goodwill

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

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

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

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

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.6.

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1 January 2006 are deemed to be assets and liabilities of the Company and are recorded in RM at the rates prevailing at the date of acquisition.

##### (b) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

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

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

## 2. Summary of significant accounting policies (cont'd.)

### 2.10 Impairment of non-financial assets

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

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

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis. Impairment losses are recognised in profit or loss.

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

### 2.11 Investments in associates and joint ventures

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

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 the unanimous consent of the parties sharing control.

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

An associate or a joint venture is equity accounted for from the date on which the investee becomes an associate or a joint venture.

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

## NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 JANUARY 2021

### 2. Summary of significant accounting policies (cont'd.)

#### 2.11 Investments in associates and joint ventures (cont'd.)

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

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

After application of the equity method, the Group applies MFRS 9 *Financial Instruments* ("MFRS 9") to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate or joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 *Impairment of Assets* as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

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

#### 2.12 Financial assets

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

##### (a) Recognition and initial measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through OCI, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them.

With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables that do not contain a significant financing component or if the period between performance and payment is 1 year or less under practical expedient of MFRS 15 *Revenue from Contract with Customers* ("MFRS 15"), are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place ("regular way trades") are recognised on the trade date, that is the date that the Group or the Company commit to purchase or sell the asset.

## 2. Summary of significant accounting policies (cont'd.)

### 2.12 Financial assets (cont'd.)

#### (b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- (i) Financial assets at amortised cost (debt instruments)
- (ii) Financial assets at fair value through OCI (debt instruments)
- (iii) Financial assets at fair value through profit or loss

#### Financial assets at amortised cost

This category is the most relevant to the Group and the Company. The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- (i) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

#### Financial assets at fair value through profit or loss

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

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

This category includes listed equity investments and short term 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 statement of profit or loss when the right of payment has been established.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 JANUARY 2021

### 2. Summary of significant accounting policies (cont'd.)

#### 2.12 Financial assets (cont'd.)

##### (c) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- (i) The rights to receive cash flows from the asset have expired; or
- (ii) The Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - The Group and the Company have transferred substantially all the risks and rewards of the asset, or
  - The Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, they evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company would required to repay.

#### 2.13 Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-month (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).

For trade receivables and contract assets, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group and the Company consider a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

## 2. Summary of significant accounting policies (cont'd.)

### 2.14 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, and balances and deposits with banks. For the purpose of cash flow statements, cash and cash equivalents include cash on hand and short term deposits with banks with an original maturity of 3 months or less, less restricted cash held in designated accounts on behalf of clients.

### 2.15 Provisions

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

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### 2.16 Financial liabilities

#### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

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

#### Subsequent measurement

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

#### (a) Financial liabilities at fair value through profit or loss

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

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group and the Company that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

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

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 JANUARY 2021

### 2. Summary of significant accounting policies (cont'd.)

#### 2.16 Financial liabilities (cont'd.)

##### Subsequent measurement (cont'd.)

##### (b) Loans and borrowings

This is the category most relevant to the Group and the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

##### Derecognition

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

##### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### 2.17 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 are 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 Group, 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.

#### 2.18 Borrowing costs

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

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

## 2. Summary of significant accounting policies (cont'd.)

### 2.19 Employee benefits

#### (i) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Company.

#### (ii) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

### 2.20 Leases

#### (a) Definition of a lease

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

For a contract that contains a lease component and non-lease components, the Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand alone prices.

#### (b) Recognition and initial measurement

##### As lessee

The Group and the Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective entities' incremental borrowing rate is used. Generally, the Group entities use their incremental borrowing rate as the discount rate.

The Group and the Company exclude variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group and the Company assess at lease commencement whether it is reasonably certain to exercise the extension options in determining the lease term.

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Right-of-use assets and lease liabilities are presented separately in the statement of financial position.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

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### 2. Summary of significant accounting policies (cont'd.)

#### 2.20 Leases (cont'd.)

##### (b) Recognition and initial measurement (cont'd.)

###### As a lessor

When the Group and the Company act as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group and the Company make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

When the Group and the Company are an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group and the Company apply the exemption described above, then it classifies the sub-lease as an operating lease.

##### (c) Subsequent measurement

###### As lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date 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 right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The useful lives of right-of-use assets are as follows:

Hangar spaces	1 - 20 years
Office and warehouse spaces	2 - 3 years
Equipment	2 years

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's and the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Group and the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

The Group and the Company will reassess whether it is reasonably certain to exercise the extension option if there is a significant change in circumstances within its control.

When the lease liability is remeasured as described in the above paragraph, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

When there is lease modification due to increase in the scope of lease by adding the right-to-use one or more underlying assets, the Group and the Company assess whether the lease modification shall be accounted for as a separate lease or similar to reassessment of lease liability. The Group and the Company account for lease modification as a separate lease when the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments.

## 2. Summary of significant accounting policies (cont'd.)

### 2.20 Leases (cont'd.)

#### (c) Subsequent measurement (cont'd.)

##### As lessee (cont'd.)

When there is lease modification due to decrease in scope, the Group and the Company decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease. The corresponding gain or loss shall be recognised in profit or loss. Lease liabilities are remeasured for all other lease modifications with corresponding adjustments to the right-of-use asset.

##### As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the lease. The Group aims to allocate finance income over the lease term on a systematic and rational basis. The Group applies the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income. The net investment in the lease is subject to impairment requirements in MFRS 9 (Note 2.13).

### 2.21 Revenue from contracts with customers

MFRS 15 establishes a five-step model that will apply to revenue arising from contracts with customers.

The core principle of MFRS 15 is that an entity should recognise revenue which depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group and the Company recognise revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

#### (a) Revenue from investment properties, other than rental income

Revenue from investment properties, other than rental income includes parking, utilities and maintenance services. The performance obligation is satisfied upon services being rendered to the customers.

#### (b) Grounds operations

The performance obligation is satisfied at a point of time when the services are rendered.

#### (c) Aircraft management

The performance obligation is satisfied at a point of time when the services are rendered.

#### (d) Management fees

The performance obligation is satisfied over time upon services being rendered to the customers.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 JANUARY 2021

### 2. Summary of significant accounting policies (cont'd.)

#### 2.22 Income taxes

##### (a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

##### (b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

## 2. Summary of significant accounting policies (cont'd.)

### 2.23 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 39, including the factors used to identify the reportable segments and the measurement basis of segment information.

### 2.24 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

### 2.25 Fair value measurements

The Group and the Company measure non-financial assets such as investment properties, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (a) In the principal market for the asset or liability, or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- (a) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- (b) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- (c) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

## NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 JANUARY 2021

### 2. Summary of significant accounting policies (cont'd.)

#### 2.25 Fair value measurements (cont'd.)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group and the Company determine the policies and procedures for investment properties.

External valuers are involved for valuation of significant assets, such as properties and available-for-sale financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

#### 2.26 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit and loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit and loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilute potential ordinary shares, which comprise convertible notes and share options granted to employees.

### 3. Significant accounting judgements and estimates

The preparation of the Group'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.

#### 3.1 Judgements made in applying accounting policies

In the process of applying the Group and the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

##### (a) Significant judgements and assumptions in relation to leases

The Group and the Company assess at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. Management consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group and the Company also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Management first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

### 3. Significant accounting judgements and estimates (cont'd.)

#### 3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### (a) Impairment of property, plant and equipment

The Group review the carrying amounts of the property, plant and equipment together with right-of-use assets ("said properties") at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the Group shall estimate the recoverable amount of CGU or groups of CGU.

Determining the recoverable amount of CGU or groups of CGU require the estimation of future cash flows expected to be derived from continuing use of the said properties and from the ultimate disposal of such said properties. In estimating the recoverable amount using value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the said properties.

The estimation of the recoverable amounts involves significant judgement and estimations. While the Group believe that the assumptions are appropriate and reasonable, changes in the assumptions may materially affect the assessment of recoverable amounts.

The impairment of property, plant and equipment as at the reporting date is disclosed in Note 11.

##### (b) Impairment of investment in subsidiaries

The management determines whether the carrying amount of its investments are impaired at reporting date. This involves measuring the recoverable amounts which includes fair value less costs to sell and valuation techniques. Valuation techniques include amongst others, discounted cash flows analysis and in some cases, based on current market indicators and estimates that provide reasonable approximations to the detailed computation.

The carrying amounts of investment in subsidiaries as at the reporting date are disclosed in Note 15.

##### (c) Impairment of amount due from subsidiaries

The Company uses simplified approach to calculate expected credit losses ("ECL") for amount due from subsidiaries. The provision rates are based on various subsidiaries' historical observed default rates.

The Company will consider and assess the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of subsidiaries' actual default in the future. The information about the ECLs on the Company's amount due from subsidiaries is disclosed in Note 18.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 JANUARY 2021

### 4 Revenue

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Type of goods or services</b>				
Revenue from investment properties, other than rental income	2,411	2,943	2,411	2,954
Grounds operations	4,064	9,378	-	-
Aircraft management	6,041	3,727	-	-
Management fees	-	-	1,067	3,208
Sale of goods	-	260	-	-
<b>Total revenue from contracts with customers</b>	<b>12,516</b>	<b>16,308</b>	<b>3,478</b>	<b>6,162</b>
Rental income from investment properties	23,453	23,682	23,453	23,682
Rental of hangar and offices	10,032	10,180	-	-
Dividend income	-	2	-	2
Interest income from redeemable cumulative preference shares	-	-	2,015	666
<b>Total revenue from other sources</b>	<b>33,485</b>	<b>33,864</b>	<b>25,468</b>	<b>24,350</b>
	<b>46,001</b>	<b>50,172</b>	<b>28,946</b>	<b>30,512</b>
<b>Geographical markets</b>				
Malaysia	12,052	13,370	3,478	6,162
Outside Malaysia	464	2,938	-	-
<b>Total revenue from contracts with customers</b>	<b>12,516</b>	<b>16,308</b>	<b>3,478</b>	<b>6,162</b>
<b>Total revenue from other sources</b>	<b>33,485</b>	<b>33,864</b>	<b>25,468</b>	<b>24,350</b>
	<b>46,001</b>	<b>50,172</b>	<b>28,946</b>	<b>30,512</b>
<b>Timing of revenue recognition</b>				
At a point of time	12,516	16,308	2,411	2,954
Over time	-	-	1,067	3,208
<b>Total revenue from contracts with customers</b>	<b>12,516</b>	<b>16,308</b>	<b>3,478</b>	<b>6,162</b>
<b>Total revenue from other sources</b>	<b>33,485</b>	<b>33,864</b>	<b>25,468</b>	<b>24,350</b>
	<b>46,001</b>	<b>50,172</b>	<b>28,946</b>	<b>30,512</b>

Information on the performance obligations are disclosed in Note 2.21.

There are no unfulfilled performance obligations as at year end.

## 5. Finance costs

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest expense on:				
Overdrafts	46	18	46	18
Revolving credits	31	164	31	164
Hire-purchase	9	5	-	-
Lease liabilities (Note 26)	1,731	1,504	5	32
	1,817	1,691	82	214

## 6. Loss before tax

The following items have been included in arriving at loss before tax:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Employee benefits expense (Note 7)	23,886	26,147	13,363	12,733
Non-executive directors' remuneration - excluding benefits-in-kind (Note 8)	536	575	536	575
Direct operating expense arising from investment properties	3,766	5,024	3,766	5,024
Auditors' remuneration:				
- Statutory audit				
Auditor of the Group and the Company	231	222	82	82
Other auditors	30	30	30	30
- Other services				
Tax fees	93	96	28	27
Tax advisory services	136	141	79	125
Assurance related services	54	9	54	9
Depreciation of:				
- property, plant and equipment (Note 11)	8,397	8,694	3,077	5,532
- investment properties (Note 12)	5,784	3,142	5,784	3,142
- right-of-use assets (Note 13)	5,441	5,542	305	306
Impairment loss on:				
- property, plant and equipment (Note 11)	-	2,270	-	-
- trade receivables (Note 18(a))	1,037	773	2	7
- investment in subsidiaries (Note 15)	-	-	477	11,811
- amount due from subsidiaries (Note 18(b))	-	-	1,025	1,991
- amount due from a joint venture (Note 18(b))	345	1,363	345	255
Net unrealised foreign exchange gain	(33)	(4)	-	-
Net realised foreign exchange loss	53	22	-	-

**NOTES TO THE FINANCIAL STATEMENTS (cont'd.)**

31 JANUARY 2021

**6. Loss before tax (cont'd.)**

The following items have been included in arriving at loss before tax (cont'd.):

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Rental expenses of low value and short term leases				
- Premises and hangar	561	736	281	267
- Equipment	52	76	5	25
Corporate service fee payable to holding company	259	237	259	237
Unrealised fair value loss on held for trading investment securities	56	9	56	9
Provision for claim (Note 23)	-	8,217	-	-
Reversal of allowances for impairment of trade receivables (Note 18(a))	(508)	(272)	-	(26)
Reversal of allowances for impairment of other receivables (Note 18(b))	-	(34)	-	-
Reversal of allowances for impairment of amount due from subsidiaries (Note 18(b))	-	-	-	(3,933)
Interest income from subsidiary	-	-	(86)	(98)
Profits distribution from short term investment	(1,406)	(6,632)	(1,406)	(6,632)
Profits distribution from money market instruments	(2)	(33)	(2)	(33)
Interests income from short term deposits	(296)	(257)	(296)	(257)
Gain on disposal of property, plant and equipment	(4)	(69)	-	(36)
Gain on lease modification	(2,048)	-	-	-
Gain on termination of lease	(10)	-	(10)	-
Dividend income	-	(2)	-	(2)
Interest income from redeemable cumulative preference shares	-	-	(2,015)	(666)

**7. Employee benefits expense**

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Wages and salaries	18,721	19,050	10,517	10,233
Social security contributions	168	167	56	57
Contributions to defined contribution plan	2,298	2,149	1,193	1,097
Other benefits	2,699	4,781	1,597	1,346
	23,886	26,147	13,363	12,733

Wages and salaries of the Group and of the Company are after deducting Government assistance in the form of wage subsidy amounting to RM626,400 and RM140,400 respectively.

Included in employee benefits expense of the Group and of the Company are executive director remuneration, excluding benefits-in-kind amounting to RM2,237,000 (2020: RM2,382,000) as disclosed in Note 8.

## 8. Directors' remuneration

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Directors of the Company</b>				
<b>Executive:</b>				
Fees	59	59	59	59
Salaries and other emoluments	2,178	2,323	2,178	2,323
Benefits-in-kind	7	7	7	7
	2,244	2,389	2,244	2,389
<b>Non-Executive:</b>				
Fees	501	533	501	533
Other emoluments	35	42	35	42
Benefits-in-kind	2	2	2	2
	538	577	538	577
	2,782	2,966	2,782	2,966
<b>Analysis excluding benefits-in-kind:</b>				
Total executive directors' remuneration	2,237	2,382	2,237	2,382
Total non-executive directors' remuneration	536	575	536	575
Total directors' remuneration	2,773	2,957	2,773	2,957

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2021	2020
<b>Executive:</b>		
RM2,200,001 - RM2,250,000	1	-
RM2,350,001 - RM2,400,000	-	1
<b>Non-executive:</b>		
Below RM100,000	4	5
RM100,001 - RM150,000	2	2

**NOTES TO THE FINANCIAL STATEMENTS (cont'd.)**

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**9. Taxation**Major components of income tax expense

The major components of income tax expense for the years ended 31 January 2021 and 2020 are:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Statement of comprehensive income:</b>				
Current income tax:				
Malaysian income tax	1,450	1,226	1,367	1,224
Overprovision in prior years	(155)	(212)	(164)	(80)
	1,295	1,014	1,203	1,144
Deferred income tax (Note 27):				
Origination and reversal of temporary differences	60	191	172	538
Overprovision in prior years	(175)	(514)	(337)	(644)
	(115)	(323)	(165)	(106)
<b>Income tax expense</b>	<b>1,180</b>	<b>691</b>	<b>1,038</b>	<b>1,038</b>

Domestic current income tax is calculated at the statutory tax rate of 24% (2020: 24%) of the estimated assessable profit for the year.

A reconciliation of income tax expense applicable to loss before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	2021 RM'000	2020 RM'000
<b>Group</b>		
Loss before tax	(20,134)	(25,029)
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	(4,832)	(6,007)
Income not subject to tax	(1,336)	(1,579)
Non-deductible expenses	3,393	5,184
Share of result of associates and joint ventures	1,232	255
Deferred tax assets not recognised during the year	3,053	3,564
Overprovision of income tax in prior years	(155)	(212)
Overprovision of deferred tax in prior years	(175)	(514)
<b>Income tax expense</b>	<b>1,180</b>	<b>691</b>

## 9. Taxation (cont'd.)

A reconciliation of income tax expense applicable to loss before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows: (cont'd.)

	2021 RM'000	2020 RM'000
<b>Company</b>		
Loss before tax	(1,085)	(4,946)
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	(260)	(1,187)
Income not subject to tax	(821)	(1,752)
Non-deductible expenses	2,620	4,701
Overprovision of income tax in prior years	(164)	(80)
Overprovision of deferred tax in prior years	(337)	(644)
Income tax expense	1,038	1,038

## 10. Loss per share

## (a) Basic:

Basic loss per share amounts are calculated by dividing loss for the year attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares in issue during the financial year.

	2021 RM'000	2020 RM'000
Loss attributable to owners of the parent (RM'000)	(20,525)	(25,120)
Weighted average number of ordinary shares in issue ('000)	139,600	139,600
Basic, loss per share (sen)	(14.70)	(17.99)

## (b) Diluted:

The Group does not have any potential dilutive ordinary shares. Accordingly, the diluted loss per share equals the basic loss per share.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

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## 11. Property, plant and equipment

	Hangars RM'000	Office equipment, renovation, furniture and fittings RM'000	Motor vehicles RM'000	Work-in- progress RM'000	Total RM'000
<b>Group</b>					
<b>At 31 January 2021</b>					
<b>Cost</b>					
At 1 February 2020	40,325	51,741	1,962	11,913	105,941
Additions	-	8,408	492	2,220	11,120
Transfer	10,091	-	-	(10,091)	-
Disposals	-	(165)	-	-	(165)
At 31 January 2021	50,416	59,984	2,454	4,042	116,896
<b>Accumulated depreciation and impairment</b>					
At 1 February 2020	23,658	32,440	1,606	2,247	59,951
Depreciation charge (Note 6)	1,632	6,568	197	-	8,397
Disposals	-	(149)	-	-	(149)
At 31 January 2021	25,290	38,859	1,803	2,247	68,199
<b>Net carrying amount</b>	<b>25,126</b>	<b>21,125</b>	<b>651</b>	<b>1,795</b>	<b>48,697</b>
<b>At 31 January 2020</b>					
<b>Cost</b>					
At 1 February 2019	40,325	63,462	2,903	17,953	124,643
Additions	-	13,325	217	2,417	15,959
Transfer	-	8,457	-	(8,457)	-
Transfer to investment properties (Note 12)	-	(33,374)	-	-	(33,374)
Disposals	-	(129)	(1,158)	-	(1,287)
At 31 January 2020	40,325	51,741	1,962	11,913	105,941
<b>Accumulated depreciation and impairment</b>					
At 1 February 2019	22,334	44,789	2,587	-	69,710
Depreciation charge (Note 6)	1,324	7,193	177	-	8,694
Impairment loss charge (Note 6)	-	23	-	2,247	2,270
Transfer to investment properties (Note 12)	-	(19,449)	-	-	(19,449)
Disposals	-	(116)	(1,158)	-	(1,274)
At 31 January 2020	23,658	32,440	1,606	2,247	59,951
<b>Net carrying amount</b>	<b>16,667</b>	<b>19,301</b>	<b>356</b>	<b>9,666</b>	<b>45,990</b>

## 11. Property, plant and equipment (cont'd.)

	Office equipment, renovation, furniture and fittings RM'000	Motor vehicles RM'000	Work-in- progress RM'000	Total RM'000
<b>Company</b>				
<b>At 31 January 2021</b>				
<b>Cost</b>				
At 1 February 2020	33,058	64	270	33,392
Additions	559	-	-	559
At 31 January 2021	33,617	64	270	33,951
<b>Accumulated depreciation</b>				
At 1 February 2020	23,314	64	-	23,378
Depreciation charge (Note 6)	3,077	-	-	3,077
At 31 January 2021	26,391	64	-	26,455
<b>Net carrying amount</b>	<b>7,226</b>	<b>-</b>	<b>270</b>	<b>7,496</b>
<b>At 31 January 2020</b>				
<b>Cost</b>				
At 1 February 2019	53,225	1,156	8,461	62,842
Additions	4,750	-	266	5,016
Transfer	8,457	-	(8,457)	-
Transfer to investment properties (Note 12)	(33,374)	-	-	(33,374)
Disposals	-	(1,092)	-	(1,092)
At 31 January 2020	33,058	64	270	33,392
<b>Accumulated depreciation</b>				
At 1 February 2019	37,231	1,156	-	38,387
Depreciation charge (Note 6)	5,532	-	-	5,532
Disposals	-	(1,092)	-	(1,092)
Transfer to investment properties (Note 12)	(19,449)	-	-	(19,449)
At 31 January 2020	23,314	64	-	23,378
<b>Net carrying amount</b>	<b>9,744</b>	<b>-</b>	<b>270</b>	<b>10,014</b>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

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### 11. Property, plant and equipment (cont'd.)

- (a) During the financial year, the Group acquired property, plant and equipment ("PPE") at aggregate costs of RM11,120,000 (2020: RM15,959,000) of which RM148,000 (2020: RM91,700) were acquired by means of hire purchase arrangements, and the Company acquired property, plant and equipment at aggregate costs of RM559,000 (2020: RM5,016,000).

The net carrying amounts of motor vehicles held under hire purchase arrangements of the Group is RM288,000 (2020: RM228,000).

- (b) Included in PPE of the Group and the Company are the following cost of fully depreciated assets which are still in use:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Office equipment, renovation, furniture and fittings	25,135	20,120	17,765	16,571
Motor vehicles	1,562	1,427	64	64

- (c) Impairment losses

Accumulated impairment losses is as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Hangars	7,495	7,495	-	-
Work-in-progress	2,270	2,270	-	-
	9,765	9,765	-	-

The COVID-19 has impacted the Group performance during the year, in particular the the aviation and MRO segments. The Group has carried out impairment assessment of their property, plant and equipment and right of use assets ("said properties") for the aviation and MRO segments.

The Group's recoverable amount of the said properties for aviation and MRO segments are approximately RM36.2 million (2020: RM37.4 million) and RM48.8 million respectively. The recoverable amount was determined based on the value-in-use using discounted cash flow. The discount rates used is 12% (2020: 11%). No impairment loss was recognised during the year (2020: RM2.27 million).

In addition to expected timing of market recovery, the calculation of value-in-use is most sensitive to the occupancy rates, rental rates, number of service hours, ground handling rates, transient, ancillary rates and discount rate assumptions. Any adverse change in the key assumptions used in value-in-use calculations would result in further impairment.

## 12. Investment properties

	Leasehold land RM'000	Buildings and renovation RM'000	Total RM'000
<b>Group/Company</b>			
<b>At 31 January 2021</b>			
<b>Cost</b>			
At 1 February 2020	55,541	170,457	225,998
Additions	-	1,152	1,152
At 31 January 2021	55,541	171,609	227,150
<b>Accumulated depreciation</b>			
At 1 February 2020	21,329	79,146	100,475
Depreciation charge (Note 6)	532	5,252	5,784
At 31 January 2021	21,861	84,398	106,259
<b>Net carrying amount</b>	<b>33,680</b>	<b>86,059</b>	<b>120,891</b>
<b>At 31 January 2020</b>			
<b>Cost</b>			
At 1 February 2020	55,541	137,083	192,624
Transfer from property, plant and equipment (Note 11)	-	33,374	33,374
At 31 January 2020	55,541	170,457	225,998
<b>Accumulated depreciation</b>			
At 1 February 2020	20,797	57,087	77,884
Depreciation charge (Note 6)	532	2,610	3,142
Transfer from property, plant and equipment (Note 11)	-	19,449	19,449
At 31 January 2021	21,329	79,146	100,475
<b>Net carrying amount</b>	<b>34,212</b>	<b>57,937</b>	<b>125,523</b>

The investment properties were valued on 31 January 2021 by KGV International Property Consultants (M) Sdn. Bhd., independent professional valuers. The total market value of the investment properties is RM189,415,000 (2020: RM204,855,000) using the comparison and investment methods.

Fair value disclosed in the financial statements are categorised within the Level 3 fair value hierarchy which is described as inputs for the assets or liabilities that are based on unobservable market data.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

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## 12. Investment properties (cont'd.)

Investment property	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Sapura @ Mines, No 7, Jalan Tasik, The Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan. - <b>land &amp; building</b>	Comparison method	<p>a) A 3-storey office building with 2-levels of basement car park located at Cyberjaya was transacted on 18 April 2018 for RM28,800,000.</p> <p>b) A 5 levels of office floor with 1-level sub-basement &amp; 1 1/2 located at Cyberjaya was transacted on 12 November 2020 for RM45,000,000.</p> <p>c) A 5-storey office building located at Jalan Pantai Baru was transacted on 8 June 2018 for RM120,000,000.</p>	<p>The estimated fair value would increase/ (decrease) if:</p> <ul style="list-style-type: none"> <li>- Transacted price were higher/ (lower)</li> </ul>
Sapura @ Mines, No 7, Jalan Tasik, The Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan. - <b>building</b>	Investment method	<p>a) Rental of office buildings located within Seri Kembangan ranges from RM4.00 to RM7.00 per square feet.</p> <p>b) Net yield from comparable buildings ranges from 4.83% to 6.32%.</p> <p>c) 30% allowance for void to account for vacancy period in between tenancies, rent-free period and risk of uncertainty.</p>	<ul style="list-style-type: none"> <li>- rental per square feet were higher/(lower)</li> <li>- net yield were lower/(higher)</li> <li>- void rate were lower/(higher)</li> </ul>
Lot 5, Jalan 219, Lebuhraya Persekutuan, 46100 Petaling Jaya, Selangor Darul Ehsan. - <b>land &amp; building</b>	Comparison method	<p>a) A double-storey detached factory at Lot No-82, Section 51/51A, Petaling Jaya, with a land area of approximately 96,104 square feet was transacted on 27 August 2019 for RM24,000,000.</p> <p>b) A double-storey detached factory at Lot No PT 130, Section 51/51A, Petaling Jaya, with a land area of approximately 105,314 square feet was transacted on 26 June 2019 for RM40,000,000.</p> <p>c) A four-storey detached factory at Lot No. PT 8, Section 51/51A, Petaling Jaya, with a land area of approximately 43,559 square feet was transacted on 15 March 2019 for RM10,500,000.</p> <p>d) A double-storey detached factory at Lot No.74, Section 51/51A, Petaling Jaya, with a land area of approximately 51,727 square feet was transacted on 3 July 2018 for RM10,200,000.</p>	<p>Transacted price were higher/ (lower)</p>

## 12. Investment properties (cont'd.)

Investment property	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Lot No 10 and PT No 10A, Jalan Tandang Seksyen 28, 46050 Petaling Jaya, Selangor Darul Ehsan. - land & building	Comparison method	<p>a) A double-storey detached factory at Lot No 82, Section 51/51A, Petaling Jaya, with a land area of approximately 96,104 square feet was transacted on 27 August 2019 for RM24,000,000.</p> <p>b) A double-storey detached factory at Lot No PT 130, Section 51/51A, Petaling Jaya, with a land area of approximately 105,314 square feet was transacted on 26 June 2019 for RM40,000,000.</p> <p>c) A four-storey detached factory at Lot No. PT 8, Section 51/51A, Petaling Jaya, with a land area of approximately 43,559 square feet was transacted on 15 March 2019 for RM10,500,000.</p> <p>d) A double-storey detached factory at Lot No. 74, Section 51/51A, Petaling Jaya, with a land area of approximately 51,727 square feet was transacted on 3 July 2018 for RM10,200,000.</p>	The estimated fair value would increase/ (decrease) if: (cont'd.) - Transacted price were higher/ (lower)

Comparison method

Entails analysing recent transactions of similar properties in the vicinity or within similar localities for comparison purposes to derive the market value with adjustments made for differences in location, physical characteristics and time element to arrive at the market value.

Investment method

Entails the determination of the probable gross annual rental the property is capable of producing and deducting therefrom the outgoings to arrive at the annual net income. The annual income is capitalised using a rate of interest to arrive at the capital value of the property.

The fair value of the investment property is at its highest and current best use.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

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### 13. Right-of-use assets

The Group has lease contracts for various items of hangar, office, warehouse spaces and other equipment used in its operations. Leases of hangar, office and warehouse spaces generally have lease terms between 2 and 20 years, while other equipment generally have lease terms between 2 and 3 years.

The Group also has certain leases of office equipment with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Hangar spaces RM'000	Office and warehouse spaces RM'000	Equipment RM'000	Total RM'000
<b>Group</b>				
<b>At 31 January 2021</b>				
<b>Cost</b>				
At 1 February 2020	48,448	1,168	679	50,295
Additions	15,224	-	-	15,224
Termination	-	(917)	-	(917)
Modification	(7,153)	-	-	(7,153)
<b>At 31 January 2021</b>	<b>56,519</b>	<b>251</b>	<b>679</b>	<b>57,449</b>
<b>Accumulated depreciation</b>				
At 1 February 2020	22,720	362	359	23,441
Depreciation charge (Note 6)	4,889	398	154	5,441
Termination	-	(611)	-	(611)
<b>At 31 January 2021</b>	<b>27,609</b>	<b>149</b>	<b>513</b>	<b>28,271</b>
<b>Net carrying amount</b>	<b>28,910</b>	<b>102</b>	<b>166</b>	<b>29,178</b>
<b>At 31 January 2020</b>				
<b>Cost</b>				
At 1 February 2019	42,766	-	346	43,112
Additions	5,682	1,168	333	7,183
<b>At 31 January 2020</b>	<b>48,448</b>	<b>1,168</b>	<b>679</b>	<b>50,295</b>
<b>Accumulated depreciation</b>				
At 1 February 2019	17,705	-	194	17,899
Depreciation charge (Note 6)	5,015	362	165	5,542
<b>At 31 January 2020</b>	<b>22,720</b>	<b>362</b>	<b>359</b>	<b>23,441</b>
<b>Net carrying amount</b>	<b>25,728</b>	<b>806</b>	<b>320</b>	<b>26,854</b>

## 13. Right-of-use assets (cont'd.)

	Office spaces (RM'000)	Office spaces (RM'000)
<b>Company</b>		
<b>Cost</b>		
At 1 February 2020/2019	917	-
Addition	-	917
Termination	(917)	-
At 31 January 2021/2020	-	917
<b>Accumulated depreciation</b>		
At 1 February 2020/2019	306	-
Depreciation charge (Note 6)	305	306
Termination	(611)	-
At 31 January 2021/2020	-	306
<b>Net carrying amount</b>	-	611

The Group and the Company have lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's and the Company's business needs. Management exercises judgement in determining whether these extension options are reasonably certain to be exercised.

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Extension option expected not to be exercised:				
Within five years	20,467	33,021	-	-
More than five years	21,817	24,328	-	-
Total	42,284	57,349	-	-

Operating lease commitments - as lessor

The Group and the Company have entered into commercial property leases on its investment properties and hangars. These non-cancellable leases have remaining non-cancellable lease terms of between 1 and 3 years. Most leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

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### 13. Right-of-use assets (cont'd.)

Future minimum rentals receivable under non-cancellable operating leases at the reporting date are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Future minimum lease receivables:				
Not later than 1 year	20,227	29,718	17,652	23,748
Later than 1 year and not later than 3 years	6,039	20,469	5,207	19,367
	26,266	50,187	22,859	43,115

### 14. Intangible assets - Goodwill

	2021 RM'000	2020 RM'000
<b>Group</b>		
<b>Cost</b>		
At beginning/ end of year	2,389	2,389
<b>Accumulated impairment</b>		
At beginning/ end of year	2,389	2,389
<b>Net carrying amount</b>	-	-

The cost of goodwill, which has been allocated to the Group's CGUs identified according to the business segments is as follows:

	Group	
	2021 RM'000	2020 RM'000
Premium automotive	2,389	2,389

### 15. Investment in subsidiaries

	Company	
	2021 RM'000	2020 RM'000
Unquoted shares in Malaysia, at cost	88,891	88,891
Less: Accumulated impairment losses	(80,480)	(80,003)
	8,411	8,888

## 15. Investment in subsidiaries (cont'd.)

Movement in accumulated impairment losses are as follows:

	Company	
	2021 RM'000	2020 RM'000
At the beginning of year	80,003	68,192
Charge for the year (Note 6)	477	11,811
At the end of year	80,480	80,003

As at 31 January 2021, certain subsidiaries have reported continuing operating losses and depleting shareholder funds. These are indicators that the investment in these subsidiaries may be impaired. This resulted in impairment losses on its investment in subsidiaries of RM477,000 (2020: RM11.81 million) during the year.

Details of the subsidiaries, all of which are incorporated in Malaysia and audited by Ernst & Young PLT Malaysia, other than those indicated are as follows:

Name of subsidiaries	Name of Directors	Principal activities	Country of incorporation	Proportion of interest	
				2021 %	2020 %
<b>Held by the Company</b>					
SRB Ventures Sdn. Bhd.	Mai Eliza binti Mior Mohamad Zubir Syed Haroon bin Omar Alshatrie (Appointed on 15 November 2020) Shamsul Anuar bin Musa (Resigned on 15 November 2020) Ainun Mardziah binti Hashim (Alternate Director to Shamsul Anuar bin Musa) (Resigned on 15 November 2020)	Sale of food and beverages. The Company has ceased its operations with effect from 1 June 2019.	Malaysia	100	100
DNest Aviation Sdn. Bhd.	Mai Eliza binti Mior Mohamad Zubir Shamsul Anuar bin Musa (Resigned on 15 November 2020) Ainun Mardziah binti Hashim (Appointed on 15 November 2020) Ainun Mardziah binti Hashim (Alternate Director to Shamsul Anuar bin Musa) (Resigned on 15 November 2020)	Investment holding.	Malaysia	100	100
Sapura Aero Sdn. Bhd.	Dato' Wan Shaharuddin bin Wan Mahmood Burhanudin bin Noordin Ali (Appointed on 15 November 2020) Shamsul Anuar bin Musa (Resigned on 15 November 2020)	Investment holding.	Malaysia	100	100

## NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

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### 15. Investment in subsidiaries (cont'd.)

Details of the subsidiaries, all of which are incorporated in Malaysia and audited by Ernst & Young PLT Malaysia, other than those indicated are as follows: (cont'd.)

Name of subsidiaries	Name of Directors	Principal activities	Country of incorporation	Proportion of interest	
				2021 %	2020 %
<b>Held by the Company (cont'd.)</b>					
Mercu Sapura Sdn. Bhd.	Burhanudin bin Noordin Ali Wan Haslan bin Wan Hassan (Appointed on 15 November 2020) Shamsul Anuar bin Musa (Resigned on 15 November 2020) Mai Eliza binti Mior Mohamad Zubir (Alternate Director to Shamsul Anuar bin Musa) (Resigned on 15 November 2020)	Carry out property development transactions and investment holding.	Malaysia	100	100
Sapura Auto Sdn. Bhd.	Mai Eliza binti Mior Mohamad Zubir Shamsul Anuar bin Musa (Resigned on 15 November 2020) Ainun Mardziah binti Hashim (Appointed on 15 November 2020) Ainun Mardziah binti Hashim (Alternate Director to Shamsul Anuar bin Musa) (Resigned on 15 November 2020)	Sale of vehicles, provision of aftersale services & repair, sale of spare parts & accessories & provision of motor-related services. The Company has ceased its operations with effect from 28 August 2010.	Malaysia	100	100
SRB One Sdn. Bhd.	Dato' Shahrman bin Shamsuddin Dato' Wan Shahrudin bin Wan Mahmood Shamsul Anuar bin Musa (Resigned on 15 November 2020)	Investment holding.	Malaysia	100	100
<b>Held by DNest Aviation Sdn. Bhd.</b>					
AeroDome Sdn. Bhd.	Dato' Shahrman bin Shamsuddin Dato' Wan Shahrudin bin Wan Mahmood	Hangarage and other aviation related services.	Malaysia	100	100
<b>Held by Sapura Aero Sdn. Bhd.</b>					
Aerohandlers Sdn. Bhd.	Dato' Shahrman bin Shamsuddin Dato' Wan Shahrudin bin Wan Mahmood Burhanudin bin Noordin Ali (Appointed on 15 November 2020) Shamsul Anuar bin Musa (Resigned on 15 November 2020) Mai Eliza binti Mior Mohamad Zubir (Alternate Director to Shamsul Anuar bin Musa) (Resigned on 15 November 2020)	Carry out transactions of aviation related business activities.	Malaysia	100	100

## 15. Investment in subsidiaries (cont'd.)

Details of the subsidiaries, all of which are incorporated in Malaysia and audited by Ernst & Young PLT Malaysia, other than those indicated are as follows: (cont'd.)

Name of subsidiaries	Name of Directors	Principal activities	Country of incorporation	Proportion of interest	
				2021 %	2020 %
<b>Held by Sapura Aero Sdn. Bhd. (cont'd.)</b>					
Aerodome Services Sdn. Bhd.	Dato' Shahrman bin Shamsuddin Dato' Wan Shahrudin bin Wan Mahmood Shamsul Anuar bin Musa (Resigned on 15 November 2020) Mai Eliza binti Mior Mohamad Zubir (Alternate Director to Shamsul Anuar bin Musa) (Resigned on 15 November 2020)	Hangarage, ground handling and other aviation related services.	Malaysia	100	100
Aeromanager Sdn. Bhd.	Dato' Wan Shahrudin bin Wan Mahmood Burhanudin bin Noordin Ali (Appointed on 15 November 2020) Shamsul Anuar bin Musa (Resigned on 15 November 2020) Mai Eliza binti Mior Mohamad Zubir (Alternate Director to Shamsul Anuar bin Musa) (Resigned on 15 November 2020)	Provide chartering services and act as brokerage for aircraft. The Company has ceased its operations with effect from 1 June 2019	Malaysia	100	100
Aerodome Fife Sdn. Bhd.	Dato' Shahrman bin Shamsuddin Burhanudin bin Noordin Ali (Appointed on 15 November 2020) Shamsul Anuar bin Musa (Resigned on 15 November 2020)	Design, fabricate and construct aircraft hangars, workshops and offices either inside hangar or as a lean including the installation of aerial or aeronautical facilities and to do all such the civil works, maintenance, servicing and repairs in relation there to and leasing out of hangar.	Malaysia	100	100
<b>Held by Mercu Sapura Sdn. Bhd.</b>					
Sapura Technics Sdn. Bhd.	Dato' Shahrman bin Shamsuddin Dato' Brig Gen (Rtd) Anim bin Harun Burhanudin bin Noordin Ali Wan Haslan bin Wan Hassan (Appointed on 15 November 2020) Shamsul Anuar bin Musa (Resigned on 15 November 2020)	Carry out the provision of maintenance, repair and overhaul (MRO) services for aircraft and the related services.	Malaysia	95	95

**NOTES TO THE FINANCIAL STATEMENTS (cont'd.)**

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**15. Investment in subsidiaries (cont'd.)****Non-controlling interests ("NCI")**

	2021 RM'000	2020 RM'000
<b>Sapura Technics Sdn. Bhd.</b>		
NCI percentage of ownership interest and voting	5%	5%
Carrying amount of NCI	(889)	(100)
Loss allocated to NCI	(789)	(600)

The summarised financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

**Summarised statement of profit or loss:**

	2021 RM'000	2020 RM'000
Revenue	1,021	995
Loss for the year, representing total comprehensive loss	(15,775)	(12,138)

**Summarised statement of financial position:**

	2021 RM'000	2020 RM'000
Non-current assets	36,240	18,773
Current assets	2,365	11,808
Non-current liabilities	(49,165)	(29,535)
Current liabilities	(7,220)	(3,046)
Net liabilities	(17,780)	(2,000)

**16. Investment in an associate**

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unquoted shares at cost	12,000	12,000	12,000	12,000
Share of post-acquisition reserves	5,734	4,731	-	-
	17,734	16,731	12,000	12,000

## 16. Investment in an associate (cont'd.)

Details of the associate is as follows:

Name of associates	Country of incorporation	Principal activities	Proportion of interest	
			2021 %	2020 %
<b>Held by the Company</b>				
Tenaga Cable Industries Sdn. Bhd.*	Malaysia	Manufacture and distribution of power and general cables, aluminium rods, other electronic and electric wires, cables and related activities.	24	24

The Group exercises significant influence by virtue of its ability to participate in the financial and operating policy decisions of the associate by way of representation on their respective boards of directors.

\* Company is audited by firms of auditors other than Ernst & Young PLT.

The following table illustrates the summarised financial information of the Group's investment in associate:

	2021 RM'000	2020 RM'000
Dividends received	-	-
Current assets	103,794	95,085
Non-current assets	60,779	63,815
Total assets	164,573	158,900
Current liabilities	89,364	87,955
Non-current liabilities	1,318	1,234
Total liabilities	90,682	89,189
Total net assets	73,891	69,711
Results:		
Revenue	225,848	291,436
Profit for the year representing total comprehensive income for the year	4,179	3,067
Group's share of profit for the year	1,003	736
Reconciliation of net carrying amount Group's share of net assets	17,734	16,731

**NOTES TO THE FINANCIAL STATEMENTS (cont'd.)**

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**17. Investment in joint ventures**

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unquoted shares at cost:				
In Malaysia	161,119	161,119	150,411	150,411
Unpaid cash call	29,600	-	29,600	-
Share of post-acquisition reserves	5,111	11,247	-	-
	195,830	172,366	180,011	150,411

Unpaid cash call relates to amount owing to joint venture which eventually will be converted into share capital of the joint venture once payment is made. This is arising from the obligation under the Joint Venture Agreement ("JVA").

The joint arrangements are structured via separate entities and provide the Group with the rights to the net assets of the entities under the arrangements. Therefore, these entities are classified as joint ventures of the Group. Details of the joint ventures are as follows:

Name of joint ventures	Country of incorporation	Principal activities	Proportion of interest	
			2021 %	2020 %
<b>Held by Sapura Resources Berhad</b>				
Impian Bebas Sdn. Bhd.	Malaysia	Property investment.	50	50
<b>Held by Sapura Aero Sdn. Bhd.</b>				
Invasion Aero Sdn. Bhd.	Malaysia	Sale of rotary wing and fixed wing aircraft; supply and provision of maintenance, repair and overhaul services in relation to aircraft and helicopters; and provision of programs such as leasing of aircraft and helicopters.	50	50
<b>Held by SRB One Sdn. Bhd.</b>				
MTU Power Systems Sdn. Bhd.	Malaysia	Provision of engineering services, repair and maintenance of industrial machinery and equipment, wholesales of industrial machinery and equipment and supplies.	51	51

**17. Investment in joint ventures (cont'd.)****(a) Impian Bebas Sdn. Bhd.**

Impian Bebas Sdn. Bhd. ("IBSB") is a joint venture company between the Company and KLCC (Holdings) Sdn Bhd to construct an office tower together with a convention centre and a retail podium. The Company has the following commitment towards the joint venture company:

**(i) Shareholder's advances**

The Company is required to contribute as shareholder's advances in proportion of its equity stake in the joint venture company. Included in the carrying amount of investment in IBSB is an amount of unpaid cash calls of RM29,600,000.

**(ii) Master Lease Agreement ("MLA")**

The Company shall, based on the joint venture agreement, guarantee and underwrite the lease of 70% of the net lettable area of the office tower for 15 years based on predetermined rates. The MLA shall commence 6 months after the receipt of Certification of Completion and Compliance ("CCC"). The CCC has been obtained on 19 March 2021.

The Group has issued a Letter of Undertaking to IBSB's financier to guarantee and underwrite the MLA and not to vary or amend any terms of the joint venture agreement which may in any way adversely affect the interests of the financiers.

The COVID-19 pandemic has adversely affected the real property market and resulted in reductions in the current market rental rates as compared to the predetermined rates in the JVA underwritten by the Group.

In addressing this negative consequential effect of the unprecedented COVID-19 pandemic, the Group has initiated a negotiation together with its joint venture partner, KLCC, through IBSB, with all the financial institutions to amend the terms of the MLA and to restructure the terms of the borrowings obtained by IBSB, to manage the cash flows commitments of the Group. Based on preliminary discussions held with the financial institutions, IBSB's requests on revisions of the MLA and borrowings terms are being favourably considered and the decision is expected before end of June 2021.

In addition, the Group has also secured a financial support from its strategic shareholder to enable the Group to meet its commitment under this joint venture.

**(b) MTU Power Systems Sdn. Bhd.**

MTU Power Systems Sdn. Bhd. ("MPS") is a joint venture company between the subsidiary of the Company, SRB One Sdn. Bhd. and MTU Asia Pte. Ltd. to undertake the sale and service of "original equipment packaging solutions" in marine, rail, construction and industrial, mining, agriculture oil and gas, and power generation market sectors in Malaysia and such other businesses as may be mutually agreed from time to time.

Pursuant to the Subscription and Joint Venture Agreement, the Group has the commitment to subscribe a total of 25,000,000 Class B shares at the total subscription of RM25,000,000. As at 31 January 2021, the Group had subscribed 10,208,164 Class B shares for a cash consideration of RM10,208,164.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

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### 17. Investment in joint ventures (cont'd.)

The Group regards Impian IBSB and MPS as a material joint ventures. The summarised financial information of the joint ventures, not adjusted for the proportion of the ownership interest held by the Group, is as follows:

	IBSB		MPS	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current assets	21,593	18,875	16,216	16,128
Non-current assets	1,483,536	1,208,931	7,428	3,554
<b>Total assets</b>	<b>1,505,129</b>	<b>1,227,806</b>	<b>23,644</b>	<b>19,682</b>
Current liabilities	182,780	110,446	14,696	1,697
Non-current liabilities	998,405	789,274	599	1,666
<b>Total liabilities</b>	<b>1,181,185</b>	<b>899,720</b>	<b>15,295</b>	<b>3,363</b>
Results:				
Revenue	-	-	11,705	2,069
Depreciation and amortisation	-	-	(2,036)	(360)
Loss/(profit) for the year representing total comprehensive (loss)/income for the year	(4,142)	176	(7,970)	(3,697)
<b>Group's share of (loss)/profit for the year</b>	<b>(2,071)</b>	<b>88</b>	<b>(4,065)</b>	<b>(1,885)</b>
Group's share of net assets:				
Cost of investment	164,703	164,703	10,208	10,208
Share of results	(2,731)	(660)	(5,950)	(1,885)
<b>Unpaid cash call</b>	<b>161,972</b>	<b>164,043</b>	<b>4,258</b>	<b>8,323</b>
	29,600	-	-	-
	<b>191,572</b>	<b>164,043</b>	<b>4,258</b>	<b>8,323</b>

Aggregate information of joint ventures that are not individually material:

	2021 RM'000	2020 RM'000
Share of loss after tax, representing share of total comprehensive loss	-	-

## 18. Trade and other receivables

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Non-current assets</b>				
<b>Other receivables</b>				
Redeemable cumulative preference shares from a subsidiary	-	-	29,600	21,300
Amounts due from subsidiaries	-	-	25,409	8,847
	-	-	55,009	30,147
<b>Current assets</b>				
<b>Trade receivables</b>				
Third parties	5,698	4,887	565	226
Amount due from related companies	470	662	470	662
Amount due from directors' related companies	54	359	-	-
	6,222	5,908	1,035	888
<b>Less: Impairment</b>				
Third parties	(1,773)	(1,241)	(42)	(37)
Amount due from related companies	-	(5)	-	(5)
Total allowance for impairment	(1,773)	(1,246)	(42)	(42)
<b>Trade receivables, net</b>	<b>4,449</b>	<b>4,662</b>	<b>993</b>	<b>846</b>

**NOTES TO THE FINANCIAL STATEMENTS (cont'd.)**

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**18. Trade and other receivables (cont'd.)**

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Other receivables</b>				
Amounts due from:				
Subsidiaries	-	-	11,990	26,781
Joint venture companies	1,850	1,505	600	255
Related company	18	18	-	-
	1,868	1,523	12,590	27,036
Deposits	2,304	6,582	64	253
Sundry receivables	89	1,192	2,628	2,106
	4,261	9,297	15,282	29,395
Less: Impairment				
Amount due from subsidiaries	-	-	(8,857)	(7,832)
Amount due from a joint venture company	(1,850)	(1,505)	(600)	(255)
Sundry receivables	(7)	(7)	(7)	(7)
Total allowance for impairment	(1,857)	(1,512)	(9,464)	(8,094)
Other receivables, net	2,404	7,785	5,818	21,301
<b>Total current trade and other receivables</b>	<b>6,853</b>	<b>12,447</b>	<b>6,811</b>	<b>22,147</b>
<b>Total trade and other receivables</b>	<b>6,853</b>	<b>12,447</b>	<b>61,820</b>	<b>52,294</b>
Total trade and other receivables	6,853	12,447	61,820	52,294
Add: Cash and cash equivalents (Note 21)	16,431	41,119	10,214	30,746
<b>Total financial assets at amortised cost</b>	<b>23,284</b>	<b>53,566</b>	<b>72,034</b>	<b>83,040</b>

## 18. Trade and other receivables (cont'd.)

## (a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 days credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition

Ageing analysis of trade receivables

The ageing analysis of the Group's and of the Company's trade receivables for the financial year are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Neither past due nor impaired	2,031	3,354	247	616
1 to 30 days past due not impaired	1,194	248	187	193
31 to 60 days past due not impaired	399	596	-	29
61 to 90 days past due not impaired	160	22	-	3
More than 90 days past due not impaired	655	442	559	5
	2,418	1,308	746	230
Impaired	1,773	1,246	42	42
	6,222	5,908	1,035	888

Receivables that are impaired

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

The Group's and the Company's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Individually impaired:				
Trade receivables - nominal amounts	1,773	1,246	42	42
Less: Allowance for expected credit losses	(1,773)	(1,246)	(42)	(42)
	-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS (cont'd.)**

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**18. Trade and other receivables (cont'd.)****(a) Trade receivables (cont'd.)**

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Movement in allowance accounts:				
At the beginning of year	1,246	1,026	42	64
Charge for the year (Note 6)	1,037	773	2	7
Bad debts written off	(2)	(281)	(2)	(3)
Reversal of impairment losses (Note 6)	(508)	(272)	-	(26)
At the end of year	1,773	1,246	42	42

**(b) Other receivables**

Group's and the Company's other receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Individually impaired:				
Amount due from subsidiaries	-	-	8,857	7,832
Amount due from a joint venture company	1,850	1,505	600	255
Other receivables - nominal value	7	7	7	7
Less: Impairment	(1,857)	(1,512)	(9,464)	(8,094)
	-	-	-	-
Movement in allowance accounts:				
At the beginning of year	1,512	183	8,094	9,781
Charge for the year (Note 6)	345	1,363	1,370	2,246
Reversal of impairment losses (Note 6)	-	(34)	-	(3,933)
At the end of year	1,857	1,512	9,464	8,094

**18. Trade and other receivables (cont'd.)****(c) Related companies**

Related companies refer to companies in the Sapura Holdings Sdn. Bhd. group of companies.

The amounts due from related companies are unsecured, non-interest bearing and are repayable upon demand.

**(d) Directors' related companies**

Directors' related companies refer to companies where directors has direct or indirect interest.

The amounts due from directors related companies are unsecured, non-interest bearing, are repayable upon demand and arose under normal course of business.

**(e) Amount due from subsidiaries**

Amounts due from subsidiaries arose under normal course of business.

The amounts are unsecured, non-interest bearing and are repayable upon demand, except for an amount of RM0.75 million (2020: RM2 million) which bears interest ranging from 4.26% to 4.78% (2020: 4.81% to 5.06%) per annum.

**(f) Amount due from joint venture companies**

Amounts due from joint venture companies arose under normal course of business.

The amounts are unsecured, non-interest bearing and are repayable upon demand.

**(g) Redeemable cumulative preference shares from a subsidiary**

Redeemable cumulative preference shares ("RCPS") is subscribed by the Company to a subsidiary. The terms of the RCPS are as follows:

- (i) The holders of the RCPS are entitled to a fixed cumulative coupon at the rate of 9% per annum;
- (ii) The RCPS does not carry any right to vote at any general meeting of the Company;
- (iii) The RCPS are not convertible to ordinary shares of the Company; and
- (iv) The RCPS is liable to be redeemed at the fixed redemption dates.

**(h) Credit risk**

As at the reporting date, the Group has a significant concentration of credit risk in the form of outstanding balances due from 3 (2020: 3) debtors representing 40% (2020: 35%) of the total net receivables.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

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### 19. Other current financial assets

	Group/Company	
	2021 RM'000	2020 RM'000
<b>Held for trading investments</b>		
Quoted equity shares	50	106
Add: Short term investments (Note 20)	67,522	51,396
<b>Total financial assets at fair value through profit or loss</b>	<b>67,572</b>	<b>51,502</b>

### 20. Short term investment

	Group/Company	
	2021 RM'000	2020 RM'000
Islamic money market instruments	67,522	51,396
<b>Total short term investment</b>	<b>67,522</b>	<b>51,396</b>

Short term investment represents investment in Islamic money market instruments.

Reconciliation of net movement of short term investment is as follows:

	Group/Company	
	2021 RM'000	2020 RM'000
Balance as at 1 February	51,396	142,940
Net investment/(withdrawal)	14,720	(98,176)
Profits received during the year (Note 6)	1,406	6,632
<b>Balance as at 31 January</b>	<b>67,522</b>	<b>51,396</b>

### 21. Cash and cash equivalents

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash in hand and banks	16,431	11,119	10,214	746
Short-term deposits	-	30,000	-	30,000
<b>Total cash and cash equivalent</b>	<b>16,431</b>	<b>41,119</b>	<b>10,214</b>	<b>30,746</b>

## 22. Trade and other payables

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade payables				
Third parties	2,002	1,373	204	101
Amount due to directors' related company	-	603	-	-
	2,002	1,976	204	101
Other payables				
Amounts due to:				
Holding company	91	37	91	37
Related companies	341	300	212	196
Directors' related company	169	-	-	-
	601	337	303	233
Deposits	7,755	7,998	6,071	6,213
Accruals	5,339	4,055	3,434	2,959
Other payables	3,159	2,183	858	989
Cash call obligation to a joint venture company	29,600	-	29,600	-
	46,454	14,573	40,266	10,394
<b>Total trade and other payables</b>	<b>48,456</b>	<b>16,549</b>	<b>40,470</b>	<b>10,495</b>
Total trade and other payables	48,456	16,549	40,470	10,495
Add: Loans and borrowings (Note 24)	2,698	2,889	2,432	2,700
Add: Lease liabilities (Note 26)	35,067	34,521	-	630
<b>Total loans and borrowings</b>	<b>86,221</b>	<b>53,959</b>	<b>42,902</b>	<b>13,825</b>

## a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 60 (2020: 30 to 60) days terms.

## (b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of 90 (2020: 90) days.

## (c) Related companies

Related companies refer to companies in the Sapura Holdings Sdn. Bhd. group of companies.

The amounts due to related companies are unsecured, non-interest bearing and are repayable upon demand.

## (d) Amount due to holding company

Amount due to holding company arose in normal course of business.

The amounts are unsecured, non-interest bearing and are repayable upon demand.

## (e) Cash call obligation to a joint venture company

Cash calls due to a joint venture company represents an amount outstanding for cash call obligations to IBSB in accordance with the requirement of the Joint Venture Agreement between SRB and KLCCH.

**NOTES TO THE FINANCIAL STATEMENTS (cont'd.)**

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**23. Provisions**

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Provisions</b>				
At the beginning of year	12,047	3,830	3,000	3,000
Current year provision (Note 6)	-	8,217	-	-
Exchange difference	(75)	-	-	-
At the end of year	11,972	12,047	3,000	3,000

As part of the disposal of associates, SRB has provided indemnity to APIIT Sdn. Bhd. ("APIIT") and Ilmu Education Group Sdn. Bhd. ("ILMU") against any losses and damages incurred as a direct result of any ruling by the Sri Lanka Tax Authority for the appeal filed by APIIT Lanka on the payment of Value Added Tax for an amount up to RM3 million and for period of 6 years until 24th August, 2022.

The Group has also made a provision in relation to a claim from a previous customer, among others, claiming for compensation for the loss of market value of an aircraft due to the same event as mentioned within the preceding paragraph. Further information as disclosed in Note 40.

**24. Loans and borrowings**

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Current</b>				
Secured:				
Hire-purchase (Note 25)	91	62	-	-
Unsecured:				
Revolving credits	-	2,700	-	2,700
Bank overdrafts	2,432	-	2,432	-
	2,523	2,762	2,432	2,700
<b>Non-current</b>				
Secured:				
Hire-purchase (Note 25)	175	127	-	-
<b>Total loans and borrowings</b>				
Hire-purchase (Note 25)	266	189	-	-
Revolving credits	-	2,700	-	2,700
Bank overdrafts	2,432	-	2,432	-
	2,698	2,889	2,432	2,700

## 24. Loans and borrowings (cont'd.)

The remaining maturities of the loans and borrowings as at 31 January 2021 are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
On demand or within 1 year	2,523	2,762	2,432	2,700
More than 1 year and less than 2 years	102	65	-	-
More than 2 years and less than 5 years	73	62	-	-
	2,698	2,889	2,432	2,700

Hire-purchase obligations are secured by a charge over the leased assets (Note 11).

Reconciliation of net movement of loans and borrowings is as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Balance as at 1 February 2020/2019	2,889	5,877	2,700	5,700
Withdrawal of revolving credits	-	600	-	600
Repayment of revolving credits	(2,700)	(3,600)	(2,700)	(3,600)
Net withdrawal of short term borrowings	(2,700)	(3,000)	(2,700)	(3,000)
Withdrawal of bank overdrafts	2,432	-	2,432	-
Repayment of revolving credits	-	-	-	-
Net withdrawal of bank overdraft	2,432	-	2,432	-
Withdrawal of hire-purchase	142	92	-	-
Repayment of hire-purchase	(65)	(80)	-	-
Net withdrawal of hire-purchase	77	12	-	-
Total changes from financing cash flows	(191)	(2,988)	(268)	(3,000)
Balance as at 31 January 2021/2020	2,698	2,889	2,432	2,700

**NOTES TO THE FINANCIAL STATEMENTS (cont'd.)**

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**25. Hire-purchase**

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Minimum lease payments:				
Not later than 1 year	102	71	-	-
Later than 1 year but not later than 2 years	61	71	-	-
Later than 2 years but not later than 5 years	129	67	-	-
Total minimum lease payments	292	209	-	-
Less: Amounts representing finance charges	(26)	(20)	-	-
Present value of minimum lease payments	266	189	-	-

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Present value of payments:				
Not later than 1 year	91	62	-	-
Later than 1 year but not later than 2 years	54	65	-	-
Later than 2 years but not later than 5 years	121	62	-	-
Present value of minimum lease payments	266	189	-	-
Less: Amount due within 12 months (Note 24)	(91)	(62)	-	-
Amount due after 12 months (Note 24)	175	127	-	-

The hire-purchase of the Group and the Company attract interest rate during the year varying between 1.88% to 3.5% (2020: 1.88% to 3.5%) and Nil (2020: Nil) per annum respectively.

**26. Lease liabilities****Group as a lessee**

The Group has lease contracts for various items of hangar, office, warehouse spaces and other equipment used in its operations. Leases of hangar, office and warehouse spaces generally have lease terms between 2 and 20 years, while other equipment generally have lease terms between 2 and 3 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

The Group also has certain leases of equipment with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Details of the carrying amounts of right-of-use assets recognised and the movements during the year are disclosed in Note 13 to the financial statements.

## 26. Lease liabilities (cont'd.)

The carrying amounts of lease liabilities recognised and the reconciliation of net movement of lease liabilities is as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 February	34,521	32,577	630	-
Additions	15,224	7,184	-	917
Finance cost (Note 5)	1,731	1,504	5	32
Payments	(6,892)	(6,744)	(319)	(319)
Derecognition	(316)	-	(316)	-
Modification	(9,201)	-	-	-
At 31 January	35,067	34,521	-	630
Current	5,392	5,946	-	470
Non-current	29,675	28,575	-	160
	35,067	34,521	-	630

The remaining maturities of the lease liabilities as at 31 January 2021 are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
On demand or within 1 year	5,392	5,946	-	470
More than 1 year and less than 2 years	2,893	6,147	-	160
More than 2 years and less than 5 years	8,228	14,354	-	-
More than 5 years	18,554	8,074	-	-
	35,067	34,521	-	630

The followings are the amounts recognised in profit or loss:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Depreciation on right-of-use assets	5,441	5,542	305	306
Finance cost on lease liabilities	1,731	1,504	5	32
Expense relating to short-term leases (Note 6)	561	736	281	267
Expense relating to leases of low-value assets (Note 6)	52	76	5	25
Total amount recognised in profit or loss	7,785	7,858	596	630

Total cash outflows for leases comprising of payment of lease liabilities and interest paid in relation to lease liabilities, short term leases and low value leases for Group and Company amounting to RM7,505,000 and RM605,000 respectively.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

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### 27. Deferred tax liabilities

	Liabilities		Assets		Net	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Group</b>						
Accelerated capital allowances	4,367	4,554	-	-	4,367	4,554
Tax losses and unabsorbed capital allowances	-	-	(380)	(539)	(380)	(539)
Provisions and lease liabilities	-	-	(210)	(121)	(210)	(121)
Trade receivables	-	-	(13)	(15)	(13)	(15)
Tax liabilities/(assets)	4,367	4,554	(603)	(675)	3,764	3,879
Set-off of tax	(603)	(675)	603	675	-	-
Net tax liabilities	3,764	3,879	-	-	3,764	3,879
<b>Company</b>						
Accelerated capital allowances	2,474	2,521	-	-	2,474	2,521
Tax losses and unabsorbed capital allowances	-	-	(380)	(318)	(380)	(318)
Provisions and lease liabilities	-	-	(128)	(70)	(128)	(70)
Trade receivables	-	-	(13)	(15)	(13)	(15)
Tax liabilities/(assets)	2,474	2,521	(521)	(403)	1,953	2,118
Set-off of tax	(521)	(403)	521	403	-	-
Net tax liabilities	1,953	2,118	-	-	1,953	2,118

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At the beginning of year	3,879	4,202	2,118	2,224
Recognised in profit or loss (Note 9)	(115)	(323)	(165)	(106)
Deferred tax liabilities	3,764	3,879	1,953	2,118

## 27. Deferred tax liabilities (cont'd.)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

## Deferred tax assets of the Group:

	Tax losses and unabsorbed capital allowances RM'000	Provisions and lease liabilities RM'000	Trade receivables RM'000	Total RM'000
At 31 January 2019	(287)	(279)	(15)	(581)
Recognised in profit or loss	(252)	158	-	(94)
At 31 January 2020	(539)	(121)	(15)	(675)
Recognised in profit or loss	159	(89)	2	72
At 31 January 2021	(380)	(210)	(13)	(603)

## Deferred tax liabilities of the Group:

	Accelerated capital allowances RM'000	Total RM'000
At 31 January 2019	4,783	4,783
Recognised in profit or loss	(229)	(229)
At 31 January 2020	4,554	4,554
Recognised in profit or loss	(187)	(187)
At 31 January 2021	4,367	4,367

## Deferred tax assets of the Company:

	Tax losses and unabsorbed capital allowances RM'000	Provisions and lease liabilities RM'000	Trade receivables RM'000	Total RM'000
At 31 January 2019	(277)	(235)	(15)	(527)
Recognised in profit or loss	(41)	165	-	124
At 31 January 2020	(318)	(70)	(15)	(403)
Recognised in profit or loss	(62)	(58)	2	(118)
At 31 January 2021	(380)	(128)	(13)	(521)

## NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

31 JANUARY 2021

### 27. Deferred tax liabilities (cont'd.)

Deferred tax liabilities of the Company:

	Accelerated capital allowances RM'000	Total RM'000
At 31 January 2019	2,751	2,751
Recognised in profit or loss	(230)	(230)
At 31 January 2020	2,521	2,521
Recognised in profit or loss	(47)	(47)
At 31 January 2021	2,474	2,474

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

	Group	
	2021 RM'000	2020 RM'000
Unused tax losses	53,469	42,998
Unabsorbed capital allowances	2,832	2,174
Others	2,857	1,264
	59,158	46,436

The unabsorbed capital allowances of the Group are available for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings under the Income Tax Act, 1967 and guidelines issued by the tax authority.

In accordance with the provision of Malaysian Finance Act 2018 requirement, the unused tax losses are available for utilisation in the next seven years, for which, any excess at the end of the seventh year will be disregarded. Deferred tax assets have not been recognised in respect of the above items due to history of losses of the subsidiaries and it is not probable that future taxable profits will be available against which they may be utilised.

### 28. Share capital

	No. of Shares		Group/Company Amount	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Issued and fully paid				
At beginning and end of the year	139,600	139,600	139,600	139,600

## 29. Other reserves

	2021 RM'000	2020 RM'000
<b>Group</b>		
Capital reserve	1,481	1,481
General reserve	1,100	1,100
	<b>2,581</b>	<b>2,581</b>
<b>Company</b>		
General reserve	1,100	1,100

The nature and purpose of each category of reserve are as follows:

## (a) Capital reserve

This reserve represents the Group's share of the share premium of the associates.

## (b) General reserve

This reserve represents the Company's appropriation of profits in prior years.

## 30. Retained profits

As at 31 January 2021, the Company may distribute the entire balance of the retained profits under the single tier system.

## 31. Dividends

The directors do not recommend the payment of any dividend in respect of the current financial year.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

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### 32. Related party disclosures

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>(Income)/Expense</b>				
<b>Holding company</b>				
Corporate service fee	259	237	259	237
<b>Subsidiaries</b>				
Rental expense	-	-	73	70
Recoverability of electricity	-	-	-	(10)
Electricity	-	-	14	13
Interest income	-	-	(86)	(98)
Purchase of goods	-	-	-	6
<b>Related companies</b>				
<b>Sapura Energy Berhad</b>				
Rental income	(17,153)	(16,118)	(17,153)	(16,118)
Revenue from investment properties, other than rental income	(1,884)	(2,081)	(1,884)	(2,081)
<b>Sapura Technology Sdn. Bhd. and its subsidiaries</b>				
Rental income	(318)	(318)	(318)	(318)
Revenue from investment properties, other than rental income	(25)	(25)	(25)	(25)
<b>Sapura Secured Technologies Sdn. Bhd. and its subsidiaries</b>				
Information technology outsourcing services	605	657	524	501
<b>Directors' related companies</b>				
Rental income	-	(16)	-	(16)
Rental of hangar and office	(3,605)	(3,624)	-	-
Ground handling and other aviation related services	(2,062)	(2,098)	-	-
<b>Other related party</b>				
Rental expenses	707	707	-	-
Training expenses	210	1,252	-	-

## 33. Compensation of Key Management Personnel

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 of the entity.

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Short-term employee benefit	5,197	5,976	4,827	5,116

## 34. Capital commitments

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Capital expenditure				
Approved and contracted for:				
Property, plant and equipment	4,590	5,905	2,998	4,270
Approved but not contracted for:				
Property, plant and equipment	4,450	3,870	225	3,511
Share of capital commitment in joint venture	71,400	94,926	71,400	59,684
	80,440	104,701	74,623	67,465

## 35. Contingent liabilities

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unsecured guarantees given to third parties in respect of utility facilities granted to the Company	540	540	540	540

**NOTES TO THE FINANCIAL STATEMENTS (cont'd.)**

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**36. Fair value of financial instruments**

The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables and current portion of loans and borrowings are reasonable approximate of their fair values due to the relatively short term nature of these financial instruments.

The following table analyses financial instruments not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position. The different levels have been defined as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable input).

The equity shares of the Group and the Company amounting to RM50,000 (2020: RM106,000) are measured as Level 1 hierarchy based on unadjusted quoted prices in active market for identical financial instrument.

The short term investment of the Group and the Company amounting to RM67,522,000 (2020: RM51,396,000) are measured as Level 2 hierarchy based on reference to fair value provided by the bank at the close of business on the reporting date.

Fair values below are categorised within the Level 2 fair value hierarchy which is based on indirectly observable market data (unobservable input).

	Note	Group		Company	
		Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
<b>Financial liabilities</b>					
At 31 January 2021:					
Hire-purchase	25	266	273	-	-
<b>Financial liabilities</b>					
At 31 January 2020:					
Hire-purchase	25	189	188	-	-

The estimated fair value of the obligations under hire-purchase obligation would increase/(decrease) if the interest rate applied to the borrowings increase/(decrease).

**37. Financial risk management objectives and policies**

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and market risk.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

**37. Financial risk management objectives and policies (cont'd.)****(a) Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including short term investment and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

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

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the business segment of its trade receivables on an ongoing basis. As at the reporting date, the Group has a significant concentration of credit risk in the form of outstanding balances due from 3 (2020: 3) debtors representing 40% (2020: 35%) of the total net receivables.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 18. Investment in unit trust and investment securities that are neither past due nor impaired are entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Information regarding financial assets that are either past due or impaired is disclosed in Note 18.

**(b) Liquidity risk**

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

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## 37. Financial risk management objectives and policies (cont'd.)

## (b) Liquidity risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	2021			
	On demand or within one year RM'000	One to five years RM'000	More than five years RM'000	Total RM'000
<b>Group</b>				
Financial liabilities:				
Trade and other payables	48,456	-	-	48,456
Loans and borrowings	2,534	190	-	2,724
Lease liabilities	6,595	17,288	20,657	44,540
<b>Total undiscounted financial liabilities</b>	<b>57,585</b>	<b>17,478</b>	<b>20,657</b>	<b>95,720</b>
<b>Company</b>				
Financial liabilities:				
Trade and other payables	40,470	-	-	40,470
<b>Total undiscounted financial liabilities</b>	<b>42,902</b>	<b>-</b>	<b>-</b>	<b>42,902</b>
	2020			
	On demand or within one year RM'000	One to five years RM'000	More than five years RM'000	Total RM'000
<b>Group</b>				
Financial liabilities:				
Trade and other payables	16,549	-	-	16,549
Loans and borrowings	2,771	138	-	2,909
Lease liabilities	7,007	22,802	9,497	39,306
<b>Total undiscounted financial liabilities</b>	<b>26,327</b>	<b>22,940</b>	<b>9,497</b>	<b>58,764</b>
<b>Company</b>				
Financial liabilities:				
Trade and other payables	10,495	-	-	10,495
Loans and borrowings	2,700	-	-	2,700
Lease liabilities	478	160	-	638
<b>Total undiscounted financial liabilities</b>	<b>13,673</b>	<b>160</b>	<b>-</b>	<b>13,833</b>

**37. Financial risk management objectives and policies (cont'd.)****(c) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from provision of services that are denominated in a currency other than the respective functional currencies of the Group's entities operating, primarily RM. The foreign currency in which these transactions are denominated are mainly United States Dollar.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. As such, it is not exposed to any significant foreign currency risk.

**(d) Market risk**

Market risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investment in quoted equity instruments in Malaysia which are listed on the Bursa Malaysia and short term investment. Short term investment is investment in fund with a financial institution of which the fund is invested into a portfolio the financial institution's assets which have lower risk as compared to equity and commodity investment. These instruments are classified as held for trading financial assets. The Group does not have direct exposure to commodity price risk.

At the reporting date, the exposure to listed equity securities and investment in fund at fair value was RM50,000 (2020: RM106,000) and RM67,522,000 (2019: RM51,396,000) respectively. An increase or decrease of 10% on the market index of listed equity securities and investment in fund could have an impact of approximately RM5,000 (2020: RM10,600) and RM6,752,200 (2020: RM5,139,600) respectively on the profit or loss of the Group.

**38. Capital management**

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 January 2021 and 2020.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio at an acceptable level. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital includes equity attributable to the owners of the parent, less non-distributable reserves.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

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## 38. Capital management (cont'd.)

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Loans and borrowings	24	2,698	2,889	2,432	2,700
Lease liabilities	26	35,067	34,521	-	630
Trade and other payables	22	48,456	16,549	40,470	10,495
Less: Cash and cash equivalents	21	(16,431)	(41,119)	(10,214)	(30,746)
Less: Short term investment	20	(67,522)	(51,396)	(67,522)	(51,396)
Net debt/(cash)		2,268	(38,556)	(34,834)	(68,317)
Equity attributable to the owners of the parent		403,964	424,489	420,912	423,035
Less: Non-distributable reserves	29	(1,481)	(1,481)	-	-
Total capital		402,483	423,008	420,912	423,035
Capital and net debt		404,751	423,008	420,912	423,035
Gearing ratio		1%	0%	0%	0%

## 39. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

- (i) Investment holding - equity investment, including group-level corporate services and business development functions.
- (ii) Property investment - rental of investment properties.
- (iii) Aviation - Provision of hangarage services, ground handling, aircraft management, engineering services and other aviation related services.
- (iv) MRO - provision of MRO services for aircraft and the related services.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

## 39. Segment information (cont'd.)

	Investment holdings RM'000	Property investment RM'000	Aviation RM'000	MRO RM'000	Adjustments and eliminations RM'000	Note	Per consolidated financial statements RM'000
<b>At 31 January 2021</b>							
Revenue:							
External customers	-	25,865	19,115	1,021	-	-	46,001
Inter-segment	3,082	-	86	-	(3,168)	A	-
Total revenue	3,082	25,865	19,201	1,021	(3,168)	B	46,001
Results:							
Interest income from subsidiary	86	-	-	-	(86)	-	-
Profits distribution for short term investment	1,408	-	-	-	-	-	1,408
Interests income from short term deposits	296	-	-	-	-	-	296
Net fair value loss on held for trading investment securities	(56)	-	-	-	-	-	(56)
Depreciation of investment properties	-	(5,784)	-	-	-	-	(5,784)
Depreciation of property, plant and equipment	(585)	(2,493)	(2,527)	(2,792)	-	-	(8,397)
Depreciation of right-of-use assets	(306)	-	(2,397)	(2,738)	-	-	(5,441)
Share of results of an associate	1,003	-	-	-	-	-	1,003
Share of results of joint venture	(6,136)	-	-	-	-	-	(6,136)
Other non-cash (expenses)/income	(335)	(2)	1,666	(108)	-	C	1,221
Segment (loss)/profit before tax	(15,493)	9,231	(220)	(15,775)	2,123	-	(20,134)
Assets:							
Investment in associates	17,734	-	-	-	-	-	17,734
Investment in joint venture	195,830	-	-	-	-	-	195,830
Additions to non-current assets	331	1,380	746	2,5039	-	D	27,496
Segment assets	309,709	178,771	45,315	38,606	(67,369)	E	505,032
Segment liabilities	52,352	16,252	36,809	56,762	(60,218)	F	101,957

## NOTES TO THE FINANCIAL STATEMENTS (cont'd.)

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39. Segment information (cont'd.)

	Investment holdings RM'000	Property investment RM'000	Aviation RM'000	MRO RM'000	Adjustments and eliminations RM'000	Note	Per consolidated financial statements RM'000
<b>At 31 January 2020</b>							
Revenue:							
External customers	2	26,885	22,290	995	-	-	50,172
Inter-segment	3,875	6	669	-	(4,550)	A	-
<b>Total revenue</b>	<b>3,877</b>	<b>26,891</b>	<b>22,959</b>	<b>995</b>	<b>(4,550)</b>	<b>B</b>	<b>50,172</b>
Results:							
Interest income from subsidiary	98	-	-	-	(98)	-	-
Profits distribution for short term investment	6,665	-	-	-	-	-	6,665
Interests income from short term deposits	257	-	-	-	-	-	257
Net fair value loss on held for trading investment securities	(9)	-	-	-	-	-	(9)
Depreciation of investment properties	-	(3,142)	-	-	-	-	(3,142)
Depreciation of property, plant and equipment	(837)	(5,040)	(2,775)	(42)	-	-	(8,694)
Depreciation of right-of-use assets	(306)	-	(2,860)	(2,376)	-	-	(5,542)
Share of results of an associate	736	-	-	-	-	-	736
Share of results of joint venture	(1,797)	-	-	-	-	-	(1,797)
Other non-cash (expenses)/income	(5,526)	50	(10,580)	(387)	4,199	C	(12,244)
<b>Segment (loss)/profit before tax</b>	<b>(16,708)</b>	<b>10,092</b>	<b>(15,156)</b>	<b>(12,139)</b>	<b>8,882</b>		<b>(25,029)</b>
Assets:							
Investment in associates	16,731	-	-	-	-	-	16,731
Investment in joint venture	172,366	-	-	-	-	-	172,366
Additions to non-current assets	1,225	4,707	2,703	14,507	-	D	23,142
Segment assets	288,562	173,024	85,463	30,581	(83,234)	E	494,396
Segment liabilities	24,412	15,380	91,857	32,963	(94,605)	F	70,007

## 39. Segment information (cont'd.)

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

- A Inter-segment revenues are eliminated on consolidation.
- B Included in the property investment segment is one major customer contributing to RM19.0 million (2020: RM18.2 million) representing 41% (2020: 36%) of the total Group's revenue. Detailed information can be referred to Note 32.
- C Other material non-cash expenses/(income) consist of the following items as presented in the respective notes to the financial statements:

	Note	2021 RM'000	2020 RM'000
Provision for claim	6	-	8,217
Impairment loss on trade receivables	6	1,037	773
Impairment loss on amount due from a joint venture company	6	345	1,363
Impairment loss on property, plant and equipment	6	-	2,270
Reversal of allowances for impairment of trade receivables and other receivables	6	(508)	(272)
Unrealised foreign exchange gain	6	(33)	(4)
Gain on disposal of property, plant and equipment	6	(4)	(69)
Gain on termination and modification of leases		(2,058)	-
		(1,221)	12,244

- D Additions to non-current assets consist of:

	2021 RM'000	2020 RM'000
Investment properties	1,152	-
Property, plant and equipment	11,120	15,959
Right-of-use asset	15,224	7,183
	27,496	23,142

- E The following items are added to segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2021 RM'000	2020 RM'000
Inter-segment assets	(67,369)	(83,234)

**NOTES TO THE FINANCIAL STATEMENTS (cont'd.)**

31 JANUARY 2021

**39. Segment information (cont'd.)**

F The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2021 RM'000	2020 RM'000
Inter-segment liabilities	(60,218)	(94,605)

**40. Material litigation**

Aerodome Sdn. Bhd. ("Aerodome"), a 100%-owned subsidiary of DNest Aviation Sdn. Bhd. ("DNest"), which in turn is a wholly-owned subsidiary of Sapura Resources Berhad ("the Company") had on 9 January 2020 received a Writ of Summons dated 5 January 2020 together with a Statement of Claim dated 3 January 2020 filed by (1) TVPX ARS INC. (2) Best Perfection Holdings Limited and (3) Pan Asia Property Management Sdn. Bhd. ("Plaintiffs") through its solicitor Messrs. Song & Partners, actin on behalf of the Plaintiffs while the Defendants are (1) Aerodome Sdn. Bhd. and (2) Execujet MRO Services Sdn. Bhd. (formerly known as Execujet Malaysia Sdn. Bhd.).

The 2nd Plaintiff is claiming from Aerodome for the following :-

- Compensation or damages or indemnity in the sum of USD2,010,000.00 for the loss of market value of the Aircraft due to the Aircraft Damage and resulting damage history;
- Interest at the rate of 5% per annum on the aforesaid sum from 2 November 2015 till the date of judgment;
- Costs;
- Interest at the rate of 5% per annum on the aforesaid sums from the date of judgment till full satisfaction; and
- Such further, ancillary or other relief as the Court may deem fit.

Details of the default or circumstances leading to the filing of the Writ and Statement of Claim against the Defendants

Aerodome has signed an Aircraft Management and Maintenance Agreement dated 6 July 2012 ("AMMA") between Pan Asia Property Management Sdn. Bhd. ("Pan-Asia"). Whilst the Aircraft was being defueled at the Aerodome Hangar by Execujet or its agent or contractor, the tail of the Aircraft tipped downwards and struck the raised concrete of the apron at Aerodome Hangar ("Incident"). Due to the incident, the Aircraft sustained damage to the aft lower fuselage in its access door area, including to, inter alia, its lower frame and skin at fuselage FS731, aft equipment bay door, LH EQPT bay door frame and RH EQPT bay door frame ("Aircraft Damage").

The Plaintiffs claimed that Aerodome is in breach of the express and implied terms of the AMMA made between Pan-Asia and Aerodome, of which Aerodome failed to:

- exercise due care and diligence in the performance of the services required by Aerodome;
- take any or any reasonable care of the Aircraft;
- obtain in advance the written approval of Pan-Asia for such party or parties to perform the checking or work including the defueling process ("the Work");
- impose or implement any adequate method of work to ensure that the defueling process would be carried out without incident or damage to the Aircraft;
- ensure that Execujet or any sub-contractor involved in the Work delivers their work and services in conformity with accepted standards and practices;
- ensure that a proper, reasonable or appropriate guarantee, bond, insurance, warranty, indemnity or other form of protection be given in favour of Pan-Asia by Execujet or any subcontractor involved in the Work; and
- supervise and direct Execujet and/or Execujet's contractor (if any) during the Work.

#### 40. Material litigation (cont'd.)

The Plaintiffs are claiming that as a result of the Aircraft Damage and the resulting damage history, the Aircraft had depreciated in its fair market value by approximately USD2,010,000.00 as at or about 28 April 2016 notwithstanding the repair works that had been carried out.

Aerodome has filed its application for striking-out the 1st and 2nd Plaintiff's case. However, the Court had dismissed Aerodome's striking out application where the Court is of the opinion that the claims and the action by the Plaintiffs are not obviously unsustainable. The Court also allowed the amendment application of the Statement of Claim by the Plaintiffs and the next case management date is fixed on 15 June 2021.

#### 41. Authorisation of financial statements for issue

The financial statements for the year ended 31 January 2021 were authorised for issue in accordance with a resolution of the directors on 21 May 2021.

# Particulars of Properties

As at 31 January 2021

Address	Description/ Existing Use	Land Area (in square meter)	Lease Expiry Date	Approximate Age of Building (years)	Net Book Value (RM'000)/ Date of Acquisition/ (Revaluation)
L.O. No. 10 Jalan Tandang Seksyen 28 46050 Petaling Jaya Selangor Darul Ehsan	Warehouse, office and store	49,927	20.06.2033	31 - 60	337/ 06.05.1988
P.T. No. 10A Jalan Tandang Seksyen 28 46050 Petaling Jaya Selangor Darul Ehsan	Warehouse and store	5,681	03.01.2057	44	2,726/ 06.05.1988
Lot 5, Jalan 219 Lebuhraya Persekutuan 46100 Petaling Jaya Selangor Darul Ehsan	Commercial Building	4,047	16.03.2068	39	1,912/ 13.09.1988
No. 7, Jalan Tasik The Mines Resort City 43300 Seri Kembangan Selangor Darul Ehsan	Office Building	22,379	20.03.2091	22	115,916/ 16.12.1999

# Analysis of Shareholdings

As at 30 April 2021

Total Number of Issued Shares : 139,600,000 ordinary shares  
Class of Shares : Ordinary Shares  
Voting rights : One vote per ordinary share  
No. of shareholders : 5,527

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholdings
Less than 100	455	8.23	5,733	0.00
100 - 1,000	2,186	39.55	1,875,181	1.34
1,001 - 10,000	2,185	39.53	8,900,164	6.38
10,001 - 100,000	593	10.73	18,774,350	13.45
100,001 to less than 5%	107	1.94	40,190,300	28.79
5% and above of issued shares	1	0.02	69,854,272	50.04
<b>Total</b>	<b>5,527</b>	<b>100.00</b>	<b>139,600,000</b>	<b>100.00</b>

## DIRECTORS' SHAREHOLDINGS AS AT 30 APRIL 2021

Name of Directors	Direct Interest	%	Deemed Interest	%
Tan Sri Dato' Seri Shahril bin Shamsuddin	83,250	0.06	72,372,772*	51.84
Dato' Shahrizan bin Shamsuddin	83,250	0.06	72,372,772*	51.84
Tan Sri Datuk Amar (Dr.) Hamid bin Bugo	-	-	-	-
Dato' Muthanna bin Abdullah	-	-	-	-
Ahmad Jauhari bin Yahya	-	-	-	-
Andrew Heng	-	-	-	-

\* Deemed interested by virtue of his direct and indirect interests in Sapura Holdings Sdn. Bhd. and its wholly-owned subsidiaries, namely Sapura Capital Sdn. Bhd. and Indera Permai Sdn. Bhd. (as the case may be) pursuant to Section 8 of the Companies Act 2016 ("the Act").

## Analysis of Shareholdings

As at 30 April 2021

### SUBSTANTIAL SHAREHOLDERS AS AT 30 APRIL 2021

Name of Directors	Direct Interest	%	Deemed Interest	%
Sapura Holdings Sdn. Bhd.	71,244,272	51.03	1,128,500 <sup>(1)</sup>	0.81
Tan Sri Dato' Seri Shahril bin Shamsuddin	83,250	0.06	72,372,772 <sup>(2)</sup>	51.84
Dato' Shahrizan bin Shamsuddin	83,250	0.06	72,372,772 <sup>(2)</sup>	51.84
Brothers Capital Sdn. Bhd.	-	-	72,372,772 <sup>(3)</sup>	51.84

(1) Deemed interested by virtue of the direct interests of Sapura Capital Sdn. Bhd. and Indera Permai Sdn. Bhd. in the Company pursuant to Section 8 of the Act.

(2) Deemed interested by virtue of his direct and indirect interests in Sapura Holdings Sdn. Bhd. and its wholly-owned subsidiaries, namely Sapura Capital Sdn. Bhd. and Indera Permai Sdn. Bhd. (as the case may be) pursuant to Section 8 of the Act.

(3) Deemed interested by virtue of its direct interest in Sapura Holdings Sdn. Bhd. pursuant to Section 8 of the Act.

### THIRTY (30) LARGEST SHAREHOLDERS BASED ON RECORD OF DEPOSITORS AS AT 30 APRIL 2021

No	Name of Shareholders	No. of Shares	%
1	Sapura Holdings Sdn. Bhd.	69,854,272	50.04
2	CIMB Group Nominees (Asing) Sdn. Bhd. Exempt AN for DBS Bank Ltd (SFS)	2,763,400	1.98
3	Lim Boon Liat	2,571,500	1.84
4	Choot Ewe Hin	2,034,500	1.46
5	ABB Nominee (Tempatan) Sdn. Bhd. Pledged Securities Account for Sapura Holdings Sdn. Bhd. (1119019194)	1,390,000	1.00
6	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Sapura Capital Sdn. Bhd. (PB)	1,098,500	0.79
7	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ng Hoon Ho	1,000,700	0.72
8	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Parmjit Singh A/L Meva Singh (PB)	1,000,000	0.72
9	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Too Boon Siong	981,000	0.70
10	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tam Seng @ Tam Seng Sen (E-PTS)	945,000	0.68
11	Leong Hon Wah	900,000	0.64
12	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chow Soon Fong (E-MLB/JPP)	810,000	0.58
13	Huang Phang Lye	801,900	0.57
14	Yow Wang Yip	750,000	0.54
15	Tan Seow Cheng	741,000	0.53

## Analysis of Shareholdings

As at 30 April 2021

### THIRTY (30) LARGEST SHAREHOLDERS BASED ON RECORD OF DEPOSITORS AS AT 30 APRIL 2021 (cont'd)

No	Name of Shareholders	No. of Shares	%
16	Lam Pun Ying	727,100	0.52
17	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chow Soon Meng (E-MLB/JPP)	700,000	0.50
18	Lee Kim Seng	655,000	0.47
19	Tan Yee Kong	616,000	0.44
20	Ang Hong Mai	525,700	0.38
21	Citigroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Leong Chin Chye (472268)	500,000	0.36
22	Tan Yee Seng	490,000	0.35
23	Maybank Nominees (Tempatan) Sdn. Bhd. Chua Eng Ho Wa'a @ Chua Eng Wah	488,000	0.35
24	Yong Siew Yoon	480,000	0.34
25	UOB Kay Hian Nominees (Asing) Sdn. Bhd. Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	433,400	0.31
26	Eu Soon Keat	430,000	0.31
27	Peh Sew Chong	430,000	0.31
28	Life Enterprise Sdn. Bhd.	412,100	0.30
29	Ng Hoon Ho	400,200	0.29
30	Amsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chiaw Lik Chiat	400,000	0.29

# Administrative Details for Shareholders/ Proxies Attending the Sixty-Fourth Annual General Meeting (“64<sup>th</sup> AGM”)

Date : Wednesday, 14 July 2021

Time : 10.00 a.m.

Broadcast Venue : Multi-Purpose Hall, Ground Floor, Sapura@Mines,  
No. 7, Jalan Tasik, The Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan

Meeting Platform : <https://web.lumiagm.com>

Mode of Communication : 1. Shareholders may pose questions during live streaming using the messaging window facility to submit questions during the meeting. The messaging window facility will be opened one (1) hour before the AGM which is from 9.00 a.m. on Wednesday, 14 July 2021

2. Shareholders may submit questions in advance on the AGM resolutions and Annual Report 2021 commencing from 10 June 2021 and in any event no later than 10:00 a.m., 12 July 2021 via Boardroom Smart Investor Portal at <https://boardroomlimited.my> using the same user ID and password provided in Step 2 below, and select “SUBMIT QUESTION” to pose questions (“Pre-AGM Meeting Questions”)

## A. Fully Virtual 64th AGM

In support of the Government of Malaysia’s ongoing efforts to contain the spread of the Coronavirus and the Government’s advice of social distancing and not having mass gatherings, the Company would like to leverage on technology advancement by conducting the 64th AGM on a fully virtual basis through electronic live streaming and online remote voting.

The only venue involved is the broadcast venue for the compliance with Section 327(2) of the Companies Act 2016 (“CA 2016”) that the Chairman shall be present at the main venue of the AGM. As the Company is allowed under Section 327(1) of CA 2016, to convene general meeting at more than one venue using any technology or method that enables the shareholders of the Company to participate and exercise their rights to speak and vote at the general meeting, no shareholder from the public should be physically present nor admitted at the broadcast venue on the day of the AGM of the Company.

You can view and download the digital version of the following documents from our Company’s corporate website at [www.sapura-resources.com](http://www.sapura-resources.com) or at Bursa Malaysia’s official website at <https://www.bursamalaysia.com>

- a. Annual Report 2021 (“AR2021”)
- b. Corporate Governance Report 2021

However, should you require a printed copy of the AR2021, you may submit your request by completing the Requisition Form and returning it to our Share Registrar, Boardroom Share Registrars Sdn. Bhd. (“Share Registrar” or “Boardroom”), by mail or fax.

Alternatively, you may also make your request through Boardroom Smart Investor Portal at <https://boardroomlimited.my> and select “INVESTOR SERVICES” to request for printed copy of the AR2021. Alternatively, you may call or email to our Share Registrar at the number / email address given below.

## B. Entitlement to Participate the AGM

In respect of deposited securities, only members whose names appear on the Record of Depositors on 7 July 2021 (General Meeting Record of Depositors) shall be eligible to participate the meeting or appoint proxy(ies) to participate on his/her behalf.

## C. Remote Participation and Electronic Voting

Shareholders are encouraged to go online, participate, and vote at the Virtual AGM via remote participation. Please follow the steps listed in Note G below on how to request for login ID and password.

## Administrative Details for Shareholders/ Proxies Attending the Sixty-Fourth Annual General Meeting (“64<sup>th</sup> AGM”)

### D. Form(s) of Proxy

If you are unable to attend the Virtual AGM, you are encouraged to appoint a proxy or the Chairman of the Meeting as your proxy and indicate the voting instructions in the Proxy Form in accordance with the notes and instructions printed therein.

Please ensure that the original form is deposited at our Share Registrar’s office not less than forty-eight (48) hours before the time appointed for holding the meeting. Details of our Share Registrar’s office can be found in the enquiry section of this document.

Alternatively, you may deposit your proxy form(s) by electronic means through Boardroom Smart Investor Portal at <https://boardroomlimited.my> by logging in and selecting “E-PROXY LODGEMENT”.

For further information, kindly refer to the following steps below.

#### Step 1 Register Online with BoardRoom Smart Investor Portal (for first time registration only)

*[Note: If you have already signed up with BoardRoom Smart Investor Portal, you are not required to register again. You may proceed to Step 2 on eProxy Lodgement.]*

- a. Access website <https://boardroomlimited.my>
- b. Click <<Login>> and click <<Register>> to sign up as a user.
- c. Complete the registration and upload a softcopy of your MyKad/Identification Card (front and back) or Passport in JPEG, PNG or PDF format.
- d. Please enter a valid email address and wait for BoardRoom’s email verification.
- e. Your registration will be verified and approved within one (1) business day and an email notification will be provided.

#### Step 2 eProxy Lodgement

- a. Access website <https://boardroomlimited.my>
- b. Login with your User ID and Password given above.
- c. Go to “E-PROXY LODGEMENT” and browse the Meeting List for “SAPURA RESOURCES BERHAD (64th) ANNUAL GENERAL MEETING” and click “APPLY”.
- d. Read the terms & conditions and confirm the Declaration.
- e. Enter your CDS Account Number and indicate the number of securities.
- f. Appoint your proxy(ies) or the Chairman of the Meeting and enter the required particulars for your proxy(ies).
- g. Indicate your voting instructions – FOR or AGAINST, otherwise your proxy(ies) will decide your votes.
- h. Review and confirm your proxy(ies) appointment.
- i. Click submit.
- j. Download or print the eProxy Form acknowledgement.

If you wish to participate in the Meeting yourself, please do not submit any proxy form for the Meeting. You will not be allowed to participate in the Meeting together with a proxy appointed by you.

### E. Revocation of Proxy

If you have submitted your Form(s) of Proxy and subsequently decide to appoint another person or wish to participate in the meeting yourself, please write in to [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com) to revoke the earlier appointed proxy forty-eight (48) hours before the meeting.

### F. Voting Procedure

Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting at the AGM will be conducted by poll. Poll administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.

## Administrative Details for Shareholders/ Proxies Attending the Sixty-Fourth Annual General Meeting (“64<sup>th</sup> AGM”)

### G. STEPS FOR REGISTRATION FOR REMOTE PARTICIPATION AND ELECTRONIC VOTING

Procedure		Action
<b>Before the day of the AGM</b>		
1.	Register Online with Boardroom Smart Investor Portal	<p><i>[Note: If you have already signed up with Boardroom Smart Investor Portal, you are not required to register. You may proceed to Step 2.]</i></p> <ol style="list-style-type: none"> <li>Access website <a href="https://boardroomlimited.my">https://boardroomlimited.my</a></li> <li>Click &lt;&lt;Login&gt;&gt; and click &lt;&lt;Register&gt;&gt; to sign up as a user.</li> <li>Complete registration and upload softcopy of MyKAD (front and back) or Passport in JPEG, PNG or PDF format.</li> <li>Please enter a valid email address.</li> <li>Your registration will be verified and approved within one (1) business day and an email notification will be provided.</li> </ol>
2.	Submit request for remote participation	<p>Registration for remote access will be opened on <b>10 June 2021</b> (Date of Notice of AGM). Please note that the closing time to submit your request is at <b>10:00 a.m. on 12 July 2021</b> (forty-eight (48) hours before the commencement of the AGM).</p> <p><b>Individual Members</b></p> <ol style="list-style-type: none"> <li>Log in to <a href="https://boardroomlimited.my">https://boardroomlimited.my</a></li> <li>Select “<b>VIRTUAL MEETING</b>” from main menu and select the correct Corporate Event “<b>SAPURA RESOURCES BERHAD (64th) ANNUAL GENERAL MEETING</b>”.</li> <li>Read and agree to the terms &amp; condition.</li> <li>Enter your CDS Account Number and thereafter submit your request.</li> </ol> <p><b>Corporate Shareholders, Authorised Nominees and Exempt Authorised Nominees</b></p> <ol style="list-style-type: none"> <li>Write in to <a href="mailto:bsr.helpdesk@boardroomlimited.com">bsr.helpdesk@boardroomlimited.com</a> by providing the name of Member, CDS Account Number accompanied with the Certificate of Appointment of Corporate Representative or Form of Proxy to submit the request.</li> <li>Please provide a copy of the Corporate Representative’s MyKad (Front and Back) or Passport in JPEG, PNG or PDF format as well as his/her email address.</li> </ol>
3.	Email notification	<ol style="list-style-type: none"> <li>You will receive notification(s) from Boardroom that your request(s) has been received and is/are being verified.</li> <li>Upon system verification against the General Meeting Record of Depositories as at 7 July 2021, you will receive an email from Boardroom either approving or rejecting your registration for remote participation together with your remote access user ID and password.</li> <li>You will also receive your remote access User ID and Password along with the email from Boardroom if your registration is approved.</li> </ol>

## Administrative Details for Shareholders/ Proxies Attending the Sixty-Fourth Annual General Meeting (“64<sup>th</sup> AGM”)

### G. STEPS FOR REGISTRATION FOR REMOTE PARTICIPATION AND ELECTRONIC VOTING (cont’d.)

Procedure		Action
<b>On the day of the AGM</b>		
4.	Login to Meeting Platform	<p>Please note that the quality of the connectivity to the Meeting Platform for live webcast as well as for online voting is highly dependent on the bandwidth and the stability of the internet connectivity available at the location of the remote users.</p> <ol style="list-style-type: none"> <li>a. The Meeting Platform will be open for login one (1) hour before the commencement of the AGM at 9:00 a.m. on 14 July 2021.</li> <li>b. The Meeting Platform can be accessed via one of the following method:- <ul style="list-style-type: none"> <li>• Scan the QR Code provided in the email notification; OR</li> <li>• Navigate to the website at <a href="https://web.lumiagm.com">https://web.lumiagm.com</a></li> </ul> </li> <li>c. Insert the Meeting ID and sign in with the user ID and password provided to you via the email notification in Step 3.</li> </ol>
5.	Participate	<p><i>[Note: Questions submitted online will be moderated before being sent to the Chairman to avoid repetition. All question and messages will be presented with the full name and identity of the participant raising the question.]</i></p> <ol style="list-style-type: none"> <li>a. If you would like to view the live webcast, select the broadcast icon.</li> <li>b. If you would like to ask a question during the AGM, select the messaging icon.</li> <li>c. Type your message within the chat box, once completed click the send button.</li> </ol>
6.	Voting	<ol style="list-style-type: none"> <li>a. Once voting has been opened, the polling icon will appear with the resolutions and your voting choices.</li> <li>b. To vote simply select your voting direction from the options provided. A confirmation message will appear to show your vote has been received.</li> <li>c. To change your vote, simply select another voting direction.</li> <li>d. If you wish to cancel your vote, please press “Cancel”.</li> </ol>
7.	End of Participation	Upon the announcement by the Chairman on the closure of the AGM, the live webcast will end and the Messaging window will be disabled.

## Administrative Details for Shareholders/ Proxies Attending the Sixty-Fourth Annual General Meeting (“64<sup>th</sup> AGM”)

### H. No Distribution of Door Gifts

There will be no distribution of door gifts for Members/Proxies who participate in the 64th AGM.

### I. No Recording or Photography

No recording or photography of the AGM proceedings is allowed without the prior written permission of the Company.

### J. Enquiry

If you have any enquiries prior to the AGM, please contact the following during office hours from Monday to Friday (8.30 a.m. to 5.30 p.m.):-

#### Boardroom Share Registrars Sdn. Bhd.

11th Floor, Menara Symphony,  
No. 5 Jalan Prof. Khoo Khay Kim,  
Seksyen 13, 46200 Petaling Jaya,  
Selangor Darul Ehsan.

General Line : 603-7890 4700

Fax Number : 603-7890 4670

Email : bsr.helpdesk@boardroomlimited.com

### K. Personal Data Policy

By registering for the remote participation and electronic voting meeting and/or submitting the instrument appointing a proxy(ies) and/or representative(s), the member of the Company has consented to the use of such data for purposes of processing and administration by the Company (or its agents); and to comply with any laws, listing rules, regulations and/or guidelines. The member agrees that he/she will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

# Proxy Form

Total number of Proxy(ies) appointed		
Proportion of holdings to be represented by each proxy	Proxy 1 %	Proxy 2 %
Total number of ordinary shares held		
CDS Account No.		

 I/We \_\_\_\_\_ (NRIC/Passport/Company No.) \_\_\_\_\_  
 (FULL NAME IN CAPITAL LETTERS)

 of \_\_\_\_\_  
 (FULL ADDRESS)

 being a Member/Members of SAPURA RESOURCES BERHAD hereby appoint \_\_\_\_\_  
 (FULL NAME IN CAPITAL LETTERS) (NRIC/Passport No.) \_\_\_\_\_

 of \_\_\_\_\_  
 (FULL ADDRESS)

telephone no. \_\_\_\_\_ e-mail address \_\_\_\_\_

 and/or failing him/her \_\_\_\_\_ (NRIC/Passport No.) \_\_\_\_\_  
 (FULL NAME IN CAPITAL LETTERS)

 of \_\_\_\_\_  
 (FULL ADDRESS)

telephone no. \_\_\_\_\_ e-mail 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 Sixty-Fourth Annual General Meeting (“64<sup>th</sup> AGM”) of Sapura Resources Berhad to be held on a fully virtual basis at the broadcast venue at Multi-Purpose Hall, Ground Floor, Sapura@Mines, No. 7, Jalan Tasik, The Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan on Wednesday, 14 July 2021 at 10:00 a.m. or at any adjournment thereof and to vote as indicated below:

Resolution No.	Resolutions	For	Against
<b>Ordinary Business:</b>			
Ordinary Resolution 1	Payment of Directors’ fees of RM560,230.14		
Ordinary Resolution 2	Payment of Directors’ benefits payable up to an amount of RM63,000.00		
Ordinary Resolution 3	Re-election of Dato’ Shahriman bin Shamsuddin pursuant to Clause 116 of the Company’s Constitution		
Ordinary Resolution 4	Re-election of Encik Ahmad Jauhari bin Yahya pursuant to Clause 116 of the Company’s Constitution		
Ordinary Resolution 5	Re-appointment of Ernst & Young PLT as Auditors of the Company		
<b>Special Business:</b>			
Ordinary Resolution 6	Retention of Dato’ Muthanna bin Abdullah as an Independent Non-Executive Director		
Ordinary Resolution 7	Retention of Tan Sri Datuk Amar (Dr.) Hamid bin Bugo as an Independent Non-Executive Director		
Ordinary Resolution 8	Authority for Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016		

Please indicate with an “X” in the space above how you wish your vote to be cast. If no specific direction as to voting is given, the Proxy will vote or abstain from voting at his/her discretion.

Signature / Common Seal of Shareholder

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2021

\* Strike out whichever not applicable

**Notes:**
**Mode of Meeting and Venue**

- The 64<sup>th</sup> AGM of the Company will be conducted on a fully virtual basis through live streaming and online remote voting by shareholders and proxies via the Remote Participation and Voting (“RPV”) Platform. Please follow the steps and procedures provided in the Administrative Notes for the 64<sup>th</sup> AGM of the Company in order to register, participate and vote remotely via the RPV Platform.
- The Broadcast Venue, which is the main venue of the 64<sup>th</sup> AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be present at the main venue of the meeting and in accordance with Clause 77 of the Company’s Constitution which allows a general meeting to be held at more than one (1) venue, using any technology or method that enables the members of the Company to participate and to exercise the members’ right to speak and vote at the general meeting. Shareholders, proxy(ies) and/or corporate representatives will not be allowed to be physically present at the broadcast venue on the day of the 64<sup>th</sup> AGM of the Company.

**Appointment of Proxy**

- In respect of deposited securities, only members whose names appear on the Record of Depositors as at 7 July 2021 (General Meeting Record of Depositors) shall be entitled to participate, speak and vote at this Meeting.
- A member of the Company who is entitled to participate and vote at the Meeting, shall be entitled to appoint more than one (1) proxy to participate, speak and vote in his stead. Where a member appoints more than one (1) proxy in relation to a meeting, the member shall specify the proportion of his/her shareholdings to be represented by each proxy, failing which the appointment shall be invalid.
- A proxy may but need not to be a member of the Company and a member may appoint any person to be his proxy without limitation. There shall be no restriction as to the qualification of the proxy. A proxy appointed to participate and vote at the Meeting shall have the same rights as the member to participate, speak and vote at the Meeting.  
As guided by the Securities Commission Malaysia’s Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, the primary mode of communication by shareholders for the 64<sup>th</sup> AGM is via text messaging facilities provided under the RPV Platform. In the event of any technical glitch

 in the primary mode of communication, all other reasonable modes of communication are acceptable for the 64<sup>th</sup> AGM.

- The instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorised in writing or, if the member is a corporation, shall either be executed under the corporation’s common seal or under the hand of an officer or attorney duly authorised.
- Where a member of the Company is an Exempt Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (“**omnibus account**”), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at the Company’s Share Registrar, Boardroom Share Registrars Sdn. Bhd. at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the Meeting, i.e., not later than 12 July 2021 at 10:00 a.m. or adjournment thereof.  
Alternatively, the form of proxy can be deposited electronically through the Share Registrar’s website, Boardroom Smart Investor Online Portal at [www.boardroomlimited.my](http://www.boardroomlimited.my). Kindly login and deposit your proxy form electronically not less than forty-eight (48) hours before the time appointed for holding the Meeting, i.e., not later than 12 July 2021 at 10:00 a.m. or adjournment thereof.
- All resolutions set out in the Notice of the Meeting are to be voted by poll voting as per paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad via the RPV Platform.
- Corporate Representatives**  
As an alternative to the appointment of a proxy, a corporate member may appoint its corporate representative to attend the 64<sup>th</sup> AGM pursuant to Section 333 of the Companies Act 2016. For this purpose and pursuant to Section 333 (5) of the Companies Act 2016, the corporate member shall be provided a certificate under its common seal as prima facie evidence of the appointment of the corporate representative.

**Personal Data Privacy:**

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 10 June 2021.

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Fold here

Sapura Resources Berhad 195701000235 (3136-D)  
Proxy Form

Stamp

The Share Registrar  
**Boardroom Share Registrars Sdn. Bhd.** 199601006647 (378993-D)  
11th Floor, Menara Symphony,  
No. 5, Jalan Prof. Khoo Kay Kim,  
Seksyen 13,  
46200 Petaling Jaya,  
Selangor Darul Ehsan

[WWW.SAPURA-RESOURCES.COM](http://WWW.SAPURA-RESOURCES.COM)

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