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**AYER Holdings Berhad**  
*(Incorporated in Malaysia)*

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**Corporate Information**

**Board of Directors**

Lim Kee Choon  
Tan Sri Datuk Yong Poh Kon  
Lim Ke Hun  
Lim Wan Yee  
Chin Yoong Kheong  
Tan Sri Arpah Binti Abdul Razak  
Chang Wee Yon [Alternate Director to Lim Wan Yee]  
Edwin Jose Gomes [Alternate Director to Lim Kee Choon]

**Secretaries**

Tai Yit Chan (MAICSA 7009143)  
Tai Yuen Ling (LS 0008513)

**Auditors**

Khoo Wong & Chan (AF: 0736)  
*Chartered Accountants*  
8.06 - 8.08, 8th. Floor,  
Plaza First Nationwide,  
161, Jalan Tun H.S. Lee,  
50000 Kuala Lumpur,  
W.P. Kuala Lumpur,  
Malaysia.

**Share Registrar**

Tricor Investor and Issuing House Services Sdn. Bhd.  
Unit 32-01, Level 32, Tower A,  
Vertical Business Suite,  
Avenue 3, Bangsar South,  
No. 8, Jalan Kerinchi,  
59200 Kuala Lumpur,  
W.P. Kuala Lumpur,  
Malaysia.

**Principal banker**

Malayan Banking Berhad

**AYER Holdings Berhad***(Incorporated in Malaysia)***Directors' Report for the year ended  
31 December 2022**

The Directors present their report together with the audited financial statements of the Group and of the Company for the year ended 31 December 2022.

**Principal activities**

The principal activities of the Company consist of the cultivation of oil palm and durian, provision of management services and investment in other companies.

The principal activities of the subsidiaries are set out in Note 13 to the financial statements.

**Financial results**

	<b>Group RM'000</b>	<b>Company RM'000</b>
Profit before taxation	47,549	9,229
Taxation	(12,208)	-
Profit for the year	35,341	9,229
Other comprehensive income for the year, net of tax	257	257
Total comprehensive income for the year	35,598	9,486

**Dividends**

The amounts of dividends paid and proposed since the end of the previous financial year were as follows:-

	<b>RM'000</b>
Paid:	
<i>In respect of financial year ended 31 December 2021:</i>	
• first and final dividend of 10.0 sen per share	<u>7,485</u>
Proposed:	
<i>In respect of financial year ended 31 December 2022:</i>	
• first and final dividend of 20.0 sen per share	<u>14,971</u>

**Movements on reserves and provisions**

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

**Share capital and debentures**

There were no changes in the issued and paid-up capital of the Company during the financial year.

There was no issue of debentures by the Company during the financial year.

# AYER Holdings Berhad

(Incorporated in Malaysia)

## Share options

There were no share options granted during the financial year or unissued shares under option at the end of the financial year, in respect of shares in the Company.

## Directors

The Directors in office during the financial year and up to the date of the report are:-

Lim Kee Choon  
 Tan Sri Datuk Yong Poh Kon  
 Lim Ke Hun  
 Lim Wan Yee  
 Chin Yoong Kheong  
 Tan Sri Arpah Binti Abdul Razak  
 Chang Wee Yon [Alternate Director to Lim Wan Yee]  
 Edwin Jose Gomes [Alternate Director to Lim Kee Choon]

Pursuant to the Constitution of the Company, Lim Kee Choon and Chin Yoong Kheong retire and being eligible, offer themselves for re-election.

## Directors of subsidiaries

The following are Directors who held office in the subsidiaries of the Company during the financial year and up to the date of this report:-

Chua Seng Yong	(Appointed on 6.9.2022)
Khoo Poh Gaik	(Appointed on 30.4.2022)
Loh Lai Phui	(Appointed on 30.4.2022)
Lim Ke Hun	(Resigned on 30.4.2022)
Lim Kee Choon	(Resigned on 30.4.2022)
Lim Wan Yee	(Resigned on 30.4.2022)

## Directors' interests

According to the Register of Directors' Shareholdings, particulars of interests of those who held office at the end of the financial year in shares in the Company and its related corporations are as follows:-

Company	Number of ordinary shares		
	1 January 2022	Addition	31 December 2022
<b>Direct</b>			
Lim Ke Hun	4,014,077	-	4,014,077
Lim Kee Choon	3,184,815	-	3,184,815
Lim Wan Yee	26,000	-	26,000
Chang Wee Yon	37,000	-	37,000
Tan Sri Datuk Yong Poh Kon	-	1,000,000	1,000,000

**AYER Holdings Berhad***(Incorporated in Malaysia)***Directors' interests (continued)**

Company	Number of ordinary shares			31 December 2022
	1 January 2022	Addition	Disposal	
Indirect				
Lim Ke Hun	28,000	-	-	28,000
Lim Kee Choon	14,044,510	-	-	14,044,510
Lim Wan Yee	16,609,008	-	-	16,609,008
Chang Wee Yon	16,609,008	-	-	16,609,008

By virtue of their interest in the Company, the following Directors are also deemed to be interested in the shares of the subsidiaries to the extent of the shares held by the Company.

Lim Kee Choon  
 Tan Sri Datuk Yong Poh Kon  
 Lim Ke Hun  
 Lim Wan Yee  
 Chang Wee Yon

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

**Directors' benefits**

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than the benefits shown under Directors' Remuneration) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, apart from those disclosed in the financial statements.

Neither during nor at the end of the financial year, was the Company or any of its subsidiaries a party to any arrangements whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

**Indemnity and insurance costs**

The following disclosure on particulars of indemnity given, or insurance effected for, any Director or officer of the Group is made pursuant to Section 289(7) of the Companies Act 2016:

	Premium paid RM'000	Sum insured RM'000
Directors and officers liability insurance	24	20,000

The Directors and officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

There were no indemnity given to, or insurance effected for auditors of the Company during the financial year.

**AYER Holdings Berhad***(Incorporated in Malaysia)*

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**Other statutory information**

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

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

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

- (i) would render the amounts written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; or
- (ii) would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (iii) 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.

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

- (i) charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group and of the Company to meet their obligations when they fall due.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements of the Group and of the Company misleading.

In the opinion of the Directors:

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

**AYER Holdings Berhad***(Incorporated in Malaysia)***Subsidiaries**

## (i) Details of subsidiaries:

Details of subsidiaries are disclosed in Note 13 to the financial statements.

## (ii) Independent auditors' reports on the financial statements of the subsidiaries:

Independent auditors' reports on the financial statements of the subsidiaries did not contain any qualifications or any adverse comment made under Section 266(3) of the Companies Act 2016.

## (iii) Subsidiaries' holding of shares in the company and other related corporations:

None of the subsidiaries had any interest in shares in the company and other related corporations during the financial year.

**Directors' remuneration**

Directors' remuneration of the Group and the Company for the financial year ended 31 December 2022 were as follows:-

	<b>Group RM'000</b>	<b>Company RM'000</b>
Fees	1,591	1,384
Directors' emoluments	354	318
	<u>1,945</u>	<u>1,702</u>

**Ultimate holding company**

The Company is not a subsidiary of another corporation at the end of the financial year.

**Auditors**

Auditors' remuneration of the Group and the Company for the financial year ended 31 December 2022 were as follows:-

	<b>Group RM'000</b>	<b>Company RM'000</b>
Audit fee	111	45
Other services	14	8
	<u>125</u>	<u>53</u>

Messrs. Khoo Wong & Chan have indicated their willingness to continue in office.

On behalf of the Board,

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Lim Kee Choon

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Chin Yoong Kheong

Kuala Lumpur,

5 April 2023



**AYER Holdings Berhad**  
(Incorporated in Malaysia)**Statement by Directors**

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

We, Lim Kee Choon and Chin Yoong Kheong, being the Directors of AYER Holdings Berhad do hereby state on behalf of the Board of Directors that in our opinion, the financial statements set out on pages 14 to 86 give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of their financial performance, changes in equity and cash flows for the year ended on that date in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

On behalf of the Board,

\_\_\_\_\_  
Lim Kee Choon\_\_\_\_\_  
Chin Yoong Kheong

Kuala Lumpur,

5 April 2023

**Statutory Declaration**

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

I, Loh Lai Phui, being the Officer primarily responsible for the accounting records and financial management of AYER Holdings Berhad do solemnly and sincerely declare that the financial statements set out on pages 14 to 86 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the *Statutory Declarations Act 1960*.

Subscribed and solemnly declared by )  
Loh Lai Phui )  
at Kuala Lumpur in the )  
Federal Territory )  
On 5 April 2023 )  
)

\_\_\_\_\_  
Loh Lai Phui  
CA 17421

Before me,

**Khoo Wong & Chan** (AF: 0736)*Chartered Accountants*

8.06 – 8.08, 8th. Floor,  
Plaza First Nationwide,  
161, Jalan Tun H. S. Lee,  
50000 Kuala Lumpur,  
W.P. Kuala Lumpur.

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## **Independent Auditors' Report To The Members of AYER Holdings Berhad**

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

#### **Opinion**

We have audited the financial statements of **AYER Holdings Berhad**, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 14 to 86.

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 December 2022 and of their financial performance, changes in equity and 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 opinion.

#### *Independence and Other Ethical Requirements*

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

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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.

There is no key audit matter pertaining to the Company for the financial year. The key audit matter relating to the Group for the financial year is as described in the table below:

Continued

**Khoo Wong & Chan** (AF: 0736)*Chartered Accountants*

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## Independent Auditors' Report To The Members of AYER Holdings Berhad

**Key Audit Matters** (continued)

Key audit matter	How our audit addressed the key audit matter
<p><b>Revenue recognition for property development activities</b></p> <p>For the financial year ended 31 December 2022, property development revenue of RM66,816,000/- and cost of sales of RM32,951,000/- (Note 6) accounted for approximately 62% and 70% of the Group's revenue and cost of sales respectively.</p> <p>The Group recognises property development activities over time using the stage of completion method. The stage of completion is measured using the input method, which is based on the Group's efforts or inputs to the satisfaction of the performance obligations (i.e. by reference to the property development costs incurred up to the end of the reporting period as a percentage of total estimated costs for the complete satisfaction of the development project).</p> <p>Significant judgment is required in the estimation of total property development costs. Where the actual total property development costs are different from the estimated total property development costs, such a difference could result in a material variance in the amount of profit or loss recognised. Accordingly, we determined this to be a key audit matter.</p> <p><i>(Refer to Note 3.4(ii)(a) for key sources of estimates and judgments.)</i></p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>Reviewed management-prepared budgets for property development projects.</li> <li>Obtained an understanding of the process in deriving the stage of completion which includes verifying the certified work done such as examining progress claims from contractors and architect certification.</li> <li>Verified the budgeted costs against the letter of award issued to contractors.</li> <li>Performed analytical reviews including a reasonableness test on the percentage of completion and profit recognition.</li> <li>Verified the gross development value against the signed sale and purchase agreement and estimated selling price of unsold development unit to the latest transacted selling price.</li> <li>Observed the progress of a significant ongoing project by performing a site visit.</li> </ul> <p>Based on the procedures performed, we are satisfied with the recognition of property development revenue and costs.</p>

**Khoo Wong & Chan** (AF: 0736)*Chartered Accountants*

8.06 – 8.08, 8th. Floor,  
Plaza First Nationwide,  
161, Jalan Tun H. S. Lee,  
50000 Kuala Lumpur,  
W.P. Kuala Lumpur.

## Independent Auditors' Report To The Members of AYER Holdings Berhad

**Key Audit Matters** (continued)

Key audit matter	How our audit addressed the key audit matter
<p><b>Impairment of goodwill</b></p> <p>As at 31 December 2022, the Group's goodwill amounted to RM27,100,000/- (Note 17) which represents 4% of the Group's total assets.</p> <p>The Group is required to perform an annual impairment test of the cash-generating units ("CGU") to which goodwill has been allocated. The Group estimated the recoverable amount of the CGU containing goodwill based on fair value less costs of disposal (FVLCD). The Group has concluded that no impairment is required as the recoverable amount exceeds the carrying amount of goodwill by a significant margin.</p> <p>We determined this to be a key audit matter as the impairment assessment process is highly subjective, and involves significant judgment.</p> <p><i>(Refer to Note 3.4(ii)(c) for key sources of estimates and judgments.)</i></p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Evaluated the reasonableness of the key assumptions used by the Group in the cash flow projection by comparing the FFB yields, CPO price and PK price to historical results and industry data where appropriate.</li> <li>• Evaluated the FVLCD of land and rights by making reference to available market data.</li> <li>• Assessed and challenged the reliability of the Group's projection by comparing the actual past financial performance against previous forecast results.</li> <li>• Assessed the appropriateness of sensitivity analysis performed by the Group.</li> </ul> <p>Based on the procedures performed, we are satisfied with the Group's impairment assessment.</p>

**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 excludes 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.

Continued

**Khoo Wong & Chan (AF: 0736)***Chartered Accountants*

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**Independent Auditors' Report  
To The Members of AYER Holdings Berhad**

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**Information other than the Financial Statements and Auditors' Report thereon (continued)**

Based on the work we have performed, we conclude that if 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 judgment and maintain professional skepticism 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.

Continued

**Khoo Wong & Chan (AF: 0736)***Chartered Accountants*

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**Independent Auditors' Report  
To The Members of AYER Holdings Berhad**

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

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

Continued

**Khoo Wong & Chan (AF: 0736)**

*Chartered Accountants*

8.06 – 8.08, 8th. Floor,  
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W.P. Kuala Lumpur.

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**Independent Auditors' Report  
To The Members of AYER Holdings Berhad**

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**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.

Khoo Wong & Chan  
Chartered Accountants  
(AF: 0736)

Ong Lam Hock @  
Tan Ah Lam  
Partner  
03267/07/2024 J  
Chartered Accountant

Kuala Lumpur,

5 April 2023

**AYER Holdings Berhad***(Incorporated in Malaysia)***Statements of Comprehensive Income  
for the year ended 31 December 2022**

	Note	Group		Company	
		2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	6	106,993	75,947	13,729	4,180
Cost of sales	6	(46,923)	(39,839)	(1,569)	(1,295)
Gross profit		60,070	36,108	12,160	2,885
Other operating income		8,190	6,313	4,224	2,625
Administration expenses		(20,705)	(18,953)	(7,149)	(5,132)
Finance cost		(6)	(11)	(6)	(11)
<b>Profit before taxation</b>	7	47,549	23,457	9,229	367
Taxation	8	(12,208)	(5,886)	-	-
<b>Profit for the year</b>		35,341	17,571	9,229	367
<b>Other comprehensive income/(expense) for the year, net of tax:</b>					
<i>Item that will not be subsequently reclassified to profit or loss:</i>					
• Net gain/(loss) on financial assets at fair value through other comprehensive income/(expense)	14	257	(767)	257	(767)
<b>Total comprehensive income/(expense) for the year</b>		35,598	16,804	9,486	(400)
<b>Attributable to owners of the Company:</b>					
• profit for the year		35,341	17,571		
• total comprehensive income for the year		35,598	16,804		
		<b>sen</b>	<b>sen</b>		
Basic and diluted earnings per share	9	47.21	23.47		

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



**AYER Holdings Berhad***(Incorporated in Malaysia)***Statements of Financial Position as at 31 December 2022**

		Group		Company	
	Note	2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	172,924	169,169	16,445	12,682
Right-of-use assets	12	369	162	369	162
Subsidiaries	13	-	-	246,640	246,640
Investments	14	4,587	4,330	4,587	4,330
Investment properties	15	7,440	5,457	1,239	1,256
Inventories	16	155,646	156,137	-	-
Goodwill	17	27,100	27,100	-	-
		368,066	362,355	269,280	265,070
Current assets					
Inventories	16	32,434	34,530	109	50
Biological assets	18	973	1,283	154	176
Contract costs	19	2,331	3,431	-	-
Receivables	20	7,817	17,447	337	379
Contract assets	21	26,948	11,293	-	-
Current tax assets		117	805	-	-
Short-term investments	22	166,347	113,960	38,435	41,165
Deposits, cash & bank balances	23	34,067	60,479	665	460
		271,034	243,228	39,700	42,230
TOTAL ASSETS		639,100	605,583	308,980	307,300
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	24	74,945	74,945	74,945	74,945
Reserves	25	491,845	463,732	230,916	228,915
TOTAL EQUITY		566,790	538,677	305,861	303,860
Non-current liabilities					
Lease liabilities	26	172	-	172	-
Deferred tax liabilities	27	39,036	39,686	-	-
		39,208	39,686	172	-
Current liabilities					
Contract liabilities	21	193	-	-	-
Current tax liabilities		1,956	1,354	-	-
Lease liabilities	26	198	172	198	172
Payables	28	30,755	25,694	2,749	3,268
		33,102	27,220	2,947	3,440
TOTAL LIABILITIES		72,310	66,906	3,119	3,440
TOTAL EQUITY AND LIABILITIES		639,100	605,583	308,980	307,300

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

**AYER Holdings Berhad**  
(Incorporated in Malaysia)

**Statements of Changes in Equity  
for the year ended 31 December 2022**

Group 2022	Note	<u>Attributable to owners of the Company</u>				
		Share capital	Non- distributable	Distributable		Total equity
			Fair value reserves	General reserves	Accumulated profits	
		RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2022		74,945	29,554	250	433,928	538,677
Profit for the year		-	-	-	35,341	35,341
Other comprehensive income for the year		-	257	-	-	257
Total comprehensive income for the year		-	257	-	35,341	35,598
Transfer within reserves:						
• transfer to accumulated profits upon disposal of property		-	(228)	-	228	-
Transaction with owners:						
• dividends	10	-	-	-	(7,485)	(7,485)
At 31 December 2022		74,945	29,583	250	462,012	566,790

**2021**

At 1 January 2021		74,945	30,425	250	419,322	524,942
Profit for the year		-	-	-	17,571	17,571
Other comprehensive expense for the year		-	(767)	-	-	(767)
Total comprehensive income / (expense) for the year		-	(767)	-	17,571	16,804
Transfer within reserves:						
• transfer to accumulated profits upon disposal of property		-	(104)	-	104	-
Transaction with owners:						
• dividends	10	-	-	-	(3,069)	(3,069)
At 31 December 2021		74,945	29,554	250	433,928	538,677

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

**AYER Holdings Berhad**  
*(Incorporated in Malaysia)*
**Statements of Changes in Equity  
for the year ended 31 December 2022**

<u>Attributable to owners of the Company</u>						
Company 2022	Note	Non- distributable		Distributable		Total equity  RM'000
		Share capital	Fair value reserves	General reserves	Accumulated profits	
		RM'000	RM'000	RM'000	RM'000	
At 1 January 2022		74,945	4,036	250	224,629	303,860
Profit for the year		-	-	-	9,229	9,229
Other comprehensive income for the year		-	257	-	-	257
Total comprehensive income for the year		-	257	-	9,229	9,486
Transaction with owners:						
• dividends	10	-	-	-	(7,485)	(7,485)
At 31 December 2022		74,945	4,293	250	226,373	305,861

**2021**

At 1 January 2021		74,945	4,803	250	227,331	307,329
Profit for the year		-	-	-	367	367
Other comprehensive expense for the year		-	(767)	-	-	(767)
Total comprehensive income/ (expense) for the year		-	(767)	-	367	(400)
Transaction with owners:						
• dividends	10	-	-	-	(3,069)	(3,069)
At 31 December 2021		74,945	4,036	250	224,629	303,860

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

**AYER Holdings Berhad***(Incorporated in Malaysia)***Statements of Cash Flows  
for the year ended 31 December 2022**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>				
Profit before taxation	47,549	23,457	9,229	367
<b>Adjustments for:</b>				
Depreciation and amortisation	3,663	3,551	396	408
Loss on derecognition of property, plant and equipment	10	-	-	-
Fair value loss/(gain) on biological assets	310	(230)	22	2
Dividend income	(217)	(201)	(8,197)	(201)
Interest expenses	6	11	6	11
Interest and distribution income	(3,421)	(2,194)	(258)	(785)
Operating profit/(loss) before working capital changes	47,900	24,394	1,198	(198)
Decrease/(increase) in inventories	3,147	22,276	(59)	(1)
Increase in receivables	(4,979)	(10,784)	(12)	(48)
Increase/(decrease) in payables	3,859	8,930	(519)	1,281
Cash generated from operations	49,927	44,816	608	1,034
Interest and distribution income received	3,475	1,951	312	792
Tax paid	(11,918)	(6,322)	-	-
Tax refunded	350	-	-	-
Net cash generated from operating activities	41,834	40,445	920	1,826
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment (Note A)	(6,665)	(3,064)	(3,947)	(2,429)
Purchase of investment properties (Note B)	(1,156)	(500)	-	-
Payment for land held for property development	(560)	(787)	-	-
(Placement)/withdrawal of short-term deposits	(34)	23	-	-
Dividend received from:				
• subsidiaries	-	-	7,980	-
• quoted equity securities in Malaysia	217	201	217	201
Interest received	-	251	-	-
Net cash (used for)/generated from investing activities	(8,198)	(3,876)	4,250	(2,228)

**The annexed notes form an integral part of the financial statements.**

**AYER Holdings Berhad***(Incorporated in Malaysia)***Statements of Cash Flows  
for the year ended 31 December 2022**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from financing activities</b>				
Repayments of lease liabilities	(204)	(199)	(204)	(199)
Dividend paid	(7,485)	(3,069)	(7,485)	(3,069)
Interest paid	(6)	(11)	(6)	(11)
Net cash used in financing activities	(7,695)	(3,279)	(7,695)	(3,279)
Net increase/(decrease) in cash and cash equivalents	25,941	33,290	(2,525)	(3,681)
Cash and cash equivalents at beginning of the year	174,161	140,871	41,625	45,306
Cash and cash equivalents at end of the year	200,102	174,161	39,100	41,625

**Analysis of cash and cash equivalents**

Short-term investments	166,347	113,960	38,435	41,165
Deposits, cash & bank balances	34,067	60,479	665	460
	200,414	174,439	39,100	41,625
Pledged short-term deposits	(312)	(278)	-	-
Cash and cash equivalents	200,102	174,161	39,100	41,625

**Note A:****Analysis of purchase of property, plant and equipment**

Current outlay	(7,060)	(3,064)	(3,947)	(2,429)
Other payables	395	-	-	-
Cash payment	(6,665)	(3,064)	(3,947)	(2,429)

**Note B:****Analysis of purchase of investment properties**

Current outlay	(2,156)	(500)	-	-
Other payables	1,000	-	-	-
Cash payment	(1,156)	(500)	-	-

**The annexed notes form an integral part of the financial statements.**

**AYER Holdings Berhad***(Incorporated in Malaysia)***Notes to the Financial Statements**  
**31 December 2022**

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

**1. General information****1.1 Principal activities**

The principal activities of the Company consist of the cultivation of oil palm and durian, provision of management services and investment in other companies.

The principal activities of the subsidiaries are set out in Note 13 to the financial statements.

**1.2 Legal form and domicile**

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

**1.3 Registered office and principal place of business**

The addresses of the registered office and principal place of business are as follows:-

Registered office

12th Floor, Menara Symphony,  
No. 5, Jalan Prof. Khoo Kay Kim,  
Seksyen 13,  
46200 Petaling Jaya,  
Selangor Darul Ehsan.

Principal place of business

5th Floor, Bangunan Yee Seng,  
No. 15, Jalan Raja Chulan,  
50200 Kuala Lumpur,  
W.P. Kuala Lumpur.

**1.4 Authorisation for issue**

The financial statements were authorised for issue by the Directors on 5 April 2023.

## **AYER Holdings Berhad**

*(Incorporated in Malaysia)*

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### **2. Financial risk management policies**

The Group and the Company's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group and of the Company's businesses whilst managing their risks. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group and the Company's policies are to forbid speculative transactions.

The main areas of financial risks faced by the Group and by the Company and the policies in respect of the major areas of treasury activity are set out as follows:

#### **2.1 Interest rate risk**

The Group and the Company's primary interest rate risk relates to short-term deposits with financial institutions in Malaysia. Short-term deposits generate interest income based on prevailing market rates. The Group and the Company manage their interest rate risk by placing and investing such deposits on short tenures of less than one year.

#### **2.2 Market risk**

Market price risk is the risk that the fair value or future cash flows of the Group and the Company's financial instruments will fluctuate because of changes in market prices. The Group and the Company are exposed to market price risk as follows:

##### **(i) Commodity price risk**

The Group and the Company are exposed to market price risk arising from price fluctuations in crude palm oil ("CPO") and palm kernel ("PK") in the commodity market. Management reviews these risks and takes proactive measures to mitigate their effects by monitoring the market condition and maximising production and operational efficiencies on a regular basis.

##### **(ii) Equity price risk**

The Group and the Company's investment in quoted shares and short-term investments are subject to fluctuation in net asset values of the unit trust funds and market prices of equity instruments. The Group and the Company manage the risk of unfavourable changes by cautious review of the investments before investing and continuous monitoring of their performance and risk profiles.

#### **2.3 Credit risk**

The credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risk is minimised and monitored by strictly limiting the Group and the Company's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis based on Group management reporting procedures.

#### **2.4 Liquidity and cash flow risks**

The Group and the Company practice prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient cash and cash equivalents for contingent funding requirement of working capital.

# **AYER Holdings Berhad**

*(Incorporated in Malaysia)*

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## **3. Basis of preparation**

### **3.1 Statement of compliance**

The financial statements of the Group and the Company comply with Malaysian Financial Reporting Standards (MFRSs), International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act 2016 in Malaysia. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad.

### **3.2 Basis of measurement**

The financial statements of the Group and of the Company have been prepared under the historical cost basis unless otherwise indicated.

### **3.3 Functional and presentation currency**

The financial statements are presented in Ringgit Malaysia (RM), which is the Group and the Company's functional currency. All financial information presented in RM had been rounded to the nearest thousand.

### **3.4 Use of estimates and judgments**

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

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

#### Estimates and judgments

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

#### **(i) Critical judgment made in applying accounting policies**

##### **(a) Classification between investment properties and property, plant and equipment**

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



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### **3.4 Use of estimates and judgments (continued)**

#### **(i) Critical judgment made in applying accounting policies (continued)**

##### **(b) Classification between investment properties and inventories**

The Group has temporarily sub-let some completed unsold properties which are held for sale. It is not the Group's intention to hold these properties for long-term capital appreciation or rental income. Accordingly, these properties remain as inventories.

#### **(ii) Key sources of estimation uncertainty**

##### **(a) Revenue recognition from property development activities**

Revenue is recognised as and when the control of the asset is transferred to customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation based on the Group's efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the property development costs incurred up to the end of the reporting period as a percentage of total estimated costs for the complete satisfaction of the development project).

Significant judgment is required in determining the percentage of completion, the extent of property development costs incurred, the total estimated property development revenue and costs, as well as the recoverability of the development projects. In making the judgment, the Group evaluates them by relying on past experiences and the work of specialists.

If the Group is unable to make a reasonably dependable estimate, the Group would not recognise any profit before a contract is completed, but would recognise a loss as soon as the loss becomes evident.

The carrying amounts of the Group's property development costs and contract assets/(liabilities) as at the reporting date are disclosed in Note 16(c) & Note 21 to the financial statements respectively.

## AYER Holdings Berhad

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(ii) Key sources of estimation uncertainty (continued)

(b) Valuation of inventories (land held for property development and completed development units)

The Group assesses the expected selling price and costs to sell each of the plots or units that constitute the Group's land bank and completed development units. Cost includes the cost of acquisition of land, the cost of infrastructure and construction works, and legal and professional fees incurred during development prior to sale. Estimation of the selling price is subject to significant inherent uncertainties, in particular the prediction of future trends in the market value of land.

Whilst the Group exercises due care and attention to make reasonable estimates, taking into account all available information in estimating the future selling price, the estimates will, in all likelihood, differ from the actual selling prices achieved in future periods and these differences may, in certain circumstances, be very significant.

The carrying amount of inventories as at the reporting date is disclosed in Note 16 to the financial statements.

(c) Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units ("CGU") to which the goodwill is allocated. Estimating the recoverable amount requires management to estimate the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The recoverable amounts of CGUs were determined on the higher of fair value less costs to sell and value in use calculations.

The carrying amount of goodwill as at the reporting date and details of impairment test are disclosed in Note 17 to the financial statements.

(d) Biological assets

The Group and the Company measure biological assets at fair value, with changes in fair value being recognised in profit or loss. The fair value determination of biological assets requires the use of estimates on the projected harvest quantities and market price of FFB as at the reporting date.

The carrying amount of biological assets as at the reporting date and key assumptions used to determine the fair value of biological assets are disclosed in Note 18 to the financial statements.

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## (ii) Key sources of estimation uncertainty (continued)

(e) Deferred tax assets

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the temporary differences can be utilised. Significant judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The carrying amount of unrecognised deductible temporary differences as at the reporting date is disclosed in Note 27 to the financial statements.

(f) Provisions for property development expenditure

The Group and the Company recognise provisions when they have a present or past legal or constructive obligation, and an outflow of economic benefits will probably be required to settle the obligation and a reliable estimate can be made. The recognition of provisions requires the application of judgments about the ultimate resolution of these obligations. As a result, provisions are reviewed at each reporting date and adjusted to reflect the Group and the Company's current best estimate.

The carrying amount of provisions as at the reporting date is disclosed in Note 28 to the financial statements.

**4. Significant accounting policies****4.1 Amendments to MFRSs and Annual Improvements to MFRSs ('Standards') that are effective for current financial year**

The following Standards are applicable to the Group and the Company, which are effective for current financial year:-

**Effective for financial periods beginning on or after 1 April 2021**

- Amendments to MFRS 16      COVID-19 – Related Rent Concessions beyond 30 June 2021

**Effective for financial periods beginning on or after 1 January 2022**

- Amendments to MFRS 3      Reference to the Conceptual Framework
- Annual Improvements to MFRS 9      Fees in the '10 per cent' Test for Derecognition of Financial Liabilities
- Amendments to MFRS 116      Proceeds before Intended Use
- Amendments to MFRS 137      Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to MFRS 141      Taxation in Fair Value Measurements

The initial application of these Standards has an immaterial impact on the Group and the Company's financial statements.

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### 4.2 Amendments to MFRSs that are yet to be effective for current financial year

No early adoption is made by the Group and the Company on the following amendments that are expected to have an application to the Group and the Company's operations. These amendments have been issued by the MASB, but are yet to be effective:-

#### **Effective for financial periods beginning on or after 1 January 2023**

- Amendments to MFRS 101 Classification of Liabilities as Current or Non-current
- Amendments to MFRS 101 Disclosure of Accounting Policies
- Amendments to MFRS 108 Definition of Accounting Estimates
- Amendments to MFRS 112 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

#### **Effective for financial periods beginning on or after 1 January 2024**

- Amendments to MFRS 16 Leases – Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101 Non-current Liabilities with Covenants

#### **Effective date to be announced**

- Amendments to MFRS 10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The initial application of these amendments is expected to have an immaterial impact on the Group and the Company's financial statements, other than those summarised below:-

#### • ***Amendments to MFRS 101 – Disclosure of Accounting Policies***

The Amendments to MFRS 101 require the Group and the Company to disclose their material accounting policy information rather than its significant accounting policies. The Amendments, amongst others, also include examples of circumstances in which the Group and the Company are likely to consider an accounting policy information to be material to its financial statements.

These amendments are to be applied prospectively. The Group and the Company are making an assessment of the effects on disclosures ensuing from the initial application of the amendments.

## **AYER Holdings Berhad**

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### **4.3 Consolidated financial statements**

#### **(i) Subsidiaries**

Subsidiaries are those entities controlled by the Company. Control is achieved when the Company:-

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Subsidiaries are consolidated using the acquisition method of accounting.

Under the acquisition method of accounting, the consideration transferred is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Contingent consideration is measured at fair value as part of the consideration transferred with subsequent adjustment resulting from events after the acquisition date recognised in profit or loss. Acquisition-related costs are recognised as expenses in profit or loss in the period in which they are incurred.

If a business combination is achieved in stages, the previously held equity interest in the acquiree is remeasured to the acquisition-date fair value. Any resulting gain or loss is recognised in profit or loss.

Non-controlling interests that are present ownership interests entitling their holders to a proportionate share of the acquiree's net assets in the event of liquidation may be initially measured either:

- at fair value; or
- at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

The choice of measurement is made on a transaction-by-transaction basis. Other types of non-controlling interest are measured at fair value.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at acquisition-date fair value.

Goodwill is initially measured as the excess of the aggregate of the fair value of the consideration transferred, the fair value of non-controlling interest and the fair value of any previously held equity interest over the identifiable assets acquired and liabilities assumed. If the consideration is lower than the fair value of the net assets of the subsidiary acquired, the gain is recognised in profit or loss.

All intragroup transactions, balances and unrealised gains and losses are eliminated in full. Intragroup unrealised losses may indicate an impairment that requires recognition in the consolidated financial statements.

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### (i) Subsidiaries (continued)

#### Loss of control

Upon a loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any gain or loss arising from the loss of control of a subsidiary is recognised in profit or loss and measured as the difference between:

- an aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- the previous carrying amount of the assets (including goodwill), liabilities of the subsidiary and any non-controlling interests.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a financial asset categorised at fair value through profit or loss depending on the level of influence retained.

#### Transactions with non-controlling interests

Non-controlling interests represent that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly by the Group. It is measured at:-

- the non-controlling interests' share of the fair value of the subsidiary's identifiable assets and liabilities at the acquisition date; and
- changes in the subsidiary's equity since that date.

Total comprehensive income is attributed to the Group and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interest in a subsidiary without loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to the Group.

### 4.4 **Revenue and income recognition**

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contracts with customers. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, net of indirect taxes, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative stand-alone selling price of each distinct good or service promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

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### **4.4 Revenue and income recognition (continued)**

Performance obligations by segment are as follows:-

(i) Revenue from property development

Contracts with customers may include multiple promises to customers and are therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on the expected cost plus margin.

The revenue from property development is measured at the fixed transaction price agreed under the sale and purchase agreement.

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if:-

- the Group's performance does not create an asset with an alternative use to the entity; and
- the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group recognises revenue over time using the input method, which is based on the Group's effort to satisfaction of the performance obligations (i.e. by reference to the property development costs incurred up to the end of the reporting period as a percentage of total estimated costs for the complete satisfaction of the development project).

The promised properties are specifically identified by their plot, lot and parcel number and their attributes (such as their size and location) in the sale and purchase agreements and the attached layout plan. Purchasers could enforce their rights to the promised properties if the Group seeks to sell the unit to another purchaser. The contractual restriction on the Group's ability to direct the promised residential property for another use is substantive and the promised properties sold to the purchasers do not have an alternative use to the Group.

The Group has the right to payment for performance completed to date according to the Housing Development Act. The Group is entitled to continue to transfer to the customer the development units promised and has the rights to complete the construction of the properties and enforce its rights to full payment.

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- (i) Revenue from property development (continued)  
The Group recognises sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers and it is probable that the Group will collect the considerations to which it will be entitled to in exchange for the assets sold.
- (ii) Revenue from sale of agricultural produce  
Revenue from sales of agricultural produce is recognised net of discounts and taxes at the point in time when control of the goods has transferred to the customer. Depending on the terms of the contract with the customer, control transfers upon delivery of the goods to a location specified by the customer and acceptance of the goods by the customer.  
  
There is no element of financing present as the Group and the Company's sale of goods are either on cash terms or on credit terms of up to 30 days.
- (iii) Rental income  
Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreements. Other rent-related income is recognised in the financial period in which the service is being rendered.
- (iv) Interest income  
Interest income is recognised on an accrual basis, using the effective interest method, unless collectability is in doubt, in which case it is recognised on a cash receipt basis.
- (v) Dividend income  
Dividend income is recognised when the right to receive payment is established.
- (vi) Management fees  
Management fees from the provision of management services are recognised over time when the counter parties simultaneously receive and consume the benefits.

### 4.5 Employee benefits

- (i) Short-term benefits  
Wages, salaries, bonuses and social security contributions are recognised as expenses in the period in which the associated services are rendered by employees of the Group and of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leaves are recognised when the absences occur.
- (ii) Termination benefits  
The Group and the Company pay termination benefits in cases of termination of employment. Termination benefits are recognised as a liability and an expense when the Group and the Company have a detailed formal plan for the termination and are without realistic possibility of withdrawal.



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### 4.5 Employee benefits (continued)

#### (iii) Post-employment benefits

##### *Defined contribution plans*

As required by law, the Group and the Company make contributions to the state pension scheme, the Employees Provident Fund (“EPF”). Such contributions are recognised as expenses in profit or loss as incurred.

### 4.6 Borrowings costs

Borrowing costs are recognised as expenses in profit or loss using the effective interest method.

### 4.7 Income taxes

Income tax expense represents the sum of the current tax and deferred tax.

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

#### Current tax

The current tax is the amount of income taxes payable in respect of the taxable profit for a period. The Group and the Company’s liabilities for current tax are calculated using tax rates that have been enacted or substantively enacted by the reporting date.

#### Deferred tax

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the carrying amounts of assets and liabilities in the financial statements and their tax bases. No deferred tax is recognised for the temporary differences arising from:

- the initial recognition of goodwill; and
- the initial recognition of assets or liabilities in a transaction (other than a business combination) that affects neither accounting nor taxable profit or loss.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax asset 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 asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group and the Company intend to settle their current tax assets and liabilities on a net basis.

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### 4.8 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The 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 uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	Inputs are unadjusted quoted prices in active markets for identical assets or liabilities
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities either directly or indirectly
Level 3	Inputs that are unobservable for the assets or liabilities

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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## 4.9 Impairment of assets

### (i) **Non-financial assets**

The carrying amounts of non-financial assets are assessed for impairment when there is an indication that the assets might be impaired. For goodwill with an indefinite useful life, the recoverable amount is estimated at each reporting date.

Impairment is measured by comparing the carrying amounts of the assets with their recoverable amounts. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Recoverable amounts are estimated for individual assets, or if it is impossible, for the cash-generating unit (CGU). For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the CGU). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised in profit or loss immediately.

Impairment loss recognised in respect of CGU is allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

In respect of goodwill, no reversal is made for impairment loss previously recognised. In respect of other assets, subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss. It is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

### (ii) **Financial assets and contract assets**

At each reporting period end, the Group and the Company assess whether there has been a significant increase in credit risk for financial assets and contract assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition.

In determining whether credit risk on a financial asset and contract asset has increased significantly since initial recognition, the Group and the Company use external credit rating and other supportive information to assess deterioration in credit quality of a financial asset and contract asset. The Group and the Company assess whether the credit risk on a financial asset and contract asset has increased significantly on an individual or collective basis. For collective basis evaluation, financial assets and contract assets are grouped on the basis of similar risk characteristics.

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

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(ii) **Financial assets and contract assets** (continued)

The amount of impairment loss is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset and contract asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cash flows that are due to the Group and to the Company and all the cash flows that the Group and the Company expect to receive.

The Group and the Company measure the allowance for impairment loss on financial assets and contract assets based on the two-step approach as follows:-

(a) *12-months expected credit loss*

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

(b) *Lifetime expected credit loss*

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

For trade receivables and contract assets, the Group and the Company apply the simplified approach in accordance with MFRS 9 “Financial Instruments” and measure the allowance for impairment loss based on a lifetime expected credit loss from initial recognition. The Group and the Company estimate the expected credit losses on trade receivables and contract assets using a provision matrix with reference to historical loss experience.

Financial instruments that are credit impaired are assessed on an individual basis.

The Group and the Company define a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:-

- when the counterparty fails to make contractual payment as they fall due;
- the debtor is in breach of financial covenants;
- concessions have been made by the lender relating to the debtor’s financial difficulty;
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- the debtor is insolvent.

The carrying amount of the financial asset and contract asset is reduced through the use of an allowance for impairment loss account and the amount of impairment loss is recognised in profit or loss.

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### 4.10 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Expenditure incurred to replace a component of an item of property, plant and equipment that is recognised separately, including major inspection and overhaul expenditure, is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. The carrying amount of replaced parts are derecognised. All other expenditure is recognised in profit or loss as an expense as incurred.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of items of property, plant and equipment. No depreciation is recognised for properties in progress.

The principal annual rates adopted are as follows:-

Leasehold land	- 60 to 99 years
Buildings	- 2% to 10%
Vehicles, plant & machinery	- 10% to 25%
Furniture, fittings & equipment	- 10% to 50%

On derecognition or disposal of an item of property, plant and equipment, the difference between net disposal proceeds, if any, and its carrying amount is recognised in profit or loss. On disposal of revalued assets arising from business combinations, the amounts in fair value reserve relating to those assets are transferred to accumulated profits.

Bearer plants are initially recognised at cost. Subsequent to initial recognition, bearer plants are measured at cost less accumulated depreciation and impairment losses.

All costs directly related to bearer plants including planting expenditure are capitalised until such time as the bearer plants reach maturity, at which point all further costs are expensed and depreciation commences.

No depreciation is recognised for immature plantation.

The estimated useful lives of bearer plants are as follows:-

	<u>Immature period</u>	<u>Estimated useful life</u>
Oil palm	3 years	20 – 25 years
Durian	5 years	40 – 50 years

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## 4.11 Investments in subsidiaries

Investments in subsidiaries are measured at cost less accumulated impairment losses.

On loss of control of a subsidiary, the difference between the fair value of considerations received, if any, and its carrying amount is recognised as gain or loss on derecognition in profit or loss.

## 4.12 Investment properties

Investment properties are measured at cost less accumulated depreciation and impairment losses.

Investment properties are properties held for earning rental or capital appreciation or both. These include land held for a currently undetermined future use. Properties that are occupied by the entities in the Group are accounted for as owner-occupied rather than as investment properties.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of 50 years or leasehold period of the properties.

On derecognition or disposal of an investment property, the difference between net disposal proceeds, if any, and its carrying amount is recognised in profit or loss. On disposal of revalued assets arising from business combinations, the amounts in fair value reserve relating to those assets are transferred to accumulated profits.

## 4.13 Intangible assets

### Goodwill

Goodwill is measured at cost less accumulated impairment losses and is reviewed annually for impairment.

For the purposes of impairment testing, goodwill is allocated to each of the Group's CGU that are expected to benefit from the synergies of the combination.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

## 4.14 Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is determined on the following bases:-

Category	Basis
(a) Land held for property development	Specific identification or relative sale value
(b) Property development costs	Specific identification or relative sale value
(c) Completed development units	Specific identification or relative sale value
(d) Estate stores / consumables	Weighted average

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### **4.14 Inventories (continued)**

(a) Land held for property development

Land held for property development for which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle, is classified as non-current asset.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other related fees.

Such asset is transferred to property development costs when development activities have commenced and when it can be demonstrated that the development activities can be completed within the normal operating cycle.

(b) Property development costs

Property development costs for which work has been undertaken and development activities are expected to be completed within the Group's normal operating cycle, are classified as current asset.

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Property development costs comprise costs of land, land enhancement costs, direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors that meet the definition of inventories are recognised as an asset. The property development costs are subsequently recognised as an expense in profit or loss as and when the control of the asset is transferred to the customer.

Property development costs of unsold units are transferred to completed development units once the development activities are completed.

(c) Completed development units

Cost of completed development units comprises direct cost of construction and proportionate land and development costs.

(d) Estate stores and consumables

Cost of estate stores and consumables includes cost of acquisition and other incidental expenses which relate to bringing the inventories to its present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

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**4.15 Biological assets**

Biological assets comprise agricultural produce growing on bearer plants, which is referred to as unharvested fresh fruit bunches ('FFB') and unharvested durian fruit.

Biological assets are measured at fair value less costs to sell. Fair value is determined based on projected quantities and the estimated market price of agricultural produce. In determining the estimated FFB and durian production quantities, the Group and the Company consider the estimated yield of the biological assets which is dependent on the age of the oil palm and durian trees, the location, soil type and infrastructure.

The changes in the fair value less costs to sell of agricultural produce growing on bearer plants are recognised in profit or loss.

**4.16 Contract assets / liabilities**

Contract assets relate to the Group's right to consideration for completed performance under the contract but yet to be billed at the reporting date. The contract assets are transferred to receivables when the right to consideration becomes unconditional. In the case of property development, contract assets are the excess of cumulative revenue earned over the billings to-date.

Contract liabilities are the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognised as revenue when performance obligations are satisfied. In the case of property development, contract liabilities are the excess of the billings to-date over the cumulative revenue recognised.

**4.17 Contract costs****(i) Incremental cost of obtaining a contract**

The Group recognises incremental costs of obtaining contracts when the Group expects to recover these costs.

**(ii) Cost to fulfil a contract**

The Group recognises a contract cost that relates directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group, will be used in satisfying performance obligations in the future and it is expected to be recovered.

These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in the profit or loss when the carrying amount of the contract cost exceeds the expected revenue less the expected cost that will be incurred.

Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.



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### **4.18 Financial instruments**

Financial instruments are any contracts that give rise to both:

- a financial asset of one entity; and
- a financial liability or equity instrument of another entity

Financial instruments are offset when the Group and the Company have:

- a legally enforceable right to set off the recognised amounts; and
- an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### **(i) Financial assets**

The Group and the Company classify their financial assets at initial recognition into three categories, based on the nature and purpose of the financial assets:-

- At amortised cost
- At fair value through other comprehensive income ("FVOCI")
- At fair value through profit or loss ("FVTPL")

At the reporting date, the Group and the Company have financial assets categorised as financial assets at amortised cost, FVOCI and FVTPL.

#### ***Classification***

<b>Category</b>	<b>Nature and purpose</b>
Financial assets at amortised cost	<p>Financial assets are measured at amortised cost if both of the following conditions are met:-</p> <p>(a) the financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and</p> <p>(b) the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.</p>

**AYER Holdings Berhad***(Incorporated in Malaysia)*(i) **Financial assets** (continued)

Category	Nature and purpose
Financial assets at FVOCI	<p><u>Debt investments</u> This category comprises debt investments where they are held within a business model whose objectives are to collect contractual cash flows and selling the financial assets, and have contractual terms which give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.</p> <p><u>Equity investments</u> This category comprises investments in equity that are not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.</p>
Financial assets at FVTPL	<p>All financial assets not measured at amortised cost or FVOCI as described above are measured at FVTPL.</p> <p>Derivatives are categorised as financial assets at FVTPL unless they are designated as hedges.</p>

**Initial recognition and measurement**

A financial asset is recognised when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

A financial asset is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs. Trade receivables contain no significant financing component are initially measured at the transaction price.

Category	Recognition and measurement principle
Financial assets at amortised cost	<p>Financial assets at amortised cost are subsequently measured at amortised costs using effective interest method, less impairment.</p> <p>Gains and losses are recognised in profit or loss when the financial assets at amortised cost are derecognised or impaired, and through the amortisation process.</p>

**AYER Holdings Berhad***(Incorporated in Malaysia)*(i) **Financial assets** (continued)

Category	Recognition and measurement principle
Financial assets at FVOCI	<p><u>Debt investments</u> Subsequent to initial recognition, debt investments are measured at fair value. Any gains or losses arising from the changes in fair value of these financial assets are recognised in other comprehensive income, except impairment losses, exchange differences and interest income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.</p> <p><u>Equity investments</u> Subsequent to initial recognition, equity investments are measured at fair value. Any gains or losses arising from the changes in fair value of these investments are recognised in other comprehensive income and are not subsequently reclassified to profit or loss.</p>
Financial assets at FVTPL	Financial assets categorised as FVTPL are subsequently measured at their fair value. Net gains or losses, including any impairment loss, exchange differences, interest or dividend income, are recognised in the profit or loss.

***Derecognition***

A financial asset is derecognised when, and only when:-

- the contractual rights to the cash flows from the financial asset expire; or
- the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in the profit or loss, except equity instruments at fair value through other comprehensive income.

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### 4.18 Financial instruments (continued)

#### (ii) **Financial liabilities**

The Group and the Company classify their financial liabilities at initial recognition into two categories, based on the nature and purpose for which they are issued:-

- Financial liabilities at amortised cost
- Financial liabilities at fair value through profit or loss

At the reporting date, the Group and the Company have only financial liabilities categorised as financial liabilities at amortised cost.

#### *Financial liabilities at amortised cost*

Accounting principle	Methodology
Classification	<p>These are financial liabilities other than those classified into financial liabilities at fair value through profit or loss.</p> <p>Financial liabilities at amortised cost include payables and lease liabilities.</p>
Initial recognition and measurement	<p>Financial liabilities at amortised cost are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.</p> <p>When financial liabilities at amortised cost are recognised initially, they are measured at fair value plus transaction costs.</p>
Subsequent recognition and measurement	<p>Financial liabilities at amortised cost are subsequently measured at amortised cost using the effective interest method.</p> <p>Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.</p>
Derecognition	<p>A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires.</p> <p>On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the profit or loss.</p>

## **AYER Holdings Berhad**

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### **4.18 Financial instruments (continued)**

#### **(iii) Equity instruments**

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, and are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

### **4.19 Leases**

#### **(i) The Group and the Company as lessor**

The Group and the Company classify their leases as either operating lease or finance lease. Leases, where the Group and the Company retain substantially all the risks and rewards of ownerships of the leased assets are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

If the Group and the Company transfer substantially all the risks and rewards incidental to ownership of the leased assets, leases are classified as finance leases and are capitalised at an amount equal to the net investment in the lease.

#### **(ii) The Group and the Company as lessee**

The Group and the Company recognise right-of-use assets and lease liabilities at the lease commencement date.

##### Right-of-use assets

The right-of-use assets are initially measured at cost and comprised of the following:-

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date of the lease, less any lease incentives received;
- Any initial direct costs incurred; and
- Any decommissioning or restoration cost.

Subsequent to initial recognition, the right-of-use assets are measured at cost less any accumulated amortisation, impairment losses and adjusted for any remeasurement of lease liabilities.

Amortisation is calculated on a straight-line basis over the estimated useful lives of the right-of-use assets. The amortisation period used is as follows:-

Buildings	-	2 years
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**AYER Holdings Berhad***(Incorporated in Malaysia)***(ii) The Group and the Company as lessee (continued)****Lease liabilities**

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the Group and the Company's weighted average incremental borrowing rates.

Lease payments included in the measurement of the lease liability comprise:-

- fixed payments;
- any variable lease payments;
- the amount expected to be payable under a residual value guarantee; and
- the exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

Subsequent to the initial recognition, lease liabilities are measured at amortised cost using the effective interest method. Lease liabilities are re-measured when:-

- there is a change in future lease payments arising from a change in an index or rate;
- there is a change in the Group and the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- the Group and the Company change their assessment of whether they will exercise a purchase, extension or termination option.

**Short-term leases and low-value assets**

The Group and the Company have elected to apply the recognition exemptions of the following right-of-use assets and lease liabilities:-

- short-term leases that have a lease term of 12 months or less; and
- leases of low-value assets.

Lease payments with short-term leases and low-value assets are recognised as rental expenses in the profit or loss on a straight-line basis over the lease terms.

**Rent concessions**

The Group and the Company have elected to treat COVID-19 – Related Rent Concessions that meets all of the following conditions in the same way as they would if they were not lease modification:-

- the change in lease payment results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

As such, any change in lease payments resulting from the rent concession shall be accounted as a variable lease payment in the period(s) in which the event or condition that triggers the reduced payment occurs and is recognised directly in profit or loss.

**AYER Holdings Berhad***(Incorporated in Malaysia)***4.20 Provisions**

Provisions are recognised in the statements of financial position when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made.

**4.21 Cash and cash equivalents**

Cash and cash equivalents consist of bank balances, deposits repayable on demand and highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value, against which the bank overdrafts are deducted.

**5. Segmental information**

Management has determined the operating segments based on reports reviewed by the Board of Directors and the working group that makes strategic decisions.

Segment information is presented in respect of the Group's business. No segmental reporting by geographical segments is considered necessary as the Group is primarily involved in business operations in Malaysia. Inter-segment pricing is determined according to the normal course of business and has been established under the terms that are no less favourable than those arranged with external customers. Segment revenue, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Group's major business segments are as follows:-

**(a) Property development**

- developing residential and commercial properties;

**(b) Plantation**

- cultivating oil palm and durian; and

**(c) Other**

- investments.

<b>Group 2022</b>	<b>Property development RM'000</b>	<b>Plantation RM'000</b>	<b>Other RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue</b>					
External revenue	71,972	34,804	217	-	106,993
Inter-segment revenue	-	-	7,980	(7,980)	-
	<u>71,972</u>	<u>34,804</u>	<u>8,197</u>	<u>(7,980)</u>	<u>106,993</u>
<b>Results</b>					
Segment results	29,064	20,131	(1,646)	-	47,549
Taxation					<u>(12,208)</u>
Profit for the year					<u>35,341</u>

**AYER Holdings Berhad***(Incorporated in Malaysia)***5. Segmental information (continued)**

<b>Group 2022</b>	<b>Property development RM'000</b>	<b>Plantation RM'000</b>	<b>Other RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
<b>Assets</b>					
Segment assets	311,354	104,945	222,801	-	639,100
<b>Liabilities</b>					
Segment liabilities	25,474	3,682	43,154	-	72,310
<b>Others</b>					
Capital expenditure	3,037	6,730	9	-	9,776
Non-cash expenses: • depreciation and amortisation	1,160	2,252	251	-	3,663
<b>2021</b>					
<b>Revenue</b>					
External revenue	46,329	29,417	201	-	75,947
<b>Results</b>					
Segment results	6,820	19,060	(2,423)	-	23,457
Taxation					(5,886)
Profit for the year					17,571
<b>Assets</b>					
Segment assets	332,789	100,544	172,250	-	605,583
<b>Liabilities</b>					
Segment liabilities	20,257	4,244	42,405	-	66,906
<b>Others</b>					
Capital expenditure	1,543	2,808	-	-	4,351
Non-cash expenses: • depreciation and amortisation	1,072	2,479	-	-	3,551



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## 6. Revenue and cost of sales

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<b>Revenue:</b>				
Property development	71,972	46,329	-	-
Plantation	34,804	29,417	5,532	3,979
Investments	217	201	8,197	201
	106,993	75,947	13,729	4,180
<b>Analysis of revenue:</b>				
Revenue from contract with customers	106,776	75,746	5,532	3,979
Revenue from other sources	217	201	8,197	201
	106,993	75,947	13,729	4,180
<b>Disaggregation of revenue from contract with customers:</b>				
<b>Major goods and services:</b>				
Property development revenue	66,816	17,333	-	-
Sale of completed development units	5,156	28,996	-	-
Sale of agricultural produce	34,804	29,417	5,532	3,979
	106,776	75,746	5,532	3,979
<b>Timing of revenue from contract with customers:</b>				
At a point in time	39,960	58,413	5,532	3,979
Over time	66,816	17,333	-	-
	106,776	75,746	5,532	3,979
<b>Cost of sales:</b>				
Property development:				
• property development activities	32,951	8,835	-	-
• completed development units	2,275	22,623	-	-
	35,226	31,458	-	-
Plantation	11,697	8,381	1,569	1,295
	46,923	39,839	1,569	1,295

# **AYER Holdings Berhad** *(Incorporated in Malaysia)*

## **7. Profit before taxation**

This is arrived at:-

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<i>After charging all expenses including:</i>				
Directors' fees:				
• Company's Directors	1,591	1,805	1,384	1,065
Directors' other emoluments:				
• Company's Directors	354	373	318	197
Employee benefits expense:				
• salaries and other benefits	8,445	7,398	3,734	2,758
• defined contribution plans	991	797	431	298
Total employee benefits expense	9,790	8,568	4,483	3,253
Auditors' remuneration:				
• audit fee	111	104	45	42
• other services	14	18	8	10
Depreciation and amortisation:				
• property, plant and equipment	3,295	3,336	184	197
• right-of-use assets	195	194	195	194
• investment properties	173	21	17	17
	3,663	3,551	396	408
Allowance for impairment of receivables	66	-	-	-
Fair value loss on biological assets	310	-	22	2
Fair value loss on short-term investments	-	26	-	29
Loss on derecognition of property, plant and equipment	10	-	-	-
Rental of premises and car park	13	14	13	14
Interest on lease liabilities	6	11	6	11
Direct operating expenses of investment properties generating rental income	18	34	13	27
Management fees:				
• subsidiaries	-	-	618	254
<i>And crediting all income including:</i>				
Gross dividend income from:				
• subsidiaries	-	-	7,980	-
• quoted equity securities in Malaysia	217	201	217	201
Fair value gain on biological assets	-	230	-	-
Fair value gain on short-term investments	546	-	539	-
Interest and distribution income from:				
• short-term deposits	295	172	-	-
• short-term investments	3,113	2,017	258	785
• other interest income	13	5	-	-
Total interest and distribution income	3,421	2,194	258	785

# **AYER Holdings Berhad** *(Incorporated in Malaysia)*

## **7. Profit before taxation (continued)**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<i>And crediting all income including:</i>				
Lease of land	301	293	-	-
Management fees:				
• subsidiaries	-	-	2,965	1,459
• others	9	51	-	-
	9	51	2,965	1,459
Rental of land and buildings:				
• investment properties	732	389	447	370
• others	3,077	2,611	-	-

## **8. Taxation**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysian:				
Current tax expense:				
• current year	12,710	6,262	-	-
• adjustment for previous year	148	149	-	-
	12,858	6,411	-	-
Deferred tax (income)/expenses:				
• current year	(661)	(397)	-	-
• adjustment for previous year	11	(128)	-	-
	(650)	(525)	-	-
	12,208	5,886	-	-

The tax reconciliation is as follows:-

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Taxation based on Malaysian applicable statutory tax rate of 24%	11,412	5,630	2,215	88
Disallowable expenses for tax purposes	1,536	691	53	63
Non-taxable income for tax purposes	(728)	(533)	(2,102)	(230)
Taxes for previous year	159	21	-	-
Unrecognised deferred tax assets	-	75	-	79
Benefit from previously unrecognised deferred tax assets	(166)	-	(166)	-
Others	(5)	2	-	-
Taxation recognised in profit or loss	12,208	5,886	-	-

**AYER Holdings Berhad***(Incorporated in Malaysia)***8. Taxation (continued)**

Benefit from previously unrecognised deferred tax assets on payables is used to reduce tax expenses.

**9. Earnings per share**

The basic and diluted earnings per share of the Group are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year as follows:-

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
Net profit attributable to shareholders (RM'000)	35,341	17,571
Weighted average number of ordinary shares in issue ('000)	74,853	74,853
Basic and diluted earnings per share (sen)	47.21	23.47

**10. Dividends**

	<b>Group and Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
In respect of financial year ended 31 December 2021:		
First and final dividend of 10.0 sen per share	7,485	-
In respect of financial year ended 31 December 2020:		
First and final dividend of 4.1 sen per share	-	3,069
	7,485	3,069

*Dividend proposed*

A first and final dividend in respect of the financial year ended 31 December 2022 will be proposed at the forthcoming Annual General Meeting for shareholders' approval as follows:-

	<b>RM'000</b>
First and final dividend of 20.0 sen per share	14,971

These financial statements do not reflect these proposed dividends, which when approved by shareholders, will be accrued as a liability in the financial year ending 31 December 2023.

# **AYER Holdings Berhad** *(Incorporated in Malaysia)*

## **11. Property, plant and equipment**

<b>Group 2022</b>	<b>Land &amp; buildings (Note A) RM'000</b>	<b>Vehicles, plant &amp; machinery RM'000</b>	<b>Furniture, fittings &amp; equipment RM'000</b>	<b>Bearer plants (Note B) RM'000</b>	<b>Total RM'000</b>
<i>Cost:</i>					
At 1 January 2022	166,568	2,158	5,300	24,786	198,812
Additions	1,928	256	295	4,581	7,060
Disposals	-	-	(5)	-	(5)
Derecognition	-	-	(1,670)	-	(1,670)
At 31 December 2022	168,496	2,414	3,920	29,367	204,197
<i>Accumulated depreciation:</i>					
At 1 January 2022	20,447	1,730	4,737	2,729	29,643
Charge for the year	2,291	207	261	536	3,295
Disposal	-	-	(5)	-	(5)
Derecognition	-	-	(1,660)	-	(1,660)
At 31 December 2022	22,738	1,937	3,333	3,265	31,273
<i>Carrying amount:</i>					
At 31 December 2022	145,758	477	587	26,102	172,924
<b>2021</b>					
<i>Cost:</i>					
At 1 January 2021	168,321	2,030	5,074	22,203	197,628
Additions	127	128	226	2,583	3,064
Transfer to investment properties	(1,880)	-	-	-	(1,880)
At 31 December 2021	166,568	2,158	5,300	24,786	198,812
<i>Accumulated depreciation:</i>					
At 1 January 2021	18,155	1,526	4,436	2,190	26,307
Charge for the year	2,292	204	301	539	3,336
At 31 December 2021	20,447	1,730	4,737	2,729	29,643
<i>Carrying amount:</i>					
At 31 December 2021	146,121	428	563	22,057	169,169

# **AYER Holdings Berhad** *(Incorporated in Malaysia)*

## **11. Property, plant and equipment (continued)**

<b>Company</b>	<b>Land &amp; buildings</b>	<b>Vehicles, plant &amp; machinery</b>	<b>Furniture, fittings &amp; equipment</b>	<b>Bearer plants</b>	<b>Total</b>
<b>2022</b>	<b>(Note A)</b>			<b>(Note B)</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<i>Cost:</i>					
At 1 January 2022	1,366	930	1,206	12,930	16,432
Additions	-	127	10	3,810	3,947
Disposal	-	-	(5)	-	(5)
At 31 December 2022	1,366	1,057	1,211	16,740	20,374
<i>Accumulated depreciation:</i>					
At 1 January 2022	340	835	1,135	1,440	3,750
Charge for the year	-	71	42	71	184
Disposal	-	-	(5)	-	(5)
At 31 December 2022	340	906	1,172	1,511	3,929
<i>Carrying amount:</i>					
At 31 December 2022	1,026	151	39	15,229	16,445
<b>2021</b>					
<i>Cost:</i>					
At 1 January 2021	1,366	928	1,177	10,532	14,003
Additions	-	2	29	2,398	2,429
At 31 December 2021	1,366	930	1,206	12,930	16,432
<i>Accumulated depreciation:</i>					
At 1 January 2021	340	776	1,083	1,354	3,553
Charge for the year	-	59	52	86	197
At 31 December 2021	340	835	1,135	1,440	3,750
<i>Carrying amount:</i>					
At 31 December 2021	1,026	95	71	11,490	12,682

# **AYER Holdings Berhad** *(Incorporated in Malaysia)*

## **11. Property, plant and equipment (continued)**

### *Analysis of land and buildings:*

#### **Note A**

<b>Group</b>	<b>Long</b>	<b>Short</b>	<b>Freehold</b>	<b>Buildings</b>	<b>Properties</b>	<b>Total</b>
<b>2022</b>	<b>leasehold</b>	<b>leasehold</b>	<b>land</b>	<b>RM'000</b>	<b>in</b>	<b>RM'000</b>
	<b>land</b>	<b>land</b>	<b>land</b>		<b>progress</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<i>Cost:</i>						
At 1 January 2022	83,565	24,764	8,077	33,914	16,248	166,568
Additions	-	-	-	-	1,928	1,928
Transfer	-	-	-	(148)	148	-
At 31 December 2022	83,565	24,764	8,077	33,766	18,324	168,496
<i>Accumulated depreciation:</i>						
At 1 January 2022	9,107	4,787	-	6,553	-	20,447
Charge for the year	947	486	-	858	-	2,291
At 31 December 2022	10,054	5,273	-	7,411	-	22,738
<i>Carrying amount:</i>						
At 31 December 2022	73,511	19,491	8,077	26,355	18,324	145,758

#### **2021**

<i>Cost:</i>						
At 1 January 2021	83,565	24,764	8,305	33,846	17,841	168,321
Additions	-	-	-	68	59	127
Transfer to investment properties	-	-	(228)	-	(1,652)	(1,880)
At 31 December 2021	83,565	24,764	8,077	33,914	16,248	166,568
<i>Accumulated depreciation:</i>						
At 1 January 2021	8,158	4,302	-	5,695	-	18,155
Charge for the year	949	485	-	858	-	2,292
At 31 December 2021	9,107	4,787	-	6,553	-	20,447
<i>Carrying amount:</i>						
At 31 December 2021	74,458	19,977	8,077	27,361	16,248	146,121

# **AYER Holdings Berhad** *(Incorporated in Malaysia)*

## **11. Property, plant and equipment (continued)**

### *Analysis of land and buildings:*

#### **Note A**

<b>Company</b>	<b>Freehold land RM'000</b>	<b>Buildings RM'000</b>	<b>Total RM'000</b>
<b>2022</b>			
<i>Cost:</i>			
At 1 January 2022 and 31 December 2022	1,002	364	1,366
<i>Accumulated depreciation:</i>			
At 1 January 2022 and 31 December 2022	-	340	340
<i>Carrying amount:</i>			
At 31 December 2022	1,002	24	1,026
<b>2021</b>			
<i>Cost:</i>			
At 1 January 2021 and 31 December 2021	1,002	364	1,366
<i>Accumulated depreciation:</i>			
At 1 January 2021 and 31 December 2021	-	340	340
<i>Carrying amount:</i>			
At 31 December 2021	1,002	24	1,026



# **AYER Holdings Berhad** *(Incorporated in Malaysia)*

## **11. Property, plant and equipment (continued)**

### *Analysis of bearer plants:*

#### **Note B**

Bearer plants comprise of:

- Oil palm plantation; and
- Durian plantation.

At the end of the financial year, the Group and the Company's total planted and related value of mature and immature plantations are as follows:

Area	Group		Company	
	2022	2021	2022	2021
	Hectares	Hectares	Hectares	Hectares
Oil palm plantation:				
• Mature	1,834	1,969	247	247
• Immature	235	100	-	-
	2,069	2,069	247	247
Durian:				
• Immature	147	39	147	39

Carrying amount	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Oil palm plantation:				
• Mature	10,733	10,749	631	697
• Immature	771	515	-	-
	11,504	11,264	631	697
Durian:				
• Immature	14,598	10,793	14,598	10,793
	26,102	22,057	15,229	11,490

# AYER Holdings Berhad

(Incorporated in Malaysia)

## 12. Right-of-use assets

	<b>Group and Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<i>Cost:</i>		
At 1 January	767	767
Additions	402	-
Derecognition	(767)	-
At 31 December	402	767
<i>Accumulated depreciation:</i>		
At 1 January	605	411
Charge for the year	195	194
Derecognition	(767)	-
At 31 December	33	605
<i>Carrying amount:</i>		
At 31 December	369	162

The Group and the Company lease a building for office space. The lease typically runs for a period of 2 years (2021: 2 years) with an option to renew the lease after that date.

## 13. Subsidiaries

### *Unquoted investments at cost:*

	<b>Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January and 31 December	246,640	246,640

The subsidiaries are as follows:-

Name of company	Principal country of incorporation and operation	Principal activity	Effective interest	
			2022	2021
Direct subsidiaries				
The Ayer Hitam Development Sdn. Bhd.	Malaysia	Property development for investment and sale	100%	100%
Bukit Hitam Development Sdn. Bhd.	Malaysia	Property development for investment and sale	100%	100%
Yee Seng Plantations Sdn. Bhd.	Malaysia	Cultivation of oil palms	100%	100%

# AYER Holdings Berhad

(Incorporated in Malaysia)

## 13. Subsidiaries (continued)

Name of company	Principal country of incorporation and operation	Principal activity	Effective interest	
			2022	2021
Indirect subsidiary				
Cendana Maju Construction Sdn. Bhd.	Malaysia	Dormant	100%	100%

## 14. Investments

### *Quoted equity securities in Malaysia*

	Group and Company	
	2022	2021
	RM'000	RM'000
<i>At fair value:</i>		
At 1 January	4,330	5,097
Fair value gain/(loss)	257	(767)
At 31 December	4,587	4,330

No strategic investments were disposed of during the financial year, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

## 15. Investment properties

Group 2022	Freehold land RM'000	Buildings RM'000	Buildings under construction RM'000	Total RM'000
<i>Cost:</i>				
At 1 January 2022	2,546	1,188	2,152	5,886
Additions	-	-	2,156	2,156
Transfer	-	4,308	(4,308)	-
31 December 2022	2,546	5,496	-	8,042
<i>Accumulated depreciation:</i>				
At 1 January 2022	-	429	-	429
Charge for the year	-	173	-	173
At 31 December 2022	-	602	-	602
<i>Carrying amount:</i>				
At 31 December 2022	2,546	4,894	-	7,440
<i>Fair value:</i>				
At 31 December 2022	12,487	17,368	-	29,855

# **AYER Holdings Berhad** *(Incorporated in Malaysia)*

## **15. Investment properties (continued)**

<b>Group 2021</b>	<b>Freehold land RM'000</b>	<b>Buildings RM'000</b>	<b>Buildings under construction RM'000</b>	<b>Total RM'000</b>
<i>Cost:</i>				
At 1 January 2021	2,318	1,188	-	3,506
Addition	-	-	500	500
Transfer from property, plant and equipment	228	-	1,652	1,880
31 December 2021	2,546	1,188	2,152	5,886
<i>Accumulated depreciation:</i>				
At 1 January 2021	-	408	-	408
Charge for the year	-	21	-	21
At 31 December 2021	-	429	-	429
<i>Carrying amount:</i>				
At 31 December 2021	2,546	759	2,152	5,457
<i>Fair value:</i>				
At 31 December 2021	12,797	1,059	10,835	24,691

<b>Company 2022</b>	<b>Freehold land RM'000</b>	<b>Buildings RM'000</b>	<b>Total RM'000</b>
<i>Cost:</i>			
At 1 January 2022 and 31 December 2022	794	848	1,642
<i>Accumulated depreciation:</i>			
At 1 January 2022	-	386	386
Charge for the year	-	17	17
At 31 December 2022	-	403	403
<i>Carrying amount:</i>			
At 31 December 2022	794	445	1,239
<i>Fair value:</i>			
At 31 December 2022	9,539	445	9,984

## AYER Holdings Berhad

(Incorporated in Malaysia)

### 15. Investment properties (continued)

Company 2021	Freehold land RM'000	Buildings RM'000	Total RM'000
<i>Cost:</i>			
At 1 January 2021 and 31 December 2021	794	848	1,642
<i>Accumulated depreciation:</i>			
At 1 January 2021	-	369	369
Charge for the year	-	17	17
At 31 December 2021	-	386	386
<i>Carrying amount:</i>			
At 31 December 2021	794	462	1,256
<i>Fair value:</i>			
At 31 December 2021	9,522	462	9,984

#### Fair value measurement

The fair values of investment properties disclosed as at the reporting date are determined by the management based on the sales comparable approach that reflects the recent transaction prices for similar properties which have been sold or are being offered for sale.

The fair values disclosed as at the reporting date are categorised as follows:-

#### Fair value hierarchy

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
• Level 1	-	-	-	-
• Level 2	29,855	24,691	9,984	9,984
• Level 3	-	-	-	-
	29,855	24,691	9,984	9,984

Level 2 fair values of investment properties have been generally derived using the sales comparison approach. Selling prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation technique is price per square foot of comparable properties.

# **AYER Holdings Berhad** *(Incorporated in Malaysia)*

## **16. Inventories**

Group	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Non-current:				
Land held for property development (Note a)	155,646	156,137	-	-
Current:				
At cost / net realisable value*:				
• Estate stores / consumables	199	76	109	50
• Completed development units* (Note b)	23,266	25,541	-	-
	23,465	25,617	109	50
• Property development costs (Note c)	8,969	8,913	-	-
	32,434	34,530	109	50
<b>Total inventories</b>	<b>188,080</b>	<b>190,667</b>	<b>109</b>	<b>50</b>

### **(a) Land held for property development**

Group	Development costs		Total
2022	Land costs RM'000	costs RM'000	RM'000
Cost:			
At 1 January 2022	113,015	43,122	156,137
Additions	-	560	560
Transfer to property development costs	(377)	(674)	(1,051)
At 31 December 2022	112,638	43,008	155,646
<b>2021</b>			
Cost:			
At 1 January 2021	116,874	46,948	163,822
Additions	-	787	787
Transfer to property development costs	(3,859)	(4,613)	(8,472)
At 31 December 2021	113,015	43,122	156,137

# **AYER Holdings Berhad** *(Incorporated in Malaysia)*

## **16. Inventories (continued)**

### **(b) Completed development units**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Completed development units				
• At cost	8,892	9,945	-	-
• At realisable value	14,374	15,596	-	-
	<b>23,266</b>	<b>25,541</b>	<b>-</b>	<b>-</b>

The cost of sales included write-down of certain completed development units to net realisable value by the Group of RM331 (2021: RM588,000).

### **(c) Property development costs**

<b>Group</b>	<b>Land costs</b>	<b>Development costs</b>	<b>Total</b>
<b>2022</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<i>At cost:</i>			
At 1 January 2022	3,859	12,922	16,781
Additions	-	27,657	27,657
Transfer from land held for property development	377	674	1,051
At 31 December 2022	<b>4,236</b>	<b>41,253</b>	<b>45,489</b>
<i>Cost recognised in profit or loss:</i>			
At 1 January 2022	272	7,596	7,868
Charge for the year	1,602	27,050	28,652
At 31 December 2022	<b>1,874</b>	<b>34,646</b>	<b>36,520</b>
<i>At carrying amount:</i>			
At 31 December 2022	<b>2,362</b>	<b>6,607</b>	<b>8,969</b>

# **AYER Holdings Berhad** *(Incorporated in Malaysia)*

## **(c) Property development costs (continued)**

<b>Group 2021</b>	<b>Land costs RM'000</b>	<b>Development costs RM'000</b>	<b>Total RM'000</b>
<i>At cost:</i>			
At 1 January 2021	-	-	-
Additions	-	8,309	8,309
Transfer from land held for property development	3,859	4,613	8,472
At 31 December 2021	3,859	12,922	16,781
<i>Cost recognised in profit or loss:</i>			
At 1 January 2021	-	-	-
Charge for the year	272	7,596	7,868
At 31 December 2021	272	7,596	7,868
<i>At carrying amount:</i>			
At 31 December 2021	3,587	5,326	8,913

## **17. Goodwill**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January and 31 December	27,100	27,100

The goodwill arose from the acquisition of Yee Seng Plantations Sdn. Bhd, ("YSP") in August 2012.

The carrying amount of goodwill is reviewed for impairment annually. Impairment is determined for goodwill by assessing the recoverable amount of the CGU to which the goodwill relates.

### Determination of recoverable amount

The recoverable amount of a CGU is determined based on fair value less costs of disposal (FVLCD). The FVLCD is determined using income approach (Level 3 of the fair value hierarchy). The following factors are being considered in deriving at FVLCD:-

- Estimated fair value of land and rights less incremental costs for disposing of the asset;
- Estimated fresh fruit bunches price; and
- Estimated yield.



**AYER Holdings Berhad***(Incorporated in Malaysia)*Determination of recoverable amount (continued)

The fair value of land and rights is estimated based on recent transactions of similar land around the locality for comparison to derive adjusted land for location, size, tenure and other relevant characteristics to arrive at the market price.

Other key assumptions used are as follows:-

	<b><u>2022</u></b>	<b><u>2021</u></b>
Projection period	A 25-year (2021: 28-year) cash flow projection based on the average lifecycle of oil palm trees	
FFB yield per hectare ('Ha')	5 - 28 MT/Ha	5 - 28 MT/Ha
CPO price per MT	RM3,600 per MT	RM2,900 - RM3,600 per MT
PK price per MT	RM1,980 per MT	RM1,600 - RM1,980 per MT
Discount rates	6.40% per annum	5.60% per annum

In assessing the FVLCD, the management is of the view that no foreseeable changes in any of the above key assumptions would cause the carrying amount of the CGU to materially exceed its recoverable amount.

The management concluded that no impairment loss is required on goodwill as the recoverable amount exceeds the carrying amount of CGU's assets and goodwill by a significant margin.

**18. Biological assets****18.1 Fresh fruit bunches (FFB)**

The biological assets of the Group and of the Company comprise unharvested fresh fruit bunches ('FFB').

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<i>At fair value less cost to sell:</i>				
Fresh fruit bunches ('FFB'):				
At 1 January	1,283	1,053	176	178
Fair value (loss)/gain	(310)	230	(22)	(2)
At 31 December	973	1,283	154	176

Analysis of oil palm production:-

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<i>In Metric Tonne (MT):</i>				
* FFB harvested during the year	33,779	31,812	5,273	4,283
* Unharvested FFB included in the fair valuation of FFB	1,337	1,260	209	170

## AYER Holdings Berhad

(Incorporated in Malaysia)

### 18.1 Fresh fruit bunches (FFB) (continued)

#### Fair value determination

The fair value of biological assets has been determined based on the market price and the estimated yield of FFB, net of estimated cost to sell. The estimated yield is dependent on the age of the oil palm trees, the location of the plantations, soil type and infrastructure. The market price of the FFB is largely dependent on the prevailing market prices of crude palm oil and palm kernel. The estimated cost to sell includes all transportation and harvesting costs.

The Group and the Company's biological assets were fair valued within Level 3 of the fair value hierarchy.

The following table shows the key unobservable inputs used in the valuation models:

Key unobservable inputs			Inter-relationship between key unobservable inputs and fair value measurement
a) FFB average selling price per MT:			
	Group	Company	
2022	RM736 to RM1,436	RM748 to RM1,436	The estimated fair value increases as the estimated selling price of FFB increases
2021	RM771 to RM1,208	RM771 to RM1,130	
b) Annual production:			
	Group MT	Company MT	
2022	33,779	5,273	The estimated fair value increases/decreases as the production of FFB increases/decreases
2021	31,812	4,283	

#### Sensitivity analysis

At the reporting date, if the market prices for FFB had been 10% higher/lower, with all other variables being held constant, the profit or loss of the Group and of the Company would have been RM97,000 and RM15,000 (2021: RM129,000 and RM18,000) higher/lower.

# **AYER Holdings Berhad** *(Incorporated in Malaysia)*

## **18. Biological assets (continued)**

### **18.2 Durian fruit**

There is an insignificant output of durian for both years under review.

#### *Inability to measure fair value reliably*

Critical judgment is required in determining the fair value of growing agricultural produce on bearer plant. The key assumptions include the market prices and stage of growth at the reporting date based on past experiences.

The fair value of the agricultural produce on durian is unable to be reliably measured as at the reporting date. In addition, the impact of the biological transformation on price is expected to be immaterial over the durian production cycle.

## **19. Contract costs**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Incremental costs of obtaining a contract ( <b>Note a</b> )	2,257	3,308
Cost to fulfill a contract ( <b>Note b</b> )	74	123
	<u>2,331</u>	<u>3,431</u>

### **(a) Incremental costs of obtaining a contract**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	3,308	-
Cost incurred during the year	599	3,859
Cost recognised during the year	(1,650)	(551)
At 31 December	<u>2,257</u>	<u>3,308</u>

Management expects that incremental commission fees incurred as a result of obtaining contracts are recoverable. The Group has therefore capitalised them as contract costs. Capitalised incremental costs are amortised when the related revenues are recognised.

# **AYER Holdings Berhad** *(Incorporated in Malaysia)*

## **19. Contract costs (continued)**

### **(b) Cost to fulfill a contract**

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	123	-
Reclassified from other receivables	159	427
Cost recognised during the year	(208)	(304)
At 31 December	74	123

These represent capitalised costs that are attributable to property development activities. These costs are expected to be recoverable and are amortised to the profit or loss when the related revenues are recognised.

## **20. Receivables**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Trade receivables:</b>				
Gross receivables	6,690	12,960	191	163
Retention sum on property projects	230	2,921	-	-
	6,920	15,881	191	163
Less: Allowance for impairment	(266)	(200)	-	-
	6,654	15,681	191	163
<b>Other receivables:</b>				
• interest receivable	5	59	5	59
• refundable deposits	976	1,386	105	106
• others	153	119	56	55
	1,134	1,564	166	220
Less: Allowance for impairment	(29)	(29)	(29)	(29)
	1,105	1,535	137	191
<b>Trade and other receivables</b>	7,759	17,216	328	354
Prepayment and government entity	58	231	9	25
<b>Total receivables</b>	7,817	17,447	337	379

**AYER Holdings Berhad***(Incorporated in Malaysia)***20. Receivables (continued)**

Trade receivables are non-interest-bearing and are generally on 10 to 90-day (2021: 10 to 90-day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Retention sums included in trade receivables totalling RM230,000 (2021: RM2,921,000) are due upon expiry of retention periods ranging from 8 to 24 months (2021: 8 to 24 months) as stipulated in the sale and purchase agreements.

Trade receivables secured by credit enhancements are as follows:-

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Gross receivables amounts	454	804	191	163
Nominal value of secured bank guarantees	1,800	1,500	300	300

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

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Current assets	26,948	11,293
Current liabilities	(193)	-
	<u>26,755</u>	<u>11,293</u>

The Group issues progress billings to purchasers when the billing milestones are attained. The Group recognises revenue where the performance obligation is satisfied.

Contract assets represent the portion of revenue which progress billings have not been issued to the purchasers. The Company issues progress billings based on construction progress stated in the Housing Development Act, 1966.

Contract liabilities primarily relate to the advance consideration received/receivable from customers, which revenue is recognised over time during the development of the properties. Contract liabilities are expected to be recognised as revenue in next financial year.

**AYER Holdings Berhad***(Incorporated in Malaysia)***21. Contract assets/(liabilities) (continued)**

The Group's contract assets relating to the sale of properties as of each reporting period are summarised as follows:-

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Contract assets:</u>		
At 1 January	11,293	-
Revenue recognised during the year	56,375	17,333
Progress billings issued during the year	(40,720)	(6,040)
At 31 December	<u>26,948</u>	<u>11,293</u>

Contract assets are transferred to receivables when rights to economic benefits become unconditional. This usually occurs when the Group issues billings to the purchasers.

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Contract liabilities:</u>		
At 1 January	-	-
Revenue recognised during the year	10,441	-
Progress billings issued during the year	(10,634)	-
At 31 December	<u>(193)</u>	<u>-</u>

Remaining performance obligation

The remaining performance obligations at the end of the reporting period are expected to be recognised in the following periods:-

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
• within 1 year	97,791	70,749
• more than 1 year	-	31,855
	<u>97,791</u>	<u>102,604</u>

## AYER Holdings Berhad

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### 22. Short-term investments

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<i>At fair value:</i>				
At 1 January	113,960	89,039	41,165	44,758
Additions	92,026	32,197	7,916	3,536
Redemptions	(40,185)	(7,250)	(11,185)	(7,100)
Fair value gain/(loss)	546	(26)	539	(29)
At 31 December	166,347	113,960	38,435	41,165

Short-term investments represent investments in highly liquid money market funds, bond funds and fixed income funds in Malaysia that are redeemable with notice of 1 to 10 days. These funds are subject to an insignificant risk of changes in value.

### 23. Deposits, cash and bank balances

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Short-term deposits	338	298	-	-
Cash and bank balances:				
• Housing development accounts	27,626	51,194	-	-
• Others	6,103	8,987	665	460
	33,729	60,181	665	460
	34,067	60,479	665	460

Housing development accounts are held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966. These accounts are restricted from use in other operations.

The carrying amounts of short-term deposits pledged as securities for banking facilities granted to a subsidiary are disclosed in Note 32.2 to the financial statements.

# **AYER Holdings Berhad** *(Incorporated in Malaysia)*

## **24. Share capital**

	Number of ordinary shares		Amount	
	2022	2021	2022	2021
	'000	'000	RM'000	RM'000
Issued and fully paid	74,853	74,853	74,945	74,945

The ordinary shares have no par value.

## **25. Reserves**

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<i>Non-distributable:</i>				
Fair value reserves	29,583	29,554	4,293	4,036
<i>Distributable:</i>				
General reserves	250	250	250	250
Accumulated profits	462,012	433,928	226,373	224,629
	462,262	434,178	226,623	224,879
	491,845	463,732	230,916	228,915

### Fair value reserves

The fair value reserves arise from:-

- change in fair value of business combinations achieved in stages; and
- cumulative net change in the fair value of financial assets at fair value through other comprehensive income until the financial assets are derecognised.

### General reserves

The general reserves arise from the transfer of accumulated profits.

## **26. Lease liabilities**

	Group and Company	
	2022	2021
	RM'000	RM'000
Entity over which key management personnel has control:		
<i>Lease liabilities:</i>		
Current	198	172
Non-current	172	-
	370	172



# **AYER Holdings Berhad** *(Incorporated in Malaysia)*

## **26. Lease liabilities (continued)**

The movements of lease liabilities are as follows:-

	<b>Group and Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	172	371
Additions	402	-
Interest charged for the year	6	11
Payments of:		
• Principal	(204)	(199)
• Interest	(6)	(11)
	(210)	(210)
At 31 December	370	172

The weighted average incremental borrowing rate applied to the lease liabilities is 4.00% (2021: 4.00%) per annum.

## **27. Deferred tax liabilities**

The deferred tax liabilities after appropriate offsetting are as follows:-

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deferred tax liabilities	39,036	39,686	-	-

The deferred tax liabilities and assets are offset as:-

- the Group and the Company have a legally enforceable right to set off current tax assets against current tax liabilities; and
- they relate to taxes levied by the same tax authority on the Company and its subsidiaries.

**AYER Holdings Berhad***(Incorporated in Malaysia)***27. Deferred tax liabilities (continued)**

The movements and components of deferred tax liabilities and assets without taking into consideration the offsetting within the same tax authority are as follows:-

<b>Group 2022</b>	<b>Property, plant &amp; equipment RM'000</b>	<b>Land held for property development RM'000</b>	<b>Payables RM'000</b>	<b>*Other temporary differences RM'000</b>	<b>Total RM'000</b>
At 1 January 2022	21,730	12,535	(46)	5,467	39,686
Amount recognised in profit or loss	(63)	(25)	(477)	(85)	(650)
At 31 December 2022	21,667	12,510	(523)	5,382	39,036

**2021**

At 1 January 2021	22,333	12,825	(367)	5,420	40,211
Amount recognised in profit or loss	(603)	(290)	321	47	(525)
At 31 December 2021	21,730	12,535	(46)	5,467	39,686

**\* Analysis of other temporary differences:**

<b>Group 2022</b>	<b>Investment properties RM'000</b>	<b>Inventories RM'000</b>	<b>Accelerated capital allowances RM'000</b>	<b>Retirement benefits RM'000</b>	<b>Biological assets RM'000</b>	<b>Total RM'000</b>
At 1 January 2022	172	380	4,813	(164)	266	5,467
Amount recognised in profit or loss	-	(177)	103	21	(32)	(85)
At 31 December 2022	172	203	4,916	(143)	234	5,382

**2021**

At 1 January 2021	14	356	5,017	(177)	210	5,420
Amount recognised in profit or loss	158	24	(204)	13	56	47
At 31 December 2021	172	380	4,813	(164)	266	5,467

# AYER Holdings Berhad

(Incorporated in Malaysia)

## 27. Deferred tax liabilities (continued)

Company 2022	Accelerated capital allowances RM'000	Unabsorbed capital allowances RM'000	Biological assets RM'000	Total RM'000
At 1 January 2022	2,649	(2,649)	-	-
Amount recognised in profit or loss	724	(761)	37	-
At 31 December 2022	3,373	(3,410)	37	-

## 2021

At 1 January 2021	2,224	(2,224)	-	-
Amount recognised in profit or loss	425	(425)	-	-
At 31 December 2021	2,649	(2,649)	-	-

### Unrecognised deductible temporary differences

The amounts of deductible temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	2,653	2,653	-	-
Land held for property development	11,946	11,946	-	-
Payables	-	1,494	-	1,494
Unutilised tax losses:				
• 2028 expiry	9,809	9,822	8,747	8,747
• 2029 expiry	5,722	5,722	5,722	5,722
• 2030 expiry	3,084	3,084	3,084	3,084
• 2031 expiry and thereafter	1,903	1,147	1,903	1,147
	20,518	19,775	19,456	18,700
	35,117	35,868	19,456	20,194

The above deductible temporary differences have no expiry date except unutilised tax losses. Deferred tax assets are only recognised in respect of these deductible temporary differences when it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

## AYER Holdings Berhad

(Incorporated in Malaysia)

### 28. Payables

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Trade payables	16,876	14,955	297	1,317
Other payables:				
• accrued expenses	4,417	6,916	1,120	790
• deposits	979	828	162	155
• amount payable for purchase of:				
• property, plant and equipment	395	-	-	-
• investment properties	1,000	-	-	-
• others	554	893	220	56
	7,345	8,637	1,502	1,001
Trade and other payables	24,221	23,592	1,799	2,318
Provisions (Note a)	6,534	2,102	950	950
	30,755	25,694	2,749	3,268

Trade payables are non-interest-bearing and are normally settled on 30 to 60-day (2021: 30 to 60-day) terms.

Included in trade payables of the Group are retention sums for construction contracts amounting to RM4,285,000 (2021: RM1,735,000).

The retention sums are payable at the expiry period of 24-month (2021: 24-month) after the completion of respective projects.

#### (a) Provisions

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Provisions:				
• Plantation related expenditure	950	950	950	950
• Property development expenditure	5,584	1,152	-	-
	6,534	2,102	950	950

Provisions represent probable outflow of resources related to plantation and property development activities of the Group and the Company.

**AYER Holdings Berhad***(Incorporated in Malaysia)***29. 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 condition. To maintain or adjust capital structure, the Group may adjust the dividend payment to shareholders. The Group's approach in managing capital is based on defined guidelines approved by the Board.

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

**30. Related party disclosures**

In addition to related party disclosures made elsewhere in the financial statements, set out below are other significant related party transactions:

**30.1 Related party transactions:**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<i>Transactions with subsidiaries:</i>				
Income:				
• dividend income	-	-	7,980	-
• management fees	-	-	2,965	1,459
Expenses:				
• management fees	-	-	618	254
<i>Transactions with entity over which key management personnel has control:</i>				
• lease rental	210	210	210	210
• rental of premises and carpark	13	14	13	14

**30.2 Compensation of key management personnel:**

The remuneration of key management personnel during the year was as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Short-term employee benefits	3,755	3,378	3,224	2,462
Contributions to defined contribution plan	232	129	198	129
	<b>3,987</b>	<b>3,507</b>	<b>3,422</b>	<b>2,591</b>

# **AYER Holdings Berhad** *(Incorporated in Malaysia)*

## **31. Financial instruments**

### **31.1 Liquidity risk**

Liquidity risk refers to the risk that the Group and the Company will encounter difficulty in meeting financial obligations when they fall due.

The table below summarises the maturity profile of the Group and the Company's financial liabilities as at the reporting date based on contractual undiscounted repayment obligations:-

<b>Group</b>	<b>Within one year</b>	<b>One to five years</b>	<b>More than five years</b>	<b>Total</b>
<b>2022</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<i>Financial liabilities:</i>				
Non-interest-bearing:				
• Payables (excluding provisions)	24,221	-	-	24,221
Interest-bearing:				
• Lease liabilities:				
• principal	198	172	-	370
• interest	12	2	-	14
	210	174	-	384
<b>2021</b>				
<i>Financial liabilities:</i>				
Non-interest-bearing:				
• Payables (excluding provisions)	23,592	-	-	23,592
Interest-bearing:				
• Lease liabilities:				
• principal	172	-	-	172
• interest	3	-	-	3
	175	-	-	175

# **AYER Holdings Berhad** *(Incorporated in Malaysia)*

## **31.1 Liquidity risk (continued)**

<b>Company</b>	<b>Within one year RM'000</b>	<b>One to five years RM'000</b>	<b>More than five years RM'000</b>	<b>Total RM'000</b>
<b>2022</b>				
<i>Financial liabilities:</i>				
Non-interest-bearing:				
• Payables (excluding provisions)	1,799	-	-	1,799
Interest-bearing:				
• Lease liabilities:				
• principal	198	172	-	370
• interest	12	2	-	14
	210	174	-	384
<b>2021</b>				
<i>Financial liabilities:</i>				
Non-interest-bearing:				
• Payables (excluding provisions)	2,318	-	-	2,318
Interest-bearing:				
• Lease liabilities:				
• principal	172	-	-	172
• interest	3	-	-	3
	175	-	-	175

## **31.2 Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market interest rates.

### Sensitivity analysis for interest rate risk

No sensitivity analysis has been presented as the Group and the Company's exposure to interest rate risk on the following interest-bearing instruments is insignificant:-

#### **• Fixed rate instruments**

The effective interest rates of short-term deposits and lease liabilities are as follows:-

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Short-term deposits	2.05 – 2.55	1.80 - 1.85	-	-
Lease liabilities	4.00	4.00	4.00	4.00

# **AYER Holdings Berhad** *(Incorporated in Malaysia)*

## **31. Financial instruments (continued)**

### **31.3 Credit risk**

Credit risk is the potential loss from a transaction in the event of default by the counterparty.

The maximum exposure to credit risk for financial assets recognised in the statements of financial position equals to their carrying amounts.

Credit risk is controlled by the application of credit approvals, setting of counterparty limits and monitoring procedures. Credit risk is minimised given the Group and the Company's policies of selecting only counterparties with high creditworthiness.

The Group and the Company have no significant concentrations of credit risk with any single counterparty.

#### **(i) Trade receivables and contract assets**

The Group and the Company apply the simplified approach in measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The aging analysis of trade receivables and contract assets is as follows:-

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Gross trade receivables (Note 20)	6,920	15,881	191	163
Contract assets (Note 21)	26,948	11,293	-	-
	<b>33,868</b>	<b>27,174</b>	<b>191</b>	<b>163</b>
<b>Aging analysis:</b>				
Neither past due nor impaired	29,331	23,872	191	163
Past due unimpaired:				
• 1 to 30 days past due	1,106	3,055	-	-
• 31 to 60 days past due	2,149	-	-	-
• 61 to 90 days past due	957	6	-	-
• more than 90 days past due	59	41	-	-
	<b>4,271</b>	<b>3,102</b>	<b>-</b>	<b>-</b>
Impaired	266	200	-	-
	<b>33,868</b>	<b>27,174</b>	<b>191</b>	<b>163</b>



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(i) Trade receivables and contract assets (continued)

**Neither past due nor impaired**

The credit quality of trade receivables and contract assets that are neither past due nor impaired are mainly amounts due from property purchasers with end financing facilities from reputable end-financiers and customers with good collection track records with the Group and the Company.

Trade receivables also include amounts due from tenants that are secured with deposits paid by tenants prior to occupancy of premises and rentals paid in advance.

None of the Group and the Company's trade receivables and contract assets that are neither past due nor impaired have been renegotiated during the financial year.

**Past due unimpaired**

Trade receivables of the Group that are past due unimpaired are mainly related to the progress billings to be settled by end-buyers' financiers. It is the Group's policy to monitor the financial standing of these receivables on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

**Credit impaired**

The trade receivables are impaired individually at the reporting date.

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 unsecured by any collateral or credit enhancements.

The movement in the allowance for impairment loss on trade receivables is as follows:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<i>Movement in allowance accounts:</i>		
At 1 January	200	200
Additions	66	-
At 31 December	266	200

# **AYER Holdings Berhad** *(Incorporated in Malaysia)*

## **31.3 Credit risk (continued)**

### **(ii) Other receivables**

The aging analysis of the other receivables is as follows:-

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Neither past due nor impaired	1,105	1,535	137	191
Impaired	29	29	29	29
	<u>1,134</u>	<u>1,564</u>	<u>166</u>	<u>220</u>

The unimpaired other receivables are monitored closely by the Group and the Company. The expected credit loss of other receivables is determined individually after considering the financial strength of the debtors. The Group and the Company concluded that the probability of the default of these receivables is low and thus, no loss allowance has been made.

### **Other receivables that are impaired**

The other receivables are impaired individually at the reporting date.

Other receivables that are individually determined to be impaired at the reporting date relate to a receivable in which the recoverable amount is below its carrying amount.

The movement in the allowance for impairment loss on other receivables is as follows:-

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<i>Movement in allowance accounts:</i>		
At 1 January and 31 December	<u>29</u>	<u>29</u>

## AYER Holdings Berhad

(Incorporated in Malaysia)

### 31.3 Credit risk (continued)

#### (iii) Deposits, cash and bank balances (excluding cash in hand)

The counterparty risk rating of deposits, cash and bank balances with financial institutions at the reporting period end is as follows:-

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<i>Counterparty risk rating:</i>				
AAA	13,792	55,312	627	418
AA	-	53	-	-
A	20,264	5,102	37	37
	<u>34,056</u>	<u>60,467</u>	<u>664</u>	<u>455</u>

### 31.4 Price risk

Price risk is the risk that the fair value or future cash flows of the Group and the Company's financial instruments will fluctuate because of changes in market prices (other than interest or foreign currency).

The Group and the Company are exposed to price risk arising from their investment in quoted securities and short-term investments. These quoted securities in Malaysia and short-term investments are classified as financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss respectively.

#### Sensitivity analysis for price risk

The table below shows the analysis of the impact arising from reasonably possible changes in the prices of the quoted securities and short-term investments:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<i>Increase/(decrease) in:</i>				
• Fair value reserves:				
Quoted securities:				
• Quoted price of securities +/-3%	<u>138</u>	<u>130</u>	<u>138</u>	<u>130</u>
• Accumulated profits:				
Short-term investments:				
• Net assets value +/-1%	<u>1,663</u>	<u>1,140</u>	<u>384</u>	<u>412</u>

## AYER Holdings Berhad

(Incorporated in Malaysia)

### 31. Financial instruments (continued)

#### 31.5 Fair values of financial instruments

The fair value of a financial instrument 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.

As at the reporting date, the fair values of the Group and the Company's financial instruments approximate their carrying amounts unless it is impracticable to determine these values with sufficient reliability.

#### Methods and assumptions used to estimate fair values

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Financial instruments	Fair values determination
<ul style="list-style-type: none"> <li>Investments</li> </ul>	The fair values of publicly traded instruments are based on quoted market prices.
<ul style="list-style-type: none"> <li>Short-term investments</li> </ul>	The fair values of the financial assets are determined by reference to statements of account at the reporting date provided by fund managers.
<ul style="list-style-type: none"> <li>Receivables</li> <li>Deposits, cash and bank balances</li> <li>Payables</li> </ul>	The carrying amounts of these financial instruments approximate fair values due to the relatively short-term maturity of these instruments.
<ul style="list-style-type: none"> <li>Lease liabilities</li> </ul>	<p>The carrying amounts of current lease liabilities approximate fair values because of the short period to maturity of these instruments.</p> <p>The fair values of non-current lease liabilities are estimated based on the current rates available for lease liabilities with the same maturity profile. The carrying amount of the non-current lease liabilities are reasonable approximations of fair values due to the insignificant impact of discounting.</p>

# **AYER Holdings Berhad** *(Incorporated in Malaysia)*

## **31. Financial instruments (continued)**

### **31.6 Fair value hierarchy**

The following table provides the fair value measurement hierarchy of the Group and the Company's financial assets carried at fair value as at the reporting date:-

<b>Group</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>2022</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<i>Investments:</i>				
Quoted equity securities	4,587	-	-	4,587
<i>Short-term investments:</i>				
Money market funds, bond funds and fixed income funds	-	166,347	-	166,347
<b>2021</b>				
<i>Investments:</i>				
Quoted equity securities	4,330	-	-	4,330
<i>Short-term investments:</i>				
Money market funds, bond funds and fixed income funds	-	113,960	-	113,960
<b>Company</b>				
<b>2022</b>				
<i>Investments:</i>				
Quoted equity securities	4,587	-	-	4,587
<i>Short-term investments:</i>				
Money market funds, bond funds and fixed income funds	-	38,435	-	38,435
<b>2021</b>				
<i>Investments:</i>				
Quoted equity securities	4,330	-	-	4,330
<i>Short-term investments:</i>				
Money market funds, bond funds and fixed income funds	-	41,165	-	41,165

# AYER Holdings Berhad

(Incorporated in Malaysia)

## 31. Financial instruments (continued)

### 31.7 Financial instruments by category

The table below provides an analysis of financial instruments categorised as follows:-

Group 2022	Note	At fair value through profit or loss RM'000	At fair value through other comprehensive income RM'000	At amortised cost RM'000	Total carrying amount RM'000
<i>Financial assets:</i>					
• Investments	14	-	4,587	-	4,587
• Receivables (excluding prepayment and government entity)	20	-	-	7,759	7,759
• Short-term investments	22	166,347	-	-	166,347
• Deposits, cash and bank balances	23	-	-	34,067	34,067
		166,347	4,587	41,826	212,760
<i>Financial liabilities:</i>					
• Lease liabilities	26	-	-	370	370
• Payables (excluding provisions)	28	-	-	24,221	24,221
		-	-	24,591	24,591
<b>2021</b>					
<i>Financial assets:</i>					
• Investments	14	-	4,330	-	4,330
• Receivables (excluding prepayment and government entity)	20	-	-	17,216	17,216
• Short-term investments	22	113,960	-	-	113,960
• Deposits, cash and bank balances	23	-	-	60,479	60,479
		113,960	4,330	77,695	195,985
<i>Financial liabilities:</i>					
• Lease liabilities	26	-	-	172	172
• Payables (excluding provisions)	28	-	-	23,592	23,592
		-	-	23,764	23,764

# **AYER Holdings Berhad** *(Incorporated in Malaysia)*

## **31.7 Financial instruments by category (continued)**

<b>Company 2022</b>	<b>Note</b>	<b>At fair value through profit or loss RM'000</b>	<b>At fair value through other comprehensive income RM'000</b>	<b>At amortised cost RM'000</b>	<b>Total carrying amount RM'000</b>
<i><u>Financial assets:</u></i>					
• Investments	14	-	4,587	-	4,587
• Receivables (excluding prepayment and government entity)	20	-	-	328	328
• Short-term investments	22	38,435	-	-	38,435
• Deposits, cash and bank balances	23	-	-	665	665
		38,435	4,587	993	44,015
<i><u>Financial liabilities:</u></i>					
• Lease liabilities	26	-	-	370	370
• Payables (excluding provisions)	28	-	-	1,799	1,799
		-	-	2,169	2,169
<b>2021</b>					
<i><u>Financial assets:</u></i>					
• Investments	14	-	4,330	-	4,330
• Receivables (excluding prepayment and government entity)	20	-	-	354	354
• Short-term investments	22	41,165	-	-	41,165
• Deposits, cash and bank balances	23	-	-	460	460
		41,165	4,330	814	46,309
<i><u>Financial liabilities:</u></i>					
• Lease liabilities	26	-	-	172	172
• Payables (excluding provisions)	28	-	-	2,318	2,318
		-	-	2,490	2,490

# **AYER Holdings Berhad** *(Incorporated in Malaysia)*

## **32. Commitments**

### **32.1 Capital commitments**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<i>Unrecognised but contracted for capital expenditure:</i>				
Property, plant and equipment	4,488	2,401	21	2,262
Investment properties	-	2,000	-	-
	<u>4,488</u>	<u>4,401</u>	<u>21</u>	<u>2,262</u>

### **32.2 Financing commitments**

Collateral for banking facilities granted to a subsidiary is as follows:-

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<i>Carrying amount:</i>		
Short-term deposits included in deposits, cash and bank balances	<u>312</u>	<u>278</u>

### **32.3 Lease commitments**

Non-cancellable operating lease commitments:-

	<b>Group</b>		<b>Company</b>	
<b>Leases as lessor</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<i>Future minimum rental receivable:</i>				
• 1 year or less	3,456	3,349	319	353
• 5 years or less but over 1 year	7,408	6,843	77	142
• over 5 years	4,425	1,234	-	-
	<u>15,289</u>	<u>11,426</u>	<u>396</u>	<u>495</u>

The Group and the Company entered into commercial property leases on their portfolio of investment properties consisting of commercial land and buildings. These leases have non-cancellable lease terms of 1 to 18 years (2021: 1 to 9 years).



# Analysis Of Shareholdings

15 March 2023

Issued and Paid-up Capital : 74,853,075 ordinary shares  
Voting Rights per share : One

## (I) SIZE OF SHAREHOLDINGS

as per Record of Depositors as at 15 March 2023

Size of Shareholdings	No. of Shareholders	%	No. of Shares	% of Holding
1 - 99	86	8.09	720	0.00
100 - 1,000	291	27.38	240,062	0.32
1,001 - 10,000	518	48.73	2,088,270	2.79
10,001 - 100,000	126	11.85	4,302,963	5.75
100,001 - 3,742,652	39	3.67	33,553,465	44.83
3,742,653 and above	3	0.28	34,667,595	46.31
	1,063	100.00	74,853,075	100.00

## (II) THIRTY LARGEST SHAREHOLDERS

as per Record of Depositors as at 15 March 2023

No.	Name	No. of Shares	% of Holding
1	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB For Twin Trees Holdings Sdn Bhd (PB)	14,044,510	18.76
2	Bee Guan Sdn Bhd	12,158,880	16.24
3	Bee Guan Sdn Bhd	4,450,128	5.95
4	Maybank Nominees (Tempatan) Sdn Bhd Lim Ke Hun	4,014,077	5.36
5	Lim Kien Seng	3,520,815	4.70
6	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Teo Siew Lai	2,803,400	3.75
7	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB For Lim Kee Choon (PB)	2,594,815	3.47
8	Lim Kah Weei	2,422,373	3.24
9	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Kai Hee (MY3800)	2,101,000	2.81
10	Lim Peng Yan	2,010,811	2.69
11	Citigroup Nominees (Asing) Sdn Bhd Exempt AN For OCBC Securities Private Limited (Client A/C-NR)	1,986,400	2.65
12	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Teo Kwee Hock	1,574,800	2.10
13	Lim Kai Hee	1,544,682	2.06
14	CL Holdings Sdn Bhd	1,339,092	1.79
15	Joanna Chan May Lin	1,252,406	1.67
16	Jeremy Chan Pooi Cheong	1,252,405	1.67
17	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB For Yong Poh Kon (PB)	1,000,000	1.34
18	Low Chee Kein	950,000	1.27
19	Lim Kean Boon	807,366	1.08
20	Lim Sum Mei	807,366	1.08
21	Teo Kwee Hock	795,000	1.06
22	Lim Kee Choon	570,000	0.76
23	Chong Yean Fong	341,165	0.46
24	Timothy Lim Guan Chye	318,000	0.42
25	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Wong Tiang Lien (REM 802)	309,100	0.41
26	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt AN For UOB Kay Hian Pte Ltd (A/C Clients)	289,475	0.39
27	Yap Boon Eng	285,400	0.38
28	Ho Kah Heng	282,000	0.38
29	Maybank Securities Nominees (Asing) Sdn Bhd Maybank Securities Pte Ltd For Lion City Enterprises Pte Ltd	280,500	0.37
30	Hubert Lim Hing Lee	215,574	0.29
		66,321,540	88.60

## Analysis of Shareholdings 15 March 2023

### (III) SUBSTANTIAL SHAREHOLDERS

as per Register of Substantial Shareholders as at 15 March 2023

No.	Name	Direct Interest		Indirect Interest		Total Interest	
		No. of Shares	%	No. of Shares	%	No. of Shares	%
1	Bee Guan Sdn Bhd	16,609,008	22.19	-	-	16,609,008	22.19
2	Twin Trees Holdings Sdn Bhd	14,044,510	18.76	-	-	14,044,510	18.76
3	Lim Ke Hun	4,014,077	5.36	28,000	0.04	4,042,077	5.40
4	Lim Kai Hee	3,848,682	5.14	346,574	0.46	4,195,256	5.60
5	Lim Kee Choon	3,184,815	4.25	14,044,510 <sup>(1)</sup>	18.76	17,229,325	23.01
6	Chang Wee Yon	37,000	0.05	16,609,008 <sup>(2)</sup>	22.19	16,646,008	22.24
7	Lim Wan Yee	26,000	0.03	16,609,008 <sup>(2)</sup>	22.19	16,635,008	22.22
8	Lim Hong Beng	25,000	0.03	16,609,008 <sup>(2)</sup>	22.19	16,634,008	22.22

### (IV) DIRECTORS AND KEY SENIOR MANAGEMENT: DIRECT AND INDIRECT INTERESTS IN THE COMPANY

as per Register of Directors' and Principal Officers' Shareholdings as at 15 March 2023

No.	Name	Direct Interest		Indirect Interest		Total Interest	
		No. of Shares	%	No. of Shares	%	No. of Shares	%
1	Lim Kee Choon	3,184,815	4.25	14,044,510 <sup>(1)</sup>	18.76	17,229,325	23.01
2	Tan Sri Datuk Yong Poh Kon	1,000,000	1.34	-	-	1,000,000	1.34
3	Lim Ke Hun	4,014,077	5.36	28,000	0.04	4,042,077	5.40
4	Lim Wan Yee	26,000	0.03	16,609,008 <sup>(2)</sup>	22.19	16,635,008	22.22
5	Chin Yoong Kheong	-	-	-	-	-	-
6	Tan Sri Arpah Binti Abdul Razak	-	-	-	-	-	-
7	Chang Wee Yon	37,000	0.05	16,609,008 <sup>(2)</sup>	22.19	16,646,008	22.24
8	Edwin Jose Gomes	-	-	-	-	-	-
9	Chua Seng Yong	125,000	0.17	-	-	125,000	0.17
10	Jeannie Khoo Poh Gaik	-	-	-	-	-	-
11	Loh Lai Phui	-	-	-	-	-	-
12	Phua Kia Pau	-	-	-	-	-	-
13	Ong Chin Teck	-	-	-	-	-	-
		-	-	-	-	-	-

Notes:

<sup>(1)</sup> Deemed interest by virtue of his substantial shareholding in Twin Trees Holdings Sdn Bhd, a substantial shareholder of the Company.

<sup>(2)</sup> Deemed interest by virtue of his/her substantial shareholding in Bee Guan Sdn Bhd, a substantial shareholder of the Company.

# Properties Held by the Group

Location	Description	Land Area/ *Gross Floor Area	Existing use	Date of Acquisition	Tenure	Approximate age of buildings (years)	Net Book Value as at 31.12.2022 RM'000
Gali Estate 6 <sup>th</sup> Mile, Jalan Lipis 27600 Raub, Pahang	Oil Palm and Durian Estate	402 hectares (993 acres)	Plantation	1967/69	Freehold	-	1,002
Kretay Estate 24300 Kerteh Kemaman Terengganu	Oil Palm Estate	1,947 hectares (4,811 acres)	Plantation	2001	Leasehold 99 years expiring July 2100	-	73,511
Mukim Pasir Raja Dungun, Terengganu	Undeveloped agricultural land	2,025 hectares (5,003 acres)	Secondary jungle	2003	Leasehold 60 years expiring March 2063	-	19,491
Lot 2616, Mukim Petaling, District of Petaling, Selangor	Land for development	47 hectares (116 acres)	Rent (partially) and future development	1993	Freehold	-	17,461
Bandar Bukit Puchong Puchong, Selangor	Land for development	189 hectares (466.3 acres)	On-going mixed- development and future development	1993	Freehold	-	114,141
Bandar Bukit Puchong Puchong, Selangor	6-Storey Car Park	*31,443 square metres	Car park operation	2016	Freehold	7	16,607
Bandar Bukit Puchong Puchong, Selangor	Sales Gallery	*2,616 square metres	Sales Gallery & Office	2016	Freehold	7	6,794
Bandar Puchong Utama Puchong, Selangor	Land for development	3.7 hectares (9 acres)	On-going and future development	1993	Freehold	-	4,055
Bukit Beruntung Rawang, Selangor	Bungalow land	1.4 hectares (3.5 acres)	Vacant	2005/06	Freehold	-	1,750
Bandar Bukit Puchong Puchong, Selangor	16 units low cost factory	*2,384 square metres	Investment property	1999	Freehold	23	1,239

# Notice of the 112<sup>th</sup> Annual General Meeting

NOTICE IS HEREBY GIVEN that the 112<sup>th</sup> Annual General Meeting (“AGM”) of the Company will be held at Bukit Puchong Gallery, Lot 59244, Jalan BP 7/15, Bandar Bukit Puchong, 47120 Puchong, Selangor on Wednesday, 24 May 2023 at 2.00 p.m. for the purpose of considering the following:-

## Ordinary Business

- |  |   |
|--|---|
| 1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and the Auditors thereon.  | <b>(Please refer to Explanatory Note 1)</b> |
| 2. To approve the payment of a first and final dividend of 20.0 sen per ordinary share for the financial year ended 31 December 2022.  | <b>Ordinary Resolution 1</b>                |
| 3. To approve the payment of Directors’ Fees and benefits payable to the Directors of the Company not exceeding RM2,000,000 for the period from 25 May 2023 until the conclusion of the 113 <sup>th</sup> AGM. | <b>Ordinary Resolution 2</b>                |
| 4. To re-elect Mr Chin Yoong Kheong who is retiring pursuant to Article 93 of the Company’s Constitution, who being eligible offers himself for re-election.   | <b>Ordinary Resolution 3</b>                |
| 5. To re-elect Mr Lim Kee Choon who is retiring pursuant to Article 93 of the Company’s Constitution, who being eligible offers himself for re-election.   | <b>Ordinary Resolution 4</b>                |
| 6. To re-appoint Messrs. Khoo Wong & Chan as Auditors of the Company and to authorise the Directors to determine their remuneration.   | <b>Ordinary Resolution 5</b>                |

## Special Business

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

- |   |                              |
|---|------------------------------|
| 7. <b>As Ordinary Resolution</b><br><b>- Continuing in Office as an Independent Non-Executive Director - Mr Chin Yoong Kheong</b>   | <b>Ordinary Resolution 6</b> |
| <p>“THAT the authority be and is hereby given to Mr Chin Yoong Kheong, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company.”</p> |                              |
| 8. To transact any other ordinary business of which due notice shall have been given.   |                              |

## Notice of the 112<sup>th</sup> Annual General Meeting

### NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT the first and final dividend of 20.0 sen per ordinary share for the financial year ended 31 December 2022, if approved, will be paid on 14 June 2023. The entitlement date for the dividend payment is 30 May 2023.

A Depositor shall qualify for entitlement to the dividend only in respect of:-

- a. Shares transferred into the depositor's securities account before 4.30 p.m. on 30 May 2023 in respect of transfer; and
- b. Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

TAI YIT CHAN

(SSM PC NO. 202008001023) (MAICSA 7009143)

TAI YUEN LING

(SSM PC NO. 202008001075) (LS 0008513)

Company Secretaries

25 April 2023

Kuala Lumpur

#### **Notes :**

- i) A member of the Company entitled to attend and vote at this Meeting is entitled to appoint a proxy or attorney or other duly authorised representative to attend and vote in his stead. A proxy may, but need not be a member of the Company. A member may appoint any person to be his proxy. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.
- ii) A member of the Company who is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA") may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- iii) For a member of the Company who is an exempt authorised nominee 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. An exempt authorised nominee refers to an authorised nominee as defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
- iv) Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- v) The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote:

#### In hard copy form

By hand or post to the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur;

# Notice of the 112<sup>th</sup> Annual General Meeting

## Online

As In the case of an appointment made via online lodgment facility, please login to the link website at <https://tjih.online>. Please refer to the Administrative Guide on how to register to TIH Online and submit your Form of Proxy electronically.

- vi) For the purpose of determining a member who shall be entitled to attend and vote at the meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company a Record of Depositors as at **17 May 2023** and only a depositor whose name appears on the Record of Depositors shall be entitled to attend the meeting or appoint proxies to attend and vote in his stead.

## **EXPLANATORY NOTES:-**

### **1. Agenda No. 1**

This Agenda item is meant for discussion only as the provision of Section 248 and Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders and hence this item is not put forward for voting.

### **2. Agenda No. 3**

Section 230(1) of the Companies Act 2016 provides amongst others, that “the fees” of the directors and “any benefits” payable to the Directors of a listed company shall be approved at a general meeting. In this respect, the Board agreed that the shareholders’ approval shall be sought at the 112<sup>th</sup> AGM on the Directors’ remuneration in a resolution as below:-

- Resolution 2 on payment of Directors’ Fees and benefits payable to the Directors of the Company not exceeding RM2,000,000 for the period from 25 May 2023 until the conclusion of the 113<sup>th</sup> AGM (“Relevant Period”).

The payment of the Directors’ Fees of RM1,450,000 for the period from 25 May 2023 until the conclusion of the 113<sup>th</sup> AGM will only be made if the proposed Resolution 2 has been passed at the 112<sup>th</sup> AGM pursuant to Article 74 of the Company’s Constitution and Section 230(1) of the Companies Act 2016.

The benefits payable to the Directors of the Company comprises the allowances and other emoluments payable to the Directors of the Company as follows:-

	RM
Independent Non-Executive Directors	314,000
Non-Independent Non-Executive Directors	236,000
Total*	550,000

Note:

- \* Inclusive of meeting fees, medical claims, mobile phone bills, professional membership, insurance premium, traveling, training and entertainment.

The estimated total amount of benefits payable for the Relevant Period of not exceeding RM550,000 was determined based on the various factors including the number of scheduled meetings for the Board and Board Committees as well as the extent of involvement of the respective Directors.

Payment of Directors’ Fees and benefits payable to the Directors of the Company for the period from 25 May 2023 until the conclusion of the 113<sup>th</sup> AGM will be made by the Company on a monthly basis and/or as and when incurred if the proposed Resolution 2 have been passed at the 112<sup>th</sup> AGM. The Board is of the view that it is just and equitable for the Directors of the Company to be paid the Directors’ Fees and the benefits payable for the period from 25 May 2023 until the conclusion of the 113<sup>th</sup> AGM on a monthly basis and/or as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company throughout the financial period from 25 May 2023 until the conclusion of the 113<sup>th</sup> AGM.

## Notice of the 112<sup>th</sup> Annual General Meeting

### **3. Agenda No. 7 - Continuing in Office as an Independent Non-Executive Director - Mr Chin Yoong Kheong**

*The proposed Resolution 6 is to seek shareholders' approval by way of a two-tier voting process on the retention of Mr Chin Yoong Kheong who has served as Independent Director in the Company for more than nine (9) years.*

*The Board has assessed the independence of Mr Chin Yoong Kheong and recommended him to continue to act as an Independent Non-Executive Director of the Company based on the following justifications:-*

- a. He fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, he would be able to provide check and balance and bring an element of objectivity to the Board;*
- b. He is familiar with the Company's business operations and is able to advise the Board diligently on business matters;*
- c. He was not appointed by any controlling shareholder and hence the issue on special relationship with or loyalty to any controlling shareholder does not arise;*
- d. He has devoted sufficient time and attention to his professional obligations for informed and balanced decision making by actively participating in board discussion and provided an independent voice to the Board; and*
- e. He has exercised his due care during his tenure as an Independent Non-Executive Director of the Company and carried out his professional duties in the best interest of the Company and shareholders.*

*The Board considered Mr Chin Yoong Kheong to be independent based on the above justifications and recommended him to be retained as an Independent Non-Executive Director of the Company.*

#### **PERSONAL DATA POLICY**

*By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting 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 Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (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.*





## NEW PROXY FORM

**AYER HOLDINGS BERHAD** (REGISTRATION NO. 190701000003 (37-K))  
(Incorporated in Malaysia)

<b>CDS Account No.</b>	
<b>No. of Shares Held</b>	

I/We, \_\_\_\_\_ NRIC/Passport/Company No. \_\_\_\_\_  
[Please fill in full name] (Please use block letters) [Please fill NRIC/Passport/Company No.] (Please use block letters)

of \_\_\_\_\_  
[Please fill in address]

being a member/members of **AYER HOLDINGS BERHAD** hereby appoint \_\_\_\_\_  
[Please fill in full name] (Please use block letters)

NRIC/Passport No. \_\_\_\_\_ of \_\_\_\_\_  
[Please fill NRIC/Passport/Company No.] (Please use block letters)

[Please fill in address]

or failing him, \_\_\_\_\_/Passport No. \_\_\_\_\_  
[Please fill in full name] (Please use block letters) [Please fill NRIC/Passport/Company No.] (Please use block letters)

of \_\_\_\_\_  
[Please fill in address]

or failing him, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the 112<sup>th</sup> Annual General Meeting of the Company to be held at Bukit Puchong Gallery, Lot 59244, Jalan BP 7/15, Bandar Bukit Puchong, 47120 Puchong, Selangor on Wednesday, 24 May 2023 at 2.00 p.m. or at adjourned meeting, and to vote as indicated below:-

RESOLUTIONS		FOR	AGAINST
Payment of first and final dividend	Ordinary Resolution 1		
Payment of Directors' Fees and benefits payable	Ordinary Resolution 2		
Re-election of Mr Chin Yoong Kheong as Director	Ordinary Resolution 3		
Re-election of Mr Lim Kee Choon as Director	Ordinary Resolution 4		
Re-appointment of Messrs Khoo Wong & Chan as Auditors and authorising Directors to determine their remuneration	Ordinary Resolution 5		
Continuing in office as an Independent Non-Executive Director - Mr Chin Yoong Kheong	Ordinary Resolution 6		

*(Please indicate with an 'X' in the space provided whether you wish your votes to be cast "FOR" or "AGAINST" the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit. However, if two proxies are appointed, please specify in the table below the number of shares represented by each proxy, failing which the appointment shall be invalid.)*

Name of Proxy	Proportion of Shares Held
1.	
2.	
Total number of shares held	

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2023

\_\_\_\_\_  
Signature of Shareholder(s)/Common Seal

Fold this flap for sealing

Notes :

- i) A member of the Company entitled to attend and vote at this Meeting is entitled to appoint a proxy or attorney or other duly authorised representative to attend and vote in his stead. A proxy may, but need not be a member of the Company. A member may appoint any person to be his proxy. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.
- ii) A member of the Company who is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA") may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- iii) For a member of the Company who is an exempt authorised nominee 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. An exempt authorised nominee refers to an authorised nominee as defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
- iv) Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- v) The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote:

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**AFFIX  
STAMP**

**The Share Registrar**

**Tricor Investor & Issuing House Services Sdn Bhd**

**Registration Number: 197101000970(11324-H)**

Unit 32-01, Level 32, Tower A  
Vertical Business Suite, Avenue 3, Bangsar South  
No. 8 Jalan Kerinchi, 59200, Kuala Lumpur

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- a) In hard copy form  
By hand or post to the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur;
  - b) Online  
As In the case of an appointment made via online lodgment facility, please login to the link website at <https://tiih.online>. Please refer to the Administrative Guide on how to register to TIIH Online and submit your Form of Proxy electronically.
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**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 as set out in the Notice of Annual General Meeting dated 25 April 2023.





**AYER HOLDINGS BERHAD**  
190701000003 (37-K)

5<sup>th</sup> Floor, Bangunan Yee Seng  
15 Jalan Raja Chulan  
50200 Kuala Lumpur Malaysia

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Fax : +603 2034 2866

[www.ayer.com.my](http://www.ayer.com.my)