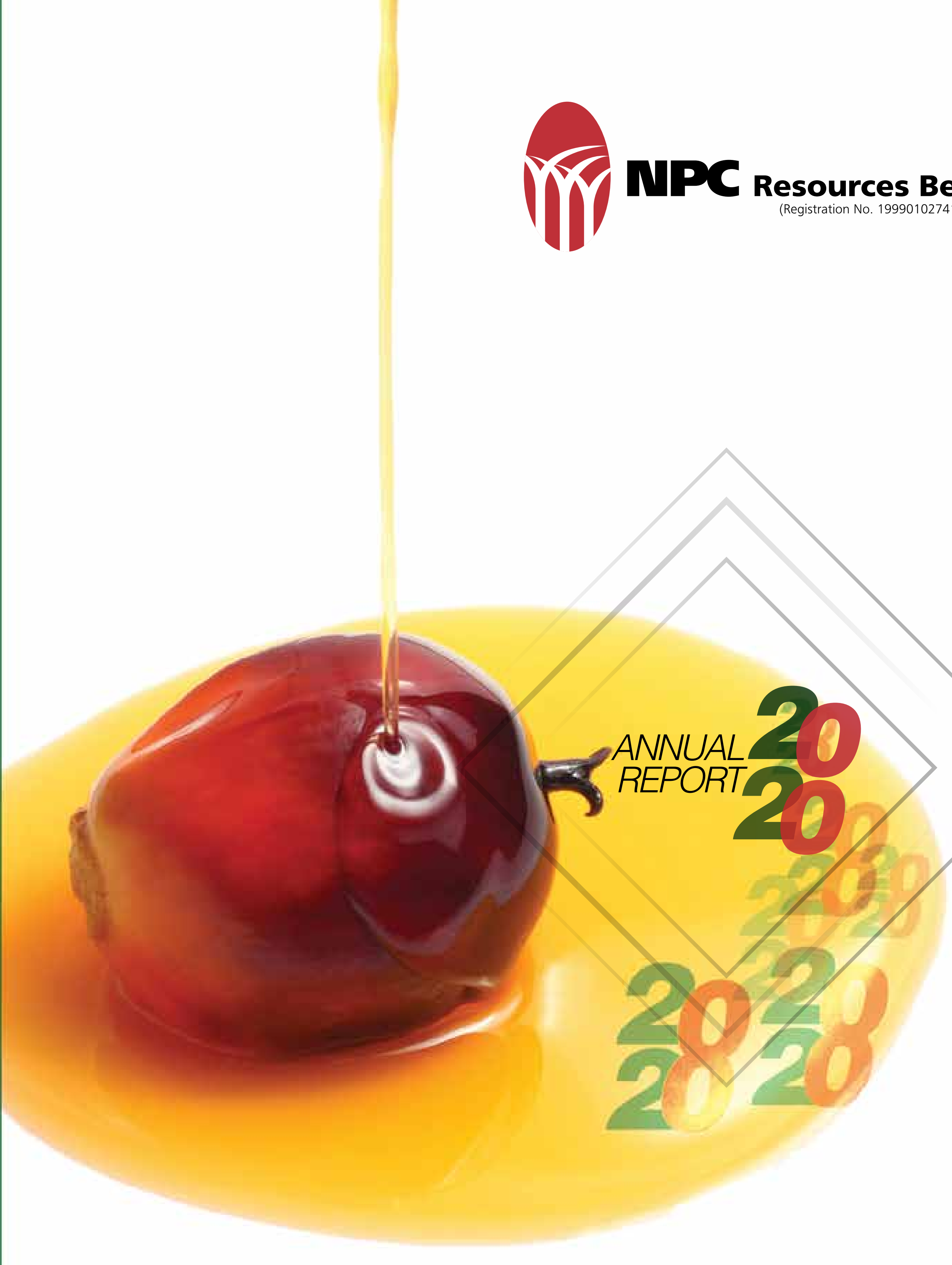
NPC Resources Berhad

(Registration No. 199901027413 (502313-P))



ANNUAL REPORT 2020

Contents

NPC Resources Berhad

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Loo Pang Kee*	(Executive Director/Group Managing Director)
Wong Siew Ying*	(Executive Director)
Tan Sri Dato' Sri Koh Kin Lip, JP	(Non-Independent Non-Executive Director)
Lim Ted Hing	(Independent Non-Executive Chairman)
Dato' Ooi Sek Min	(Independent Non-Executive Director)
Datuk Lee Swi Heng (appointed on 10 August 2020)	(Executive Director/Group Chief Operating Officer)

AUDIT COMMITTEE

Dato' Ooi Sek Min	(Chairman)
Lim Ted Hing	(Member)
Tan Sri Dato' Sri Koh Kin Lip, JP	(Member)

COMPANY SECRETARIES

Dorothy Luk Wei Kam (MAICSA 7000414)

REGISTERED OFFICE

Lot 9, T3
Taman Tshun Ngen
Mile 5, Jalan Labuk
90000 Sandakan, Sabah
Tel : +6089 274 488
Fax : +6089 226 711

BANKERS

AmBank (M) Berhad
AmBank Islamic Berhad
Maybank Islamic Berhad
OCBC Bank Malaysia Berhad
RHB Bank Berhad
RHB Islamic Bank Berhad

SHARE REGISTRAR

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

SOLICITOR

M.F. Poon, Hiew & Associates
Advocates & Solicitors
Mezzanine Floor, Lot 1 & 2,
Block B, Taman Grandview,
Jalan Buli Sim-Sim.
90000 Sandakan, Sabah

INDEPENDENT AUDITOR

Ernst & Young PLT
Chartered Accountants
16th Floor, Wisma Khoo Siak Chiew
Jalan Buli Sim Sim
90000 Sandakan, Sabah

STOCK EXCHANGE LISTING

Main Market of the
Bursa Malaysia Securities Berhad

DIRECTORS' PROFILE

Dato' Loo Pang Kee, a Malaysian citizen, male, aged 52, is the co-founder of NPC Resources Berhad. He has served as the Group Managing Director cum CEO since 31st January 2002. Dato' Loo has over 30 years of extensive background in the oil palm plantation and related industries. He plays a key role in spearheading the expansion and new-business growth of the entire organisation. He is an alumnus of Harvard Business School. Save as disclosed in Note 31 to the Financial Statements, he has no conflict of interest with the Company. He has never convicted for any offence in the past 5 years and has no sanctions or penalties imposed by any regulatory bodies during the financial year ended 31 December 2020. He attended all the five (5) board meetings held during the financial year from 1 January 2020 to 31 December 2020.

Wong Siew Ying, a Malaysian citizen, female, aged 67, was appointed as Executive Director of NPC on 31 January 2002. She has played an instrumental role in the management of the NPC group of companies over the last 30 years and her areas of responsibility include managing the Group's financial affairs, project funding requirements and credit management. Save as disclosed in note 31 to the Financial Statements, she has no other conflict of interest with the Company. She has never been convicted for any offence within the past 5 years and has no sanctions or penalties imposed by any regulatory bodies during the financial year ended 31 December 2020. She attended five (5) board meetings held during the financial year from 1 January 2020 to 31 December 2020.

Lim Ted Hing, a Malaysian citizen, male, aged 66, was appointed as the Independent Non-Executive Director of NPC on 25 February 2002. On 21 April 2021, he was appointed as the Chairman of the Board of NPC. He currently sits on the Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee. He is a member of the Malaysian Institute of Accountants and a Fellow of the Institute of Chartered Accountants in England and Wales ("ICAEW"). He obtained his Fundamentals of Accounting from the North East London Polytechnic in 1977. Upon completion, he joined Malvern & Co., a firm of chartered accountants based in London, as an Articled Clerk during which he completed the ICAEW professional examinations in 1983. He joined Ernst & Young in 1985 and was the Senior Manager of its office in Sandakan prior to joining Syarikat Tekala Sdn. Bhd. in 1994 as the Group Financial Controller. Later in June 1996, he was appointed as an Executive Director/Chief Operating Officer of Tekala Corporation Berhad ("Tekala"), a company listed on the Main Market of Bursa Malaysia, and its subsidiaries. In January 2013, he was appointed as the Group Managing Director/Chief Executive Officer of Tekala. In July 2017, WMG Holdings Bhd. ("WMG") reverse took over Tekala and assumed its listing status. He is an Executive Director of WMG Group and has been appointed as Exco Chairman in September 2017. On 14 August 2019, he was appointed as an Independent Non-Executive Director of Innoprise Plantations Berhad ("IPB"). Other than his business interest in WMG Group and IPB, he also sits on the board of several other private limited companies. He has no family relationship with any other directors or major shareholders of the Company nor any conflict of interest with the Company. He has never been convicted for any offence within the past 5 years and has no sanctions or penalties imposed by any regulatory bodies during the financial year ended 31 December 2020. He attended all the five (5) board meetings held during the financial year from 1 January 2020 to 31 December 2020.

DIRECTORS' PROFILE (cont'd)

Dato' Ooi Sek Min, a Malaysian citizen, male, aged 52, was appointed as the Independent Non-Executive Director of NPC on 27 February 2020. He currently sits on the Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee. He is a member of the Malaysian Institute of Accountants, a member of CPA Australia and a Registered Estate Negotiator of The Board of Valuers, Appraisers and Estate Agents Malaysia. He obtained his Master of Business Administration (Finance) from University of Hull, United Kingdom in year 1995. He began his career in Price Waterhouse (now known as PricewaterhouseCoopers) from year 1993 to 1997. In 1997, he joined SJ Securities Sdn Bhd as commissioned dealer before joining Elite International as General Manager in year 2004. Currently, he is a Chief Executive Officer of Zens Group and an Advisor of Business Development & International Properties for Carey Real Estate Sdn Bhd. He has no family relationship with any other directors or major shareholders of the Company nor any conflict of interest with the Company. He has never been convicted for any offence within the past 5 years and has no sanctions or penalties imposed by any regulatory bodies during the financial year ended 31 December 2020. He attended all the five (5) board meetings held during the financial year from 1 January 2020 to 31 December 2020.

Tan Sri Dato' Sri Koh Kin Lip, JP, a Malaysian citizen, male, aged 72, was appointed as the Non-Independent Non-Executive Director of NPC on 12 July 2007. He graduated from Plymouth Polytechnic (now known as Plymouth University), United Kingdom with a Higher National Diploma in Business Studies and a Council's Diploma in Management Studies. He began his career in Standard Chartered Bank, Sandakan in 1977 as a trainee assistant. In 1978, he joined his family business and was principally involved in administrative and financial matters. In 1985, he assumed the role as Chief Executive Officer of his family business. In 1987 he was pivotal and instrumental in the formation of Rickoh Holdings Sdn. Bhd., the flagship company of the family businesses. Rickoh Holdings Sdn Bhd and group of companies had since continued to grow via diversifying their business activities which comprise, among others, properties investments/holdings, property letting, property development, securities investments, oil palm plantations, sea and land transportation for crude palm oil and palm kernel, information technology, hotel business, car park operator, insurance agency, trading in golf equipment and accessories, river sand mining, bricks manufacturing and quarry operations. Currently, he is a Senior Independent Non-Executive Director of Cocoaland Holdings Berhad and IOI Properties Group Berhad and Independent Non-Executive Director of T7 Global Berhad which are companies listed on the Main Market of Bursa Malaysia. He has no family relationship with any other directors or major shareholders of the Company. Save as disclosed in note 31 to the Financial Statements, he has no other conflict of interest with the Company. He has never been convicted for any offence within the past 5 years and has no sanctions or penalties imposed by any regulatory bodies during the financial year ended 31 December 2020. He attended all five (5) board meetings held during the financial year from 1 January 2020 to 31 December 2020.

DIRECTORS' PROFILE (cont'd)

Datuk Lee Swi Heng, a Malaysian citizen, male, aged 60, was appointed as Executive Director cum COO of NPC on 10 August 2020. He is a member of Malaysian Institute of Accountants, a fellow member of the Association of Chartered Certified Accountants (ACCA) and fellow member of the Institute of Singapore Chartered Accountants (ISCA). He obtained his Master of Business Administration from University of Birmingham, United Kingdom in year 1995. He began his career with Wilder Coe in the United Kingdom as audit trainee. He joined Maritime (Pte) Ltd, Singapore in 1991, promoted to Executive Assistant to Managing Director and returning to Malaysia in 1996. He was with AP Land Bhd as Director (Finance & Administration), in charge of hotels and plantation and business development. In 1997, he was recruited by FACB Bhd as the Group Financial Controller, overseeing and monitoring the construction and the pre-opening of Karambunai Resorts. He joined Kretam Holdings Bhd as the Group Chief Financial Officer in 1999 and was instrumental in assisting the Group in obtaining Securities Commission's approval under the workout proposal for its stock broking subsidiary as well as divestment of non-core divisions. He joined Gloharta (M) Sdn Bhd/Pembinaan Kekal Mewah as the Group Chief Operating Officer in 2007. He was appointed as owner representative in dealing with hotel operators, board member in the joint venture companies in palm oil mill and provision of aviation services to oil majors. He has no family relationship with any other directors or major shareholders of the Company nor any conflict of interest with the Company. He has never been convicted for any offence within the past 5 years and has no sanctions or penalties imposed by any regulatory bodies during the financial year ended 31 December 2020. He attended all two (2) board meetings held during the financial year from 10 August 2020 to 31 December 2020.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, it gives me great pleasure to present the Annual Report of the Group and the Company for the financial year ended 31 December 2020.

BUSINESS DEVELOPMENTS

In Sabah, the Group currently operates approximately 11,630 hectares of plantation land and one palm oil processing mill which has a production capacity of 75 tonnes of FFB per hour, of which 7,620 hectares are located in the Sandakan region and 4,009 hectares in the Banggi Island of Sabah. The palm oil processing mill owned by the Group is located at Kilometre 70, Sandakan-Telupid-Kota Kinabalu Highway in the district of Labuk-Sugut ("Berkat mill").

Todate, the Group has a total plantation land area of 45,064 hectares in Kalimantan Timur, Indonesia, 42,626 hectares of which have been issued with certificates of Hak Guna Usaha by the Indonesian authority ("HGU certificates"). For the financial year 2020, the Group's total planted hectarage in Indonesia was 17,995 hectares, of which 3,375 hectares were allotted to Plasma Schemes. The Group also operates one palm oil processing mill which has a production capacity of 60 tonnes of FFB per hour and is located at Desa Senambah, Kecamatan Muara Bengkal, Kebupaten Kutai Timur, Kaltim ("Nala mill").

INDUSTRY DEVELOPMENTS

Overall, 2020 was a challenging year to the Malaysian oil palm industry due to the global outbreak of COVID-19 pandemic. The industry experienced a temporarily slowdown in the first half of 2020 in export demand and prices but towards the second half, the scenario had changed due to the re-opening of the global economic sectors with the relaxation of movement restrictions (MCO) coupled with the Government's initiative under the National Economic Recovery Plan (PENJANA). The year 2020 ended with higher export revenue at RM73.25 billion attributed to the higher average CPO price at RM2,685.50 per tonne and low closing stock at 1.27 million tonnes. Other key industry indicators, however, witnessed lower performance wherein CPO production, yield of fresh fruit bunches (FFB), National oil extraction rate (OER), exports and imports of palm oil as well as palm oil stocks witnessed declines.

The total oil palm planted area was recorded at 5.87 million hectares in 2020, a decrease of 0.6% as against 5.90 million hectares in the previous year. Sarawak still remained as the largest oil palm planted state with 1.59 million hectares or 27.0% of the total Malaysian oil palm planted area, followed by Sabah with 1.54 million hectares or 26.3%. Oil palm planted area in Peninsular Malaysia amounted to 2.74 million hectares or 46.7%.

In 2020, CPO production declined by 3.6%, to 19.14 million tonnes as against 19.86 million tonnes recorded in 2019. The decline was due to lower FFB processed, down by 2.2% arising from lower FFB yield which decreased by 2.7% and lower OER performance by 1.4% to 19.92 percent in 2020 as compared to 20.21 percent achieved in 2019. CPO production in all Regions, namely Peninsular Malaysia, Sabah and Sarawak declined by 1.4%, 7.7% and 4.3% to 10.44 million tonnes, 4.65 million tonnes and 4.05 million tonnes respectively.

The average FFB yield decreased by 2.7% to 16.73 tonnes per hectare in 2020 as against 17.19 tonnes per hectare in 2019. Sabah was the worst affected with average FFB yields declining by 4.6% to 16.84 tonnes per hectare, followed by Sarawak 3.7% to 14.99 tonnes per hectare and Peninsular Malaysia decreased by 1.1% to 17.76 tonnes per hectare.

The national oil extraction rate (OER) performance decreased by 1.4% to 19.92 percent as against 20.21 percent in 2019, mainly due to the lower quality of FFB processed by oil palm mills. All Regions recorded lower OER performance in 2020, Peninsular Malaysia declined by 1.2% to 19.69 percent, Sabah dropped by 1.1% to 20.74 percent and Sarawak felled by 2.0% to 19.62 percent.

CHAIRMAN'S STATEMENT (cont'd)

INDUSTRY DEVELOPMENTS (cont'd)

Total Malaysian exports of palm oil and other palm-based products in 2020 amounted to 26.73 million tonnes, lower by 4.1% from 27.88 million tonnes exported in 2019. Total export revenue, however, increased by 8.4% to RM73.25 billion as compared to the RM67.55 billion in 2019 due to higher prices in world trade. In 2020, palm oil export earnings alone increased by 16.7% to 45.66 billion as against RM39.13 billion in 2019. In contrast, palm oil export volume declined by 5.8% to 17.40 million tonnes as compared to the previous year attributed to lower demand, particularly from India, Iran, Vietnam and the European Union (EU).

Palm oil stocks in December 2020 closed lower by 0.74 million tonnes or 37.0% to 1.27 million tonnes vis-à-vis 2.01 million tonnes in December 2019. The lower stocks were mainly due to lower 2020 opening stocks by 37.5%, lower CPO production by 3.6% and lower palm oil imports by 3.1% as compared to that of in 2019.

In 2020, the prices of all oil palm products were traded higher. CPO price was traded higher by 29.2% or RM606.50 per tonne to RM2,685.50 per tonne as compared to RM2,079.00 per tonne in 2019. The highest traded price for 2020 was in December at RM3,620.50 per tonne, while the lowest was in May at RM2,074.00 per tonne. The higher CPO price in 2020 was mainly due to firmer prices of soyabean oil in the global market and lower domestic stock of palm oil. Prices of soyabean oil were traded higher by 9.7% to US$829 per tonne in 2020 compared to US$756 per tonne in 2019, thus impacting prices of palm oil as they compete for a share in the global vegetable oils market. The lower palm oil stocks at 1.27 million tonnes at the end of 2020 had also supported the higher CPO price in 2020.

Prices of processed palm oil products in the world market were also traded higher in 2020. RBD palm oil price was traded higher by RM548.50 or 24.4% to RM2,794.00 per tonne, RBD palm olein price was higher by RM607.50 or 27.2% to RM2,844.00 per tonne, RBD palm stearin price was higher by RM632.00 or 29.1% to RM2,801.00 per tonne and PFAD price was higher by RM739.00 or 40.9% to RM2,546.00 per tonne.

The average price of palm kernel (PK) in 2020 increased by 26.2% or RM318.00 per tonne to RM1,532.00 per tonne compared to RM1,214.00 per tonne in 2019. The higher PK price was mainly due to higher domestic price of crude palm kernel oil (CPKO). The CPKO price in 2020 increased by RM620.50 per tonne or 23.6% to RM3,247.00 per tonne from RM2,626.50 per tonne in 2019. The higher CPKO prices in 2020 were in tandem with the firmer world lauric oils prices namely, palm kernel oil, which price was higher by 23.7% to US$826 per tonne and coconut oil was higher by 37.4% to US$1,014 per tonne in 2020.

The average FFB prices at 1% oil extraction rate (OER) for Peninsular Malaysia, Sabah and Sarawak were registered at RM28.51, RM25.38 and RM25.52 respectively in 2020. This prices were higher as against in 2019 in tandem with the higher prices of CPO and PK in 2020. Based on the average OER for each region, the average price of FFB for Peninsular Malaysia was equivalent to RM561/tonne, Sabah RM526/tonne and Sarawak RM501/tonne.

(Source: Overview of the Malaysian Oil Palm Industry 2020 by the MPOB)

CORPORATE DEVELOPMENT

Apart from the prior year completion of the amalgamation of the operations of the PT Sawit Nusantara Makmur Utama ("SNMU") Group into its existing operations in Kalimantan, Indonesia, there is no other major corporate development undertaken by NPC in year 2020.

CAPITAL MANAGEMENT

The Group continues to manage its capital structure in a proactive manner to support its business and to enhance returns to shareholders while optimizing the gearing levels and providing for capital investment funding requirements.

CHAIRMAN'S STATEMENT (cont'd)

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to express our sincere gratitude to the management and valued employees of the Group who have continued with their commitment, dedication and co-operation in contributing to this financial year's results.

I would also like to express our sincere appreciation for the long-standing support, co-operation, commitment and guidance of our valued customers, suppliers, business associates, bankers and regulatory authorities.

Lastly, to the shareholders of the Company, we thank you for your faith in us and for your unwavering and continuous support to the Group.

Thank you.

Lim Teh Hing
Chairman

STATEMENT OF MANAGEMENT DISCUSSION AND ANALYSIS

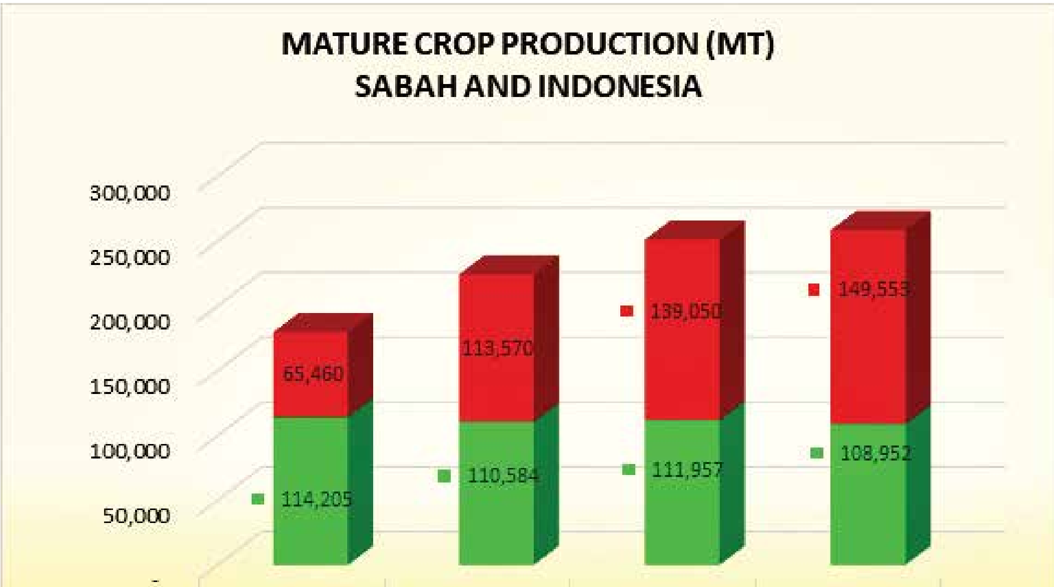
OVERVIEW OF GROUP'S BUSINESS AND OPERATIONS

NPC RESOURCES BERHAD is principally an investment holding company while its subsidiaries are involved in investment holding, provision of management services, operation of oil palm plantations and palm oil mills, trading of fresh fruit bunches ("FFB"), provision of transportation services, property letting and operation of hotel. The Company was listed on the Main Board of the Kuala Lumpur Stock Exchange on 7 May 2002.

In Sabah, the Group currently operates approximately 11,630 hectares of plantation land and one palm oil processing mill which has a production capacity of 75 tonnes of FFB per hour, of which 7,620 hectares are located in the Sandakan region and 4,009 hectares in the Banggi Island of Sabah. The palm oil processing mill owned by the Group is located at Kilometre 70, Sandakan-Telupid-Kota Kinabalu Highway in the district of Labuk-Sugut ("Berkat mill").

As at 31 December 2020, the Group has a total plantation land area of 45,064 hectares in Kalimantan Timur, Indonesia, 42,626 hectares of which have been issued with certificates of Hak Guna Usaha by the Indonesian authority ("HGU certificates"). For the financial year 2020, the Group's total planted hectarage in Indonesia was 17,995 hectares, of which 3,375 hectares were allocated to Plasma Schemes. The Group also operates one palm oil processing mill which has a production capacity of 60 tonnes of FFB per hour and is located at Desa Senambah, Kecamatan Muara Bengkal, Kebupaten Kutai Timur, Kaltim ("Nala mill").

OPERATIONAL REVIEW



	2017	2018	2019	2020
INDONESIA	65,460	113,570	139,050	149,553
SABAH	114,205	110,584	111,957	108,952

Estates operation

For the financial year ended 2020, the Group achieved total FFB production of 258,505 mt, which was 3% higher than the previous reporting year of 251,006 mt. The increase in FFB production was mainly contributed from Indonesia operations totaling 149,553 mt which was 7.5% higher than the prior year production. The increase was mainly due to the larger areas attaining maturity.

STATEMENT OF MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

OPERATIONAL REVIEW (cont'd)

Mills operations

The Group currently operates 2 palm oil mills with a combined FFB processing capacity of 135 mt/hour, one located at Labuk-Sugut, Sabah and another one located at Kalimantan Timur, Indonesia.

The Group reported total CPO production of 84,638 tonnes (2019: 88,063 tonnes) and PK production of 16,324 tonnes (2019: 16,542 tonnes). The total FFB processed by the Group for 2020 was 384,607 tonnes (2019: 377,389 tonnes). The marginal increase of 1.91% in FFB processed was mainly due to the increase in FFB production from Indonesia operations.

The average OER of the Group was declined to 22.00% (2019: 23.33%) mainly contributed from the declining OER of Nala mill at 23.10% (2019: 24.72%). Meanwhile the KER of the Group was slightly lower at 4.24% (2019: 4.38%) mainly due to crops processed by Nala mill harvested from young mature phases with low kernel contains.

Overall, the average CPO price realised by the Group was RM2,457 per tonne representing a 29.52% increase as compared to RM1,897 per tonne realised in 2019. The higher CPO price in 2020 was mainly due to firmer prices of soyabean oil in the global market and lower domestic stock of palm oil. The average PK price was realised at RM1,325 per tonne (2019: RM977 per tonne). The higher PK prices in 2020 due to higher domestic price of crude palm kernel oil (CPKO). The Group expects Indonesia operations to contribute positively to the future performance of the NPC Group.

Capital Expenditure

The Group recorded a capital expenditure of RM24.971 million in property, plant and equipment in the current year as compared to RM41.959 million in the previous year. The decrease was mainly due to the new planting development areas are reaching maturity stages. All capital expenditures are funded by internally generated funds and external borrowings.

For replanting expenditure, the Group has replanted 82.58 hectares of oil palm with high yielding materials during the financial year in the Sabah operations. The Group is adopting best practice replanting management in accordance with Malaysian Sustainable Palm Oil ("MSPO") guidance where old palm stands are felled, chipped and left to decompose at site. The Group will continue to accelerate the replanting programme, targeting 500 hectares per year in order to achieve the desired oil palm age profile for the Group.

STATEMENT OF MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

FINANCIAL REVIEW

FINANCIAL YEAR	2016	2017	2018	2019 (Restated)	2020
FINANCIAL RESULTS (RM'000)					
Revenue	287,532	246,977	228,369	225,302	264,706
Profit/(loss) before tax	55,021	36,609	(50,226)	(22,171)	(16,498)
Income tax expense/(credit)	(4,808)	(7,136)	(13,878)	4,321	2,606
Profit/(loss) after tax	50,213	29,473	(64,104)	(17,850)	(13,892)
Attributable to:					
Owners of parent	50,555	32,964	(48,229)	(15,030)	(12,335)
Non-controlling interests	(342)	(3,491)	(15,875)	(2,820)	(1,557)
FINANCIAL STATISTICS					
Net earning/(loss) per share (sen)	42.25	28.15	(41.26)	(12.86)	(10.56)
Dividend per share (sen)	1.00	1.00	-	-	-
Net assets per share (sen)	2.64	2.83	2.25	4.42	4.28
Gearing ratio (Net Debt/Equity) (%)	105.0	118.0	165.0	87.1	89.7

FINANCIAL POSITION	2016	2017	2018	2019	2020
ASSETS (RM'000)					
Property, plant and equipment	551,203	785,019	773,713	1,231,892	1,162,153
Land use rights	30,492	63,119	63,461	-	-
Other asset	153,495	70,712	72,509	104,465	100,603
	735,190	**918,850**	**909,683**	**1,336,357**	**1,262,756**
Current assets	87,031	76,635	61,398	61,379	48,219
TOTAL ASSETS	***822,221***	***995,485***	***971,081***	***1,397,736***	***1,310,975***

EQUITY AND LIABILITIES (RM'000)					
Share capital	120,000	120,000	120,000	120,000	120,000
Reserves	201,133	202,768	142,595	396,158	362,502
	321,133	**322,768**	**262,595**	**516,158**	**482,502**
Non-controlling interests	(4,492)	14,159	(668)	35,945	27,980
Total equity	**316,641**	**336,927**	**261,927**	**552,103**	**510,482**
Non-current liabilities	270,681	323,456	181,603	290,875	296,212
Current liabilities	234,899	335,102	527,551	554,758	504,281
Total liabilities	**505,580**	**658,558**	**709,154**	**845,633**	**800,493**
TOTAL EQUITY AND LIABILITIES	***822,221***	***995,485***	***971,081***	***1,397,736***	***1,310,975***

The Group's revenue for financial year 2020 increased marginally by 17.49% to RM264.706 million as compared to previous reporting year of RM225.302 million. This was due mainly to higher average CPO and PK realised price from the plantation segment.

Loss net of tax slightly decreased to RM3.958 million as compared to loss net of tax in last financial year of RM16.936 million mainly due to higher FFB production of 258,505 mt, which was 3% higher than the previous reporting year of 251,006 mt.

STATEMENT OF MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

FINANCIAL REVIEW (cont'd)

The gearing ratio maintained at below 1.0 times. The Group continues to manage its capital structure in a proactive manner to support its business, enhance returns to shareholders, optimise the gearing levels and provide for capital investment funding requirements.

OPERATIONAL AND FINANCIAL RISKS

Operational Risks

The Group's operational risks are greatly affected by the weather and global outbreak of COVID-19 pandemic. As per the "Overview of the Malaysian Oil Palm Industry 2020" by the MPOB, Sabah CPO production declined by 7.7% to 4.65 million tonnes due to lower quality of FFB processed by oil palm mills and FFB yield declining by 4.6% to 16.84 tonnes per hectare.

The Group was also subjected to the CPO & PK price fluctuations in the world market. In 2020, the CPO price traded higher due to firmer prices of soyabean oil in the world market and lower domestic stock of palm oil. Prices of soyabean oil were traded higher by 9.7% to US$829 per tonne in 2020 compared to US$756 per tonne in 2019, thus impacting prices of palm oil as they compete for a share in the global vegetable oils market. The Group sells CPO using the monthly MPOB's Peninsular Malaysia Average price mechanism on long term and/or forward contracts in Sabah and on spot basis in Indonesia.

On the other hand, the plantation segment depends greatly on the labour supply. Despite the severe labour shortages experienced in 2020 throughout many industrial sectors due to COVID-19 cross-border restrictions in Malaysia including the Plantation Sector, the Management has made good progress in terms of completing the majority of its upkeep programmes on time throughout the Group's estates and investing in people which include offering better performance rate in order to attract and retain a highly skilled and talented workforce.

Financial Risks

The Group's financial risks are set out in Note 32 under the Notes to the financial statements.

PROSPECTS AND OUTLOOK

Plantation segment

Given the recent spike in CPO prices, the Group's plantation segment is expected to register an improved result for the financial year 2021. There are significant revenue and profit contribution from the Group's plantation operation in Indonesia most of the plantation areas are reaching maturity stage.

Hotel segment

The prospect of the hotel segment is expected to be extremely challenging due to the Coronavirus pandemic which the Sabah State Government is continue to restrict all flights from overseas to Sabah. Currently, the hotel is operating under a stricter standard operating procedures to curb growing Covid-19 infection as ruled out by Ministry of Health Malaysia. Nonetheless, the Management of hotel segment is proactively taking cost cutting measures to lower down operating cost and to offer special room rates to moderate the overall impacts.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board acknowledges the importance of good corporate governance to the success of the Group. It strives to ensure that a high standard of corporate governance is being practised throughout the Group in ensuring continuous and sustainable growth for the interests of all its shareholders and stakeholders.

The Board is pleased to present this statement to provide shareholders and stakeholders with some insights into how the Board has applied the three (3) principles which are set out in the Malaysian Code on Corporate Governance (the "MCCG"):

(a) Board leadership and effectiveness;
(b) Effective audit and risk management; and
(c) Integrity in corporate reporting and meaningful relationship with stakeholders.

The Board has assessed that the Group has complied with the provisions and applied the main principles of MCCG for the financial year ended 31 December 2020 except for:

i) Practice 4.1 (The Board comprises at least half of independent directors)
ii) Practice 4.3 (The Board has a policy which limits the tenure of independent directors to 9 years)
iii) Practice 6.1 (The remuneration policies made available on the website)
iv) Practice 7.2 (The Board discloses on a named basis the top 5 senior management's remuneration in bands of RM50,000)

The occurrence of deviations to the practice by the Group with the reasons and alternative actions are explained in the Corporate Governance Report.

PRINCIPLES A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

The Board plays a primary role in corporate governance by setting out the strategic direction of the Group, establishing goals and monitoring the achievement of the goals. A structured risk management process has also been established to better identify, formalise, monitor within the various operating units and manage the business risks affecting the Group. The key responsibilities of the Board are disclosed in Corporate Governance Report 2020.

Roles of Chairman and CEO

The Group Managing Director, Dato' Loo Pang Kee, who assumes the role of CEO, focused on the business and day-to-day management of the Group. There has been a clear division of the roles of Chairman and CEO in their responsibilities and influence, and the Board is satisfied that no one individual can influence board discussions and decision-making.

Company Secretaries

The Company Secretary is responsible to provide clear and professional advice to the Board on all governance matters and assists the Board on the implementation of an effective corporate governance system. Apart from playing an active role in advising the Board on governance and regulatory matters, the Company Secretary through the Chairman and the Group Managing Director, manage all board and committee meeting logistics, attend and record minutes of all meetings accurately.

The Board recognises the strong and positive support of the Company Secretary for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. Directors are informed and are aware that they may take independent professional advice, if necessary and appropriate in furtherance of their duties, at the expense of the Group. The Company Secretary is members of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and undertakes continuous professional development annually.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLES A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

I. Board Responsibilities (cont'd)

Board Charter

The Board is guided by the Board Charter which sets out the role, composition and responsibilities of the Board and is posted on the Company's corporate website (www.npc.com.my). The Board will review the Board Charter annually to ensure it remains consistent with the Board's objectives and responsibilities. In carrying out its role and responsibilities, the Board is further guided by the existing code of conduct formalised in the Group's Human Resource Handbook and its compliance is to be strictly observed throughout the Group.

Code of Conduct and Whistleblowing

The Board continues to adhere to the Code of Conduct for Directors which sets out the standard of conduct expected of Directors, with the aim to cultivate good ethical conduct that in turn promotes the values of transparency, integrity, accountability and social responsibility.

The Board recognises the importance of adhering to and complying with the provisions of the Code of Conduct in their day-to-day functioning. Thus, the Board collectively and individually acts within the authority conferred upon them in the best interest of the Group.

The Group communicates the Code of Conduct for Directors and the Code to all employees upon their appointment/ employment. In addition, the Group encourages its employees to raise genuine concerns about possible improprieties in matters of financial reporting, compliance, suspected violations of the Code and to disclose any improper conduct or other malpractices within the Group (i.e. whistleblowing) in an appropriate way.

The Code is to provide an avenue for all employees of the Group to raise concerns about any improper conduct within the Group without fear of retaliation and to offer protection for such persons who report such concerns.

II. Board Composition

The Board has four standing committees; the Audit Committee ("AC"), the Remuneration Committee ("RC"), Nomination Committee ("NC") and Risk Management Committee ("RMC"). The Board of Directors delegates certain responsibilities to the Audit Committee in order to enhance business and operational efficiency.

The Board is well balanced in size and composition and the interest of shareholders of the Company are fairly represented through the current composition. The Board recognises the importance and contribution of its non-executive directors ("NEDs"). They represent the element of objectivity, impartiality and independent judgement of the Board. This ensures that there is sufficient check and balance at the Board level. The Independent NEDs bring a wide range of experience and expertise to the Group's affairs, and carry significant weight in the Board's decisions. The Independent NEDs are encouraged to challenge management and help develop proposals on strategy.

The Board will undertake an annual assessment and seek annual shareholder's approval through a two-tier voting process to retain independent directors who have served the Board beyond (twelfth) 12 years to ensure the objectivity in the decision-making process. The Board and its NC assessed the independence of all the Independent NEDs based on the criteria prescribed under the Main LR in which an Independent Director should be independent and free from any business or other relationship which could interfere with the exercise of independent judgement, or the ability to act in the best interest of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLES A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

II. Board Composition (cont'd)

Diverse Board

The Board is aware of the importance of board diversity and the recommendations of the board gender diversity objectives stated in the Corporate Governance Blueprint 2011 which targets at least 30% women participation at the board by year 2018. The Board always practices the policy of non-discrimination on the basis of race, religion and gender.

The Board will continue to review the suitability and credibility of potential women candidates for the Board to reach 30% women participation. However, the Board, especially the Nomination Committee, believes that it is more important to have the right mix of skills, experience and cultural background at the board instead of the percentage itself in order to enable the Board to perform effectively.

Board Meetings

The Board had held 5 meetings during the financial year ended 31 December 2020. Details of the attendance of the Directors at the Board Meetings are as follows:

	NAME	MEETINGS ATTENDED	MAXIMUM POSSIBLE MEETINGS TO ATTEND
1.	Dato' Loo Pang Kee	5	5
2.	Wong Siew Ying	5	5
3.	Lim Ted Hing	5	5
4.	Tan Sri Dato' Sri Koh Kin Lip, JP	5	5
5.	Dato' Ooi Sek Min (appointed on 25 February 2020)	5	5
6.	Datuk Lee Swi Heng (appointed on 10 August 2020)	2	2
7.	Datuk Loo Ngin Kong (resigned on 1 January 2021)	4	5
8.	Dato' Seri Tengku Dr. Zainal Adlin Bin Tengku Mahamood (resigned on 31 August 2020)	3	4
9.	Tan Vun Su (resigned on 9 September 2020)	3	4

The Board's deliberations of issues discussed and decisions reached were recorded in the minutes of meetings. Minutes of each board meeting are circulated to all Directors for their perusal prior to confirmation of the minutes before the commencement of the next Board meeting.

In the interval between Board meetings, for matters requiring urgent Board decisions, Board approvals were sought via circular resolutions which were attached with sufficient information required for an informed decision.

PRINCIPLES A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

II. Board Composition (cont'd)

Directors' Continuing Development

All Directors have attended the Mandatory Accreditation Programme as required by Bursa Malaysia.

The Directors are required to attend talks, seminars, workshops, conferences and other training programmes to update themselves on, inter-alia, areas relevant to the Group's operations; Directors' responsibilities and corporate governance issues, new business development, as well as on changes to statutory requirements and regulatory guidelines.

Details of training attended by Directors for the financial year ended 31 December 2020 are as follows:

Conference/Seminar/Workshop

- Seminar on "Corporate Directors Training Programme Fundamental 3.0 + Financial Statement 101" organised by Companies Commission of Malaysia
- Update of Year End Matters and Managing Common Offences Under The Companies Act 2016 organised by Institute of Approved Company Secretaries
- Practising Certificate for Secretaries – Evaluating The Impact, Liabilities and Responsibilities of Company Secretaries organised by Institute of Approved Company Secretaries
- MIA Webinar Series: The New Companies (Amendment) Act 2019 organised by Malaysian Institute of Accountants
- Directors' Continuing Education Programme 2020 organised by Fraser & Neave Holdings Bhd and Cocoaland Holdings Berhad
- Infection Preventation and Control (IPC) for Novel Coronavirus (COVID-19) organised by World Health Organization
- COVID-19: Operational Planning Guidelines and Covid-19 Partners Platform to support country preparedness and response organised by World Health Organization
- Mandatory Accreditation Programme for Directors of Public Listed Companies organised by Asia School of Business
- Create You Lasting Legacy Webinar organised by BSP Adviser

Nomination Committee

In Compliance with the Listing Requirements, a Nomination Committee was established by the Board on 22 November 2002. The Committee comprises two Independent NEDs. The members as at the date of this Annual Report are:

1. Mr Lim Ted Hing – Chairman
2. Dato' Damien Ooi Sek Min – Member

The NC is entrusted to formally and transparently review annually the Board structure, size and composition; to nominate candidates to fill vacancies; and recommend for re-election of Directors who are retiring. All Directors will be subject to the same assessment criteria and process. The Board through this Committee ensures that there is an appropriate induction and training programme for new Board members.

The Committee is entitled to the services of the Company Secretary who must ensure all appointments are properly made and all necessary information is obtained from directors, both for the Company's own records and for the purposes of meeting regulatory requirements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLES A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

II. Board Composition (cont'd)

Nomination Committee (cont'd)

In making recommendations and performing its annual review, the NC considers the directors'
(a) mix of skills, knowledge, expertise and experience;
(b) professionalism and integrity; and
(c) in the case of audit committee members, each member's ability to discharge responsibilities and functions as required such as the ability to read, analyse and interpret financial statements.

The full Committee met twice during the financial year. The meeting on 25 February 2020 was to assess the effectiveness of the Board, Board Committees and the contribution of individual director.

Board Evaluation

The Board evaluation carried out by the NC comprises Board Skills Matrix Evaluation, Board and Board Committee Evaluation and Audit Committee Evaluation. The annual evaluation was formally and objectively carried out to determine the effectiveness of the board, the committees and each individual director.

Reappointment and Re-election of Directors

In accordance with Company's Constitution, all Directors who are appointed by the Board are subject to election by shareholders at the next Annual General Meeting after their appointment. The Constitution also provides that at least one third of the remaining Directors be subject to re-election by rotation at each Annual General Meeting and that all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election.

Pursuant to Practice 4.2 of the MCCG 2017, any independent director who has served in that capacity for more than nine years and is to be retained by the Board in that capacity is subject to shareholders' approval at every Annual General Meeting.

On 19 May 2020, the NC met to consider and recommend the:-
(a) proposed re-election of Datuk Loo Ngin Kong, retiring as a director pursuant to Clause 100 of the Company's Constitution, at the conclusion of the 20th Annual General Meeting;
(b) proposed re-election of Tan Sri Dato' Sri Koh Kin Lip, JP, retiring as a director pursuant to Clause 100 of the Company's Constitution, at the conclusion of the 20th Annual General Meeting; and
(c) proposed re-election of Dato' Seri Tengku Dr. Zainal Adlin Bin Tengku Mahamood , retiring as a director pursuant to Clause 100 of the Company's Constitution, at the conclusion of the 20th Annual General Meeting;
(d) proposed re-election of Dato' Ooi Sek Min , retiring as a director pursuant to Clause 97 of the Company's Constitution, at the conclusion of the 20th Annual General Meeting; and
(e) proposed to retain Mr Lim Teh Hing and Dato' Seri Tengku Dr Zainal Adlin Bin Tengku to continue act as Independent Non-Executive Directors.

III. Remuneration Framework

The Board has in place a remuneration framework for the Board which is clear and transparent, designed to provide fair and competitive remuneration package for the Board of the Company to ensure the same remain competitive, appropriate, and in alignment with the prevalent market practices.

Remuneration Committee

The Remuneration Committee is in place since 2002 and assumes the roles of reviewing and recommending to the Board the remuneration framework for retaining and rewarding the Board with due regard to their skills, experience, complexities and the performance of the Group as a whole.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLES A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

III. Remuneration Framework (cont'd)

The details of the remuneration for the Directors of the Company and a subsidiary during the financial year ended 31 December 2020 are as follows:

	Company				Subsidiary	Group
	Fee RM'000	Salaries, Bonus & Others* RM'000	Benefits-in-kind RM'000	Total RM'000	Salaries, Bonus & Others RM'000	Total RM'000
Executive Directors						
Dato' Loo Pang Kee	10	926	29	965	1,175	2,140
Wong Siew Ying	10	507	1	518	-	518
Datuk Lee Swi Heng	-	170	-	170	-	170
Datuk Loo Ngin Kong (resigned)	10	760	29	799	-	799
Tan Vun Su (resigned)	10	323	-	333	-	333
Total	**40**	**2,686**	**59**	**2,785**	**1,175**	**3,960**
Non-Executive Directors						
Lim Ted Hing	10	128	-	138	-	138
Tan Sri Dato' Sri Koh Kin Lip, JP	10	111	-	121	-	121
Dato' Ooi Sek Min	-	69	-	69		69
Dato' Seri Tengku Dr Zainal Adlin Bin Tengku Mahamood (resigned)	10	36	-	46	-	46
Total	**30**	**344**	**-**	**374**	**-**	**374**

Notes:
* The salaries, bonus & others are inclusive of allowance and employer's provident fund contributions.

The number of Directors whose remuneration during the financial year ended 31 December 2020 falls within the following bands is as follows:

	NUMBER OF DIRECTORS	
Directors' Remuneration RM	**Executive**	**Non-Executive**
1 to 50,000	-	1
50,001 to 100,000	-	1
100,001 to 150,000	-	2
150,001 to 200,000	1	-
300,001 to 350,000	1	-
500,001 to 650,000	1	-
750,001 to 800,000	1	-
2,100,001 to 2,150,000	1	-

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLES B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Risk Management and Internal Control Framework

The Board assumes its responsibility for ensuring the maintenance of a sound system of internal control and risk management. This is supported by a Risk Management Committee to determine the Group's level of risk tolerance and actively identify, assess and monitor key business risks to deliver long term shareholders value without compromising the interests of minority shareholders and other stakeholders. The details of the Risk Management and Internal Control Framework are set out in the Statement on Internal Control and Risk Management of this Annual Report.

Audit Committee

The Audit Committee was formed by the Board since 2002 with two (2) Independent NEDs and one Non-Independent NED. The AC is currently chaired by an Independent NED, Dato' Ooi Sek Min. The AC members are financially literate, possess the appropriate level of expertise and experience and have a strong understanding of the Group's business in order to drive the success of the Group.

The Board has a policy to require key audit partner to observe a cooling-off period at least two (2) years before being appointed as a member of the AC and is formalised into the Terms of Reference of AC. It is an existing practice for AC to assess the suitability, objectivity and independence of the external auditor annually.

Internal audit

The Group's internal audit function is carried out by an external independent accounting firm and an in-house Internal Audit ("IA") Department. They report directly to the AC on its activities based on the approved annual Internal Audit Plan. The internal audit function is independent of management and has full access of all Group's entities, records and personnel. The internal audit personnels are free from any relationships or conflict of interest which could impair their objectivity and independence. The details of internal audit function are set out in the Statement on Internal Control and Risk Management of this Annual Report.

The Board discharged its responsibility for monitoring the operational effectiveness of the internal control and risk management systems throughout the financial year and up to the date of approval of the Annual Report.

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

I. Communication with Stakeholders

The Board believes in clear and regular communication with its stakeholders and institutional investors. Besides the various announcements made during the financial year and release of financial results on a quarterly basis, the Board anticipates through its Nineteenth Annual Report to provide stakeholders with an overview of the Group's performance and its business activities.

The Group has also established corporate website www.npc.com.my for stakeholders and the public to access corporate information, financial statements and current corporate developments.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLES C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (cont'd)

II. Conduct of General Meetings ("AGM")

The Board understands that the AGM is the principal forum for dialogue with shareholders. Hence opportunities will be made for shareholders to raise questions pertaining to the business activities of the Group during the AGM.

The notice of AGM is circulated to the shareholders at least 28 days prior to the meeting. Each item of special business included in the notice of the meeting will be accompanied by an explanatory statement for the proposed resolution to facilitate full understanding and evaluation of issues involved.

Shareholders are encouraged to post questions and to seek clarifications in relation to AGM's agenda by way of posting the enquiries through our Contact section of our corporate website before the commencement of the AGM. These enquiries will be read out and answered at the AGM. All directors of the Company are present at the AGM to provide opportunity for shareholders to effectively engage with each director.

The Company will continue to explore the leverage of technology, to enhance the quality of engagement with its shareholders and facilitate further participation by shareholders at AGMs of the Company.

COMPLIANCE STATEMENT

The Group had substantially complied with the relevant Principles and Practices of the MCCG 2017 as at date of this statement except for those which have been stated otherwise with justifications and mitigation steps taken to address the non-compliance.

The CG Overview Statement was approved by the Board of Directors dated 21 May 2021.

SUSTAINABILITY STATEMENT

The Group recognises the importance of the Sustainability and Corporate Social Responsibility ("CSR") and has made business sustainability integral to our way of conducting business in achieving our short and long term business aims. The Board values the responsibility of NPC for the impacts of its activities on its material economic, environmental and social risks and opportunities, and has used sustainability as a guiding principle in its decision-making and development processes.

Sustainable Palm Oil

In response to critiques on palm oil the industry by environmental and human rights group, efforts are made towards more sustainability of the industry. Berkat mill and Group plantations in Sabah region had been granted certification of conformity to the Malaysian Sustainable Palm Oil ("MSPO") Certification Standards since year 2019. MSPO is Malaysia's national sustainability certification scheme which aims to promote sustainable management in the palm oil industry.

In the financial year 2020, Nala mill and its plantation in Kalimantan Timur, Indonesia have been granted certification of conformity to the Indonesia Sustainable Palm Oil ("ISPO") Certification System. It is a mandatory certification scheme to ensure the quality and the respect of norms regarding the environment, workers and respect of local populations that should apply to all producers.

Compliance with both MSPO and ISPO standards is one of the essential component of the Group for sustainable management and production of certified palm oil, to bring about positive social, environmental and economic impacts, while minimising the negative impacts, particularly on its people and the environment.

Economic

The Group continues to maintain self-sufficiency in energy inputs in our palm oil mills. In an effort to reduce water wastage and lower the cost of water consumption, the Group uses the Teknologi Enviro-Kimia (TEK) water treatment for plantation workers' usage and drinking consumption.

The Board ensures that all Company employees reduce its energy and water usage. It is a standard practice in the offices for employees to record all use of office supplies. This is to enable better management of wastages to paper, stationery and other materials which would contribute to Company expenses as well as labour when replenishing the supply.

Environmental

The Group practice a standard of zero- burning in all their land clearing, development and re-development activities. It also carries out soil and water conservation methods tailored to the topography and drainage characteristics of the land. The TEK water treatment used in the plantation also works to protect the environment from unnecessary usage of clean and drinking water by treating and recycling used or impure water.

Where practical, buffaloes are used for infield FFB evacuation thus reducing the consumption of non-renewable fuel.

SUSTAINABILITY STATEMENT (cont'd)

Environmental (cont'd)

The Palace Hotel (TPH) owned by the wholly-owned subsidiary, The Palace Ventures Sdn Bhd (TPVSB) has been practicing energy efficiency and waste management to 4R – Respect, Reduce, Reuse & Recycle in resource conservation, water management and biodiversity. These practices minimise carbon footprints impact on the environment. The Hotel is a Green Hotel certified by the Ministry of Culture and Tourism and established as Highly Commended in the Asia Pacific Green Hotelier Award. It is recognised as a Litter Free Hotel by Kota Kinabalu City Hall, Blue Ribbon recognition as a Smoke Free Hotel certified by Ministry of Health Malaysia and bench-marked by EarthCheck, Australia.

Social

The Group values the contribution of its labours force and has undertaken various efforts to improve its social initiatives. In improving the welfare of its workers, there are several clinics established in the plantations and palm oil mills for Group workers' medical and health needs. The Group is fully committed to promoting accessibility to health care. In addition to the clinics, every plantation division in Sabah also houses a childcare facility (crèche).

As for improving the level of education in the Group, the Group in combination with the Humana Child Aid Society Sabah (UNHCR) has constructed a school in Division 1 of the Group plantation in Sabah. It allows for the children of plantation workers who reside too far from local schools to receive education. Besides that, the Group also encourages and sends management level employees for periodic skills updating and seminars.

NPC is strongly against the use of children for work and is fully committed to eradicating the occurrence of child labour in its workforce, which includes employees, contractors, and volunteers and any other comparable form that constitutes as labour according to local and international laws, within its Group and subsidiaries.

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and their results and cash flows for the financial year then ended, including the profit or loss of the Group for that financial year. Under that Law, the Directors are required to prepare the Group financial statements in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

In preparing the financial statements, the Directors have:
- selected appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether MFRSs as adopted by the MASB and applicable Malaysian Accounting Standards have been followed, subject to any material departures disclosed and explained in the Group and Parent Company financial statement respectively;
- provided additional disclosures when compliance with the specific requirements in MFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepared the financial statements on the going concern basis, unless it is inappropriate to presume that the Group and the Company will continue in business stated whether applicable accounting standards have been followed and made a statement to the effect in the financial statements, subject to any material departures being disclosed and explained in the financial statements.

The Directors are responsible for ensuring that proper accounting records that are sufficient to show and explain the Groups' transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company are kept, which enable them to ensure that the financial statements comply with the requirements of the Companies Act 2016 and the applicable approved accounting standards in Malaysia. They are responsible for taking reasonable steps to safeguard the assets of the Group and the Company, for prevention and detection of fraud and other irregularities.

The Directors consider that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and the Company's performance, business model and priorities. Each of the Directors, whose names and functions are set out on pages 3 to 5 of the NPC Annual Report 2020, confirms that, to the best of their knowledge, the financial statements, which have been prepared in accordance with the MFRS and the requirements of the Companies Act 2016 in Malaysia so as to give true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole.

ADDITIONAL COMPLIANCE INFORMATION

The following additional information is provided in compliance with the Listing Requirement of the Bursa Malaysia:-

1. Share Buybacks

During the financial year, there were no share buy backs by the Company.

As at 31 December 2020, the cumulative total number of shares held as Treasury Shares was 3,137,200. None of the Treasury Shares were resold or cancelled during the financial year.

2. Options, Warrants or Convertible Securities

There were no options, warrants or convertible securities issued during the financial year.

3. American Deposit Receipt ('ADR') or Global Deposit Receipt ('GDR') Programme

During the financial year, the Company did not sponsor any ADR or GDR programme.

4. Imposition of Sanctions/Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant authorities.

5. Audit and Non-Audit Fees

i. The amounts of audit fees paid/payable to the external auditors for services rendered to the Company and the Group for the year were RM450,000 and RM853,000 respectively.

ii. The amount of non-audit fees paid/payable to the auditors for the services rendered to the Company and the Group for the year were RM6,000 and RM93,000 respectively.

6. Profit Estimate, Forecast or Projection

No material variance arose between the audited results for the financial year and the unaudited results previously announced. There were no profit estimate, forecast or projection for the financial year ended 31 December 2020.

7. Profit Guarantee

During the financial year, there was no profit guarantee given by the Company.

8. Material Contracts

There were no material contracts entered into by the Company and/or its subsidiaries which involved Directors' and major shareholders' interest either still subsisting at the end of the financial year.

9. Recurrent Related Party Transactions

The details of the related party transactions are set out in note 31 to the financial statements.

AUDIT COMMITTEE REPORT

COMPOSITION OF THE AUDIT COMMITTEE

The members of the Audit Committee and their respective designations are as follows:-

	NAME	DESIGNATION	DIRECTORSHIP
1.	Dato' Ooi Sek Min	Chairman	Independent Non-Executive Director
2.	Tan Sri Dato' Sri Koh Kin Lip, JP	Member	Non-Independent Non-Executive Director
3.	Lim Ted Hing	Member	Independent Non-Executive Director

The Audit Committee was formed by the Board of Directors on 19 March 2002.

The Chairman of the Audit Committee, Dato' Ooi Sek Min is a member of the Malaysian Institute of Accountants (MIA).

The Company has complied with the Malaysian Code of Corporate Governance 2017 and Paragraph 15.09 of the Bursa Malaysia Listing Requirements which require that all members of the audit committee should be non-executive directors.

Terms of reference

The Audit Committee is governed by the following terms of reference:

1. Composition of the audit committee

The Audit Committee shall be appointed by the Board of Directors from among their numbers and shall comprise at least three directors, all must be non-executive directors with a majority of them shall be independent of other fellow directors, substantial shareholders, senior management and operating executives and unencumbered by any relationships that might, in the opinion of the Board of Directors, be considered conflict of interest. The members of the Audit Committee shall elect a chairman from among themselves who shall be an independent director.

All members of the audit committee should be financially literate and at least one member of the audit committee:-

(a) must be a member of the Malaysian Institute of Accountants (MIA); or
(b) if he is not a member of the MIA, he must have at least 3 years' working experience and:-
  (i) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
  (ii) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
  (iii) fulfills such other requirements as prescribed or approved by Bursa Malaysia

No alternate director shall be appointed as a member of the audit committee and provided, further, prior appointment of a former key audit partner as a member of the audit committee, he/she is subject to observe a cooling-off period of at least 2 years before the appointment.

AUDIT COMMITTEE REPORT (cont'd)

Terms of reference (cont'd)

The Audit Committee is governed by the following terms of reference: (cont'd)

2. Authority

The Audit Committee is authorised by the Board of Directors to:

(a) investigate any matters within its terms of reference;
(b) have the resources required to perform its duties;
(c) have full and unrestricted access to any information pertaining to the Group;
(d) have direct communication channels with the external auditors, internal auditors and person (s) carrying out the internal audit function or activity;
(e) be able to obtain independent professional advice and other advice; and
(f) be able to convene meetings with the external auditors, the internal auditors, the person (s) carrying out the internal audit function or activity or all, excluding the attendance of other directors and employees of the Group, whenever deemed necessary.

3. Duties

The duties of the Committee should include the following:

(a) to recommend the nomination of a person or persons as external auditors, and to consider the audit fee and any questions of re-appointment, resignation or dismissal of external auditors;
(b) to assess the suitability, objectivity and independence of external auditors by reviewing the terms of engagement for the services rendered by them;
(c) to discuss with the external auditors before audit commences, the nature and scope of the audit contained in the audit plan, and ensure coordination where more than one audit firm is involved;
(d) to review the assistance given by the Company and its officers to the external and internal auditors;
(e) to review the adequacy and the integrity of the Group's internal control systems and management information systems with the external auditors;
(f) to review the quarterly and year-end financial statements of the Company prior to the approval by the Board; focusing particularly on:
    (i) any changes in or implementation of major accounting policies and practices;
    (ii) significant and unusual events;
    (iii) significant adjustments arising from the audit;
    (iv) the going concern assumption; and
    (v) compliance with applicable Financial Reporting Standards in Malaysia and other legal requirements;
(g) to discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of management where necessary);
(h) to review the external auditors' audit report, management letter and management's response;
(i) to perform the following in respect of the internal audit function:
    (i) review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
    (ii) review the internal audit program, processes and results of the internal audit program, process or investigation undertaken and where necessary ensure that appropriate actions taken on the recommendations of the internal auditors;
    (iii) review any appraisal or assessment of the performance of the internal audit function;
    (iv) approve any appointment or termination of internal auditors; and
    (v) inform itself of resignation of internal auditors and provide the resigning internal auditors an opportunity to submit reasons for resigning;

AUDIT COMMITTEE REPORT (cont'd)

Terms of reference (cont'd)

The Audit Committee is governed by the following terms of reference: (cont'd)

3. Duties (cont'd)

The duties of the Committee should include the following: (cont'd)

(j) to consider any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
(k) to consider the major findings of internal investigations and management's response; and
(l) to report the above to the Board and consider other topics as defined by the Board.

4. Quorum and procedures for meetings

The Audit Committee meetings shall not be less than four times a year. In addition, the Chairman may call for additional meetings at any time at the Chairman's discretion.

Representatives of external auditors may be required to be in attendance at meetings where matters relating to the audit of the statutory accounts are to be discussed. However, at least twice a year, the Audit Committee shall meet with the external auditors without any executive Board Members present, if deemed necessary.

The Committee shall meet at least once annually with the internal auditors to discuss the internal audit findings for the financial year without any executive Board Members present, if deemed necessary.

Other appropriate officers of the Group may be invited to attend, except for those portions of the meetings where their presence is considered inappropriate, as determined by the Chairman of the Audit Committee.

The quorum for the meeting shall be any two members, one of whom shall be an independent director.

The Company Secretary shall be Secretary to the Audit Committee. The Secretary in conjunction with the Chairman, shall draw up agenda, which shall be circulated together with the relevant support papers, at least one (1) week prior to each meeting to the members of the Committee.

The Committee shall regulate the manner of proceedings of its meetings, having regard to normal conventions on such matter.

Minutes of each meeting shall be kept and distributed to each member of the Audit Committee. The Audit Committee Chairman shall report on each meeting to the Board of Directors.

5. Retirement and resignation

In the event of any vacancy in an audit committee resulting in the non-compliance of subparagraphs 15.19 of Bursa Malaysia Listing Requirements, the vacancy must be filled within 3 months.

6. Review of the audit committee

The Board of Directors must review the term of office and performance of the Audit Committee and each of its members annually to determine whether such audit committee and members have carried out their duties in accordance with their terms of reference.

AUDIT COMMITTEE REPORT (cont'd)

Terms of reference (cont'd)

The Audit Committee is governed by the following terms of reference: (cont'd)

7. External Auditor Assessment

(a) Introduction

The Board of Directors recognises that the external auditor plays a vital role in the process of accountability for shareholders and the effective functioning of the capital market by the provision of consistent and reliable financial reporting.

The Audit Committee is assisting the Board's oversight function in ensuring the integrity of NPC Group's financial statements as well as in engaging and overseeing the external auditor. The Committee is responsible for reviewing, assessing and monitoring the performance, suitability and independence of external auditors.

(b) Objective

The objective of this External Auditor Policy is to outline the guidelines and procedures for the Audit Committee to review, assess and monitor the performance, suitability and independence of NPC Group's External Auditor as a measure for ensuring financial statements are a reliable source of information.

(c) Selection and Appointment

The Board has delegated to the Committee the responsibility for the appointment, remuneration and removal of external auditor.

Pursuant to Section 271 (1) of the Companies Act 2016, the Company shall appoint or re-appoint the external auditors of the Company for each financial year. The Board will conduct the said appointment or re-appointment at each Annual General Meeting, and the external auditors so appointed shall, hold office until the conclusion of the next Annual General Meeting of the Company.

Should the Committee determines a need for a change of external auditors, the Committee will follow the following procedures for selection and appointment of new external auditors:-

(i) the Committee to identify the audit firms who meet the criteria for appointment and will request for their proposals of engagement for considerations;
(ii) the Committee will assess the proposals received and shortlist the suitable audit firms;
(iii) the Committee will meet and/or interview the shortlisted candidates;
(iv) the Audit Committee may delegate or seek the assistance of the Chief Financial Officer to perform items (i) to (iii) above;
(v) the Committee will recommend the appropriate audit firm to the Board for appointment as external auditors; and
(vi) the Board will if deemed appropriate, endorse the recommendation and seek shareholders' approval for the appointment of the new external auditors and/or resignation/removal of the existing external auditors at the general meeting.

AUDIT COMMITTEE REPORT (cont'd)

Terms of reference (cont'd)

The Audit Committee is governed by the following terms of reference: (cont'd)

7. External Auditor Assessment (cont'd)

(c) Selection and Appointment (cont'd)

Selection Criteria:
The Audit Committee will give due consideration to the following criteria when selecting preferred the External Auditors for recommendation to the Board:-

(i) Approach to business and operations
- Business model and governance of the audit firm
- Internal partner firm processes
- Audit firm partner rotation and succession planning

(ii) Audit ability and approach
- Skills and knowledge, experience, expertise, qualifications and training of the proposed external audit team
- Proposed methodology
- Areas that will receive primary focus and the related audit approach
- Comprehensive work plan
- Use of associated or affiliated member firm personnel and third-party experts

(iii) Business and industry understanding
- Audit firm and team kept up-to-date with latest auditing, accounting and business regulations, or any other related legalities

(iv) Industry-specific experience

(v) Communication strategy
- Additional internal status report
- Policy regarding the availability of partners and managers for miscellaneous telephone inquiries and short meetings throughout the year
- Means to ensure the timeliness of the information

(v) Reputation
- Application of corporate governance
- Good ethical reputation
- References

(vi) Evidence of audit quality
- Within the audit firm: review of the system of internal quality assurance
- External information: review of the auditor's/audit firm's specific reports

(viii) Auditor's/audit firm's insurance coverage

(ix) Price
- 'Value for money'
- The availability of key team members
- The proposed audit team personnel resources, their experience, expertise, qualifications and training
- The allocation of personnel, i.e. hours to be spent allocated to each type and level of qualified resource
- Audit team member relationship management and interpersonal skills

(x) Capacity for innovation
- Ability to improve the audit processes, e.g. using IT tools
- Tools to be more efficient and effective in the audit work

AUDIT COMMITTEE REPORT (cont'd)

Terms of reference (cont'd)

The Audit Committee is governed by the following terms of reference: (cont'd)

7. External Auditor Assessment (cont'd)

(d) Independence Assessment

The independence of external auditor is essential to the provision of an objective opinion on the truth and fairness of the financial statements of the Company. Pursuant to Recommendation 8.3 under Principle B of the Malaysian Code on Corporate Governance 2017, the Audit Committee is also mandated to ensure continuing objectivity, suitability and independence of the external auditors.

In discharging this duty, the Committee shall carry out an annual evaluation of the external auditors which shall encompass an assessment of the qualifications and performance of the auditors; the quality and candour of the auditors' communications with the Committee and the Company; and the auditors' independence, objectivity, and professional scepticism.

The external auditors are precluded from providing any services that may impair their independence or conflict with their role as external auditors. The Committee shall obtain a written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The Committee may also request the Chief Financial Officer (or equivalent) and/or Head of Internal Audit to perform the annual assessment of the external auditors.

(e) Independence

The Audit Committee shall review the independence of the external auditors annually. The external auditors must be independent from NPC Group and also be seen to be independent from NPC Group. Specifically, the external auditors will need to satisfy the Audit Committee that:-

(i) no services will be provided that will result in a conflict of interest;
(ii) any services provided additional to that of the audit function involving non-audit services, would not have a material bearing on the audit and would not involve the firm auditing their own work;
(iii) the audit firm has an audit personnel rotation policy, including lead and signing partners, requiring rotation at least every five years in compliance with the requirements of the Malaysian Institute of Accountants; and
(iv) there will be no situations where the auditors assume the role of management or where the auditors are placed in the role of advocate for the Group.

In avoidance of doubt, the Audit Committee shall obtain a written assurance from the External Auditor confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

AUDIT COMMITTEE REPORT (cont'd)

Terms of reference (cont'd)

The Audit Committee is governed by the following terms of reference: (cont'd)

7. External Auditor Assessment (cont'd)

(f) Non-Audit Services

The External Auditors can be engaged to perform non-audit services provided such services provided do not impair, or appear to impair the auditors' independence or objectivity. This excludes audit related work in compliance with statutory requirements. The prohibition of non-audit services is based on three (3) basic principles as follows:-

(i) external auditors cannot function in the role of Management;
(ii) external auditors cannot audit their own work; and
(iii) external auditors cannot serve in an advocacy role of the Group.

The external auditors shall also observe and comply with the By-Laws of the Malaysian Institute of Accountants in connection with the provision of non-audit services, which also prohibit the provision of certain services including the following:

(i) Accounting and bookkeeping services;
(ii) Valuations services;
(iii) Internal audit services;
(iv) IT systems services;
(v) Litigation support services;
(vi) Recruitment services; and
(vii) Corporate finance services.

All engagement of the external auditors to provide non-audit services is subject to the approval/ endorsement of the audit committee. Management shall also obtain written assurance from the external auditors that the independence of the external auditors will not be impaired by the provision of non-audit services.

(g) Annual Reporting

The external auditors shall:

(i) Issue an annual audit plan for review and discussion with the Audit Committee;
(ii) At the conclusion of the audit review, shall discuss findings, significant audit weakness and audit related recommendations with the Audit Committee and Senior Management; and
(iii) Provide a management letter to the Audit Committee upon completion of the annual audit.

(h) Review of the External Auditor Independence

The Board and the Audit Committee will review the External Auditors Assessment periodically to ensure that it continues to remain relevant and appropriate.

AUDIT COMMITTEE REPORT (cont'd)

INTERNAL AUDIT

The Group has an in-house internal audit team with relevant experience and education to ensure the internal control of the operations in Sabah and Indonesia is in place. The in-house internal audit team also reports directly to the Audit Committee. The main activities undertaken by the internal auditors during the financial year are as follow:

(a) to review the key internal controls relating to estates' store issue and receipts;
(b) to review the key internal controls relating to estates' harvesting, collection and transporting of fresh fruit bunches operation and manuring and weeding operations;
(c) to review the key internal controls relating to workers' wages and payroll function;
(d) to review the key internal controls relating to oil palm production, fixed asset management of heavy equipments, vehicles and supporting machines;
(e) to report the findings and recommendations from the above review to the Audit Committee.

The results of the internal audit function are set out in the Statement of Internal Control.

MEETINGS AND SUMMARY OF ACTIVITIES

The Committee had held five meetings during the financial year. The attendance record of the Audit Committee members in each of the meetings is as follows:

NAME	MEETINGS ATTENDED	MAXIMUM POSSIBLE MEETINGS TO ATTEND
Lim Ted Hing	5	5
Tan Sri Dato' Sri Koh Kin Lip, JP	5	5
Dato' Ooi Sek Min	5	5

The main activities undertaken by the Committee were as follows:

(a) reviewed the unaudited Quarterly Financial Results of the Group and its disclosure requirements before recommending them for the Board's approval;
(b) reviewed the year end financial statements of the Company prior to submission to the Board for their consideration and approval. This review was to ensure that the financial statements were drawn up in accordance with the provisions of the Companies Act 2016 and the applicable Financial Reporting Standards in Malaysia;
(c) reviewed each quarter's related party transactions and report the same to the Board;
(d) reviewed the audit plans and service charter presented by the external auditors; and
(e) reviewed the internal audit program, processes and results of the internal audit processes.

Details of training attended by the Audit Committee members are disclosed on page 16 of the Statement on Corporate Governance.

This Audit Committee Report is made in accordance with the resolution of the Audit Committee dated 21 May 2021.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Responsibility

The Board recognises that it is responsible for the Group's system of risk management and internal control and for reviewing its adequacy and effectiveness.

The Board confirms that there is an ongoing process of identifying, evaluating and managing the significant risks faced by the Group which are present throughout the financial year under review and up to date of approval of the annual report and financial statements. This is in accordance with the guidance as contained in the publication – Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers.

As with any internal control system, controls can only provide reasonable but not absolute assurance against material misstatement or loss, as it is designed to manage rather than eliminate the risk of failure to achieve business objectives.

Risk Management Framework and Control Self-Assessment

The Board's primary objective and direction in managing the Group's risks are focused on the achievement of the Group's business objectives. The risk management framework has been formalised to achieve compliance with Bursa Malaysia Listing Requirements, Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers, the Companies Act 2016 as well as Malaysian Code on Corporate Governance ("MCCG"). The Board reviews the risk management framework annually and the management has been entrusted to continuously monitor the identified principal risks of the Group, evaluate existing controls and formulate the necessary action plans with its respective process owners. The Executive Directors are tasked with the responsibility of continuous monitoring and reviewing strategic directions and significant operational matters of the Group.

Other Key Elements of Internal Control

Scheduled face-to-face and/or zoom meetings at head office and operation sites were held to identify, discuss and resolve business and operational issues. The Board was aware of, and involved in, when necessary in resolving any significant issues identified at those meetings. The Executive Directors are actively involved in the day-to-day operations of the Group.

The Group has a clear management structure that clearly defines lines of accountability and delegated authority. There is also proper segregation of duties to ensure safe custody of the Group's assets. The Group's organisation chart includes the Management Committee, headed by the Group Managing Director. The Management Committee meets monthly at head office or operation sites to discuss and review the Group's operations and ensures that they are carried out in accordance with the standards set and expected by the Board. There is a structured and formal employee appraisal system that ensures employees are remunerated based on their performance.

The Board has reviewed the Group's budget for the current financial year. The budgeting process includes the preparation of budgets by individual operating units, which are approved at management level and ultimately by the Board. Actual performance and results are monitored against budgets, with reasons for significant variances identified and highlighted to management and the Board for the appropriate corrective measures.

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

Internal Audit Function

The Board remains committed towards continuous improvement and enhancement of its internal controls to ensure that there is increased certainty of the achievement of business objectives, thus enhancing the shareholders' value.

The Group has outsourced its Internal Audit function to an independent accounting firm, which reports directly to the Audit Committee. The internal audit was carried out based on the Internal Audit plan that was reviewed by the Audit Committee and approved by the Board of Directors.

The Group has an in-house internal audit team with relevant experience and education to ensure the internal control of the operations in Sabah and Indonesia is in place. The in-house internal audit team also reports directly to the Audit Committee.

The amount of internal audit fees payable to the internal auditors for the year is RM95,260.

The risk based internal audit approach has examined, evaluated and ensured compliance with the Group's policies, procedures and system of controls. It has also evaluated the effectiveness of the internal control system and assessed the consequences of any potential risks and suggested any improvements required.

Adequacy and Effectiveness of the Group's Risk Management and Internal Control System

A number of minor internal control weaknesses were identified during the year, all of which have been or are being addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require a disclosure in the Group's Annual Report. The board has received a statement of assurance from the Group Managing Director and Chief Financial Officer of the Company that the Company's risk management and internal control system is operating adequately and effectively, in all material aspects, based on risk management and internal control system of the Company. The board confirms that its system of risk management and internal control was operational throughout the financial year and up to the date of approval of the Annual Report.

Review of Statement by External Auditors

The external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report of the Group for the year ended 31 December 2020 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of internal controls within the Group.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board dated 21 May 2021.

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

Principal activities

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are set out in Note 17 to the financial statements.

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

Results

	Group RM'000	Company RM'000
Loss net of tax	(13,892)	(558)
Loss attributable to:		
Equity holders of the parent	(12,335)	(558)
Non-controlling interests	(1,557)	-
	(13,892)	(558)

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

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

Dividend

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend the payment of any dividend in respect of the current financial year ended 31 December 2020.

DIRECTORS' REPORT (cont'd)

Directors

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

Dato' Loo Pang Kee*	
Wong Siew Ying*	
Tan Sri Dato' Sri Koh Kin Lip, JP	
Lim Ted Hing	
Dato' Ooi Sek Min	(Appointed on 25 February 2020)
Datuk Lee Swi Heng	(Appointed on 10 August 2020)
Datuk Loo Ngin Kong*	(Resigned on 1 January 2021)
Dato' Seri Tengku Dr. Zainal Adlin Bin Tengku Mahamood	(Resigned on 31 August 2020)
Tan Vun Su*	(Resigned on 9 September 2020)

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

Directors of the Company's subsidiaries

The names of the Directors of the Company's subsidiaries since the beginning of the financial year to the date of this report, excluding those who are already the Directors of the Company, are:

Chai Chih Kai
Driya Amandita
Herdiyanto
Tommy Hermin Santoso
Husin Assegaf
Lim Chau Thye @ Lim Yoke Moi
Loo Ban Teng
Sunamo, B.Sc, S.Sos

Directors' benefits

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

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown below) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 31 to the financial statements.

DIRECTORS' REPORT (cont'd)

Directors' benefits (cont'd)

The Directors' benefits in accordance with the requirements of the Companies Act 2016 are as follows:

	Group RM'000	Company RM'000
Salaries and other emoluments	3,446	2,517
Fees	178	70
Bonus	87	87
Defined contribution plan	672	427
Estimated money value of benefits-in-kind	68	58
	4,451	3,159

Indemnities to directors or officers

No indemnities have been given or insurance premium paid, during or since the end of the financial year, for any person who is or has been a Director or officer of the Company.

Directors' interests

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

	Number of ordinary shares			
	1 January 2020	Acquired	Sold	31 December 2020
The Company				
Direct Interest:				
Datuk Loo Ngin Kong	4,166,724	-	-	4,166,724
Dato' Loo Pang Kee	12,993,606	108,400	-	13,102,006
Wong Siew Ying	2,471,284	-	-	2,471,284
Lim Ted Hing	804,000	-	-	804,000
Tan Sri Dato' Sri Koh Kin Lip, JP	19,783,344	-	-	19,783,344
Indirect interest:				
Dato' Loo Pang Kee	38,400,000	-	-	38,400,000
Tan Sri Dato' Sri Koh Kin Lip, JP	2,817,350	-	-	2,817,350
Indirect interest of Datuk Loo Ngin Kong and Wong Siew Ying in the Company by virtue of shareholdings of their children	4,905,000	5,500	-	4,910,500
Indirect interest of Tan Sri Dato' Sri Koh Kin Lip, JP in the Company by virtue of shareholding of his child	70,000	-	-	70,000

The Directors, Datuk Loo Ngin Kong, Dato' Loo Pang Kee, Tan Sri Dato' Sri Koh Kin Lip, JP and Wong Siew Ying by virtue of their interests in shares in the Company, are also deemed interested in shares of all of the Company's subsidiaries to the extent the Company has an interest.

DIRECTORS' REPORT (cont'd)

Directors' benefits (cont'd)

Treasury shares

As at 31 December 2020, the Company held as treasury shares a total 3,137,200 of its 120,000,000 issued ordinary shares. Such treasury shares are held at a carrying amount of RM7,509,000 and further relevant details are disclosed in Note 27(b) to the financial statements.

Other statutory information

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts; and

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

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

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

  (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

(e) As at the date of this report, there does not exist:

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

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

DIRECTORS' REPORT (cont'd)

Other statutory information (cont'd)

(f) Saved as disclosed in Note 2.1, in the opinion of the Directors:

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

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Significant and events after reporting period

Significant and events after reporting period are disclosed in Note 35 to the financial statements.

Auditors

The auditors, Ernst & Young PLT, do not seek for reappointment.

Auditors' remuneration are disclosed in Note 8 to the financial statements.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young PLT for the financial year ended 31 December 2020.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 16 June 2021.

Dato' Loo Pang Kee **Wong Siew Ying**

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Dato’ Loo Pang Kee and Wong Siew Ying, being two of the Directors of NPC Resources Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 46 to 158 give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 16 June 2021.

Dato’ Loo Pang Kee

Wong Siew Ying

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Datuk Lee Swi Heng, being the Director primarily responsible for the financial management of NPC Resources Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 46 to 158 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Datuk Lee Swi Heng
at Kota Kinabalu in the State of Sabah on
16 June 2021.

Datuk Lee Swi Heng
(CA 13799)

Before me,
Chin Yuen Fong
No. S.102
Commissioner of oath

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF NPC RESOURCES BERHAD
(Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of NPC Resources Berhad, which comprise the statements of financial position as at 31 December 2020 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 financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 46 to 158.

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 2020, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to Note 2.1 to the financial statements which indicates that the Group incurred net losses of RM13,892,000 for the year ended 31 December 2020 and as of that date, the Group's and the Company's current liabilities exceeded their current assets by RM456,062,000 and RM452,063,000 respectively. This Note further indicates that during the year certain loan covenants for the borrowings relating to the debt service cover ratio ("DSCR") and total debts/EBITDA ratio were breached, of which subsequent to the financial year end, the Group has obtained indulgence from the banker for these breaches. In addition to that an amount owing to a foreign non-controlling interest of RM110,787,000 which was due on 30 April 2021 was not settled. These conditions, along with other matters as set forth in Note 2.1 to the financial statements, indicate the existence of a material uncertainty that may cast significant doubt on the Group's and on the Company's ability to continue as a going concern. The ability of the Group and of the Company to continue as a going concern is dependent on the continuing financial support of their bankers and a major shareholder and a major shareholder, the success in refinancing certain of their borrowings, and the foreign subsidiary's non-controlling interest to defer the payment of the amount owing until the disposal of certain plantations in Indonesia. Our opinion is not modified in respect of this matter.

Independence and other ethical responsibilities

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF NPC RESOURCES BERHAD

(Incorporated in Malaysia) (cont'd)

Report on the audit of the financial statements (cont'd)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. We have determined that there are no key audit matters to be communicated in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group is described below. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Impairment testing of property, plant and equipment

As stated in Note 13 to the financial statements, the carrying values of property, plant and equipment of the Group as at 31 December 2020 were RM1,162 million. The property plant and equipment of the plantation segment accounts for 97% of this balance. As at 31 December 2020, the market capitalisation of the Group was lower than its net assets and the Group recorded losses for the year, indicating that the carrying values of property, plant and equipment of the Group may be impaired. Consequently, the Group performed impairment testing on the property, plant and equipment by determining the recoverable amounts of cash generating units (CGUs) based on the higher of value-in-use (VIU) and fair value less costs of disposal (FVLC).

Estimating the VIUs involve estimating the future cash inflows and outflows that will be generated by the CGUs and discounting them at an appropriate rate. Significant judgements are required in determining the assumptions to be used to estimate the VIU of the CGUs as these assumptions are affected by expected future demand and economic conditions, which include estimates of future yield rate of Fresh Fruit Bunches (FFB), sales volumes, Crude Palm Oil (CPO) prices, operating costs and the discount rate.

We identified the impairment testing of property, plant and equipment of the plantation segment as a key audit matter due to the significance of these assets in the context of the Group's consolidated financial statements as a whole and because the estimation of recoverable amounts is complex and highly judgmental.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF NPC RESOURCES BERHAD
(Incorporated in Malaysia) (cont'd)

Report on the audit of the financial statements (cont'd)

Key audit matters (cont'd)

Impairment testing of property, plant and equipment (cont'd)

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

1) We obtained an understanding of the methodology adopted by the management in estimating the recoverable amount;

2) We evaluated the key assumptions used, focusing on projected yield and CPO prices, taking into consideration the current and expected future economic conditions. We also compared the key assumptions against past actual outcomes;

3) We involved our internal valuation specialist to assess the discount rate used and whether the rate used reflects the current market assessments of the time value of money and the risks specific to the asset is the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive from the asset;

4) We assessed the sensitivity of the cash flows to changes in the discount rates and key assumptions; and

5) We also reviewed the adequacy of the disclosures.

The Group's accounting policies and disclosures on impairment assessment of property, plant and equipment are disclosed in Notes 2.13, 3(d) and 13 to the financial statements respectively.

Information other than the financial statements and auditors' report thereon

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

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

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF NPC RESOURCES BERHAD

(Incorporated in Malaysia) (cont'd)

Report on the audit of the financial statements (cont'd)

Responsibilities of the Directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF NPC RESOURCES BERHAD
(Incorporated in Malaysia) (cont'd)

Report on the audit of the financial statements (cont'd)

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

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

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

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

We also provide the Directors with a 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 financial 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.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 17 to the financial statements.

Other matters

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

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

Chong Ket Vui, Dusun
02944/01/2023 J
Chartered Accountant

Sandakan, Malaysia
16 June 2021

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000 (Restated)	2020 RM'000	2019 RM'000
Revenue	4	264,706	225,302	6,952	6,689
Cost of sales		(259,326)	(210,616)	-	-
Gross profit		5,380	14,686	6,952	6,689
Interest income	5	6,441	5,670	25,721	26,546
Other income	6	12,149	12,750	143	11,738
Administrative expenses		(20,649)	(20,572)	(6,550)	(6,662)
Finance costs	7	(18,909)	(22,002)	(13,445)	(16,125)
Other expenses		(910)	(12,703)	(13,172)	(3,391)
(Loss)/profit before tax	8	(16,498)	(22,171)	(351)	18,795
Income tax benefit/(expense)	11	2,606	4,321	(207)	(100)
(Loss)/profit for the financial year		(13,892)	(17,850)	(558)	18,695
Other comprehensive income/ (loss) items to be reclassified to profit or loss in subsequent periods (net of tax):					
Remeasurement loss on employee defined benefit liabilities	24	(492)	(326)	-	-
Tax impact arising from remeasurement		102	60	-	-
Foreign currency translation		(8,775)	6,556	-	-
Item not to be reclassified to profit or loss in subsequent periods (net of tax):					
Asset revaluation surplus		(17,814)	301,759	-	-
Other comprehensive (loss)/ income for the financial year, net of tax		(26,979)	308,049	-	-
Total comprehensive (loss)/ income for the financial year		(40,871)	290,199	(558)	18,695

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

	Note	Group 2020 RM'000	Group 2019 RM'000 (Restated)	Company 2020 RM'000	Company 2019 RM'000
(Loss)/profit attributable to:					
Equity holders of the parent		(12,335)	(15,030)	(558)	18,695
Non-controlling interests		(1,557)	(2,820)	-	-
		(13,892)	(17,850)	(558)	18,695
Total comprehensive (loss)/ income attributable to:					
Equity holders of the parent		(33,656)	253,586	(558)	18,695
Non-controlling interests		(7,215)	36,613	-	-
		(40,871)	290,199	(558)	18,695
Loss per share attributable to equity holders of the parent:					
Basic loss per share for the financial year (sen)	12	(10.56)	(12.86)		

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	As at 31.12.2020 RM'000	As at 31.12.2019 RM'000 (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	13	1,162,153	1,231,892
Investment properties	14	20,318	15,764
Intangible assets	16	32,443	32,501
Other receivables	19	46,384	52,881
Deferred tax assets	25	1,458	3,319
		1,262,756	1,336,357
Current assets			
Inventories	18	17,979	18,740
Biological assets	15	3,812	4,861
Trade and other receivables	19	11,973	15,895
Prepayments		643	2,500
Tax recoverable		828	834
Cash and bank balances	20	12,984	18,549
		48,219	61,379
Total assets		1,310,975	1,397,736
Equity and liabilities			
Current liabilities			
Derivatives liabilities	21	8,964	4,526
Loans and borrowings	22	293,228	466,350
Trade and other payables	23	201,048	83,528
Income tax payable		1,041	354
		504,281	554,758
Net current liabilities		(456,062)	(493,379)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020 (cont'd)

	Note	As at 31.12.2020 RM'000	As at 31.12.2019 RM'000 (Restated)
Non-current liabilities			
Loans and borrowings	22	152,391	2,333
Other payables	23	-	126,465
Employee defined benefit liabilities	24	4,545	2,952
Deferred tax liabilities	25	139,276	159,125
		296,212	290,875
Total liabilities		800,493	845,633
Equity attributable to equity holders of the parent			
Share capital	27	120,000	120,000
Treasury shares	27	(7,509)	(7,509)
Retained earnings		148,008	152,572
Asset revaluation reserve	28	242,290	261,391
Foreign currency translation reserve	29	(20,287)	(10,296)
		482,502	516,158
Non-controlling interests		27,980	35,945
Total equity		510,482	552,103
Total equity and liabilities		1,310,975	1,397,736

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

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	As at 31.12.2020 RM'000	As at 31.12.2019 RM'000 (Restated)
Assets			
Non-current assets			
Property, plant and equipment	13	703	757
Interests in subsidiaries	17	739,059	727,330
		739,762	728,087
Current assets			
Trade and other receivables	19	22	26
Prepayments		19	80
Tax recoverable		-	55
Cash and bank balances	20	4,626	4,995
		4,667	5,156
Total assets		744,429	733,243
Equity and liabilities			
Current liabilities			
Derivatives liabilities	21	8,964	4,526
Loans and borrowings	22	126,712	276,488
Trade and other payables	23	321,021	300,713
Provision for taxation		33	-
		456,730	581,727
Net current liabilities		(452,063)	(576,571)
Non-current liabilities			
Loans and borrowings	22	136,745	-
Deferred tax liabilities	25	32	36
		136,777	36
Total liabilities		593,507	581,763
Equity attributable to owners of the parent			
Share capital	27	120,000	120,000
Treasury shares	27	(7,509)	(7,509)
Retained earnings		38,431	38,989
Total equity		150,922	151,480
Total equity and liabilities		744,429	733,243

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Share capital (Note 27) RM'000	Treasury shares (Note 27) RM'000	Foreign currency translation reserve (Note 29) RM'000	Asset revaluation reserve (Note 28) RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
		Attributable to equity holders of the parents							
At 1 January 2020									
- As previously reported		120,000	(7,509)	(10,296)	261,391	155,360	518,946	37,133	556,079
- Prior year adjustment	36	-	-	-	-	(2,788)	(2,788)	(1,188)	(3,976)
At 1 January 2020, as restated		120,000	(7,509)	(10,296)	261,391	152,572	516,158	35,945	552,103
Loss for the financial year		-	-	-	-	(12,335)	(12,335)	(1,557)	(13,892)
Other comprehensive (loss)/income		-	-	(9,991)	(15,137)	262	(24,866)	(5,339)	(30,205)
Realisation of revaluation reserve		-	-	-	(6,227)	7,509	1,282	(1,282)	-
Reduction of tax rate		-	-	-	2,263	-	2,263	963	3,226
Total comprehensive for the financial year		-	-	(9,991)	(19,101)	(4,564)	(33,656)	(7,215)	(40,871)
Transactions with owners									
Dividend		-	-	-	-	-	-	(750)	(750)
		-	-	-	-	-	-	(750)	(750)
At 31 December 2020, as restated		120,000	(7,509)	(20,287)	242,290	148,008	482,502	27,980	510,482

		← Attributable to equity holders of the parents →							
	Note	Share capital (Note 27) RM'000	Treasury shares (Note 27) RM'000	Foreign currency translation reserve (Note 29) RM'000	Asset revaluation reserve (Note 28) RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2019		120,000	(7,486)	(17,717)	-	167,798	262,595	(668)	261,927
Loss for the financial year		-	-	-	-	(15,030)	(15,030)	(2,820)	(17,850)
Other comprehensive income/(loss)		-	-	7,421	261,391	(196)	268,616	39,433	308,049
Total comprehensive income/(loss) for the financial year		-	-	7,421	261,391	(15,226)	253,586	36,613	290,199
Transactions with owners									
Purchase of treasury shares	27	-	(23)	-	-	-	(23)	-	(23)
		-	(23)	-	-	-	(23)	-	(23)
At 31 December 2019, as restated		120,000	(7,509)	(10,296)	261,391	152,572	516,158	35,945	552,013

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

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Share capital (Note 27) RM'000	Treasury shares (Note 27) RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2020		120,000	(7,509)	38,989	151,480
Total comprehensive income		-	-	(558)	(558)
At 31 December 2020		120,000	(7,509)	38,431	150,922
At 1 January 2019		120,000	(7,486)	20,294	132,808
Total comprehensive income		-	-	18,695	18,695
		120,000	(7,486)	38,989	151,503
Transactions with owners					
Purchase of treasury shares	27	-	(23)	-	(23)
At 31 December 2019		120,000	(7,509)	38,989	151,480

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	2020 RM'000	2019 RM'000 (Restated)
Operating activities		
Loss before tax	(16,498)	(22,171)
Adjustments for:		
Allowance for expected credit losses on other receivables:		
- current	1,050	325
- non-currrent	(1,107)	3,184
Depreciation of property, plant and equipment	49,282	39,655
Depreciation of investment properties	422	459
Employee defined benefits liabilities	1,215	(1,208)
Finance costs	18,909	22,002
Gain on disposal of property, plant and equipment	(11)	(299)
Interest income	(6,441)	(5,670)
Fair value loss on derivative	4,906	4,526
Net fair value changes of biological assets	1,049	(2,633)
Net unrealised loss/(gain) on foreign exchange	3,738	(9,020)
Deposits paid for leases of land written off	-	419
Property, plant and equipment written off	255	71
Operating profit before changes in working capital	56,769	29,640
Changes in working capital:		
Inventories	633	2,370
Trade and other receivables	6,747	(4,757)
Prepayments	1,856	(24)
Trade and other payables	(2,481)	16,517
Cash flows from operations	63,524	43,746
Interest received	599	2,511
Income taxes paid	(3,307)	(2,784)
Interest paid	(27,164)	(33,179)
Net cash flows from operating activities	33,652	10,294

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

	2020 RM'000	2019 RM'000 (Restated)
Investing activities		
Withdrawal/(placement) of fixed deposits	4,256	(7,472)
Purchase of property, plant and equipment	(19,890)	(33,792)
Addition of investment properties	(4,976)	-
Proceeds from disposal of property, plant and equipment and right-of-use assets	409	1,152
Net cash flows used in investing activities	(20,201)	(40,112)
Financing activities		
Purchase of treasury shares	-	(23)
Net repayment of bank loans	(15,055)	20,979
Net (repayment)/proceeds from drawdown of revolving credits	(4,780)	(1,500)
Net proceeds from drawdown of bankers' acceptances	122	1,972
Net repayment of lease liabilities	159	2,081
Net cash flows (used in)/from financing activities	(19,554)	23,509
Net decrease in cash and cash equivalents	(6,103)	(6,309)
Effect of exchange rate changes	4,365	4,048
Cash and cash equivalents at the beginning of financial year	1,320	3,581
Cash and cash equivalents at the end of financial year (Note 20)	(418)	1,320

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

COMPANY STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	2020 RM'000	2019 RM'000
Operating activities		
(Loss)/profit before tax	(351)	18,795
Adjustments for:		
Interest income	(25,721)	(26,546)
Impairment of amounts due from subsidiaries	-	3,300
Interest expense	13,445	16,125
Depreciation of property, plant and equipment	67	70
Net unrealised loss/(gain) on foreign exchange	12,948	(11,735)
Operating profit before changes in working capital	388	9
Changes in working capital:		
Trade and other receivables	4	24
Prepayments	61	(30)
Trade and other payables	(2,533)	4,113
Cash flows (used in)/from operations	(2,080)	4,116
Interest received	25,721	26,546
Interest paid	(13,445)	(16,125)
Taxes paid	(123)	(105)
Net cash flows from operating activities	10,073	14,432
Investing activities		
Purchase of property, plant and equipment	(13)	(12)
Net cash flows used in investing activities	(13)	(12)
Financing activities		
Net repayment of amounts due to subsidiaries	1,169	(34,028)
Purchase of treasury shares	-	(23)
Net (repayment)/drawdown of bank loans	(7,801)	19,850
Net repayment of revolving credits	(3,755)	-
Net cash flows used in financing activities	(10,387)	(14,201)
Net (decrease)/increase in cash and cash equivalents	(327)	219
Effect of exchange rate changes	(40)	(31)
Cash and cash equivalents at the beginning of financial year	4,000	3,812
Cash and cash equivalents at the end of financial year (Note 20)	3,633	4,000

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

1. Corporate information

NPC Resources Berhad ("the Company") is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Lot 9, T3, Taman Tshun Ngen, Mile 5, Jalan Labuk, 90000 Sandakan, Sabah.

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are set out in Note 17.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 16 June 2021.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia. The financial statements of the Group and of the Company have also been prepared on the historical cost basis except as otherwise disclosed in the accounting policies below. The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

For the financial year ended 31 December 2020, the Group incurred net losses of RM13,892,000 (2019: RM17,850,000) and as of that date, the Group's and the Company's current liabilities exceeded their current assets by RM456,062,000 and RM452,063,000 (2019: RM493,379,000 and RM576,571,000) respectively. During the year, certain loan covenants for borrowings amounting to RM113,755,000 relating to the debt service cover ratio ("DSCR") and total debts/EBITDA ratio were breached, of which subsequent to the financial year end, the Group has obtained indulgence from the banker for this non-compliance. In addition, as disclosed in Note 23, a loan owing to its foreign subsidiary's non-controlling interest of RM110,787,000 (USD 27 million) which was due on 30 April 2021 was not settled.

The above events or conditions, indicate that there is a material uncertainty that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. Notwithstanding the above, the directors are of the opinion that the going concern basis used in the preparation of the financial statements of the Group and of the Company is appropriate due to the following reasons:

(a) Continuing financial support from the financial institutions and shareholders

As at 31 December 2020, the Group's and the Company's total external borrowings amounted to RM445,619,000 and RM263,457,000 (2019: RM468,683,000 and RM276,488,000) respectively, of which RM293,228,000 and RM126,712,000 (2019: RM466,350,000 and RM276,488,000) respectively were classified as current liabilities. Details of these borrowings are disclosed in Note 22. The Group and the Company believe that the cash flows from the operations are sufficient to address borrowings with fixed repayment terms. Furthermore, the Group and the Company have generated net operating cash inflows of RM56,772,000 and RM388,000 (2019: RM29,640,000 and RM9,000) respectively. During the year certain loan covenants for one of the borrowings relating to the DCSR and total debts/EBITDA ratio were breached of which subsequent to the financial year end, the Group has obtained indulgence from the bankers for these non-compliance. The Directors are confident that the Group will be able to obtain continuing financial support from the bankers. In addition, the Group plan to refinance certain of their borrowings to local financing.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

2.1 Basis of preparation (cont'd)

(a) Continuing financial support from the financial institutions and shareholders (cont'd)

Further, to meet any shortfall in working capital requirements, the Group has subsequent to reporting date obtained additional Islamic financing facilities of RM35.0 million. In addition, the Group has obtained financial support from one of the major shareholders to grant advances of RM18,000,000 for the next 18 months. Furthermore, the management is in the process of negotiation with its foreign subsidiary's non-controlling interest on a loan of RM110,787,000 (USD 27 million) which was due on 30 April 2021 to defer the payment until the disposal of certain plantations in Indonesia.

The Directors believe that, with the continued financial support from the bankers and a major shareholder. The success in refinancing certain of their borrowings, and the foreign subsidiary's non-controlling interest to defer the payment of the amount owing until the disposal of certain plantations in Indonesia. The Group and the Company will be able to address their financial conditions and to generate sufficient cash flows to meet their financial obligations.

(b) Disposal of certain plantation assets of the Group

The Group is also actively looking for interested parties to buy certain of the Group's plantation assets, so as to the financial statements, to reduce the Group's borrowings and payable amount. The Group will utilise the sales proceeds to pare down the borrowings and payable amounts substantially. This will reduce the Group's and the Company's loan repayment amount and to unfreeze the operating cashflow for working capital requirement.

2.2 Changes in accounting policies

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

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

Description	**Effective for annual periods beginning on or after**
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 3: Definition of a Business	1 January 2020
Revised Conceptual Framework for Financial Reporting	1 January 2020
Amendments to MFRS 7, MFRS 9 and MFRS 139: Interest Rate Benchmark Reform	1 January 2020
Admendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9	Immediately

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

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

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to MFRS 16: COVID-19-Related Rent Concessions	1 June 2020
Amendments to MFRS 16: COVID-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Annual Improvements to MFRS Standards 2018-2020:	
• Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards – Subsidiary as A First-time Adopter	1 January 2022
• Amendments to MFRS 9: Financial Instruments – Fees in the '10 percent' Test for Derecognition of Financial Liabilities	1 January 2022
• Amendments to MFRS 141: Agriculture – Taxation in Fair Value Measurements	1 January 2022
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

Initial application of these pronouncements are not expected to have any material impact on the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

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

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

(i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) exposure, or rights, to variable returns from its investment with the investee; and

(iii) the ability to use its power over the investee to affect its returns.

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

(i) the contractual arrangements with the other vote holders of the investee;

(ii) rights arising from other contractual arrangements; and

(iii) the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

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

2.4 Basis of consolidation (cont'd)

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date's fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset and liability that is a financial instrument and within the scope of MFRS 9, is measured at fair value with the changes in fair value recognised in profit or loss in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

The accounting policy for goodwill is set out in Note 2.10.

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

2.5 Subsidiaries

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

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

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

2.6 Transactions with non-controlling interest

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

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

2.7 Foreign currency

(a) Functional and presentation currency

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

(b) Foreign currency transactions

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

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

2.7 Foreign currency (cont'd)

(b) Foreign currency transactions (cont'd)

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

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

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

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

2.8 Property, plant and equipment

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

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

Leasehold plantation land and land use rights for plantation are subsequently measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the leasehold plantation land and land use rights for plantation at the reporting date

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

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

2.8 Property, plant and equipment (cont'd)

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

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Leasehold land is amortised over the respective lease which range from 70 years to 907 years. Land use rights is amorised over the respective lease which range from 14 years to 35 years.

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

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2% - 15%
Mill structure	5%
Bearer plants	4.55%
Oil mill and estate plant and machinery	8% - 20%
Heavy equipment and motor vehicles	8% - 20%
Furniture, fittings and equipment	10% - 20%
Platforms, net cages and water tanks	10% - 20%
Hotel and office renovations	2% - 10%
Hotel plant and machinery	10% - 20%

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

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

2.9 Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost, including transaction costs less accumulated depreciation and any accumulated impairment losses,consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2.8.

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

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

2.10 Intangible assets

Goodwill

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

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

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

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

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.7.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

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

2.11 Plasma receivables

The government of the Republic of Indonesia requires companies involved in plantation development to provide support to develop and cultivate oil palm lands for local communities in oil palm plantations as part of their social obligation which are known as Plasma Schemes.

The Group assumes responsibility for developing oil palm plantations to the productive stage. When the plantation is at its productive stage, it is considered to be completed and is transferred to the plasma farmers (conversion of plasma plantations). All costs incurred will be reviewed by the relevant authorities and the Group will be reimbursed for all approved costs which are financed by the Group.

The plasma farmers sell all harvest to the Group at a price determined by the Government, which approximates the market price. Part of the proceeds will be distributed to the plasma farmers with the residual retained by the Group as payment for all approved cost financed by the Group.

Plasma receivables are classified as financial assets carried at amortised cost under MFRS 9. The accounting policy for financial instruments is set out in Note 2.14.

2.12 Biological assets

Biological assets comprise the produce growing on bearer plants. Biological assets are measured at fair value less costs to sell. Any gains or losses arising from changes in the fair value less costs to sell are recognised in profit or loss. Fair value is determined based on the present value of expected net cash flows from the biological assets. The expected net cash flows are estimated using the expected output method and the estimated market price of the biological assets.

Biological assets are classified as current assets for bearer plants that are expected to be harvested on a date not more than 12 months from reporting date.

2.13 Impairment of non-financial assets

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

An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

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

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

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to OCI. In this case, the impairment is also recognised in OCI up to the amount of any previous revaluation.

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

2.14 Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

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

2.14 Financial instruments - initial recognition and subsequent measurement (cont'd)

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. (cont'd)

(i) Financial assets (cont'd)

Initial recognition and measurement (cont'd)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

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

Subsequent measurement

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

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit and loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

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

2.14 Financial instruments - initial recognition and subsequent measurement (cont'd)

(i) Financial assets (cont'd)

Subsequent measurement (cont'd)

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under MFRS 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

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

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

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Derecognition

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

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

2.14 Financial instruments - initial recognition and subsequent measurement (cont'd)

(i) Financial assets (cont'd)

Derecognition (cont'd)

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

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

Impairment

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments carried at amortised cost and fair value through OCI, contract assets and lease receivables. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows expected to be received, discounted at the original effective interest rate (EIR). The expected cash flows will include cash flows from the sale of collaterals held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognised as a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

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

2.14 Financial instruments - initial recognition and subsequent measurement (cont'd)

(ii) Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

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

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

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

Financial liabilities at amortised cost (loans and borrowings)

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

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

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

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

2.14 Financial instruments - initial recognition and subsequent measurement (cont'd)

(ii) Financial liabilities (cont'd)

Derecognition

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

(iii) Offsetting

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

(iv) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantees issued are initially measured at fair value, net of transaction costs. Subsequently, they are measured at the higher of the amount of the loss allowance; and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with MFRS 15.

2.15 Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

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

2.16 Inventories

Inventories are stated at lower of cost and net realisable value.

Cost of crude palm oil, palm kernel and milled oil palm produce are determined on the first in, first out method. The cost comprises direct material cost, direct labour cost, other direct charges and an appropriate proportion of factory overheads.

Cost of fresh fruit bunches, consumable stores, culverts, food, beverages, tobacco and operating supplies are determined on the weighted average cost method. The cost comprises the actual cost of purchases and expenses in bringing them into stores.

Cost of oil palm nurseries is determined using the weighted average cost method. The cost comprises the actual cost of seedlings and upkeep expenses.

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

2.17 Provisions

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

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

2.18 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.19 Employee benefits

(a) Short term benefits

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

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

2.19 Employee benefits (cont'd)

(b) Post-employment benefits

The Group has various post-employment benefit schemes in accordance with local conditions and practices in the countries in which it operates. These benefit plans are either defined contribution plans or defined benefit plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually dependent on one or more factors such as age, years of service or compensation.

(i) Defined contribution plans

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

(ii) Defined benefits plans

The Indonesian subsidiaries of the Group recognise employee benefits liability based on the provisions of Labor Law No. 13/2003 dated March 25, 2003 in Indonesia.

The cost of providing benefits under the defined benefits plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling are recognised immediately in the statements of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurement are not reclassified to profit or loss in subsequent periods.

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

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

Net interest is calculated by applying the discount rate to the net defined benefit liability or assets. The Group recognises the following changes in employee benefits under 'cost of sales' and 'administration expenses' in the statements of comprehensive income (by function) or capitalised under bearer plants in accordance with Note 2.8:

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

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

2.20 Leases

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

After initial application MFRS16 on 31 December 2020, a class of right-of-use asset "land use rights for plantations and leasehold plantation land" are revalued by independent registered valuers. The asset's carrying amount is increased as a result of the revaluation which is recognised in other comprehensive income and accumulated in equity under heading of asset revaluation reserve.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of the lease liability. The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group is reasonably certain to exercise.

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

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less. Low value assets are those assets valued at less than RM20,000 each when purchased new.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

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

2.21 Revenue from contracts with customers

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of goods and services tax or sales and services tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services 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.

The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

The Group recognises revenue from contracts with customers for the provision of services and sale of goods based on the five-step model as set out below:

(a) Identify contract with a customer

A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

(b) Identify performance obligations in the contract

A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

(c) Determine the transaction price

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Generally, the Group receives short-term advances from its customers. Using the practical expedient in MFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

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

2.21 Revenue from contracts with customers (cont'd)

(d) Allocate the transaction price to the performance obligation in the contract

For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

(e) Recognise revenue when (or as) the Group satisfies a performance obligation

The Group satisfies a performance obligation and recognise revenue over time if the Group's performance:

(i) Do not create an asset with an alternative use to the Group and has an enforceable right to payment for performance obligation completed to-date; or

(ii) Create or enhance an asset that the customer controls as the asset is created or enhanced; or

(iii) Provide benefits that the customer simultaneously receives and consumes as the Group performs.

For performance obligations where any one of the above conditions are met, revenue is recognised over time at which the performance obligation is satisfied.

For performance obligations that the Group satisfies over time, the Group determined that the input method is the best method in measuring progress of the services because there is direct relationship between the Group's effort and the transfer of service to the customer.

The following describes the performance obligation in contracts with customers:

(a) Sales of plantation produce

The Group's revenue from Plantation segment is derived mainly from agricultural produce such as crude palm oil ("CPO"), fresh fruit bunches ("FFB"), palm kernel ("PK") and empty fruit bunches oil.

Revenue from sales of agricultural produce is recognised net of discount and taxes at the point in time when control of the goods has transferred to the customer.

The transaction price is allocated to each performance obligation based on the standalone selling price of the goods.

There is no element of financing present as the Group's sale of goods are either on cash terms (immediate payments or advance payment not exceeding 30 days); or on credit terms of up to 60 days.

(b) Management income

Revenue from management services is recognised when services are rendered.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

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

2.21 Revenue from contracts with customers (cont'd)

(c) Dividend income

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

(d) Revenue from hotel operations

Revenue from room sales, sale of food and beverage are recognised net of sales taxes and discounts on an accrual basis at the point in time when control of the goods or services has transferred to the customer.

(e) Sundry sales

Revenue from usage of telephone, laundry and other related services is recognised upon the rendering of services, net of taxes.

(f) Rental income

Rental income is accounted for on a straight-line basis over the lease terms.

(g) Interest income

Interest income is recognised on a time proportion basis.

(h) Transportation service

Revenue from transportation service rendered is recognised as and when the services are performed.

2.22 Taxes

(a) Current tax

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

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

2.22 Taxes (cont'd)

(b) Deferred tax

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

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

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

2.22 Taxes (cont'd)

(c) Goods and Services Tax ("GST") and Value Added Tax ("VAT")

Revenues, expenses and assets are recognised net of the amount of GST or VAT except:

- Where the GST/VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST/VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of GST/VAT included.

The net amount of GST/VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

(d) Sales and Services Tax ("SST")

When SST is incurred, SST is recognised as part of the expense or cost of acquisition of the asset as SST is not recoverable.

Whereas, revenue is recognised net of the amount of SST billed as it is payable to the taxation authority. SST payable to the taxation authority is included as part of payables in the statements of financial position.

2.23 Segment reporting

For management purposes, the Group is organised into operating segments based on its products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 34, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.24 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of their liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.25 Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

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

2.26 Derivative financial instrument

The Group uses derivative financial instrument, such as commodity pricing swap contracts, to manage some of the transaction exposure, as well as to take advantage of favourable market conditions. The commodity pricing swap contracts is not designated as cash flow or fair value hedges and is entered into for periods consistent with commodity transaction exposure and fair value changes exposure. Such derivative does not qualify for hedge accounting.

The fair value change is due to the difference between fixed CPO prices as per the swap contracts and the average future CPO prices quoted on the Bursa Malaysia Derivative Exchange for the specific contracted periods.

Fair value gain is recorded when the average future CPO prices quoted on the Bursa Malaysia Derivative Exchange is lower than the contracted fixed CPO prices. Conversely, a fair value loss will be recorded when the average future CPO prices quoted on the Bursa Malaysia Derivative Exchange are higher than the contracted fixed CPO prices.

2.27 Current versus non-current classification

The Group and the Company present assets and liabilities in the statements of financial position based on current/non-current classification. An asset is current when:

(i) It is expected to be realised or intended to be sold or consumed in the normal operating cycle;

(ii) Held primarily for the purpose of trading;

(iii) Expected to be realised within twelve months after the reporting period; or

(iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group and the Company classify all other liabilities as non-current.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

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

2.28 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:

(i) in the principal market for the asset or liability; or

(ii) in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

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 Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

3. Significant accounting judgements and estimates

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

Judgements made in applying accounting policies

There are no critical judgements made by management in the process of applying the Group's or the Company's accounting policies that have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of 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. Further details of the carrying value, key assumptions applied in the impairment testing of goodwill and sensitivity analysis to changes in the assumptions are given in Note 16.

(b) Deferred tax assets

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

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised deferred tax assets.

The carrying values of deferred tax assets and unrecognised deferred tax assets of the Group and of the Company at 31 December 2020 are disclosed in Note 25.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

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

(c) Provision for expected credit losses of amounts due from subsidiaries, trade receivables and other receivables

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

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

The carrying amounts of the amounts due from subsidiaries is disclosed in Note 17 and trade and other receivables is disclosed in Note 19.

(d) Impairment of non-financial assets and interests in subsidiaries

Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounting cash flow model. The cash flows are derived from management's budget and do not include restructuring activities that the Group and the Company are yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the commodity prices and the discount rate used for the discounting cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

4. Revenue

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Types of goods and services:				
Sale of:				
- crude palm oil	219,960	176,857	-	-
- palm kernel	21,980	16,940	-	-
- fresh fruit bunches	20,377	23,608	-	-
- rooms	1,345	5,110	-	-
- food and beverages	885	2,698	-	-
Hotel sundry sales	66	78	-	-
Transportation services	93	11	-	-
Management fees	-	-	6,952	6,689
	264,706	225,302	6,952	6,689
Timing of revenue recognition				
At a point in time	264,613	225,291	-	-
Over time	93	11	6,952	6,689
	264,706	225,302	6,952	6,689

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are, as follow:

	Group	
	2020 RM'000	2019 RM'000
Within one year	2,932	7,079

All performance obligations are expected to be recognised within one year.

Details of segmental revenue is disclosed in Note 34.

5. Interest income

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest on advances to subsidiaries	-	-	25,713	26,507
Interest on advances to related parties	109	2,286	-	-
Interest on fixed deposits	18	225	8	39
Unwinding of plasma receivables	5,842	3,159	-	-
Others	472	-	-	-
	6,441	5,670	25,721	26,546

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

6. Other income

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Gain on disposal of property, plant and equipment	11	299	-	-
Fair value gain on derivatives	7,593	-	-	-
Realised gain on foreign exchange	3	2	3	2
Rental income	404	613	-	-
Sale of waste products	2,163	2,057	-	-
Unrealised gain on foreign exchange	-	9,050	-	11,735
Miscellaneous income	1,975	729	140	1
	12,149	12,750	143	11,738

7. Finance costs

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest expense on:				
Advances from subsidiaries	-	-	922	1,170
Bankers' acceptances	359	422	-	-
Bank overdrafts	327	375	65	63
Bank loans	8,344	9,817	7,144	8,382
Lease liabilities (Note 26)	462	426	-	-
Revolving credits	11,636	15,832	5,311	6,509
Amounts due to foreign subsidiaries' non-controlling interests	3,010	3,051	-	-
Others	3,026	3,256	3	1
Total interest expense	27,164	33,179	13,445	16,125
Less: Interest capitalised in bearer plants (Note 13)	(2,427)	(5,547)	-	-
Interest allocation for Plasma Scheme (Note 19)	(5,828)	(5,630)	-	-
Finance cost recognised in profit or loss	18,909	22,002	13,445	16,125

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

8. (Loss)/profit before tax

In addition to the other items disclosed elsewhere in the financial statements, the following items have been included in arriving at (loss)/profit before tax:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Auditors' remuneration:				
- current financial year	833	572	450	220
- overprovision in prior financial year	-	(18)	-	(18)
- other services	93	105	6	13
Depreciation of property, plant and equipment (Note 13)	49,282	39,655	67	70
Depreciation of investment properties (Note 14)	422	459	-	-
Employee benefits expense (Note 9)	60,078	55,107	5,198	5,371
Non-executive Directors' remuneration (Note 10)	493	538	375	420
Allowance for expected credit losses on trade and other receivables (Note 19):				
- current	1,050	325	-	-
- non-current	(2,991)	605	-	-
- Impairment of advances to secure land use rights	288	3,184	-	-
Variable lease payment (Note 26)	581	349	-	-
Property, plant and equipment written off	255	71	-	-
Impairment of amounts due from subsidiaries	-	-	-	3,300
Expenses relating to leases of low-value assets	99	95	104	102
Net fair value changes of biological assets (Note 15)	1,049	(2,633)	-	-
Realised gain on foreign exchange	19	-	19	-
Unrealised loss on foreign exchange	3,738	30	12,948	-
Deposits paid for leases of land and office building written off	-	419	-	-
Fair value loss on derivatives	4,906	4,526	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

9. Employee benefits expense

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Salaries and wages	58,911	59,379	4,514	4,683
Contributions to defined contribution plans	2,344	2,443	657	659
Employee defined benefit liabilities (Note 24)	1,215	(1,208)	-	-
Social security contributions	568	578	27	29
	63,038	61,192	5,198	5,371
Capitalised in:				
- capital work-in-progress (Note 13)	(3)	(44)	-	-
- bearer plants (Note 13)	(1,098)	(3,997)	-	-
- oil palm nurseries	(501)	(403)	-	-
- allocation for Plasma Scheme (Note 19)	(1,358)	(1,641)	-	-
Recognised in profit or loss	60,078	55,107	5,198	5,371

Included in employee benefits expense of the Group and of the Company are executive Directors' remuneration amounting to RM3,958,000 (2019: RM4,004,000) and RM2,726,000 (2019: RM2,739,000) respectively as further disclosed in Note 10.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

10. Directors' remuneration

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Executive Directors of the Company				
Salaries, bonus and other emoluments	3,860	3,964	2,686	2,699
Fees	40	40	40	40
Total executive Directors' remuneration (excluding benefits-in-kind)	3,900	4,004	2,726	2,739
Benefits-in-kind	58	59	58	59
Total executive Directors' remuneration (including benefits-in-kind) (Note 31)	3,958	4,063	2,784	2,798
Non-executive Directors of the Company				
Allowances and other emoluments	345	390	345	390
Fees	30	30	30	30
Total non-executive Directors' remuneration	375	420	375	420
Non-executive Directors of a subsidiary				
Fees	108	108	-	-
Benefits-in-kind	10	10	-	-
	118	118	-	-
Total non-executive Directors' remuneration (Note 8)	493	538	375	420
Total Directors' remuneration	4,451	4,601	3,159	3,218

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

10. Directors' remuneration (cont'd)

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors 2020	2019
Executive Directors:		
RM150,001 - RM200,000	1	-
RM300,001 - RM350,000	1	-
RM500,001 - RM550,000	1	1
RM550,001 - RM600,000	-	1
RM750,001 - RM800,000	1	-
RM850,001 - RM900,000	-	1
RM2,100,001 - RM2,150,000	1	1
Non-Executive Directors:		
RM1 - RM50,000	1	-
RM50,001 - RM100,000	1	1
RM100,001 - RM150,000	2	3

11. Income tax (benefit)/expense

	Group		Company	
	2020 RM'000	2019 RM'000 (Restated)	2020 RM'000	2019 RM'000
Statements of comprehensive income:				
Current income tax:				
Income tax	5,509	2,336	159	95
Underprovision in previous financial years	3	74	52	11
	5,512	2,410	211	106
Deferred income tax (Note 25):				
Relating to origination and reversal of temporary differences	(8,275)	(6,785)	(4)	(5)
Under/(over)provision in previous financial years	157	54	-	(1)
	(8,118)	(6,731)	(4)	(6)
	(2,606)	(4,321)	207	100

Domestic current income tax is calculated at the Malaysian statutory tax rate of 24% (2019: 24%) of the estimated assessable profit for the financial year.

The corporate tax rate applicable to the Indonesian subsidiaries of the Group is 22% (2019: 25%).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

11. Income tax (benefit)/expense (cont'd)

The reconciliation between tax (benefit)/expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the financial years ended 31 December 2020 and 2019 are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000 (Restated)	2020 RM'000	2019 RM'000
(Loss)/profit before tax	(16,498)	(22,171)	(351)	18,795
Taxation at Malaysian statutory tax rate of 24% (2019: 24%)	(3,960)	(5,321)	(84)	4,511
Effect of income not subject to tax	(6,788)	(8,298)	(5,675)	(8,298)
Effect of expenses not deductible for tax purposes	5,394	7,661	5,914	3,877
Effect of differences in tax rates in foreign jurisdictions	198	13	-	-
Effect of changes in tax rates	(6,362)	-	-	-
Deferred tax assets recognised on previously unrecognised tax losses	(246)	(1,044)	-	-
Effect of tax saving on increase chargeable income	-	(6)	-	-
Deferred tax assets not recognised in respect of unused tax losses and unabsorbed capital allowances	9,028	2,751	-	-
Utilisation of previously unrecognised tax losses and capital allowances	(30)	(16)	-	-
Under/(over)provision of deferred tax in previous financial years	157	54	-	(1)
Underprovision of income tax expense in previous financial years	3	74	52	11
Income tax (benefit)/expense recognised in profit or loss	(2,606)	(4,132)	207	100

12. Loss per share

(a) Basic

Basic loss per share is calculated by dividing loss for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the financial year. The following reflect the loss and share data used in the computation of basic loss per share for the financial years ended 31 December 2020 and 2019:

	Group	
	2020 RM'000	2019 RM'000 (Restated)
Loss attributable to equity holders of the parent	(12,335)	(15,030)
	Number of shares '000	Number of shares '000
Number of ordinary shares in issue	116,864	116,864
Basic loss per share for the financial year (sen)	(10.56)	(12.86)

(b) Diluted

The Group has no potential ordinary shares in issue as at the reporting date. Therefore, diluted loss per share is the same as basic loss per share.

13. Property, plant and equipment

Group	Leasehold land, buildings and mill structure RM'000	Bearer plant RM'000	Plantation and fishery infrastructure development expenditure RM'000	Oil mill and estate plant and machinery RM'000	Heavy equipment and motor vehicles RM'000	Furniture, fittings and equipment RM'000	Platforms, net cages and water tanks RM'000	Hotel renovations, plant and machinery RM'000	Land use rights RM'000	Capital work-in-progress RM'000	Total RM'000
Valuation/cost											
As 1 January 2019	229,312	609,373	26,974	57,232	62,170	12,459	631	9,857	89,625	4,782	1,102,415
Additions	4,480	25,773	40	312	5,000	739	-	512	-	5,103	41,959
Elimination of accumulated depreciation on revaluation	(12,950)	-	-	-	-	-	-	-	(11,668)	-	(24,618)
Asset revaluation	316,986	-	-	-	-	-	-	-	82,960	-	399,946
Disposals	-	-	-	(25)	(1,802)	(10)	-	-	(88)	-	(1,925)
Reclassified to investment properties (Note 14)	(6,388)	-	(149)	-	(1,058)	(334)	(82)	-	(10,044)	-	(18,055)
Written off	-	(21,842)	-	-	-	-	-	-	-	(71)	(21,913)
Reclassifications	3,157	(11,230)	12,682	-	-	595	-	-	-	(5,204)	-
Exchange differences	1,376	6,718	230	438	635	81	-	-	2,708	67	12,253
At 31 December 2019 and 1 January 2020	535,973	608,792	39,777	57,957	64,945	13,530	549	10,369	153,493	4,677	1,490,062
Additions	166	13,270	52	300	2,747	726	-	941	251	6,518	24,971
Asset revaluation	(27,683)	-	-	-	-	-	-	-	-	-	(27,683)
Disposals	-	(14)	-	-	(1,763)	(5)	-	-	-	(112)	(1,894)
Written off	-	-	-	-	(1,976)	(2)	-	-	-	(12)	(1,990)
Reclassifications	4,194	134	870	(32)	654	76	-	-	-	(5,896)	-
Exchange differences	(1,935)	(9,546)	(310)	(572)	(911)	(140)	-	-	(2,826)	(66)	(16,306)
At 31 December 2020	510,715	612,636	40,389	57,653	63,696	14,185	549	11,310	150,918	5,109	1,467,160

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

Group	Leasehold land, buildings and mill structure RM'000	Bearer plant RM'000	Plantation and fishery infrastructure development expenditure RM'000	Oil mill and estate plant and machinery RM'000	Heavy equipment and motor vehicles RM'000	Furniture, fittings and equipment RM'000	Platforms, net cages and water tanks RM'000	Hotel renovations, plant and machinery RM'000	Land use rights RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated depreciation											
At 1 January 2019	60,357	102,657	4,410	30,616	40,658	8,966	608	6,581	10,139	-	264,992
Depreciation charge:	7,853	21,264	1,185	3,122	5,217	1,027	-	477	2,347	-	42,492
Recognised in profit or loss (Note 8)	6,876	21,264	1,050	3,119	4,506	908	-	477	1,455	-	39,655
Allocation for Plasma Scheme	99	-	68	3	43	4	-	-	-	-	217
Capitalised in bearer plants	878	-	67	-	668	115	-	-	892	-	2,620
Disposals	-	-	-	(2)	(976)	(6)	-	-	-	-	(984)
Elimination of accumulated depreciation on revaluation	(12,950)	-	-	-	-	-	-	-	(11,668)	-	(24,618)
Reclassified to Investment Properties (Note 14)	(1,219)	-	(119)	-	(983)	(270)	(59)	-	(226)	-	(2,876)
Written off	-	(21,842)	-	-	-	-	-	-	-	-	(21,842)
Exchange differences	270	206	43	101	339	47	-	-	-	-	1,006
At 31 December 2019 and 1 January 2020	54,311	102,285	5,519	33,837	44,255	9,764	549	7,058	592	-	258,170
Depreciation charge:	13,174	23,043	951	2,880	5,096	1,008	-	579	5,515	-	52,246
Recognised in profit or loss (Note 8)	12,085	22,748	827	2,867	4,552	935	-	579	4,689	-	49,282
Allocation for Plasma Scheme	124	-	70	3	101	12	-	-	-	-	310
Capitalised in bearer plants	965	295	54	10	443	61	-	-	826	-	2,654
Disposals	-	-	-	-	(1,492)	(4)	-	-	-	-	(1,496)
Written off	-	-	-	-	(1,735)	-	-	-	-	-	(1,735)
Exchange differences	(470)	(799)	(158)	(166)	(503)	(82)	-	-	-	-	(2,178)
At 31 December 2020	67,015	124,529	6,312	36,551	45,621	10,686	549	7,637	6,107	-	305,007

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

Group	Leasehold land, buildings and mill structure RM'000	Bearer plant RM'000	Plantation and fishery infrastructure development expenditure RM'000	Oil mill and estate plant and machinery RM'000	Heavy equipment and motor vehicles RM'000	Furniture, fittings and equipment RM'000	Platforms, net cages and water tanks RM'000	Hotel renovations, plant and machinery RM'000	Land use rights RM'000	Capital work-in-progress RM'000	Total RM'000
Net carrying amount											
At 31 December 2019											
- At valuation	390,440	-	-	-	-	-	-	-	152,385	-	542,825
- At cost	91,222	506,507	34,258	24,120	20,690	3,766	-	3,311	516	4,677	689,067
	481,662	506,507	34,258	24,120	20,690	3,766	-	3,311	152,901	4,677	1,231,892
At 31 December 2020											
- At valuation	356,250	-	-	-	-	-	-	-	144,295	-	500,545
- At cost	87,450	488,107	34,077	21,102	18,075	3,499	-	3,673	516	5,109	661,608
	443,700	488,107	34,077	21,102	18,075	3,499	-	3,673	144,811	5,109	1,162,153

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

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

Breakdown of leasehold land, buildings and mill structure of the Group:

	Leasehold plantation land RM'000	Other leasehold land RM'000	Buildings and mill structure RM'000	Total RM'000
Valuation/cost				
At 1 January 2019	89,500	16,833	122,979	229,312
Additions	-	-	4,480	4,480
Elimination of accumulated depreciation on revaluation	(12,950)	-	-	(12,950)
Reclassified to investment properties	(3,096)	-	(3,292)	(6,388)
Reclassified from capital work-in-progress	-	-	3,157	3,157
Asset revaluation	316,986	-	-	316,986
Exchange differences	-	-	1,376	1,376
At 31 December 2019	390,440	16,833	128,700	535,973
Additions	-	-	166	166
Asset revaluation	(27,683)	-	-	(27,683)
Reclassification	-	-	4,194	4,194
Exchange differences	-	-	(1,935)	(1,935)
At 31 December 2020	362,757	16,833	131,125	510,715

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

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

Breakdown of leasehold land, buildings and mill structure of the Group: (cont'd)

	Leasehold plantation land RM'000	Other leasehold land RM'000	Buildings and mill structure RM'000	Total RM'000
Accumulated depreciation				
At 1 January 2019	12,122	1,740	46,495	60,357
Depreciation charge:	1,219	240	6,394	7,853
Recognised in profit or loss	1,219	240	5,417	6,876
Allocation to Plasma Scheme	-	-	99	99
Capitalised in bearer plants	-	-	878	878
Elimination of accumulated depreciation on revaluation	(12,950)	-	-	(12,950)
Reclassified to investment properties	(391)	-	(828)	(1,219)
Exchange differences	-	-	270	270
At 31 December 2019	-	1,980	52,331	54,311
Depreciation charge:	6,507	220	6,447	13,174
Recognised in profit or loss	5,857	220	6,008	12,085
Allocation to Plasma Scheme	-	-	124	124
Capitalised in bearer plant	650	-	315	965
Exchange differences	-	-	(470)	(470)
At 31 December 2020	6,507	2,200	58,308	67,015
Net carrying amount				
At 31 December 2019				
- At valuation	390,440	-	-	390,440
- At cost	-	14,853	76,369	91,222
	390,440	14,853	76,369	481,662
At 31 December 2020				
- At valuation	356,250	-	-	356,250
- At cost	-	14,633	72,817	87,450
	356,250	14,633	72,817	443,700

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

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

	Office renovations RM'000	Furniture, fittings and equipment RM'000	Total RM'000
Company			
Cost			
At 1 January 2019	640	818	1,458
Additions	-	12	12
At 31 December 2019	640	830	1,470
Additions	-	13	13
At 31 December 2020	640	843	1,483
Accumulated depreciation			
At 1 January 2019	54	589	643
Depreciation charge for the financial year (Note 8)	25	45	70
At 31 December 2019	79	634	713
Depreciation charge for the financial year (Note 8)	25	42	67
At 31 December 2020	104	676	780
Net carrying amount			
At 31 December 2019	561	196	757
At 31 December 2020	536	167	703

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

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

Included in the carrying amount of property, plant and equipment are right of use assets as follows:

Group as a lessee

	Leasehold plantation land RM'000	Other leasehold land RM'000	Land use rights for plantation RM'000	Leased heavy equipment, machinery and motor vehicles RM'000	Total RM'000
Group					
Valuation/cost					
At 1 January 2020	390,440	17,941	152,385	6,538	567,304
Additions	-	39	210	786	1,035
Asset revaluation	(27,683)	-	-	-	(27,683)
Reclassified to property, plant and equipment	-	-	-	(2,346)	(2,346)
Exchange differences	-	-	(2,827)	(154)	(2,981)
At 31 December 2020	362,757	17,980	149,768	4,824	535,329
Accumulated amortisation and impairment loss					
At 1 January 2020	-	2,572	-	815	3,387
Amortisation for the year:	6,507	248	5,487	1,365	13,607
Recognised in profit or loss (Note 8)	5,857	248	4,661	1,179	11,945
Capitalised in bearer plant	650	-	826	186	1,662
Reclassified to property, plant and equipment	-	-	-	(141)	(141)
Exchange differences	-	-	-	(35)	(35)
At 31 December 2020	6,507	2,820	5,487	2,004	16,818
Net carrying amount					
At 31 December 2019	390,440	15,369	152,385	5,723	563,917
At 31 December 2020	356,250	15,160	144,281	2,820	518,511

The Group also has certain leases with lease terms of 12 months or less and leases with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

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

(a) Assets held under finance leases

During the financial year, the Group and the Company acquired property, plant and equipment at aggregate costs of RM24,917,000 (2019: RM41,959,000) and RM13,000 (2019: RM12,000) respectively as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-cash payments:				
Amortisation and depreciation capitalised under bearer plant	2,654	2,620	-	-
Interest capitalised	2,427	5,547	-	-
Cash payments made for acquisition of property, plant and equipment	19,890	33,792	13	12
	24,971	41,959	13	12

(b) Assets pledged as security

In addition to assets held under finance leases, the net carrying amounts of property, plant and equipment pledged as securities for loans and borrowings (Note 22) are as follows:

	Group	
	2020 RM'000	2019 RM'000
Bearer plant	441,098	474,920
Heavy equipment and motor vehicles	2,820	5,723
Leasehold land	382,938	373,639
Land use rights	74,556	76,531
Buildings and mill structure	56,845	59,502
Plantation infrastructure development expenditure	27,338	16,902
Capital work-in-progress	4,048	2,638
	989,643	1,009,855

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

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

(c) Additions to bearer plant during the financial year included the following:

	Group 2020 RM'000	Group 2019 RM'000
Depreciation of property, plant and equipment (Note 13)	2,654	2,620
Interest capitalised (Note 7)	2,427	5,547
Employee benefits expense (Note 9)	1,098	3,997
	6,179	12,164

(d) Additions to capital work-in-progress during the financial year included employee benefits expenses of RM3,000 (2019: RM44,000).

(e) Revaluation of leasehold plantation land and land use rights for plantation.

If the leasehold plantation land and land use rights for plantation were measured using the cost model, the carrying amounts would be as follows:

	Group 2020 RM'000	Group 2019 RM'000
Leasehold plantation land at 31 December:		
- Cost	103,237	103,237
- Accumulated depreciation	(16,137)	(14,929)
- Net carrying amount	87,100	88,308
Land use right for plantation at 31 December:		
- Cost	79,116	81,693
- Accumulated depreciation	(13,193)	(12,311)
- Net carrying amount	65,923	69,382

(f) The revaluation of leasehold plantation land and land use rights for plantation are categorised as Level 3.

Valuation techniques and inputs used in Level 3 fair value measurements

Description of valuation techniques used and key inputs to valuation on leasehold plantation land and land use rights:

Valuation technique	Significant observable inputs
Comparison Method of Valuation ("CMV")	Selling price per hectare of comparable leasehold plantation land and land use rights sold adjusted for location,accessibility, visibility or exposure,view, size and shape.

The leasehold plantation land and land use rights are valued using CMV. The CMV entails analysing recent transaction and asking prices of similar leasehold plantation land and land use rights in and around the locality for comparison purposes with adjustments made for differences in location, accessibility, tenure and other relevant characteristics to arrive at the fair value.

14. Investment properties

	Land use rights RM'000	Leasehold land RM'000	Buildings RM'000	Plantation and fishery infrastructure development expenditure RM'000	Heavy equipment and motor vehicles RM'000	Furniture, fittings and equipment RM'000	Platforms, net cages and water tanks RM'000	Total RM'000
Group								
Cost								
At 1 January 2019/31 December 2019	11,244	3,096	3,292	149	1,058	334	82	19,255
Addition	847	4,129	-	-	-	-	-	4,976
Reclassification	(7,597)	7,597	-	-	-	-	-	-
At 31 December 2020	4,494	14,822	3,292	149	1,058	334	82	24,231
Accumulated depreciation								
At 1 January 2019	156	-	-	-	-	-	-	156
Depreciation charge for the financial year (Note 8)	227	46	83	9	65	25	4	459
Reclassified from property, plant and equipment (Note 13)	226	391	828	119	983	270	59	2,876
At 31 December 2019	609	437	911	128	1,048	295	63	3,491
Depreciation charge for the financial year (Note 8)	152	167	70	5	8	16	4	422
Reclassification	(379)	379	-	-	-	-	-	-
At 31 December 2020	382	983	981	133	1,056	311	67	3,913

14. Investment properties (cont'd)

	Land use rights RM'000	Leasehold land RM'000	Buildings RM'000	Plantation and fishery infrastructure development expenditure RM'000	Heavy equipment and motor vehicles RM'000	Furniture, fittings and equipment RM'000	Platforms, net cages and water tanks RM'000	Total RM'000
Group								
Net carrying amount								
At 31 December 2019	10,635	2,659	2,381	21	10	39	19	15,764
At 31 December 2020	4,112	13,839	2,311	16	2	23	15	20,318

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

14. Investment property (cont'd)

	Group 2020 RM'000	Group 2019 RM'000
Fair value of investment properties (Level 3)	20,000	16,000

Fair value information

MFRS 13 establishes a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value.

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer. There were no transfer between Level 1, 2 and 3 fair values during the financial year.

The fair values of investment properties of the Group are categorised as Level 3.

The fair value of the property is based on Directors' valuation, which use the comparison method. The comparison method entails analysing recent transactions and asking prices of similar land in and around the locality for comparison purposes with adjustments made for differences in location, visibility, size and tenure.

Valuation techniques and inputs used in Level 3 fair value measurements

Description of valuation techniques used and key inputs to valuation on investment properties:

Valuation technique	Significant observable inputs
Comparison Method of Valuation ("CMV")	Selling price of comparable properties sold adjusted for location, accessibility, visibility or exposure, and shape ofview and size property.

	Group 2020 RM'000	Group 2019 RM'000
Rental income derived from investment properties	265	401
Direct operating expenses from investment properties:		
- depreciation of investment properties	(224)	(198)
- utility expenses	(20)	(71)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

15. Biological assets

Biological assets relate to agricultural produce growing on bearer plants, which is referred to as fresh fruit bunches ("FFB") with the following movements in carrying value:

	Group	
	2020 RM'000	2019 RM'000
At 1 January	4,861	2,228
Harvest	(4,861)	(2,228)
Fair value changes of biological assets	3,812	4,861
At 31 December	3,812	4,861
Net fair value changes of biological assets recognised in profit or loss (Note 8)	(1,049)	2,633

The Group's biological assets were fair valued within Level 3 of the fair value hierarchy. Fair value assessments have been completed consistently using the same valuation techniques.

To arrive at the fair value of FFB, the management considered the oil content of the unripe FFB and derived the assumption that the net cash flow to be generate from FFB prior to more than 6 weeks to harvest to be negligible, therefore quantity of unripe FFB on bearer plants of up to 6 weeks prior to harvest was used for valuation purpose. The value of the unripe FFB was estimated to be approximately 21% for FFB that are 5 to 6 weeks prior to harvest, 40% for FFB that are 3 to 4 weeks prior to harvest and 63% for FFB that are 1 to 2 weeks prior to harvest. The net present value of cash flows is then determined with reference to the market value of crude palm oil at the date of harvest, adjusted for freight and other cost to sell at the point of harvest.

The valuation model adopted by the Group is a discounted cash flow model which includes all cash inflows, cash outflows and imputed contributory asset charges where no actual cash flows associated with the use of assets essential to the agricultural activity are accounted for. The net present value of cash flows is then determined with reference to the market value of crude palm oil at the date of harvest, adjusted for freight, extraction rates, production, transportation, contributory asset charges and other cost to sell at the point of harvest. Changes to the assumed prices of the FFB and tonnage included in the valuation will have a direct effect on the reported valuation.

16. Intangible asset

	Group	
	As at 2020 RM'000	As at 2019 RM'000 (Restate)
Goodwill		
Cost	32,619	32,574
Exchange differences	(58)	45
	32,561	32,619
Less: Accumulated impairment loss	(118)	(118)
Net carrying amount	32,443	32,501

Impairment testing of goodwill

Goodwill which arose from business combinations has been allocated to the CGU plantation and milling segment in Malaysia and CGU plantation and milling segment in Indonesia for impairment testing. The carrying amounts of goodwill for plantation and milling segment in Malaysia and in Indonesia amounted to RM4,932,000 and RM27,511,000 respectively (2019: RM4,932,000 and RM27,569,000 respectively).

The recoverable amount of the CGU of Indonesia has been determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management. The Crude Palm Oil ("CPO") and Palm Kernel ("PK") prices and the pre-tax discount rate applied to the cash flow projections are as follows:

	Group	
	2020 RM'000	2019 RM'000
Plantation and milling segment in Indonesia:		
CPO per MT (RM)	2,580	2,545
PK per MT (RM)	1,520	1,500
Pre-tax discount rate (%)	11.20	10.00

	Group	
	2020 RM'000	2019 RM'000
Plantation and milling segment in Malaysia:		
CPO per MT (RM)	2,580	- *
PK per MT (RM)	1,520	- *
Pre-tax discount rate (%)	10.00	- *

* Recoverable amount determined based on fair value less cost of disposal.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

16. Intangible asset (cont'd)

Impairment testing of goodwill (cont'd)

The calculations of value-in-use for the CGU are most sensitive to the following assumptions:

CPO and PK prices – CPO and PK prices are based on the current market outlook of product prices relating to the CGU.

Pre-tax discount rates – Discount rates are calculated based on the weighted average cost of capital ("WACC") of the Group in the respective segments. In determining the cost of equity portion for the WACC, the capital asset pricing model is used. The calculation of cost of equity based on capital asset pricing model takes into account of the Local Government Securities coupon rate as the risk free rate of return, the beta risk of a similar size listed plantation company and the market rate of return.

The assumptions relating to CPO and PK prices and the pre-tax discount rate relevant to the plantation and millings segment in Indonesia are also used by the Group and the Company in the assessments of the recoverable amount of the CGU relating to the non-current assets of the Group's Indonesia entities and the Company's interests in subsidiaries.

In prior year, the recoverable amount of the CGU of Malaysia is determined based on fair value less costs of disposal ("FVLCD") using the market approach. The fair value measurement is categorized as a level 3 fair value measurement is categorized as a level 3 fair value based on inputs in the value from techniques used.

Key assumption used in the fair value less costs of disposal calculation is as follows:

Average selling price per hectare	RM66.667
Incidental cost of disposal	RM39 million

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the plantation and mill segment, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the CGU to exceed their recoverable amounts.

17. Interests in subsidiaries

	Company	
	2020 RM'000	2019 RM'000 (Restated)
Unquoted shares at cost	172,083	172,083
Amounts due from subsidiaries	622,929	611,200
Less: Accumulated impairment losses	(55,953)	(55,953)
	739,059	727,330

Amounts due from subsidiaries are unsecured and non-interest bearing except for an amount of RM300,474,000 (2019: RM274,124,000) subject to interest charge at rates ranging from 5.83% to 9.55% (2019: 6.78% to 10.37%) per annum. Included therein are amounts due from subsidiaries of RM473,529,000 (2019: RM473,329,000) denominated in Indonesian Rupiah.

An impairment assessment of the carrying amounts of interests in subsidiaries at the reporting date was undertaken based on the value in use calculation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

17. Interests in subsidiaries (cont'd)

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Effective Proportion of ownership interest 2020 %	2019 %
Incorporated in Malaysia			
Held by the Company:			
Agrisa Trading Sdn. Bhd. (i)	Oil palm plantation	100	100
Berkat Setia Sdn. Bhd. (i)	Oil palm plantation and palm oil mill	100	100
Ballerina Sdn. Bhd. (i)	Property letting	100	100
Dat Soon Trading Sendirian Berhad (i)	Trading of fresh fruit bunches	100	100
Growth Enterprise Sendirian Berhad (i)	Oil palm plantation	100	100
Intan Ramai Sdn. Bhd. (i)	Oil palm plantation	100	100
Kian Merculaba Sdn. Bhd. (i)	Oil palm plantation	100	100
Kidat Sendirian Berhad (i)	Transportation services	100	100
Sinar Ramai Sdn. Bhd. (i)	Oil palm plantation	100	100
Seraya Plantation Sdn. Bhd. (i)	Oil palm plantation	100	100
Syarikat Emashijau Sdn. Bhd. (i)	Management services	100	100
Syarikat Sofrah Sdn. Bhd. (i)	Oil palm plantation	100	100
Transglobe Enterprise Sdn. Bhd. (i)	Oil palm plantation	100	100
Wenow Enterprise Sdn. Bhd. (i)	Trading of fresh fruit bunches	100	100
The Palace Ventures Sdn. Bhd. (i)	Hotelier	100	100
Miracle Display Sdn. Bhd. (i)	Dormant	100	100
Better Prospects Sdn. Bhd. (i)	Renting of fish hatchery assets	100	100
Bintang Kinabalu Plantation Sdn. Bhd. (i)	Investment holding	100	100
Banggi Setia Sdn. Bhd. (i)	Oil palm mill	100	100
Miasa Plantation Sdn. Bhd. (i)	Investment holding	100	100
Natural Plantation Sdn. Bhd. (i)	Dormant	100	100
Permata Alam Sdn. Bhd. (i)	Investment holding	100	100
Berkat Banggi Sdn. Bhd. (i)	Dormant	100	100
Sungai Kenali Sdn. Bhd. (i)	Oil palm plantation	100	100
Held through Growth Enterprise Sendirian Berhad:			
Telupid Kelapa Sawit Sdn. Bhd. (i)	Investment holding	70	70
Held through Telupid Kelapa Sawit Sdn. Bhd.:			
Bonus Indah Sdn. Bhd. (i)	Oil palm plantation	70	70

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

17. Interests in subsidiaries (cont'd)

Name of subsidiaries	Principal activities	Effective Proportion of ownership interest 2020 %	2019 %
Incorporated in Malaysia (cont'd)			
Held through Berkat Setia Sdn. Bhd.:			
Best Borneo Oil Palm Resources Sdn. Bhd. (i)	Marketing and trading of crude palm oil and crude palm oil refine products	70	70
Held through Kidat Sendirian Berhad:			
Pedoman Hasil Sdn. Bhd. (i)	Oil palm plantation	100	100
Held through The Palace Ventures Sdn. Bhd.:			
Big Bright Realty Sdn. Bhd. (i)	Dormant	100	100
Incorporated in Indonesia			
Held through Bintang Kinabalu Plantation Sdn. Bhd.:			
PT Borneo Utama Berkat Setia ("PT Borneo") (ii)	Oil palm plantation	95	95
Held through Miasa Plantation Sdn. Bhd.:			
PT Sawit Nusantara Makmur Utama (ii)	Investment holding	74	74
Held through PT Sawit Nusantara Makmur Utama:			
PT Nala Palma Cadudasa (ii)	Oil palm plantation and palm oil mill	70	70
PT Enggang Alam Sawita (ii)	Oil palm plantation	70	70
PT Hamparan Sentosa (ii)	Oil palm plantation	70	70
PT Sumber Alam Selaras (ii)	Oil palm plantation	70	70

(i) Audited by Ernst & Young PLT, Malaysia

(ii) Audited by Kanaka Puradiredja, Suhartono (a member of Nexia International)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

17. Interests in subsidiaries (cont'd)

(a) Subsidiaries with material non-controlling interests

Financial information of subsidiaries that have material non-controlling interests is provided below.

Proportion of equity interest held by non-controlling interests:

Name	Country of incorporation and operation	2020 %	2019 %
Bonus Indah Sdn. Bhd.	Malaysia	30	30
PT Borneo	Indonesia	5	5
PT Sawit Nusantara Makmur Utama and its subsidiaries ("SNMU Group")	Indonesia	26	26

	2020 RM'000	2019 RM'000 (Restated)
Accumulated balances of material non-controlling interests:		
Bonus Indah Sdn. Bhd.	18,233	24,992
PT Borneo	(2,843)	(2,906)
SNMU Group	12,598	13,866
Other individually immaterial non-controlling interests	(8)	(7)
	27,980	35,945

	2020 RM'000	2019 RM'000 (Restated)
Profit/(loss) allocated to material non-controlling interests:		
Bonus Indah Sdn. Bhd.	(112)	5
PT Borneo	5	(127)
SNMU Group	(1,449)	(2,631)
Other individually immaterial non-controlling interests	(1)	(67)
	(1,557)	(2,820)

The summarised financial information of the subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

17. Interests in subsidiaries (cont'd)

(a) Subsidiaries with material non-controlling interests (cont'd)

Summarised statement of financial position as at 31 December 2020:

	Bonus Indah Sdn. Bhd. RM'000	PT Borneo RM'000	SNMU Group RM'000	Total RM'000
Non-current assets	140,338	40,580	500,531	681,449
Current assets	856	2,250	32,247	35,353
Total assets	141,194	42,830	532,778	716,802
Current liabilities	163	82,628	207,417	290,208
Non-current liabilities	43,005	579	471,071	514,655
Total liabilities	43,168	83,207	678,488	804,863
Total equity	98,026	(40,377)	(145,710)	(88,061)
Attributable to:				
Non-controlling interests	18,233	(2,843)	12,598	27,988
Other individuallyimmaterial non-controlling interests	-	-	-	(8)
	18,233	(2,843)	12,598	27,980

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

17. Interests in subsidiaries (cont'd)

(a) Subsidiaries with material non-controlling interests (cont'd)

Summarised statement of comprehensive income for financial year ended 31 December 2020:

	Bonus Indah Sdn. Bhd. RM'000	PT Borneo RM'000	SNMU Group RM'000	Total RM'000
Revenue	8,106	4,138	117,033	129,277
Loss for the financial year	(372)	(1,182)	(16,170)	(17,724)
Other comprehensive income	(22,167)	125	3,098	(18,944)
Total comprehensive loss	(22,539)	(1,057)	(13,072)	(36,668)
Other comprehensive (loss)/income attributable to:				
Non-controlling interests	(6,653)	62	183	(6,408)
Other individually immaterial non-controlling interests	-	-	-	-
	(6,653)	62	183	(6,408)
(Loss)/profit attributable to:				
Non-controlling interests	(112)	5	(1,449)	(1,556)
Other individually immaterial non-controlling interests	-	-	-	(1)
	(112)	5	(1,449)	(1,557)
Total comprehensive (loss)/income attributable to:				
Non-controlling interests	(6,675)	67	(1,266)	(7,964)
Other individually immaterial non-controlling interests	-	-	-	(1)
	(6,675)	67	(1,266)	(7,965)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

17. Interests in subsidiaries (cont'd)

(a) Subsidiaries with material non-controlling interests (cont'd)

Summarised cash flows for financial year ended 31 December 2020:

	Bonus Indah Sdn. Bhd. RM'000	PT Borneo RM'000	SNMU Group RM'000	Total RM'000
Net cash flows from operating activities	4,223	1,373	36,123	41,719
Net cash flows used in investing activities	(1,434)	(95)	(14,888)	(16,417)
Net cash flows used in financing activities	(2,789)	(1,260)	(26,898)	(30,947)
Net increase/(decrease) in cash and cash equivalents	-	18	(5,663)	(5,645)

Summarised statement of financial position as at 31 December 2019:

	Bonus Indah Sdn. Bhd. RM'000	PT Borneo RM'000	SNMU Group RM'000	Total RM'000
Non-current assets	141,881	28,056	734,462	904,399
Current assets	1,069	1,691	39,052	41,812
Total assets	142,950	29,747	773,514	946,211
Current liabilities	11,206	84,278	589,587	685,071
Non-current liabilities	30,737	389	207,333	238,459
Total liabilities	41,943	84,667	796,920	923,530
Total equity	101,007	(54,920)	(23,406)	22,681
Attributable to:				
Non-controlling interests	24,992	(2,906)	13,866	35,952
Other individually immaterial non-controlling interests	-	-	-	(7)
	24,992	(2,906)	13,866	35,945

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

17. Interests in subsidiaries (cont'd)

(a) Subsidiaries with material non-controlling interests (cont'd)

Summarised statement of comprehensive income for financial year ended 31 December 2019:

	Bonus Indah Sdn. Bhd. RM'000	PT Borneo RM'000	SNMU Group RM'000	Total RM'000
Revenue	7,026	3,616	108,658	119,300
Profit/(loss) for the financial year	15	(2,533)	(5,958)	(8,476)
Other comprehensive income	82,116	(952)	12,348	93,512
Total comprehensive income/(loss)	82,131	(3,485)	6,390	85,036
Other comprehensive income/(loss) attributable to:				
Non-controlling interests	24,641	(48)	14,840	39,433
Other individually immaterial non-controlling interests	-	-	-	-
	24,641	(48)	14,840	39,433
Profit/(loss) attributable to:				
Non-controlling interests	5	(127)	(2,631)	(2,753)
Other individually immaterial non-controlling interests	-	-	-	(67)
	5	(127)	(2,631)	(2,820)
Total comprehensive income/(loss) attributable to:				
Non-controlling interests	24,646	(175)	12,209	36,680
Other individually immaterial non-controlling interests	-	-	-	(67)
	24,646	(175)	12,209	36,613

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

17. Interests in subsidiaries (cont'd)

(a) Subsidiaries with material non-controlling interests (cont'd)

Summarised cash flows for financial year ended 31 December 2019:

	Bonus Indah Sdn. Bhd. RM'000	PT Borneo RM'000	PT Enggang Alam Sawita RM'000	Total RM'000
Net cash flows from operating activities	2,713	1,617	50,592	54,922
Net cash flows used in/from investing activities	(2,417)	(50)	(38,295)	(40,762)
Net cash flows used in/from financing activities	(308)	(1,559)	(12,602)	(14,469)
Net (decrease)/increase in cash and cash equivalents	(12)	8	(305)	(309)

18. Inventories

	Group 2020 RM'000	Group 2019 RM'000
Cost		
Crude palm oil and palm kernel	2,928	9,090
Consumable stores	12,366	7,858
Oil palm nurseries	2,561	1,613
Food, beverages and tobacco	31	54
Hotel consumables	93	125
	17,979	18,740

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM176,063,000 (2019: RM139,967,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

19. Trade and other receivables

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Current				
Trade receivables (Note a)				
Third parties	6,709	6,895	-	-
Less: Allowance for expected credit losses	(995)	(330)	-	-
Trade receivables, net	5,714	6,565	-	-
Other receivables				
Advances to contractors (Note b)	284	276	-	-
Indonesian VAT recoverable	1,468	4,552	-	-
Malaysian GST recoverable	3	3	-	-
Staff loans (Note c)	2,441	2,460	13	14
Sundry deposits	400	1,320	2	2
Sundry receivables	3,838	2,617	7	10
	8,434	11,228	22	26
Less: Allowance for expected credit losses (Note f)	(2,175)	(1,898)	-	-
	6,259	9,330	22	26
	11,973	15,895	22	26
Non-current				
Other receivables				
Foreign companies pending completion of acquisition:				
- Deposits paid for purchase consideration and incidental costs	4,798	4,798	-	-
- Advances for working capital	5,658	5,369	-	-
Amounts due from foreign subsidiaries' non-controlling interests (Note d)	1,735	18,016	-	-
Advance for Plasma Scheme (Note e)	45,560	38,736	-	-
Deposits paid for leases of land and office building	360	392	-	-
	58,111	67,311	-	-
Less: Allowance for expected credit losses (Note f)	(11,727)	(14,430)	-	-
	46,384	52,881	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

19. Trade and other receivables (cont'd)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Total trade and other receivables (current and non-current)	58,357	68,776	22	26
Add: Cash and bank balances (Note 20)	12,984	18,549	4,626	4,995
Amounts due from subsidiaries (Note 17)	-	-	300,474	274,124
Less: Indonesian VAT recoverable	(1,468)	(4,552)	-	-
Malaysian GST recoverable	(3)	(3)	-	-
Deposits paid for leases of land and office building	(361)	(392)	-	-
Total financial assets measured at amortised cost	69,509	82,378	305,122	279,145

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 7 to 60 days (2019: 7 to 60 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2020 RM'000	2019 RM'000
Neither past due nor impaired	5,532	5,784
1 to 30 days past due not impaired	29	19
31 to 60 days past due not impaired	14	80
61 to 90 days past due not impaired	52	50
91 to 120 days past due not impaired	86	631
More than 121 days past due not impaired	1	1
	182	781
Impaired	995	330
	6,709	6,895

19. Trade and other receivables (cont'd)

(a) Trade receivables (cont'd)

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. Approximately 31% (2019: 9%) of the Group's trade receivables arise from refinery customers which are subsidiaries of well-established listed plantation groups.

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

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM182,000 (2019: RM781,000) that are past due at the reporting date but not impaired. These balances are unsecured in nature. Management is confident that these receivables are recoverable as these accounts are still active.

Receivables that are impaired

The movements of the allowance accounts used to record the expected credit losses are as follows:

	Group	
	2020 RM'000	2019 RM'000
At the beginning of financial year	330	92
Charge for the financial year (Note 8)	665	238
At the end of financial year	995	330

(b) Advances to contractors

The advances were made to contractors engaged by the Group's Indonesian subsidiaries for oil palm plantation development and these advances are interest-free and will be deducted against future progress billings for contract work done by the contractors.

(c) Staff loans

The above amount is unsecured, non-interest bearing and is repayable on demand.

(d) Amounts due from foreign subsidiaries' non-controlling interests

Amounts due from foreign subsidiaries' non-controlling interests are unsecured, non-interest bearing and have no fixed term of repayment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

19. Trade and other receivables

Receivables that are impaired (cont'd)

(e) Advance for Plasma Scheme

	2020 RM'000	2019 RM'000
Advance for Plasma Scheme	45,560	38,736

Plasma receivable during the financial year included the following:

	Group	
	2020 RM'000	2019 RM'000
Depreciation of property, plant and equipment (Note 13)	310	217
Employee benefits expense (Note 9)	1,358	1,641
Interest allocation (Note 7)	5,828	5,630
	7,496	7,488

(f) Other receivables that are impaired

Non-current:

At the reporting date, the Group has made allowance for expected credit losses of RM11,727,000 (2019: RM14,430,000) on the plasma receivables, purchase consideration and incidental costs for the acquisition of foreign companies and advances for working capital with nominal amounts of RM17,090,000 (2019: RM20,392,000).

The movements of the allowance accounts used to record the expected credit losses are as follows:

	Group	
	2020 RM'000	2019 RM'000
At the beginning of financial year	14,430	10,641
Charge for the financial year (Note 8)	(2,703)	3,789
At the end of financial year	11,727	14,430

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

19. Trade and other receivables (cont'd)

(f) Other receivables that are impaired (cont'd)

Current:

At the reporting date, the Group has made allowance for expected credit losses of RM2,175,000 (2019: RM1,898,000).

The related receivables are determined to be individually impaired and full allowance has been recognised. These receivables are not secured by any collateral or credit enhancements.

The movements of the allowance accounts used to record the expected credit losses are as follows:

	Group	
	2020 RM'000	2019 RM'000
At the beginning of financial year	1,898	1,778
Charge for the financial year (Note 8)	385	87
Translation difference	(108)	33
At the end of financial year	2,175	1,898

20. Cash and bank balances

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash at banks and on hand	5,876	7,191	4,626	4,995
Short-term fixed deposits with licensed banks	7,108	11,358	-	-
Cash and bank balances	12,984	18,549	4,626	4,995

Cash at certain banks earns interest at floating rates based on daily bank deposit rates. Short-term fixed deposits are made for periods of between 3 months and 12 months (2019: 3 months and 12 months) depending on the immediate cash requirements of the Group and of the Company, and earn interests at the respective short-term deposit rates. The weighted average effective interest rates as at 31 December 2020 and 31 December 2019 for the Group were as follows:

	Group	
	2020 %	2019 %
Short-term fixed deposits with licensed banks in:		
Malaysia	1.56 to 3.00	1.56 to 3.35

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

20. Cash and bank balances (cont'd)

Short-term fixed deposits with licensed banks of the Group amounting to RM6,500 (2019: RM6,500) are held under lien to secure bank guarantees issued in favour of third parties on behalf of the Group.

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following at the reporting date:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash and bank balances	12,984	18,549	4,626	4,995
Bank overdrafts (Note 22)	(6,294)	(5,978)	(993)	(995)
Short term fixed deposits with licensed banks with maturity	6,690	12,571	3,633	4,000
more than 3 months*	(7,108)	(11,251)	-	-
Total cash and cash equivalents	(418)	1,320	3,633	4,000

* Pledged for revolving credits facilities as stated in Note 22.

21. Derivatives liabilities

	2020			2019		
Group	Contract/ Notional Amount RM'000	Assets RM'000	Liabilities RM'000	Contract/ Notional Amount RM'000	Assets RM'000	Liabilities RM'000 (Restated)
Commodity swap contracts						
- Crude Palm Oil	67,589	-	(8,964)	38,173	-	(4,526)
Total financial liabilities at fair value through profit or loss		-	(8,964)		-	(4,526)

The commodity swap contracts are used to hedge price fluctuation of crude palm oil. Most of the commodity swap contracts have maturities of less than one year after the end of the reporting period.

Forward commodity swap contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and forward rate curves of the underlying commodity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

22. Loans and borrowings

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current				
Secured:				
Revolving credits	164,294	259,271	106,632	111,860
Bank loans	112,754	190,572	19,087	163,633
Lease liabilities	1,393	2,158	-	-
	278,441	452,001	125,719	275,493
Unsecured:				
Bankers' acceptances	8,493	8,371	-	-
Bank overdrafts	6,294	5,978	993	995
	14,787	14,349	993	995
	293,228	466,350	126,712	276,488
Non-current				
Secured:				
Bank loans	150,071	874	136,745	-
Lease liabilities	2,320	1,459	-	-
	152,391	2,333	136,745	-
Total loans and borrowings				
Bank overdrafts (Note 20)	6,294	5,978	993	995
Revolving credits	164,294	259,271	106,632	111,860
Bankers' acceptances	8,493	8,371	-	-
Bank loans	262,825	191,446	155,832	163,633
Lease liabilities	3,713	3,617	-	-
Total loans and borrowings	445,619	468,683	263,457	276,488

All the above loans and borrowings are denominated in RM except for two (2019: two) revolving credits amounting to RM105,616,000 (2019: RM198,728,000) which are denominated in United States Dollar ("USD").

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

22. Loans and borrowings (cont'd)

The remaining maturities of the loans and borrowings as at the reporting date are as follows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
On demand or within one year	293,228	466,350	126,712	276,488
More than 1 year but less than 2 years	35,203	729	27,319	-
More than 2 years but less than 5 years	90,730	1,604	84,773	-
More than 5 years	26,458	-	24,653	-
	445,619	468,683	263,457	276,488

Bank overdrafts

Bank overdrafts are repayable on demand and bear interest ranging from Malaysian Base Lending Rate ("BLR") + 0.25% to BLR + 1.75% (2019: BLR + 0.25% to BLR + 1.75%) per annum. They are secured by corporate guarantees given by the Company as disclosed in Note 23(e).

Revolving credits

Revolving credits denominated in RM are roll-over on a monthly basis subject to bank's review and bear interests ranging from Cost of Fund ("COF") + 1.00% to COF + 2.00% (2019: from COF + 1.00% to COF + 2.00%) per annum. Revolving credits denominated in USD are also roll-over on a monthly basis and bear interests ranging from 4.83% to 6.13% (2019: 4.83% to 6.13%) per annum. The revolving credits are secured by legal charges over several parcels of land and oil palm planting expenditure and palm oil mill of certain subsidiaries as disclosed in Note 13, fixed deposits of the Group and a corporate guarantee by the Company as disclosed in Note 23(e).

Bankers' acceptances

Bankers' acceptances are drawn on 90 days (2019: 90 days) tenure and bear interest at COF + 1.50% (2019: COF + 1.50%) per annum. They are secured by corporate guarantees given by the Company as disclosed in Note 23(e).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

22. Loans and borrowings (cont'd)

Bank loans

The bank loans of the Group and of the Company consist of the following:

(a) Two (2019: Two) floating rate term loans granted to the Company bearing interest at COF + 1.3% (2019: COF + 1.55%) per annum of which one is expected to be fully repaid in 2023 and the other one in 2026 respectively (2019: one in 2023 and one in 2026 respectively). These bank loans are secured by:

(i) legal charges over several parcels of land, oil palm planting expenditure and bearer plant of certain subsidiaries as disclosed in Note 13;
(ii) assignment of the account receivables and collection account; and
(iii) corporate guarantees by certain subsidiaries.

(b) One (2019: One) floating rate term loans granted to the Company bearing interest at COF + 1.55% (2019: COF + 1.30%) per annum of which one is expected to be fully repaid in 2024. These bank loans are secured by:

(i) legal charges over several parcels of land, oil palm planting expenditure and bearer plant of certain subsidiaries as disclosed in Note 13; and
(ii) corporate guarantees given by certain subsidiaries.

(c) Two (2019: Two) floating rate term loans granted to a subsidiary bearing interest at COF + 1.30% (2019: COF + 1.30%) per annum and they are expected to be fully repaid over approximately 4 years in 2023 (2019: 5 years in 2023). These bank loans are secured by:

(i) legal charges over several parcels of land and oil palm planting expenditure of certain subsidiaries as disclosed in Note 13; and
(ii) corporate guarantees by the Company as disclosed in Note 23(e).

(d) One (2019: Nil) floating rate term loans granted to a subsidiary bearing interest at 8.5% per annum and they are expected to be fully repaid over approximately 7 years in 2027. These bank loans are secured by corporate guarantees by the Company as disclosed in Note 23(e).

Loan covenants

Bank borrowings with carrying amount of RM113,755,000 contain covenants that require DSCR to be at least 1.25 times and total debts/EBITDA ratio of not more than 1 time on a consolidated basis throughout the tenure of the loan. During the year, there were non-compliance in relation to the DSCR and total debts/EBITDA ratio, of which subsequent to the financial year end, the Group has obtained indulgence from the banker for this non-compliance. As the indulgence from the banker was received subsequent to the financial year end, this bank loan was classified as current liabilities in the financial statements. The bank loan that was classified as current may be classified as non-current after the date of the letters of indulgence from the banker. The Directors will continuously monitor the compliance of the loan covenants of the borrowings.

Obligations under finance leases

These obligations are secured by charges over leased assets as disclosed in Note 13 and corporate guarantees by the Company as disclosed in Note 23(e). The discount rates implicit in the leases range from 4.83% to 6.54% (2019: 4.83% to 6.54%) per annum. These obligations have maturities ranging from 2020 to 2023.

22. **Loans and borrowings** (cont'd)

Changes in liabilities arising from financing activities:

Group	At 1 January 2019 RM'000	Effect of adoption of MFRS 16 Lease RM'000	Drawdown RM'000	Repayment RM'000	Exchange differences RM'000	Reclassification RM'000	At 31 December 2019 RM'000
Short term borrowings:							
Bankers' acceptances	6,399	-	75,793	(73,821)	-	-	8,371
Revolving credits	262,917	-	-	(1,500)	(2,146)	-	259,271
Bank loans	170,342	-	42,515	(21,536)	125	(874)	190,572
Obligations under finance lease	500	(500)	-	-	-	-	-
Lease liabilities	-	500	3,982	(1,901)	-	(423)	2,158
	440,158	-	122,290	(98,758)	(2,021)	(1,297)	460,372
Long term borrowings:							
Bank loans	-	-	-	-	-	874	874
Obligations under finance lease	774	(774)	-	-	-	-	-
Lease liabilities	-	1,023	13	-	-	423	1,459
	774	249	13	-	-	1,297	2,333
	440,932	249	122,303	(98,758)	(2,021)	-	462,705

22. Loans and borrowings (cont'd)

Changes in liabilities arising from financing activities (cont'd):

Company	At 1 January 2019 RM'000	Effect of adoption of MFRS 16 Lease RM'000	Drawdown RM'000	Repayment RM'000	Exchange differences RM'000	Reclassification RM'000	At 31 December 2019 RM'000
Short term borrowings:							
Revolving credits	112,720	-	-	-	(860)	-	111,860
Bank loans	143,783	-	34,360	(14,510)	-	-	163,633
	256,503	-	34,360	(14,510)	(860)	-	275,493

22. **Loans and borrowings** (cont'd)

Changes in liabilities arising from financing activities (cont'd):

	At 1 January 2020 RM'000	Drawdown RM'000	Repayment RM'000	Exchange differences RM'000	Reclassification RM'000	At 31 December 2020 RM'000
Group						
Short term borrowings:						
Bankers' acceptances	8,371	122	-	-	-	8,493
Revolving credits	259,271	-	(4,780)	(3,582)	(86,615)	164,294
Bank loans	190,572	8,550	(23,605)	(181)	(62,582)	112,754
Lease liabilities	2,158	2,513	(2,354)	(63)	(861)	1,393
	460,372	11,185	(30,739)	(3,826)	(150,058)	286,934
Long term borrowings:						
Bank loans	874	-	-	-	149,197	150,071
Lease liabilities	1,459	-	-	-	861	2,320
	2,333	-	-	-	150,058	152,391
	462,705	11,185	(30,739)	(3,826)	-	439,325

22. Loans and borrowings (cont'd)

Changes in liabilities arising from financing activities (cont'd)**:**

	At 1 January 2020 RM'000	Drawdown RM'000	Repayment RM'000	Exchange differences RM'000	Reclassification RM'000	At 31 December 2020 RM'000
Company						
Short term borrowings:						
Revolving credits	111,860	-	(3,755)	(1,473)	-	106,632
Bank loans	163,633	6,300	(14,101)	-	(136,745)	19,087
	275,493	6,300	(17,856)	(1,473)	(136,745)	125,719
Long term borrowings:						
Bank loans	-	-	-	-	136,745	136,745
	275,493	6,300	(17,856)	(1,473)	-	262,464

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

23. Trade and other payables

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current				
Trade payables (Note a)				
Third parties	35,291	22,955	-	-
Other payables				
Amounts due to foreign subsidiaries' non-controlling interests (Note d)	110,787	-	-	-
Amounts due to subsidiaries (Note b)	-	-	317,529	294,976
Amounts due to director (Note c)	283	93	-	-
Sundry deposits	44	122	-	-
Accruals	4,426	3,176	1,232	1,071
Advances from customers	2,932	6,296	-	-
Sundry payables	16,666	20,666	2,440	4,666
Indonesia VAT payable	30,569	30,028	-	-
Malaysian GST payable	50	192	-	-
	165,757	60,573	321,201	300,713
	201,048	83,528	321,201	300,713
Non-current				
Other payables				
Amounts due to foreign subsidiaries' non-controlling interests (Note d)	-	126,465	-	-
Total trade and other payables (current and non-current)	201,048	209,993	321,201	300,713
Less: Indonesia VAT payable	(30,569)	(30,028)	-	-
Less: Malaysian GST payable	(50)	(192)	-	-
Add: Loans and borrowings (Note 22)	445,619	468,683	263,457	276,488
Total financial liabilities carried at amortised cost	616,048	648,456	584,658	577,201

23. Trade and other payables (cont'd)

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled within the trade credit terms granted to the Group ranging from 30 to 90 days (2019: 30 to 90 days).

(b) Amounts due to subsidiaries

These amounts are unsecured, repayable on demand and non-interest bearing except for RM14,819,000 (2019: RM15,526,000) which subject to interest charge at rates ranging from 5.11% to 8.10% (2019: 5.11% to 8.10%) per annum.

(c) Amounts due to director

The amount is unsecured, non-interest bearing and is repayable on demand.

(d) Amounts due to foreign subsidiaries' non-controlling interest - unsecured

This amount bears interest at 2.5% (2019:2.5%) per annum and is due on 30 April 2021.

(e) Financial guarantees

The fair value of financial guarantees provided by the Company and its subsidiaries to the banks to secure banking facilities as disclosed in Note 22 with nominal amount of RM400,400,500 (2019: RM399,817,000) is negligible as the probability of the financial guarantees being called upon is remote due to most of the carrying amounts of the outstanding loans and borrowings are adequately secured by property, plant and equipment and land use rights of the subsidiaries in which their market values upon realisation are higher than the outstanding loans and borrowings amounts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

24. Employee defined benefit liabilities

The subsidiaries in Indonesia operate unfunded defined benefit schemes for qualified permanent employees and the latest actuarial valuations of the plans were carried out on 31 December 2020.

The movement during the financial year and the amounts recognised in the financial statements are as follows:

	Group	
	2020 **RM'000**	**2019** **RM'000**
At the beginning of financial year	2,952	3,754
Recognised in profit or loss (Note 9):		
Interest cost	182	70
Current service cost	1,068	757
Past service cost	(337)	(1,994)
Net liability released due to employee transferred out	302	(41)
	1,215	(1,208)
Recognised in other comprehensive income:		
Actuarial changes in financial assumptions	296	209
Experience adjustments	196	117
	492	326
Exchange differences	(114)	80
At the end of financial year	4,545	2,952

The amounts recognised in the consolidated statement of financial position are determined as follows:

	Group	
	2020 **RM'000**	**2019** **RM'000**
Present value of obligations (non-current)	4,545	2,952

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

24. Employee defined benefit liabilities (cont'd)

The principal actuarial assumptions used at the reporting date in determining the employee defined benefit obligation for the Group's plans are as follows:

	Group 2020 %	Group 2019 %
Discount rate	6.75	7.80
Expected return of salary increase	6.00	6.00

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumptions on the employee defined benefit obligation as at the end of the reporting period, assuming all other assumptions were held constant:

		Impact on employee defined benefit liabilities Increase/(decrease) 2020 RM'000	2019 RM'000
Discount rate	+1%	(304)	(222)
Discount rate	-1%	304	222
Future salary increases	+1%	354	258
Future salary decreases	-1%	(354)	(258)

25. Deferred tax

	As at 1 January 2019 RM'000	Recognised in profit or loss (Note 11) RM'000 (Restated)	Recognised in other comprehensive income RM'000	Exchange differences RM'000	As at 31 December 2019 RM'000	Recognised in profit or loss (Note 11) RM'000	Recognised in other comprehensive income RM'000	Exchange differences RM'000	As at 31 December 2020 RM'000
Group									
Deferred tax liabilities:									
Property, plant and equipment, land use rights and biological assets	74,038	(4,520)	98,702	(37)	168,183	(9,675)	(10,216)	346	148,638
Deferred tax assets:									
Unabsorbed capital and agriculture allowances	(9,790)	(871)	-	-	(10,661)	454	-	-	(10,207)
Unused tax losses	(148)	(1,340)	-	-	(1,488)	875	-	-	(613)
Provisions	(228)	-	-	-	(228)	228	-	-	-
	(10,166)	(2,211)	-	-	(12,377)	1,557	-	-	(10,820)
	63,872	(6,731)	98,702	(37)	155,806	(8,118)	(10,216)	346	137,818

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

25. Deferred tax (cont'd)

	As at 1 January 2019 RM'000	Recognised in profit or loss (Note 11) RM'000	As at 31 December 2019 RM'000	Recognised in profit or loss (Note 11) RM'000	As at 31 December 2020 RM'000
Company					
Deferred tax liability:					
Property, plant and equipment	42	(6)	36	(4)	32

	Group		Company	
	2020 RM'000	2019 RM'000 (Restated)	2020 RM'000	2019 RM'000
Presented after appropriate offsetting as follows:				
Deferred tax assets	(1,458)	(3,319)	-	-
Deferred tax liabilities	139,276	159,125	32	36
	137,818	155,806	32	36

Unrecognised deferred tax assets

Due to uncertainty of recoverability, deferred tax assets have not been recognised in respect of the following items which are available for offsetting against future taxable profits of the respective subsidiaries in which those items arose:

	Group	
	2020 RM'000	2019 RM'000
Unused tax losses	208,923	208,058
Unabsorbed capital allowances	13,968	11,797
	222,891	219,855

The availability of unused tax losses and unabsorbed capital allowances of the Group for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority. The use of tax losses of subsidiaries in other country is subject to agreement of the tax authorities and compliance with certain provisions of the tax legislation of the other country in which the subsidiaries operate.

The unused tax losses in the foreign subsidiaries amounting to RM135,982,000 (2019: RM130,873,000) are available for carry forward in the jurisdiction in which the foreign subsidiaries operate for a period of 5 years from the year in which those tax losses arose.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

26. Leases

(a) Group as a lessee

The Group has lease contracts for land, heavy equipment, machinery and motor vehicles. The Group's obligations under these leases are secured by the lessor's title to the leased assets. The Group is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension options which are further discussed in Note 26(a)(v).

The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

(i) Carrying amounts of right-of-use assets classified within property, plant and equipment is disclosed in Note 13.

(ii) Lease liabilities

The carrying amounts of lease liabilities (included under borrowings) and the movements during the year are disclosed in Note 22 and the maturity analysis of lease liabilities is disclosed in Note 32(d).

(iii) Amounts recognised in profit and loss

	2020 RM	2019 RM
Depreciation expense of right-of-use assets (Note 13)	13,607	3,915
Interest paid in relation to lease liabilities (Note 7)	462	426
Expense relating to leases of low-value assets (included in cost of sales) (Note 8)	99	95
Variable lease payment (included in cost of sales) (Note 8)	581	349
Total amounts recognised in profit or loss	14,749	4,785

(iv) Total cash outflow

The Group had total cash outflows for leases of RM2,354,000 (2019: RM1,901,000). The Group also had non-cash additions to right-of-use assets and lease liabilities of RM2,513,000 (2019: RM3,982,000).

26. Leases (cont'd)

(a) Group as a lessee (cont'd)

(v) Type of right-of-use assets

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on statement of financial position:

2020

Right-of-use asset	No. of right-of-use assets leased	Range of remaining term	Average remaining lease term	No. of leases with extension options	No. of leases with option to purchase	No. of leases with termination options
Leasehold lands	41	99 - 907 years	63 and 891 years	-	-	-
Land use rights	123	30 - 35 years	15 years	25	-	-
Heavy equipment and motor vehicle	25	1 - 5 years	3 years	-	25	-

2019

Right-of-use asset	No. of right-of-use assets leased	Range of remaining term	Average remaining lease term	No. of leases with extension options	No. of leases with option to purchase	No. of leases with termination options
Leasehold lands	41	99 - 907 years	64 and 892 years	-	-	-
Land use rights	123	30 - 35 years	16 years	25	-	-
Heavy equipment and motor vehicle	31	1 - 5 years	3 years	-	31	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

26. Leases (cont'd)

(a) Group as a lessee (cont'd)

(vi) Variable payments

The Group has lease contracts for the cultivation of oil palm on the land that contains variable payments based on net profit sharing ratio.

	Variable payments RM'000
2020	
Variable payment	581
	581
2019	
Variable payment	349
	349

(vii) Extension options

The Group has several lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised.

(b) Group as a lessor

The Group has entered into operating leases on certain land and buildings, with lease terms between 2 and 10 years.

Future minimum rental receivable under non-cancellable operating leases as at 31 December are as follows:

	Group	
	2020 RM'000	**2019 RM'000**
Within one year	446	445
After one year but not more than five years	926	1,209
More than 5 years	-	25
	1,372	1,679

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

27. Share capital and treasury shares

	Group/Company			
	Number of ordinary Shares		Amount	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Issued and fully paid:				
At the beginning/end of financial year	120,000	120,000	120,000	120,000

(a) Share capital

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

(b) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

The Directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The repurchased shares are being held as treasury shares.

	Group/Company	
	No. of share '000	Cost RM'000
At 1 January 2019	3,125	7,486
Purchase of treasury shares	12	23
At 31 December 2019 and 31 December 2020	3,137	7,509

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

28. Asset revaluation reserve

The asset revaluation reserve represents increases in the fair value of leasehold plantation land and land use rights for plantation, net of tax.

29. Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

30. Commitments

Capital commitments

Capital expenditure commitments as at the reporting date are as follows:

	Group	
	2020 RM'000	**2019 RM'000**
Approved and contracted for:		
Construction of:		
- estate buildings and infrastructure	5,162	6,177
- mill buildings and infrastructure	2,207	4,909
	7,369	11,086

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

31. Related party transactions

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties at terms agreed between the parties during the financial year:

	2020 RM'000	2019 RM'000
Group		
Transactions with a Director of the Company, Datuk Loo Ngin Kong:		
- Rental expense	-	16
- Purchase of fresh fruit bunches	-	1
Transactions with companies in which certain Directors of the Company, Datuk Loo Ngin Kong and Wong Siew Ying have interest:		
- Sale of fresh fruit bunches	(7,261)	(4,599)
Transactions with a company in which a Director of the Company, Dr. Edmond Fernandez has interest: Klinik Elopura Sdn. Bhd.		
- Medical expenses	-	28
- Rental income	-	(7)
Transactions with companies in which a Director of the Company, Tan Sri Dato' Sri Koh Kin Lip, JP has interest:		
- Purchase of quarry stones	-	1
- Purchase of fresh fruit bunches	6,185	381
Company		
Transactions with subsidiaries:		
Purchasing and handling expenses	13	14
Interest expense on advances	854	963
Interest income on advances	(25,705)	(26,506)
Hotel room expenses	19	21
Management fee income	(6,951)	(6,689)
Rental expense on premises	102	102
Transportation expenses	25	40

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

31. Related party transactions (cont'd)

(b) Compensation of key management personnel

The remuneration of the members of key management, who are also Directors during the financial year was as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Executive Directors' remuneration (Note 10)	3,958	4,063	2,784	2,798

32. Financial instruments

(a) Financial risk management objectives and policies

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's and of the Company's businesses whilst managing their interest rate risks (both fair value and cash flow), foreign currency risk, liquidity risk, credit risk and equity price risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings and advances at floating rates given to/from related parties. The Company's advances at floating rate given to/from related parties form a natural hedge for its floating rate bank loans. All of the Group's and of the Company's financial assets and liabilities at floating rates are contractually re-priced at intervals of at least one month from the reporting date.

The Group's and the Company's policy is to manage finance costs using a mix of fixed and floating rate debts.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 (2019: 25) basis points lower/higher, with all other variables held constant, the Group's and the Company's profit before tax would have been RM840,365 (2019: RM887,000) and RM500,569 (2019: RM525,000) higher/lower respectively, arising mainly as a result of lower/higher interest expense on external floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the current observable market environment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

32. Financial instruments (cont'd)

(c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

The functional currencies of the Group entities are Ringgit Malaysia ("RM") and Indonesian Rupiah ("IDR"). At the reporting date, the financial asset and liabilities of the Group and of the Company that are not denominated in the functional currency are as follows:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Financial assets				
Cash and bank balances				
- IDR	4,814	7,812	7	7
- USD	4,368	4,945	1,847	1,324
Amounts due from subsidiaries (IDR)	-	-	464,565	473,329
	9,182	12,757	466,419	474,660
Financial liabilities				
Loans and borrowings (USD)	(113,755)	(199,644)	(78,437)	(82,775)
Other payable (USD)	(110,787)	(126,465)	-	-
	(224,542)	(326,109)	(78,437)	(82,775)

The Group is exposed to currency translation risk arising from its net investment in Indonesian subsidiaries. The Group's net investment in Indonesia subsidiaries is not hedged as currency position in IDR is considered to be long-term in nature.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

32. Financial instruments (cont'd)

(c) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in USD and IDR exchange rates, with all other variables held constant. The impact on the Group's and the Company's (loss)/profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group's and the Company's exposure to foreign currency changes for all other currencies is not material.

		(Loss)/profit before tax			
		Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
RM/USD	- strengthened 5%	14,843	16,058	3,782	4,073
	- weakened 5%	(14,843)	(16,058)	(3,782)	(4,073)
RM/IDR	- strengthened 5%	(241)	(391)	23,229	23,667
	- weakened 5%	241	391	(23,229)	(23,667)

(d) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objectives are to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness. At the reporting date, approximately 66% and 48% (2019: 100% and 100%) of the Group's and the Company's loans and borrowings respectively will mature in less than one year based on the carrying amounts reflected in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

32. Financial instruments (cont'd)

(d) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

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

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
2020				
Group				
Financial liabilities:				
Trade and other payables	219,098	98,261	8,188	325,547
Loans and borrowings (excluding lease liabilities)	218,129	182,720	59,121	459,970
Lease liabilities	1,609	2,136	-	3,745
Total undiscounted financial Liabilities	438,836	283,117	67,309	789,262
Company				
Financial liabilities:				
Trade and other payables	321,200	-	-	321,200
Loans and borrowings (excluding lease liabilities)	132,874	140,610	25,189	298,673
Total undiscounted financial Liabilities	454,074	140,610	25,189	619,873
Financial guarantee contracts	400,401	-	-	400,401

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

32. Financial instruments (cont'd)

(d) Liquidity risk (cont'd)

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
2019				
Group				
Financial liabilities:				
Trade and other payables	83,804	90,073	32,754	206,631
Loans and borrowings (excluding lease liabilities)	498,325	1,103	1,027	500,455
Lease liabilities	341	504	-	845
Total undiscounted financial liabilities	582,470	91,680	33,781	707,931
Company				
Financial liabilities:				
Trade and other payables	301,181	-	-	301,181
Loans and borrowings (excluding lease liabilities)	306,017	-	-	306,017
Total undiscounted financial liabilities	607,198	-	-	607,198
Financial guarantee contracts	399,817	-	-	399,817

* Based on the maximum amount that can be called under the financial guarantee contracts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

32. Financial instruments (cont'd)

(e) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument, leading to a financial loss. The Group and the Company are exposed to credit risk from its operating activities (primarily trade and other receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Group's and the Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's and the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's and the Company's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position; and

- The corporate guarantees provided by the Company and its subsidiaries to the banks at a nominal amount of RM400,400,500 (2019: RM399,817,000) to secure banking facilities as disclosed in Note 23(e).

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the business segments of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables net of allowances for expected credit losses at the reporting date are as follows:

	2020		2019	
	RM'000	**% of total**	**RM'000**	**% of total**
By industry sectors:				
Plantation and mill	5,247	92%	5,339	81%
Hotel	467	8%	1,226	19%
	5,714	100%	6,565	100%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

32. Financial instruments (cont'd)

(e) Credit risk (cont'd)

The Group uses ageing analysis to monitor the credit quality of trade receivables.

The Group performs credit rating assessment of all its counterparties in order to measure ECLs of trade receivables. This credit rating assessment considers quantitative assessment using the counterparties' customer's financial statements or a qualitative assessment of the counterparties customer, which includes but is not limited to their customer's reputation, competitive position, industry and geopolitical outlook.

In determining the ECL, the Group considers the loss given default and the probability of default assigned to each counterparty customer. The probability of default is based on their individual credit rating. This probability of default is derived by benchmarking against available third party and market information, which also incorporates forward looking information.

Loss given default is the assumption of the proportion of financial asset that cannot be recovered by conversion of collateral to cash or by legal process, and is assessed based on the Group's historical experience.

At each reporting date, the Group and Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

(i) significant financial difficulty of the customer;
(ii) a breach of contract such as a default; and
(iii) it is probable that the customer will enter bankruptcy or other financial reorganisation.

In managing credit risk of trade receivables, the Group and the Company manage its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

The ageing of trade receivables is disclosed in Note 19(a).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

32. Financial instruments (cont'd)

(f) Fair values

Determination of fair value

The Group held the following financial instruments carried at fair value in the statements of financial position:

	Assets/ (liabilities) RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
At 31 December 2020				
Fair value through profit or loss:				
Derivatives	(8,964)	-	-	(8,964)
At 31 December 2019				
Fair value through profit or loss:				
Derivatives	(4,526)	-	-	(4,526)

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	19
Loans and borrowings	22
Trade and other payables	23

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date as the impact of discounting is immaterial.

Financial guarantees

Fair value is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default; and
- The estimated loss exposure if the party guaranteed were to default.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

33. 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 shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2020 and 31 December 2019.

The Group monitors capital using a gearing ratio, which is total loans and borrowings less cash and bank balances divided by equity attributable to equity holders of the parent. The Group's policy is to maintain net gearing ratio at an acceptable level with reference to the loan covenants imposed by lending banks.

The calculation of the Group's and Company's gearing ratios is as follows:

		Group		Company	
	Note	2020 RM'000	2019 RM'000 (Restated)	2020 RM'000	2019 RM'000
Loans and borrowings	22	445,619	468,683	263,457	276,488
Less: Cash and bank balances	20	(12,984)	(18,549)	(4,626)	(4,995)
Net debt		432,635	450,134	258,831	271,493
Equity attributable to the equity holders of the parent, representing total capital		482,502	516,158	150,922	151,480
Net gearing ratio		90%	87%	172%	179%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

34. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments, as follows:

(a) The plantation and milling segment is involved in cultivation and sale of oil palm products.

(b) The fishery segment is involved in fish rearing, hatchery and sale of fishes.

(c) The hotelier segment is involved in hotel operations.

(d) The corporate segment is involved in Group-level corporate services, treasury and purchasing functions and business investments.

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are at terms agreed between the parties during the financial year.

34. Segment Information (cont'd)

Business segments

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segments:

	Plantation and milling		Fishery		Hotelier		Corporate		Adjustments and eliminations			Per consolidated financial statements	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	Note	2020 RM'000	2019 RM'000 (Restated)
Revenue													
External customers	262,410	217,416	-	-	2,296	7,886	-	-	-	-		264,706	225,302
Inter-segment	-	-	-	-	11	20	7,205	6,961	(7,216)	(6,981)	A	-	-
Total Revenue	262,410	217,416	-	-	2,307	7,906	7,205	6,961	(7,216)	(6,981)		264,706	225,302
Results													
Interest income	(6,038)	(5,614)	-	-	(9)	(16)	(394)	(40)	-	-		(6,441)	(5,670)
Depreciation and amortisation	48,016	38,604	149	231	1,161	1,146	378	133	-	-	B	49,704	40,114
Other non-cash (income)/ expenses	4,462	1,119	356	-	614	273	4,067	(5,841)	-	-	C	9,499	(4,449)
Segment (loss)/profit before tax	22,439	(5,194)	(228)	23	(3,065)	334	(23,533)	12,402	(12,111)	(25,678)	D	(16,498)	(22,171)

34. Segment Information (cont'd)

	Plantation and milling 2020 RM'000	Plantation and milling 2019 RM'000	Fishery 2020 RM'000	Fishery 2019 RM'000	Hotelier 2020 RM'000	Hotelier 2019 RM'000	Corporate 2020 RM'000	Corporate 2019 RM'000	Adjustments and eliminations 2020 RM'000	Adjustments and eliminations 2019 RM'000	Note	Per consolidated financial statements 2020 RM'000	Per consolidated financial statements 2019 RM'000 (Restated)
Assets													
Additions to non-current assets	23,637	39,797	-	-	967	2,150	5,343	12	-	-	E	29,947	41,959
Segment assets	1,248,524	1,334,422	5,019	5,372	30,870	33,008	24,276	20,781	2,286	4,153	F	1,310,975	1,397,736
Segment liabilities	200,072	200,681	81	75	704	1,237	13,700	15,478	585,936	628,162	G	800,493	845,633

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

34. Segment information (cont'd)

A Inter-segment revenues are eliminated on consolidation.

B Depreciation and amortisation consist of:

	Note	2020 RM'000	2019 RM'000
Property, plant and equipment	8	49,282	39,655
Investment properties	8	422	459
		49,704	40,114

C Other material non-cash (income)/expenses consist of the following items as presented in the respective notes to the financial statements:

	Note	2020 RM'000	2019 RM'000
Employee defined benefits liabilities	9	1,215	(1,208)
Gain on disposal of property, plant and equipment	6	(11)	(299)
Allowance for expected credit losses on other receivables:			
- current		1,050	325
- non-current		(2,991)	605
- impairment of advances to secure land use rights		288	3,184
Fair value loss on derivative		4,906	4,526
Net fair value changes of biological assets	8	1,049	(2,633)
Property, plant and equipment written off	8	255	71
Unrealised loss/(gain) on foreign exchange	6 & 8	3,738	(9,020)
		9,499	(4,449)

D The following items are deducted from segment to arrive at loss before tax presented in the statements of comprehensive income:

	Note	2020 RM'000	2019 RM'000
Finance costs	7	18,909	22,002
Unallocated corporate expenses/(income)		(6,798)	3,676
		12,111	25,678

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

34. Segment information (cont'd)

E Additions to non-current assets consist of:

	Note	2020 RM'000	2019 RM'000
Property, plant and equipment	13	24,971	41,959
Investment properties		4,976	-
		29,947	41,959

F The following items are added to segment assets to arrive at total assets reported in the consolidated statement of financial position:

	Note	2020 RM'000	2019 RM'000 (Restated)
Deferred tax assets	25	1,458	3,319
Tax recoverable		828	834
		2,286	4,153

G The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	Note	2020 RM'000	2019 RM'000 (Restated)
Deferred tax liabilities	25	139,276	159,125
Income tax payable		1,041	354
Loans and borrowings	22	445,619	468,683
		585,936	628,162

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Malaysia	143,535	113,028	589,985	621,612
Indonesia	121,171	112,274	624,929	658,545
	264,706	225,302	1,214,914	1,280,157

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

34. Segment information (cont'd)

G The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position: (cont'd)

Geographical information (cont'd)

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	Note	2020 RM'000	2019 RM'000
Property, plant and equipment	13	1,162,153	1,231,892
Investment properties	14	20,318	15,764
Intangible assets	16	32,443	32,501
		1,214,914	1,280,157

Information about major customers

Revenue from five (2019: four) major customers amounting to RM194,228,000 (2019: RM150,758,000) was accounted for in the plantation and mill segment in the form of sale of crude palm oil and palm kernel.

35. Significant and events after reporting period

(i) On 30 January 2020, the International Health Regulations Emergency Committee of the World Health Organisation ("WHO") declared the coronavirus outbreak a "Public Health Emergency of International Concern". Since then, the virus has spread worldwide. On 11 March 2020, the WHO announced that the coronavirus ("COVID-19") outbreak can be characterized as a pandemic. A series of precautionary and control measures have been and continued to be implemented across the world. These measures and policies have significantly disrupted many business operations around the world.

The directors of the Company have assessed the overall impact of the situation on the Group's and the Company's operations and financial position and concluded that there are no material adverse effects on the financial statements for the financial year ended 31 December 2020.

Given the outbreak continued to evolve, it is not possible to estimate the full impact of outbreak's short-term and longer-term effects or the Government's varying efforts to combat the outbreak and support businesses. Hence, the directors of the Company will continue to monitor the development of these events and assess and react actively to its impacts on the financial position and operating results of the Group and the Company for the financial year ending 31 December 2021.

(ii) Subsequent to the reporting date, the management has given a preliminary acceptance to a conditional offer by a third party to acquire part of the oil palm plantations of the Group in Malaysia within the plantation segment for an amount not disclosed due to confidentiality reasons. The proposed transaction is subject to further negotiations and approvals by the Board of Directors and Shareholders. Consequently, the plantation assets will be classified as held for sales subsequent to year end. A sale is expected by the last quarter of 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

36. Prior year adjustment

During the prior financial year, the Company entered into commodity swap contracts with a financial institution on behalf of one of its subsidiaries. These commodity swap contracts were accounted for as derivatives and were measured at fair value through profit or loss in accordance with MFRS 9 Financial Instruments. As at 31 December 2019, the carrying amount of derivative liabilities was understated by RM4,057,714. Accordingly, losses for the year ended 31 December 2019 for the Group was understated by the same amount.

The comparatives for the financial year ended 31 December 2020 have been adjusted retrospectively and the effects are as follows:

Reconciliation of Statement of Comprehensive Income

Consolidated Statement of Comprehensive Income

	As previously reported 31.12.2019 RM'000	Adjustments RM'000	Restated 31.12.2019 RM'000
Other expenses	(8,645)	(4,058)	(12,703)
Loss before tax	(18,113)	(4,058)	(22,171)
Tax benefit/(expenses)	4,239	82 [a]	4,321
Loss for the year	(13,874)	(3,976)	(17,850)
Loss attributable to:			
Equity holders of the parent	(12,242)	(2,788)	(15,030)
Non-controlling interest	(1,632)	(1,188) [b]	(2,820)
	(13,874)	(3,976)	(17,850)
Total comprehensive income attributable to:			
Equity holders of the parent	256,374	(2,788)	253,586
Non-controlling interest	37,801	(1,188)	36,613
	294,175	(3,976)	290,199
Loss per share attributable to equity holders of the parent:			
Basic loss per share for the financial year	(10.48)	(2.39)	(12.86)

Note a: Tax effects comprise income tax of 22%, net of witholding tax of 20%.

Note b: Based on NCI share of 29.88%.

36. Prior year adjustment (cont'd)

Reconciliation of Statement of Financial Position

Consolidated Statement of Financial Position

	As previously reported 31.12.2019 RM'000	Adjustments RM'000	Restated 31.12.2019 RM'000
Non-current assets:			
Deferred tax assets	2,426	893	3,319
Current liabilities:			
Trade and other payables	83,996	(468)	83,528
Derivatives liabilities	-	4,526	4,526
Non-current liabilities:			
Deffered tax liabilities	158,314	811	159,125
Equity attributable to equity holders of the parent:			
Retained earnings	155,360	(2,788)	152,572
Non controlling interest	37,133	(1,188)	35,945

Company Statement of Financial Position

	As previously reported 31.12.2019 RM'000	Adjustments RM'000	Restated 31.12.2019 RM'000
Current liabilities:			
Interest in subsidiaries	723,272	4,058	727,330
Trade and other payables	301,181	(468)	300,713
Derivatives liabilities	-	4,526	4,526

Note: There is no tax effect at the Company level as the Company back charges the fair value gains/losses to PT Nala. Hence, the Company is in a tax neutral position.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

36. Prior year adjustment (cont'd)

Reconciliation of Consolidated Statement of Cash Flows

Consolidated Statement of Cash Flows

	As previously reported 31.12.2019 RM'000	Adjustments RM'000	Restated 31.12.2019 RM'000
Loss before tax	(18,113)	(4,058)	(22,171)
Adjustment for:			
Fair value loss on derivative	-	4,058	4,058

SHAREHOLDINGS STATISTICS
AS AT 10 JUNE 2021

SHARE CAPITAL

Paid-Up & Issued Share Capital	:	120,000,000 (including treasury shares of 3,137,200)
Type of Shares	:	Ordinary shares
No. of shareholders	:	834
Voting Rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of holdings	No. of Holders	% of Holders	Total Holdings	% of Holdings
1 to 99	41	4.92	470	0.00
100 to 1,000	568	68.10	105,844	0.09
1,001 to 10,000	156	18.70	615,427	0.53
10,001 to 100,000	29	3.48	784,951	0.67
100,001 to 5,843,139*	33	3.96	44,109,662	37.74
5,843,140 and above**	7	0.84	71,246,446	60.97
Total	**834**	**100.00**	**116,862,800**	**100.00**

Notes: * Less than 5% of issued holdings
** 5% and above of issued holdings

SUBSTANTIAL SHAREHOLDERS

According to the Register maintained under Section 144 of the Companies Act 2016, the substantial shareholders' interests in shares of the Company (excluding bare trustees) are as follows:-

	Ordinary shares				
	Direct interests	%	Indirect interests		%
Jubilant Ventures Sdn Bhd	36,904,196	31.58	-		-
Tan Sri Dato' Sri Koh Kin Lip, JP	19,783,344	16.93	2,887,350	*1	2.47
Dato' Loo Pang Kee	14,597,810	12.49	36,904,196	*2	31.58
Wong Siew Ying	2,471,284	2.11	4,910,500	*3	4.20

Notes:

*1 Deemed interest via shareholdings of Rickoh Corporation Sdn. Bhd. in the Company pursuant to Section 8(4), Companies Act 2016 and via shareholdings of his daughter, Koh Se Gay, in the Company.

*2 Deemed interest via shareholdings of Jubilant Ventures Sdn. Bhd. in the Company pursuant to Section 8(4), Companies Act 2016.

*3 Deemed interest via shareholdings of her children, Loo Pang Chieng, Loo Pang How and Loo Mun May, in the Company.

SHAREHOLDINGS STATISTICS
AS AT 10 JUNE 2021 (cont'd)

According to the Register maintained under Section 59 of the Companies Act 2016, the directors' interests in shares of the Company are as follows:-

	Ordinary shares of RM1.00 each				
	Direct interests	**%**	**Indirect interests**		**%**
Name of Directors					
Dato' Loo Pang Kee	14,597,810	12.49	36,904,196	*1	31.58
Wong Siew Ying	2,471,284	2.11	4,910,500	*2	4.20
Lim Ted Hing	804,000	0.69	-		-
Tan Sri Dato' Sri Koh Kin Lip, JP	19,783,344	16.93	2,887,350	*3	2.47
Dato' Ooi Sek Min	-	-	-		-
Datuk Lee Swi Heng	-	-	-		-

Notes:

*1 Deemed interest via shareholdings of Jubilant Ventures Sdn. Bhd. in the Company pursuant to Section 8(4), Companies Act 2016.

*2 Deemed interest via shareholdings of her children, Loo Pang Chieng, Loo Pang How and Loo Mun May, in the Company.

*3 Deemed interest via shareholdings of Rickoh Corporation Sdn. Bhd. in the Company pursuant to Section 8(4), Companies Act 2016 and via shareholdings of his daughter, Koh Se Gay, in the Company.

SHAREHOLDINGS STATISTICS

AS AT 10 JUNE 2021 (cont'd)

Thirty (30) Largest Securities Account Holders as at 10 June 2021

No.	Name	No. of Shares Held	%
1	Jubilant Ventures Sdn Bhd	14,004,196	11.98
2	CIMB Group Nominees (Asing) Sdn Bhd Exempt An for DBS Bank Ltd (SFS-PB)	13,592,250	11.63
3	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged securities account for Jubilant Ventures Sdn Bhd	11,900,000	10.18
4	RHB Nominees (Tempatan) Sdn Bhd OSK Capital Sdn Bhd for Dato' Loo Pang Kee	9,500,000	8.13
5	RHB Nominees (Tempatan) Sdn Bhd OSK Capital Sdn Bhd for Jubilant Ventures Sdn Bhd	9,500,000	8.13
6	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Sri Koh Kin Lip, JP	6,750,000	5.78
7	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Sri Koh Kin Lip, JP	6,000,000	5.13
8	Maybank Nominees (Tempatan) Sdn Bhd Amanahraya Investment Management Sdn Bhd for Mutual Yield Sdn Bhd (C318-240203)	5,452,500	4.67
9	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account – AmBank (M) Berhad for Dato' Loo Pang Kee	5,097,810	4.36
10	Datuk Loo Ngin Kong	3,166,724	2.71
11	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Sri Koh Kin Lip, JP (7003423)	3,033,344	2.60
12	Loo Pang Chieng	2,866,000	2.45
13	Seah Sen Onn @ David Seah	2,820,000	2.41
14	Wong Siew Ying	2,371,284	2.03
15	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Junior Koh Siew Hui	2,043,700	1.75
16	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Sri Koh Kin Lip, JP (8058900)	2,000,000	1.71
17	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Sri Koh Kin Lip, JP (MY0502)	2,000,000	1.71
18	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Lai Ming Chun @ Lai Poh Lin	2,000,000	1.71
19	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account – AmBank (M) Berhad for Jubilant Ventures Sdn Bhd	1,500,000	1.28
20	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Rickoh Corporation Sdn Bhd (MY0507)	1,500,000	1.28
21	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Loo Pang How	1,305,500	1.12
22	Datuk Loo Ngin Kong	1,000,000	0.86

SHAREHOLDINGS STATISTICS
AS AT 10 JUNE 2021 (cont'd)

Thirty (30) Largest Securities Account Holders as at 10 June 2021 (cont'd)

No.	Name	No. of Shares Held	%
23	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Rickoh Corporation Sdn Bhd	1,000,000	0.86
24	Loo Mun May	739,000	0.63
25	Lim Ted Hing	604,000	0.52
26	Koh Siew Boon	515,800	0.44
27	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lai Tan Kiong (E-SDK)	352,100	0.30
28	Rickoh Corporation Sdn Bhd	317,350	0.27
29	Citigroup Nominees (Asing) Sdn Bhd Exempt An For UBS AG Singapore (Foreign)	314,000	0.27
30	Rosalind Lo Nyit Ying	290,000	0.25

LIST OF PROPERTIES AS AT 31 DECEMBER 2020

Description Title/Location	Land area Hectares (unless otherwise stated)	Tenure (years)	Age of buildings (years)	Usage	Net book value as at 31.12.2020 RM	Date Acquired
PLANTATION LAND						
Sabah						
Growth estate, KM 70, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	183.05	99 years lease expiring 31 December 2077 and 31 December 2086	N/A	Oil palm plantation	11,504,946	2002
Soon Tai estate, KM 71, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	38.03	99 years lease expiring 31 December 2077	N/A	Oil palm plantation	2,692,951	2002
Jejco estate, KM 71, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	40.71	99 years lease expiring 31 December 2077	N/A	Oil palm plantation	2,884,169	2002
Bintang estate, KM 71, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	195.47	99 years lease expiring 31 December 2078	N/A	Oil palm plantation	12,854,986	2002
SROPP estate, KM 73, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	224.94	99 years lease expiring 31 December 2077 and 31 December 2080	N/A	Oil palm plantation	13,406,833	2002
Teh & Yoon estate, KM 75, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	242.81	99 years lease expiring 31 December 2077 and 31 December 2079	N/A	Oil palm plantation	13,357,998	2005

LIST OF PROPERTIES AS AT 31 DECEMBER 2020 (cont'd)

Description Title/Location	Land area Hectares (unless otherwise stated)	Tenure (years)	Age of buildings (years)	Usage	Net book value as at 31.12.2020 RM	Date Acquired
PLANTATION LAND (cont'd)						
Sabah (cont'd)						
Ballerina estate, KM 80, Sandakan-Telupid-Kota Kinabalu Highway, District of Kinabatangan, Sabah	163.13	99 years lease expiring 31 December 2077	N/A	Oil palm plantation	9,259,270	2002
Sebuda estate, KM 80, Sandakan-Telupid-Kota Kinabalu Highway, District of Kinabatangan, Sabah	316.00	99 years lease expiring 31 December 2078	N/A	Oil palm plantation	19,440,931	2002
Telupid estates, KM 80 & KM 100, Sandakan-Telupid-Kota Kinabalu Highway, Districts of Kinabatangan & Labuk-Sugut, Sabah	1,379.95	99 years lease expiring 31 December 2078	N/A	Oil palm plantation	69,530,188	2002
Berkat estate, Mile 62, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	101.71	99 years lease expiring 31 December 2096	N/A	Oil palm plantation	5,747,625	2002 & 2005
Bonus Indah estate, KM 111, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	999.60	99 years lease expiring 31 December 2091	N/A	Oil palm plantation	47,751,768	2002
Berkat estate, KM 111, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	432.50	99 years lease expiring 31 December 2083 and 31 December 2093	N/A	Oil palm plantation	23,873,098	2002
Kian Merculaba estate, KM 113, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	498.40	99 years lease expiring 31 December 2091	N/A	Oil palm plantation	29,598,610	2003

LIST OF PROPERTIES AS AT 31 DECEMBER 2020 (cont'd)

Description Title/Location	Land area Hectares (unless otherwise stated)	Tenure (years)	Age of buildings (years)	Usage	Net book value as at 31.12.2020 RM	Date Acquired
PLANTATION LAND (cont'd)						
Sabah (cont'd)						
Sinar Ramai estate, KM 143, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	192.30	99 years lease expiring 31 December 2086	N/A	Oil palm plantation	12,080,275	2002
Intan Ramai estate, KM 143, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	228.10	99 years lease expiring 31 December 2086	N/A	Oil palm plantation	11,860,451	2002
Deltafort estate, KM 87, Segaliud Lokan, District of Kinabatangan, Sabah	400.30	99 years lease expiring 31 December 2087	N/A	Oil palm plantation & plantable reserve	20,058,065	2002
SROPP estate, KM30 Labuk Road, District of Sandakan, Sabah	39.02	99 years lease expiring 31 December 2060	N/A	Durian orchard	9,018,554	2002
Permata Alam estate, KM87, Sandakan-Lahad Datu Highway, District of Kinabatangan, Sabah	200.30	99 years lease expiring 31 December 2085	N/A	Oil palm plantation	11,805,529	2003
Sungai Kenali estate, KM87, Sandakan-Lahad Datu Highway, District of Kinabatangan, Sabah	197.90	99 years lease expiring 31 December 2085	N/A	Oil palm plantation	9,348,321	2003
Banggi estate, CL055324797 & PL056290085, Pulau Banggi District of Kudat, Sabah	4,008.82	99 years lease expiring 31 December 2068	N/A	Oil palm plantation	144,634,664	2012

LIST OF PROPERTIES AS AT 31 DECEMBER 2020 (cont'd)

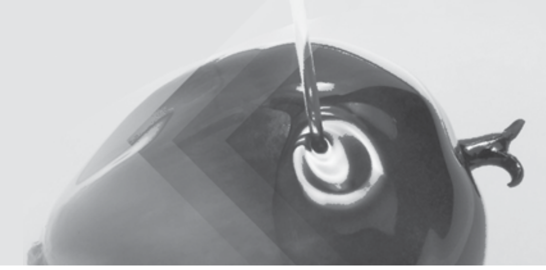
Description Title/Location	Land area Hectares (unless otherwise stated)	Tenure (years)	Age of buildings (years)	Usage	Net book value as at 31.12.2020 RM	Date Acquired
PLANTATION LAND (cont'd)						
Indonesia						
Enggang Estates Kecamatan Tabang and Kembang Janggut, Kabupaten Kutai Kartanegara, Kalimantan Timur, Indonesia	8,482.30	35 years HGU expiring 8 February 2045	N/A	Oil palm plantation & plantable reserve	49,637,193	2010
Nala Estates Desa Senambah, Mulupan, Ngayau, Muara Bengkal and Benua Baru, Kecamatan Muara Bengkal, Kabupaten Kutai Timur, Kalimantan Timur, Indonesia	14,792.53	35 years HGU expiring 22 November 2045	N/A	Oil palm plantation & plantable reserve	146,708,908	2013
Hamparan Estates Desa Menamang Kanan, Menamang Kiri, Kecamantan Muara Kaman, Kabupaten Kutai Kartanegara, Kalimantan Timur, Indonesia	10,364.01	35 years HGU expiring 3 March 2049	N/A	Oil palm plantation	293,825,106	2017
Sumber Estates Desa Senyiur, Kecamatan Muara Ancalong, Kabupaten Kutai Timur, Kalimantan Timur, Indonesia	8,987.56	35 years HGU expiring 4 January 2048	N/A	Oil palm plantation & plantable reserve	51,816,165	2017

LIST OF PROPERTIES AS AT 31 DECEMBER 2020 (cont'd)

Description Title/Location	Land area Hectares (unless otherwise stated)	Tenure (years)	Age of buildings (years)	Usage	Net book value as at 31.12.2020 RM	Date Acquired
OTHER LANDED PROPERTIES						
Sabah						
Ballerina, 2 adjoining double storey shophouses with a built-up area of 782.13m², Lot 8 & 9, Taman Tshun Ngen, Mile 5, Labuk Road, District of Sandakan, Sabah	395.55m²	999 years lease expiring 9 July 2887	46	Office buildings	799,673	2002
Ballerina, 1 double storey shophouse with a built-up area of 391.07m², Lot 11, Taman Tshun Ngen, Mile 5, Labuk Road, District of Sandakan, Sabah	197.78 m²	999 years lease expiring 9 July 2887	46	Office building	223,996	2003
Berkat, 1 double storey detached house, Lot 134, Taman Tshun Ngen, Mile 5, Labuk Road, District of Sandakan, Sabah	11,120 sq ft	999 years lease expiring 9 July 2887	38	Employees' accomodation	488,240	2007
Berkat palm oil mill, with a built-up area of 4,193.80m², KM 70, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	4.05	60 years lease expiring 31 December 2044	35	Palm oil mill	6,528,570	2002
Palace Hotel, 8 storey hotel building with 151 rooms and ancillary buildings together with hotel facilities, an open car park for visitors and a staff quarter with total floor area of 8,673 m², No. 1, Jalan Tangki, Karamunsing, Kota Kinabalu, Sabah	1.789	999 years lease expiring 31 December 2907, 12 June 2913 and 2 October 2915 and 99 years lease expiring 28 April 2065	26	Hotel	27,260,417	2007 & 2008
Better Prospects, Sungai Obar, Mile 7, Off Airport Road, 90000 Sandakan, Sabah	16.31	99 years lease expiring 31 December 2077	12	Fish ponds, hatchery & nursery building	4,939,068	2007, 2008 & 2012

LIST OF PROPERTIES AS AT 31 DECEMBER 2020 (cont'd)

Description Title/Location	Land area Hectares (unless otherwise stated)	Tenure (years)	Age of buildings (years)	Usage	Net book value as at 31.12.2020 RM	Date Acquired
OTHER LANDED PROPERTIES (cont'd)						
Sabah (cont'd)						
Sungai Kenali, a single storey bungalow, House No. 440, Jalan Sang Kancil Satu, Turnbull Place, Off Jalan Tuaran, District of Kota Kinabalu, Sabah	0.18 acres	99 years lease expiring 02 November 2058		Employees' accomodation	1,167,050	2014
Transglobe Enterprise, 1 parcel of land at Kg. Kapayan, District of Penampang, Sabah	5,110.50 m^2	99 years lease expiring 31 December 2115	N/A	Rental	7,328,733	2017
Miracle Display, 1 parcel of land at Kiangsam Inanam, District of Kota Kinabalu, Sabah	12.50 acres	Sublease expiring 22 January 2048	N/A	Vacant	4,112,348	2018
Palace, a single storey detached house, House No. 581, Jalan Sang Kancil Dua, Turnbull Place, Off Jalan Tuaran, District of Kota Kinabalu, Sabah	0.151 acres	99 years lease expiring 02 March 2061	55	Employees' accomodation	1,471,911	2019
Permata, Alam, 2 parcel of land at Kg Ovai, District of Papar, Sabah	29.302 acres 16.548 acres	99 years lease expiring 31 December 2059 Sublease expiring 2 September 2050	16	Vacant	4,802,557	2020
Indonesia						
Nala Mill Desa Senambah, Kecamatan, Muara Bengkal, Kabupaten Kutai Timur, Kalimantan Timur, Indonesia	30	20 years HGB expiring 04 August 2037	5	Palm oil mill	35,948,510	Construction completed in June 2016
TOTAL					**1,117,767,677**	



NOTICE OF THE TWENTY FIRST ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty First Annual General Meeting of the Company will be conducted on a fully virtual basis via the Zoom Virtual Platform Pre-registration link at **https://us02web.zoom.us/meeting/register/tZUqcuCvqTsiGNQhrbrH3V_RDByVgzJJ622v** on Friday, 27 August 2021 at 10.00 am with the main venue at the Conference Room, 6th Floor, The Palace Hotel, No. 1, Jalan Tangki, Karamunsing, 88100 Kota Kinabalu, Sabah, to transact the following business:

AGENDA

ORDINARY BUSINESS

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2020 and the Reports of the Directors and Auditors thereon.	Please refer to Explanatory Notes (a)
2.	To re-elect the following Directors retiring in accordance with Clause 100 of the Company's Constitution:	
	a) Madam Wong Siew Ying	Resolution 1
	b) Mr Lim Ted Hing	Resolution 2
3.	To approve the payment of Directors' fees of RM70,000 for the financial year ended 31 December 2020.	Resolution 3
4.	To approve the payment of allowances of up to but not exceeding RM500,000 to Non-Executive Directors with effect from 28 August 2021 until the next Annual General Meeting of the Company.	Resolution 4
5.	To appoint Messrs Crowe Malaysia PLT as Auditors of the Company in place of the retiring Auditors, Messrs Ernst & Young PLT and to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.	Resolution 5

SPECIAL BUSINESS

6. To consider and if thought fit, to pass the following resolution:

ORDINARY RESOLUTION

Proposed Retention of Independent Non-Executive Director

"That subject to the passing of Resolution 2, Mr Lim Ted Hing who had served as an Independent Non-Executive Director of the Company for a cumulative term of more than 12 years to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting." — Resolution 6

NOTICE OF THE TWENTY FIRST ANNUAL GENERAL MEETING (cont'd)

7. To consider and if thought fit, to pass the following resolution:

ORDINARY RESOLUTION

Authority to issue shares pursuant to Section 76 of the Companies Act 2016

" THAT subject always to the Companies Act 2016, Constitution of the Company and approvals from the relevant statutory and regulatory authorities, where such approvals are necessary, full authority be and is hereby given to the Directors pursuant to Section 76 of the Companies Act 2016, to issue shares in the Company from time to time at such price upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 10% of the total number of issued shares in the Ordinary Share Capital of the Company for the time being and that the Directors be and are empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation of the additional new ordinary shares to be issued and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company. " Resolution 7

8. To consider and if thought fit, to pass the following resolution:

ORDINARY RESOLUTION

Proposed Renewal Of The Existing Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature

" THAT, approval be and is hereby given, for the Renewal of the Existing Shareholders' Mandate for the Company and/or its Subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.4.2 of the Circular to Shareholders dated 31 July 2021 with the related parties described therein provided such transactions are necessary for the Group's day to day operations, carried out in the normal course of business, at arm's length, on normal commercial terms, not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders; Resolution 8

AND THAT, such approval shall continue to be in force until:

(a) the conclusion of the next annual general meeting of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or

(b) the expiration of the period within which the next annual general meeting of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) revoked or varied by a resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND FURTHER THAT the directors be and are hereby authorised to complete and do such acts and things as may be required by the relevant authorities (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution. "

NOTICE OF THE TWENTY FIRST ANNUAL GENERAL MEETING (cont'd)

9. To consider and if thought fit, to pass the following resolution:

ORDINARY RESOLUTION

Proposed Renewal Of Authority For The Company To Purchase Its Own Shares Of Up To Ten Percent (10%) Of Its Total Number Of Issued Shares In The Ordinary Share Capital Of The Company

" THAT subject to the provisions of the Companies Act 2016 ("the Act"), the Constitution of the Company and the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), all other applicable laws, rules, regulations, and orders and the approvals of all relevant regulatory authorities, the Company is hereby authorised to purchase and/or hold such amount of ordinary shares ("Shares") in the Company as may be determined by the Directors from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company, provided that the aggregate number of shares to be purchased and/or held pursuant to this resolution shall not exceed ten percent (10%) of the total number of issued shares in the Ordinary Share Capital of the Company and that an amount of the funds not exceeding the retained profits of the Company, be utilised for Share buy-back; Resolution 9

AND THAT such Shares purchased may be retained as treasury shares and/or distributed as dividends and/or resold on the market of Bursa Securities and/or be cancelled, as the Directors may deem fit and expedient in the interest of the Company;

AND THAT such authority hereby given shall take effect immediately and shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting of the Company at which time it shall lapse unless by a resolution passed at the meeting, the authority is renewed; or

(b) the expiration of the period within which the next Annual General Meeting of the Company after that date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) revoked or varied by a resolution passed by the Shareholders in a general meeting,

whichever is the earlier.

AND FURTHER THAT the Directors be hereby authorised to do all such acts and things as may be required by the relevant authorities (including executing any relevant documents) as they may consider expedient or necessary to complete and give effect to the aforesaid authorisation. "

10. To transact any other business of the Company of which due notice shall have been given in accordance with the Company's Constitution and the Companies Act 2016.

NOTICE OF THE TWENTY FIRST ANNUAL GENERAL MEETING (cont'd)

GENERAL MEETING RECORD OF DEPOSITORS

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose determining a member who shall be entitled to attend this Twenty First Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd., in accordance with Clause 73(2) of the Company's Constitution and Section 34(1) of the Security Industry (Central Depositories) Act, 1991, to issue a General Meeting Record of Depositors as at 20 August 2021. Only a depositor whose name appears on the Record of Depositors as at 20 August 2021 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his behalf.

By Order of the Board
NPC Resources Berhad

Dorothy Luk Wei Kam
SSM PC No.: 202008001484
(MAICSA 7000414)
Company Secretary

Kota Kinabalu, Sabah
Dated: 31 July 2021

NOTICE OF THE TWENTY FIRST ANNUAL GENERAL MEETING (cont'd)

Notes:

1. Registration for Remote Participation Facilities

The Company's fully virtual 21st AGM will be conducted online, without a physical meeting venue. Members can attend, participate and vote in the meeting remotely or online via Zoom Virtual Platform ("ZVP") facilities at Pre-registration link at https://us02web.zoom.us/meeting/register/tZUqcuCvqTsiGNQhrbrH3V_RDByVgzJJ622v

1.1 Registration for Remote Participation is open from the date of the Notice of the 21st AGM on Saturday, 31 July 2021 until such time before 9.30a.m. on Friday, 27 August 2021.

1.2 Member(s), proxy(ies), corporate representative(s) or attorney(s) are required to pre-register their attendance for the 21st AGM for verification of their eligibility to attend the 21st AGM using the ZVP based on the General Meeting Record of Depositors as at 20 August 2021.

2. Proxy

2.1 A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of him and that a proxy need not be a member of the Company.

2.2 A member of the Company entitled to attend and vote at a meeting of the Company, shall be entitled to appoint not more than two (2) proxies to attend and vote in his stead at the meeting. There shall be no restriction as to the qualification of the proxy. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy, failing which the appointment shall be invalid.

2.3 Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("onmibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominees may appoint in respect of each omnibus account it holds.

2.4 The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney or if the appointor is a corporation under the seal, and the person so appointed may attend and vote at any meeting at which the appointor is entitled to vote.

2.5 The instrument appointing a proxy shall be deposited at the Registered Office of the Company at Lot 9, T3, Taman Tshun Ngen, Mile 5, Jalan Labuk, 90000 Sandakan, Sabah or via electronic email at adwinlee@npc.com.my and Ai-Hoon.Chan@tengis.com.my, at least forty-eight (48) hours before the time for holding the Meeting or adjourned meeting.

2.6 Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote on a poll.

Explanatory Notes

(a) Audited Financial Statements for Financial Year Ended 31 December 2020

Agenda 1 is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, it will not be put forward for voting.

(b) Proposed Change of Auditors

In relation to proposed Resolution 5, the retiring Auditors, Messrs Ernst & Young PLT had indicated they are not seeking re-appointment as the Auditors of the Company at this forthcoming Twenty First Annual General Meeting. The Board of Directors has proposed the appointment of Messrs Crowe Malaysia PLT as the new Auditors of the Company and to hold office until the conclusion of the next Annual General Meeting.

NOTICE OF THE TWENTY FIRST ANNUAL GENERAL MEETING (cont'd)

Explanatory Notes (cont'd)

(c) Proposed Retention of Independent Non-Executive Director

In relation to the proposed Resolution 6, the Nomination Committee has assessed the independence of Mr Lim Ted Hing who had served as Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, and recommended that he continues to act as Independent Non-Executive Director of the Company based on the following justifications:

(i) he has fulfilled the criteria under the definition of Independent Director pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
(ii) he has ensured check and balance in the proceedings of the Board and the Board Committees;
(iii) he has actively participated in Board deliberations, provided objectivity in decision making and an independent voice to the Board;
(iv) he has devoted sufficient time and attention to his responsibilities as Independent Non-Executive Director of the Company; and
(v) he has exercised due care in the interest of the Company and shareholders during his tenure as Independent Non-Executive Director of the Company.

In accordance with the Malaysian Code on Corporate Governance, the retention of an independent director who has served the Company for a cumulative term of more than 12 years as an independent director is subject to shareholders' approval via a two-tier voting process.

(d) Proposed Authority To Directors To Issue New Shares Under Section 76 Of The Companies Act 2016

The proposed Resolution 7, if passed, shall give power to the Directors to issue ordinary shares in the capital of the Company up to an aggregate amount not exceeding 10% of the total number of issued shares in the Ordinary Share Capital of the Company for the time being. This authority unless revoked or varied at a general meeting will expire at the next Annual General Meeting.

The general mandate sought for issue of shares is a renewal of the mandate that was approved by the shareholders on 28 August 2020. The Company did not utilise the mandate that was approved last year. The renewal of the general mandate is to provide flexibility to the Company to issue new shares without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions.

(e) Proposed Renewal of the Existing Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature

The proposed Resolution 8, if passed, will allow the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with the mandated related parties provided that such transactions are necessary for the Group's day to day operations, carried out in the normal course of business, at arm's length, on commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders. Shareholders are directed to refer to the Circular to Shareholders dated 31 July 2021 for more information.

(f) Proposed Renewal Of Authority For The Company To Purchase Its Own Shares Of Up To Ten Percent (10%) Of Its Total Number Of Issued Shares In The Ordinary Share Capital Of The Company

The proposed Resolution 9, if passed, shall empower the Directors of the Company to buy back and/or to hold the shares of the Company not exceeding ten percent (10%) of the total number of issued shares in the Ordinary Share Capital of the Company from time to time being quoted on Bursa Malaysia Securities Berhad as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company. Shareholders are directed to refer to the Statement to Shareholders dated 31 July 2021 for more information.

ADMINISTRATIVE GUIDE FOR THE TWENTY FIRST ANNUAL GENERAL MEETING ("21ST AGM")

1. Fully virtual 21st Annual General Meeting ("AGM")

Date : 27 August 2021 (Friday)

Time : 10.00 a.m.

Venue : **Online Platform**
Main Venue at Conference Room, 6th Floor, The Palace Hotel, No. 1, Jalan Tangki, Karamunsing, 88100 Kota Kinabalu, Sabah, via the Zoom Virtual Platform ("ZVP") at Pre-registration link athttps://us02web.zoom.us/meeting/register/tZUqcuCvqTsiGNQhrbrH3V_RDByVgzJJ622v with Remote Participation and Voting facilities

According to the Revised Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers' issued by the Securities Commission Malaysia on 16 July 2021, all meeting participants including the Chairperson of the Meeting, board members, senior management and shareholders are to participate in the meeting online.

A fully virtual 21st AGM is to be conducted online, without a physical meeting venue, and shareholders will participate via the ZVP facilities with audio and/or video capabilities.

2. General Meeting Record of Depositors

For the purpose of determining a member who shall be entitled to attend the 21st AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 73(2) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 20 August 2021 ("General Meeting ROD"). Only a depositor whose name appears on the Record of Depositors as at 20 August 2021 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

3. Registration for ZVP at the 21st AGM

With reference to our Notice to shareholders dated 31 July 2021, you are invited to attend the 21st AGM to exercise your right to attend, participate and vote at the meeting remotely by using the ZVP facilities from the comfort of your home. To do so, you must take the following steps (a) and (b):

(a) Register your attendance for the 21st AGM

(i) Registration is open from the date of the Notice of 21st AGM on Saturday, 31 July 2021 until such time at 9.30 am on the 21st AGM on Friday, 27 August 2021.

(ii) Shareholder(s), proxy(ies), corporate representative(s) or attorney(s) are required to pre-register their attendance for the 21st AGM for verification of their eligibility to attend the 21st AGM via ZVP link at https://us02web.zoom.us/meeting/register/tZUqcuCvqTsiGNQhrbrH3V_RDByVgzJJ622v based on the General Meeting ROD as at 20 August 2021.

(iii) Fill in the basis registration information.

(iv) Review your registration information and proceed to register.

(v) ZVP will reply that "Your registration for this meeting has been submitted to the host for approval. Your will receive an email regarding your registration."

(b) Verification and notification by ZVP of your registration

(i) After verification of your registration against the General Meeting ROD as at 20 August 2021, ZVP will send an e-mail on or before 26 August 2021 to confirm the approval of your registration.

(ii) In the event your registration is not approved, you will be notified via e-mail.

ADMINISTRATIVE GUIDE FOR THE TWENTY FIRST ANNUAL GENERAL MEETING (“21ST AGM”) (cont’d)

4. Proxy

(a) Appointment of proxy, corporate representative or attorney

(i) A shareholder who has appointed a proxy(ies), corporate representative(s) or attorney(s) to participate at this 21st AGM via ZVP must ensure that the proxy form is completed with required information, signed and dated accordingly. Whether in hard copy or by electronic means shall be deposited to Registered Office of the Company at Lot 9, T3, Taman Tshun Ngen, Mile 5, Jalan Labuk, 90000 Sandakan, Sabah or via electronic mail at adwinlee@npc.com.my and Ai-Hoon.Chan@tengis.com.my, at least forty-eight (48) hours before the time for holding the Meeting or adjourned meeting.

(ii) The shareholder must also request his/her proxy(ies), authorised representative or attorney to register himself/herself as a attendee in accordance with Note 3 above.

(b) Documents relating to appointment of proxy by power of attorney

For a corporate member who has appointed a representative to participate at this 21st AGM via ZVP must ensure that the proxy form is completed with required information, signed and dated accordingly. Whether in hard copy or by electronic means shall be deposited to Registered Office of the Company at Lot 9, T3, Taman Tshun Ngen, Mile 5, Jalan Labuk, 90000 Sandakan, Sabah or via electronic mail at adwinlee@npc.com.my and Ai-Hoon.Chan@tengis.com.my, at least forty-eight (48) hours before the time for holding the Meeting or adjourned meeting.

(i) If the corporate member has a common seal, the proxy form should be executed under seal in accordance with the constitution of the corporate member.

(ii) If the corporate member does not have a common seal, the proxy form should be affixed with the rubber stamp of the corporate member (if any) and executed by at least two (2) authorised officers, of whom one shall be a director; or any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

5. Submission of questions for the 21st AGM

(a) Prior to meeting, Shareholders may submit questions in relation to the agenda items for the 21st AGM prior to the 21st AGM via email to adwinlee@npc.com.my or swihenglee@npc.com.my not later than Thursday, 26 August 2021 at 10.00 a.m. The responses to these questions will be shared at the 21st AGM.

(b) During the meeting, Shareholders may use the Chat Box facility to ask questions real time (in the form of typed text) during the meeting. The Board and senior management will provide the responses to the questions accordingly.

6. Poll Voting

The voting will be conducted by poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. All resolutions set out in the Notice of 21st AGM will be put to vote by way of online voting. Tengis Coporate Services Sdn. Bhd. has been appointed as the Poll Administrator to conduct the polling process. The Independent Scrutineers will verify the results of the poll thereafter.

During the meeting, the Chairman will invite the Poll Administrator to brief you on the online voting process using ZVP facilities. The online voting session will commence from the start of each resolution until such time when the Chairman announces the end of the voting session. This is in line with the SC’s Guidance which provides that Members shall be allowed to cast their votes remotely and contemporaneously (live) during the proceeding of the general meeting.

ADMINISTRATIVE GUIDE FOR THE TWENTY FIRST ANNUAL GENERAL MEETING ("21ST AGM") (cont'd)

7. Enquiry

If you have any enquiry prior to the 21st AGM, please contact our Share Registrar during office hours on Mondays to Fridays, from 9.00 a.m. to 5.00 p.m. (except on public holidays):-

Boardroom Share Registrars Sdn. Bhd.
[Registration No. 199601006647 (378993-D)]

Address	:	11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan.
General Line	:	+603-7890 4700
Fax Number	:	+603-7890 4670
Email	:	bsr.helpdesk@boardroomlimited.com

8. Helpline Contact

In the event you encounter any issues with logging-in, connection to the live stream meeting or online voting, kindly call Help Line at 017-8367718 for assistance or e-mail to kenl@cpc.my for assistance.

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PROXY FORM

NPC Resources Berhad

CDS Account No.	

I/We, ______________________________ NRIC No./Company No. ______________________
of ____
being a member/members of NPC RESOURCES BERHAD hereby appoint ______________________
____
NRIC No./Passport No. ______________________ of ______________________
____
or failing him/her ______________________ NRIC No./Passport No. ______________________
of ____

or failing him/her, the Chairman of the Meeting as my/our proxy to attend, speak and vote for me/us on my/our behalf at the Twenty First Annual General Meeting of the Company to be conducted on a fully virtual basis via the Zoom Virtual Platform Pre-registration link at https://us02web.zoom.us/meeting/register/tZUqcuCvqTsiGNQhrbrH3V_RDByVgzJJ622v on Friday, 27 August 2021 at 10:00 am and any adjournment thereof with the main venue at the Conference Room, 6th Floor, The Palace Hotel, No. 1, Jalan Tangki, Karamunsing, 88100 Kota Kinabalu, Sabah.

I/We direct my/our proxy to vote for or against the Resolutions to be proposed at the Meeting as hereinunder indicated.

No.	Resolution	FOR	AGAINST
1.	To re-elect Madam Wong Siew Ying as Director.		
2.	To re-elect Mr Lim Ted Hing as Director.		
3.	To approve the payment of Directors' fees.		
4.	To approve the payment of allowances to Non-Executive Director.		
5.	To appoint Messrs Crowe Malaysia PLT as Auditors of the Company in place of the retiring Auditors, Messrs Ernst & Young PLT and to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.		
6.	To retain Mr Lim Ted Hing as Independent Non-Executive Director.		
7.	Authority to issue shares pursuant to Section 76 of the Companies Act 2016.		
8.	Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		
9.	Proposed Renewal of Share Buy-Back Authority.		

(Please indicate with an "X" in the space provided for each resolution. Unless voting instructions are indicated in the space above, the proxy will vote or abstain as he/she thinks fit and if no name is inserted in the space for the name of proxy, the Chairman of the Meeting will act as proxy).

Dated this ________ day of ______________ 2021.

NO. OF SHARES HELD	

Percentage of shareholdings to be represented by proxies:		
	No. of Shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

____
Signature/Common Seal of Appointor

Notes:

a) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of him and that a proxy need not be a member of the Company.

b) A member of the Company entitled to attend and vote at a meeting of the Company, shall be entitled to appoint not more than two (2) proxies to attend and vote in his stead at the meeting. There shall be no restriction as to the qualification of the proxy. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy, failing which the appointment shall be invalid.

c) Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominees may appoint in respect of each omnibus account it holds.

d) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney or if the appointor is a corporation under the seal, and the person so appointed may attend and vote at any meeting at which the appointor is entitled to vote.

e) The instrument appointing a proxy shall be deposited at the Registered Office of the Company at Lot 9, T3, Taman Tshun Ngen, Mile 5, Jalan Labuk, 90000 Sandakan, Sabah or via electronic mail at adwinlee@npc.com.my and Ai-Hoon.Chan@tengis.com.my, at least forty-eight (48) hours before the time for holding the Meeting or adjourned meeting.

f) Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote on a poll.

Fold this flap for sealing

Affix
Stamp

The Company Secretary
NPC RESOURCES BERHAD (Company No. 502313-P)
Lot 9, T3
Taman Tshun Ngen
Mile 5, jalan Labuk
90000 Sandakan
Sabah

Then fold here

NPC RESOURCES BERHAD
(Registration No. 199901027413 (502313-P)

Lot 9, T3, Taman Tshun Ngen, Mile 5, Jalan Labuk,
90000 Sandakan, Sabah, MALAYSIA
T: 6 089 274 488   F: 6 089 226 711
E: info@npc.com.my

www.npc.com.my