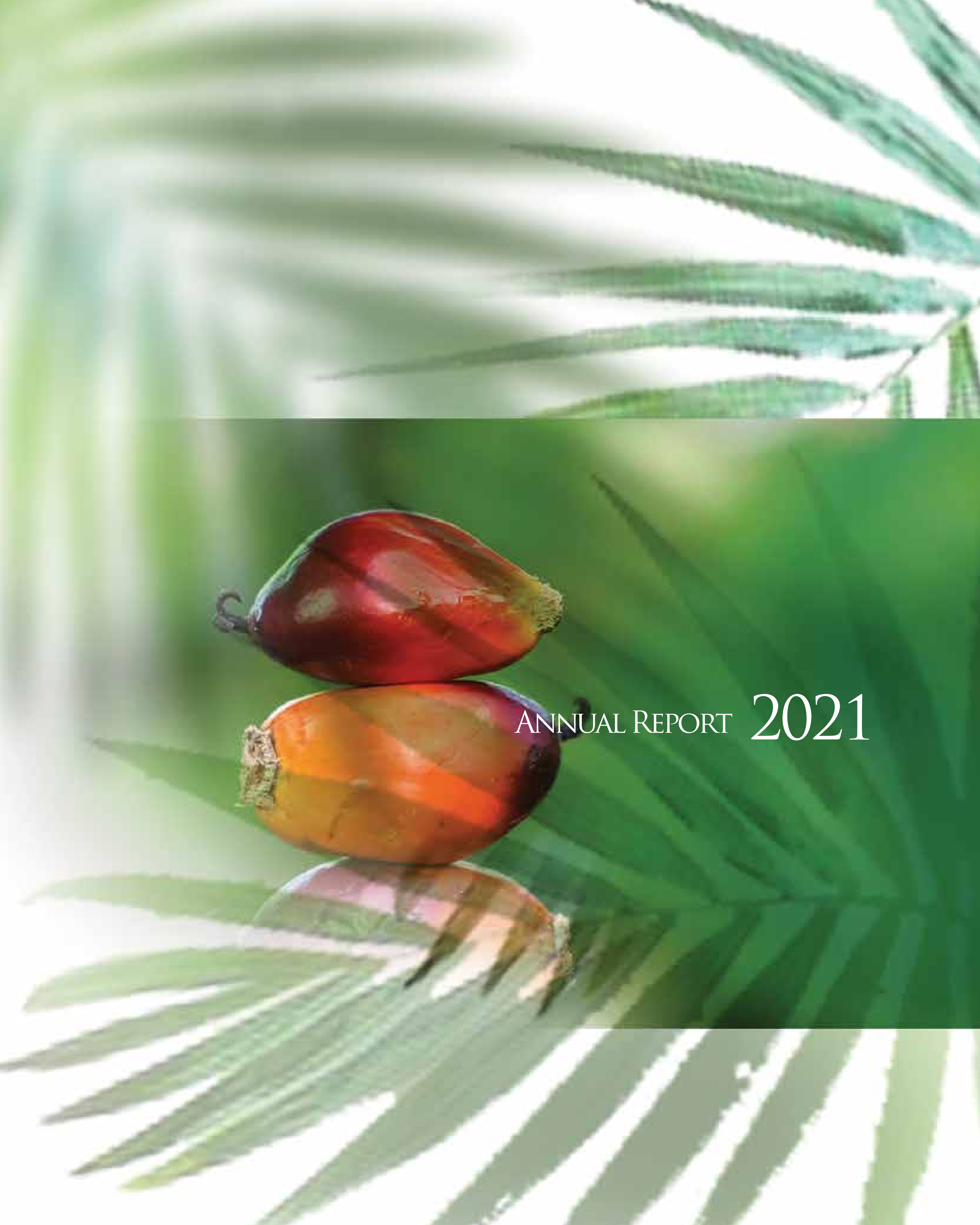


ANNUAL REPORT 2021

NPC Resources Berhad

Registration No :199901027413 (502313-P)

Contents

CORPORATE INFORMATION

BOARD OF DIRECTORS

Lim Ted Hing	(Independent Non-Executive Chairman)
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)
Dato' Ooi Sek Min	(Independent Non-Executive Director)

AUDIT COMMITTEE

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

COMPANY SECRETARIES

Dorothy Luk Wei Kam (MAICSA 7000414)
SSM PC NO : 202008001484

REGISTERED OFFICE

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

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

INDEPENDENT AUDITOR

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA & AF 1018)
Chartered Accountants
Damai Plaza 3, 3rd Floor
C11, Jalan Damai 88300
Kota Kinabalu, Sabah

PRINCIPAL BANKERS

AMBANK (M) BERHAD
AMBANK ISLAMIC BERHAD
AMINVESTMENT BANK BERHAD
MAYBANK ISLAMIC BERHAD
OCBC BANK (MALAYSIA) BERHAD
RHB BANK BERHAD
RHB ISLAMIC BANK BERHAD
UNITED OVERSEAS BANK (MALAYSIA) BERHAD
AL RAJHI BANKING & INVESTMENT CORPORATION (MALAYSIA) BERHAD

SOLICITOR

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

STOCK EXCHANGE LISTING

Main Market of the
Bursa Malaysia Securities Berhad

DIRECTORS' PROFILE

Lim Ted Hing
Independent Non-Executive Chairman | Malaysian | Male | Aged 67

was appointed as the Independent Non-Executive Director of NPC on 25 February 2002 and Independent Non-Executive Chairman on 21 April 2021. 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 2021. He attended all the five (5) board meetings held during the financial year from 1 January 2021 to 31 December 2021.

Dato' Loo Pang Kee
Executive Director | Group Managing Director | Malaysian | Male | Aged 53

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 36 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 2021. He attended all the five (5) board meetings held during the financial year from 1 January 2021 to 31 December 2021.

Wong Siew Ying
Executive Director | Malaysian | Female | Aged 68

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 36 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 2021. She attended five (5) board meetings held during the financial year from 1 January 2021 to 31 December 2021.

DIRECTORS' PROFILE (CONT'D)

Tan Sri Dato' Sri Koh Kin Lip, JP
Non-Independent Non-Executive Director | Malaysian | Male | Aged 73

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, properties 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 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 36 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 2021. He attended all five (5) board meetings held during the financial year from 1 January 2021 to 31 December 2021.

Dato' Ooi Sek Min
Independent Non-Executive Director | Malaysian | Male | Aged 53

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 2021. He attended all the five (5) board meetings held during the financial year from 1 January 2021 to 31 December 2021.

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 2021.

BUSINESS DEVELOPMENTS

In Sabah, the Group currently operates approximately 10,776 hectares of plantation land and one palm oil processing mill which has a production capacity of 75 tonnes of FFB per hour, of which 6,767 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, 42,656 hectares of which have been issued with certificates of Hak Guna Usaha by the Indonesian authority ("HGU certificates"). For the financial year 2021, the Group's total planted hectarage in Indonesia was 17,979 hectares, of which 3,348 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

The year 2021 was the second year the Malaysian oil palm industry experienced operating in unprecedented pandemic period. The crude palm oil (CPO) production experienced lower performance in the first three (3) quarters of 2021 except for March; and only in October until December 2021, the performance was higher. Temporary suspension on foreign labour intake as part of COVID-19 containment measures had affected CPO production. The slowdown in CPO production had limited the capacity of the country to export palm oil and other palm-based products despite stable demand from importing countries. Palm oil stocks, national oil extraction rate (OER) and imports of palm oil however, witnessed increases. Nevertheless, the price of CPO had staged a remarkable performance for 2021, with the average price surging by 64.1% to RM4,407.00/tonne, its highest in the history of the palm oil industry, from RM2,685.50/tonne in 2020. The record higher prices had boosted total exported revenue to reach the highest level of RM108.52 billion despite lower exports.

The total oil palm planted area was recorded at 5.74 million hectares in 2021, a decrease of 2.2% as against 5.87 million hectares in the previous year. Sarawak remained as the largest oil palm planted state with 1.61 million hectares or 28.0% of the total Malaysian oil palm planted area, followed by Sabah with 1.52 million hectares or 26.6%. Oil palm planted area in Peninsular Malaysia amounted to 2.61 million hectares or 45.5%.

In 2021, CPO production declined by 5.4%, to 18.12 million tonnes as against 19.14 million tonnes recorded in 2020. The decline was due to lower fresh fruit bunch (FFB) processed, down by 5.8% arising from lower FFB yield which decreased by 7.5% to 15.47 tonnes/hectare in 2021 as compared to 16.73 tonnes/hectare achieved in 2020. CPO production in all regions, namely Peninsular Malaysia, Sabah and Sarawak declined by 5.7%, 6.2% and 3.6% to 9.85 million tonnes, 4.36 million tonnes and 3.91 million tonnes respectively.

The average FFB yield decreased by 7.5% to 15.47 tonnes/hectare in 2021 as against 16.73 tonnes/hectare in 2020. Peninsular Malaysia was the worst affected with average FFB yields declining by 8.6% to 16.24 tonnes/hectare, followed by Sarawak 7.0% to 13.94 tonnes/hectare and Sabah decreased by 6.4% to 15.77 tonnes/hectare.

The national OER performance increased by a marginal of 0.5% to 20.01 percent as against 19.92 percent in 2020, mainly due to higher proportion of the ripe FFB processed by oil palm millers throughout Malaysia. Peninsular Malaysia and Sarawak recorded higher OER performance in 2021, i.e. increased by 0.7% to 19.83 percent and 1.3% to 19.88 percent respectively; while Sabah's OER performance declined by 0.9% to 20.55 percent from 20.74 percent in 2020.

CHAIRMAN'S STATEMENT (CONT'D)

INDUSTRY DEVELOPMENTS (CONT'D)

Total Malaysian exports of palm oil and other palm-based products in 2021 amounted to 24.28 million tonnes, lower by 9.2% from 26.73 million tonnes exported in 2020. Total export revenue, however, surged by 48.0% to RM108.52 billion as against RM73.33 billion in 2020 due to higher prices in world trade. In 2021, palm oil export earnings alone increased significantly by 41.6% to 64.62 billion as against RM45.65 billion in 2020. In contrast, palm oil export volume declined by 10.5% to 15.57 million tonnes as compared to the previous year attributed to lower demand, particularly from China, Pakistan, the European Union (EU), USA, Bangladesh, Philippines and South Korea. The decline in each market was more than 100,000 tonnes.

Palm oil stocks in December 2021 closed higher by 0.35 million tonnes or 27.6% to 1.61 million tonnes vis-à-vis 1.27 million tonnes in December 2020. The higher stocks were mainly due to higher 2021 palm oil imports by 24.3% and lower palm oil exports by 10.5% as compared to that of in 2020.

In 2021, the prices of all oil palm products were traded higher. CPO price was traded higher by 64.1% or RM1,721.50/tonne to RM4,407.00/tonne as compared to RM2,685.50/tonne in 2020. The highest traded price for 2021 was in November at RM5,341.00/tonne, while the lowest was in January at RM3,748.50/tonne. The higher CPO price in 2021 was mainly due to firmer prices of soyabean oil in the global market, supply disruptions including labour shortage in oil palm plantation, lower domestic stock of palm oil at below 2.0 million tonnes, firmer Brent crude oil prices in the global market and higher palm oil exports to major importing countries, especially to India. Prices of soyabean oil were traded higher by 68.0% to US$1,393/tonne in 2021 compared to US$829/tonne in 2020, thus impacting prices of palm oil as they compete for a share in the global vegetable oils market. The lower palm oil stocks at 1.61 million tonnes at the end of 2021 mainly due to supply disruptions had also supported the higher CPO price in 2021. Prices of Brent crude oil were traded higher by 70.3% to US$71.20/barrel in 2021 as against US$41.80/barrel in 2020.

Prices of processed palm oil products in the world market were also traded higher in 2021. RBD palm oil price was traded higher by RM1,954.50 or 70.0% to RM2,794.00/tonne, RBD palm olein price was higher by RM1,920.50 or 67.5% to RM4,764.50/tonne, RBD palm stearin price was higher by RM1,797.00 or 64.2% to RM4,598.00/tonne and PFAD price was higher by RM1,687.00 or 66.3% to RM4,233.00/tonne

The average price of palm kernel (PK) in 2021 increased significantly by 81.0% or RM1,241.00/tonne to RM2,773.00/tonne compared to RM1,532.00/tonne in 2020. The higher PK price was mainly due to higher domestic price of crude palm kernel oil (CPKO). The CPKO price in 2021 increased by RM2,427.50/tonne or 74.8% to RM5,674.50/tonne from RM3,247.00/tonne in 2020. The higher CPKO prices in 2021 were in tandem with the firmer world lauric oils prices namely, palm kernel oil, which price was higher by 83.7% to US$1,517/tonne and coconut oil was higher by 59.6% to US$1,618/tonne in 2020.

The average FFB prices at 1% OER for Peninsular Malaysia, Sabah and Sarawak were registered at RM48.14, RM43.20 and RM43.42 respectively in 2021. This price was higher as against in 2020 in tandem with the higher prices of CPO and PK in 2021. Based on the average OER for each region, the average price of FFB for Peninsular Malaysia was equivalent to RM955/tonne, Sabah RM887/tonne and Sarawak RM864/tonne.

(Source: Overview of the Malaysian Oil Palm Industry 2021 by the MPOB)

CORPORATE DEVELOPMENT

The Group has completed the Proposed Disposal of three (3) parcels of agricultural lands by Seraya Plantation Sdn Bhd ("SPSB"), a wholly owned subsidiary of NPC Resources Berhad ("NPC") and Proposed Disposal of a parcel of agricultural land by Bonus Indah Sdn Bhd ("BISB"), an indirect 70% owned subsidiary of NPC collectively known as ("Proposed Disposals").

CHAIRMAN'S STATEMENT (CONT'D)

CORPORATE DEVELOPMENT (CONT'D)

Post completion of the Proposed Disposals, the Group still owns approximately 10,776 hectares of plantation lands in Sabah, approximately 45,064 hectares in Indonesia and two palm oil mills. The Proposed Disposals will enable the Group to accelerate its planting program to develop its remaining unplanted plantation lands in Indonesia and replanting program in Sabah. Upon maturity, the Group expects the plantation lands to contribute significantly towards the Group's financial performance.

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.

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 Ted Hing
Chairman

STATEMENT OF MANAGEMENT DISCUSSION AND ANALYSIS

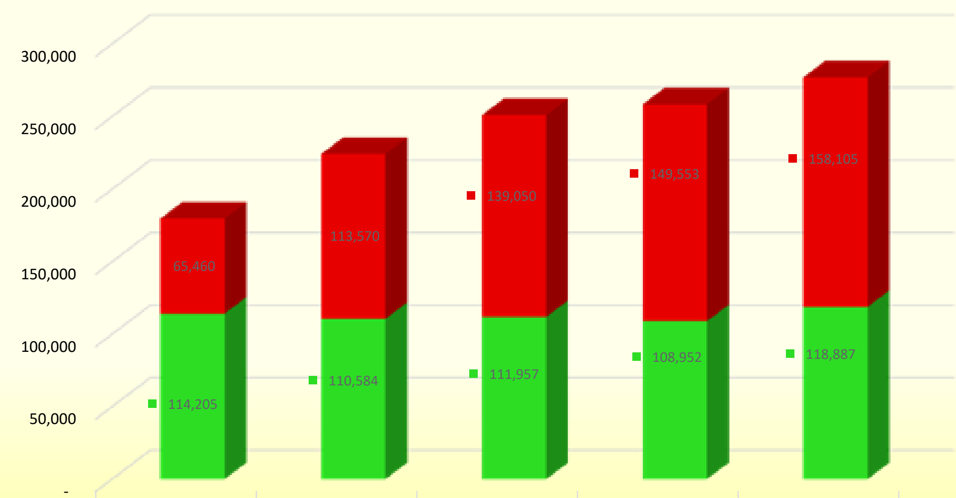
OVERVIEW OF GROUP'S BUSINESS AND OPERATIONS

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.

As of 31 December 2021, Sabah operations currently operate approximately 10,776 hectares of plantation land and one palm oil processing mill which has a production capacity of 75 tonnes of FFB per hour, of which 6,767 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").

In Indonesia, the Group has a total plantation land area of 45,064 hectares in Kalimantan Timur, Indonesia, 42,656 hectares of which have been issued with certificates of Hak Guna Usaha by the Indonesian authority ("HGU certificates"). For the financial year 2021, the Group's total planted hectarage in Indonesia was 17,979 hectares, of which 3,348 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").

OPERATIONAL REVIEW



	2017	2018	2019	2020	2021
INDONESIA	65,460	113,570	139,050	149,553	158,105
SABAH	114,205	110,584	111,957	108,952	118,887

STATEMENT OF MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

OPERATIONAL REVIEW (CONT'D)

Estate operation

For the financial year ended 2021, the Group achieved total FFB production of 276,992 mts, which was 7% higher than the previous reporting year of 258,505 mt. By geographical segment, both FFB production from the Malaysian and Indonesian operations registered a slight growth at 118,887 mt of FFB (FY2020: 108,952 mt) and 158,105 mt of FFB (FY2020: 149,553 mt) respectively

The Group achieved an average overall yield per ha of 12.35 mt per ha for the financial year, slightly higher than the average yield of 11.67 mt per ha achieved in the previous year mainly due to more areas attaining maturity.

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 81,854 tonnes (2020: 84,638 tonnes) and PK production of 16,450 tonnes (2020: 16,324 tonnes). The total FFB processed by the Group for 2021 was 383,904 tonnes (2020: 384,607 tonnes).

The average OER of the Group was declined to 21.32% (2020: 22.00%) mainly contributed from the declining OER of Nala mill at 21.61% (2020: 23.10%). Meanwhile the KER of the Group was slightly higher at 4.28% (2020: 4.24%).

Overall, the average CPO price realised by the Group was RM3,472 per tonne representing a 41.33% increase as compared to RM2,457 per tonne realised in 2020. The higher CPO price in 2021 was mainly due to firmer prices of soyabean oil in the global market, supply disruptions including labour shortage in oil palm plantation, lower domestic stock of palm oil at below 2.0 million tonnes, firmer Brent crude oil prices in the global market and higher palm oil exports to major importing countries, especially to India. The average PK price was realised at RM2,515 per tonne (2020: RM1,325 per tonne). The higher PK prices in 2021 due to higher domestic price of crude palm kernel oil (CPKO).

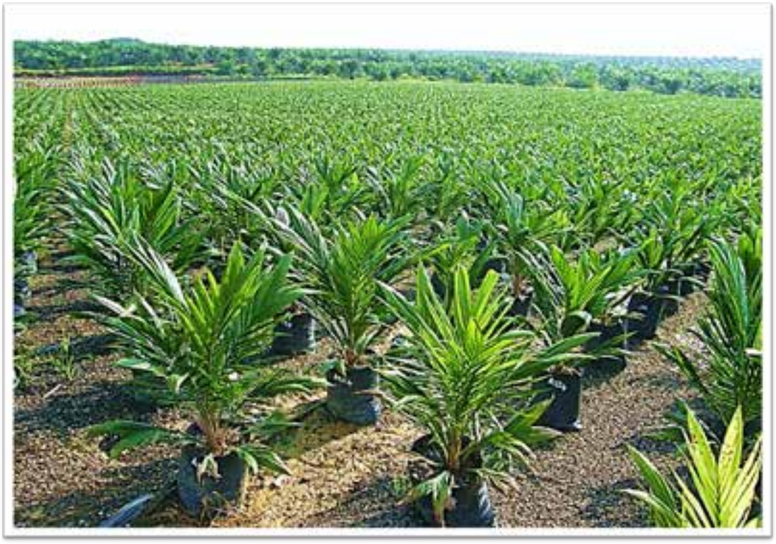
Period ended	31 December 2021	31 December 2020	%
Average CPO price	RM3,472 /metric ton	RM2,457 /metric ton	+ 41.33
Average PK price	RM2,515 /metric ton	RM1,325 /metric ton	+ 89.73

STATEMENT OF MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

OPERATIONAL REVIEW (CONT'D)

Capital Expenditure

The Group recorded a capital expenditure of RM15.956 million in property, plant and equipment in the current year as compared to RM24.866 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.



The replanting programme that was in pipeline was affected by the movement control order constraints of the pandemic despite the Group maintained its policy to pursue with replanting both in times of low as well as high palm product prices in order to achieve the desired oil palm age profile for the Group. Failure to implement this critical aspect of plantation management will inevitably lead to stagnating yields and declining crop production in the future. The Group is committed adopting best practice replanting management in accordance with Malaysian Sustainable Palm Oil ("MSPO") guidance "zero burning policy" 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. The oil palm seedlings are ready for supplying to the designated replanting area in year 2022.

STATEMENT OF MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

FINANCIAL REVIEW

FINANCIAL YEAR	2017	2018	2019	2020	2021
FINANCIAL RESULTS (RM'000)					
Revenue	246,977	228,369	225,255	264,706	350,127
Profit/(loss) before tax	36,609	(50,226)	(18,113)	(16,498)	7,672
Income tax (expense)/credit	(7,136)	(13,878)	4,239	2,606	3,499
Profit/(loss) after tax	29,473	(64,104)	(17,850)	(13,892)	11,171
Attributable to:					
Owners of parent	32,964	(48,229)	(15,030)	(12,335)	10,451
Non-controlling interests	(3,491)	(15,875)	(2,820)	(1,557)	720
FINANCIAL STATISTICS					
Net earnings/(loss) per share (sen)	28.15	(41.26)	(12.86)	(10.56)	8.94
Dividend per share (sen)	1.00	-	-	-	-
Net assets per share (sen)	2.83	2.25	4.42	4.28	4.36
Gearing ratio (Net Debt/Equity) (%)	118.0	165.0	87.1	89.7	76.6

FINANCIAL POSITION	2017	2018	2019	2020	2021
ASSETS (RM'000)					
Property, plant and equipment, Investment properties and Right-Of-Used assets	785,019	773,713	1,231,892	1,162,153	1,115,148
Land use rights	63,119	63,461	-	-	-
Other asset	70,712	72,509	104,465	100,603	49,276
	918,850	**909,683**	**1,336,357**	**1,262,756**	**1,164,424**
Current assets	76,635	61,398	61,379	48,219	123,196
TOTAL ASSETS	***995,485***	***971,081***	***1,397,736***	***1,310,975***	***1,287,620***

EQUITY AND LIABILITIES (RM'000)					
Share capital	120,000	120,000	120,000	120,000	120,000
Reserves	202,768	142,595	396,158	362,502	389,911
	322,768	**262,595**	**516,158**	**482,502**	**509,911**
Non-controlling interests	14,159	(668)	35,945	27,980	23,591
Total equity	**336,927**	**261,927**	**552,103**	**510,482**	**533,502**
Non-current liabilities	323,456	181,603	290,875	296,212	403,568
Current liabilities	335,102	527,551	554,758	504,281	350,550
Total liabilities	**658,558**	**709,154**	**845,633**	**800,493**	**754,118**
TOTAL EQUITY AND LIABILITIES	***995,485***	***971,081***	***1,397,736***	***1,310,975***	***1,287,620***

STATEMENT OF MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

FINANCIAL REVIEW (CONT'D)

The Group's revenue for financial year 2021 increased largely by 32.27% to RM350.127 million as compared to previous reporting year of RM264.706 million. This was mainly attributable to higher FFB production and higher average CPO and PK realised price by 41.33% and 89.73% respectively from the plantation segment.

Profit net of tax improved substantially to RM11.298 million as compared to loss net of tax in last financial year of RM13.892 million mainly due to higher FFB production of 276,992 mt, which was 7% higher than the previous reporting year of 258,505 mt.

The gearing ratio of the Group was improved to 0.77 times post completion of the Proposed Disposals. 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 related, ie. El Nino and La Nina. As per the "Overview of the Malaysian Oil Palm Industry 2021" by the MPOB, Sabah CPO production declined by 6.2% to 4.36 million tonnes due to lower quality of FFB processed by oil palm mills and FFB yield declining by 6.4% to 15.77 tonnes per hectare.

The Group was also subjected to the CPO & PK price fluctuations in the world market. In 2021, the CPO price traded higher due to firmer prices of soyabean oil in the global market, supply disruptions including labour shortage in oil palm plantation, lower domestic stock of palm oil at below 2.0 million tonnes, firmer Brent crude oil prices in the global market and higher palm oil exports to major importing countries, especially to India. Prices of soyabean oil were traded higher by 68.0% to US$1,393/tonne in 2021 compared to US$829/tonne in 2020, thus impacting prices of palm oil as they compete for a share in the global vegetable oils market. In the Sabah operation, the Group sells CPO & PK using the MPOB's average price mechanism either on long term contracts or spot as well as hedging through forward physical sales. In the Indonesia operations, CPO & PK are sold using mostly average tender price of a state own entity as well as spot sales.

On the other hand, the plantation segment depends greatly on the labour supply. Despite the severe labour shortages experienced in 2020/2021 throughout many industrial sectors due to temporary suspension on foreign labour intake as part of COVID-19 containment measures 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 40 under the Notes to the financial statements.

STATEMENT OF MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

PROSPECTS AND OUTLOOK

Plantation segment

Looking ahead, the current strong CPO & PK prices are expected to moderate in the second half of 2022 as FFB production recover with the normalisation of weather conditions. Notwithstanding this, the Group remains positive on the palm oil industry's long run outlook given the continuous growth in global population and household incomes which will continue to drive and sustain the demand of palm oil given its unrivalled versatility as a superior resource for both food and non-food applications.

The Group will continue its dedicated focus on yearly manuring programme, harvesting and fruits evacuation as well as increased mechanisation to achieve greater operational efficiencies and drive performance to a higher level. The Group is confident that with the continuous improvements in productivity and implementation of best plantation management practices together with cost effective strategies, it would be able ride out the challenges ahead.

The Group's plantation segment is expected to register a better result for the financial year performance 2022. Further, there are significant revenue and profit contribution to be generated from the Indonesia operation as most of the plantation areas are matured and the rest reaching maturity stage.

Hotel segment

The hospitality industry in Sabah is recording moderate growing key performance indicators as the hotel segment of the industry, is facing a tough time to record profits year on year. The emerging services in global online hospitality services and several online travel agencies and various attractive offers offered by them is making it hard for most of the segment hotels in Sabah, which are not technologically sound and are dependent on walk-in customers. Though the inbound travel within the country is increasing, these drawbacks are inhibiting them to gain profits, as the majority of the travel group is being youngsters and are preferring online hospitality services

Notwithstanding this, adhering to authorities' Covid-19-related health and safety rules and addressing customers' health worries represents a significant burden for hospitality companies, especially as they may be unable to operate with typical staffing levels.

In overall, the prospect of the hotel segment is remained to be extremely challenging in year 2022. Nonetheless, the Management of hotel segment will continue to make more use flexible or contract staff, or third-party service providers so that they can quickly respond to changing business conditions and staff up or down as needed 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 2021 for the financial year ended 31 December 2021 except for:

i) Practice 1.4 (The Chairman of the Board should not be a member of the Audit Committee, Nomination Committee and Remuneration Committee)
ii) Practice 5.2 (The Board comprises at least half of independent directors)
iii) Practice 5.4 (The Board has a policy which limits the tenure of independent directors to 9 years)
iv) Practice 5.9 (The Board comprises at least 30% women directors)
v) Practice 7.1 (The remuneration policies made available on the website)
vi) Practice 8.2 (The Board discloses on a named basis the top 5 senior management's remuneration in bands of RM50,000)
vii) Practice 8.3 (Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis)

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 2021.

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 2021. 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	5	5
6.	Datuk Lee Swi Heng (resigned on 11 February 2022)	5	5

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.

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 2021 are as follows:

Conference/Seminar/Workshop
- Create your lasting legacy webinar organised by BSP Adviser
- Sustainable Leadership in the era of digitalisation & building resilience through the butterfly effect organised by MAICSA

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

II. Board Composition (Cont'd)

Directors' Continuing Development (Cont'd)

Details of training attended by Directors for the financial year ended 31 December 2021 are as follows (Cont'd):

Conference/Seminar/Workshop

- Corporate Directors Training Programme Fundamental 3.0 organised by Companies Commission of Malaysia ("SSM")
- EY Budget 2022 Webinar organised by Ernst & Young Tax Consultant Sdn Bhd
- Practical MPERS for Inventories, Investment Property, PPE and Intangible Assets other than Goodwill organised by Malaysian Institute of Accountants ("MIA")
- MBRS - Annual Return organised by SSM
- Guidelines for reporting framework for beneficial ownership of legal person in Malaysia organised by SSM
- Webinar on Economy, Business and Life in 2021 organised by OCBC Bank (Malaysia) Berhad
- Webinar on Shariah Investing Dialogue with Public Listed Companies 2021 - Session 1 "Opportunities for Public Listed Companies in Shariah-Compliant Landscape" organised by Bursa Malaysia
- Growing by connecting retail investor with corporates organised by AmBank Group
- Webinar Talk-Transfer Pricing A Better Understanding to Avoid Being Heavily Penalised organised by Sabah Ministry of Finance
- Hong Leong Bank Sustainability Roundtable on Palm Oil: ESG Risks & Opportunities, an industry outlook organised by Hong Leong Bank Malaysia
- Directors' Continuing Education Programme 2021
  Module 1: Executive Briefing and Digital Trends - Opportunities for the Transformation;
  Module 2: Malaysian Code on Corporate Governance 2021; and
  Module 3: Halal Awareness
  organised by Fraser & Neave Holdings Bhd & Cocoaland Holdings Berhad
- Directors Training - Risk Management Approach & Methodology organised by T7 Global Berhad
- Webinar: Kursus Ahli Lembaga Pengarah Badan Berkanun dan Agensi Kerajaan Negeri Tahun 2021 Sesi 3/2021 "Gearing up Board of Directors " Sabah Maju Jaya" organised by Sabah Ministry of Finance
- WHO-Covid 19 Mass Gatherings Risk Assessment Training organised by World Health Organization ("WHO")
- COVID-19 and work: Staying healthy and safe at work during the COVID-19 pandemic organised by WHO
- SARS-CoV-2 antigen rapid diagnostic testing organised by WHO
- Audit Overview Board Conversation with Audit Committees organised by SSM
- MIA Webinar Series: The Essentials on Impairment, Intangibles, Provisions and Accounting Estimates

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

II. Board Composition (Cont'd)

Nomination Committee (Cont'd)

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.

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 23 February 2021 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 Performance Evaluation – Board Committees, 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 5.3 of the MCCG 2021, 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 through a two-tier voting process at every Annual General Meeting.

On 21 May 2021, the NC met to consider and recommend the:-
(a) proposed re-election of Madam Wong Siew Ying, retiring as a director pursuant to Clause 100 of the Company's Constitution, at the conclusion of the 21st Annual General Meeting;
(b) proposed re-election of Mr Lim Ted Hing, retiring as a director pursuant to Clause 100 of the Company's Constitution, at the conclusion of the 21st Annual General Meeting; and
(c) proposed to retain Mr Lim Ted Hing 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 2021 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	965	29	1,004	1,088	2,092
Wong Siew Ying	10	395	1	406	-	406
Datuk Lee Swi Heng (resigned)	10	460	-	470	-	470
Total	**30**	**1,818**	**30**	**1,880**	**1,088**	**2,968**
Non-Executive Directors						
Lim Ted Hing	10	141	-	151	-	151
Tan Sri Dato' Sri Koh Kin Lip, JP	10	111	-	121	-	121
Dato' Ooi Sek Min	10	81	-	91		91
Total	**30**	**333**	**-**	**363**	**-**	**363**

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 2021 falls within the following bands is as follows:

	NUMBER OF DIRECTORS	
Directors' Remuneration RM	**Executive**	**Non-Executive**
50,001 to 100,000	-	1
100,001 to 150,000	-	2
400,001 to 450,000	1	-
450,001 to 500,000	1	-
2,050,001 to 2,100,000	1	-

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 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 Twentieth 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 2021 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 25 April 2022.

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.

MARKET PLACE

Sustainability Certification

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.

Further, 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 components 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. However, the COVID-19 pandemic had caused disruptions in the management of audit progress and the periodic sustainability compliance monitoring programme. Due to the restrictions of movement in managing the COVID-19 pandemic, most of the certification audits were carried out remotely. Required documents were uploaded to the external auditors during remote audits. Notwithstanding this, limited physical monitoring visits were conducted during the window when physical movements were allowed.

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.

SUSTAINABILITY STATEMENT (CONT'D)

Stakeholder Engagement

The Group recognises that the engagement and feedback of its stakeholders are an integral part of its sustainability strategies and initiatives.

The stakeholders engagement process involves both formal and informal approaches. The following table provides an overview of the efforts undertaken by the Group to further the engagement of its stakeholders.

Key Stakeholders	Mode of Engagement	Key Areas
Investors and shareholders	• Pro-active communication through emails and phone calls • Quarterly meetings (virtual) • Annual general meeting	• Group's performance and productivity insights and peer comparison • Business development and impacts • Corporate governance and compliance matters
Employees	• Operational management meetings • Briefing sessions • Annual appraisals	• Operational performance and productivity • Employee engagement • Safety and health issues and practices • Welfare and human resources matter
Smallholders and local communities	• MSPO meetings and briefing • Corporate social responsibility events	• MSPO certification program • Pricing mechanism and crop quality • Complaints and grievances
Government and regulators	• Dialogues held through forums and virtual meetings • Site visits and inspections • Virtual and webinar meetings • Survey from/reporting to government agencies	• Compliance • Latest news or updates in regulations or standards • Foreign workers legalisation procedures
Customers	• Telecommunication and email • Site visits	• Supply chain and traceability • Sustainability • Pricing and delivery schedule • Product quality
Suppliers and contractors	• Meet-up sessions, emails and telecommunication • Product demo	• Sustainability • Product quality • Company's policies and governance • Pricing and delivery arrangement

SUSTAINABILITY STATEMENT (CONT'D)

CARE FOR ENVIRONMENT

Zero burning during New Development and Replanting

The Group practice a standard of zero burning in all their land clearing, development and re-development activities. As an integral part of the development procedures, all new planting and replanting development are subjected to the findings from certified third-party independent assessments such as Social Environmental Impact Assessments ("SEIA"), Carbon stock assessment, Peat Mapping, HCV and HCS integrated assessments, soil suitability and topographic surveys. For quality assurance of the assessments, only assessors accredited by the HCV Resource Network's Assessor Licensing Scheme ("ALS") were appointed to conduct the HCV-HCS assessments.

Water & Energy Management

The TEK water treatment is 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.

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.

SUSTAINABILITY STATEMENT (CONT'D)

WORK PLACE

Employees Wages and Welfare

The Group complies with the minimum wages stipulated by the Minimum Wages Order 2018. The Group believes that its people should be fairly treated and recognised. The basis of recognition is not limited solely to work performance but also includes other aspects such as behaviour at work, creativity and involvement in the Group's activities. Our reward philosophy covers basic salary, cash and non-cash benefits, short-term variable bonuses as well as promotion.

We are dedicated to having a comfortable environment for our workers and their dependents to work and live in. To this end, a comprehensive range of amenities is provided at the Group's operating units. This includes housing, water and electricity supply, healthcare, places of worship, childcare facilities and other recreational amenities.

Healthcare and Childcare

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).

COMMUNITY

Community and Education

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.

This Statement is made in accordance with the resolution of the Board of Directors passed on 25 April 2022.

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 4 of the NPC Annual Report 2021, 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 2021, 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

The amounts of audit fees paid/payable to the external auditors for services rendered to the Company and the Group for the year were RM236,000 and RM588,000 respectively.

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 RM6,000 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 2021.

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 36 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 2021 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 Practice 9.3 under Principle B of the Malaysian Code on Corporate Governance 2021, The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

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 palm oil mill fresh fruit bunches (FFBs) grading process and control of oil loss;
(e) to review the key internal controls relating to oil palm nursery, land clearing, planting, production, field upkeep, ware house management, management of fixed assets (heavy equipments, vehicles and machinery), facilities and infrastructure, fixed asset, building fire control and occupational safety and health management system;
(f) 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 17 of the Statement on Corporate Governance.

This Audit Committee Report is made in accordance with the resolution of the Audit Committee dated 25 April 2022.

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's 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 reports directly to the Audit Committee.

The amount of internal audit fees payable to the internal auditors for the year is RM148,155.

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 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

As required by Paragraph 15.23 of the LR of Bursa Securities, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with the Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board dated 25 April 2022.

DIRECTORS' REPORT

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and provision of management services. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM'000	The Company RM'000
Profit after taxation for the financial year	23,020	9,185
Attributable to:		
Owners of the Company	27,409	9,185
Non-controlling interests	(4,389)	-
	23,020	9,185

DIVIDENDS

No dividend was recommended by the directors for the financial year.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:

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

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

TREASURY SHARES

As at 31 December 2021, the Company held as treasury shares a total of 3,137,200 of its 120,000,000 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM7,509,243. The details of the treasury shares are disclosed in Note 18 to the financial statements.

DIRECTORS' REPORT (CONT'D)

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate. The financial statements of the Group and of the Company are prepared on the basis of accounting principles applicable to going concerns due to the reasons stated in Note 4.

DIRECTORS' REPORT (CONT'D)

CONTINGENT AND OTHER LIABILITIES

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

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:

DATO' LOO PANG KEE
WONG SIEW YING
TAN SRI DATO' SRI KOH KIN LIP, JP
LIM TED HING
DATO' OOI SEK MIN
DATUK LOO NGIN KONG (Resigned on 01.01.2021)
DATUK LEE SWI HENG (Resigned on 11.02.2022)

DIRECTORS' REPORT (CONT'D)

DIRECTORS (CONT'D)

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

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' INTERESTS

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

	Number of ordinary shares			
	At 1.1.2021	**Bought**	**Sold**	**At 31.12.2021**
The Company				
Direct Interests				
Dato' Loo Pang Kee	13,102,006	3,795,804	-	16,897,810
Wong Siew Ying	2,471,284	-	(1,561,000)	910,284
Tan Sri Dato' Sri Koh Kin Lip, JP	19,783,344	-	-	19,783,344
Lim Ted Hing	804,000	-	-	804,000

	Number of ordinary shares			
	At 1.1.2021	**Bought**	**Sold**	**At 31.12.2021**
The Company				
Indirect Interests				
Dato' Loo Pang Kee	38,400,000	-	(1,495,804)	36,904,196
Tan Sri Dato' Sri Koh Kin Lip, JP	2,817,350	-	-	2,817,350
Tan Sri Dato' Sri Koh Kin Lip, JP*	70,000	-	-	70,000

* Deemed interested through children's shareholding in the Company.

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS (CONT'D)

By virtue of their shareholdings in the Company, Dato' Loo Pang Kee and Tan Sri Dato' Sri Koh Kin Lip, JP are deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 8 of the Companies Act 2016.

The other directors holding office at the end of the financial year had no interest in shares, options over unissued shares or debentures of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 36(b) to the financial statements.

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

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 30 to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial year, there was no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Company.

SUBSIDIARIES

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

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The significant event during the financial year is disclosed in Note 41 to the financial statements.

DIRECTORS' REPORT (CONT'D)

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 30 to the financial statements.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 29 APRIL 2022

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, state that, in the opinion of the directors, the financial statements set out on pages 50 to 166 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2021 and of their financial performance and cash flows for the financial year ended on that date.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 29 APRIL 2022

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

STATUTORY DECLARATION

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

I, Dato' Loo Pang Kee, being the director primarily responsible for the financial management of NPC Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 50 to 166, are to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
Dato' Loo Pang Kee,
at Kota Kinabalu in the State of Sabah
on this 29 April 2022

Dato' Loo Pang Kee

Before me,

Datuk Yong We Kong
Ref: JP 97/25
MAJAPS No. 97
Commissioner of oath

Crowe

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 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 50 to 166.

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 2021, 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.

Basis for opinion

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

Independence and Other Ethical Responsibilities

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

Material Uncertainty Related to Going Concern

We draw attention to Note 4 to the financial statements which indicates that the Group's current liabilities exceeded their current assets by RM227.35 million. These conditions indicate that a material uncertainty exists that may cast a significant doubt on the Group's ability to continue as a going concern.

As at 31 December 2021, the Group's total borrowings amounted to RM456.3 million. Details of these borrowings are disclosed in Note 20, 21 and 27 to the financial statements. The Group's trade and non-trade payables were recorded at RM162.4 million. Of these payables, RM81.5 million is an amount owing to a foreign non-controlling interest. In the prior financial year, the amount owing to non-controlling interest of RM110.8 million was due on 30 April 2021. The Group have entered into a deferment of repayment arrangement with the non-controlling interest, of which payment is to be fully settled by 27 April 2023. Details of these trade and non-trade payables are disclosed in Note 24 and 25 to the financial statements respectively. In addition, despite the net current liabilities position, the Group recorded earnings before interest, tax, depreciation and amortisation ("EBITDA") of RM78.7 million for the financial year.

The Group believe that it will continue to enjoy the existing credit facilities granted by the banks as it has not defaulted in any repayment obligations for the financial year. The Group has also managed to secure additional loans from the financial institutions in the current year. Furthermore, the Group have paid part of the amount owing to a foreign non-controlling interest on 9 January 2022 amounting to RM39.9 million.

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF NPC RESOURCES BERHAD

(Incorporated in Malaysia) (Cont'd)

Material Uncertainty Related to Going Concern (Cont'd)

In view of the above, barring any unforeseen circumstances, management believes that, with the existing credit lines granted by the banks and positive outlook in the oil palm plantation industry in 2022, the Group will be able to generate sufficient cash flows to meet its obligations and working capital needs for the next financial year. Accordingly, the financial statements of the Group have been prepared on the going concern basis.

Our opinion is not modified in respect of this matter.

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. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Impairment of Property, Plant and Equipment Refer to Note 7 in the financial statements	
Key Audit Matters	How our audit addressed the key audit matter
The Group has property, plant and equipment amounting to RM1,095 million, which relates to the Group's oil palm plantation cash-generating unit ("CGU"). As at 31 December 2021, the market capitalisation of the Group, 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 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.	Our procedures included, amongst others:- • For recoverable amounts determined by using professional valuers, assessing the competence, capabilities and objectivity of management's valuation experts; and evaluating the valuation methodologies and the appropriateness of the assumptions used by the valuation experts. • For recoverable amounts determined by using discounted cash flows method, evaluation and challenging the appropriateness and reasonableness of the assumptions applied to key inputs such as prices of crude palm oil, oil palm yield rates, operating costs and discount rate applied, which included comparing these inputs with externally derived data as well as our own assessments based on our knowledge of the client and the industry. • Performing sensitivity analysis, which included assessing the effect of reasonably possible reductions in key drivers (e.g. commodity prices, discount rate) of cash flows forecast to evaluate the impact on the currently estimated headroom.

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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 of Property, Plant and Equipment (Cont'd) Refer to Note 7 in the financial statements	
Key Audit Matters	How our audit addressed the key audit matter
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.	Our procedures included, amongst others:- • Testing the sensitivity of the impairment calculations to changes in key assumptions used (e.g. commodity prices, discount rate) to evaluate the impact on the currently estimated headroom. • Evaluating the adequacy of the disclosures in the financial statements, including disclosures of key assumptions and judgements.

Going Concern

Going Concern Refer to Note 4 in the financial statements	
Key Audit Matters	How our audit addressed the key audit matter
The Group has RM456.3 million of borrowings as at 31 December 2021. This includes committed bank facilities that are subject to financial covenants. The Group has continued to adopt the going concern basis in preparing the financial statements after having prepared a cash flow forecast supporting the assertion that the Group will have sufficient resources to continue for a period of at least 12 months from the end of the financial year. The Group's assessment on its ability to continue as a going concern was an area of focus as the assessment requires the exercise of significant judgement by the Group's assumptions supporting the cash flow forecast, including the revenue and profit margin, and these are fundamental to the appropriateness of the going concern basis which was adopted for the preparation of the financial statements.	Our procedures included, amongst others:- • Reviewing the Group's assessment in relation to going concern; • Comparing the actual results with previous budget to assess the performance of the business and reliability of the forecasting process; • Reviewing the cash flow forecast by comparing the Group's assumptions to assess their reasonableness and achievability of the forecasting; • Testing the mathematical accuracy of the cash flow forecast calculation; • Performing sensitivity analysis for a range of reasonably possible scenarios; • Assessing the appropriateness of disclosures in relation to 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)

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 Directors' Report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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 appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

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

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

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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.

OTHER MATTERS

1. The financial statements of the Company for the preceding financial year were audited by another firm of auditors whose report dated 16 June 2021, express an unqualified opinion on those statements.

2. This report is made solely to the member 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.

CROWE MALAYSIA PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

CHONG KEN VUN
02958/02/2023 J
Chartered Accountant

Kota Kinabalu

Dated 29 April 2022

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	The Group 2021 RM'000	The Group 2020 RM'000	The Company 2021 RM'000	The Company 2020 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investment in subsidiaries	6	-	-	172,084	172,084
Property, plant and equipment	7	618,718	643,642	682	702
Investment properties	8	19,837	20,318	-	-
Right-of-use assets	9	476,593	518,511	-	-
Other receivables	10	16,795	46,384	-	-
Goodwill	11	32,481	32,443	-	-
		1,164,424	1,261,298	172,766	172,786
CURRENT ASSETS					
Inventories	12	30,532	17,979	-	-
Biological assets	13	7,209	3,812	-	-
Trade receivables	14	6,523	5,714	-	-
Other receivables, deposits and prepayments	10	7,700	6,902	65	40
Amount owing from subsidiaries	15	-	-	561,962	566,976
Current tax assets		349	828	64	-
Fixed deposits with licensed banks	16	15,124	7,108	15,000	-
Cash and bank balances		55,759	5,876	6,783	4,626
		123,196	48,219	583,874	571,642
TOTAL ASSETS		1,287,620	1,309,517	756,640	744,428
EQUITY AND LIABILITIES					
EQUITY					
Share capital	17	120,000	120,000	120,000	120,000
Treasury shares	18	(7,509)	(7,509)	(7,509)	(7,509)
Reserves	19	397,420	370,011	47,616	38,431
Equity attributable to owners of the Company		509,911	482,502	160,107	150,922
Non-controlling interests		23,591	27,980	-	-
TOTAL EQUITY		533,502	510,482	160,107	150,922

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021 (CONT'D)

	Note	The Group 2021 RM'000	The Group 2020 RM'000	The Company 2021 RM'000	The Company 2020 RM'000
NON-CURRENT LIABILITIES					
Lease liabilities	20	3,483	2,320	-	-
Term loans	21	273,389	150,071	88,127	140,546
Employee defined benefit liabilities	22	5,077	4,545	-	-
Deferred tax liabilities	23	121,619	137,818	30	32
		403,568	294,754	88,157	140,578
CURRENT LIABILITIES					
Trade payables	24	23,534	35,291	-	-
Other payables and accruals	25	138,882	165,474	7,946	3,666
Amounts owing by subsidiaries	15	-	-	392,851	317,355
Amount owing to a director	26	1,015	283	1,015	-
Lease liabilities	20	1,929	1,393	-	-
Term loans	21	22,181	112,754	20,599	15,286
Short term borrowings	27	160,680	179,081	85,965	107,625
Current tax liabilities		2,329	1,041	-	34
Derivative liabilities	28	-	8,964	-	8,964
		350,550	504,281	508,376	452,928
TOTAL LIABILITIES		754,118	799,035	596,533	593,506
TOTAL EQUITY AND LIABILITIES		1,287,620	1,309,517	756,640	744,428

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

STATEMENTS OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	The Group 2021 RM'000	The Group 2020 RM'000	The Company 2021 RM'000	The Company 2020 RM'000
REVENUE	29	350,127	264,706	6,048	6,952
COST OF SALES		(300,388)	(259,326)	-	-
GROSS PROFIT		49,739	5,380	6,048	6,952
OTHER INCOME		26,448	18,590	22,829	25,861
		76,187	23,970	28,877	32,813
ADMINISTRATIVE EXPENSES		(24,461)	(20,649)	(6,717)	(6,565)
OTHER EXPENSES		(24,232)	(910)	-	(13,154)
FINANCE COSTS		(19,822)	(18,909)	(12,826)	(13,445)
PROFIT/(LOSS) BEFORE TAXATION	30	7,672	(16,498)	9,334	(351)
INCOME TAX BENEFIT/ (EXPENSE)	31	3,499	2,606	(149)	(207)
PROFIT/(LOSS) AFTER TAXATION		11,171	(13,892)	9,185	(558)
OTHER COMPREHENSIVE INCOME	32				
Items that Will Not be Reclassified Subsequently to Profit or Loss					
Revaluation of property, plant and equipment		(1,122)	(17,814)	-	-

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

STATEMENTS OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

		The Group		The Company	
		2021	2020	2021	2020
	Note	RM'000	RM'000	RM'000	RM'000
OTHER COMPREHENSIVE INCOME (CONT'D)	32				
Items that Will be Reclassified Subsequently to Profit or Loss					
Fair value changes of employee defined benefit liabilities		(198)	(492)	-	-
Tax impact on remeasurement of employee defined benefit		36	102	-	-
Foreign currency translation differences		13,133	(8,775)	-	-
		12,971	(9,165)	-	-
TOTAL OTHER COMPREHENSIVE INCOME/(EXPENSES)		11,849	(26,979)	-	-
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL YEAR		23,020	(40,871)	9,185	(558)
PROFIT/(LOSS) AFTER AFTER TAXATION ATTRIBUTABLE TO:					
Owners of the Company		10,451	(12,335)	9,185	(558)
Non-controlling interests		720	(1,557)	-	-
		11,171	(13,892)	9,185	(558)
TOTAL COMPREHENSIVE INCOME/(EXPENSE) ATTRIBUTABLE TO:					
Owners of the Company		27,409	(33,656)	9,185	(558)
Non-controlling interests		(4,389)	(7,215)	-	-
		23,020	(40,871)	9,185	(558)
EARNINGS/(LOSS) PER SHARE (SEN)					
Basic	33	8.94	(10.56)		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

			← Non-Distributable →		Distributable			
	Share Capital RM'000	Treasury Shares RM'000	Foreign Exchange Translation Reserve RM'000	Asset Revaluation Reserve RM'000	Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non-controlling Interests RM'000	Total Equity RM'000
The Group								
Balance at 1.1.2020	120,000	(7,509)	(10,296)	261,391	152,572	516,158	35,945	552,103
Loss after taxation for the financial year	-	-	-	-	(12,335)	(12,335)	(1,557)	(13,892)
Other comprehensive income for the financial year:								
- Revaluation of property, plant and equipment	-	-	-	(15,137)	262	(14,875)	(5,339)	(20,214)
- Foreign currency translation differences	-	-	(9,991)	-	-	(9,991)	-	(9,991)
- Remeasurement of deferred tax on revalued property, plant and equipment and equipment	-	-	-	2,263	-	2,263	963	3,226
Total comprehensive income for the financial year (Balance carried forward)	-	-	(9,991)	(12,874)	(12,073)	(34,938)	(5,933)	(40,871)

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

			Non-Distributable		Distributable			
	Share Capital RM'000	Treasury Shares RM'000	Foreign Exchange Translation Reserve RM'000	Asset Revaluation Reserve RM'000	Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non-controlling Interests RM'000	Total Equity RM'000
The Group								
Total comprehensive income for the financial year (Balance brought forward)	-	-	(9,991)	(12,874)	(12,073)	(34,938)	(5,933)	(40,871)
	120,000	(7,509)	(20,287)	248,517	140,499	481,220	30,012	511,232
Contributions by and distributions to owners of the Company:								
- Dividends:								
- by subsidiaries to non-controlling interests	-	-	-	-	-	-	(750)	(750)
Total transactions with owners	-	-	-	-	-	-	(750)	(750)
Amortisation of revaluation reserve	-	-	-	(6,227)	7,509	1,282	(1,282)	-
Balance at 31.12.2020	120,000	(7,509)	(20,287)	242,290	148,008	482,502	27,980	510,482

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

			← Non-Distributable	→	Distributable			
	Share Capital RM'000	Treasury Shares RM'000	Foreign Exchange Translation Reserve RM'000	Asset Revaluation Reserve RM'000	Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non-controlling Interests RM'000	Total Equity RM'000
The Group								
Balance at 31.12.2020/1.1.2021	120,000	(7,509)	(20,287)	242,290	148,008	482,502	27,980	510,482
Profit after taxation for the financial year	-	-	-	-	10,451	10,451	720	11,171
Other comprehensive income for the financial year:								
- Revaluation of property, plant and equipment	-	-	-	(16,479)	19,158	2,679	(2,679)	-
- Fair value changes of employee defined benefit liabilities	-	-	-	-	(126)	(126)	(36)	(162)
- Foreign currency translation differences	-	-	6,296	-	7,717	14,013	(880)	13,133
- Remeasurement of deferred tax on revalued property, plant and equipment	-	-	-	(787)	-	(787)	(335)	(1,122)
Total comprehensive income for the financial year (Balance carried forward)	-	-	6,296	(17,266)	37,200	26,230	(3,210)	23,020

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

			Non-Distributable		Distributable			
	Share Capital RM'000	Treasury Shares RM'000	Foreign Exchange Translation Reserve RM'000	Asset Revaluation Reserve RM'000	Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non-controlling Interests RM'000	Total Equity RM'000
The Group								
Total comprehensive income for the financial year (Balance brought forward)	-	-	6,296	(17,266)	37,200	26,230	(3,210)	23,020
	120,000	(7,509)	(13,991)	225,024	185,208	508,732	24,770	533,502
Amortisation of revaluation reserve	-	-	-	(5,947)	7,126	1,179	(1,179)	-
Balance at 31.12.2021	120,000	(7,509)	(13,991)	219,077	192,334	509,911	23,591	533,502

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

	Share Capital RM'000	Treasury Shares RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
The Company				
Balance at 1.1.2020	120,000	(7,509)	38,989	151,480
Total comprehensive expenses for the financial year	-	-	(558)	(558)
Balance at 31.12.2020/ 1.1.2021	120,000	(7,509)	38,431	150,922
Total comprehensive income for the financial year	-	-	9,185	9,185
Balance at 31.12.2021	120,000	(7,509)	47,616	160,107

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	The Group 2021 RM'000	The Group 2020 RM'000	The Company 2021 RM'000	The Company 2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before taxation		7,672	(16,498)	9,334	(351)
Adjustments for:-					
Depreciation of property, plant and equipment		38,837	35,675	67	67
Depreciation of right-of-use assets		11,908	13,607	-	-
Depreciation of investment properties		481	422	-	-
Allowance for impairment losses on other receivables:					
- current		16	1,050	-	-
- non-current		-	(1,107)	-	-
Finance costs		19,822	18,909	12,826	13,445
Gain on disposal of property, plant and equipment		(6,321)	(11)	-	-
Property, plant and equipment written off		174	255	-	-
Unrealised (gain)/loss on foreign exchange		6,044	3,738	(6,787)	13,169
Fair value (gain)/loss:					
- derivative liabilities		(8,964)	4,906	(8,964)	4,439
- employee defined benefit liabilities		1,226	1,215	-	-
- biological assets		(3,397)	1,049	-	-
Interest income		(14,095)	(6,441)	(16,042)	(25,721)
Operating profit before working capital changes		53,403	56,769	(9,566)	5,048
(Increase)/Decrease in inventories		(12,262)	633	-	
Decrease/(Increase) in trade and other receivables		28,011	8,603	(25)	65
Decrease/(Increase) in amount owing by subsidiaries		-	-	14,568	(26,316)
Increase in amounts owing to subsidiaries		-	-	75,495	22,379
(Decrease)/Increase in trade and other payables		(38,798)	(2,671)	4,282	(2,071)
Increase in amount owing to a Director		732	190	1,015	-
CASH FROM/(FOR) OPERATIONS		31,086	63,524	85,769	(895)
Interest paid		(19,822)	(27,164)	(12,826)	(13,445)
Interest income received		14,095	599	16,042	25,721
Income tax paid		(6,329)	(3,307)	(248)	(123)
NET CASH FROM OPERATING ACTIVITIES		19,030	33,652	88,737	11,258

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

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	The Group 2021 RM'000	The Group 2020 RM'000	The Company 2021 RM'000	The Company 2020 RM'000
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES					
Additions to investment properties		-	(4,976)	-	-
Proceeds from disposal of property, plant and equipment		53,141	409	1	-
Purchase of property, plant and equipment and right-of-use assets	34(a)	(15,956)	(19,890)	(48)	(13)
Withdrawal of fixed deposits with tenure more than 3 months		7,196	4,256	-	-
NET CASH FROM/(FOR) INVESTING ACTIVITIES		44,381	(20,201)	(47)	(13)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Drawdown of term loans	34(b)	175,212	8,550	-	6,300
Drawdown of bankers' acceptances	34(b)	178,002	122	-	-
Drawdown of revolving credit	34(b)	14,413	-	-	-
Repayment of term loans	34(b)	(145,660)	(23,605)	(47,106)	(14,101)
Repayment of bankers' acceptances	34(b)	(149,181)	-	-	-
Repayment of revolving credit	34(b)	(62,725)	(4,780)	(23,445)	(3,795)
Repayment of lease liabilities	34(b)	(2,053)	159	-	-
NET CASH FROM/(FOR) FINANCING ACTIVITIES		8,008	(19,554)	(70,551)	(11,596)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		71,419	(6,103)	18,139	(351)
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		(4,197)	4,365	11	(15)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		(418)	1,320	3,633	3,999
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	34(d)	66,804	(418)	21,783	3,633

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia.

The Company is principally engaged in the business of investment holding and provision of management services. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

2. DATE OF AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 29 April 2022.

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

3.1 During the current financial year, the Group has adopted the following new accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendment to MFRS 16: Covid-19-Related Rent Concessions

Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3. BASIS OF PREPARATION (CONT'D)

3.2 The Group has not applied in advance the following accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendment 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
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
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
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4. GOING CONCERN

For the financial year ended 31 December 2021, the Group's current liabilities exceeded their current assets by RM472.5 million. The Group's total borrowings amounted to RM456.3 million and total payables were recorded at RM162.4 million. Of these payables, RM81.5 million is an amount owing to non-controlling interest.

The above events or conditions, indicate that there is a material uncertainty that may cast significant doubt on the Group'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 is appropriate due to the following reasons:

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

As at 31 December 2021, the Group's and the Company's total external borrowings amounted to RM456.2 million and RM194.7 million respectively of which RM182.9 million and RM106.6 million were classified as current liabilities. Details of these borrowings are disclosed in Note 21 and 27.

The Group and the Company believe that the cash flows from the operations are sufficient to address borrowings with fixed repayment terms. Furthermore, the Directors are confident that the Group will be able to obtain continuing financial support from the bankers.

During the year, the Group have entered into a deferment of repayment arrangement with the non-controlling interest, of which payment is to be fully settle by 27 April 2023, where part of the payment was made on 9 January 2022 amounting to RM39.9 million.

The Group also believe that it will continue to enjoy the existing credit facilities granted by the banks as it has not defaulted in any repayment obligations for the financial year. The Group has also managed to secure additional loans from the financial institutions of its foreign subsidiaries in the current year.

(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 reverse the Group's net current liability position.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made 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 other than as disclosed below:-

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 7 to the financial statements.

(b) Property, Plant and Equipment under Revaluation

Certain properties of the Group are reported at revalued amounts which are based on valuations performed by independent professional valuers by reference to the selling prices of recent transactions and asking prices of similar properties of nearby location and where necessary, adjusting for location, size, and market trends. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuations. The carrying amount of property, plant and equipment measured at revaluation as at the reporting date is disclosed in Note 7 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(c) Impairment of Investments in Subsidiaries

The Group determines whether an item of its investments in subsidiaries is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates which are subject to higher degree of estimation uncertainties due to uncertainty on how the COVID-19 pandemic may progress and evolve and volatility in markets in which the Group operates. The carrying amount of investments in subsidiaries as at the reporting date is disclosed in Note 6 to the financial statements.

(d) Impairment of Property, Plant and Equipment

The Group determines whether an item of its property, plant and equipment is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates which are subject to higher degree of estimation uncertainties due to uncertainty on how the COVID-19 pandemic may progress and evolve and volatility in markets in which the Group operates. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 7 to the financial statements.

(e) Impairment of Investment Properties

The Group determines whether an item of its investment properties is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates which are subject to higher degree of estimation uncertainties due to uncertainty on how the COVID-19 pandemic may progress and evolve and volatility in markets in which the Group operates. The carrying amount of investment properties as at the reporting date is disclosed in Note 8 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(f) Impairment of Right-of-use Assets

The Group determines whether an item of its right-of-use assets is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates which are subject to higher degree of estimation uncertainties due to uncertainty on how the COVID-19 pandemic may progress and evolve and volatility in markets in which the Group operates. The carrying amount of right-of-use assets as at the reporting date is disclosed in Note 9 to the financial statements.

(g) Impairment of Goodwill

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at the reporting date is disclosed in Note 11 to the financial statements.

(h) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 12 to the financial statements.

(i) Impairment of Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables. The carrying amounts of trade receivables as at the reporting date are disclosed in Notes 14 to the financial statements.

(j) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. It also requires the Group to assess whether there is a significant increase in credit risk of the non-trade financial asset at the reporting date. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions and forward-looking information. The carrying amounts of other receivables and amounts owing by subsidiaries as at the reporting date are disclosed in Note 10 and 15 to the financial statements respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(k) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made. The carrying amount of current tax liabilities as at the reporting date is RM2,328,786 (2020: RM1,040,010).

(l) Discount Rates used in Leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

(m) Deferred Tax Assets

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unabsorbed capital allowances to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unabsorbed capital allowances could be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits. The carrying amount of deferred tax assets as at the reporting date is disclosed in Note 23 to the financial statements.

Critical Judgements Made in Applying Accounting Policies

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

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

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

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

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(c) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. 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 the equity of the Group.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.2 BASIS OF CONSOLIDATION (CONT'D)

(d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value of the initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

5.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

5.4 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.4 FUNCTIONAL AND FOREIGN CURRENCIES (CONT'D)

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(c) Foreign Operations

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from 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 end of the reporting period.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when the settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 FINANCIAL INSTRUMENTS

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

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

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/ deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

Debt Instruments (Cont'd)

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. The fair value changes do not include interest or dividend income.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value (excluding interest expense) of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

(i) Ordinary Shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are 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.

Where treasury shares are reissued by resale, the difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity.

Where treasury shares are cancelled, their costs are transferred to retained profits.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 FINANCIAL INSTRUMENTS (CONT'D)

(d) Derivative Financial Instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives during the reporting period, other than those accounted for under hedge accounting, are recognised directly in profit or loss.

Any derivative embedded in a financial asset is not accounted for separately. Instead, the entire hybrid contract is classified and subsequently measured as either amortised cost or fair value as appropriate.

An embedded derivative is recognised separately from the host contract which is a financial liability as a derivative if, and only if, its risks and characteristics are not closely related to those of the host contract and the host contract is not measured at fair value through profit or loss.

(e) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(f) Financial Guarantee Contracts

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

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.6 INVESTMENT IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

5.7 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment, other than freehold land and buildings, are stated at cost less accumulated depreciation and any impairment losses.

Freehold land is stated at valuation less impairment losses recognised after the date of the revaluation. Freehold buildings are stated at revalued amount less accumulated depreciation and impairment losses recognised after the date of the revaluation.

Freehold land and buildings are revalued periodically, at least once in every three years. Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

Freehold land is not depreciated. Depreciation on other property and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

	%
Buildings	2 – 10
Mill structure	5
Bearer plants	4.55
Plant and machinery	8
Heavy equipment and motor vehicles	10 – 20
Furniture, fittings and equipment	8 – 10
Hotel renovations, plant and machinery	10 – 20

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.7 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property and equipment. Any changes are accounted for as a change in estimate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset. In addition, the Group also makes an annual transfer of the revaluation reserve to retained profits as the asset is used by the Group. In such a case, the amount of the revaluation reserve transferred would be the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

5.8 INVESTMENT PROPERTIES

Investment properties are properties which are owned or right-of-use asset held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties which are owned are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on a straight-line method over the estimated useful lives of the investment properties. The estimated useful lives of the investment properties are within 70 years to 907 years.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.9 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 represent costs incurred for the development of plasma plantations which include expenses financed by the bank and which are temporarily self-financed by the Company for those who are still waiting for funding from the bank.

Plasma receivables also include bailout loans, fertilizer loans and other agricultural production facilities to farmers. These loans will be billed back to the plasma farmers.

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 5.5.

5.10 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.

5.11 LEASES

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.11 LEASES (CONT'D)

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

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

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

5.12 INVENTORIES

Inventories are stated at the 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 basis 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.

5.13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.14 IMPAIRMENT

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income, trade receivables as well as on financial guarantee contracts.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.14 IMPAIRMENT (CONT'D)

(b) Impairment of Non-financial Assets (Cont'd)

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

5.15 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense in profit or loss.

5.16 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(c) Defined Benefit Plans

The Group makes contributions to the Company's retirement benefit plan, a funded defined benefit plan. In addition, the Group also provides for a post-retirement medical plan for certain employees, which is unfunded.

The liability or asset recognised in the statements of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets.

The present value of the defined benefit obligation is calculated using the projected unit credit method by independent actuaries annually, determined by discounting the estimated future benefits that employees have earned in the current and prior periods, using market yields of private corporate debt securities which have currency and terms to maturity approximating the terms of the related obligation.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.16 EMPLOYEE BENEFITS (CONT'D)

(c) Defined Benefit Plans (Cont'd)

The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual reporting period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. The net interest expense or income is recognised in profit or loss under the staff costs.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income and will not be reclassified to profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss.

The Group recognises gains or losses on the settlement of a defined benefit plan when the settlement occurs.

5.17 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax is recognised using the liability method for temporary differences other than those that arise from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.17 INCOME TAXES (CONT'D)

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

5.18 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

5.19 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

5.20 EARNINGS PER ORDINARY SHARE

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

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

5.21 BORROWING COSTS

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing costs applicable to borrowings that are outstanding during the financial year, other than borrowings made specifically for the purpose of financing a specific project-in-progress, in which case the actual borrowing costs incurred on that borrowings less any investment income on temporary investment of that borrowings will be capitalised.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.22 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

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

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

5.23 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service 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.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Company performs.
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Company's performance does not create an asset with an alternative use and the Company has an enforceable right to payment for performance completed to date.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.23 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

(a) Sale 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 recognized 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) Rendering of services

Revenue from providing services is recognised over time in the period in which the services are rendered.

Customers are invoiced on a monthly basis and consideration is payable when invoiced.

5.24 REVENUE FROM OTHER SOURCES AND OTHER OPERATING INCOME

(a) Dividend income

Dividend income from investment is recognised when the right to receive dividend payment is established.

(b) Interest income

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

(c) Rental income

Rental income from investment properties is accounted for on a straight-line method over the lease term.

(d) Revenue from hotel operations

Revenue from room sales, sale of food and beverage are recognized 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) Transportation service

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

6. INVESTMENT IN SUBSIDIARIES

	The Company 2021 RM'000	2020 RM'000
Unquoted shares, at cost	172,084	172,084

The details of the subsidiaries are as follows:

Name of Subsidiaries	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2021 %	2020 %	Principal Activities
Subsidiaries of the Company				
Agrisa Trading Sdn. Bhd.	Malaysia	100	100	Oil palm plantation
Berkat Setia Sdn. Bhd.	Malaysia	100	100	Oil palm plantation and palm oil mill
Ballerina Sdn. Bhd.	Malaysia	100	100	Property letting
Dat Soon Trading Sendirian Berhad	Malaysia	100	100	Trading of fresh fruit bunches
Growth Enterprise Sendirian Berhad	Malaysia	100	100	Oil palm plantation
Intan Ramai Sdn. Bhd.	Malaysia	100	100	Oil palm plantation
Kian Merculaba Sdn. Bhd.	Malaysia	100	100	Oil palm plantation
Kidat Sendirian Berhad	Malaysia	100	100	Transportation services
Sinar Ramai Sdn. Bhd.	Malaysia	100	100	Oil palm plantation
Seraya Plantation Sdn. Bhd.	Malaysia	100	100	Oil palm plantation
Syarikat Emashijau Sdn. Bhd.	Malaysia	100	100	Management services
Syarikat Sofrah Sdn. Bhd.	Malaysia	100	100	Oil palm plantation
Transglobe Enterprise Sdn. Bhd.	Malaysia	100	100	Oil palm plantation

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of Subsidiaries	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2021 %	2020 %	Principal Activities
Subsidiaries of the Company (Cont'd)				
Wenow Enterprise Sdn. Bhd.	Malaysia	100	100	Trading of fresh fruit bunches
The Palace Ventures Sdn. Bhd.	Malaysia	100	100	Hotelier
Miracle Display Sdn. Bhd.	Malaysia	100	100	Dormant
Better Prospects Sdn. Bhd.	Malaysia	100	100	Renting of fish hatchery assets
Bintang Kinabalu Plantation Sdn. Bhd.	Malaysia	100	100	Investment holding
Banggi Setia Sdn. Bhd.	Malaysia	100	100	Oil palm mill
Miasa Plantation Sdn. Bhd.	Malaysia	100	100	Investment holding
Natural Plantation Sdn. Bhd.	Malaysia	100	100	Dormant
Permata Alam Sdn. Bhd.	Malaysia	100	100	Investment holding
Berkat Banggi Sdn. Bhd.	Malaysia	100	100	Dormant
Sungai Kenali Sdn. Bhd.	Malaysia	100	100	Oil palm plantation
Subsidiary of Kidat Sendirian Berhad				
Pedoman Hasil Sdn. Bhd.	Malaysia	100	100	Oil palm plantation
Subsidiary of The Palace Ventures Sdn. Bhd.				
Big Bright Realty Sdn. Bhd.	Malaysia	100	100	Dormant

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of Subsidiaries	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2021 %	2020 %	Principal Activities
Subsidiary of Growth Enterprise Sdn. Bhd.				
Telupid Kelapa Sawit Sdn. Bhd.	Malaysia	70	70	Investment holding
Subsidiary of Telupid Kelapa Sawit Sdn. Bhd.				
Bonus Indah Sdn. Bhd.	Malaysia	70	70	Oil Palm Plantation
Subsidiary of Berkat Setia Sdn. Bhd.				
Best Borneo Oil Palm Resources Sdn. Bhd.	Malaysia	70	70	Marketing and trading of crude palm oil and crude palm oil refine products
Subsidiary of Bintang Kinabalu Plantation Sdn. Bhd.				
PT Borneo Utama Berkat Setia*	Indonesia	95	95	Oil palm plantation
Subsidiary of Miasa Plantation Sdn. Bhd.				
PT Sawit Nusantara Makmur Utama*	Indonesia	74	74	Investment holding
Subsidiary of PT Sawit Nusantara Makmur Utama				
PT Nala Palma Cadudasa*	Indonesia	70	70	Oil palm plantation and palm oil mill
PT Enggang Alam Sawita*	Indonesia	70	70	Oil palm plantation
PT Hamparan Sentosa*	Indonesia	73	70	Oil palm plantation
PT Sumber Alam Selaras*	Indonesia	70	70	Oil palm plantation

* These subsidiaries were audited by Crowe Malaysia PLT for consolidation purpose.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) The non-controlling interests at the end of the reporting period comprise the following:-

	Effective Equity Interest		The Group	
	2021	2020	2021	2020
	%	%	RM'000	RM'000
Bonus Indah Sdn. Bhd.	30	30	18,862	18,233
PT Borneo Utama Berkat Setia	5	5	(2,958)	(2,843)
PT Sawit Nusantara Makmur Utama and its subsidiaries	30	30	7,788	14,615
PT Hamparan Sentosa	27	30	42	(2,017)
Other individually immaterial subsidiaries	30	30	(143)	(8)
			23,591	27,980

(b) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:-

	Bonus Indah Sdn. Bhd.	
	2021	2020
	RM'000	RM'000
At 31 December		
Non-current assets	109,881	140,338
Current assets	9,897	856
Non-current liabilities	(13,714)	(43,005)
Current liabilities	(23,050)	(163)
Net assets	83,014	98,026
Financial Year Ended 31 December		
Revenue	8,421	8,106
Profit/(Loss) for the financial year	11,848	(372)
Total comprehensive income/(expenses)	2,101	(22,539)
Total comprehensive income/(expenses) attributable to non-controlling interests	630	(6,675)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows (Cont'd):-

	Bonus Indah Sdn. Bhd. 2021 RM'000	Bonus Indah Sdn. Bhd. 2020 RM'000
Net cash flows from operating activities	(21,688)	4,223
Net cash flows from investing activities	21,922	(1,434)
Net cash flows from financial activities	(233)	(2,789)

	PT Borneo Utama Berkat Setia 2021 RM'000	PT Borneo Utama Berkat Setia 2020 RM'000
At 31 December		
Non-current assets	30,334	40,580
Current assets	2,198	2,250
Non-current liabilities	(83,903)	(579)
Current liabilities	(1,025)	(82,628)
Net liabilities	(52,396)	(40,377)
Financial Year Ended 31 December		
Revenue	5,375	4,138
Profit/(loss) for the financial year	2,727	(1,182)
Total comprehensive income/(expenses)	1,876	(1,057)
Total comprehensive income attributable to non-controlling interests	94	67
Net cash flows from operating activities	1,089	1,373
Net cash flows for investing activities	(59)	(95)
Net cash flows for financing activities	(1,167)	(1,260)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows (Cont'd):-

	PT Sawit Nusantara Makmur Utama and its subsidiaries	
	2021	**2020**
	RM'000	**RM'000**
At 31 December		
Non-current assets	658,656	500,531
Current assets	79,382	32,247
Non-current liabilities	(527,693)	(471,071)
Current liabilities	(236,710)	(207,417)
Net liabilities	(26,365)	(145,710)
Financial Year Ended 31 December		
Revenue	129,100	117,033
Loss for the financial year	(9,707)	(16,170)
Total comprehensive expenses	(14,625)	(13,072)
Total comprehensive expenses attributable to non-controlling interests	(5,112)	(1,266)
Net cash flows from operating activities	16,047	36,123
Net cash flows for investing activities	(4,415)	(14,888)
Net cash flows from/(for) financing activities	36,164	(26,898)

* Subsidiaries refer to PT Nala Palma Cadudasa, PT Enggang Alam Sawita and PT Sumber Alam Selaras with effective equity interest of 30%. The summarised financial information for PT Hamparan Sentosa with effective equity interest of 30% is presented in page 73.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows (Cont'd):-

	PT Hamparan Sentosa	
	2021	**2020**
	RM'000	**RM'000**
At 31 December		
Non-current assets	154,176	187,970
Current assets	34,674	8,660
Non-current liabilities	(172,058)	(217,885)
Current liabilities	(14,472)	(17,957)
Net assets/(liabilities)	2,320	(39,212)
Financial Year Ended 31 December		
Revenue	61,239	46,538
Loss for the financial year	(1,653)	(12,792)
Total comprehensive expenses	(1,569)	(12,907)
Total comprehensive expenses attributable to non-controlling interests *	(156)	(645)
Net cash flows from operating activities	29,370	8,267
Net cash flows for investing activities	(2,226)	(2,849)
Net cash flows for financing activities	4,318	(5,535)

* The effective equity interest for the non-controling interest is 27% (2020: 30%)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

7. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.1.2021 RM'000	Additions (Note 34(a)) RM'000	Disposals RM'000	Reclassification RM'000	Write Off (Note 30) RM'000	Exchange Differences RM'000	Depreciation Charges (Note 30) RM'000	At 31.12.2021 RM'000
2021								
Carrying Amount								
Buildings and mill structure	72,817	66	(300)	3,179	(113)	911	(6,513)	70,047
Bearer plants	488,107	6,002	(6,411)	104	-	6,242	(24,051)	469,993
Plantation and fishery infrastructure development expenditure	34,077	26	(1,920)	375	-	79	(992)	31,645
Palm oil mill and estate plant and machinery	21,102	489	(4)	895	(7)	251	(2,796)	19,930
Forward	616,103	6,583	(8,635)	4,553	(120)	7,483	(34,352)	591,615

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	At 1.1.2021 RM'000	Additions (Note 34(a)) RM'000	Disposals RM'000	Reclassification RM'000	Write Off (Note 30) RM'000	Exchange Differences RM'000	Depreciation Charges (Note 30) RM'000	At 31.12.2021 RM'000
2021								
Continued	616,103	6,583	(8,635)	4,553	(120)	7,483	(34,352)	591,615
Heavy equipment and motor vehicles	15,258	3,621	(1,118)	1,000	(30)	176	(4,488)	14,419
Furniture, fittings and equipment	3,499	795	(1)	51	(24)	37	(1,023)	3,334
Hotel renovations, plant and machinery	3,673	1,344	-	8	-	1	(559)	4,467
Capital work-in-progress	5,109	4,365	-	(4,668)	-	77	-	4,883
	643,642	16,708	(9,754)	944	(174)	7,774	(40,422)	618,718

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	At 1.1.2020 RM'000	Additions (Note 34(a)) RM'000	Disposals RM'000	Reclassification RM'000	Write Off (Note 30) RM'000	Exchange Differences RM'000	Depreciation Charges (Note 30) RM'000	At 31.12.2020 RM'000
2020								
Carrying Amount								
Buildings and mill structure	76,369	166	-	4,194	-	(1,465)	(6,447)	72,817
Bearer plants	506,507	13,270	(14)	134	-	(8,747)	(23,043)	488,107
Plantation and fishery infrastructure development expenditure	34,258	52	-	870	-	(152)	(951)	34,077
Palm oil mill and estate plant and machinery	24,120	300	-	(32)	-	(406)	(2,880)	21,102
Forward	641,254	13,788	(14)	5,166	-	(10,770)	(33,321)	616,103

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	At 1.1.2021 RM'000	Additions (Note 34(a)) RM'000	Disposals RM'000	Reclassification RM'000	Write Off (Note 30) RM'000	Exchange Differences RM'000	Depreciation Charges (Note 30) RM'000	At 31.12.2021 RM'000
2020								
Continued	641,254	13,788	(14)	5,166	-	(10,770)	(33,321)	616,103
Heavy equipment and motor vehicles	14,967	1,961	(268)	2,859	(241)	(289)	(3,731)	15,258
Furniture, fittings and equipment	3,766	726	(1)	76	(2)	(58)	(1,008)	3,499
Hotel renovations, plant and machinery	3,311	941	-	-	-	-	(579)	3,673
Capital work-in-progress	4,677	6,518	(112)	(5,896)	(12)	(66)	-	5,109
	667,975	23,934	(395)	2,205	(255)	(11,183)	(38,639)	643,642

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	At Cost RM'000	Accumulated Depreciation RM'000	Carrying Amount RM'000
2021			
Buildings and mill structure	133,302	(63,255)	70,047
Bearer plants	616,666	(146,673)	469,993
Plantation and fishery infrastructure development expenditure	38,763	(7,118)	31,645
Palm Oil mill and estate plant and machinery	59,337	(39,407)	19,930
Heavy equipment and motor vehicles	62,465	(48,046)	14,419
Furniture, fittings and equipment	15,028	(11,694)	3,334
Platforms, net cages and water tanks	549	(549)	-
Hotel renovations, plant and machinery	12,665	(8,198)	4,467
Capital work-in progress	4,883	-	4,883
	943,658	(324,940)	618,718

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	At Cost RM'000	Accumulated Depreciation RM'000	Carrying Amount RM'000
2020			
Buildings and mill structure	131,125	(58,308)	72,817
Bearer plants	612,636	(124,529)	488,107
Plantation and fishery infrastructure development expenditure	40,389	(6,312)	34,077
Palm Oil mill and estate plant and machinery	57,653	(36,551)	21,102
Heavy equipment and motor vehicles	58,875	(43,617)	15,258
Furniture, fittings and equipment	14,185	(10,686)	3,499
Platforms, net cages and water tanks	549	(549)	-
Hotel renovations, plant and machinery	11,310	(7,637)	3,673
Capital work-in progress	5,109	-	5,109
	931,831	(288,189)	643,642

The Company	At 1.1.2021 RM'000	Additions (Note 34(a)) RM'000	Disposals RM'000	Depreciation Charges (Note 30) RM'000	At 31.12.2021 RM'000
2021					
Carrying Amount					
Office renovations	535	10	-	(26)	519
Furniture, fittings and equipment	167	38	(1)	(41)	163
	702	48	(1)	(67)	682

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At 1.1.2020 RM'000	Additions (Note 34(a)) RM'000	Disposals RM'000	Depreciation Charges (Note 30) RM'000	At 31.12.2020 RM'000
The Company					
2020					
Carrying Amount					
Office renovations	560	-	-	(25)	535
Furniture, fittings and equipment	196	13	-	(42)	167
	756	13	-	(67)	702

	At Cost RM'000	Accumulated Depreciation RM'000	Carrying Amount RM'000
The Company			
2021			
Office renovations	651	(132)	519
Furniture, fittings and equipment	877	(714)	163
	1,528	(846)	682

	At Cost RM'000	Accumulated Depreciation RM'000	Carrying Amount RM'000
2020			
Office renovations	641	(106)	535
Furniture, fittings and equipment	843	(676)	167
	1,484	(782)	702

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) The buildings and mill structure of the Group have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Notes 21 and 27 to the financial statements.

(b) Included in bearer plants are the following expenses capitalised during the financial year:-

	The Group	
	2021 RM'000	2020 RM'000
Interest expenses, capitalisation rate used was 4.55% (2020: 4.55%)	852	2,425
Depreciation of property, plant and equipment	1,585	2,654
Employee benefits expense (Note 22)	1,089	1,098
	3,526	6,177

8. INVESTMENT PROPERTIES

	The Group	
	2021 RM'000	2020 RM'000
Carrying Amount		
At 1 January	20,318	15,764
Additions	-	4,976
Depreciation charges (Note 30)	(481)	(422)
As at 31 December	19,837	20,318

	The Group	
	2021 RM'000	2020 RM'000
Included in the above are:-		
Land use rights	3,961	4,112
Leasehold land	13,603	13,839
Buildings	2,242	2,311
Plantation and fishery infrastructure development expenditure	13	16
Heavy equipment and motor vehicles	1	2
Furniture, fittings and equipment	10	23
Platforms, net cages and water tanks	7	15
	19,837	20,318

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

8. INVESTMENT PROPERTIES (CONT'D)

(a) The investment properties have been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Notes 21 and 27 to the financial statements.

(b) The fair value of the investment properties 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.

The fair values of the investment properties are within level 3 of the fair value hierarchy.

There were no transfers between level 1 and level 2 during the financial year.

The valuation techniques and inputs used and key inputs to valuation on investment properties are by using the comparison method of valuation where the significant observable inputs are the selling price of comparable properties sold adjusted for location, accessibility, visibility or exposure, and shape of view and size properly.

(c) Investment properties of the Group comprise leasehold land and buildings that are leased to companies within the Group to earn rental income. They are accounted for as property, plant and equipment at the group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

9. RIGHT-OF-USE ASSETS

The Group	At 1.1.2021 RM'000	Additions RM'000	Disposals RM'000	Revaluation RM'000	Reclassification RM'000	Exchange Differences RM'000	Depreciation Charges (Note 30) RM'000	At 31.12.2021 RM'000
2021								
Carrying Amount								
Leasehold plantation land, at valuation	356,250	-	(37,066)	-	-	-	(6,138)	313,046
Other leasehold land, at cost	15,160	-	-	-	-	-	(258)	14,902
Land use rights for plantation	144,281	3,560	-	-	-	1,889	(4,735)	144,995
Leased heavy equipment, machinery and motor vehicles	2,820	2,499	-	-	(944)	52	(777)	3,650
	518,511	6,059	(37,066)	-	(944)	1,941	(11,908)	476,593

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

9. RIGHT-OF-USE ASSETS (CONT'D)

	At 1.1.2020 RM'000	Additions RM'000	Revaluation RM'000	Reclassification RM'000	Exchange Differences RM'000	Depreciation Charges (Note 30) RM'000	At 31.12.2020 RM'000
2020							
Carrying Amount							
Leasehold plantation land, at valuation	390,440	-	(27,683)	-	-	(6,507)	356,250
Other leasehold land, at cost	15,369	39	-	-	-	(248)	15,160
Land use rights for plantation	152,385	210	-	-	(2,827)	(5,487)	144,281
Leased heavy equipment, machinery and motor vehicles	5,723	786	-	(2,205)	(119)	(1,365)	2,820
	563,917	1,035	(27,683)	(2,205)	(2,946)	(13,607)	518,511

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

9. RIGHT-OF-USE ASSETS (CONT'D)

(a) The Company has lease contracts for certain pieces of leasehold plantation land, other leasehold land, land use rights for plantation, heavy equipment, machinery and motor vehicles used in its operations. Their lease terms are as below:-

	The Group	
	2021	2020
Leasehold plantation land, at valuation	39 to 71 years	40 to 72 years
Other leasehold land, at cost	75 to 890 years	76 to 891 years
Land use rights for plantation	23 to 48 years	24 to 49 years
Leased heavy equipment, machinery and motor vehicles	1 to 5 years	1 to 5 years

(b) The Group also has leases with lease terms of 12 months or less and leases of office equipment with low value. The Group has applied the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

(c) The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the portfolio of leased asset and align with the Group's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

(d) The leasehold plantation land of the Group has been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in 21 and 27 to the financial statements

(e) Certain titles of the leasehold land are in the process of being registered in the Group's name by the relevant authority.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

9. RIGHT-OF-USE ASSETS (CONT'D)

(f) The details of the Group's right-of-use assets carried at fair value are analysed as follows:-

The Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2021				
Leasehold plantation land	-	-	313,046	313,046
Land use rights	-	-	144,995	144,995
	-	-	458,041	458,041
2020				
Leasehold plantation land	-	-	356,250	356,250
Land use rights	-	-	144,281	144,281
	-	-	500,531	500,531

The level 3 fair values have been determined based on existing use method that makes reference to the indicative market value of similar properties in the vicinity on a price per hectarage basis. The price per hectarage of the properties adopted, which are significant inputs, ranging from RM3,245 to RM 185,000.

There were no transfers between level 1, level 2 and level 3 during the financial year.

The fair value measurements of the leasehold land and buildings are based on the highest and best use which does not differ from their actual use.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

9. RIGHT-OF-USE ASSETS (CONT'D)

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

	The Group	
	2021 RM'000	2020 RM'000
Leasehold plantation land		
Cost	95,718	103,237
Less: Accumulated depreciation	(16,008)	(16,137)
	79,710	87,100
Land use rights		
Cost	84,565	79,116
Less: Accumulated depreciation	(14,173)	(13,193)
	70,392	65,923

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Other receivables:				
Third parties	5,435	6,679	21	20
Advances to contractors	(832)	284	-	-
Goods and services tax recoverable	3	3	-	-
Value-added tax recoverable	5,037	1,468	-	-
Foreign companies pending completion of acquisition				
- Deposits paid for purchase consideration and incidental costs	4,798	4,798	-	-
- Advances for working capital	6,408	5,658	-	-
Other related parties	1,722	1,735	-	-
Advance for Plasma Scheme	14,666	45,560	-	-
	37,237	66,185	21	20
Less: Allowance for impairment losses	(13,945)	(13,902)	24	2
	23,292	52,283	21	20
Deposits	928	360	24	2
Prepayments	275	643	20	18
	24,495	53,286	65	40
Represented by:				
Current	7,700	6,902	65	40
Non-current	16,795	46,384	-	-
	24,495	53,286	65	40

(a) The amounts owing by other related parties represents amount receivable from companies in which certain directors of the Company have controlling interests. The amount is unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

(b) The advances to suppliers and contractors are unsecured and interest-free. The amount owing will be offset against future purchases from the suppliers.

11. GOODWILL

	The Group	
	2021 RM'000	2020 RM'000
Cost:-		
At 1 January	32,561	32,619
Foreign exchange adjustments	38	(58)
At 31 December	32,599	32,561
Accumulated impairment losses:		
At 1 January/31 December	(118)	(118)
	32,481	32,443

(a) The carrying amounts of goodwill allocated to each cash-generating unit are as follows:-

	The Group	
	2021 RM'000	2020 RM'000
Malaysia:		
- Plantation and milling segment	4,932	4,932
Indonesia:		
- Plantation and milling segment	27,549	27,511
	32,481	32,443

11. GOODWILL (CONT'D)

(b) The Group has assessed the recoverable amounts of goodwill allocated and determined that no additional impairment is required. The recoverable amounts of the cash-generating units are determined using the value in use approach, and this is derived from the present value of the future cash flows from each cash-generating unit computed based on the projections of financial budgets approved by management covering a period of 5 years. The key assumptions used in the determination of the recoverable amounts are as follows:-

	Gross Margin		Growth Rate		Discount Rate	
	2021	2020	2021	2020	2021	2020
	%	%	%	%	%	%
Malaysia:						
- Plantation segment	17	21	(4)	10	4	10
- Milling segment	5	6	(1)	1	4	10
Indonesia:						
- Plantation segment	43	18	25	5	5	11
- Milling segment	23	15	8	(22)	5	11
Other cash-generating units without significant goodwill	52	50	2	3	10	10

(i)	Budgeted gross margin	Average gross margin achieved in 29 (2020: 21) financial years immediately before the budgeted period increased for expected efficiency improvements and cost saving measures.
(ii)	Growth rate	Based on the expected projection of the yield of Fresh Fruits Bunches produce.
(iii)	Discount rate (pre-tax)	The rate reflects specific risks relating to the relevant cash-generating unit.

The values assigned to the key assumptions represent management's assessment of future trends in the cash-generating units and are based on both external sources and internal historical data.

No impairment testing is done on other cash-generating units which are considered immaterial to the Group.

(c) Management believes that there is no reasonably possible change in the above key assumptions applied that is likely to materially cause the respective cash-generating unit carrying amount to exceed its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

12. INVENTORIES

	The Group 2021 RM'000	The Group 2020 RM'000
Crude palm oil	10,990	1,628
Palm kernel	2,438	1,300
Fresh Fruit Bunches	134	-
Consumable stores	12,860	12,366
Oil palm nurseries	3,953	2,561
Food, beverages and tobacco	26	31
Hotel consumables	131	93
	30,532	17,979

The amount of inventories recognised as an expense in cost of sales was RM209,881,000 (2020 : RM176,063,000).

13. BIOLOGICAL ASSETS

	The Group 2021 RM'000	The Group 2020 RM'000
At 1 January	3,812	4,861
Harvest during the financial year	(3,812)	(4,861)
Changes in fair value less costs to sell	7,209	3,812
At 31 December	7,209	3,812

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 fresh fruit bunches ("FFB"), the management considered the oil content of the unripe FFB and derived the assumption that the net cash flow to be generated 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

13. BIOLOGICAL ASSETS (CONT'D)

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.

14. TRADE RECEIVABLES

	The Group	
	2021 RM'000	2020 RM'000
Third parties	7,467	6,709
At 31 December	7,467	6,709
Less: Allowance for impairment losses	(944)	(995)
	6,523	5,714
Allowance for impairment losses:-		
At 1 January	995	330
Addition during the financial year (Note 30)	-	665
Reversal during the financial year (Note 30)	(51)	-
At 31 December	944	995

The Group's normal trade credit terms range from 7 to 60 (2020: 7 to 60) days. Late interest is charged at Nil % (2020: Nil) per annum on the overdue balance.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

15. AMOUNT OWING BY SUBSIDIARIES

	The Company 2021 RM'000	2020 RM'000
Amount Owing to Subsidiaries		
Non-trade balances	617,915	622,929
Less: Allowance for impairment losses	(55,953)	(55,953)
	561,962	566,976
Amount Owing to Subsidiaries		
Non-trade balances	392,851	317,355

The amounts owing by/(to) subsidiaries represents unsecured interest-free advances granted to the Company by companies in which certain directors of the Company have controlling interests. The amounts are repayable on demand and are to be settled in cash.

16. FIXED DEPOSITS WITH LICENSED BANKS

(a) The fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period bore effective interest rates ranging from 1.41% to 1.65% (2020: 1.56% to 3.00%) per annum and 1.50% (2020: Nil) per annum respectively. The fixed deposits have maturity periods ranging from 365 (2020: 90 to 365) days for the Group and the Company respectively.

(b) Included in the fixed deposits with licensed banks of the Group at the end of the reporting period was an amount of RM15,123,916 (2020: RM7,108,000) and RM15,000,000 (2020: Nil) which has been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Notes 21 and 27 to the financial statements.

17. SHARE CAPITAL

	The Group/The Company			
	2021	2020	2021	2020
	Number of shares			
	'000	'000	RM'000	RM'000
Issued and Fully Paid Up				
Ordinary Shares				
At 1 January/31 December	120,000	120,000	120,000	120,000

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

18. TREASURY SHARES

Of the total 120,000,000 (2020: 120,000,000) issued and fully paid-up ordinary shares at the end of the reporting period, 3,137,200 (2020: 3,137,200) ordinary shares are held as treasury shares by the Company. The treasury shares are held at a carrying amount of RM7,509,243 (2020: RM7,509,243). None (2020: Nil) of the treasury shares were resold during the financial year.

19. RESERVES

(a) Foreign Exchange Translation Reserve

The foreign exchange translation reserve arose from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from the Group's presentation currency.

(b) Revaluation Reserve

The revaluation reserve represents revaluation surpluses (net of deferred taxation) of leasehold plantation land and land use rights immediately prior to its reclassification as right-of-use asset upon the adoption of MFRS 16 in 2019.

(c) Fair Value Reserve

The fair value reserve represents the cumulative fair value changes (net of tax, where applicable) of investments designated at fair value through other comprehensive income.

20. LEASE LIABILITIES

	The Group	
	2021 RM'000	**2020 RM'000**
At 1 January	3,713	3,617
Additions	4,374	2,513
Interest expense recognised in profit or loss	316	462
Changes due to lease modification	(326)	-
Repayment of principal	(2,053)	(2,354)
Repayment of interest expense	(316)	(462)
Exchange differences	(296)	(63)
At 31 December	5,412	3,713
Analysed by:-		
Current liabilities	1,929	1,393
Non-current liabilities	3,483	2,320
	5,412	3,713

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

21. TERM LOANS

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current liabilities	22,181	112,754	20,599	15,286
Non-current liabilities	273,389	150,071	88,127	140,546
	295,570	262,825	108,726	155,832

(a) The term loans are secured by a first party legal charge over the Group's freehold land and buildings, investment properties and fixed deposits with licensed banks as disclosed in Notes 7, 8, 9 and 16 to the financial statements.

(b) The interest rate profile of the term loans is summarised below:-

	Effective Interest Rate %	The Group 2021 RM'000	The Group 2020 RM'000
Floating rate term loans	4.2%	118,988	172,304

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

22. EMPLOYEE DEFINED BENEFIT LIABILITIES

	The Group	
	2021 RM'000	2020 RM'000
Present value of funded obligation	5,077	4,545
Recognised liability for defined benefit obligations	5,077	4,545

The subsidiaries in Indonesia makes contribution to a defined benefit plan that provides pension benefits for employees upon retirement. Under the schemes, the benefits payable are determined based on the length of service and the last drawn monthly salary.

Movements in the net defined liability recognised in the balance sheet are as follows:

	The Group	
	2021 RM'000	2020 RM'000
Present value of funded obligation		
At 1 January	4,545	2,952
Included in profit or loss		
Interest expenses	235	182
Current service cost	1,071	1,068
Past service cost	(1,063)	(337)
Net liability released due to employee transfer out	227	302
Benefits paid out by the Group	(210)	-
	4,805	4,167
Included in other comprehensive income		
Actuarial changes in financial assumptions	(57)	296
Experience adjustments	219	196
Exchange differences	110	(114)
At 31 December	5,077	4,545

The expense is recognised under the cost of operations and administrative expenses in the income statement.

Principal actuarial assumptions used at the balance sheet date are as follows:

	2021	2020
Present value of funded obligation		
Discount rate	6.75%	6.75%
Expected rate of return	6.00%	6.00%

22. EMPLOYEE DEFINED BENEFIT LIABILITIES (CONT'D)

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:-

	The Group	
	Increase	**Decrease**
2021	**RM'000**	**RM'000**
Discount rate (1% movement)	4,791	(5,385)
Future salary growth (1% movement)	5,387	(4,785)
2020		
Discount rate (1% movement)	(304)	304
Future salary growth (1% movement)	354	(354)

Although the analysis does not account to the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

23. DEFERRED TAX LIABILITIES

The Group	At 1 January RM'000	Recognised in Profit or Loss (Note 30) RM'000	Recognised in Other Comprehensive Income (Note 32) RM'000	Exchange Differences RM'000	At 31 December RM'000
2021					
Deferred Tax Liabilities					
Property, plant and equipment	58,935	(9,228)	(36)	(50)	49,621
Right-of-use assets*	88,835	(257)	(7,462)	-	81,116
Biological assets	868	767	-	-	1,635
	148,638	(8,718)	(7,498)	(50)	132,372
Deferred Tax Assets					
Unutilised capital and agricultural allowances	(10,207)	323	-	-	(9,884)
Unused tax losses	(613)	(256)	-	-	(869)
	(10,820)	67	-	-	(10,753)
	137,818	(8,651)	(7,498)	(50)	121,619

* Includes deferred tax from the revaluation of certain right-of-use assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

23. DEFERRED TAX LIABILITIES (CONT'D)

The Group	At 1 January RM'000	Recognised in Profit or Loss (Note 30) RM'000	Recognised in Other Comprehensive Income (Note 32) RM'000	Exchange Differences RM'000	At 31 December RM'000
2020					
Deferred Tax Liabilities					
Property, plant and equipment	66,816	(4,655)	(3,572)	346	58,935
Right-of-use assets*	100,163	(4,684)	(6,644)	-	88,835
Biological assets	1,204	(336)	-	-	868
	168,183	(9,675)	(10,216)	346	148,638
Deferred Tax Assets					
Provisions	(228)	228	-	-	-
Unutilised capital and agricultural allowances	(10,661)	454	-	-	(10,207)
Unused tax losses	(1,488)	875	-	-	(613)
	(12,377)	1,557	-	-	(10,820)
	155,806	(8,118)	(10,216)	346	137,818

* Includes deferred tax from the revaluation of certain right-of-use assets.

23. DEFERRED TAX LIABILITIES (CONT'D)

The Company	At 1 January RM'000	Recognised in Profit or Loss (Note 30) RM'000	At 31 December RM'000
2021			
Deferred Tax Liabilities			
Property, plant and equipment	32	(2)	30
	32	(2)	30
2020			
Deferred Tax Liabilities			
Property, plant and equipment	36	(4)	32
	36	(4)	32

At the end of the reporting period, the amounts of deferred tax assets not recognised (stated at gross) due to uncertainty of their realisation are as follows:-

	The Group 2021 RM'000	2020 RM'000
Unused tax losses		
- expires year of assessment 2020	-	2,530
- expires year of assessment 2021	12,754	12,492
- expires year of assessment 2022	19,024	18,633
- expires year of assessment 2023	38,785	37,988
- expires year of assessment 2024	7,539	7,384
- expires year of assessment 2025	109,867	109,603
- expires year of assessment 2026	28,560	19,259
- expires year of assessment 2027	21,353	21,353
- expires year of assessment 2028	9,698	-
Unabsorbed capital allowances	-	13,968
At 31 December	247,580	243,210

For the Malaysia entities, the unused tax losses are allowed to be utilised for 10 (2020: 7) consecutive years of assessment while unabsorbed capital allowances are allowed to be carried forward indefinitely.

The use of tax losses of subsidiaries in other countries is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

24. TRADE PAYABLES

The normal trade credit term granted to the Company is 30 to 90 (2020: 30 to 90) days. Late interest is charged at 0.50% to 2.00% (2020: 5.11% to 8.10%)) per annum on the overdue balance.

25. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Third parties	19,558	16,666	7,021	1,972
Advances from customers	1,969	2,932	-	-
Amounts due to foreign subsidiaries' non-controlling interest	81,492	110,787	-	-
Goods and services tax payable	1	50	-	-
Value-added tax payable	32,146	30,569	-	-
Deposits	42	44	-	-
Accruals	3,674	4,426	925	1,692
	138,882	165,474	7,946	3,664

The amounts due to foreign subsidiaries' non-controlling interests represents unsecured advances granted to the Group and the Company by companies in which certain directors of the Company have controlling interests with interest bearing at 2.5% (2020: 2.5%). The amount are to be fully settled by 27 April 2023.

26. AMOUNT OWING TO A DIRECTOR

The amount owing to a Director is unsecured, interest free and repayable on demand. The amount is to be settled in cash.

27. SHORT TERM BORROWINGS

(a) Bank Overdrafts

(i) The bank overdrafts of the Group are secured by a fixed charge over certain of the Group's property, plant and equipment and fixed deposits with licensed banks as disclosed in Notes 7 and 16 to the financial statements.

(iii) The bank overdrafts of the Group at the end of the reporting period bore floating interest rates ranging from Malaysia Base Lending Rate ("BLR") + 0.25% to BLR +1.75% (2020: BLR + 0.25% to BLR + 1.75%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

27. SHORT TERM BORROWINGS (CONT'D)

(b) Bankers' Acceptances

The bankers' acceptances bear interest rates ranging from 3.71% to 3.96% (2020: ranging from 3.90% to 5.00%) per annum and are secured by:

(i) facilities agreement;

(ii) Company's land and investment properties; and

(iii) joint and several guarantee by certain directors of the Company.

(c) Revolving Credit

The revolving credit are rolled-over on a monthly basis subject to bank's review and bear interest rates ranging from 3.36% to 4.86% (2020: ranging from 4.83% to 6.13%) per annum and are secured by:

(i) facilities agreement;

(ii) Company's land and investment properties; and

(iii) joint and several guarantee by certain directors of the Company.

28. DERIVATIVE LIABILITIES

	Contract/National Amount		The Group	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Derivative Liabilities				
Commodity swap contracts				
- Crude Palm Oil	-	67,589	-	8,964

The Group does not apply hedge accounting.

Commodity swap contracts are used to hedge the Group's purchases of crude palm oil for which firm commitments existed at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

29. REVENUE

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue from Contracts with Customers				
Recognised over time				
Transportation services	4	93	-	-
Management fees	-	-	6,048	6,952
	4	93	6,048	6,952
Recognised at a point in time				
Sale of crude palm oil	278,334	219,960	-	-
Sale of palm kernel	40,864	21,980	-	-
Sale of Fresh Fruit Bunches	27,628	20,377	-	-
Sale of rooms	1,720	1,345	-	-
Sale of miscellaneous hotel goods and services	-	66	-	-
Sale of food and beverages	1,577	885	-	-
	350,123	264,613	-	-
	350,127	264,706	6,048	6,952

(a) The information on the disaggregation of revenue by geographical market is disclosed in Note 37.2 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

29. REVENUE (CONT'D)

(b) The performance obligations of the Group are summarised below:

Nature of Goods or Services	Timing of Revenue Recognition	Significant Payment Terms	Variable Considerations	Warranty and Obligation for Returns or Refunds
Transportation services	Upon shipment	Credit period of 30 to 60 days from invoice date	Not applicable	Not applicable
Management fees	Over time	Credit period of 30 to 60 days from invoice date	Not applicable	Not applicable
Sale of crude palm oil	When the goods are delivered and accepted by customers	Credit period of 7 to 30 days from invoice date	Not applicable	Not applicable
Sale of palm kernel	When the goods are delivered and accepted by customer	Credit period of 7 to 30 days from invoice date	Not applicable	Not applicable
Sale of fresh fruit bunches	When the goods are delivered and accepted by customers	Credit period of 30 to 60 days from invoice date	Not applicable	Not applicable
Sale of rooms	Point in time	Credit period of 30 to 60 days from invoice date	Not applicable	Not applicable
Sale of miscellaneous hotel goods and services	Point in time	Credit period of 30 to 60 days from invoice date	Not applicable	Not applicable
Sale of food and beverages	Point in time	Credit period of 30 to 60 days from invoice date	Not applicable	Not applicable

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

30. PROFIT/(LOSS) BEFORE TAXATION

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit/(Loss) before taxation is arrived at after charging/ (crediting):				
Auditors' remuneration:				
- audit fees				
- current financial year	588	833	236	450
- (over)/under in previous financial year	-	-	(9)	11
- non-audit fees:				
- auditors of the Company				
- member firms of the auditors of the Company	(9)	-	6	6
- other auditors	76	93	-	25
Depreciation:				
- property, plant and equipment (Note 7)	40,422	38,639	67	67
- investment properties (Note 8)	481	422	-	-
- right-of-use assets (Note 9)	11,908	13,607	-	-
Directors' remuneration (Note 35)	472	493	2,213	3,101
Allowance for impairment losses:				
- trade and other receivables				
- current	16	1,050	-	-
- non-current	-	(2,991)	-	-
- advances to secure land use rights	-	288	-	-
Interest expense on lease liabilites (Note 20)	316	462	-	-
Lease expenses:				
- short-term leases				
- low-value assets	68	99	104	104
- variable lease payments	388	581	-	-
Gain on disposal of property, plant and equipment	(6,321)	(11)	-	-
(Gain)/Loss on foreign exchange:				
- realised	(12)	19	(12)	16
- unrealised	6,044	(3,738)	(6,775)	13,153
Property, plant and equipment written off (Note 7)	174	255	-	-

Cont'd

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

30. PROFIT/(LOSS) BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit/(Loss) before taxation is arrived at after charging/ (crediting) (Cont'd):-				
Staff costs (including other key management personnel as disclosed in Note 35):				
- salary and wages	47,499	55,951	1,820	1,840
- defined contribution benefits	1,495	2,344	267	257
- employee defined benefit liabilities	1,226	1,215	-	-
- others	702	568	-	-
Interest expense on financial liabilities that are not at fair value through profit or loss:				
- advances from subsidiaries	-	-	1,689	922
- bank overdrafts	560	327	54	65
- term loans	7,455	8,344	6,672	7,144
- bankers' acceptances	4,001	359	-	-
- revolving credit	8,808	11,636	4,410	5,311
- amounts due to foreign subsidiaries' non-controlling interests	3,661	3,010	-	-
- others	(95)	3,026	1	3
Fair value (gain)/loss on financial assets measured at fair value through profit or loss mandatorily:				
- biological assets (Note 13)	(3,397)	1,049	-	-
- derivatives (Note 28)	(8,964)	4,906	-	-
Interest income on financial assets measured at amortised cost:				
- advances to subsidiaries	-	-	(16,043)	(25,713)
- advances to related parties	-	(109)	-	-
- fixed deposit with licensed banks	(41)	(18)	1	(8)
- unwinding of plasma receivables	7,454	(5,842)	-	-
- others	(21,508)	(472)	-	-
Lease income:				
- rental income from investment properties	(381)	(404)	-	-

The estimated monetary value of benefits-in-kind provided by the Group and the Company to the directors of the Company were RM29,000 and RM29,000 (2020: RM58,000 and RM 58,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

31. INCOME TAX EXPENSE/(BENEFIT)

(a) Income Tax Expenses/(Benefits) Recognised in Profit or Loss

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current tax expense	4,669	5,509	96	159
Real Property Gain Tax	3,345	-	-	-
Underprovision in the previous financial year	83	3	55	52
	8,097	5,512	151	211
Deferred tax (Note 23):				
- origination and reversal of temporary differences	(7,251)	(8,275)	(2)	(4)
- (Over)/under in the previous financial year	(4,345)	157	-	-
	(11,596)	(8,118)	(2)	(4)
Total income tax (benefit)/ expense	(3,499)	(2,606)	149	207

A reconciliation of income tax expense/(benefit) applicable to the profit/(loss) before taxation at the statutory tax rate to income tax expenses/(benefit) at the effective tax rate of the Company is as follows:-

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit/(Loss) before taxation	7,672	(16,498)	9,334	(351)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

31. INCOME TAX EXPENSE/(BENEFIT) (CONT'D)

(a) Income Tax Expenses/(Benefits) Recognised in Profit or Loss (Cont'd)

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Tax at the statutory tax rates of 24% (2020: 24%)	1,841	(3,960)	2,240	(84)
Tax effects of:-				
Non-taxable income	(5,861)	(6,788)	(6,150)	(5,675)
Non-deductible expenses	1,055	5,394	4,004	5,914
Tax expenses on Real Property Gain Tax	3,345	-	-	-
Deferred tax assets not recognised during the financial year	-	9,028	-	-
Utilisation of deferred tax assets previously not recognised	(2)	(30)	-	-
Differential in tax rates of foreign subsidiaries	3,285	198	-	-
Change in corporate income tax rate	-	(6,362)	-	-
Recognition of previously unrecognised tax losses	(3,175)	(246)	-	-
Underprovision of current tax in the previous financial year	75	3	55	52
(Over)/underprovision of deferred taxation in the previous financial year	(4,062)	157	-	-
	(3,499)	(2,606)	149	207

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2020: 24%) of the estimated assessable profit for the financial year. The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

	The Group	
	2021 RM'000	2020 RM'000
Income tax savings during the financial year arising from:-		
Utilisation of current financial year's tax losses	(6)	(8)
Utilisation of tax losses previously not recognised as deferred tax assets	(3,169)	(238)
	(3,175)	(246)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

31. INCOME TAX EXPENSE/(BENEFIT) (CONT'D)

(b) Income Tax Expenses/(Benefits) Recognised in Other Comprehensive Income

	The Group	
	2021 RM'000	2020 RM'000
Deferred tax on revaluation of right-of-use assets (Note 23)	-	102

32. OTHER COMPREHENSIVE INCOME

	The Group	
	2021 RM'000	2020 RM'000
Items that Will Not be Reclassified Subsequently to Profit or Loss		
Revaluation of right-of-use assets (Note 9)	(1,122)	(17,814)
	(1,122)	(17,814)
Items that Will be Reclassified Subsequently to Profit or Loss		
Fair value changes of employee defined benefit liabilities:		
- changes during the financial year	(198)	(492)
- tax impact on measurement	36	102
	(162)	(390)
Foreign currency translation		
- changes during the financial year	13,133	(8,775)
	13,133	(8,775)
	11,849	(26,979)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

33. EARNING/(LOSS) PER SHARE

	The Group	
	2021	2020
Profit/(Loss) after taxation attributable to owners of the Company (RM'000)	10,451	(12,335)
Weighted average number of ordinary shares in issue ('000)	116,864	116,864
Basic earnings/(loss) per share (sen)	8.94	(10.56)

The Company has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings/(loss) per share.

34. CASH FLOW INFORMATION

(a) The cash disbursed for the purchase of property, plant and equipment and the addition of right-of-use assets is as follows:-

	The Group	
	2021 RM'000	2020 RM'000
Property, plant and equipment		
Cost of property, plant and equipment purchased (Note 7)	16,708	23,934
Less: Interest capitalised	(852)	(2,435)
Non-cash Changes		
Less: Depreciation of cost capitalised in bearer plant (Note 7)	(1,585)	(2,654)
	14,271	18,855
Right-of-use assets		
Cost of right-of-use assets acquired (Note 9)	6,059	1,035
Less: Additions of new lease liabilities (Note (b) below)	(4,374)	-
	1,685	1,035

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

34. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:-

The Group	Term Loans RM'000	Bankers' Acceptances RM'000	Lease Liabilities RM'000	Revolving Credit RM'000	Total RM'000
2021					
At 1 January	262,825	8,493	3,713	164,294	439,325
Changes in Financing Cash Flows					
Proceeds from drawdown	175,212	178,002	4,376	14,413	372,003
Repayment of principal	(145,660)	(149,181)	(2,053)	(62,725)	(359,619)
	29,552	28,821	2,323	(48,312)	12,384
Non-cash Changes					
Foreign exchange adjustments	3,193	-	(296)	3,429	6,326
Changes due to lease modification	-	-	(326)	-	(326)
	3,193	-	(622)	3,429	6,000
At 31 December	295,570	37,314	5,414	119,411	457,709

The Group	Term Loans RM'000	Bankers' Acceptances RM'000	Lease Liabilities RM'000	Revolving Credit RM'000	Total RM'000
2020					
At 1 January	191,446	8,371	3,617	259,271	462,705
Changes in Financing Cash Flows					
Proceeds from drawdown	8,550	122	2,513	-	11,185
Repayment of principal	(23,605)	-	(2,354)	(4,780)	(30,739)
Forward	(15,055)	122	159	(4,780)	(19,554)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

34. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

The Group	Term Loans RM'000	Bankers' Acceptances RM'000	Lease Liabilities RM'000	Revolving Credit RM'000	Total RM'000
2020					
Cont'd	176,391	8,493	3,776	254,491	443,151
Non-cash Changes					
Exchange differences	(181)	-	(63)	(3,582)	(3,826)
Reclassification	86,615	-	-	(86,615)	-
	86,434	-	(63)	(90,197)	(3,826)
At 31 December	262,825	8,493	3,713	164,294	439,325

The Company	Term Loans RM'000	Revolving Credit RM'000	Total RM'000
2021			
At 1 January	155,832	106,632	262,464
Changes in Financing Cash Flows			
Repayment of principal	(47,106)	(23,445)	(70,551)
	(47,106)	(23,445)	(70,551)
Non-cash changes			
Exchange differences	-	2,778	2,778
	-	2,778	2,778
At 31 December	108,726	85,965	194,691

34. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

The Company	Term Loans RM'000	Revolving Credit RM'000	Total RM'000
2020			
At 1 January	163,633	111,860	275,493
Changes in Financing Cash Flows			
Proceeds from drawdown	6,300	-	6,300
Repayment of principal	(14,101)	(3,795)	(17,896)
	(7,801)	(3,795)	(11,596)
Non-cash changes			
Exchange differences	-	(1,433)	(1,433)
	-	(1,433)	(1,433)
At 31 December	155,832	106,632	262,464

(c) The total cash outflows for leases as a lessee are as follows:-

	The Group 2021 RM'000	The Group 2020 RM'000
Payment of low-value assets	99	99
Variable lease payments	581	581
Interest paid on lease liabilities	316	462
Payment of lease liabilities	2,053	2,354
	3,049	3,496

NOTES TO THE FINANCIAL STATEMENTS
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34. CASH FLOW INFORMATION (CONT'D)

(d) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Fixed deposits with licensed banks	15,124	7,108	15,000	-
Cash and bank balances	55,759	5,876	6,783	4,626
Bank overdrafts	(3,955)	(6,294)	-	(993)
	66,928	6,690	21,783	3,633
Fixed deposits with tenure of more than 3 months	(124)	(7,108)	-	-
	66,804	(418)	21,783	3,633

35. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:-

(a) Directors

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Directors of the Company				
Short-term employee benefits:				
- fees	60	70	60	70
- salaries, bonuses and other benefits	3,103	3,591	1,858	2,604
	3,163	3,661	1,918	2,674
Defined contribution benefits	563	672	295	427
Forward	3,726	4,333	2,213	3,101

35. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:-

(a) Directors (Cont'd)

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cont'd	3,726	4,333	2,213	3,101
Directors of the Subsidiaries				
Short-term employee benefits:				
- fees	108	108	-	-
- salaries, bonuses and other benefits	-	10	-	-
	108	118	-	-
Defined contribution benefits	-	-	-	-
	108	118	-	-
Total directors' remuneration (Note 30)	3,834	4,451	2,213	3,101

The estimated monetary value of benefits-in-kind provided by the Group and the Company to the directors of the Company were RM29,000 and RM29,000 (2020: RM58,000 and RM58,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

36. PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors within the same group of companies

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Transactions with subsidiaries:				
- Purchasing and handling expenses	-	-	10	13
- Interest expense on advances	-	-	1,619	854
- Interest income on advances	-	-	(16,035)	(25,705)
- Hotel room expenses	-	-	10	19
- Management fee income	-	-	(6,048)	(6,951)
- Rental expense on premises	-	-	102	102
- Transportation expenses	-	-	30	25
Transactions with companies in which certain directors of the Company have a substantial interest:-				
- Purchase of fresh fruit bunches	-	6,185	-	-
- Sale of fresh fruit bunches	(5,617)	(7,261)	-	-

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

The related party transactions described above were entered into in the normal course of business carried out based on negotiated terms and conditions and are mutually agreed with respective parties.

No expense was recognised during the financial year for impairment in respect of the amounts owed by the related parties.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

37. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Board of Directors and Group Executive Committee as its chief operating decision maker in order to allocate resources to segments and to assess their performance on a quarterly basis. For management purposes, the Group is organised into business units based on their products and services provided. In addition, the businesses are also considered from a geographical perspective.

The Group is organised into 4 main reportable segments as follows:-

- Plantation and milling segment – involved in cultivation and sale of oil palm products.
- Fishery segment – involved in fish rearing, hatchery and sale of fishes.
- Hotelier segment – involved in hotel operations.
- Corporate segment – involved in Group-level corporate services, treasury and purchasing functions and business investments.

Chief operating decision makers monitors the segment results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise corporate assets, liabilities and expenses.

Segment revenue and expenses include transfers between business segments that are eliminated on consolidation. Segment results exclude the effects of transfers between business segments.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

37. OPERATING SEGMENTS (CONT'D)

37.1 BUSINESS SEGMENTS

2021	**Plantation and Milling RM'000**	**Fishery RM'000**	**Hotelier RM'000**	**Corporate RM'000**	**Consolidation Adjustments RM'000**	**The Group RM'000**
Revenue						
External revenue	346,831	-	3,296	-	-	350,127
Inter-segment revenue	-	-	1	5,875	(5,876)	-
Total revenue	346,831	-	3,297	5,875	(5,876)	350,127
Results						
Segment profit/(loss)	41,337	(111)	(358)	-	-	40,868
Finance costs						(19,822)
Unallocated expenses						(13,374)
Profit before taxation						7,672

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

37. OPERATING SEGMENTS (CONT'D)

37.1 BUSINESS SEGMENTS (CONT'D)

2021	Plantation and Milling RM'000	Fishery RM'000	Hotelier RM'000	Corporate RM'000	Consolidation Adjustments RM'000	The Group RM'000
Other Information						
Interest income	14,097	-	-	-	-	14,097
Depreciation and amortisation	49,481	140	1,149	456	-	51,226
Impairment of trade receivables	-	-	16	-	-	16
Property, plant and equipment written off	174	-	-	-	-	174
Gain on disposal of property, plant and equipment	(6,321)	-	-	-	-	(6,321)
Unrealised foreign exchange loss	6,044	-	-	-	-	6,044
Fair value loss on employee defined benefit liabilites	(1,226)	-	-	-	-	1,226
Fair value gain on biological assets	(3,397)	-	-	-	-	(3,397)

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

37. OPERATING SEGMENTS (CONT'D)

37.1 BUSINESS SEGMENTS (CONT'D)

2021	Plantation and Milling RM'000	Fishery RM'000	Hotelier RM'000	Corporate RM'000	Consolidation Adjustments RM'000	The Group RM'000
Assets						
Segment assets	1,209,893	4,862	31,225	41,301	-	1,287,271
Unallocated asset:-						
- Current tax assets						
Consolidated total assets						349
						1,287,620
Additions to non-current assets other than financial instruments:-						
Property, plant and equipment	12,735	-	1,379	5	-	14,119
Investment properties	6,106	-	-	-	-	6,106
Right-of-use assets	3,561	-	-	-	-	3,561

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

37. OPERATING SEGMENTS (CONT'D)

37.1 BUSINESS SEGMENTS (CONT'D)

2021	Plantation and Milling RM'000	Fishery RM'000	Hotelier RM'000	Corporate RM'000	Consolidation Adjustments RM'000	The Group RM'000
Liabilities						
Segment liabilities	150,646	14	682	17,166	-	168,508
Unallocated liabilities:-						
- Loans and borrowings						461,662
- Deferred tax liabilities						121,619
- Current tax liabilities						2,329
Consolidated total liabilities						754,118

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

37. OPERATING SEGMENTS (CONT'D)

37.1 BUSINESS SEGMENTS (CONT'D)

2020	Plantation and Milling RM'000	Fishery RM'000	Hotelier RM'000	Corporate RM'000	Consolidation Adjustments RM'000	The Group RM'000
Revenue						
External revenue	262,410	-	2,296	-	-	264,706
Inter-segment revenue	-	-	11	7,205	(7,216)	-
Total revenue	262,410	-	2,307	7,205	(7,216)	264,706
Results						
Segment profit/(loss)	22,439	(228)	(3,145)	(23,533)	(12,111)	(16,578)
Finance costs	(29,642)	-	(628)	(13,577)	24,939	(18,908)
Unallocated expenses	(3,193)	-	-	13,480	(28,279)	(17,992)
Profit/(Loss) before taxation	(10,396)	(228)	(3,773)	(23,630)	(15,451)	(53,478)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

37. OPERATING SEGMENTS (CONT'D)

37.1 BUSINESS SEGMENTS (CONT'D)

2020	Plantation and Milling RM'000	Fishery RM'000	Hotelier RM'000	Corporate RM'000	Consolidation Adjustments RM'000	The Group RM'000
Other Information						
Interest income	(6,038)	-	(9)	(394)	-	(6,441)
Depreciation and amortisation	48,016	149	1,161	378	-	49,704
Impairment of receivables	(2,950)	356	614	329	-	(1,651)
Property, plant and equipment written off	252	-	-	-	-	252
Gain on disposal of property, plant and equipment	(11)	-	-	-	-	(11)
Unrealised foreign exchange loss	-	-	-	3,738	-	3,738
Fair value changes on derivatives	4,907	-	-	-	-	4,907
Fair value gain on employee defined benefit liabilites	1,215	-	-	-	-	1,215
Fair value gain on biological assets	1,049	-	-	-	-	1,049

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

37. OPERATING SEGMENTS (CONT'D)

37.1 BUSINESS SEGMENTS (CONT'D)

2021	Plantation and Milling RM'000	Fishery RM'000	Hotelier RM'000	Corporate RM'000	Consolidation Adjustments RM'000	The Group RM'000
Assets						
Segment assets	1,248,524	5,019	30,870	24,276	2,286	1,310,975
						1,310,975
Additions to non-current assets other than financial instruments:-						
Property, plant and equipment	23,637	-	967	5,343	-	29,947

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

37. OPERATING SEGMENTS (CONT'D)

37.1 BUSINESS SEGMENTS (CONT'D)

2020	Plantation and Milling RM'000	Fishery RM'000	Hotelier RM'000	Corporate RM'000	Consolidation Adjustments RM'000	The Group RM'000
Liabilities						
Segment liabilities	200,072	81	704	13,700	585,936	800,493

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

37. OPERATING SEGMENTS (CONT'D)

37.2 GEOGRAPHICAL INFORMATION

Revenue is based on the country in which the customers are located.

Non-current assets are determined according to the country where these assets are located. The amounts of non-current assets do not include financial instruments and deferred tax assets.

	Revenue		Non-current Assets	
	2021	**2020**	**2021**	**2020**
The Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Malaysia	215,651	143,535	509,903	589,985
Indonesia	134,476	121,171	654,521	624,929
	350,127	264,706	1,164,424	1,214,914

The information on the disaggregation of revenue based on geographical region is summarised below:-

	At A Point in Time		Over Time		Group	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Malaysia	215,647	143,442	4	93	215,651	143,535
Indonesia	134,476	121,171	-	-	134,476	121,171
	350,123	264,613	4	93	350,127	264,706

37.3 MAJOR CUSTOMERS

The following are major customers with revenue equal to or more than 10% of the Group's total revenue:

	Revenue		Segment
	2021	**2020**	
	RM'000	**RM'000**	
Sandakan Edible Oils Sdn Bhd	129,398	101,929	Plantation and mill
IOI Edible Oils Sdn Bhd	46,656	25,501	Plantation and mill
Genting Musimmas Refinery Sdn Bhd	28,773	-	Plantation and mill
PT Wilmar Nabati Indonesia	-	37,090	Plantation and mill
PT Letawa	-	24,190	Plantation and mill
PT Kutai Refinery Nusantara	55,910	5,452	Plantation and mill
PT Karyanusa Ekadaya	33,300	-	Plantation and mill

38. CAPITAL COMMITMENTS

	The Group	
	2021 RM'000	2020 RM'000
Purchase of property, plant and equipment		
- estate buildings and infrastructure	11,293	5,162
- hotel	1,720	-
- mill buildings and infrastructure	3,180	2,207

39. CONTINGENT LIABILITES

No provision are recognized on the following matters as it is not probable that a future sacrifice at economic benefits will be required or the amount is not capable at reliable measurement:-

	The Group	
	2021 RM'000	2020 RM'000
Corporate guarantees given to financial institutions for credit facilities granted to its subsidiaries		
- financial institutions	331,816	404,700

40. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

40.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD") and Indonesian Rupiah ("IDR"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure

The Group	United States Dollar RM'000	Indonesian Rupiah RM'000	Total RM'000
2021			
Financial Assets			
Cash and bank balances	2,021	48,081	50,102
Financial Liabilities			
Term loans	-	(175,053)	(175,053)
Other payables and accruals	(81,492)	-	(81,492)
Short term borrowings	(68,431)	-	(68,431)
	(149,923)	(175,053)	(324,976)
Net financial liabilities	(147,902)	(84,576)	(232,478)
Currency Exposure	(147,902)	(84,576)	(232,478)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Group	United States Dollar RM'000	Indonesian Rupiah RM'000	Total RM'000
2020			
Financial Assets			
Cash and bank balances	4,368	4,814	9,182
Financial Liabilities			
Term loans	(113,755)	-	(113,755)
Other payables and accruals	(110,787)	-	(110,787)
	(224,542)	-	(224,542)
Net financial assets/(liabilities)	(220,174)	4,814	(215,360)
Currency Exposure	(220,174)	4,814	(215,360)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Company	United States Dollar RM'000	Indonesian Rupiah RM'000	**Total RM'000**
2021			
Financial Assets			
Amounts owing by subsidiaries	-	473,181	473,181
Cash and bank balances	1,958	8	1,966
	1,958	473,189	475,147
Financial Liabilities			
Revolving credit	(68,431)	-	(68,431)
	(68,431)	-	(68,431)
Net financial assets/(liabilities)	(66,473)	473,189	406,716
Currency Exposure	(66,473)	473,189	406,716

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Company	United States Dollar RM'000	Indonesian Rupiah RM'000	**Total RM'000**
2020			
Financial Assets			
Amount owing by subsidiaries	-	473,529	473,529
Cash and bank balances	1,847	8	1,855
	1,847	473,537	475,384
Financial Liabilities			
Revolving credit	(77,472)	-	(77,472)
	(77,472)	-	(77,472)
Net financial assets/(liabilities)	(75,625)	473,537	397,912
Currency Exposure	(75,625)	473,537	397,912

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

		The Group	
		2021 RM'000	2020 RM'000
Effects on Profit After Taxation			
USD/RM	- strengthened by 5%	7,393	14,843
	- weakened by 5%	(7,393)	(14,843)
IDR/RM	- strengthened by 5%	6,349	241
	- weakened by 5%	(6,349)	(241)

		The Company	
		2021 RM'000	2020 RM'000
Effects on Profit After Taxation			
USD/RM	- strengthened by 5%	98	92
	- weakened by 5%	(98)	(92)
IDR/RM	- strengthened by 5%	1	1
	- weakened by 5%	(1)	(1)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Risk Sensitivity Analysis (Cont'd)

Any reasonably possible change in the foreign currency exchange rates at the end of the reporting period against the respective functional currencies of the entities within the Group does not have a material impact on the profit/loss after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to interest rate risk as in defined MFRS 7 since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 20, 21 and 27 to the financial statements.

Interest Rate Risk Sensitivity Analysis

Any reasonably possible change in the interest rates of floating rate term loans at the end of the reporting period does not have a material impact on the profit after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

(iii) Equity Price Risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk and no sensitivity analysis is presented.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit Risk Concentration Profile

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

(ii) Maximum Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

(iii) Assessment of Impairment Losses

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

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

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of financial asset have occurred:

- Significant financial difficult of the receivable;
- A Breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty;
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables

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

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

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

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

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

Allowance for Impairment Losses

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

The Company	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Amount RM'000
2021				
Current (not past due)	6,523	-	-	6,523
Credit impaired	944	(944)	-	-
	7,467	(944)	-	6,523

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

The Group	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Amount RM'000
2020				
Current (not past due)	5,714	-	-	5,714
Credit impaired	995	(995)	-	-
	6,709	(995)	-	5,714

The movements in the loss allowances in respect of trade receivables are disclosed in Note 14 to the financial statements.

The Company

The Company believes that no impairment allowance is necessary in respect of its trade receivables because they are subsidiaries with a positive financial position.

Other Receivables and Amount Owing by Related Parties

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

Under this approach, the Group assesses whether there is a significant increase in credit risk on the receivables by comparing their risk of default as at the reporting date with the risk of default as at the date of initial recognition based on available reasonable and supportable forward-looking information.

The Group considers a receivable is credit impaired when the receivable is in significant financial difficulty, for instances, the receivable is in breach of financial covenants or insolvent. Receivables that are credit impaired are assessed individually while other receivables are assessed on a collective basis.

Based on the assessment performed, the identified impairment loss was immaterial and hence, it is not provided for.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group considers these banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Amount Owing By Subsidiaries (Non-trade Balances)

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

The Company measures the expected credit losses on individual basis, which is aligned with its credit risk management practices on the inter-company balances.

The Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly.

For loans and advances that are repayable on demand, impairment loss is assessed based on the assumption that repayment of the outstanding balance is demanded at the reporting date. If the subsidiary does not have sufficient highly liquid resources when the loans and advances are demanded, the Company will consider the expected manner of recovery to measure the impairment loss; the recovery manner could be either through 'repayable over time' or a fire sale of less liquid assets by the subsidiary.

For loans and advances that are not repayable on demand, impairment loss is measured using techniques that are similar for estimating the impairment losses of other receivables as disclosed above.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Amount Owing By Subsidiaries (Non-trade Balances) (Cont'd)

Inputs, Assumptions and Techniques used for Estimating Impairment Losses (Cont'd)

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

Allowance for Impairment Losses

The Company	Gross Amount RM'000	12-month Loss Allowance RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
2021				
Low credit risk	561,962	-	-	561,962
Credit impaired	55,953	(55,953)	-	-
	617,915	(55,953)	-	561,962

The Company	Gross Amount RM'000	12-month Loss Allowance RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
2020				
Low credit risk	566,976	-	-	566,976
Credit impaired	55,953	(55,953)	-	-
	622,929	(55,953)	-	566,976

The movements in the loss allowances are disclosed in Note 14 to the financial statements.

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Financial Guarantee Contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Weighted Average Effective Rate	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 years RM'000
2021						
Non-derivative Financial Liabilities						
Lease liabilities	3.27%	5,412	5719	2,254	3,465	-
Term loans	4.75%	295,570	296,962	40,447	156,188	100,327
Trade payables	3.75%	166,399	166,399	104,822	61,577	-
Other payables and accruals		138,882	138,882	138,882	-	-
Amount owing to a Director		1,015	1,015	1,015	-	-
Short term borrowings		160,680	160,680	160,680	-	-
		767,958	769,657	448,100	221,230	100,327

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

The Group	Weighted Average Effective Rate	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 years RM'000
2020						
Non-derivative Financial Liabilities						
Lease liabilities	3.27%	3,745	3,745	1,609	2,136	-
Term loans	4.75%	459,970	459,970	218,129	182,720	59,121
Trade payables	3.75%	325,547	325,547	219,098	98,261	8,188
Other payables and accruals		165,474	165,474	165,474	-	-
Amount owing to a Director		283	283	283	-	-
Short term borrowings		179,081	179,081	179,081	-	-
Derivative Financial Liabilities		8,964	8,964	8,964	-	-
		1,143,064	1,143,064	792,638	283,117	67,309

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

The Company	Weighted Average Effective Rate	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 years RM'000
2021						
Non-derivative Financial Liabilities						
Term loans	3.73%	108,725	101,847	10,670	108,960	-
Other payables and accruals		7,946	7,946	7,946	-	-
Amount owing to subsidiaries		392,851	392,851	392,851	-	-
Amount owing to a director		1,015	1,015	1,015	-	-
Short term borrowings		85,965	85,965	85,965	-	-
		596,502	589,624	498,447	108,960	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

The Company	Weighted Average Effective Rate	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 years RM'000
2020						
Non-derivative Financial Liabilities						
Term loans	3.41%	155,832	298,673	132,874	140,610	25,189
Other payables and accruals		3,665	3,665	3,665	-	-
Amount owing to subsidiaries		317,355	317,355	317,355	-	-
Short term borrowings		85,965	85,965	85,965	-	-
		532,817	705,658	539,859	140,610	25,189

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting period. The financial guarantees have not been recognised in the financial statements since their fair value on initial recognition were not material.

40.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to maintain an optimal capital structure so as to support its businesses and maximise shareholder(s) value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	The Group	
	2021	**2020**
	RM	**RM**
Lease liabilities (Note 20	5,412	3,713
Term loans (Note 21)	295,570	262,825
Short term borrowings (Note 27)	160,680	179,081
	461,662	445,619
Less: Fixed deposits with licensed banks (Note 16)	(15,124)	(7,108)
Less: Cash and bank balances (Note 34(d))	(55,759)	(5,876)
Net Debt	390,779	432,635
Total Equity	533,502	510,482
Debt-to-Equity Ratio	73%	85%

There was no change in the Group's approach to capital management during the financial year.

The Group is also required to comply with certain loan covenants as disclosed in Notes 21 and 27 to the financial statements, failing which, the banks may call an event of default. The Company has complied with this requirement.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

40. FINANCIAL INSTRUMENTS (CONT'D)

40.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
Financial Assets	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Amortised Cost				
Trade receivables (Note 14)	6,523	5,714	-	-
Other receivables (Note 10)	23,292	52,283	21	20
Amounts owing by subsidiaries (Note 15)	-	-	561,962	566,976
Fixed deposits with licenced banks (Note 16)	15,124	7,108	15,000	-
Cash and bank balances (Note 34(d))	55,759	5,876	6,783	4,626
	100,698	70,981	583,766	571,622

	The Group		The Company	
Financial Liabilities	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Fair Value Through Profit or Loss				
Derivative liabilities (Note 28)	-	8,964	-	8,964
Amortised Cost				
Trade payables (Note 24)	23,534	35,291	-	-
Other payables and accruals (Note 25)	138,882	165,474	7,946	3,664
Amount owing to subsidiaries (Note 15)	-	-	392,851	317,355
Amount owing to a director (Note 26)	1,015	283	1,015	-
Lease liabilities (Note 20)	5,412	3,713	-	-
Term loans (Note 21)	295,570	262,825	108,726	155,832
Short term borrowings (Note 27)	160,680	179,081	85,965	107,625
	625,093	646,667	596,503	584,476

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

40. FINANCIAL INSTRUMENTS (CONT'D)

40.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	The Group		The Company	
Financial Assets	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Amortised Cost				
Net gains recognised in profit or loss	14,079	5,391	22,829	25,861
Financial Liabilities				
Fair Value Through Profit or Loss				
Net gains/(losses) recognised in profit or loss	(8,964)	4,906	-	-
Amortised Cost				
Net gains/(losses) recognised in profit or loss	(19,822)	(18,909)	12,826	13,445

40.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments Carried at Fair Value				
The Group	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total Fair Value RM'000**	**Carrying Amount RM'000**
2021					
Financial Liabilities					
Term loans	-	-	(295,570)	(295,570)	(295,570)
Short term borrowings	-	-	(160,680)	(160,680)	(160,680)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.5 FAIR VALUE INFORMATION (CONT'D)

The Group	Fair Value of Financial Instruments Carried at Fair Value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total Fair Value RM'000	Carrying Amount RM'000
2020					
Financial Liabilities					
Term loans	-	-	(262,825)	(262,825)	(262,825)
Short term borrowings	-	-	(179,081)	(179,081)	(179,081)
Derivative liabilities	-	-	(8,964)	(8,964)	(8,964)
The Company					
2021					
Financial Liabilities					
Term loans	-	-	(108,726)	(108,726)	(108,726)
Short term borrowings	-	-	(85,965)	(85,965)	(85,965)
2020					
Financial Liabilities					
Term loans	-	-	(155,832)	(155,832)	(155,832)
Short term borrowings	-	-	(107,625)	(107,625)	(107,625)
Derivative liabilities	-	-	(8,964)	(8,964)	(8,964)

(a) Fair Value of Financial Instruments Carried at Fair Value

(i) The fair value of commodity swap contract is calculated as the present value of the estimated future cash flows based on observable yield curves.

(ii) There were no transfers between level 1 and level 2 during the financial year.

(b) Fair Value of Financial Instruments Not Carried at Fair Value

The fair value of the Group's term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

41. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 5 July 2021, the Group has accepted a non-binding offer made by IOI Corporation Berhad ("Purchaser") to acquire certain plantation assets. On 28 September 2021, the Group withdrew the offer to sell the aforementioned proposed oil palm plantations, and discontinued further negotiations on the terms of the proposed transaction.

Subsequent on 15 October 2021, Seraya Plantation Sdn Bhd ("SPSB"), a wholly owned subsidiary of the Group has entered into a Conditional Sale and Purchase Agreement ("Land SPA 1") with Syarikat Kretam Plantations Sdn Bhd ("SKPSB"), for the disposal of all three (3) parcels of agricultural lands fully cultivated together with all the infrastructures, buildings, fixtures, fittings and assets of the SPSB.

On the same date, Bonus Indah Sdn Bhd ("BISB"), a 70% owned subsidiary has also entered into a Conditional Sale and Purchase Agreement ("Land SPA 2") with SKPSB for the disposal of a parcel of agricultural land fully cultivated together with all the infrastructures, buildings, fixtures, fittings and assets.

On 28 December 2021, SPSB and BISB have received full payment of the purchase price from SKPSB as specified in the Conditional Sale and Purchase Agreement respectively, thus the Proposed Disposals are deemed duly completed.

SHAREHOLDINGS STATISTICS
AS AT 31 MARCH 2022

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	:	826
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	42	5.08	431	0.00
100 to 1,000	566	68.52	103,308	0.09
1,001 to 10,000	155	18.77	610,302	0.52
10,001 to 100,000	25	3.03	762,851	0.66
100,001 to 5,843,139*	32	3.87	41,839,462	35.80
5,843,140 and above**	6	0.73	73,546,446	62.93
Total	**826**	**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	16,897,810	14.46	36,904,196	*2	31.58
Wong Siew Ying	910,284	0.78	4,171,500	*3	3.57

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 and Loo Pang How, in the Company.

SHAREHOLDINGS STATISTICS

AS AT 31 MARCH 2022 (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	910,284	0.78	4,171,500	*2	3.57
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	-	-	-		-

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 and Loo Pang How, 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 31 MARCH 2022 (cont'd)

Thirty (30) Largest Securities Account Holders as at 31 March 2022

No.	Name	No. of Shares Held	%
1	Jubilant Ventures Sdn Bhd	23,504,196	20.11
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	Dato' Loo Pang Kee	11,800,000	10.10
5	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Sri Koh Kin Lip, JP	6,750,000	5.78
6	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Sri Koh Kin Lip, JP	6,000,000	5.13
7	Maybank Nominees (Tempatan) Sdn Bhd Amanahraya Investment Management Sdn Bhd for Mutual Yield Sdn Bhd (C318-240203)	5,452,500	4.67
8	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account – AmBank (M) Berhad for Dato' Loo Pang Kee	5,097,810	4.36
9	Datuk Loo Ngin Kong	3,166,724	2.71
10	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Sri Koh Kin Lip, JP (7003423)	3,033,344	2.60
11	Loo Pang Chieng	2,866,000	2.45
12	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Junior Koh Siew Hui	2,043,700	1.75
13	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Sri Koh Kin Lip, JP (8058900)	2,000,000	1.71
14	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Dato' Sri Koh Kin Lip, JP (MY0502)	2,000,000	1.71
15	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Lai Ming Chun @ Lai Poh Lin	2,000,000	1.71
16	Seah Sen Onn @ David Seah	1,761,500	1.51
17	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account – AmBank (M) Berhad for Jubilant Ventures Sdn Bhd	1,500,000	1.28
18	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Rickoh Corporation Sdn Bhd (MY0507)	1,500,000	1.28
19	Seah Sen Onn @ David Seah	1,326,500	1.14
20	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Loo Pang How	1,305,500	1.12
21	Datuk Loo Ngin Kong	1,000,000	0.86

SHAREHOLDINGS STATISTICS

AS AT 31 MARCH 2022 (cont'd)

Thirty (30) Largest Securities Account Holders as at 31 March 2022 (cont'd)

No.	Name	No. of Shares Held	%
22	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Rickoh Corporation Sdn Bhd	1,000,000	0.86
23	Wong Siew Ying	810,284	0.69
24	Lim Ted Hing	604,000	0.52
25	Koh Siew Boon	515,800	0.44
26	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lai Tan Kiong (E-SDK)	352,100	0.30
27	Rickoh Corporation Sdn Bhd	317,350	0.27
28	Citigroup Nominees (Asing) Sdn Bhd Exempt An For UBS AG Singapore (Foreign)	314,000	0.27
29	Rosalind Lo Nyit Ying	287,000	0.25
30	Lie Tjie Moh @ Lee Chee Hiong	266,500	0.23

LIST OF PROPERTIES AS AT 31 DECEMBER 2021

Description Title/Location	Land area Hectares (unless otherwise stated)	Tenure (years)	Age of buildings (years)	Usage	Net book value as at 31.12.2021 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	11,167,870	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	2,610,640	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	2,839,072	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	12,532,843	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	13,317,075	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	13,123,834	2005

LIST OF PROPERTIES AS AT 31 DECEMBER 2021 (cont'd)

Description Title/Location	Land area Hectares (unless otherwise stated)	Tenure (years)	Age of buildings (years)	Usage	Net book value as at 31.12.2021 RM	Date Acquired
PLANTATION LAND (cont'd)						
Sabah (cont'd)						
Telupid estates, KM 100, Sandakan-Telupid-Kota Kinabalu Highway, Districts of Kinabatangan & Labuk-Sugut, Sabah	1,005.65	99 years lease expiring 31 December 2078	N/A	Oil palm plantation	50,495,671	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	5,629,693	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	46,401,579	2002
Kian Merculaba 2 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	23,384,706	2002
Kian Merculaba 1 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	29,041,388	2003
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	11,778,180	2002

LIST OF PROPERTIES AS AT 31 DECEMBER 2021 (cont'd)

Description Title/Location	Land area Hectares (unless otherwise stated)	Tenure (years)	Age of buildings (years)	Usage	Net book value as at 31.12.2021 RM	Date Acquired
PLANTATION LAND (cont'd)						
Sabah (cont'd)						
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	11,622,215	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	19,489,956	2002
Sofrah estate, KM30 Labuk Road, District of Sandakan, Sabah	39.02	99 years lease expiring 31 December 2060	N/A	Durian orchard	9,373,066	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	11,503,275	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	9,203,230	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	140,098,616	2012

LIST OF PROPERTIES AS AT 31 DECEMBER 2021 (cont'd)

Description Title/Location	Land area Hectares (unless otherwise stated)	Tenure (years)	Age of buildings (years)	Usage	Net book value as at 31.12.2021 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	50,296,279	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	141,620,238	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	275,742,243	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	51,110,563	2017

LIST OF PROPERTIES AS AT 31 DECEMBER 2021 (cont'd)

Description Title/Location	Land area Hectares (unless otherwise stated)	Tenure (years)	Age of buildings (years)	Usage	Net book value as at 31.12.2021 RM	Date Acquired
OTHER LANDED PROPERTIES						
Sabah						
Ballerina, 2 adjoining double storey shophouses with a built-up area of 782.13m^2, Lot 8 & 9, Taman Tshun Ngen, Mile 5, Labuk Road, District of Sandakan, Sabah	395.55m^2	999 years lease expiring 9 July 2887	47	Office buildings	793,501	2002
Ballerina, 1 double storey shophouse with a built-up area of 391.07m^2, Lot 11, Taman Tshun Ngen, Mile 5, Labuk Road, District of Sandakan, Sabah	197.78 m^2	999 years lease expiring 9 July 2887	47	Office building	216,920	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	39	Employees' accomodation	474,925	2007
Berkat palm oil mill, with a built-up area of 4,193.80m^2, KM 70, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	4.05	60 years lease expiring 31 December 2044	36	Palm oil mill	6,033,843	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 m^2, 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	27	Hotel	29,046,124	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	4,820,762	2007, 2008 & 2012

LIST OF PROPERTIES AS AT 31 DECEMBER 2021 (cont'd)

Description Title/Location	Land area Hectares (unless otherwise stated)	Tenure (years)	Age of buildings (years)	Usage	Net book value as at 31.12.2021 RM	Date Acquired
OTHER LANDED PROPERTIES (cont'd)						
Sabah (cont'd)						
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	7,085,314	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	3,960,454	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	56	Employees' accomodation	1,460,944	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	17	Vacant	4,001,957	2020
Indonesia						
Nala Mill Desa Senambah, Kecamatan, Muara Bengkal, Kabupaten Kutai Timur, Kalimantan Timur, Indonesia	30	20 years HGB expiring 04 August 2037	6	Palm oil mill	35,949,179	2016
TOTAL					**1,037,362,383**	

NOTICE OF THE TWENTY SECOND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty Second Annual General Meeting of the Company will be held at the Conference Room, 6th Floor, The Palace Hotel, No. 1, Jalan Tangki, Karamunsing, 88100 Kota Kinabalu, Sabah, on Monday, 27 June 2022 at 10.00 am to transact the following business:

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 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) Dato' Loo Pang Kee — Resolution 1
   b) Tan Sri Dato' Sri Koh Kin Lip, JP — Resolution 2

3. To approve the payment of Directors' fees of RM50,000 for the financial year ended 31 December 2021. — 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 June 2022 until the next Annual General Meeting of the Company. — Resolution 4

5. To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company 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 Mr Lim Ted Hing who had served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 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 SECOND 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 29 April 2022 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. "

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. "

NOTICE OF THE TWENTY SECOND ANNUAL GENERAL MEETING (cont'd)

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.

By Order of the Board
NPC Resources Berhad

Dorothy Luk Wei Kam
SSM PC No.: 202008001484
(MAICSA 7000414)

Company Secretary

Kota Kinabalu, Sabah
Dated: 29 April 2022

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) For the purpose of determining member's eligibility to attend this meeting, only member whose name appears in the Record of Depositors as at 20 June 2022 shall be entitled to attend this meeting or appoint proxy to attend and/or vote on his behalf.

c) 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.

d) 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.

e) 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.

f) 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, at least forty-eight (48) hours before the time for holding the Meeting or adjourned meeting.

g) Pursuant to Paragraph 8.29A (1) 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 2021

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.

NOTICE OF THE TWENTY SECOND ANNUAL GENERAL MEETING (cont'd)

Explanatory Notes (cont'd)

(b) 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 nine (9) 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 9 years as an independent director is subject to shareholders' approval via a two-tier voting process.

(c) 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 27 August 2021. 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.

(d) 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 29 April 2022 for more information.

(e) 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 29 April 2022 for more information.

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PROXY FORM

NPC Resources Berhad
Registration No.:199901027413 (502313-P)

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 Second Annual General Meeting of the Company, to be held at the Conference Room, 6th Floor, The Palace Hotel, No. 1, Jalan Tangki, Karamunsing, 88100 Kota Kinabalu, Sabah, on Monday, 27 June 2022 at 10.00 am and any adjournment thereof.

I/We direct my/our proxy to vote for or against the Resolutions to be proposed at the Meeting as hereinunder indicated.

No.	Resolutions	FOR	AGAINST
1.	To re-elect Dato' Loo Pang Kee as Director.		
2.	To re-elect Tan Sri Dato' Sri Koh Kin Lip, JP as Director.		
3.	To approve the payment of Directors' fees.		
4.	To approve the payment of allowances to Non-Executive Director.		
5.	To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company 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 _______________ 2022.

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) For the purpose of determining member's eligibility to attend this meeting, only member whose name appears in the Record of Depositors as at 20 June 2022 shall be entitled to attend this meeting or appoint proxy to attend and/or vote on his behalf.

c) 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.

d) 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.

e) 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.

f) 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, at least forty-eight (48) hours before the time for holding the Meeting or adjourned meeting.

g) Pursuant to Paragraph 8.29A (1) 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
Registration No :199901027413 (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