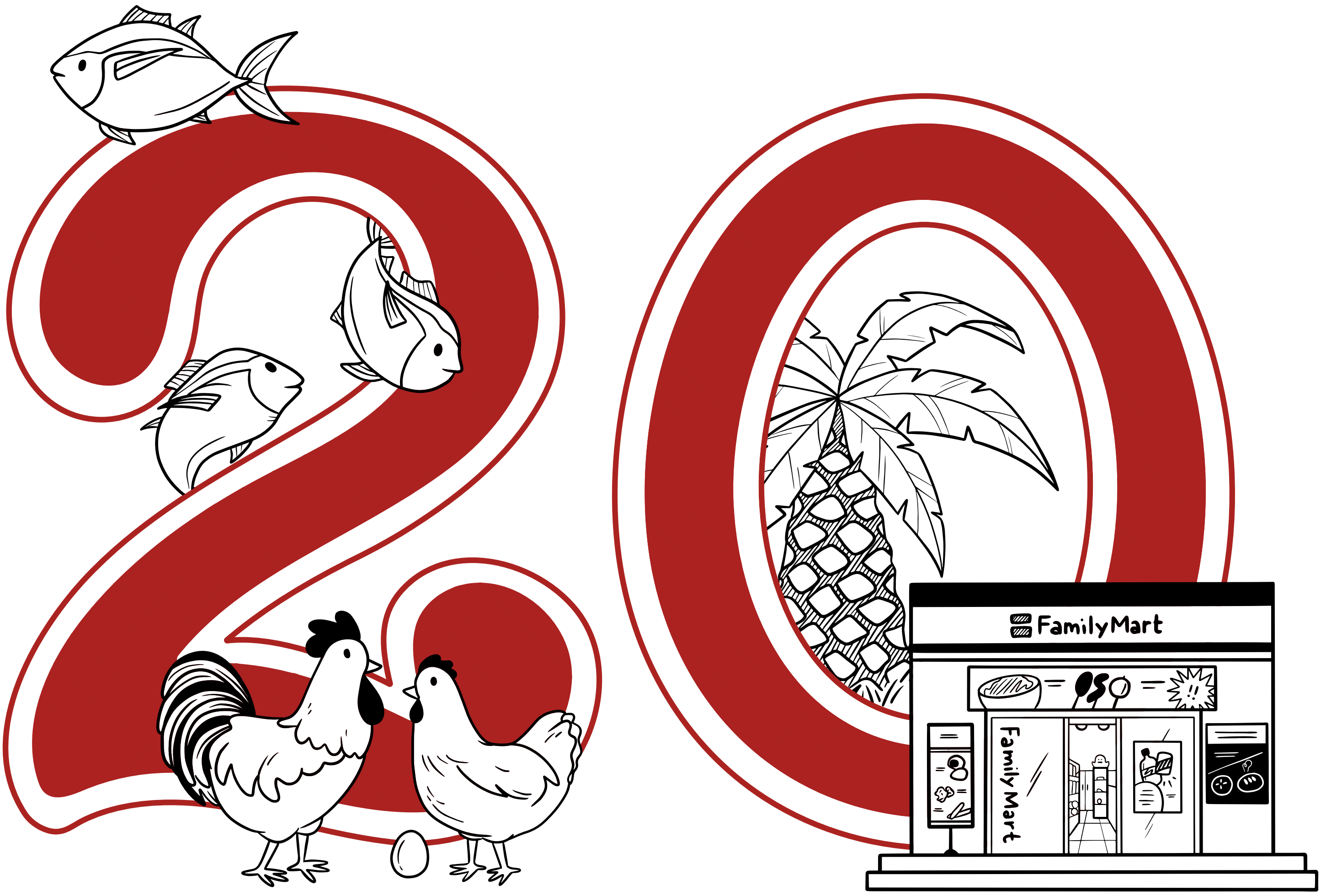
全利資源有限公司
QL Resources Berhad

A MILESTONE ON OUR SUSTAINABLE GROWTH JOURNEY



YEARS OF LISTING

ANNUAL REPORT 2020

Rationale

2020 marks the 20th anniversary for QL's listing on Bursa Malaysia. It is another milestone on our sustainable growth journey. On this special milestone, we reaffirm our commitment to long term growth with a sharpened focus on environment, social, governance, technology and people.

CROSS-REFERENCING

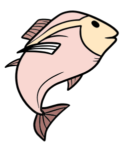
This icon indicates where more detail can be accessed elsewhere in this report.

This icon indicates where more detail can be accessed online.

Contents

Principal Activities

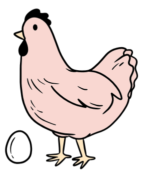
A sustainable and scalable multinational agro-food producer, QL has operations in four principal activities: Marine Products Manufacturing, Integrated Livestock Farming, Palm Oil Activities and FamilyMart. We produce resource-efficient protein sources and food via operational footprints in Malaysia, Indonesia, Vietnam and China.



MARINE PRODUCTS MANUFACTURING

QL specialises in the entire marine products chain from upstream to downstream activities comprising deep-sea fishing, aquaculture farming, surimi and fishmeal production, and consumer foods. Utilising advance technology and industry best practices, QL has consistently maintained our leadership position as Malaysia's largest fishmeal manufacturer, and producer of surimi-based products. We are also the largest surimi producer in Southeast Asia. Two of our consumer foods brands, Mushroom and Figo are distributed across Asia, Europe and North America.

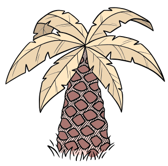
Please refer to Management Discussion and Analysis on page 28.



INTEGRATED LIVESTOCK FARMING

With businesses spanning the entire value chain from feed and raw material trade, feed milling, layer farming to broiler integration, QL is a leading operator in integrated livestock farming in Malaysia. Our farms in Malaysia and Indonesia produce approximately 5.8 million eggs per day, 56 million Day Old Chicks (DOC) annually and 22 million broilers per annum. Every year, QL supplies and distributes over 1,000,000 metric tonnes of animal feed raw materials in Malaysia.

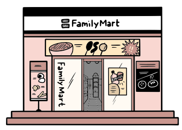
Please refer to Management Discussion and Analysis on page 28.



PALM OIL ACTIVITIES

From owning and managing oil palm plantations to milling operations in Malaysia and Indonesia, QL has built up its capabilities in this pillar. QL pioneered a proprietary technology that converts palm waste biomass into high quality, efficient burning fuel that minimises carbon emissions and improves energy efficiencies through industrial boiler systems. Via our two independent Crude Palm Oil (CPO) mills, we service small and medium sized estates in the Tawau and Kunak districts of Sabah, East Malaysia, while our CPO mill in Northern Kalimantan, Indonesia does the same for its region. QL's total oil palm estate holding is at 16,000 hectares in Sabah and Eastern Kalimantan, Indonesia.

Please refer to Management Discussion and Analysis on page 28.



CONVENIENCE STORE CHAIN

The FamilyMart convenience store chain is a natural strategic extension to QL's existing food production and distribution portfolio, that is direct to consumer. Driven on the emphasis of convenience, QL delivers quality and nourishing ready-to-eat food through this scaleable channel. Ensuring that our wide variety of ready-to-eat offerings comply with Shariah requirements, FamilyMart's central kitchen hold halal certification from Jabatan Kemajuan Islam Malaysia (JAKIM). As the master franchisee in Malaysia, QL operates all FamilyMart stores in the country, which to-date total 184.

Please refer to Management Discussion and Analysis on page 28.

Our Vision

To be the preferred global agro-based enterprise

Our Mission

We create nourishing products from Agro resources, leading to benefit for all parties

Our Core Values

Personality

Progressive
Trustworthy
Initiative
Humility

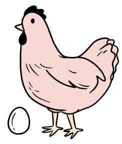
Values

Integrity
Win-Win
Teamwork
Innovative

Group Corporate Structure

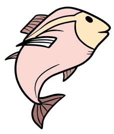
as at 31 July 2020

全利資源有限公司
QL Resources Berhad



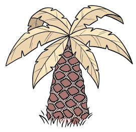
INTEGRATED LIVESTOCK FARMING
QL Feedingstuffs Sdn. Bhd. 100%

- 100% Chingsan Development Sdn. Bhd.
- 100% QL Feed Sdn. Bhd.
- 90% Pacific Vet Group (M) Sdn. Bhd.
  - 100% QL Pacific Vet Group Sdn. Bhd.
- 100% QL Agroventures Sdn. Bhd.
- 100% QL Agrofood Sdn. Bhd.
- 100% QL AgroResources Sdn. Bhd.
  - 100% QL Livestock Farming Sdn. Bhd.
  - 100% Gelombang Elit (M) Sdn. Bhd.
  - 51% QL TP Fertilizer Sdn. Bhd.
- 100% QL Tawau Feedmill Sdn. Bhd.
- 100% QL Farms Sdn. Bhd.
  - 100% Adequate Triumph Sdn. Bhd.
  - 100% QL Breeder Farm Sdn. Bhd.
  - 100% QL Inter-Food Sdn. Bhd.
  - 100% Merkaya Sdn. Bhd.
  - 100% QL Agrobio Sdn. Bhd.
- 90% QL Ansan Poultry Farm Sdn. Bhd.
  - 100% QL Rawang Poultry Farm Sdn. Bhd.
  - 59.999% Haji Hussin Markom Sdn. Bhd.
    - 0.001% (QL Rawang Poultry Farm Sdn. Bhd.)
- 100% QL Eco Farm Sdn. Bhd.
- 100% QL Poultry Farms Sdn. Bhd.
- 100% QL Realty Sdn. Bhd.
  - 99% PT. QL Trimitra
  - 99% PT. QL Agrofood
- 1% PT. QL Trimitra
- 1% PT. QL Agrofood
- 100% QL Vietnam AgroResources Liability Limited Company
- 100% QL International Pte. Ltd.
- 87.12% PT. QL Feed Indonesia
  - 0.88% (QL Realty Sdn. Bhd.)
- 90% QL Palm Pellet Sdn. Bhd.
- 100% QL Feedingstuffs Vietnam Limited Liability Company
- 100% QL Farms (Tay Ninh) Liability Limited Company
- 100% KS Galah Sdn. Bhd.
- 100% Icon Blitz Sdn. Bhd.



MARINE PRODUCTS MANUFACTURING
QL Fishery Sdn. Bhd. 100%

- 100% QL Figo Foods Sdn. Bhd.
- 100% QL Marine Products Sdn. Bhd.
  - 100% QL Deep Sea Fishing Sdn. Bhd.
- 100% KS Monodon Sdn. Bhd.
- 100% QL Fresh Choice Seafood Sdn. Bhd.
- 70.59% QL Endau Marine Products Sdn. Bhd.
  - 100% QL Endau Deep Sea Fishing Sdn. Bhd.
  - 100% QL Endau Fishmeal Sdn. Bhd.
  - 100% Rikawawasan Sdn. Bhd.
  - 100% Pilihan Mahir Sdn. Bhd.
- 100% QL Foods Sdn. Bhd.
  - 100% QL Aquaculture Sdn. Bhd.
  - 100% QL Aquamarine Sdn. Bhd.
  - 70% Citra Jernih Sdn. Bhd.
  - 70% Mesra Prima Sdn. Bhd.
  - 70% QL Prima Sdn. Bhd.
- 100% QL Fishmeal Sdn. Bhd.
  - 99.97% PT. QL Hasil Laut
    - 99% PT. QLNutri Foods Indonesia
- 0.03% PT. QL Hasil Laut
- 1% PT. QLNutri Foods Indonesia
- 82% QL Lian Hoe Sdn. Bhd.
- 100% QL Lian Hoe (S) Pte. Ltd.
  - 100% Zhongshan True Taste Food Industrial Co. Ltd.
- 100% Kuala Kedah Fish Meal Sendirian Berhad
- 100% QL Figo (Johor) Sdn. Bhd.
- 87.22% Kembang Subur Sdn. Bhd.
  - 100% KS Pekan Hatchery Sdn. Bhd.
  - 100% Kembang Subur (Perak) Sdn. Bhd.



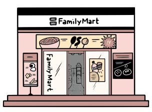
PALM OIL ACTIVITIES
QL Oil Sdn. Bhd. 100%

- 100% QL BioEnergy Sdn. Bhd.
- 78.42% QL Mutiara (S) Pte. Ltd.
  - 95% PT. Pipit Mutiara Indah
- 100% QL Plantation Sdn. Bhd.
  - 100% QL Tawau Biogas Sdn. Bhd.

BIOMASS ENERGY BUSINESS
QL Green Resources Sdn. Bhd. (100%)

- 100% QL Tawau Palm Pellet Sdn. Bhd.
- 100% QL NatureCo Sdn. Bhd.
- 76.47% Leisure Pyramid Sdn. Bhd.
- 100% QL ESCO Sdn. Bhd.

- 100% QL IPC Sdn. Bhd.
- 100% QL Corporate Services Sdn. Bhd.

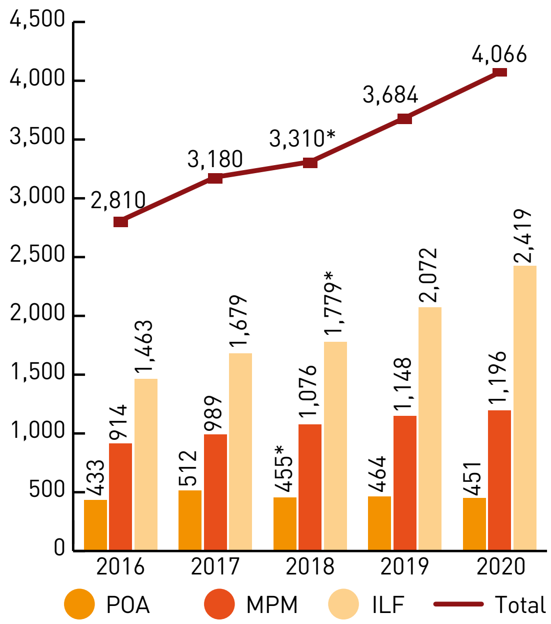


CONVENIENCE STORE CHAIN
QL Carbon Sdn. Bhd. (100%)

- 100% QL Maxincome Sdn. Bhd.
- 100% QL Kitchen Sdn. Bhd.

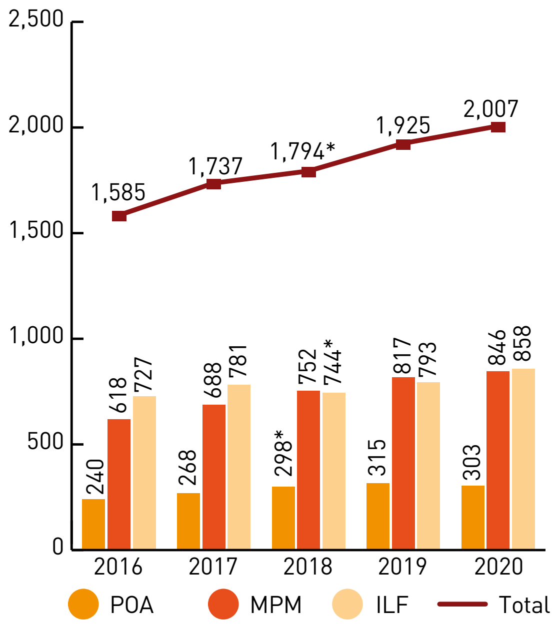
5-Years Financial Summary

TOTAL ASSETS
(RM million)



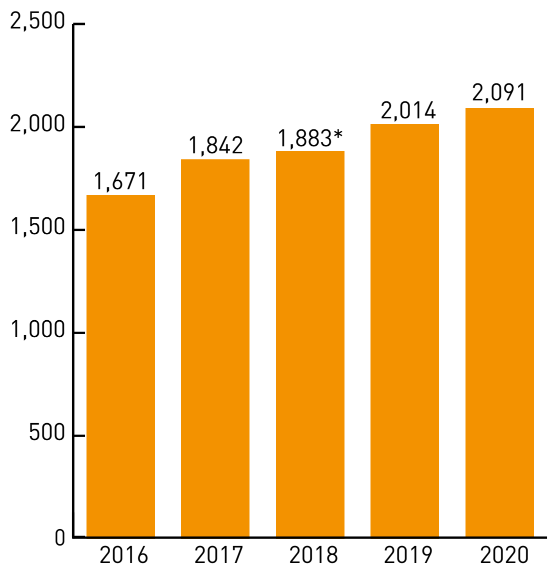
* The total assets for FY2018 are restated from RM3,326m to RM3,310m due to adoption of new Malaysian Financial Reporting Standards (MFRS).

NET TANGIBLE ASSETS
(RM million)



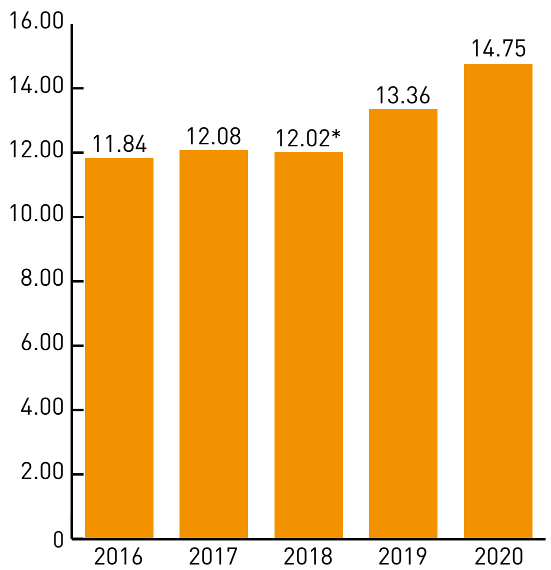
* The net tangible assets for FY2018 are restated from RM1,782m to RM1,794m due to adoption of new Malaysian Financial Reporting Standards (MFRS).

SHAREHOLDERS' EQUITY
(RM million)



* The shareholders' equity for FY2018 is restated from RM1,891m to RM1,883m due to adoption of new Malaysian Financial Reporting Standards (MFRS).

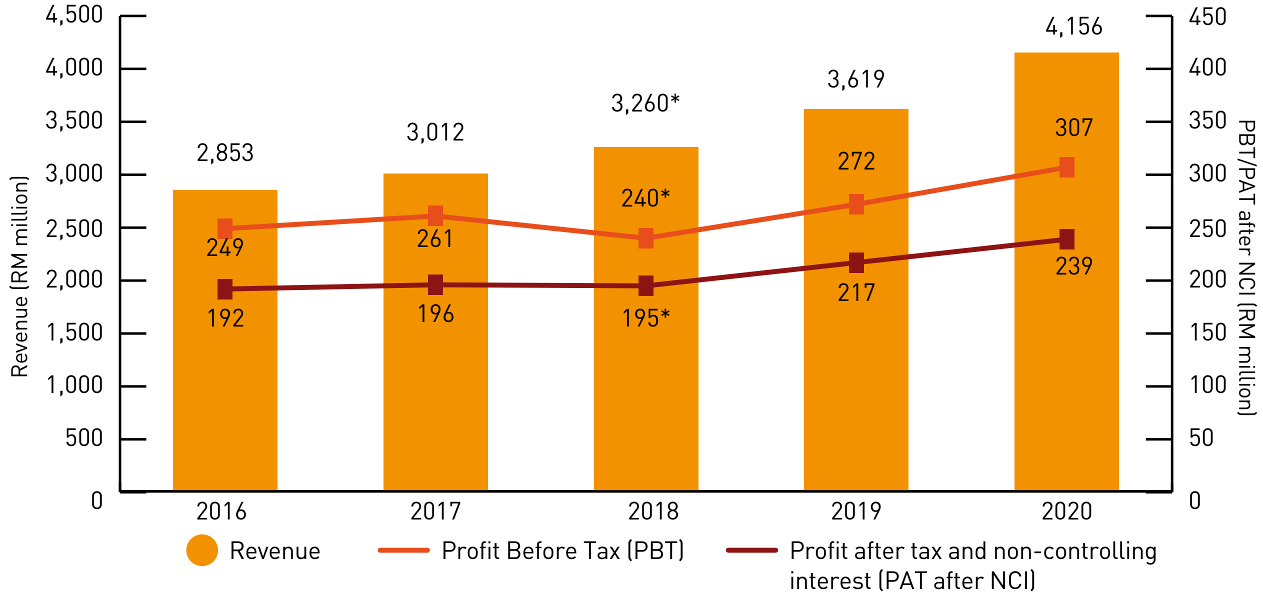
EARNINGS PER SHARE
(Sen)



* The earnings per share for FY2018 is restated from 12.71 sen to 12.02 sen due to adoption of new Malaysian Financial Reporting Standards (MFRS).

REVENUE/PROFIT

(in RM million)



* The revenue for FY2018 is restated from RM3,263m to RM3,260m, profit before tax for FY2018 is restated from RM255m to RM240m and profit after tax after minority interest for FY2018 is restated from RM206m to RM195m due to adoption of new Malaysian Financial Reporting Standards (MFRS).

	2016 RM MIL	2017 RM MIL	2018 RM MIL	2019 RM MIL	2020 RM MIL
Turnover	2,853.23	3,012.00	3,260.52*	3,619.20	**4,155.94**
Profit Before Tax	249.48	260.51	240.35*	272.35	**306.94**
Profit After Tax After Minority Interest	192.08	195.92	194.99*	216.78	**239.36**
Total Assets	2,810.02	3,179.93	3,310.31*	3,683.66	**4,066.38**
Net Tangible Assets	1,584.51	1,737.24	1,793.95*	1,924.63	**2,007.42**
Profit as % of Turnover					
Before Tax	8.74	8.65	7.37*	7.53	**7.39**
After Tax	6.73	6.50	5.98*	5.99	**5.76**
Earnings Per Share (sen) - Basic^	12	12	12*	13	**15**
Net Tangible Assets Per Share (sen)	126.96	139.20	110.57*	118.63	**123.73**
Paid-up Share Capital	312.01	620.03@	620.03#	620.03	**620.03**
No. of Shares in Issue (million)	1,248.03	1,248.03	1,622.44	1,622.44	**1,622.44**

@ Included in the paid-up share capital is RM308.02 million which is transferred from share premium in accordance with Section 618(2) of the Companies Act 2016.

\# Included in the paid-up share capital is RM214.42 million which is transferred from share premium in accordance with Section 618(2) of the Companies Act 2016.

^ Adjusted for bonus issue

* Restated due to adoption of new Malaysian Financial Reporting Standards (MFRS)

Corporate Information

BOARD OF DIRECTORS

Dr. Chia Song Kun
Executive Chairman

Mr. Chia Song Kooi
Group Managing Director

Mr. Chia Seong Pow
Executive Director

Mr. Chia Song Swa
Executive Director

Mr. Chia Lik Khai
Executive Director

Mr. Chia Seong Fatt
(Alternate Director to Chia Seong Pow)

Mr. Chia Mak Hooi
(Alternate Director to Chia Song Swa)

Mr. Cheah Juw Teck
(Alternate Director to Chia Lik Khai)

Prof. Datin Paduka Setia Dato' Dr. Aini Binti Ideris
Independent Non-Executive Director

Ms. Kow Poh Gek
Independent Non-Executive Director

Ms. Chan Wai Yen, Millie
Independent Non-Executive Director

Ms. Cynthia Toh Mei Lee
Independent Non-Executive Director

Mr. Low Teng Lum
Independent Non-Executive Director
(Appointed on 30 August 2019)

Mr. Wee Beng Chuan
Independent Non-Executive Director
(Appointed on 1 July 2020)

Mr. Tan Bun Poo, Robert
Independent Non-Executive Director
(Resigned on 30 June 2020)

Mr. Chieng Ing Huong, Eddy
Senior Independent Non-Executive Director
(Retired on 29 August 2019)

COMPANY SECRETARY

Ms. Ng Geok Ping
(MAICSA 7013090)

AUDITORS

KPMG PLT
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue
Bandar Utama
47800 Petaling Jaya
Selangor

REGISTERED OFFICE

No. 16A, Jalan Astaka U8/83
Bukit Jelutong
40150 Shah Alam
Selangor
Tel : 03-78012288
Fax : 03-78012228
Website: www.ql.com.my

REGISTRARS

Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : 03-27839299
Fax : 03-27839222

Customer Service Centre
Unit G-3, Ground Floor
Vertical Podium, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name: QL
Stock Code: 7084

INVESTOR RELATION

Freddie Yap
Tel : 03-78012288
Fax : 03-78012222
Email : freddieyap@ql.com.my

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad
Alliance Islamic Bank Berhad
AmBank (M) Berhad
Hong Leong Bank Berhad
HSBC Amanah Malaysia Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
Standard Chartered Bank Malaysia Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia) Berhad
Bank of Tokyo-Mitsubishi UFJ Berhad
OCBC Bank (Malaysia) Berhad

Board of Directors' Profile

Dr. Chia Song Kun

Executive Chairman

Male | 70 | Malaysian

Dr. Chia Song Kun, aged 70, male, Malaysian, was appointed as the Group Managing Director of QL Resources Berhad on 3 January 2000 and re-designated as the Executive Chairman on 1 April 2018. He is also a member of the Risk Management Committee.

Dr. Chia was born and raised in Sungai Burong, an impoverished fishing village on the northern coast of Selangor. He graduated with a Bachelor of Science (Honours) degree majoring in Mathematics from the University of Malaya in 1973 and obtained a Master in Business Administration in 1988 from the same university. He started his career as a tutor and subsequently joined University Teknologi Mara as a lecturer where he served for 11 years until 1984.

After his lecturing years, Dr. Chia, along with his brothers and his brothers-in-law, began trading in fish meal and feed meal raw material. The business they founded was subsequently incorporated as QL Resources Berhad. Today QL is a sustainable and scalable multinational agro-food corporation with interests in Integrated Livestock Farming, Marine Products Manufacturing and Palm Oil Activities. The Company has a market capitalisation of approximately fifteen billion ringgit in July 2020.

Dr. Chia is a founding member of INTI Universal Holdings Berhad, which operates one of the leading private university colleges in Malaysia. On 5 July 2008, he was conferred the honorary degree of Doctor of Laws (Hon LLD) by the Honorary Awards Board of the University of Hertfordshire in recognition of his outstanding contribution to the development of business and education in Malaysia. He is also the Chairman of Boilermech Holdings Berhad, a company listed on the ACE Market of Bursa Malaysia Securities Berhad on 5 May 2011, which then transferred to the Main Market on 4 December 2014.

Dr. Chia's leadership has been recognised by a number of noted organisations. In 2005, *The Edge* selected him as one of '20 CEOs We Admire'. In July 2011, Dr. Chia led the Group to new heights when QL Resources won the prestigious *The Edge* Billion Ringgit Club Company of the Year award. In 2012, Dr. Chia was awarded the Ernst & Young Entrepreneur of the Year Award 2012 for Malaysia. In October 2018, Dr. Chia was awarded the Sin Chew Business Lifetime Excellence Achievement Award 2018. In September 2019, Dr. Chia won *The Edge* Billion Ringgit Club Value Creator: Outstanding CEO of Malaysia and QL Resources won The AsiaMoney Awards 2019 for Most Outstanding Company in Malaysia – Consumer Staples Sector.

Dr. Chia Song Kun is the brother of Mr. Chia Song Swa and Mr. Chia Song Kooi. He is the brother-in-law of Mr. Chia Seong Pow and Mr. Chia Seong Fatt and also Mr. Chia Lik Khai's father. He is the Director and beneficial shareholder of CBG (L) Pte Ltd via CBG (L) Foundation, a major shareholder of QL.

He attended all six board of directors' meetings held for the financial year.

Dr. Chia has no conflict of interest with the Company and he has no convictions for any offences within the past five years (other than traffic offences, if any), nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Board of Directors' Profile

Mr. Chia Song Kooi

Group Managing Director

Male | 60 | Malaysian

Mr. Chia Song Kooi, aged 60, male, Malaysian, was appointed as an Executive Director of the Company on 3 January 2000. He was re-designated as the Deputy Managing Director of the Company on 21 November 2016 and then as the Group Managing Director on 1 April 2018. He is also a member of the Risk Management Committee.

He holds a bachelor of Agricultural Science from University Putra Malaysia (1985). In 2005 he has completed the Premier Business Management Program which was aimed to equip business leaders with the skills and competencies necessary for navigating uncertainty, adversity and to lead change in the global economy.

Mr. Chia began his career as a Marketing Executive for agro-chemical products with Ancom Berhad, a company listed on the Main Market of the Bursa Malaysia Securities Berhad and eventually headed the Product and Market Development Division in 1987.

Mr. Chia joined QL Feedingstuffs Sdn. Bhd. as an Executive Director on 21 September 1988. He has more than 20 years of experience in farm management and in trading of raw materials for farm use, as well as more than 10 years of experience in marine products processing. He was the Deputy Chairman of Sabah Livestock Poultry Association from 2012 to 2016. In view of the restructuring of the QL Group, he has resigned as a Director of QL Feedingstuffs Sdn. Bhd. and has been re-appointed in year 2017. Prior to being the Group Managing Director, he was overall in charge of the group's operations in Kota Kinabalu since 1990 to 2016.

Mr. Chia Song Kooi is the brother to Dr. Chia Song Kun and Mr. Chia Song Swa.

He attended all six board of directors' meetings held for the financial year.

Mr. Chia has no conflict of interest with the Company and he has no convictions for any offences within the past five years (other than traffic offences, if any), nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Mr. Chia Seong Pow

Executive Director

Male | 64 | Malaysian

Mr. Chia Seong Pow, aged 64, male, Malaysian, was appointed as an Executive Director of the Company on 3 January 2000. Thereafter, as the Alternate Director to Chia Seong Fatt from 1 April 2018 to 1 April 2019 and was re-appointed as an Executive Director of the Company on 1 April 2019.

He graduated from Tunku Abdul Rahman College with a Diploma in Building Technology in 1982.

He is one of the founder members of QL Group. He joined CBG Holdings Sdn. Bhd. as Marketing Director in 1984. He has more than 25 years of experience in the livestock and food industry covering layer farming, manufacturing, trading and shipping.

Currently, Mr. Chia Seong Pow is mainly in charge of layer farming, regional merchanting trade in food grains as well as new business developments.

Majority of the Group's new expansion programmes were initiated by him.

Mr. Chia Seong Pow was appointed as a Director of EITA Resources Berhad on 1 March 2017, a company listed on the Main Market of the Bursa Malaysia Securities Berhad on 9 April 2012. Thereafter, as an Alternate Director to Chia Mak Hooi on 1 November 2018. EITA Resources Berhad ("EITA") is principally an investment holding company and provider of management services to its subsidiaries. EITA Group's business activities are in the marketing and distribution of E&E components and equipment, design and manufacture of Elevator and Busduct systems as well as maintenance of Elevator systems and provision of electrical and security system solutions as well as manufacture of E&E components and equipment namely Centralised Dimming Systems, Ballasts and connectors.

He is the younger brother to Mr. Chia Seong Fatt. Both of them are brothers-in-law to Dr. Chia Song Kun. He is the Director and beneficial shareholder of Farsathy Holdings Sdn. Bhd., a major shareholder of QL.

He attended all six board of directors' meetings held for the financial year.

Mr. Chia Seong Pow has no conflict of interest with the Company and he has no convictions for any offences within the past five years (other than traffic offences, if any), nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Board of Directors' Profile

Mr. Chia Song Swa

Executive Director

Male | 60 | Malaysian

Mr. Chia Song Swa, aged 60, male, Malaysian, was appointed as an Executive Director of the Company on 3 January 2000. Thereafter, as the Alternate Director to Chia Mak Hooi from 1 April 2018 to 1 April 2019 and was re-appointed as an Executive Director of the Company on 1 April 2019.

He holds a Degree in Chemistry and Statistics from the University of Campbell, USA.

He began his career at Genting Berhad, a company listed on the Bursa Malaysia Securities Berhad as a Management Trainee in 1984 and served for 2 years.

In 1987 he joined QL Feedingstuffs Sdn. Bhd. as a sales executive and was appointed as a director of QL Feedingstuffs Sdn. Bhd. on 22 June 1987. In line with the transfer of business from QL Feedingstuffs Sdn. Bhd. to QL Feed Sdn. Bhd., he was appointed as the director in charge of sales and trading function at QL Feed Sdn. Bhd. As a result of his vast experience in feed raw material distribution, he has helped the Company to establish a very strong distribution network.

He is the brother to Dr. Chia Song Kun and Mr. Chia Song Kooi.

He attended all six board of directors' meetings held for the financial year.

Mr. Chia Song Swa has no conflict of interest with the Company and he has no convictions for any offences within the past five years (other than traffic offences, if any), nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Mr. Chia Lik Khai

Executive Director

Male | 41 | Malaysian

Mr. Chia Lik Khai, aged 41, male, Malaysian, was appointed as an Executive Director of the Company on 21 November 2016. Thereafter, as the Alternate Director to Cheah Juw Teck from 1 April 2018 to 1 April 2019 and was re-appointed as an Executive Director of the Company on 1 April 2019.

He graduated from the MBA program of Wharton Business School, University of Pennsylvania, United States where he focused on Entrepreneurship and Corporate Finance. He also received his Master of Science and Bachelor of Science in Electrical Engineering from University of Michigan, Ann Arbor, United States.

Prior to joining QL Resources Berhad and Group, he was with McKinsey & Company in Shanghai, where he was an affiliate of Global Energy & Materials and High-Tech practice. During his tenure there, he focused on serving global clients in renewable energy, consumer products and high-tech sectors on strategy, mergers and acquisitions as well as sales and marketing. He also possesses extensive management experience in high-tech, telecommunications and internet commerce. He spent eight (8) years in the semiconductor industry with Agilent and Avago Technologies in Silicon Valley, where he assumed multiple roles as R&D staff, New Product Manager and Marketing Manager.

He subsequently joined QL Resources Berhad as Group Corporate Development Director and was appointed as the Executive Director of a few subsidiaries of QL Resources Berhad in 2009. He oversees the group strategic business planning and expansion.

Mr. Chia Lik Khai is also the Deputy Managing Director of Boilermech Holdings Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad.

He is the son of Dr. Chia Song Kun, nephew to Mr. Chia Song Swa, Mr. Chia Song Kooi, Mr. Chia Seong Pow and Mr. Chia Seong Fatt.

He attended all six board of directors' meetings held for the financial year.

Mr. Chia Lik Khai has no conflict of interest with the Company and he has no convictions for any offences within the past five years (other than traffic offences, if any), nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Board of Directors' Profile

Mr. Chia Seong Fatt

Alternate Director to Chia Seong Pow

Male | 64 | Malaysian

Mr. Chia Seong Fatt, aged 64, male, Malaysian, was appointed as an Executive Director of the Company on 3 January 2000. He resigned as an Executive Director of the Company and was appointed as an Alternate Director to Chia Seong Pow on 1 April 2019.

He obtained his B.Sc. Honours Degree in Chemistry from University of London in 1979. He practised as an industrial chemist for 3 years before he pursued further studies in University Malaya.

In 1984, he graduated from University of Malaya with a Master degree in Business Administration.

He served for seven years as Managing Director in Sri Tawau Farming Sdn. Bhd., a company involved in layer farming.

In 1991, he was appointed as Managing Director of QL Farms Sdn. Bhd., a subsidiary of QL overseeing its operations in Tawau. In January 1996, he was appointed as an Executive Director of QL Feedingstuffs Sdn. Bhd. in charge of layer farm and CPO milling operations. In view of the restructuring of the QL Group, he has resigned as a Director of QL Feedingstuffs Sdn. Bhd. However he is still in charge of layer, broiler farm and CPO milling operations in Tawau. From 2017 onwards, he is the Director overseeing all farming operations in Sabah.

He is also an Alternate Director in Boilermech Holdings Berhad, a company listed in the ACE Market of Bursa Malaysia Securities Berhad on 5 May 2011, which then transferred to the Main Market on 4 December 2014.

He is the elder brother to Mr. Chia Seong Pow. Both of them are brothers-in-law to Dr. Chia Song Kun. He is the Director and beneficial shareholder of Farsathy Holdings Sdn. Bhd., a major shareholder of QL.

He attended all six board of directors' meetings held for the financial year.

Mr. Chia Seong Fatt has no conflict of interest with the Company and he has no convictions for any offences within the past five years (other than traffic offences, if any), nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Mr. Chia Mak Hooi

Alternate Director to Chia Song Swa

Male | 55 | Malaysian

Mr. Chia Mak Hooi, aged 55, male, Malaysian, was appointed as an Executive Director of the Company on 3 January 2000. He resigned as an Executive Director of the Company and was appointed as an Alternate Director to Chia Song Swa on 1 April 2019.

He graduated from Arizona State University, USA with a Degree in Accounting and Finance in 1988.

He started his career in 1989 as an Assistant Accountant at Concept Enterprises Inc. In 1991, he joined QL Feedingstuffs Sdn. Bhd. as Finance Manager where he was mainly responsible for the accounts, tax and audit planning, and cash management and liaised with bankers for banking facilities. In 1996, he was appointed Finance Director of QL Feedingstuffs Sdn. Bhd., and was involved in the proposed listing of the Company on the Second Board of Bursa Malaysia Securities Berhad.

Currently, he is actively involved in group corporate activities and strategic business planning and also group integrated livestock business expansion programs both locally and overseas.

Mr. Chia Mak Hooi is the director of EITA and Group, a company listed on the Main Market of the Bursa Malaysia Securities Berhad on 9 April 2012. EITA is principally an investment holding company and provider of management services to its subsidiaries. EITA Group's business activities are in the marketing and distribution of E&E components and equipment, design and manufacture of Elevator and Busduct systems as well as maintenance of Elevator systems and provision of electrical and security system solutions as well as manufacture of E&E components and equipment namely Centralised Dimming Systems, Ballasts and connectors.

He is the nephew to Dr. Chia Song Kun, Mr. Chia Song Swa and Mr. Chia Song Kooi.

He attended all six board of directors' meetings held for the financial year.

Mr. Chia Mak Hooi has no conflict of interest with the Company and he has no convictions for any offences within the past five years (other than traffic offences, if any), nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Board of Directors' Profile

Mr. Cheah Juw Teck

Alternate Director to Chia Lik Khai

Male | 51 | Malaysian

Mr. Cheah Juw Teck, aged 51, male, Malaysian, was appointed as an Executive Director of the Company on 1 June 2011. He resigned as an Executive Director and was appointed as an Alternate Director to Chia Lik Khai on 1 April 2019.

He holds a Degree in Food Technology from University Putra Malaysia (1993).

Prior to joining QL Group in 1994, he was involved in quality control in S & P Foods Bhd as quality control executive. In 1994, he joined QL Group as operations manager to set up the surimi and surimi-based products business and subsequently was appointed as a Director of QL Foods Sdn. Bhd. in 1997. He is also the director in charge of the surimi and surimi-based products division in QL Group as well as the expansion programs in overseas.

Mr. Cheah Juw Teck is the nephew to Dr. Chia Song Kun, Mr. Chia Song Swa and Mr. Chia Song Kooi.

He attended all six board of directors' meetings held for the financial year.

Mr. Cheah has no conflict of interest with the Company and he has no convictions for any offences within the past five years (other than traffic offences, if any), nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Mr. Low Teng Lum

Independent Non-Executive Director

Male | 66 | Malaysian

Mr. Low Teng Lum, aged 66, male, Malaysian, was appointed as an Independent Non-Executive Director of the Company on 30 August 2019. He is also a Chairman of the Audit, Nominating, Remuneration and Risk Management Committees.

Mr. Low obtained his qualifications from the Association of Chartered Certified Accountants and Institute of Chartered Secretaries and Administrators, both of the United Kingdom, in 1977. He attended the Applied Management Program of Swedish Institute of Management in 1990. In 1996, he obtained his Master in Public Administration from the John Fitzgerald Kennedy School of Government, Harvard University.

He is a Chartered Accountant of the Malaysian Institute of Accountants, a Fellow member of the Association of Chartered Certified Accountants ("ACCA") and a Fellow member of the Institute of Chartered Secretaries and Administrators.

He has been a member of the Taxation and Trade committees of the Malaysian International Chamber of Commerce and Industry since 2002 and 2005 respectively. He was a founding committee member of Confederation of Malaysian Brewers.

Over the course of his career, he has held various accounting and financial positions in Arthur Young & Company (presently known as Ernst & Young), Guthrie Malaysia Holdings Berhad, Palmco Holdings Berhad, Guinness Anchor Berhad and General Corporation Berhad. During his 14 year tenure with Southern Steel Berhad, he was promoted from Finance Manager to General Manager (Commercial), Senior General Manager (Rod Division) and Chief Operating Officer (Steel Business Unit). He retired from Guinness Anchor Berhad (presently known as Heineken Malaysia Berhad) in April 2011, as both the Finance Director and member of the Board of Director, after 10 years of service.

Mr. Low currently sits on the Board of Salutica Berhad.

He attended two out of two board of directors' meetings held for the financial year since his appointment.

Mr. Low does not have any family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company and he has no convictions for any offences within the past five years (other than traffic offences, if any), nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Board of Directors' Profile

Professor Datin Paduka Setia Dato' Dr. Aini Binti Ideris

Independent Non-Executive Director

Female | 67 | Malaysian

Professor Datin Paduka Setia Dato' Dr. Aini Binti Ideris, aged 67, female, Malaysian, was appointed as an Independent Non-Executive Director of the Company on 1 January 2016. She is also a member of the Audit and Risk Management Committees.

She graduated with Doctor of Veterinary Medicine (DVM) degree in 1979 from Universiti Pertanian Malaysia - UPM (currently, Universiti Putra Malaysia) and received her Masters in Veterinary Science (MVSc) Degree in Avian Medicine in 1981 from University of Liverpool, England. She was awarded PhD Degree in 1989 by UPM. She continued her post-doctoral training at University of California Davis, USA and was awarded Asian Development Bank Fellowship in 1993 for further post-doctoral training at Cornell University, USA.

Professor Aini is actively involved as Council Member of Malaysian College of Veterinary Specialists (MCVS), Member of Board of Governance of International Medical University (IMU) and International Medical College (IMC), Member of Board of Directors of Yayasan Putra Business School, Council Member of Malaysian Cancer Research Institute (MCRI) and Executive Member of National Cancer Council (MAKNA). She is the Founding Chairman, Board of Directors of UPM Holdings Sdn Bhd. and currently Board Member of UPM Holdings Sdn. Bhd. In December 2013, she was appointed as member of International Advisors of Women Issues, under the Minister at Prime Minister's Department.

She is also a Council Member of Academy of Sciences Malaysia, Board Member of UPM Holdings; Education & Training, and the Founding Director for Corporate Strategy & Communications Office, UPM.

She held various administrative positions in UPM, such as Chairman of Veterinary Teaching Hospital, Deputy Dean Faculty of Veterinary Studies, Dean School of Graduate Studies, Deputy Vice Chancellor (Academic and International) and currently, she is the Vice-Chancellor of Universiti Putra Malaysia. She is also the Coordinator for the National Centre of Excellence for Swiftlets, under MOA, member of Investigating Tribunal Panel for the Advocates and Solicitors Disciplinary Board of the Bar Council, Malaysia and Vice President of the World Veterinary Poultry Association.

She attended five out of six board of directors' meetings held for the financial year.

Professor Aini has no family relationship with any director and/or major shareholder of the Company. She is the Independent Non-Executive Director of Malayan Flour Mills Berhad. Besides this, she has no other conflict of interest with the Company. She has no convictions for any offences within the past five years (other than traffic offences, if any), nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Ms. Kow Poh Gek

Independent Non-Executive Director

Female | 62 | Malaysian

Ms. Kow Poh Gek, aged 62, female, Malaysian, was appointed as an Independent Non-Executive Director of the Company on 1 April 2018. She is also a member of the Audit, Risk Management, Nominating and Remuneration Committees.

She graduated with a Diploma In Commerce (Cost & Management Accounting) from Tunku Abdul Rahman College and a fellow member of The Chartered Institute of Management Accountants, UK.

Ms. Kow started her career as a Financial Assistant in April 1982. She has more than 35 years of experience in finance and management accounting, financial reporting, taxation, treasury, budgetary control, internal control systems and risk management within the investment holding, banking, hotel and resorts, direct selling, manufacturing and trading/ services sectors. In January 2010, she joined EITA Holdings Sdn. Bhd. (now known as EITA) as the Finance cum Investors Relation Manager. She was later designated as the Chief Financial Officer in EITA in January 2012, a position she held till 31 December 2017.

During her tenure in EITA, she was involved in the preparation of EITA prospectus for its listing on the Main Board of Bursa Malaysia Securities Berhad in April 2012, formulation and documentation of accounting standard operating procedures, evaluation of financial position of companies targeted for merger and acquisition, overseeing the company's financial reporting and entire accounts department, investor relations and risk management functions.

She is also an Independent Non-Executive Director of GDB Holdings Berhad since 14 December 2017.

She attended all six board of directors meetings held for the financial year.

Ms. Kow Poh Gek has no family relationship with any director and/or major shareholder of the Company. She has no conflict of interest with the Company and she has no convictions for any offences within the past five years (other than traffic offences, if any), nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Board of Directors' Profile

Ms. Chan Wai Yen, Millie

Independent Non-Executive Director

Female | 64 | Malaysian

Ms. Chan Wai Yen, Millie, aged 64, female, Malaysian, was appointed as an Independent Non-Executive Director of the Company on 1 April 2018. She is also a member of the Audit Committee and Risk Management Committee.

She graduated with a Bachelor of Laws Degree with First Class Honours from the University of Malaya, 1980.

Ms. Chan was admitted as an Advocate and Solicitor to the High Court of Malaya in 1981. She commenced legal practice in Maxwell, Kenion, Cowdy & Jones, a law firm in Ipoh. In 1984, Ms. Chan co-founded the legal firm W Y Chan & Roy, and continued to practice law in Malaysia until 2007.

Ms. Chan's practice focus in Malaysia during the first seven years of practice was in civil and commercial litigation. In the following 2 decades, her practice concentrated on corporate securities and finance, and commercial matters.

In 2010, Ms. Chan was admitted to the Law Society of British Columbia, Canada. She practiced in the Vancouver office of Borden Ladner Gervais (BLG), a national law firm in Canada, and was a member of BLG Tax Group and the Corporate & Commercial Group. She was also BLG Senior Consultant for Asia Pacific Market. She advises high net worth families, particularly business families in Asia, in the area of holistic global estate planning, involving inter-generational wealth transfer, asset protection, and capital preservation. In addition, she assists families to establish strategies and processes to promote family governance, maintain family unity, and uphold family identity and integrity. She works with an extensive contact base of financial institutions and offshore service providers for trust, foundations, and corporations.

Ms. Chan applied to be a non-practicing lawyer in British Columbia in 2018 in order to concentrate on consulting with business families and individuals, particularly in Asia, in the area of holistic global estate planning under Legacy 127 Consulting Inc. She remains the Senior Consultant for BLG. In April 2019, Ms. Chan is appointed a Consultant of Shearn Delamore & Co, a legal firm in Malaysia.

She attended all six board of directors' meetings held for the financial year.

Ms. Chan Wai Yen has no family relationship with any director and/or major shareholder of the Company. She has no conflict of interest with the Company and she has no convictions for any offences within the past five years (other than traffic offences, if any), nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Ms. Cynthia Toh Mei Lee

Independent Non-Executive Director

Female | 46 | Malaysian

Ms. Cynthia Toh Mei Lee, aged 46, female, Malaysian, was appointed as an Independent Non-Executive Director of the Company on 1 April 2018. She is also a member of the Audit and Risk Management Committees.

She graduated with a Bachelor of Commerce from Monash University in 1994 and Bachelor of Laws from Monash University in 1996.

Ms. Cynthia Toh is an Advocate & Solicitor of the High Court of Malaya. She is partner of the law firm, Messrs. Wong Beh & Toh since 2002.

In 1997, she completed her pupillage at Messrs. Presgrave & Matthews and was admitted as an advocate and solicitor in the High Court of Malaya in the same year. She worked as a legal assistant at Messrs. Presgrave & Matthews until 2002 when Messrs. Wong Beh & Toh was set up. She is one of the founding partners of Messrs. Wong Beh & Toh.

She practices in the areas of equity corporate finance, mergers and acquisitions as well as private company advisory work. She is also involved in various other corporate and commercial matters.

She has been involved in both domestic and cross-border transactions. Her experience includes, debt and equity securities offerings, corporate restructurings of insolvent companies, takeovers, mergers and acquisitions of companies and businesses, initial public offerings, venture and development capital financing, unit trusts and investment funds, foreign direct investment, placement and underwriting arrangements, franchising and commercial and intellectual property transactions.

She attended all six board of directors' meetings held for the financial year.

Ms. Cynthia Toh has no family relationship with any director and/or major shareholder of the Company. She has no conflict of interest with the Company and she has no convictions for any offences within the past five years (other than traffic offences, if any), nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Board of Directors' Profile

Mr. Wee Beng Chuan

Independent Non-Executive Director

Male | 57 | Malaysian

Mr. Wee Beng Chuan, aged 57, male, Malaysian, was appointed as an Independent Non-Executive Director of the Company on 1 July 2020. He is also a member of the Audit, Nominating, Remuneration and Risk Management Committees.

Mr. Wee obtained his qualifications from the Association of Chartered Certified Accountants in 1988 and commenced his professional training in an audit firm in London, England in 1989. He joined KPMG Malaysia in 1993 upon his return to Malaysia and was admitted as an audit partner of KPMG Malaysia in 2003 until his retirement from the firm on 31 December 2017.

He has been the partner in charge of KPMG Malaysia Sabah region covering officers in Kota Kinabalu, Sandakan, Tawau and Labuan; thereafter he was the partner in charge of KPMG Malaysia Southern region covering offices in Johor Bahru and Melaka. He was also a member of KPMG Malaysia Executive Committee from 2014 to 2016.

He is a member of the Malaysian Institute of Accountants and a Fellow member of the Association of Chartered Certified Accountants.

Mr. Wee has extensive experience in the audit of a wide range of companies which include public listed companies and multinationals in various industries, including manufacturing of industrial products, consumer products and services, plantation, property development and construction, transportation and logistics. He is also an experienced reporting accountant who has worked on numerous Initial Public Offerings and various fund raising exercises in the Capital Market.

He will attend the board of directors' meetings to be held for the financial year 2021 onwards.

Mr. Wee does not have any family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company and he has no convictions for any offences within the past five years (other than traffic offences, if any), nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Key Senior Management

Dr. Chia Song Kun
Executive Chairman

Please refer to Directors' Profile on page 9.

Mr. Chia Song Kooi
Group Managing Director

Please refer to Directors' Profile on page 10.

Mr. Chia Seong Pow
Executive Director

Please refer to Directors' Profile on page 11.

Mr. Chia Song Swa
Executive Director

Please refer to Directors' Profile on page 12.

Mr. Chia Lik Khai
Executive Director

Please refer to Directors' Profile on page 13.

Mr. Chia Seong Fatt
Alternate Director to Chia Seong Pow

Please refer to Directors' Profile on page 14.

Mr. Chia Mak Hooi
Alternate Director to Chia Song Swa

Please refer to Directors' Profile on page 15.

Mr. Cheah Juw Teck
Alternate Director to Chia Lik Khai

Please refer to Directors' Profile on page 16.

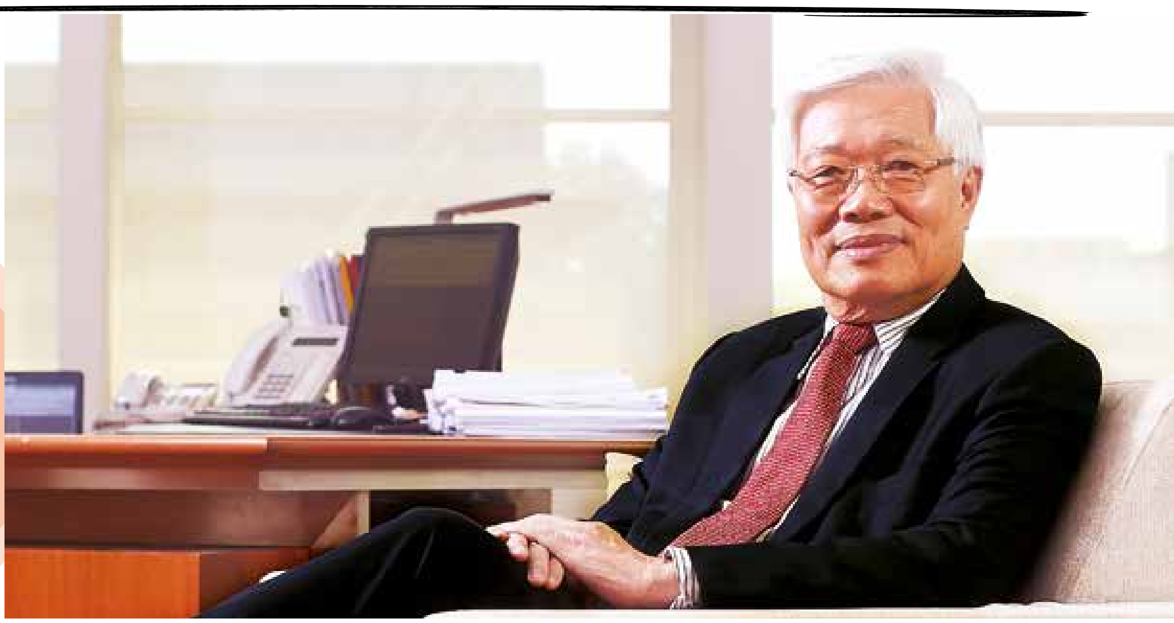
Mr. Chia Song Kang
Executive Director

Mr. Chia Song Kang, aged 69, male, Malaysian, joined QL Group as a Director in January 1987. He was appointed as EXCO member of QL in December 2004. He is overall in charge of the operations in Endau, Johor.

He is the brother to Dr. Chia Song Kun, Mr. Chia Song Kooi and Mr. Chia Song Swa.

Mr. Chia Song Kang has no conflict of interest with the Company and he has no convictions for any offences within the past five years (other than traffic offences, if any), nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Chairman's Statement



Dr. Chia Song Kun
Executive Chairman

Dear Shareholders

Year 2020 marks a key milestone in the annals of QL Resources Berhad. It is the year of our 20th anniversary as a public listed company. QL has grown from a company with a market capitalisation of RM100 million at our Initial Public Offering on 30 March 2000, to a corporation which shareholders valued at RM12,006 million (about RM12.01 billion) as at the close of our financial year 2020.

Through our 20-year history of earning continued investors' confidence, we have sailed through both headwinds and tailwinds to deliver year upon year of sustained growth. QL returned revenue and profit before tax (PBT) compounded annual growth rate (CAGR) of 14.6% and 12.3% respectively in these last two decades. Our loyal shareholders enjoyed a return on investment of 26.1% CAGR. Our share value has increased 104 times since our initial listing. This means 1,000 shares bought during our IPO for RM2,500 have returned an investment worth RM260,000 as at 31 March 2020.

The road to where we are today is dotted with unforgettable milestones. Within six years after becoming a public listed company, QL grew from a RM407 million revenue company at IPO to turn in our first billion-ringgit revenue in 2006. Three years later our market capitalisation crossed over the billion-ringgit mark, and we were added as one of the FTSE-Bursa Malaysia Mid 70 Index. The first decade culminated in QL being inducted into the prestigious The Edge Billion Ringgit Club.

The second decade as a listed entity started on an even more exciting note. QL was awarded The Edge Billion Ringgit Club 2011 Company of the Year, beating 184 other eligible companies. Toward the tail end of the ten years, QL was included in the MSCI Global Index, testament to our value proposition as an attractive investment based on market capitalisation and liquidity levels.

These successes are largely made possible by the nature of our business, providing nourishing agro-based products that meet the nourishment needs of many societies around the world and is considered a dietary staple.

QL is built on entrepreneurial spirit. Led by farsighted leadership and supported by a team who executes with passion, we anchor ourselves firmly in our culture of integrity and shared value creation. Our values have remained unchanged since our founding – all that we do must benefit all. This immutable value is carried in our name – QL are the initials of *quan li* (全利) which means 'Benefits for All', and is etched into everyone in QL. We hold firmly to our philosophy that sustainable business growth is key to long-term success and value creation for shareholders. The united hard work of the directors, management and all level of employees in staying true to our name and keeping on course with our strategy, expanding the value chain of our core businesses have provided the thrust to deliver growth every year.

We are pleased that this growth trajectory continued in the financial period that ended 31 March 2020 (FY2020). QL Resources Berhad returned another consecutive year of profitability after weathering through a very challenging business environment, in which our last financial quarter experienced the impact of severe global economic slowdown. We posted double-digit growth in revenue and earnings against a backdrop where global growth was recorded at its weakest pace of 2.9% since a decade ago.

Business sentiment remained uncertain as trade barriers continued to rise, while Malaysian palm oil industry battled on in the face of acceptance challenges and stiff competition from other oil crops. Notwithstanding the deceleration of global economy, Malaysia soldiered on, recording a respectable 4.3% GDP expansion in 2019 with the Ringgit hovering at the RM4.06 to RM4.22 mark. The resulting stable domestic market confidence translated to a bolstered private consumption, which however, began to feel the impact of COVID-19 in our last financial quarter.

Overall, QL posted a year-on-year 15% revenue growth to RM4.15 billion while the profit after tax and minority interest (PATAMI) rose 10% to RM239 million. The encouraging results are largely attributable to the positive performance of the Marine Products Manufacturing (MPM). Better fish landing following the recovery of the post El-Nino low fish catch cycle, and favourable foreign exchange drove pace at MPM.

As we continue on the momentum of building sustainable growth, we are mindful of the uphill trek the coming months may pose as economies battle for survival in the face of the ongoing pandemic. At this moment, Malaysia has fortunately made significant strides forward in halting the virus and reopening the economy, which can improve consumer sentiment and spending. Yet we know nothing can be taken for certain.

QL is committed to continuously strengthen internal efficiencies and build capabilities to deliver business growth. Our three-pronged strategy of regional replication, value chain strengthening, and downstream integration has held QL in good stead and laid the path to lead us through the challenging time ahead. We keep abreast of shifts in business environment and adjust our action plan against key economic development, consumer demand and market potential indicators. And, our 3C approach of Conserve, Continue and Core Focus is guiding us well in identifying areas for expansion focus throughout our entire value chain and where QL is capable of growing further.

Chairman's Statement

To power our business going forward, we are turning the focus on three major sustainability initiatives:

- Environmental, Social, and Governance (ESG) – channelling resources to further comply with ESG criteria, and meet the United Nations Sustainable Development Goals as we strive to be a good steward of the trust placed in us.
- Technology - employment of data analytics, artificial intelligence, automation and cloud technology as a building block of business sustainability.
- Talent - transforming our talent management programme by upholding a values-driven culture and an empowering work environment in order to attract and retain high performance talents.

On the tail of being included into the MSCI Global Index last financial year, which elevated QL's attractiveness as an investment while heightening the profile of our portfolio of brands.

In our endeavour to create shared value for all, we also are committed to sharing this value with loyal shareholders. Our financial prudence has once again placed us in the position to reward the trust of shareholders with dividends for their continued support.

The Board has proposed a final single tier dividend of 4.5 sen per share in respect for the financial year 2020, subject to shareholders' approval in the upcoming annual general meeting. In addition, a bonus share issuance on the basis of one bonus share for every two QL shares held on an entitlement date to be fixed has also been proposed. Upon approval, total payout will amount to RM73.01 million or 30.51% of our profit for FY2020 as well as 811.22 million bonus shares.

FINANCIAL YEAR 2021 PROSPECTS

The year 2020 is shaping up to be a very eventful year where dark clouds and storms were aplenty. It is a year of managing risks arising from a volatile external environment as we toil on. COVID-19 delivered shocks to the economy throughout the world, and exacerbated the synchronised slowdown of global economy lingering from 2019. The global and domestic economy are projected to head into the worst recession - since the Great Depression and in the nation's history respectively.

With economic contractions come damage to the labour market and buying power. As efforts are made to alleviate the human costs and arrest transmission, it was too a race to attenuate the slide in economy. It is a delicate balance where the stakes are high as nations and populations grapple with the new normal.

Adding to the woes is the persisting posturing and recent actions in the contentious relationship between the United States and China that is giving rise to mounting threats that can dissipate the fragile recovery that economies are working hard to forge.

Through a gloom and doom situation, there are rays of sunshine where businesses in staples thrive. As an agro-based producer of nourishing food items, QL's business pillars are classified as an essential service and allowed to operate subject to Standard Operating Procedure (SOP), bar for some FamilyMart outlets which were located in premises that were ordered to close during the Movement Control Order (MCO) period.

The produce of our Marine Products Manufacturing and Integrated Livestock Farming are invaluable food sources for the general population. Eggs, surimi and surimi-based products are easily stored and cooked in a variety of ways for consumption, which helps their appeal. This meant while production may have been affected by supply chain disruptions and stringent SOP compliance, demand for our products is ever-present for consumer nourishment.

As we trudge through a year filled with the fallouts of crises, and weak sentiment, we are confident of the strong foundation laid as we strive to sustain performance and continue delivering quality that benefit all.

CORPORATE GOVERNANCE

QL's corporate governance framework is built on the philosophy of stewardship. As we hunker down for the road ahead, we remain steadfast in our hold on integrity, transparency and accountability.

Our corporate governance is underscored by our commitment to our mission of providing nourishing products from agro resources, constantly refining our processes to increase efficiency, and benchmarking our performance via regular analysis. Above all, all stakeholders from Board members to every rank and file within the corporation are guided by ethical practices and hold self answerable in all we are charged with.

We have established and made public on our website, an Anti-Bribery Policy (ABP) and also updated our Whistle-Blowing Policy. The guidelines on gifts and entertainments are clearly outlined in our ABP for suppliers and business associates to abide by, while the Whistle-Blowing Policy provides safe channel for the reporting of genuine concerns without fear of reprisal.

QL continues its annual reviews of practices with reference to the Malaysian Code on Corporate Governance 2017. A comprehensive evaluation of the Board was conducted in accordance to practising good corporate governance. To perpetuate our vision of creating value for all, we take it upon ourselves to monitor Board performance and commit to improving it for shareholders' benefit. More details of the exercise can be read on page 76.

Page 74 contains details of our Corporate Governance.

CLOSING REMARKS AND APPRECIATION

As a proudly Malaysian corporation which has regional presence, QL is committed to helping the nation's economy recover. We will continue our relentless effort to contribute to the nation's development by prioritising value creation for all stakeholders and emphasising business sustainability.

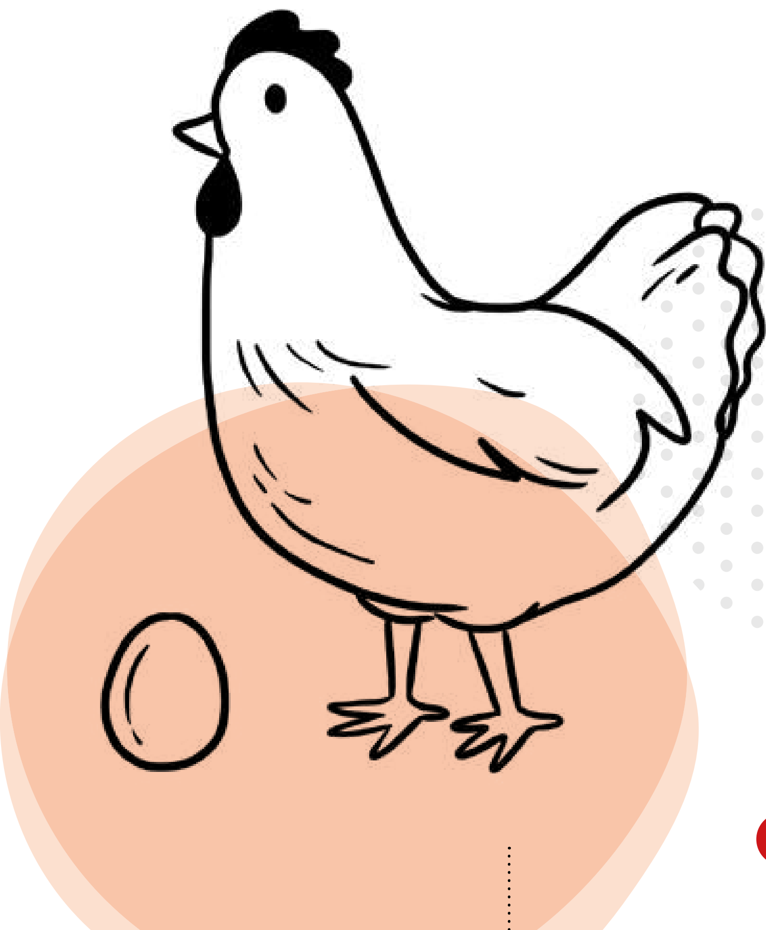
Empathising with the sacrifices of frontliners in particular healthcare professionals at the height of the pandemic outbreak in Malaysia, QL channeled RM500,000 to The Edge COVID-19 Equipment Fund in support of relief efforts and initiatives. Among the equipment supplied via the Fund were face masks, face shields, personal protection suits, ventilators and oxygen concentrators.

FY2020 saw our Senior Independent Non-Executive Director, Mr. Chieng Ing Huong, Eddie, retiring for a well-earned rest after serving QL faithfully since 24 December 2001. Mr. Tan Bun Poo, Robert, who has been an Independent Non-Executive Director of QL since 1 June 2011, also retired after rendering QL nine years of service. We are indeed indebted to both independent directors for their contribution and sound advice to the Board, which have guided QL as we chart our growth story.

Replacing Mr. Chieng and Mr. Tan are Mr. Low Teng Lum and Mr. Wee Beng Chuan, who bring onboard QL relevant experience in governance and corporate best practices. They were identified and vetted for suitability based on objective criteria, merit and with due regard for diversity in skills, experience, age, and calibre. Both Mr. Low and Mr. Wee are chartered accountants who are well versed in related industries. Their profiles are available on pages 17 and 22. We look forward to their firm hand and good counsel as we continue to advance in our efforts to build sustainable growth and become the preferred agro-based corporation.

A note of appreciation goes out to our customers, vendors, business partners and shareholders for the belief and support in the QL brand and growth story. To the Board and Management team and all employees, thank you for the industriousness and contribution that have enabled the 20 years of strong track record and uplifting FY2020 results.

Just as how we have historically returned positive results in the last twenty years as a listed company, we are determined to continue our sterling record. Calling on our strong fundamentals, deep roots and wide network, we will continue unwavering in our strategy, work hard, and aim for another year of growth in a period shrouded in uncertainties.



Management Discussion & Analysis

Mr. Chia Song Kooi
Group Managing Director

The fiscal year under review of 1 April 2019 to 31 March 2020 (FY2020) was a period of fluctuating and challenging environment for businesses. Focusing on our strategy and core strengths, QL Resources Berhad pushed through the stormy season to record yet another year of double-digit growth as we commemorate our 20th anniversary as a public listed company this year. Crowning this momentous celebration is the naming of our Executive Chairman, Dr Chia Song Kun, as The Edge Billion Ringgit Club Value Creator: Outstanding CEO of Malaysia.

As we continue to build capacity for the continued growth of our business, we remain guided by our principle of creating shared value, as established when we first started business over three decades ago. QL is an integrated agro-based business group producing nourishing products from agro resources via three core business pillars: Integrated Livestock Farming (ILF), Marine Products Manufacturing (MPM), and Palm Oil Activities (POA). The inroad into the Convenience Store (CVS) business via FamilyMart in FY2017 is a natural extension of the value chain in QL's business.

QL is charting path as a sustainable and scalable regional agro-food group driven on core values and understanding of our core competencies. Our strategy has built the group to its stature today, consistently delivering quality products, and sustainable performance to maintain our market leadership.

Over the years, the Group has grown to become Southeast Asia's largest surimi and surimi-based producer, one of its largest egg producers and Malaysia's largest fishmeal manufacturer. Building on our strong fundamentals, QL continues to fine-tune strategy and expand capabilities as well as capacity in line with our commitment to deliver sustainable and profitable growth year on year (YoY).

The culmination of this is QL delivering a top line growth of 15% or an increase of RM537 million to RM4.15 billion for FY2020. This is despite having to withstand many external factors including weakening purchasing power, weather factors that affected oil palm productivity, pressures on the palm oil industry, continuing eggs oversupply in Peninsular Malaysia, biosecurity challenges, forex fluctuations, continued trade war between the United States (US) and China, and the unprecedented coronavirus pandemic.

FY2020 called on all our astuteness and prudent management to steer the business through with foresight, grit and determination. Utilising all resources available to adapt strategically and operationally to increase revenue, pretax profit (PBT) increased in tandem with revenue, and grew 13% YoY, or RM35 million, to RM307 million from the RM272 million of the previous fiscal year. In terms of profit after tax and minority interests (PATAMI), QL posted RM239 million, which compared to FY2019's RM217 million, translated to an improvement of 10%.

Business pillar-wise, FY2020 was a year of mixed fortunes. ILF continues to be the centrepiece for QL, contributing slightly over 66% of total group revenue, comparable with previous performance. Once again, this segment posted improvement from the year before, with an 19% and 16% increment in revenue and earnings respectively mainly due to improved trading activities.

MPM's resurgence from the previous financial year carried forward into FY2020 on the back of better fish landing and weaker domestic currency. After breaking into the billion-ringgit revenue mark in FY2019, this segment continued this upward trajectory with sales topping RM1.16 billion. YoY, this translates to 15% growth as PBT also grew, by 23%, to RM192 million from the previously recorded RM156 million.

The third business pillar, POA, recorded RM256 million sales in the financial year. This segment did not catch a break in FY2020 as the marginally higher crude palm oil (CPO) price of RM2,292 per metric tonne on average compared to RM2,122 per metric tonne could not outweigh the lower fresh fruit bunch (FFB) processed and oil extraction rate (OER) as well as forex translation loss. These factors caused top line to shrink 15% from FY2019. PBT took a dive down from RM20 million in FY2019 to RM4 million in FY2020.

REVIEW OF OPERATIONS

QL's regional footprint beyond Malaysia is in Indonesia and Vietnam, two of the most populated countries in Southeast Asia. Currently they are ranked 4th and 15th most in the world with 273.48 million and 97.33 million people respectively. It represents a ready market for QL's agro based nourishing products. The operations in Indonesia and Vietnam are stable and have found their niche.

QL's emphasis on strengthening our value chain through downstream integration is proceeding at good pace and with better than expected performance. The FamilyMart convenience store business had begun to turn a profit within two years and the initial target of opening 300 stores by FY2022 is well within our grasp on the current track record. As at 31 March 2020, there are 184 stores opened and QL is investing into an additional central kitchen to support FamilyMart's enlarging footprint in Malaysia. The current central kitchen holds halal certification from Jabatan Kemajuan Islam Malaysia (JAKIM).

In pushing ahead to grow the business sustainably and continuously create shared value, a total of RM350 million was pumped into the business over the last financial year in various capacity and efficiency building exercises in the MPM and ILF business pillars. Additional capital of about RM400 million has been set aside for further investment in the coming period, consistent with our historical spending and growth aspiration.

Management Discussion & Analysis

Marine Products Manufacturing (MPM)

QL's roots is traced to MPM. QL's business in MPM flows through the entire value chain from upstream raw material to downstream consumers. Our focus is on producing wholesome marine-based products that adds convenience. The five distinct sub-pillars of MPM stretch from source, starting with deep sea fishing and aquaculture farming to the complementary processing of primary material into surimi, snacks, and fishmeal. In meeting the needs of modern lifestyles, QL also produces a plethora of seafood-based foods; from hot favourites such as live cooked shrimps and a wide variety of fishballs for home kitchens and chefs in restaurants to delicious, yummy munchies for kids and adults alike.

In FY2020, we again retained our lead as the largest surimi producer in Southeast Asia, as well as the largest manufacturer of surimi-based products, and halal fish-based products in Malaysia. QL is also the biggest fishmeal producer in the country. More than just quantity, we are committed to quality. The experience, expertise and invaluable network of business partners and distribution built over the years have enabled us to uphold the highest standards in our processes and manufacture products that proudly bear the stamp of made by a QL company.

Much is given, much is expected. QL is mindful that wearing the hat of a market leader requires it to hold self to higher accountability. To this end, all our downstream production facilities comply with Hazard Analysis and Critical Control Point (HACCP) certification and the US Federal Department of Agriculture or EU regulations where applicable.

Key MPM Developments

In order to continue churning out nurturing products to feed an increasing population living busy lifestyles, QL consistently invests into capacity building and improving operational efficiency. After completing the new chilled and frozen surimi-based product plant in March 2018, QL's Hutan Melintang marine unit ramped up production capacity in FY2019 courtesy of its newly deployed automation. The annual production capacity at this unit stands at 25,000 metric tonnes for chilled surimi and 35,000 metric tonnes for frozen products. In charting its expansion path to meet strong demands for its products from both overseas and local markets, QL has embarked on another phase of expansion; we are in the process of acquiring a sizeable piece of land adjacent to current plant locale.

Down in Johor, our Kulai plant outputting Figo-branded products continues to experience greater efficiency and capacity utilisation to positively impact sales and earnings.

Across the border in Surabaya, our regional replication of frozen surimi-based products manufacturing has successfully come online for a full year now and shown great promise. On the back of encouraging response from the market, QL is looking into expanding the current 3,000 metric tonnes capacity. The good result of this foray in Indonesia is attributable to the research and development team who understand local market taste and was able to develop products accordingly.

Back on local shores, the fortunes of the fishery units are dependent on weather. Our Kota Kinabalu unit experienced a recovery in fish catch. Its Endau counterpart unfortunately faced weather challenges that delayed fishing season, resulting in reduced fish catch and was further affected by poorer domestic purchasing.

The planned 5,000-metric tonne capacity cold room investment at the Endau unit is slightly delayed due to the Movement Control Order (MCO). Activities on this investment have resumed and we anticipate completion in the second half of FY2021.

In Kudat, our shrimp aquaculture continues to improve with better pond facilities and new culturing method. Shrimp prices however is slightly depressed internationally due to lower demand in view of COVID-19 pandemic. However, demand is expected to recover in the second half of FY2021. We are pleased that QL's live frozen and cooked shrimp are widely accepted by overseas customers.

Also in Sabah, a prawn aquaculture project is underway in Kota Belud as part of the medium term strategy to further increase aquaculture production capacity to 5,000 metric tonnes per annum from the current 1,500 metric tonnes per annum in five years' time. Zoning and Environmental Impact Assessment report has been approved. It has now progressed to the development plan approval phase.

The Badong and Pekan prawn aquaculture units have found equilibrium, continuing the success achieved in FY2019. With improved production, these units are contributing to overall profitability. We anticipate an increase in production capacity following the continued stabilisation of the situation.

Last year's allocation to explore, develop and install relevant technologies to produce better quality fishmeal has borne success. With higher quality fishmeal for aquaculture feed, QL is in the position to tap more markets, and is made more attractive and competitive by a weaker ringgit.

Our surimi and surimi-based products continue to find strong footing in both the domestic and overseas market. Similar to fishmeal, the weaker ringgit helped in the exports of these products.

To reduce carbon footprint arising from energy consumption, QL invested into solar panel installation in its Hutan Melintang, Endau and Tuaran bases, each with 8MW capacity. Commissioning of these projects are expected to be in the second half of FY2021.

MPM OUTLOOK

Fishmeal prices which recovered in the fourth quarter of FY2020 is expected to weaken heading into the second half of the new fiscal year. Going forward, the uncertain aquaculture activities and good harvest in South America may outweigh the positive contribution from a weak ringgit.

Surimi and surimi-based product price is forecast to be stable entering FY2021. The weak ringgit will entice the export market and generate sales. However, the production facilities are cautious, adhering to new SOPs and prioritising health safety.

The fishing activities will benefit from good catch and better operating cost as the price of crude oil trailed down. At the same time, it will also feel market weakness.

Taking these factors into stock, and being mindful that supply chain may still experience disruptions, we have a mixed to positive outlook for MPM for FY2021.

Management Discussion & Analysis

Integrated Livestock Farming (ILF)

Our ILF operations can be categorised into four sub-categories in three footprint countries of Malaysia and geographical neighbours Indonesia and Vietnam. These sub-categories are animal feed raw material trade, commercial feed milling, layer farming, and broiler integration which produce eggs, broiler chickens, and Day Old Chicks (DOCs).

Similar to the produce of MPM, our ILF products for the masses are reliable sources of natural protein. Employing technology for optimum farm condition, quality nutrition for the layers, and strict hygiene control, QL continues to produce eggs that are natural, nutritious and fresh. Across our operations, we produced 5.8 million eggs per day, cementing our position as a leading egg producer in Malaysia for the financial year. At the same time, some 56 million DOCs and 22 million broilers rolled out from the farms.

Eggs and poultry are viable animal protein source that is kinder on the environment and faster to produce. A paper published in the Proceedings of the National Academy of Sciences of the United States of America reported that the environmental costs per consumed calorie of poultry and eggs are strikingly lower than beef. Poultry farming requires far lesser resources than beef production, with its 28 times lower requirement of land and 11 times lower in water requirement, and greenhouse gases emissions that are 5 times lower comparatively. Aligning with our continuous efforts to use resources mindfully, QL closely monitors our operations to maximise efficiency and minimise environmental impact.

Key ILF Developments

The capacity building exercises and internal efficiency enhancing efforts in ILF remain unabated. QL is focused on improving production quantum, outputting quality products, and serving customers in a timely manner.

Our Indonesian unit achieved the target of outputting 800,000 eggs per day and we are further optimising current farm productivity while construction work is underway to increase capacity to 1.4 million eggs per day in the next five years. The first phase of the expansion work is scheduled to complete in late FY2021.

Likewise, in Vietnam, QL aims to more than double production from 850,000 eggs per day to 1.8 million eggs per day. A new piece of land nearby was acquired to build a new farm for this purpose. The target is for this unit to collect 1.3 million eggs per day from the existing and new farms in FY2021.

The layer farm in Raub with a production capacity of 700,000 eggs per day was completed in FY2020. However, the unit hit a setback as the farm was affected by low pathogen avian influenza (LPAI) in the fourth quarter of FY2020. Infected flocks were properly culled, resulting in production shrinking. As a result, significant losses are expected to carry forward into FY2021.

On the feed raw material front, the trading volume and margins experienced significant improvements.

ILF Outlook

While COVID-19 took its toll on consumption patterns and demand, and MCO affected productivity, eggs and poultry farming is regarded an essential service and were allowed to operate per normal.

The reduction in demand gave rise to oversupply, and together with the sporadic poultry diseases caused the continuation of the erratic egg prices in Peninsular Malaysia. However, the oversupply situation is less severe in other markets and business as usual is expected barring unforeseen circumstances.

In the trading side, the volume and margin are projected to maintain.

Taking into account the larger impact from the coronavirus, ILF has a moderately negative outlook for the coming financial year as a whole.

Management Discussion & Analysis

Palm Oil Activities (POA)

QL's POA venture also spans the value chain from upstream to downstream with operations in plantations and mills. As a responsible oil palm cultivator and upholding our principle of benefitting all, we are guided by the environmentally sustainable methods under the Indonesian Sustainable Palm Oil (ISPO) system in its POA.

We have over 16,000 hectares of land for oil palm, located in East Malaysia and Northern Kalimantan, of which about 10,000 hectares have been planted and 9,000 hectares of that is mature.

Once the oil palms have been harvested, the fresh fruit bunches (FFB) are sent to one of QL's three mills in Sabah and Northern Kalimantan for immediate processing. These mills serve other small and medium holders as well. QL also has a 44% interest in one of Southeast Asia's leading biomass boiler manufacturers, Boilermech, which complements our plantation and milling activities.

Key POA Developments

The Indonesian plantation FFB production improved slightly in FY2020 over FY2019 with 141,000 metric tonnes compared to 139,000 metric tonnes, which is a 1.4% improvement.

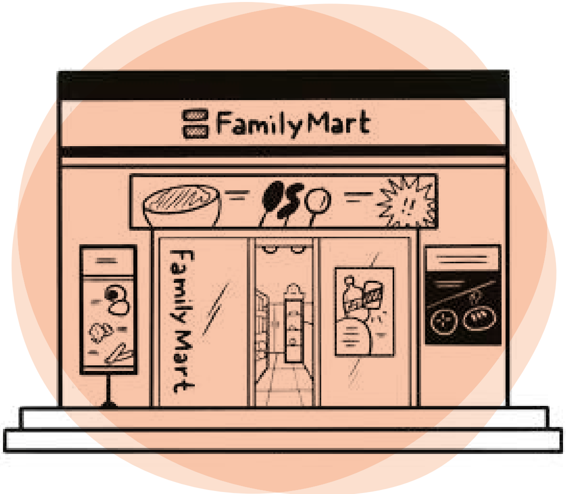
The improved FFB production and the marginal recovery of crude palm oil (CPO) prices in the financial year could not help mitigate other factors which weighed performance down, including forex translation losses, and lower contribution from Boilermech.

POA Outlook

In the coming financial year, FFB production is expected to increase marginally in terms of quantum, in line with the maturity profile of the estate. On a slightly upbeat note as well, we project that CPO prices will trend upwards marginally, improving slightly from last year's price of RM2,200 per metric tonne.

In terms of forex translation, we anticipate that the loss situation of last financial year may reverse itself in FY2021 as the Indonesian rupiah stabilises. Taking all these factors into consideration, the overall outlook on POA will be mixed to positive.

Convenience Store Chain (FamilyMart)



The strategic decision to venture downstream into the scaleable business of FamilyMart convenience store four years ago is progressing well and already contributing positively to the Group's top and bottom line. FamilyMart's emphasis on *konbini*, or convenience, with a wide selection of ready-to-eat food has altered the way Malaysians view everyday convenience.

Having received halal certification from JAKIM in the previous financial period, FamilyMart and its central kitchen operated by QL Kitchen Sdn. Bhd. continue to innovate and excite patrons with new halal products on a consistent basis. Halal compliance is overseen by a dedicated halal executive who is responsible for the Halal Assurance System within the premise.

At the close of FY2020, there were 184 FamilyMart stores opened in Malaysia. Since its expansion beyond Kuala Lumpur and Selangor, FamilyMart stores can now be found in the southern state of Negeri Sembilan, Melaka, and Johor, as well as in Pahang.

We remain on course to fulfil our initial target of 300 stores in five years (FY2022) and are continuously scouring potential new locations to widen the network to offer true convenience to Malaysians. As we expand our footprint, we concurrently create new job opportunities, especially for locals. As at end of FY2020, FamilyMart and its central kitchen are providing employment to about 2,600 people.

Towards the tail end of our financial year, as the pandemic spread, MCO and cross border control drastically lower footfall in traditionally high foot traffic areas such as malls, airports and near public transport routes. However, the healthy mix of store types supplemented by a new online delivery channel has enabled FamilyMart to recover steadily during Recovery MCO period.

The convenience store business is not separately disclosed as a standalone segment in accordance with MFRS 8 Para 13.

Management Discussion & Analysis

RISKS AND CHALLENGES

The hallmark of triumphant businesses is having foresight and the ability to recognise challenges on the horizon. Management must be able to look into the distance while having ears to the ground to take necessary measures to find opportunities in challenges, or at least minimise exposure.

QL's track record speaks for itself as testimony of our ability to do just that. We remain mindful and vigilant of how our operations may be affected by various factors, both in the ordinary course of business and in extraordinary circumstances.

Sustainability Initiatives

Being an agro-based producer of nourishing products, ensuring sustainability of business is interwoven into the very fabric of our operations. Our processes undergo regular reviews from internal audit department, independent external parties and regulators.

Flock health and biosecurity is strictly upheld through good farm management practices including farming efficiency ratios, and in compliance with MyGAP. Led by QLPCOE and a dedicated lab which are staffed by veterinarians, microbiologists and nutritionists, and supported by key personnel, rigorous biosecurity measures are strictly implemented across all our farms and resource sites. We regularly invite the Department of Veterinary Services Malaysia to audit our farms. The health of flock and fry are protected via proper feed, nutrition, and clean water. Among the stringent controls, good hygiene and animal husbandry stood out as QL prioritises the wellbeing of both human handlers and animal.

In Food Safety and Quality, we diligently endeavour to keep food safe for consumption, from farm to table. We manufacture quality products that provide convenience to consumers by conscientiously adhering to industry best practices from the farming, processing, manufacturing, transporting, storage, distribution, selling, preparing, to the serving of the food. Upholding the strictest of compliance in food safety standards, QL subject ourselves to regular reviews by internal audit and independent external parties, including regulators. The ensuing result is a recognition of QL's stringent quality controls, as attested by various certifications from local and international bodies.

We also conducted market study to understand consumer patterns and requirements and are happy to report that QL Eggs has consistently achieved total score of 95% in the past two years, with a fair to excellent ratings given by consumers. Meanwhile, our key seafood products received an almost perfect rating, with significant increase in Customer Careline Support for year 2020. Overall, QL products scored well amongst consumers, with positive ratings across board in terms of food quality and taste, freshness, hygiene, packaging and food healthiness.

Our sustainability initiatives take cognisance of the impact of climate change. The value chains of our businesses start with the source and as such, changes in weather will have an impact on our operations. We are constantly looking for ways to improve our operations in this respect.

This year, we added biodiversity and water security into our materiality matrix. Policies on biodiversity, waste security, greenhouse gas (GHG) emissions, and waste management have been established and are continuously being improved on. Among others, QL has started to track and monitor GHG Scope 1 and Scope 2 emissions towards setting a reduction goal in the coming year.

QL has a human rights and fair labour policy that respects the rights and dignity of all people. This policy will be communicated internally and externally for effective implementation. We also have a Group Occupational Safety, Health & Environmental (OSHE) Policy that emphasises safe, secure and healthy working conditions for all. QL encourages the employment of locals and actively contributes to the communities.

With creating value for all being a top priority at QL, our corporate governance is established on upholding integrity. Strong emphasis is placed on maintaining probity and taking an uncompromising stand against unscrupulous behaviour that may tarnish QL's hard earned reputation.

As QL grows our operations we continuously identify and engage with our stakeholders to address areas of concern. We hope to increase the quality of our disclosures and better communicate to our stakeholders as we continuously look for innovative ways to improve our sustainability efforts.

Further detailed reading can be found in our Sustainability Statement on pages 38 to 73.

Pandemic

Being an agro-based food producer, QL's businesses are classified as essential service. Throughout our operations, QL emphasises safe working conditions for all staff. Additional safety protocol is adopted across all our operations and sites, and personal protective equipment are provided and work arrangements restructured. In our focus to assure sufficient food supplies for customers, we also monitor the developments of our stakeholders in order to be able to quickly mitigate the impact from disruption to the supply and operation chain.

Information Technology (IT)

QL undertakes regular IT risk assessment and follows through with the prescribed action plans as measures to mitigate network security, data protection and cybersecurity risks. QL is in the process of implementing a cybersecurity risk framework. QL's IT preparedness has enabled the Group to continue its operations with minimal disruption during the sudden MCO period.

Financial

QL's business transcends Malaysian market and shores and thus, forex movements can potentially impact our earnings. Hedging, internal control processes and close monitoring of the market are employed to mitigate financial risks.

Halal

Any item bearing an authentic halal certification informs and gives Muslim consumers the assurance that the products are prepared in accordance to Islamic laws. A holder of halal certification from JAKIM, QL is cautious to safeguard the trust earned, maintaining strict compliance and remain sensitive to religious needs. Our commitment is emphasised by a team of dedicated halal executives who monitor and supervise all processes and procedures from ingredients to packaging.

TRENDS AND OUTLOOK

In the fallout from the pandemic, the International Monetary Fund (IMF) predicts the global economy to contract by 4.9% in 2020. The World Bank is even less optimistic, opining a baseline 5.2% contraction in global gross domestic product (GDP) this year.

Prolonged tensions between the United States and China can be damaging to a world economy struggling to recover from COVID-19 and risk slowing important technological innovations.

Malaysia's central bank, Bank Negara Malaysia (BNM), cast a brighter projection of the country's GDP growth between -2% to 0.5% against a highly challenging global economic outlook. BNM states that apart from the pandemic, domestic economy will be affected by the sharp decline and shifts in crude oil prices and continued supply disruption in commodities.

However, recently the World Bank and IMF respectively revised Malaysia's GDP 2020 forecasts to 3.1% and 3.8% contractions.

As businesses are affected, the effect will be felt throughout the organisation. Belts will be tightened, jobs become scarcer, and salaries stagnate. Socioeconomically, Malaysia is experiencing its highest unemployment rate in two decades at 5%, which could rise further up to 7%. Employment levels and income availability affect consumer spending. Throughout the MCO, consumer spending halved in most categories, except food & beverage, communications and education. A Department of Statistics Malaysia (DOSM) survey found the average monthly household expenditure fell 55% while total household expenditure, excluding non-consumption expenses e.g. loans, savings, income tax deductions, contributions to the Employees Provident Fund (EPF) and Social Security Organisation (SOCSO), dropped 48%.

Looking at 2020 thus far, it is shaping up to be a historical year. Interest rate is at an all-time low and the overall business environment is very challenging.

Being a producer of agro-based nutritious products that nurture the body, QL is in a resilient business. We are confident that we are well-placed to meet the demands of the modern population seeking quality food and convenience. Since the start of COVID-19 and announcement of the MCO, we worked closely with the authorities to ensure business continuity and that we are able to contribute to the nation by up-keeping the production of essential food item for the masses.

Our business is considered an essential service and is allowed to operate with conformity to strict SOPs. While demand may vary due to in-country situations and capacity under utilisation due to supply chain disruptions, we continue to be a vital cog in nations' food supply.

As we gear our MPM business to weather the uncertainties in aquaculture activities, the weak ringgit plays into our favour especially in the export market, where surimi and surimi-based product price is expected to be stable.

With FFB production increasing, CPO prices expected to be on the mend and forex translation loses reversed, POA is looking forward to a year of mildly fertile returns.

These two positive expectations help to shield the overall QL business from the weight of the continuing cycle of egg oversupply and biosecurity threats, which causes erratic egg price in Peninsular Malaysia to persist. This oversupply situation is less severe in other markets and on the trading side, business is expected to maintain its volume and margin.

With MPM and POA targeted to be slightly positive whereas ILF is moderately negative, we believe there is a fair chance for QL to deliver an overall marginally positive year. QL is committed to strive for another year of growth in FY2021, barring any major unforeseen events.

We will continue to play our role in supporting Malaysia in its efforts to recover from the impact of COVID-19 and MCO. As we come together with every Malaysian, we can rise stronger from the current challenging situation.

Sustainability Statement

1. ABOUT THIS STATEMENT

Sustainability has always been an integral part of QL's business operations. In our efforts to create shared value for all, we are cognizant of our role, responsibility and duty to conduct business ethically, operate in a socially and environmentally responsible manner and adhere to sustainable practices. This is what helps QL in delivering sustainable growth and stellar financial performance for the past 2 decades, in harmony with the well-being of communities and the environment whilst meeting our stakeholders' expectation.

FY2020 is our fourth Sustainability Report, as we continuously seek to improve our efforts in our sustainability journey. This year, we have further enhanced our reporting approach to include more disclosures on the important sustainability topics on social and environment impacts arising from our operations. The Statement covers the sustainability activities of QL Resources Berhad and major subsidiary companies (collectively referred to as "QL"). QL strongly believes sustainability holds the key to improve our footprint and accomplish our Vision to be the preferred global agro-based enterprise.

1.1 Preparation of this Statement

The Report is prepared based on the Sustainability Reporting Guides and Amendments issued by Bursa Malaysia Securities Berhad under Main Market Listing Requirements for Annual Reports.

The Statement is structured into four sections:

- The first section introduces the Statement;
- The second section explains the governance structure utilised in managing material sustainability matters;
- The third section documents management approach taken to review, update and categorise the material matters; and
- The final section reports on the practices and performance related to management of material sustainability matters.

2. SUSTAINABILITY GOVERNANCE

Sustainability Governance

Board of Directors

Executive Committee

Sustainability Steering Committee
Executive Chairman
Head of Business and Business Functions

Sustainability Reporting Working Group

Diagram 1: Sustainability Governance Structure at QL

Sustainability is deeply embedded into the business of QL, driven from the highest level of management. QL's Board of Directors takes an active role in setting the direction of sustainability, reflecting the active role they play at each of the group's business pillars. Based on the firm commitment by the Board, we set up a Sustainability Steering Committee ("SSC"), chaired by the Executive Chairman and comprises heads of business units and business functions. In 2018, a Sustainability Reporting Working Group (SRW) was established to further strengthen the reporting process where it reported directly to the SSC. As we continued to look for ways to improve, a project manager was appointed in 2019 to manage the SRW reporting process together with topics champion assigned to lead and formulate action plan and reporting for the material issues identified.

The following outlines the core responsibilities of the SSC:

- Incorporate sustainability into QL's Risk Management and Corporate Strategies;
- Oversee the management of material sustainability matters as identified;
- Monitor QL's sustainability performance for reporting.

SRW proactively undertakes the following core responsibilities:

- Perform materiality assessments (i.e. identification and assessment of sustainability matters relevant to QL's business);
- Reports to the SSC on sustainability matters;
- Develop sustainability disclosure for reporting and the preparation of sustainability report for SSC's approval.

As an agro-based business, QL adheres to sustainable practices to remain relevant and at the forefront of the industry. To achieve this, we assess our governance processes regularly and seek to incorporate industry best practices, guidelines, standards and recommendations into our sustainability-related responsibilities without compromising operating efficiency and synergy. We measure and track the impacts of key sustainability matters from our daily operations for proactive management of issues which is a critical part of the sustainability governance structure.

In FY2020, the SRW met 6 times informally whilst SSC convened 2 times formally to discuss and deliberate on sustainability matters.

Sustainability Statement

3. MATERIALITY ASSESSMENT

3.1. Materiality assessment process

SRW conducted the materiality assessment to assist in the identification and prioritisation of sustainability matters that can affect QL's business and stakeholders. We began the process by reviewing and updating the material sustainability matters as discerned in the previous reporting year and based on the latest internal and external developments, including Environment, Social and Governance ("ESG") trends unique to the agro-food and plantation sector. We also referred to the latest Bursa Malaysia's Sustainability Reporting Guide and Toolkits, Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards"), FTSE4Good Index guidelines and relevant industry-specific references and publications to update our material sustainability matters that are significant to QL's business operations and influence stakeholders' decisions.

We have an engagement approach that would allow us to reach out and receive valuable input from our key stakeholders, as outlined in Section 3.4 Stakeholders Engagement. The engagement process helped us to re-assess material issues that are deemed important by our stakeholders so that we can incorporate them into the latest sustainability report.

Subsequent to the feedback received, QL's management carried out review and discussion so that we incorporated the important sustainability matters reflecting the latest changes in the business landscape, risk environment, compliance requirement and policy. In updating the materiality matrix, we refer to Bursa Malaysia's Listing Requirements which defined these matters as:

- Reflecting the business' significant ESG impacts; and/or
- Substantively influencing assessments and decisions of stakeholders.

Based on data collected, we analysed and re-ranked the material issues in order to prioritise sustainability topics and action plan going forward as shared in Section 3.5.

Our materiality process is illustrated as follows:

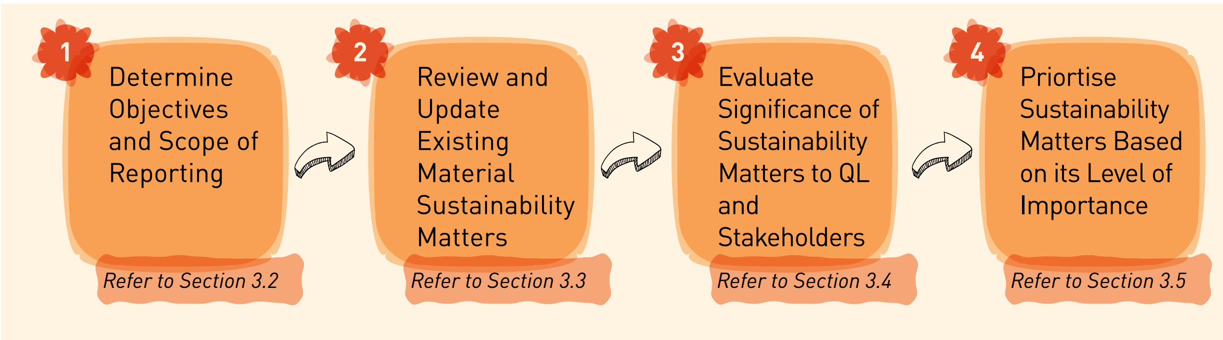


Diagram 2: Flowchart of materiality assessment process

3.2 Scope of Reporting

The 2020 Sustainability Report covers and discloses QL's sustainability performance and commitments for the financial period from 1 April 2019 to 31 March 2020, and for those main subsidiaries of QL mentioned below, unless otherwise stated. In arriving at scope of reporting, we have factored in the nature of business operations and its magnitude in terms of revenue contribution and/or impact to QL.

In addition to three business pillars reported in the previous years, we have carved out a new segment under Convenient Store ("CVS") this year, in accordance with our business developments. Subsidiaries included in the current year's reporting scope are shown below.

Business Pillars	QLRB Companies in FYE 2020's Reporting Scope	Location	Principal Activities
Integrated Livestock Farming (ILF)	• QL Poultry Farms Sdn. Bhd. • QL Breeder Farm Sdn. Bhd. • QL Feed Sdn Bhd • QL Ansan Poultry Farm Sdn. Bhd.	• Pajam • Tawau • Shah Alam • Rawang & Kulim	• Layer farming • Poultry breeding • Trading animal feeds • Poultry farming
Marine Products Manufacturing (MPM)	• QL Foods Sdn. Bhd. • QL Endau Marine Products Sdn. Bhd. • QL Endau Deep Sea Fishing Sdn. Bhd. • QL Figo (Johor) Sdn. Bhd.	• Hutan Melintang • Endau • Endau • Kulai	• Surimi-based products • Manufacturing surimi • Deep sea fishing • Manufacturing foods
Palm Oil Activities (POA)	• QL Plantation Sdn. Bhd. • QL Tawau Biogas Sdn. Bhd.	• Tawau • Tawau	• Palm oil plantation • Biogas power plant
Convenient Stores (CVS)	• QL Maxincome Sdn. Bhd. • QL Kitchen Sdn. Bhd.	• Penisular Malaysia • Shah Alam	• Convenient Stores • Central Kitchen

Diagram 3: Scope of reporting

For this year, the key indicators disclosed included those we reported in FY2018 and FY2019 for baseline comparison and achievement tracking during our sustainability journey in the last 3 years.

3.3. Relevant Sustainability Matters

Prior to engaging stakeholders and conducting assessments, we reviewed and updated 17 sustainability matters which are relevant to QL's businesses. We had included the following major considerations during the review process:

- The depth and breadth of QL's businesses;
- International and local laws and regulations;
- QL's understanding of its stakeholders' needs;
- Global, national and industrial trends; and
- International sustainability reporting standards, e.g. GRI Standards.

Sustainability Statement

Also, QL is fully cognizant of the 17 United Nations Sustainable Development Goals ("UN SDGs") and targets set under the Eleventh Malaysia Plan ("11MP"). We continue to work towards integrating the relevant UN SDGs and aligning them with our business operations. As a group with a value system built on the principle of just moral code, our strategies and approaches are established based on some of the key concern areas under UN SDGs like human rights, labour, environment, and anti-corruption.

As we plan for long-term success, we uphold our responsibilities to people and mother nature. Our objective is to ensure that in all that we do and every product that we produce, QL delivers benefits to its shareholders, nourishment to consumers and enrichment to all stakeholders in the value chain, whilst caring for the environment.

3.4. Stakeholder Engagement

The Group's stakeholders include any individual or group who are impacted by or interested in our activities. We strive to build and maintain strong relationships based on trust and respect with all stakeholders, and utilise various channels where they can voice their opinions and suggestions. For FY2020, we engaged the following key stakeholders as summarised in the table below and utilised the information received in our planning and strategy for sustainable value creation.

Table 1: Stakeholder engagement modes, focus areas & responses

Stakeholder Groups	Engagement Channels	Focus Areas	How do we respond?
Investors and shareholders	• Annual General Meeting • Analyst briefings • Investor presentations and meetings • Financial statements • Press releases	• Financial performance • Good corporate governance • Responsible and value creation in business management	• Refer to *Management Discussion and Analysis* ("MD&A") (page 28) • Refer to Social Responsibility (page 51)
Management	• Regular meetings • Meetings with the Board	• Economic value creation • Fostering good relationships with stakeholders, including customers, suppliers and regulators • Good corporate governance • Safe and quality products for customers • Increasing operational efficiency, including investing in research and development • Regulatory compliance • Safe workplace and talent retention	• Refer to MD&A (page 28) • Refer to *Environmental Responsibility* (page 46) and *Social Responsibility* (page 51)

Stakeholder Groups	Engagement Channels	Focus Areas	How do we respond?
Employees	• Workshop discussions • Induction training • Learning and development programme • Corporate volunteering programme • Employee performance appraisal	• Respect for human rights • Safe and healthy workplace • Supportive welfare • Responsible business management • Continuous business growth	• Refer to *Environmental Responsibility* (page 46) and *Social Responsibility* (page 51)
Customers	• Feedback survey • Face-to-face interactions • Online platform (Facebook, mobile apps)	• Safe and quality products • Good governance practices • Regulatory compliance	• Refer to *Environmental Responsibility* (page 46) and *Social Responsibility* (page 51)
Vendors, suppliers, fisheries, and smallholders	• Interviews • Face-to-face interactions	• Business continuity • Regulatory compliance	• Refer to MD&A (page 28) • Refer to *Social Responsibility* (page 51)
Regulators	• Ongoing meetings and interactions	• Regulatory compliance • Responsible business practices • Indirect economic contribution	• Refer to MD&A (page 28) • Refer to *Environmental Responsibility* (page 46) and *Social Responsibility* (page 51)
Community	• Online platforms • Corporate volunteering programme	• Direct and Indirect economic contribution • Responsible environmental management	• Refer to *Environmental Responsibility* (page 46) and *Social Responsibility* (page 51)
Media	• Press conferences and events • Media releases • Media interviews	• Business strategy and business growth • Food quality and safety • Indirect economic contribution • Regulatory compliance • Environmental management • Workplace management	• Refer to MD&A (page 28) • Refer to *Environmental Responsibility* (page 46)

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Key stakeholder groups engaged across ILF, MPM, POA and CVS this year were: Customers, Shareholders, Management, Employees, Suppliers and Agro-producers. They were engaged during the year to obtain their views and feedback on sustainability issues that concern them.

ILF stakeholders were engaged at QL Poultry Farm Sdn Bhd,QL Breeder Farm Sdn Bhd, QL Feed Sdn Bhd and QL Ansan Poultry Farm Sdn Bhd which are located in Pajam, Tawau, Shah Alam, Rawang and Kulim respectively. Stakeholders from MPM operations were engaged at Hutan Melintang, Endau and Kulai, the respective site of operations of QL Foods Sdn Bhd, Endau Marine Products Sdn Bhd, QL Endau Deep Sea Fishing Sdn Bhd and QL Figo (Johor) Sdn Bhd. Stakeholders at POA operations were engaged at the location of QL Plantation Sdn Bhd and QL Tawau Biogas in Tawau. CVS Stakeholders were engaged at various outlets in Peninsular Malaysia and through online platform.

3.5. Materiality Matrix

QL maintained our structured materiality assessment approach using Bursa Malaysia's Sustainability Reporting Guide and Toolkits as guide. Key considerations on the emerging risks from the operating environment within the agro-food and plantation sectors were included during the process to identify and update relevant sustainability matters.

Discussions with key internal stakeholders were held to evaluate the materiality levels they would place on identified sustainability matters. Subsequently, identified SSC members, members of Senior Management and Heads of Subsidiaries were engaged to discuss and determine the level of impact of each of the material sustainability matters to QL.

During the financial year, KPMG Consulting conducted a workshop to refresh and realign the sustainability matters with our enterprise risk management framework.

The assessments resulted in 17 sustainability matters prioritised, with 12 identified as being most influential on stakeholders' decisions and to the impact of the business at ILF, MPM, POA and CVS. As compared to previous years, we have added biodiversity and water security as new additional matters in addition to reporting CVS as a separate segment due to its business nature and growing business contribution. The result of the materiality assessment is tabulated under the Materiality Matrix as shown below.

Materiality Matrix

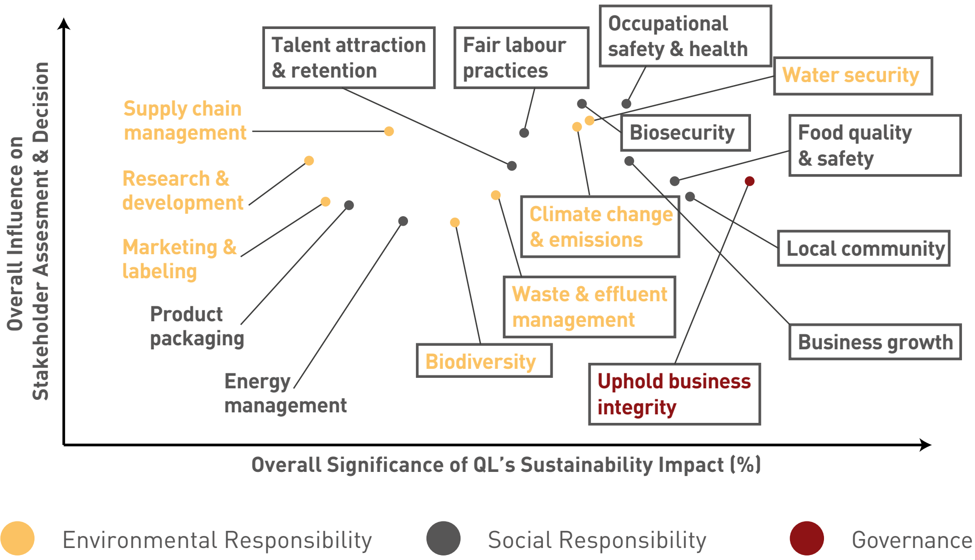

Diagram 4: Materiality Matrix

These matters have been categorised into three themes, Environmental Responsibility, Social Responsibility and Governance, and mapped against each business pillar, as shown below:

Material Matters Across 3 Themes		ILF	MPM	POA	CVS
Environmental Responsibility	Waste & effluent management	✓	✓	✓	✓
	Biodiversity	✓	✓	✓	
	Climate change & emissions	✓	✓	✓	✓
	Water security	✓	✓	✓	✓
Social Responsibility	Business growth	✓	✓	✓	✓
	Food quality & safety	✓	✓		✓
	Biosecurity	✓			
	Local community	✓	✓	✓	
	Workplace: Fair labour practice	✓	✓	✓	✓
	Workplace: Occupational safety & health	✓	✓	✓	✓
	Workplace: Talent attractions & retention	✓	✓	✓	✓
Governance	Uphold business integrity	✓	✓	✓	✓

Diagram 5: Mapping of material sustainability matters across the three themes

The next section of this Statement discusses our policies, measures and actions and performance indicators tracked in managing our material matters.

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4. MANAGING SUSTAINABILITY

We strongly believe that our commitment of upholding integrity and creating shared value for the benefit of all will continue to propel QL in its growth path to be one of world preferred agro-food companies. By embedding sustainable business practices encompassing environmental, social and governance concerns into our strategy and operating model, we believe that the Group will achieve sustainable business growth in the long run.

4.1. Environmental Responsibility

Environmental Responsibility is about managing the use of natural resources in the most effective and efficient manner in order to reduce environmental impacts and financial costs. Therefore, QL has incorporated environmental issues into its operations in order to reduce waste and emissions, maximise the efficiency and productivity of its resources and minimise practices that badly affect the country's natural resources. As such, policies revolving around biodiversity, greenhouse gas (GHG) emissions, waste management, and water security have been established.

4.1.1 Biodiversity

QL is in discussion with Wetlands International on long-term and short-term collaboration effort to restore, and rehabilitate selected mangroves in Malaysia. Mangrove conservation will increase the biological diversity of flora and fauna. This will result in an increase in the grounds of fish nurseries and other marine life which will improve the livelihood of fishermen and local communities. However, the collaboration work is delayed due to the COVID-19 situation.

4.1.2 GHG Emissions

The greenhouse effect is a process that occurs when gases in Earth's atmosphere trap the Sun's heat. This process makes Earth much warmer than it would be without an atmosphere. However, human activities have resulted in the rapid rise in greenhouse gases. This will inevitably lead to an increase in global temperature. Therefore, QL started to track and monitor GHG Scope 1 and Scope 2 emissions across business pillars. We will study the data in more details to formulate action plans to reduce GHG emissions and hopefully set emission reduction goal in the coming year.

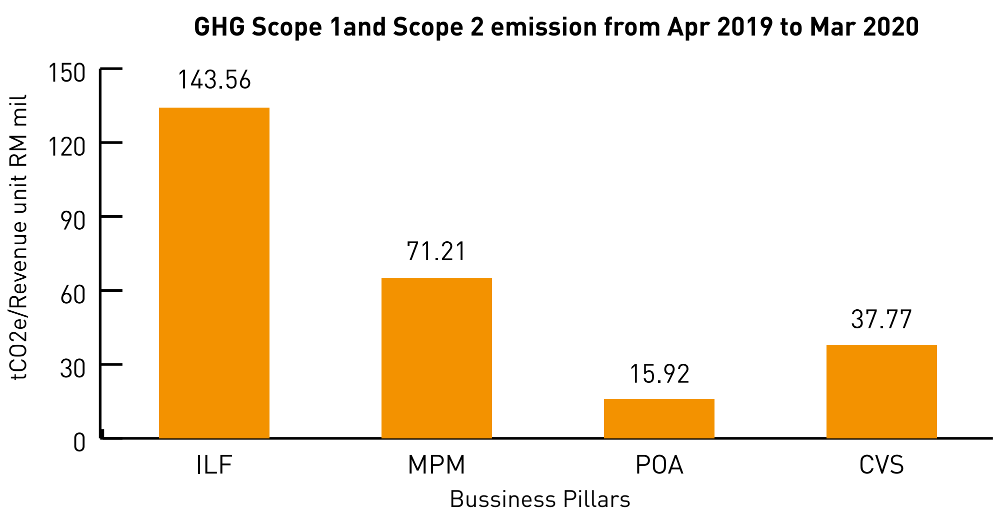

Diagram 6: GHG Scope 1 and Scope 2 emissions by business pillars.

ILF has the highest GHG emission per revenue unit where 51% of the emission comes from poultry raw manure. We are in the process of identifying improvement strategies to reduce GHG emissions, in order to establish a framework for discussion and review in the near future.

For MPM, we have set aside budget of RM20 million to invest in a total of 8MW solar energy at our marine plants in FY2021.

Contributing to our mitigation strategy in POA, which produces the lowest emission, QL Plantation has an operational biogas plant at our oil palm plantation mill in Tawau. Methane captured is converted into energy, a portion of which is used to power our operations. The rest of the energy generated is sold to the local grid at a significantly higher tariff than energy sourced from non-renewable energy. This is in line with the Government's target to increase sources of renewable energy by 20% by the year 2025. (Energy Malaysia Volume 18 2019 (Online).pdf, pg 17)

In FY2020, there is a decrease in both GHG emissions reduction (21%) and renewable energy produced (18%). This was mainly due to the downtime caused by the biogas generators overhaul (scheduled maintenance) activities. We are discussing methods to reduce the overhaul downtime.

Overall, we will continue to look for innovative ways to reduce our carbon footprint.

Total GHG emissions reduction in tonnes of CO2e as a result of utilisation of the biogas plant - QL Plantation

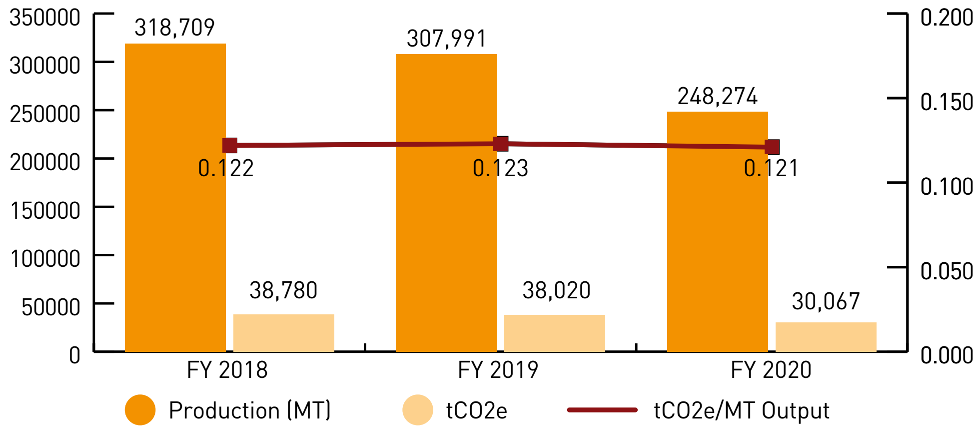

Diagram 7: Total GHG emissions reductions in tonnes of CO2e as a result of utilisation of the biogas plant at QL Plantation.

Total renewable energy produced from biogas plant (MW) - QL Plantation

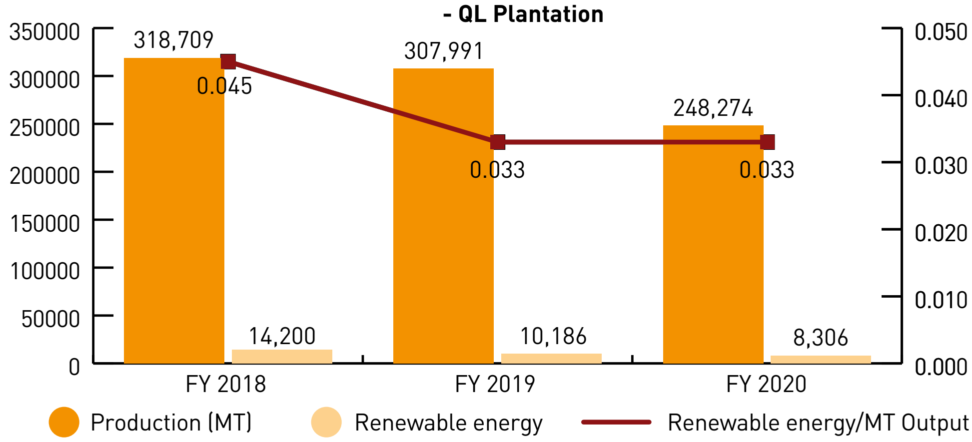

Diagram 8: Total renewable energy produce from biogas plant (MW) at QL Plantation.

Sustainability Statement

4.1.3 Waste and Effluent Management

Waste management encompasses all the activities and actions required to manage waste from its inception to its final disposal. This includes the collection, transport, treatment, monitoring, regulation and disposal of waste.

Careful planning alongside efficient resource allocation and management are vital in achieving a sustainable waste management system. QL outlines our efforts in waste and effluent management below.

i) Solid Waste

Hazardous waste

Hazardous waste is collected and disposed by licensed waste contractors at our ILF, MPM and POA operations. Our scheduled waste disposal contractors are approved by the Department of Environment Malaysia ("DOE"), in line with both the state and national environmental regulations. Prior to disposal, scheduled waste is stored in appropriate containers and in secured storage areas. All our stored scheduled waste is correctly labelled. In addition, the process to manage scheduled wastes are subject to regular internal reviews and audits by DOE.

Non-Hazardous waste

QL started to track non-hazardous waste into four major categories: mixed papers, plastics, food waste, manure and metal scrap. We are looking into the monitoring and actions that can be taken to manage these wastes.

Manure

To address the pollution risk linked to chicken farming, QL employs a fermentation technology to convert manure into organic fertiliser. This effort to mitigate the environmental impact from manure has another positive benefit i.e. improve agricultural efficiency. The fertiliser is sold to other farms and plantations, supporting the local economy. There was a decline in FY2019 from QL Breeder Farm due to upgrading works performed in the organic fertiliser plant.

QL Poultry Farms Sdn. Bhd.	FY2018	FY2019	FY2020
Total amount of manure generated (tonnes)	38,880	39,000	39,800
% of manure converted into organic fertiliser	78%	90 %	90%

Table 2: Total amount of manure generated (tonnes) and % of manure converted into fertiliser at QL Poultry Farms Sdn Bhd.

QL Breeder Farm Sdn Bhd	FY2018*	FY2019*	FY2020
Total amount of manure generated (tonnes)	1,147	1,315	1,540
% of manure converted into organic fertiliser	84%	34%	75%

* *Figures reinstated*

Table 3: Total amount of manure generated (tonnes) and % of manure converted into fertiliser at QL Breeder Farm Sdn Bhd.

ii) Liquid Waste

Wastewater

The food and agriculture processing industry can be a major producer of wastewater particularly organic waste with high biochemical oxygen demand resulting in low oxygen levels or even anoxic conditions in natural waters. In applying best practice for data monitoring, we ensure that wastewater discharged is in compliance with respective Department of Environment requirements including but not limited to Biochemical Oxygen Demand ("BOD"), Chemical Oxygen Demand ("COD"), Suspended Solids, Oil & Grease.

We take accountability in ensuring safe wastewater discharge. Attesting to our commitment, QL Food started a new water treatment plant in FY2019 and it was completed in FY2020. The total investment costs amounted to approximately RM2.9 million. The amount of wastewater generated by QL Food in FY2020 increased in tandem with the 13% increase in production.

	FY 2018	FY 2019	FY 2020
Total amount of wastewater generated (m3) - 100% treated before discharging	264,836	309,688	336,678

Table 4: Total amount of wastewater generated (m3) at QL Food

Palm Oil Mill Effluent ("POME")

Primary effluents from our palm oil mills are the palm oil mill effluent ("POME"). POME is wastewater discharged from processing Fresh Fruit Bunches ("FFB"). In its raw form, POME contains oil, plant debris and nutrients giving it a high Biochemical Oxygen Demand ("BOD"). In FY2020, our Palm Oil mill 1 operations generated 197,686 tonnes of POME, a reduction of 21% from FY2019. The decrease of POME volume in FY2020 for both palm oil mills was due to lesser crops (palm fruit) being processed.

Total amount of POME generated (tonnes)	FY 2018	FY 2019	FY 2020
Palm Oil Mill 1	254,967	249,973	197,686
Palm Oil Mill 2	37,313	48,765	33,873

Table 5: Total amount of POME generated (tonnes) at QL Plantation

Prior to discharge, we monitor the quality of our discharge and report the results to DOE to ensure the readings are within regulatory limits. Below, we highlight our average readings against the regulatory limit of 20 mg/L. The BOD reading remained below regulatory limit for the past three years for both mills.

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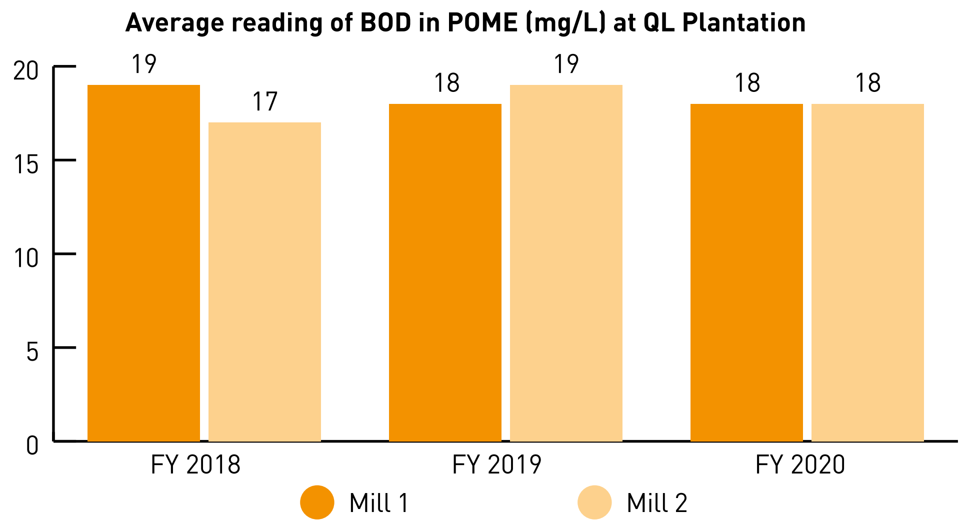

Diagram 9: Average reading of BOD in POME (mg/L) at QL Plantation

4.1.4 Water Security

i) Water Withdrawal

Malaysia's tropical climate supplies us with an abundance of fresh water. However, we need to actively be cautious of our water usage. The general perception that water is cheap and plentiful must be erased because the effects of climate change are becoming more noticeable now ('A water crisis could occur', www.thestar.com.my, 26th Feb 2020).

To be part of the solution, QL has started to track water withdrawal volume from all sources from FY2020 onwards so analysis can be conducted to reduce or reuse water. Among its business segments, POA has the highest water withdrawal per revenue unit due to intensive water usage in steam/power generation and milling operation. We will analyse all collected data in greater detail to firm up an action plan to reduce water withdrawal and hopefully set a reduction goal in the coming year.

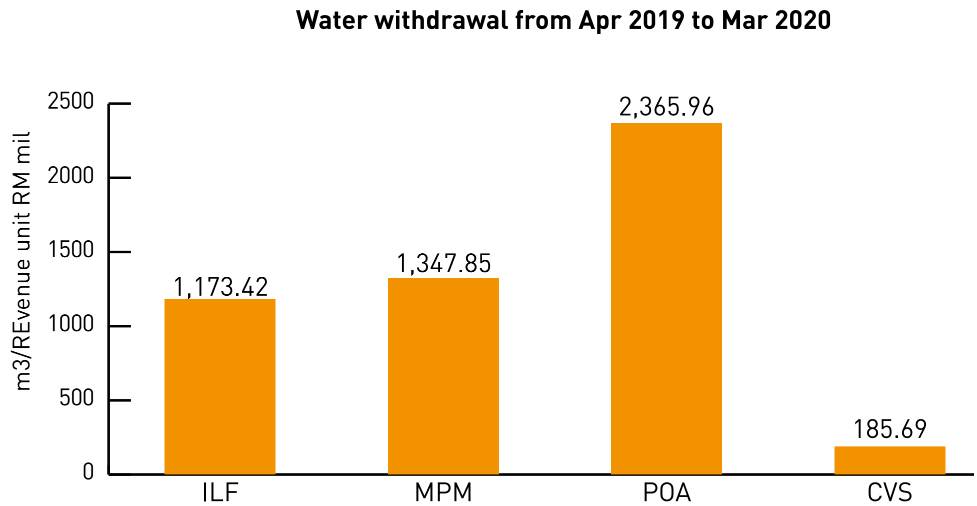

Diagram 10: Water withdrawal from Apr 2019 to Mar 2020 by business pillars

4.2 Social Responsibility

At present, QL is one of the largest producers of eggs and surimi in Southeast Asia, and has activities in palm oil and biomass clean energy as well. We will continue to pursue business and profitability in a socially responsible and sustainable manner and seek ways to improve on an ongoing basis.

4.2.1 Business Growth

QL has continued to pursue growth over the years both in Malaysia and regionally to achieve its vision of becoming the preferred global agro-food company. We evaluate and review our strategy regularly against a backdrop of market evolution to identify suitable investment opportunities in our core business pillars that will support our growth momentum.

The agro-food business is subject to various challenges ranging from climate change, consumer sentiments and perception, food quality and safety, and availability of resources. In pursuing growth in these segments, we are prudent when undertaking and implementing expansion plans. In contrast, the new CVS segment is less capital intensive with a short payback period which offers the Group great opportunities to expand the business exponentially in line with growing market needs.

To sustain our business growth, we strategically invest in areas that has potential for growth, especially our CVS segment where we offer ready-to-eat food and convenience that meet market demands arising from a changing lifestyle. The table below tracks the investments we undertook over the past 5 years.

2016	2017	2018	2019	2020
RM259m	RM323m	RM346m	RM307m	RM356m

We have included a detailed discussion on the current challenges faced by QL business units in the management discussion and analysis section on page 28 to 37.

4.2.2 Food Quality & Safety

As a leading agro-food producer, QL places great emphasis on the quality of our products and ensure they are safe for consumption before delivering to our consumers. At our business operation at ILF, MPM and CVS, we practise stringent quality controls and promote food safety.

To preserve quality and safety of the Group's food products, we obtain certification and accreditation from the recognised national and international food safety standards for our relevant operations. Our production process implements strict controls to ensure we maintain the highest quality and safety requirements. The production process undergoes regular reviews from the internal audit department, independent external parties and regulators. The following listing is our current certifications.

Name of certification	Nature of certification	Processes certified
Makanan Selamat Tanggungjawab Industri ("MeSTI") certification (*in English: Food Safety is the Responsibility of the Industry*)	A MeSTI certification indicates that QL meets the requirements of the Malaysian Food Safety Regulations 2009, including the establishment of internal processes and controls to ensure food hygiene. The certification is offered under the jurisdiction of the Ministry of Health Malaysia.	ILF and MPM production sites.

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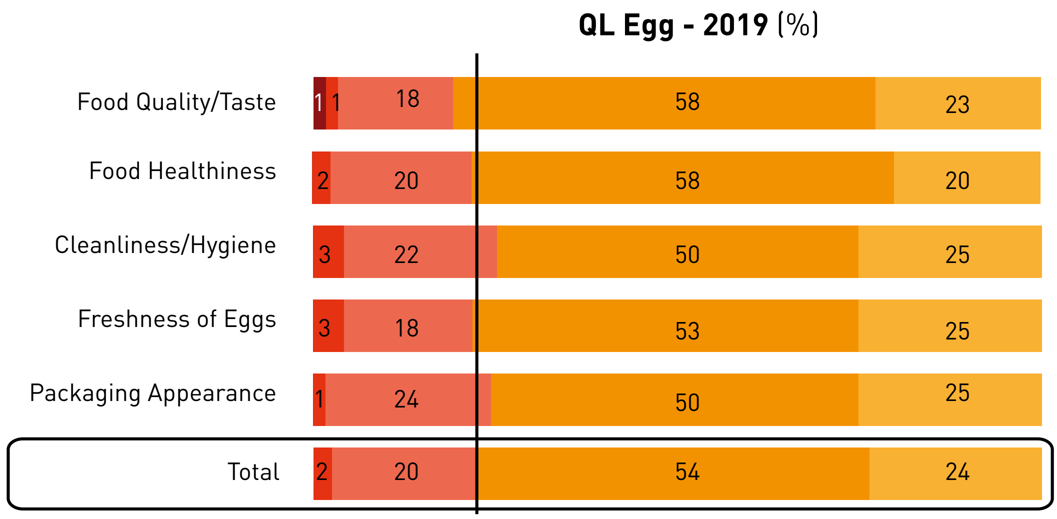
Name of certification	Nature of certification	Processes certified
Malaysian Good Agricultural Practices ("MyGAP") for poultry farming	MyGAP certification is granted under the jurisdiction of the Ministry of Agriculture and Agro-based Industry Malaysia. The practice comprises biosecurity sanitation, as well as waste and pollution management.	ILF
Good Manufacturing Practice ("GMP")	GMP requires sanitary considerations in food processing, as well as the application of standard food processing steps. This includes cleanliness of food premises, equipment and utensils, correct construction and layout of the food premises, as well as adequate maintenance of equipment and utensils. Certification in GMP is internationally recognised.	ILF
Hazard Analysis and Critical Control Points ("HACCP") certification	HACCP is an internationally-recognised management system that promotes the identification of potential biological, chemical and physical hazards in the food production process.	ILF for the production of washed and chilled shell eggs and MPM. Some Family Mart outlets are certified with the remaining outlets in process of certification.
ISO 22000:2005 certification	An ISO 22000:2005 certification demonstrates that QL has food safety management systems in place. ISO 22000:2005 is applied worldwide. As part of the management system, food safety issues are effectively communicated to suppliers, customers and other relevant parties.	ILF for the production of washed and chilled shell eggs
Food Safety System Certification 22000 ("FSSC 22000")	A FSSC 22000 certification is recognised by the Global Food Safety Initiative (GFSI). Its framework is based on ISO 22000.	MPM
Halal Certificate of Authentication	The certification indicates that the food we produce is compliant with Islamic Law and Malaysian Halal Standard, approved by the Halal Certification Panel of the State Religious Department.	ILF and MPM Central Kitchen under CVS

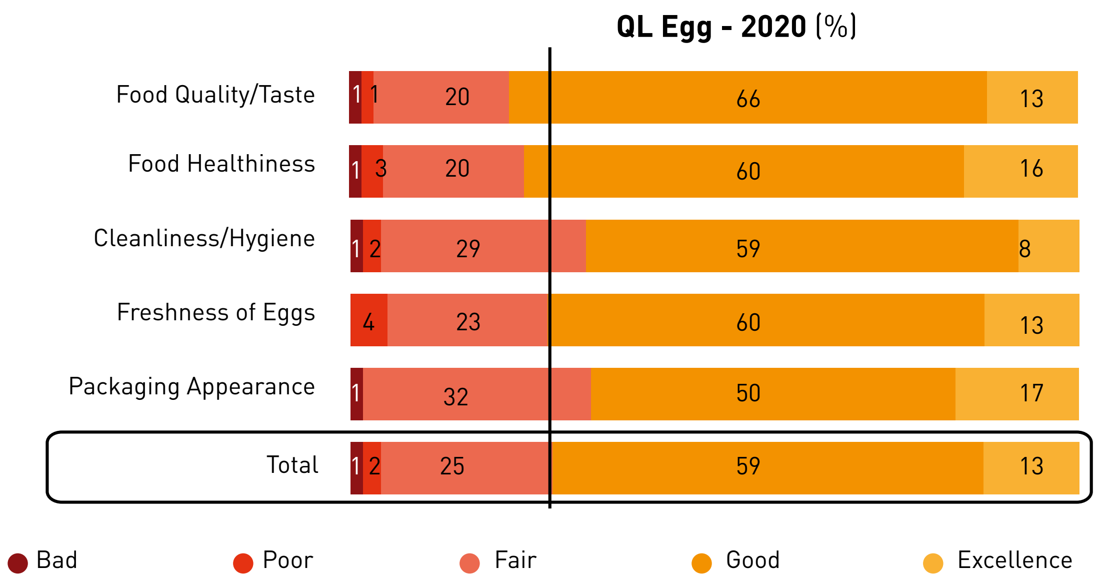
Table 6: List of current certifications

We manage food safety and quality by implementing stringent checks and controls in the food processing and packaging. This is done by providing regular trainings and ingraining a culture of quality and safety within our production plants. Employees from MPM and CVS who are involved in the food processing are required to fulfil a certain minimum training hours per year on the Standard Operating Procedures and Food Handling Techniques. The CVS team involved in handling ready-to-eat food, must attend a minimum 24-training hours on safe food handling.

As part of their stringent supply conditions, both our esteemed local and oversea customers had also conducted periodic visits and audits on our operations to review the safety and quality built in within our processing systems. In FY2020, we received more than 10 audit visits from our customers and overall, they were satisfied with the set-up of our operations and have continued to source from us.

One of the key yardsticks to measure our product quality and services is the overall satisfaction levels of the end consumers for our products. This year, we continued to conduct the online survey as in year 2019 to obtain feedback and perception of the consumers who have purchased and consumed our egg and MPM products. The survey's findings are shared below:





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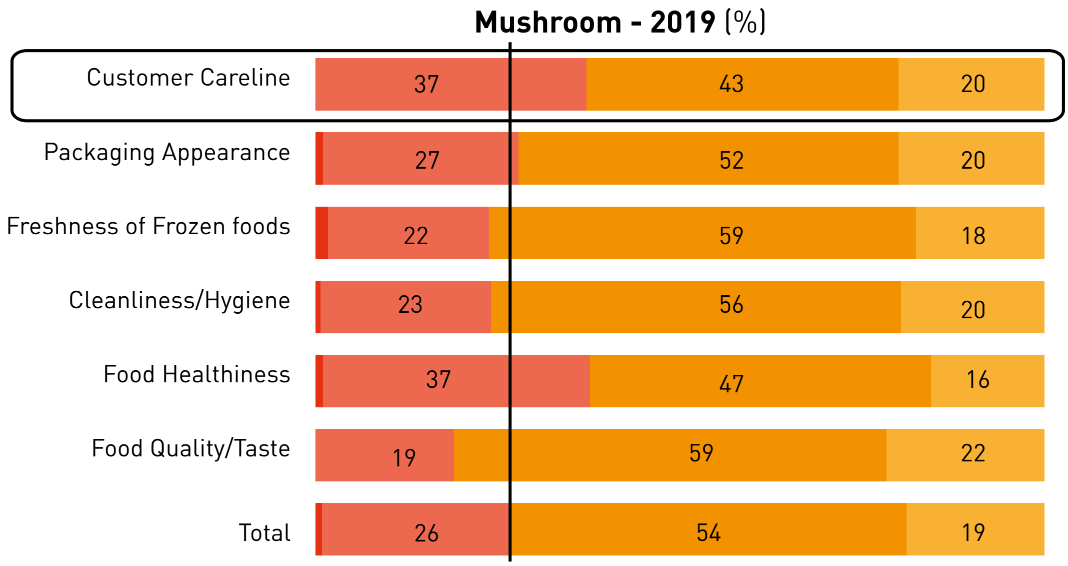

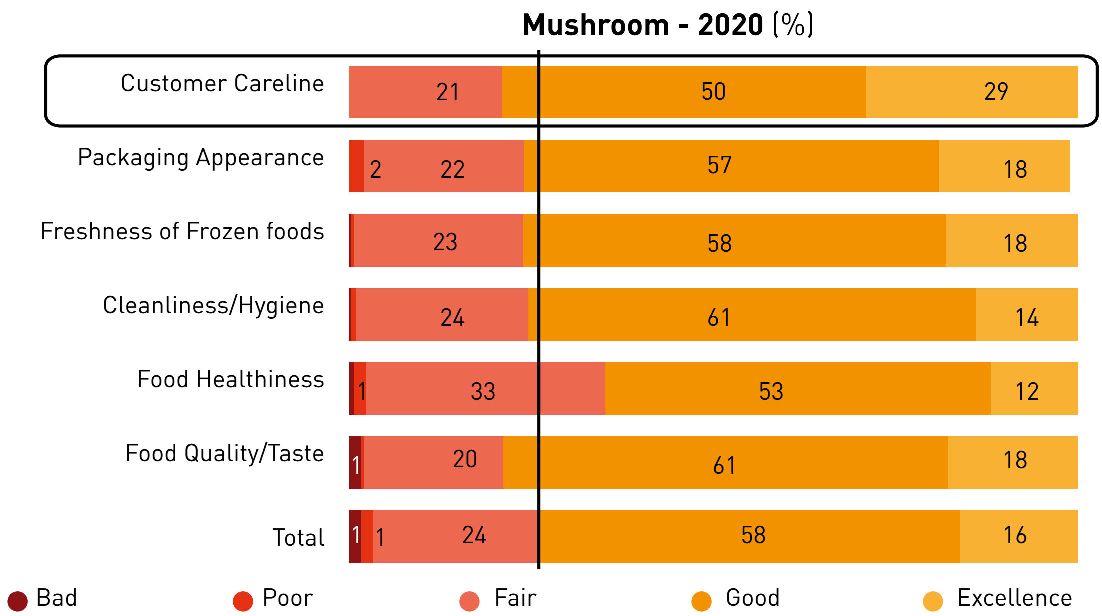

For QL eggs, we achieved a total score of 95% and above for fair to excellent category for both year 2019 and 2020.

For our key brand, Mushroom, which is under seafood products, we were also able to maintain an overall total score of almost 100% for fair to excellent category for year 2019 and 2020. There is a significant increase in Excellent ratings especially in the Customer Careline for year 2020.

In summary, almost 100% of consumers surveyed were happy with our egg and marine products by rating them as Fair, Good to Excellent in areas of Food Quality and Taste, Freshness, Cleanliness/Hygiene, Packaging Appearance and Food Healthiness.

4.2.3 Biosecurity

Biosecurity is of utmost importance in the poultry industry as any diseases outbreak will have an adverse impact on the productivity and mortality of the poultry population, which in turn affects the quantity and quality of eggs, day-old-chicks and broilers produced. The outbreak will result in disruption to the supply chain for poultry supply and may impact consumers negatively.

QL emphasises the importance of its biosecurity management by establishing rigorous programmes to prevent the introduction of pathogens into its poultry farms. We have implemented a rating system by assigning risk level from the lowest Level 1 ("Green Alert") to the highest Level 4 ("Red Alert") based on disease situation in a farm and its surrounding to assist us in managing the disease risk. As outlined in the details of our FY2019 report, there are different levels of control measures imposed depending on the risk level. The access restriction, worker movement and disinfection procedures vary accordingly. If a farm experiences a Level 4 rating ("Red Alert"), the strictest controls will be implemented on the terms of visitation, worker movement and disinfection. In addition, we also impose stringent control over eggs movement and day-old-chicks intake. With the threat of Low Pathogenicity Avian Influenza ("LPAI") disease remaining present in the surround areas, we have revised the assigned Level 3 reported in FY2019 to Level 4 for QL Poultry Farms Sdn Bhd and QL Ansan Poultry Farm Sdn Bhd as a precautionary measure. Meanwhile, QL Breeder Farm Sdn Bhd maintained its Level 1 rating as a result of stringent controls implemented by our farm operations and in the absence of LPAI or similar diseases threat in the locality.

Strategically, we have invested in the Closed House System ("CHS") for our farms including converting some of the older farms in stages to manage and mitigate the risk of disease. CHS farming involves rearing chickens in a closed farm with biosecurity systems set-up equipped with auto-sensors regulated ventilation, humidity and temperature control system. This will also involve operating in a more hygienic and controlled environment ensuring that the birds are isolated from other animals, rodents and wild birds which may be predators or disease-carriers. Our farming operations are geographically spread over a number of locations in Peninsular Malaysia and East Malaysia to ensure better risk mitigation and any outbreak is contained within the affected farm.

Our farm operations have strict processes based on good farm management practices in compliance with MyGap. The processes, cover security access and visitation, staff physical movement, vaccination programmes, good hygiene and animal husbandry practice, waste management and pest control in its management for farms and hatcheries. We employ experienced veterinarians who are in charge of farm operations, especially in the areas of flock health and welfare.

We have also continued to invest in a special unit called QL Poultry Centre of Excellence (QLPCOE), which is a team consisting of experienced veterinarians, microbiologists and nutritionists and supported by a dedicated laboratory to assist our operations in terms of flock health management and disease control. The team has 4 key focus areas, namely flock health, disease control and surveillance, nutrition and audit. It has put in place various technical training courses and arranged on the job training programmes for the farm management team and workers to improve their technical skills and capabilities on good farm management. For biosecurity management, QLPCOE carries out regular biosecurity compliance audit in the farms and the resulting audit report is tabled for discussion with the farm management. Any significant risk and concern will be included in the Risk Management Report for deliberation by Risk Committee. For FY2020, a total of 2 audits were carried out by QLPCOE team. QL Poultry Farms Sdn Bhd received a score of 83%, similar to the score received in FY2019 whilst QL Ansan Poultry Farm Sdn Bhd scored 71.0%, an improvement over the audit score of 58% received in the previous audit.

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4.2.4 Commitment to Community

At QL, we believe to be a sustainable business, we should develop communities in which our businesses operate develop alongside us. Our investment and operations must create value by generating profit for the shareholders, providing business and job opportunities for the surrounding communities and offering help to the underprivileged group in the society whilst protecting our surrounding communities and environment.

As a good corporate citizen, we are involved in the community and keen to participate in initiatives that will contribute to social well-being of the community: -

Interest-Free Fishermen's Financial Assistance

QL developed this long-running community project to benefit the fishing communities mainly in Perak, Johor and Sabah. We provided fishermen with capital to build, upgrade and modernise their fishing fleet. With the provision of financial scheme, fishermen are able to upgrade their fishing boat and capabilities which help to improve their livelihoods radically. Inadvertently, the scheme helps to spur strong fishing economic activities in the respective region and consequently not just improving the earnings and standard of living of the rural fishing communities but also benefit the local community as a whole with the associated multiplier effects. The close working relationship with the fishermen community also benefitted QL in its supply chain management and on knowledge sharing relating to fishing industry, which is a win-win partnership for both parties.

As of to-date, QL has provided interest free financial assistance to over 3,000 fishermen with a total of more than RM100 million disbursed throughout the years. The table below summarises the amount and the number of fishermen benefitted from the programme for FY2018 to FY2020:

	FY 2018	FY 2019	FY 2020
No. of fishermen	798	911	935
Total amount of interest-free loan	RM29.66m	RM28.05m	RM25.61m

Creating employment opportunity within the local communities

QL is committed to continue playing a pivotal role in creating more local employment opportunities within the locations in which we operate. Continuous and ongoing focus and effort is made to hire more locals through our targeted outskirt community recruiting initiative where we actively source for locals living within the vicinity of our farms, manufacturing sites, plantation estates and our retail stores.

The table below highlights that QL's local employees have been increasing over the past 3 years. One of the main reasons for the increase is the expanding workforce contributed by the Convenience Stores segment of our business across the various states in Peninsular Malaysia. Additionally, the local hire also increased in Tawau, where we made a conscious effort to hire more local than foreign workers in our palm oil business pillar.

Location	Business Pillars	FY 2018 Local Employment	FY 2019 Local Employment	FY 2020 Local Employment
Negeri Sembilan	ILF, CVS	152	157	327
Perak	MPM	694	728	732
Johor	MPM, CVS	233	429	1,035
Melaka	CVS	0	2	271
Pahang	CVS	16	15	34
Selangor	CVS	823	2,230	3,344
Tawau	ILF, PO	217	173	462
		2,135	3,734	6,205

Table 7 – FY2018-FY2020 Number of Local Employment Across the Various States in Malaysia

Care for the country and the community

QL is committed to continuously contribute to and support the communities around us. Throughout the year, various donations and sponsorships were made by QL subsidiaries as an extension of care for the communities in which the businesses operate in.

These sponsorships included cash donations and gifts in kind to schools and homes for the disabled.

In response to the situations brought about by COVID-19, QL made contributions in cash and in kind to help ease the burden of people that have been adversely affected by the pandemic.

In March 2020, QL contributed RM500,000 to The Edge COVID-19 Equipment Fund which supports the purchase of ventilators and oxygen concentrators to ease the burden of hospitals battling the pandemic in our country.

Caring for fellow Malaysians, QL sponsored 15,000 pieces of eggs to approximately 200 students stranded in the UPM hostel during the early stages of Movement Control Order ("MCO"). We also donated to the local communities surrounding our farm operations to help meet their daily essential needs during the MCO.

On the 7th and 9th of April 2020, FamilyMart collaborated with PitStop Community Café to provide daily essentials foods like Milk Loaf bread, QL Omega Eggs and Oden udon to help the homeless and the unfortunate during the MCO.

4.2.5 Workplace Management

The success of QL largely lies in its employees, wherein "our people are our strength". QL believes in the value of engaging and nurturing our people at the workplace. We seek to create a supportive and safe environment to enable our people to thrive in what they do and to provide professional growth and a satisfying career with the Company.

4.2.5(i) Fair Labour Practices

QL is committed to being an employer that implements fair labour and human rights practices. We strive to work towards ensuring that all employees are accorded the respect and dignity that they deserve.

Sustainability Statement

Human right practices

The Executive Committee has approved QL's newly-developed human rights and labour standards policy. This policy which will be implemented group-wide, embodies QL's commitment to conducting its business in a manner that respects the rights and dignity of all people, complying with all applicable regulations and laws. The Group strives to work towards ensuring that the basic rights inherent to all human beings are upheld across the businesses within the Group and within the communities in which the Group operates.

The following Group's stance on human rights and labour standards are as follows:
- Non-Discrimination by embracing equal opportunities at the workplace
- Workplace safety and health by providing a safe and healthy workplace
- Workplace security by maintaining a workplace that is free from any acts of physical coercion, violence or threats of violence, verbal, sexual or psychological harassment, bullying, intimidation, abuse or other harsh or inhumane treatment by either their managers or fellow employees.
- Prohibition of hiring child labour
- Prohibition of any form of forced or involuntary labour
- Compliance towards laws relating to wages, working hours and benefits
- Freedom of association and collective bargaining

With the policy being approved, it is the Company's aim that the human rights and labour standards policy be widely communicated to the internal and external stakeholders of the Group and to be followed up with effective training. The communication and training plan will cover the Group's stance on human rights and labour standards, how QL addresses human rights and labour standards impact, consequences of not adhering to the policy and how reporting can be made when issues and concerns on human rights and labour standards infringement occurs.

In the coming financial year, QL will be developing specific KPIs to monitor and measure the effectiveness of compliance to the Group's human rights and labour standards policy.

Grievances and Harassment Management Procedure

Across our Group of businesses consisting of ILF, MPM, POA and our retail business, QL has put in place a formal grievance and harassment procedure.

The grievances procedure is a formal system for handling of grievances company-wide. It is to provide a channel of communication for all employees in areas where discontent may exist facilitating their speedy identification and correction. Through the grievances' procedure, all employees are given the right to seek redress for any questions or complaints related to work. The Company is committed to providing the best possible working conditions for all its employees by encouraging an open and transparent atmosphere in which any problem, complaint, suggestion, or question receives a timely response from the Management.

QL is also committed to ensure that all employees have the right to work in an environment free from all forms of harassment. Sexual harassment and workplace bullying are forms of misconduct that undermines the integrity of the Company. These harassments are specifically prohibited as unlawful and as a violation of the Company's policy. QL assures all employees that the Company does not tolerate such harassments and that if proven, stern actions will be taken including dismissal without notice as provided for under the Employment Act 1955, Section 81C.

Diverse workforce

QL strongly believes that across all our businesses, the Company can only continue to grow as a stronger business by cultivating an inclusive and diverse workforce.

The following illustrates the diversity of our employee statistics with regards to gender, age group, local and foreign workforce and the types of employment contract across the four business pillars.

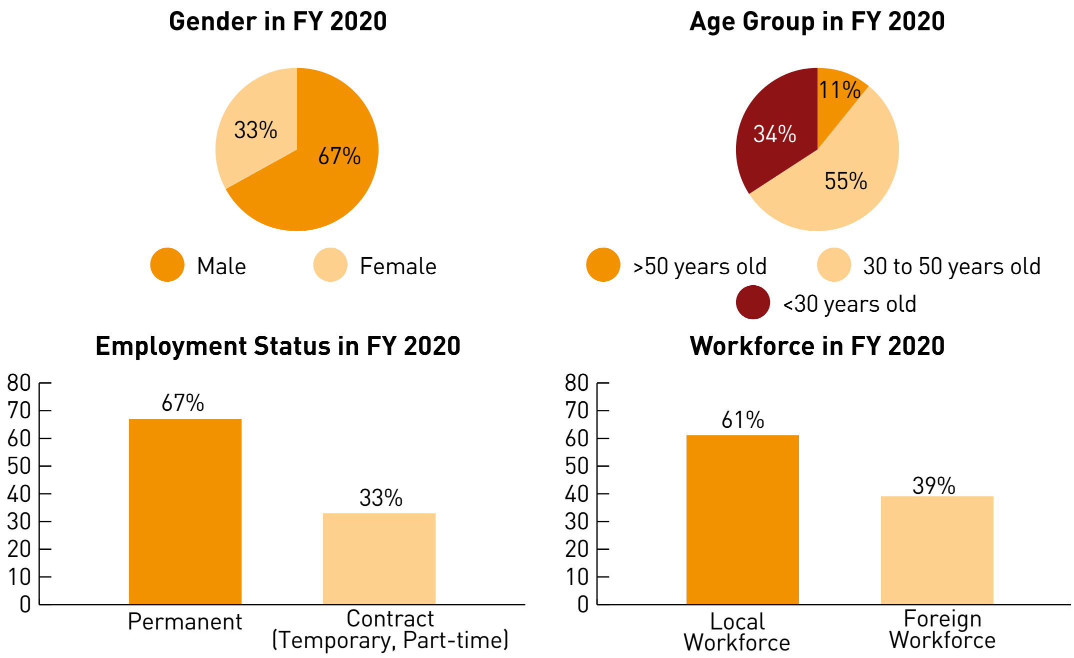


Diagram 11 – Employee statistics at Integrated Livestock Farming (ILF)

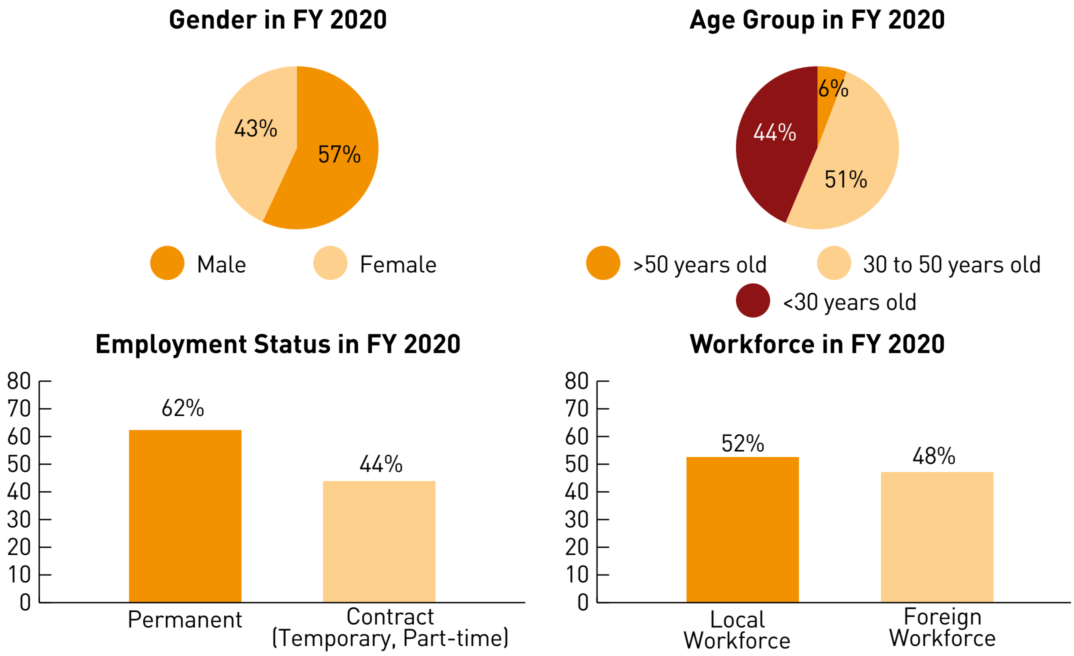


Diagram 12 – Employee statistics at Marine Products Manufacturing (MPM)

Sustainability Statement

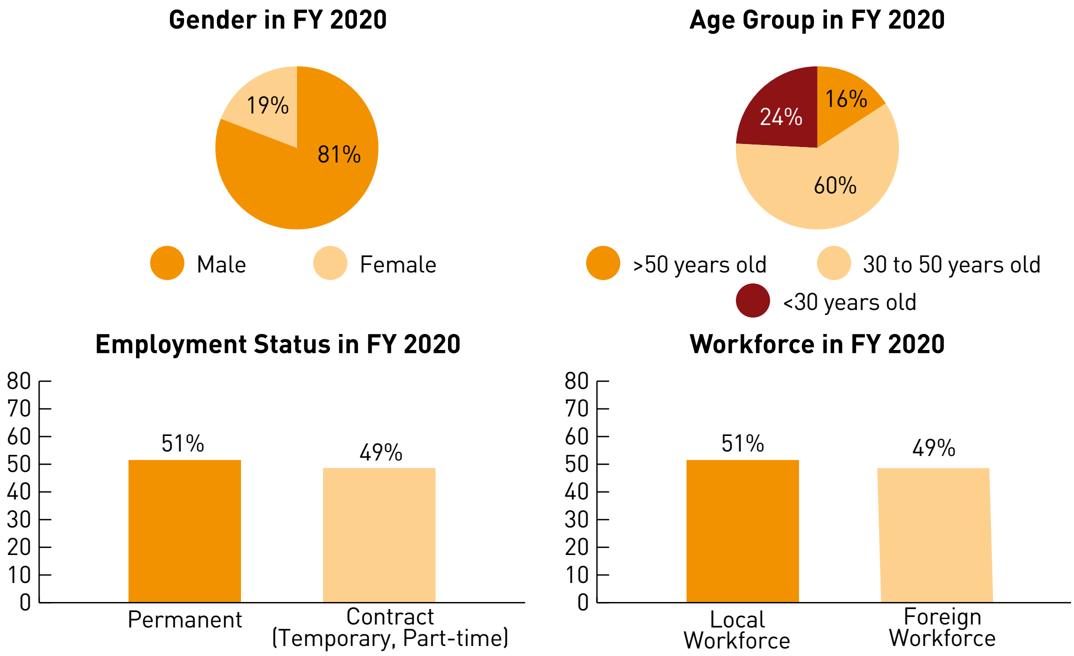


Diagram 13 – Employee statistics at Palm Oil Activities (POA)

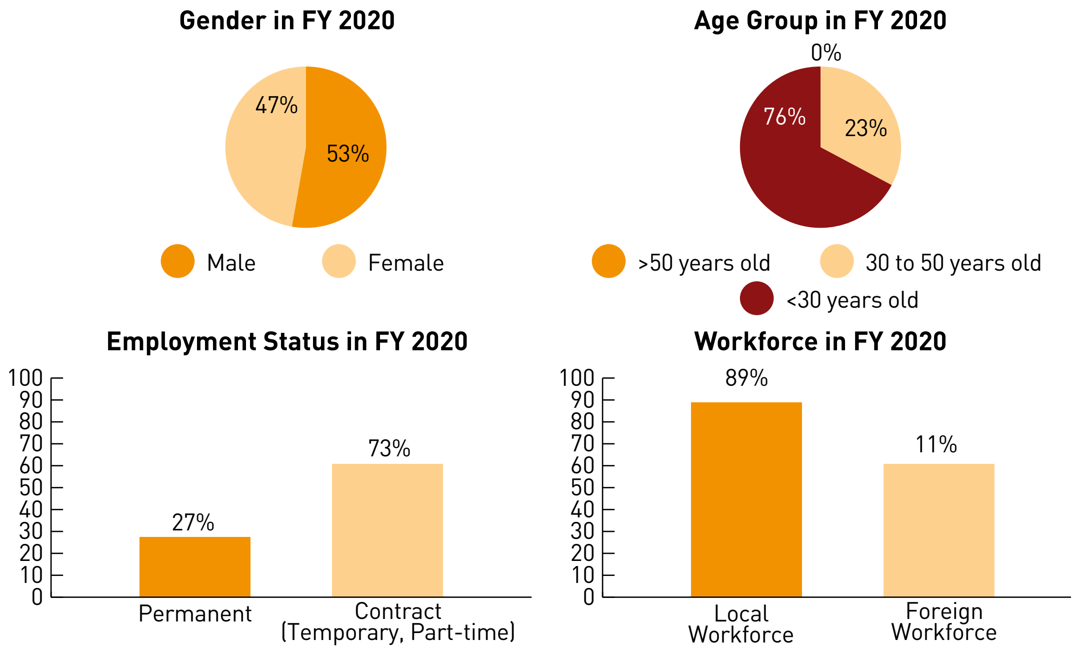


Diagram 14 – Employee statistics at Convenience Stores (CVS)

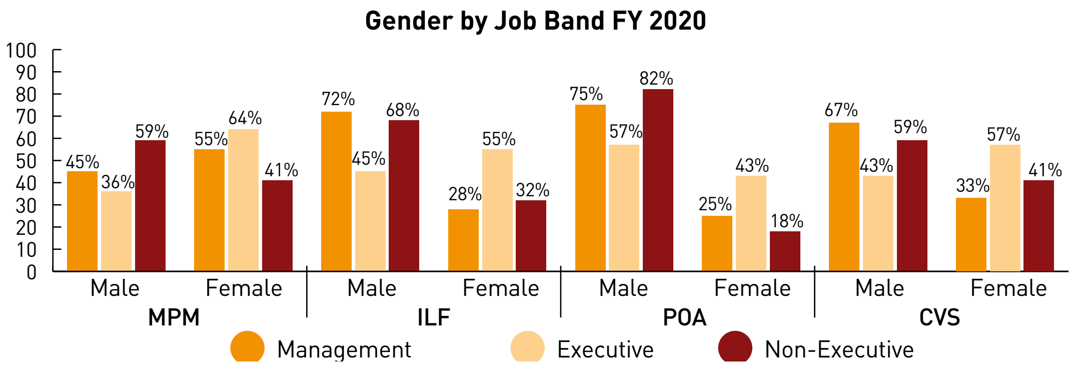


Diagram 15 – Gender by Job Band FY2020

4.2.5(ii) Occupational safety and health

QL is committed to provide a safe, secure and healthy working environment for all who work with and for us. QL's safety vision is to ensure all QL sites are accident-free workplace. As such, management strives to undertake the implementation of safety and health protection measures through the preservation of a safe healthy work environment and prevention of occupational illness or injury.

In FY2020, the Group Occupational Safety, Health & Environment (OSHE) Policy was published in the Company's website. The purpose of the policy serves to communicate QL's safety, health and environment commitment, including its expectations of all business units and guidance for decision making and actions.

The Management recognises that the success of the policy will be based on the internalisation and engagement with our employees. Therefore, prior to the policy being published publicly on the website, the policy has been communicated and cascaded to all levels of employees. It is the aim of the Management to ensure all employees understand that safety is everyone's responsibility. In doing so, all employees at all levels throughout the organisation are expected to take personal ownership through visible leadership, internalisng safety beliefs that ultimately leads to good safety practices and role modelling safe behaviours in all we do and undertake to do.

As reported last year, the Group has made some changes to improve on our safety performance reporting. The Group is pleased to advise that this year, the Group has increased our efforts to further improve our safety performance reporting.

We have now established throughout the Group one standard Occupational Safety Health reporting through aligning the terminology and definition of all safety and health performance data collected. All subsidiaries are now providing a monthly report of their safety statistics to the Group. The compilation of safety statistics and a centralised database has enabled the Group to better analyse the data to identify trends and take a more proactive approach to implement preventive measures. The analysis incorporates the use of leading and lagging indicators to determine safety and health targets and improvements activities.

Sustainability Statement

The chart below outlines the safety trends in the last three (3) years for the business units within the scope of reporting and it shows a linear improvement of 19.35% on the Lost Time Injury Frequency Rate (LTIFR). It showed that while the total number of incidents reported increased by 383.64%, there was improvement on LTIFR for 12 months moving average (LTIFR-12 MMA) in comparison with FY2019 which is approximately 40.64%. Figure 1 below refers.

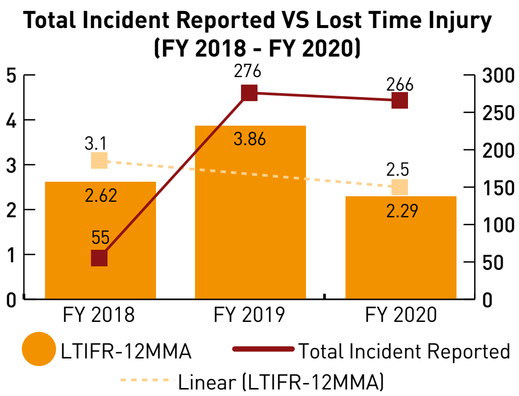


Fig.1 No. of Injuries and Lost Time Injury Frequency Rate for Financial Year 2018 to 2020

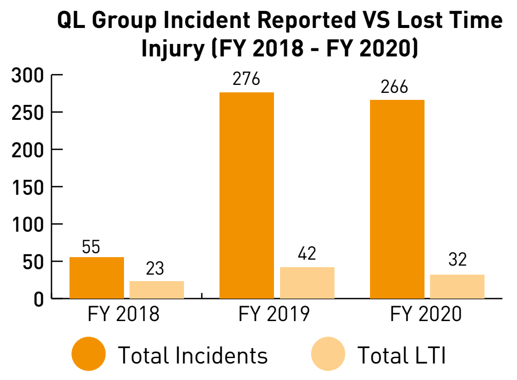
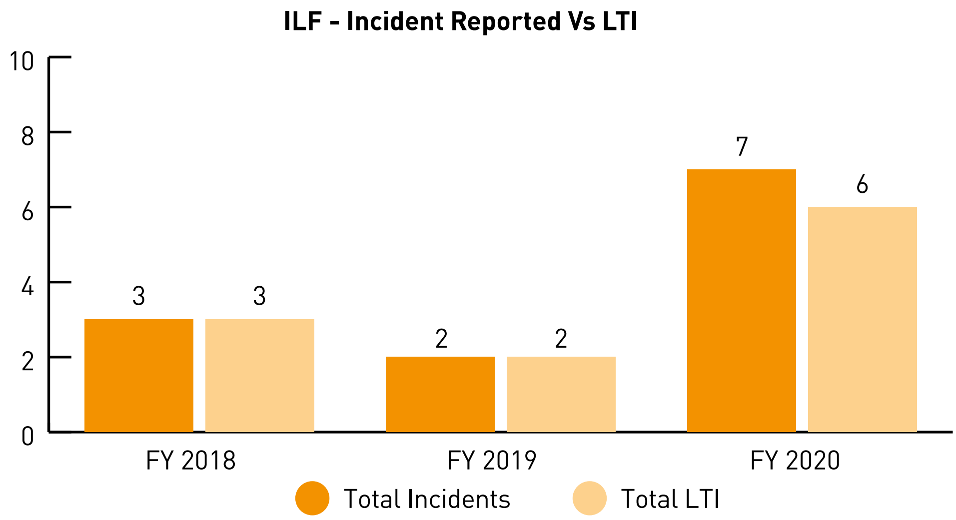
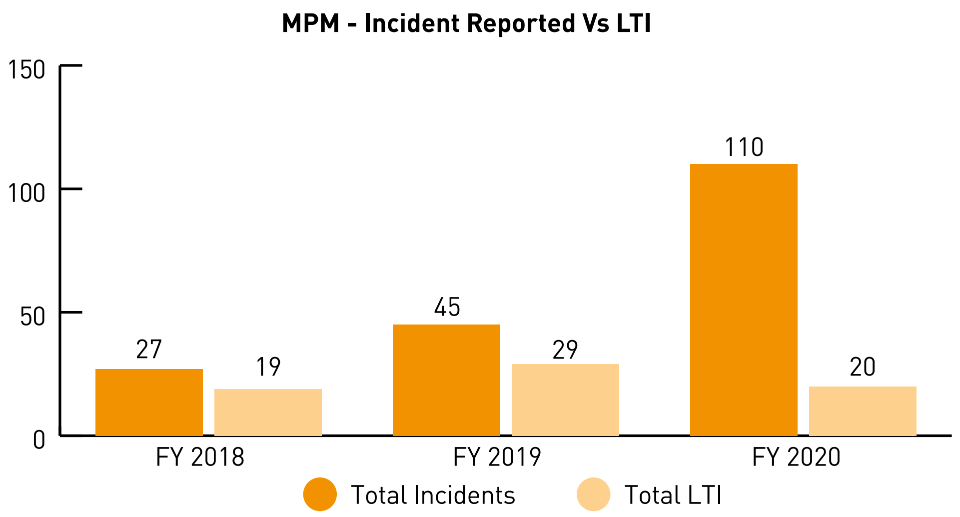


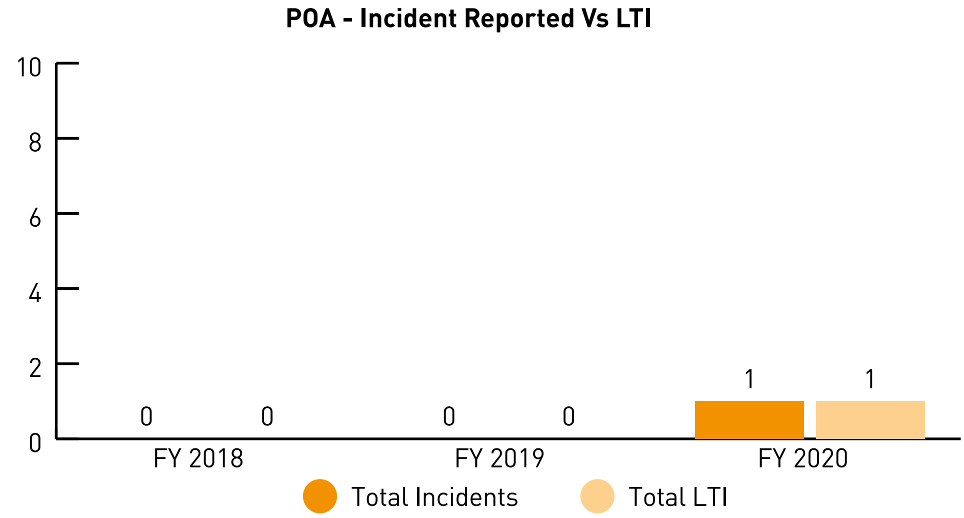
Fig.2 Total Incidents and Total Lost Time Injury for Financial Year 2018 to 2020

Overall, although there was an increase in incident and accident reported, LTI reduced slightly and there was an improvement in LTIFR by 40.64% over the last three (3) years. The annual hours worked have increased by about 28% for the last two (2) years and correspondingly with these increased hours, the number of incident and accident reported in FY2019 increased by 401%. However, the number of incident and accident reported in FY2020 decreased by approximately 3.62% year-on-year. The contribution of the aforesaid result on incident reporting was mainly from ILF, MPM and CVS. QL will put more focus to inculcate the culture of incident reporting in POA. This includes reporting incidents and accidents involving non-employees.

Below illustrates the number of incidents/accidents versus the number of LTI (table and graph format) for the Group and all 4 business pillars.







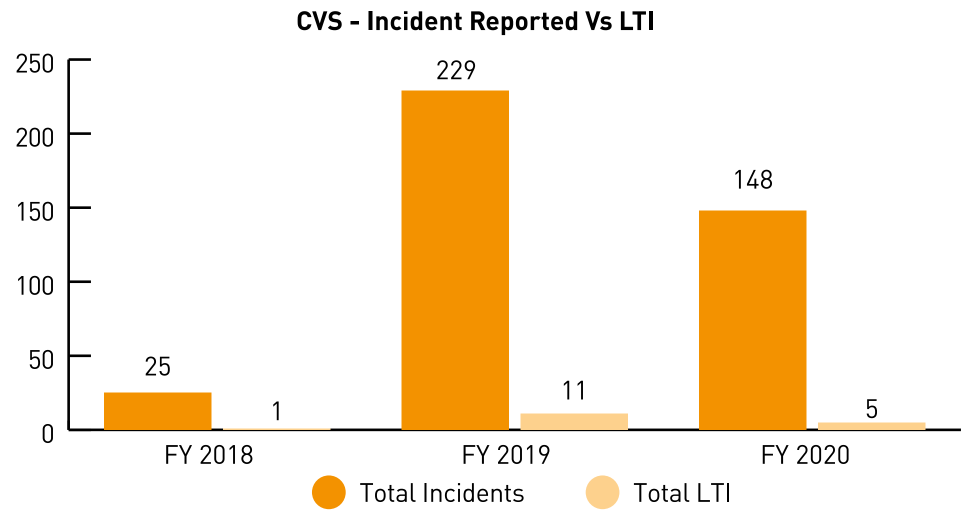


Fig.3 Total Incidents and Total Lost Time Injury for Financial Year 2018 to 2020 by business pillars

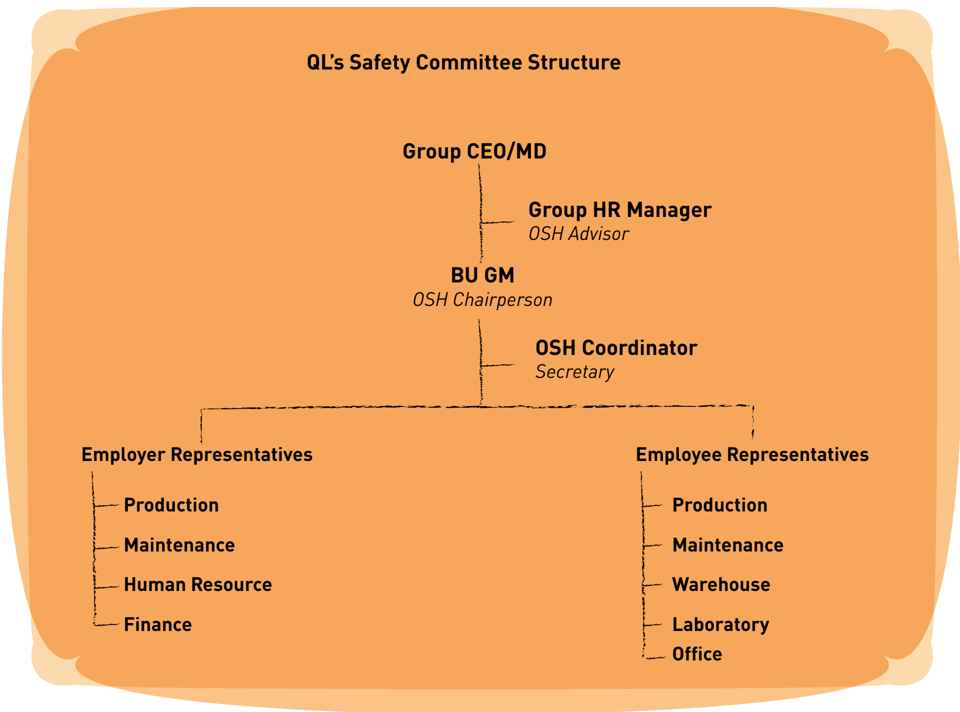
Sustainability Statement

The increase in the number of incidents reported was mainly on non-lost time work injury incidents, showing a decrease in the severity rate of reported incidents, one of the key indicators for monitoring performance.

Although LTIFR has shown a significant reduction, incidents reported however has increased. This showed an increase in the awareness of employees on the importance of incident reporting as it allows the line management to identify potential hazards and determine measures to mitigate the risks in order to reduce the probability of occurrence and/or effects to as low as reasonably practicable.

The improvement on the reduction of frequency rate (LTIFR-12 MMA) and safety awareness of our people with regards to the number of incidents reported is made possible with the introduction of some key safety and health systems, control measures and initiatives that are currently being focused and put in place. Among some of the focus areas in demonstrating QL's approach to minimising the risks and ensuring the safety and health of its employees, contractors, customers and visitors are as follows:

- Increase scrutiny and senior management involvement, ownership and commitment in occupational safety and health.
- Increase awareness, reduction of overall accidents and improve performance.
- Increase legal compliance by conducting due diligence, develop centralised legal register for enhanced monitoring and continuous improvement in compliance with local statutory requirements with regard to health and safety.
- Enhance risk management of occupational hazards and risk controls: stepping up Hazard Identification, Risk Assessment and Determining Control (HIRARC) monitoring process to mitigate all known hazards and risks. Hazards and Risk Register has been introduced to document the processes and findings.
- Safety and Health Committees Structure at individual business units include employee and management representatives.



Occupational Safety and Health Training

As stated in the QL's OSHE policy, the Company is committed to deliver appropriate OSHE trainings. The purpose of investing in these OSHE trainings is to support all our employees to build greater awareness and enhance the required OSHE essential skills and knowledge to perform their work in a way that is safe for them and their colleagues. The Company recognises that equipping our employees with these skills and knowledge will enable all employees to identify potential hazards and harmful substances, and adopt safe and healthy working practices before any safety incidents occur. The Company understands the benefit and need to focus more on delivering OSHE trainings and thus is now embarking to work on a more robust and structured OSHE training competency matrix framework.

In FY2020, a total of 290 OSHE trainings have been conducted. The required skills and knowledge of the training needs have been categorised into 5 main areas namely 1. General Skills and Knowledge; 2. Emergency Preparedness; 3. OSHE Management System: 4. High Risk Activities and 5. License & Competency Certification.

The table below outlines some of the safety and health trainings that have been conducted based on the above categorisation. The list is not exhaustive.

Required Skills and Knowledge Category	Name of Training	Purpose of Training
General Skills and Knowledge	Ergonomic Issue in Operation	Brief the workers on workplace ergonomic issues, correct posture and how to handle manual lifting in a correct way
	PPE Training - hearing protection (ear muff and ear plug)	Provide workers with the basic knowledge on the selection, maintenance and usage of hearing protective equipment and reduction of noise induced hearing loss.
	HSE Induction Training	Brief new employees on Health, Safety and Environment Policy; roles and responsibilities; workplace hazards and risks; safety rules; safe work practices; and environmental conservation.
Emergency Preparedness	Fire Prevention and Fire Fighting Training	Provide knowledge and practical experience to ERT members on the hands-on approaches on fire prevention and fire-fighting technique.
	On Scene Commander Programme	Building the fundamental foundation of ERT on the command, controls and response, including the strategic and tactical aspects in emergency planning and responding.

Sustainability Statement

Required Skills and Knowledge Category	Name of Training	Purpose of Training
OSHE Management System	Effective & Empowering Safety & Health Committee Training	Develop and upskill OSH Committee to effectively execute their roles and functions, whilst applying the fundamental of being involved and engaged for effective OHS meeting and coordination.
	Noise Exposure Regulations 2019 & Hearing Conservation Program	Provide an understanding of the latest rules & regulations of noise exposure and the legal requirements on obligations and measures to be taken to safeguard employees from exposure to excessive noise in the workplace.
High Risk Activities	Working In Confined Space	Provide knowledge on related hazards & controls for work in confined space. This includes the requirements on authorised gas tester and entrants, safe practices and emergency response/rescue complying with legislative requirements.
	Chemical Safety - Handling & Application	Provide the required skills and knowledge to work safely in an environment which involve usage and storage of chemicals through understanding on the danger of chemicals & the safety requirements for application (fumigation & pest control).
License & competency Certification	Scheduled Waste Management	Provide understanding of the legal requirements and the means of implementing effective scheduled waste management practices in compliance with regulatory requirements.
	Forklift Management Procedure	Brief line management on forklift safety and management practices.

Table 8: Types of safety and health training conducted in QL

In summary, QL recognises that regardless of how large or small a business subsidiary is, employees in all fields of our industry face workplace hazards that can threaten their health and safety.

Educating workers (employees and contractors) on the basics of occupational safety, health and the environment can help to reduce workplace accidents, injuries and environmental impacts, thus reducing potential injuries, illnesses and suffering in general.

QL believes that maintaining a safe and healthy workplace will result in confident employees who have increased morale, satisfaction and productivity. The Company will thus continue investing in training, identifying training needs and educating employees for their safety, health and wellbeing, and contributing to environmental sustainability, hence, developing a positive culture of OSH and environment, where safe and healthy working and care for the environment become second nature to everyone.

4.2.5(iii) Talent Attraction and Retention

QL's business success depends on our employees. Emphasis is placed on our talent acquisition and talent management strategy of attracting, building and retaining a talented and diverse workforce.

Our hiring decisions are solely based on merit, guided by the QL values of Integrity, Team Work, Win-Win and Innovation.

In FY2020, we have further enhanced our recruitment process by introducing a structured interview guide to assist all hiring managers involved in the recruitment process, and upskilling all hiring managers to recruit and select appropriately. It is mandatory for all hiring managers to attend the training over the next 2 years. A total of 47 hiring managers at the head office level has been trained on the use of the structured interview guide and going forward, the focus is to train the subsidiaries' hiring managers.

All our business subsidiaries are involved in ensuring a sustainable talent pipeline to ease the sourcing and hiring of talents for their businesses.

In FY2020, some of the talent acquisition channels that the human resource (HR) teams have been actively exploring included strategic partnerships with various education institutions, outskirt community recruiting and collaborations, as well as participating in career fairs organised by government agencies such as Jabatan Tenaga Kerja, PERKESO and JobsMalaysia.

QL strives to retain our performing talents by ensuring that our talent retention approach remain relevant and competitive to our employees. Performance bonuses and salaries are benchmarked against market rates to attract and retain talent.

QL long serving employees continues to be recognised for their contributions through our long service awards. 32% of our workforce across the ILF, MPM and POA business pillars are rewarded for achieving the service tenure from 5 years up to 35 years.

QL continuously focuses on how we can build an engaged workforce. We focus on employee productivity, participation and engagement via the human capital initiatives outlined below:

<u>Training and development</u>

In developing our workforce, QL continues to focus and emphasise the importance of elevating our employees' knowledge, skills and competencies. The Company recognises that upskilling our workforce will enable better productivity, quality of work performance and engagement amongst QL workforce. Training and development investments are made in the technical, functional, soft skills and leadership domains.

The Leadership Development (LEAD) programme which aims to elevate the soft skills of our employees was conducted throughout FY2020. Since the inception of this programme in 2017, a total of 972 employees across various executive levels from QL subsidiaries have been trained.

The Accelerated Learning Process which was introduced in 2016 to strengthen and retain key talents has been successful, turning in a retention rate of 95.6%. These key talents are now actively involved with their Head of Business Units, supporting the Company's business goals.

Sustainability Statement

The Management has set aside resources to grow another batch of 20 key talents from ILF, MPM, POA and CVS via this Accelerated Learning Process. They will be coached and mentored over the next two years to encourage their individual growth.

QL encourages and gives equal opportunity to employees to chart their development. We are pleased to report that the Accelerated Learning Process has recorded an increase in female participation.

Batch	Male	Female
1	88%	12%
2	50%	50%

Table 9: Male and Female representative in the Accelerated Learning Process Programme

Performance and career development review

All confirmed permanent employees are required to undergo a yearly structured performance appraisal review.

At the start of FY2020, QL implemented a revised performance appraisal system at group level. The performance appraisal evaluation period for all staff has been aligned with QL's financial year. There were two key changes to the revised performance appraisal system:

1. A ratings scale was introduced as the merit guide. This enables a transparent method of evaluating performance and clear differentiation of performing and non-performing employees. It also identifies areas for improvement.
2. The categorisation of ratings in accordance to job level. This enables the people manager to conduct accurate appraisal reflective of the responsibility.

Based on the new appraisal system, the people managers can provide feedback and discuss the performance effectively for impactful reviews. It also provides fair basis for rewards.

Employees have been made aware that the QL reward system is linked to Company performance and individual performance. The performance review outcome of each employee will be used as input to the yearly salary review process and facilitate performance bonus pay out.

The new system aims to cultivate a high performing work culture.

Staff engagement activities

Throughout the year, the respective business pillars carried out various staff engagement activities such as annual dinner, inter-department lunch, townhall and team-building. These activities helped employees to foster better working relationships among the different teams in the business and across the various business pillars.

4.3 GOVERNANCE

4.3.1 Upholding Business Integrity

The Group believes in upholding integrity and ethics in the conduct of its businesses. Integrity is one of our four core values that form the foundation of our business activities; the others being win-win, teamwork and innovation. We do not accept a business if it means putting people at risk or engaging in unethical practices.

We have established a Code of Conduct which is applicable to all employees including the Group's Directors to clearly set out expectations to display the highest levels of professionalism in the conduct of work and dealings with internal and external stakeholders. The Group's Code of Conduct communicates the Group's commitment to practising business ethically towards its stakeholders, including its customers, suppliers, employees, the environment and the community. All employees are given the appropriate induction training on the code and they are required to sign an undertaking to avoid and/or declare situation where there is conflict of interest.

In compliance with Section 17A of the MACC Act 2019, QL has established and published its Anti-Bribery Policy ("ABP") and an updated version of the Whistle-Blowing Policy in June 2020, a copy of which can be found on the QL website at http://ql.com.my/corporate-governance.html. The ABP adopted reflects QL's commitment to uphold integrity and its existing strong stand against bribery and corruption practices in the conduct of our business. Our major suppliers, contractors and other business associates are required to adhere to our anti-bribery policies. QL's ABP also includes the prohibition of facilitation payments, zero-tolerance of any involvement in bribery, clear guidelines on gifts and entertainment, and expenses involving third-party representatives. Reflecting the change under new policies, we had updated the whistle-policy to support the implementation of the policies.

The established whistle-blowing channel allows for the reporting of genuine concerns, about unethical behaviour, malpractices, illegal acts, or failure to comply with regulatory requirements, by employees or stakeholders of the Group without fear of reprisal. It accords protection to the whistle-blower where confidentiality of identity is concerned, as well as against retaliation. Apart from direct access to the Executive Chairman or Group Managing Director, the mechanism also allows for reporting to an alternate independent channel, i.e. the Audit Committee Chairman or the prescribed independent director.

During the financial year under review, there were no whistle-blowing cases reported.

Sustainability Statement

2020 UPM Career Talks with Veterinary Students

Get Together Annual Dinner

Team Building

ILF Annual Dinner in Tawau

MPM Site Annual Dinner

Talent Show Time by Employees

Inter-department lunch with head of business unit

10 years service award

Sustainability Statement

THE EDGE

COVID-19 Pandemic Funds

As of June 19, combined amount

RM25.25 mil

+ 400,000 PIECES OF THREE-PLY MASKS DONATED BY MAPLETREE INVESTMENTS

THE EDGE- COVID-19 EQUIPMENT FUND		
1	The Associated Chinese Chamber of Commerce & Industry Malaysia (ACCCIM)	RM 1,000,000
2	Perdana ParkCity Sdn Bhd	RM 1,000,000
3	Taliworks Corporation Bhd Group	RM 1,000,000
4	Westports Malaysia	RM 750,000
5	Tan Sri Shahril Shamsuddin & Dato' Shahriman Shamsuddin (Sapura)	RM 750,000
6	Anonymous	RM 500,000
7	Dialog Group	RM 500,000
8	ECM Libra Foundation	RM 500,000
9	Magnum Corporation Bhd	RM 500,000
10	Matrix Concepts Holdings Bhd	RM 500,000
11	OSK Foundation	RM 500,000
12	Press Metal Aluminium Holdings Bhd	RM 500,000
13	QL Resources Bhd	RM 500,000
14	YTL Power International Bhd	RM 500,000
15	Tan Sri David Cheng & Datuk Allan Lim (GPL Group Sdn Bhd)	RM 500,000
16	Datuk Seri Nazir Razak	RM 500,000
17	Datuk Tong Kooi Ong (UPP Pulp & Paper (M) Sdn Bhd)	RM 500,000
18	Waz Lian Group	RM 500,000
19	Hiap Teck Venture Bhd	RM 500,000
20	Lee Foundation, States of Malaya	RM 500,000
21	Past & Present Partners of PwC	RM 315,000
22	Batu Kawan Bhd	RM 250,000
23	Datuk Simon Foong & Datin Mina Cheah-Foong (InNature Bhd)	RM 250,000

THE EDGE- COVID-19 HEALTHCARE WORKERS SUPPORT FUN		
1	FWD Group	RM 2,000,000
2	The Associated Chinese Chamber of Commerce & Industry Malaysia (ACCCIM)	RM 1,000,000
3	Hartalega Foundation	RM 1,000,000
4	IJM Corporation Bhd	RM 1,000,000
5	Lee Foundation, States of Malaya	RM 800,000
6	Dialog Group	RM 500,000
7	Magnum Corporation Bhd	RM 500,000
8	Press Metal Aluminium Holdings Bhd	RM 500,000
9	Paramount Corporation Bhd	RM 500,000
10	Affin Hwang Asset Management Bhd	RM 250,000
11	Newfields Group	RM 250,000
12	Rexit Software Sdn Bhd	RM 250,000
13	Westports Malaysia	RM 250,000
14	Tan Sri Shahril Shamsuddin & Dato' Shahriman Shamsuddin (Sapura)	RM 250,000
15	Dato' Teo Chiang Quan & Family	RM 250,000
16	Syarikat Takaful Malaysia Keluarga Bhd	RM 250,000
17	Citi Malaysia	RM 250,000
18	KPMG PLT	RM 150,000
19	Silverlake Axis Sdn Bhd	RM 100,000
20	City Lite Letrik Sdn Bhd	RM 50,000
21	Opus Asset Management	RM 50,000

THE EDGE- COVID-19 EQUIPMENT FUND		
24	Syarikat Takaful Malaysia Keluarga Bhd	RM 250,000
25	Citi Malaysia	RM 250,000
26	Jaya Grocer and Staff	RM 244,010
27	The Edge Communications Sdn Bhd	RM 100,000
28	TSH Resources Bhd	RM 100,000
29	Yvonne Lam	RM 100,000
30	Eco World Foundation	RM 100,000
31	Dewan Perniagaan Tionghua Tawau Sabah	RM 100,000
32	Dr & Mrs Loke Kwong Kheong	RM 100,000
33	BHP Shared Services Malaysia Sdn Bhd	RM 87,260
34	Yu Chee Hoe	RM 50,000
35	Howden Insurance Brokers & Malene Insurance Brokers and their staffs	RM 36,000
36	Kenwingston Sdn Bhd	RM 30,000
37	Brunsfield Engineering Sdn Bhd	RM 30,000
38	GT Tropicana Golf	RM 25,000
39	Lim Ghee Keong	RM 25,000
40	DCD Technology Sdn Bhd	RM 25,000
41	Ng Choon Lee	RM 15,000
42	Suria Kumar	RM 10,888
43	Oh Chong Peng OCP Wai Sek Group	RM 10,000
44	Hitachi eBworx Sdn Bhd	RM 10,000
45	BFM Media Sdn Bhd	RM 10,000
46	Ng Geok Mooi	RM 10,000
47	Sanctuary Health Sdn Bhd	RM 10,000
48	Sreesanthan A/L Elia	RM 10,000
49	Yeoh Boon Lim	RM 10,000
50	Lew KokSin	RM 10,000
51	Java Offshore Sdn Bhd (Asian Geos Sdn Bhd)	RM 10,000
52	Yeoh Boon Lim	RM 10,000
53	Tang Sun Lee	RM 10,000
54	Lian Yi Golf Family and Friends	RM 6,500
55	Nomura Asset Management Malaysia Sdn Bhd	RM 5,000
56	FooYukMeng	RM 5,000
57	Others	RM 89,042
TOTAL		**RM14.71 mil**

THE EDGE- COVID-19 HEALTHCARE WORKERS SUPPORT FUN		
22	Land & General Bhd	RM 30,000
23	GT Tropicana Golf	RM 25,000
24	DCD Technology Sdn Bhd	RM 25,000
25	Lee Foong Yin	RM 20,000
26	Lim Ghee Keong	RM 12,000
27	Oh Chong Peng OCP Wai Sek Group	RM 10,000
28	Ong Liang Heng	RM 10,000
29	Superlon Worldwide Sdn Bhd	RM 10,000
30	Liu Lee, Hsiu-Lin	RM 10,000
31	Paulian Class of 1990	RM 10,000
32	Lian Yi Golf Family and Friends	RM 6,880
33	Sreesanthan A/L Elia	RM 5,000
34	Nomura Asset Management Malaysia Sdn Bhd	RM 5,000
35	Foo Yuk Meng	RM 5,000
36	Others	RM 202,428
TOTAL		**RM 10.54mil**

Corporate Governance Overview Statement

The Board of Directors of QL Resources Berhad is pleased to present this Corporate Governance ("CG") Overview Statement to provide shareholders and investors with an overview of the CG practices of the Company during the financial year ended 31 March 2020. This overview takes guidance from the three key principles as set out in the Malaysian Code on Corporate Governance 2017 ("MCCG").

To ensure the Company continues to adopt the best CG practices, the Board conducts annual reviews of its practices with reference to the MCCG. This review was conducted in May 2019 and subsequently in June 2020 where the Board reviewed the Gap Analysis Report on the departures and plans to apply them.

As at 31 March 2020, the Company applied/adopted 32 out of the total of 36 recommended practices in the MCCG 2017. The explanations on departures were disclosed in the CG Report.

This statement is to be read together with the CG Report of the Company. The Company's detailed application of each practice is disclosed in the CG Report which is available on QL's website: http://ql.com.my/corporate-governance.html.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

The Board is responsible for formulating and reviewing the Group's strategic plans and key policies, and charting the course of the Group's business operations whilst providing effective oversight of the Management's performance, risk assessment and controls over business operations. The Board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives.

In setting the strategic direction, the Board ensures that there is an appropriate balance between promoting long-term growth and delivering short-term objectives, and to be in line with QL's vision and mission statements. In order to ensure orderly and effective discharge of the above functions and responsibilities of the Board, the Board delegates specific responsibilities to the relevant Board Committees, Executive Chairman and the Group Managing Director ("GMD"), all of which have their terms of reference to govern their respective scopes and responsibilities.

The members of the Board and Board Committees have discharged their roles and responsibilities in financial year 2020, through their attendance at the meetings of the Company as set out in the table below:-

	Board of Directors	Audit Committee	Risk Management Committee	Nominating Committee	Remuneration Committee
Executive Directors					
Dr. Chia Song Kun (Executive Chairman)	6/6	—	4/4	—	—
Chia Song Kooi (Group Managing Director)	6/6	—	4/4	—	—
Chia Seong Pow	6/6	—	—	—	—
Chia Song Swa	6/6	—	—	—	—
Chia Lik Khai	6/6	—	—	—	—
Alternate Directors					
Chia Seong Fatt	6/6	—	—	—	—
Chia Mak Hooi	6/6	—	—	—	—
Cheah Juw Teck	6/6	—	—	—	—
Independent Non-Executive Directors					
Chieng Ing Huong, Eddy[1]	3/4	2/3	2/2	4/4	2/2
Tan Bun Poo, Robert	6/6	5/5	4/4	5/5	2/2
Prof. Datin Paduka Setia Dato' Dr. Aini Binti Ideris[2]	5/6	4/5	3/4	—	—
Kow Poh Gek	6/6	5/5	4/4	5/5	2/2
Chan Wai Yen, Millie	6/6	5/5	4/4	—	—
Cynthia Toh Mei Lee	6/6	5/5	4/4	—	—
Low Teng Lum[3]	2/2	2/2	2/2	1/1	—

Notes:

[1] He could not attend one of the meetings due to other commitments. Subsequently, retired as Senior Independent Director, Chairman of Audit, Nominating, Remuneration and Risk Committee on 29 August 2019.

[2] She could not attend one of the meetings due to official meeting overseas.

[3] Appointed as Independent Director, Audit, Nominating, Remuneration and Risk Committee member on 30 August 2019.

The positions of Chairman and GMD are held by different individuals with clear division of responsibilities to ensure a balance of authority and power. Their roles and responsibilities are defined in the Board Charter of QL. It also sets out the roles and responsibilities of the Board, the Individual Directors as well as the Senior Independent Director.

In August 2019, the Board also reviewed and approved the amendments to the Board Charter whereby the service of the Independent Director should not exceed a cumulative term limit of 9 years. Further details pertaining to the Board Charter and Code of Conduct are set out in the CG Report. However, in view of the Movement Control Order arising from COVID 19, the Board has upon recommendation of the Nominating Committee extended Mr Tan Bun Poo, Robert's term as a Director and Chairman of the Board Committees by 1 month to 30 June 2020.

Corporate Governance Overview Statement

The Directors have ready and unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duty effectively. The Company Secretary is qualified to act under the Companies Act 2016.

II. Board Composition

On 30 August 2019, Mr. Low Teng Lum was appointed as Independent Non-Executive Director in placed of Mr. Chieng Ing Huong whom retired on 29 August 2019 after serving for 17 years. Mr. Low was also appointed as a member of Audit, Nominating, Remuneration and Risk Committee.

Subsequent to the financial year 2020, on 30 June 2020, Mr. Tan Bun Poo, Robert resigned as Independent Non-Executive Director after serving for 9 years and Mr. Low Teng Lum was then appointed as Chairman of Audit, Nominating, Remuneration and Risk Committee.

On 1 July 2020, Mr. Wee Beng Chuan was appointed as an Independent Non-Executive Director and as a member of Audit, Nominating, Remuneration and Risk Committee.

The Board still comprised of six Independent Non-Executive Directors, five Executive Directors and three Alternate Directors to Executive Directors. Of the six Independent Directors, four were women. With the current composition, the Board feels that its members have the necessary knowledge, experience, requisite range of skills and competence to enable them to discharge their duties and responsibilities effectively.

The Board through its Nominating Committee conducts an annual review of its size and composition, mix of skills, experience, assessment of Independent Directors, succession plans, and boardroom diversity; oversees training courses for Directors and other requisite qualities of Directors, as well as the annual assessment of the effectiveness of the Board as a whole, its Committees and the performance, commitment, ability and contribution of each individual Director.

The Nominating Committee met five times during the financial year to review and assess on the following:

- appointing additional Independent Non-Executive Director;
- terms of reference of Nominating Committee and Board diversity policy;
- succession planning and gaps in skill for the Board and Board Committees;
- Board, individual Directors, Committee's evaluation and Independent Directors Self-evaluation; and
- trainings attended by Directors.

During the financial year ended 31 March 2020, the training programmes, seminar and briefings attended by Directors were as follows:

Name	Seminar/Course	Organiser
Dr. Chia Song Kun	Sustainability-Inspired Innovations: Enablers of the 21st Century	Bursa Malaysia Berhad ("Bursa Malaysia")
Mr. Chia Song Kooi	Annual and Sustainability Reports	Malaysian Institute of Corporate Governance
	Sustainability-Inspired Innovations: Enablers of the 21st Century	Bursa Malaysia
	2020 Global Investment Outlook	HSBC Bank Malaysia Berhad
Mr. Chia Seong Pow	Key Amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad relating to Continuing Disclosure Obligations and Other Amendments	COSPEC Management Services Sdn. Bhd. ("COSPEC")
	Corporate Governance & Anti-Corruption	Bursa Malaysia

Name	Seminar/Course	Organiser
Mr. Chia Seong Fatt	Broiler Nutrition Master Class 2019	Elanco Malaysia
Mr. Chia Song Swa	USACC2019: S.E. ASIA U.S. Agricultural Cooperators Conference	U.S. Grains Council
Mr. Chia Mak Hooi	Key Amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad relating to Continuing Disclosure Obligations and Other Amendments	COSPEC
	5th Broiler Division Conference	QL in-house training
Mr. Cheah Juw Teck	Culture-Proofing Organisations in the Digital Era: Creating the Right Culture for Sustainable Growth	The Iclif Leadership and Governance Centre
Mr. Chia Lik Khai	Industry 4.0 Roundtable	A.T. Kearney, Ekuinas and MDEC
Mr. Chieng Ing Huong, Eddy	Eddy retired as Director including all the positions held in the Board Committees with effect from 29 August 2019.	
Mr. Tan Bun Poo, Robert	BizConference Beyond Financing – Halal Chapter	Ambank
	Related Party Transactions	CKM Advisory Sdn. Bhd./Ambank
	Anti Money Laundering	International Compliance/Training Academy-Ambank
	Malaysia Financial Services Industry Conference 2019	Deloitte/MIBA/IBFC
	2019 Human Capital Trends	Deloitte
	Cyber Security Awareness	FireEye Inc/Ambank
	Business Model and Technology Disruptions	Professor Kamal Munir/Ambank
	Khazanah Conference MegaTrends	Khazanah
	Section 17A MACC (Amendment Act) 2018	MACC
	Section 17A MACC (Amendment Act) 2018	Shook Lin & Bok/Ambank
	2020 Budget/Tax	PWC/Amcorp Properties Bhd
	MFRS 16 – Leases	MIA
Prof. Datin Paduka Setia Dato' Dr. Aini Binti Ideris	QS WorldClass 2019: One Health: University-Industry Collaboration in Medical Technology and Beyond	City University of Hong Kong
	World Veterinary Poultry Association Conference (WVPAC) 2019 & Bureau Meeting	Wild Blue Congress Organizer
	World Veterinary Poultry Association Malaysia Seminar: Respiratory and Immunosuppressive Diseases: A Fatal Attraction	UPM
	11th International Fundamental Science Congress (iFSC2019)	UPM
	3rd International Scientific Conference: Safe and Healthy Diets for a Zero Hunger World	Bangladesh Agricultural Research Council

Corporate Governance Overview Statement

Name	Seminar/Course	Organiser
Ms. Kow Poh Gek	Key Amendments to Listing Requirements arising from the Companies Act 2016	COSPEC
	Key Amendments to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad relating to Continuing Disclosure Obligations and Other Amendments	COSPEC
	Case Study Workshop for Independent Directors	Securities Industry Development Corporation
	Executive Talk on Integrity & Governance: The Corporate Liability Provision, The "Adequate Procedures" & The Implementation of the National Anti-Corruption Plan	The Malaysian Institute of Integrity
	Securities Commission Audit Oversight Board Conversation with Audit Committees	Securities Commission Malaysia
	Corporate Liability on Corruption Malaysian Anti-Corruption Act 2009 (Amended 2018)	COSPEC
Ms. Chan Wai Yen, Millie	Sustainability-Inspired Innovations: Enablers of the 21st Century	Bursa Malaysia
	Financial Language in the Boardroom: Mastering Financial Reporting & Analysis for Non-Finance Directors or Members new to the Board of Directors	Institute of Corporate Directors Malaysia
	Raising Defences: Section 17A, MACC Act	The Iclif Leadership and Governance Centre
Ms. Cynthia Toh Mei Lee	Corporate Governance & Anti-Corruption	Bursa Malaysia
	Key Disclosure Obligations of a Listed Company – Financial Reporting	CKM Advisory Sdn. Bhd.
Mr. Low Teng Lum	Executive Talk Integrity & Governance: The Corporate Liability Provision, The "Adequate Procedures" & The Implementation of the National Anti-Corruption Plan (NACP)	Institut Integriti Malaysia
	Securities Commission Audit Oversight Board Conversation with Audit Committees	Securities Commission Malaysia
	Asean Sustainable Development Summit 2019	Asian Strategy & Leadership Institute (Asli)

Further details on the activities of the Nominating Committee are set out in the CG Report.

III. Remuneration

The Board reviewed and approved the Board Remuneration Policy. It is designed to provide the remuneration packages necessary to attract, retain and motivate Directors of the quality required to manage the business of the Company. The remuneration packages of the Executive Directors are structured to commensurate with the experience, knowledge and professional skills of the Executive Directors and are also structured so as to link rewards with corporate and individual performance.

In line with MCCG practices, the Board had, in its Board meeting held in July 2018, established a remuneration policy for Directors and Senior Management.

The Group remains committed in ensuring that we attract, retain and develop the best talents in the industry. The Talent Management and Learning Development process who we partnered with in 2016 continues until today.

The remuneration breakdown of individual Directors which includes fees, salary, bonus, benefits-in-kind and other emoluments for the financial year 2020 is set out below:

Executive Directors	Salary (RM'000)	Bonus (RM'000)	Directors' Fees (RM'000)	Allowance (RM'000)	Benefits-in-kind (RM'000)	Total* (RM'000)
Dr. Chia Song Kun	1,537	1,914	157	–	23	3,631
Chia Song Kooi	984	1,179	245	1	35	2,444
Chia Seong Pow	766	594	173	1	21	1,555
Chia Song Swa	592	559	120	–	35	1,306
Chia Lik Khai	550	341	96	–	35	1,022
Alternate Directors						
Chia Seong Fatt	760	731	138	–	28	1,657
Chia Mak Hooi	595	566	62	–	24	1,247
Cheah Juw Teck	633	1,309	89	13	–	2,044
Independent Non-Executive Directors						
Chieng Ing Huong, Eddy (retired as Director on 29 August 2019)	–	–	50	4	–	54
Tan Bun Poo, Robert (resigned as Director on 30 June 2020)	–	–	108	7	–	115
Prof. Datin Paduka Setia Dato' Dr. Aini Binti Ideris	–	–	90	5	–	95
Kow Poh Gek	–	–	90	7	–	97
Chan Wai Yen, Millie	–	–	90	6	–	96
Cynthia Toh Mei Lee	–	–	90	6	–	96
Low Teng Lum (appointed as Director on 30 August 2019)	–	–	53	2	–	55

Note:
- *Directors' fees include amounts received from QL and its subsidiaries.*
- *Allowance include meeting allowance and general allowance received from QL and its subsidiaries.*
- *Benefits-in-kind include car, private mileage, petrol and driver received from QL and its subsidiaries.*

* *Total remuneration is excluding EPF*

Corporate Governance Overview Statement

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee ("AC")

The AC comprised six Independent Non-Executive Directors. The AC is chaired by an Independent Non-Executive Director.

In the annual assessment on the suitability, objectivity and independence of the external auditors, the AC is guided by the factors as prescribed under Paragraph 15.21 of the Main Market Listing Requirements as well as obtaining declaration of independence from the external auditors.

II. Risk Management and Internal Control

The Board fulfils its responsibilities in the risk governance and oversight functions through its Risk Management Committee ("RMC") in order to manage the overall risk exposure of the Group. The RMC assessed and monitored the efficacy of the risk management controls and measures taken, whilst the adequacy and effectiveness of the internal controls were reviewed by the AC in relation to internal audit function for the Group.

In November 2017, RMC was set up comprising of a majority of Independent Non-Executive Directors supported by Risk Management Unit which comprise of Executive Committee members, Head of Financial Reporting & Investor Relations and Risk Management Manager.

In February 2020, the RMC reviewed the Anti-Bribery Framework. The revised Whistleblowing Policy and Anti Bribery Policy were subsequently approved by the Board and are available on QL's website.

The Board is of the view that the risk management and internal control systems that are in place is adequate and effective to safeguard shareholders' investment and the Group's assets, and the interest of customers, employees and other stakeholders. The details of the Risk Management and Internal Control framework are set out in the Statement on Risk Management and Internal Control of this Annual Report.

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

I. Communication with Stakeholders

The Company recognises the importance of communicating with its shareholders and does this through the Annual Report, Annual General Meeting ("AGM"), press conferences and announcements via Bursa Malaysia Securities Berhad to enable comprehensive, timely and accurate disclosures on the Group to the regulators, shareholders and other stakeholders. The Company has set up a website to facilitate dialogue with its investors and shareholders with the intention of giving investors and shareholders a clear and complete picture of the Company's performance and position, its policies on governance, the environment and social responsibilities.

Furthermore, QL's investor relations activities serve as an important communication channel with shareholders, investors and the investment community, both in Malaysia and internationally.

The Board aims to present a balanced and understandable assessment of the Company's and the Group's position and prospects in the various financial and non-financial information to shareholders, investors and regulatory authorities. As such, the Board will consider various approaches to develop a strategic corporate reporting standard.

II. Conduct of General Meeting

The AGM is the principal forum for dialogue between the Company and its shareholders and investors. At the AGM, the Board briefs shareholders on the status of the Group's businesses and operations. The GMD presents to the meeting the overall performance of the Group. The shareholders are given the opportunity to raise questions on the Group's activities and prospects as well as to communicate their expectations and concerns to the Company. Extraordinary General Meetings are held as and when shareholders' approvals are required on specific matters.

The voting at the 22nd AGM was conducted through electronic voting system. The Company is exploring on leveraging technology to enhance the quality of engagement with its shareholders and facilitate further participation by shareholders at the AGMs of the Company.

The Board has deliberated, reviewed and approved the Corporate Governance Overview Statement on 4 August 2020.

Audit Committee Report

The Audit Committee was established on 15 January 2000 by the Board of Directors to assist the Board in its oversight of the Company's financial reporting and, in fulfilling its fiduciary responsibilities relating to internal control. The Audit Committee is guided by its Terms of Reference as set out in the Company's website.

MEMBERSHIP

The Audit Committee during the financial year comprise the following members, all of whom are Independent Non-Executive Directors:

Tan Bun Poo, Robert	Chairman/Independent Non-Executive Director
Prof. Datin Paduka Setia Dato' Dr. Aini Binti Ideris	Member/Independent Non-Executive Director
Kow Poh Gek	Member/Independent Non-Executive Director
Chan Wai Yen, Millie	Member/Independent Non-Executive Director
Cynthia Toh Mei Lee	Member/Independent Non-Executive Director
Low Teng Lum	Member/Independent Non-Executive Director

During the financial year, the Board appointed Mr. Tan Bun Poo, Robert as the Chairman of the Audit Committee, a member of the Malaysian Institute of Accountants, in place of Mr. Chieng Ing Huong, Eddy, who retired from the Board at last year's AGM, and appointed Mr. Low Teng Lum as a new member of the Audit Committee on 30 August 2019.

With three (3) Audit Committee members being members of the Malaysian Institute of Accountants, the Company meets the requirement of Paragraph 15.09 (1)(c)(i) of the Listing Requirements.

ATTENDANCE AT MEETINGS

During the financial year, the Committee held a total of five (5) meetings. Details of attendance of the Committee members are as follows:

Name of member	Number of meetings attended
Tan Bun Poo, Robert	5/5
Prof. Datin Paduka Setia Dato' Dr. Aini Binti Ideris	4/5
Kow Poh Gek	5/5
Chan Wai Yen, Millie	5/5
Cynthia Toh Mei Lee	5/5
Low Teng Lum	* 2/2

* Mr. Low Teng Lum was appointed on 30 August 2019.

The Executive Chairman, Group Managing Director, Finance Director, Head of Financial Reporting and Investor Relations, Chief Financial Officer and Risk Management Manager were present by invitation in all the meetings. The Secretary to the Committee is the Company Secretary.

In the financial year under review, the Audit Committee held two (2) meetings with the External Auditors without the presence of the executive board members and management, to allow the auditors to discuss any issues arising from the audit assignment or any other matter, which the External Auditors wish to highlight.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (AC):

In accordance with the terms of reference of the AC, the following were the activities undertaken by the AC during the financial year:-

A) FINANCIAL STATEMENTS AND CORPORATE GOVERNANCE

1. Reviewed and recommended the Quarterly and Annual Financial Statements of the Company and Group (including announcements to Bursa) for the Board's approval, focusing particularly on:

    - the appropriateness and relevance of accounting policies and practices adopted and their application;
    - any significant changes to the basis of preparation of the financial statements or new accounting standards adopted during the year which impacted the results or financial position of the Group;
    - the compliance with financial reporting standards and other regulatory or legal requirements;
    - amendments to the Main Market Listing Requirements and Companies Act 2016, if any;
    - disclosure of related party transactions; and
    - significant accounting matters involving management's judgments or estimates, unusual events or transactions during the year or subsequent to year-end.

2. Reviewed recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations in the ordinary course of business of the Company and its subsidiaries to ascertain that, these transactions were undertaken on normal commercial terms and within the mandate given by shareholders.

3. Reviewed and recommended to the Board approval the Circular to Shareholders in respect of the proposed shareholders' mandates for recurrent related party transactions and proposed new mandates for additional recurrent related party transactions of revenue or trading nature.

4. Reviewed non-recurrent related party transactions to ascertain that it was undertaken at arm's length and was in the best interest of the Company.

5. Reviewed and recommended the Statement on Corporate Governance, AC Report and Statement on Risk Management and Internal Control, to the Board for approval.

6. Reviewed the Terms of Reference of the AC.

7. Reviewed and approved changes in the Non-Audit Services Policy.

Audit Committee Report

B) EXTERNAL AUDIT

1. Reviewed with the External Auditors: -

    - The audit plan, audit strategy and scope of work, especially on areas identified for audit focus for the year;
    - The audit adjustments and issues arising from their annual audit, including their comments on the Group's financial reporting and internal accounting control;
    - The audit report and key audit matters highlighted for inclusion therein and the audit process in addressing them; and
    - The Group's financial reporting process including consolidation.

2. Assessed the objectivity, and independence of the External Auditors in carrying out their audit during the financial year and this included their appointment for non-audit services.

3. Evaluated the performance and competency of the External Auditors and recommended their re-appointment to the Board of Directors.

4. Met with the External Auditors on 30 May 2019 and 27 February 2020 without the presence of the Executive Directors and Management, to review any concerns/issues affecting their audit, including the level of cooperation rendered by Management relating to their access to financial information and accounting records.

5. Reviewed and recommended the appointment of the Company's External Auditors for the provision of non-audit services, after assessing and considering the following:-

    - The nature of the non-audit provided services by the external auditors or its affiliates and fees paid for such services relative to the audit fee;
    - The scope of work as required are permitted under the Malaysian Institute of Accountants By-Laws; and
    - The services would not impair their independence or there were safeguards against threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the external auditors.

C) INTERNAL AUDIT

1. Reviewed the Annual Internal Audit Plan which included the methodology, manpower requirement and proposed internal audit activities planned.

2. Reviewed the overall performance of the outsourced internal auditor to ensure their effectiveness in meeting audit objectives and professional standards.

3. Reviewed and deliberated the internal audit findings and observations arising from planned and ad-hoc audit and considered their recommendation to Management for improvement in internal control process.

4. Discussed with Internal Auditor pertaining to follow-up review and corresponding corrective actions taken by Management on audit issues to ensure that all the key risks and control lapses have been addressed.

INTERNAL AUDIT FUNCTION

The Company outsourced its internal audit function to an independent professional consulting firm and, they together with the Group's designated Risk Management Manager, are tasked to provide assurance to the AC and the Board on the adequacy and effectiveness of the internal control systems and risk management processes in the Company and its subsidiary companies. The internal audit also acts as a source to assist the AC and the Board in strengthening and improving management and operational control in pursuit of best practices.

The internal audit is risk-based and has incorporated the Group's identified risks focusing on those which would have most impact to the business objectives of the Group. Among the focused areas were revenue and operational cost control management, including internal accounting control and regulatory compliance.

Activities

The activities undertaken by the internal auditors are in conformance with the International Professional Practice Framework (IPPF) on Internal Auditing issued by the Institute of Internal Auditors (IIA).

The internal audit function provided the AC independent and objective reports on the state of internal control of the various operating business units within the Group on a quarterly basis, and the extent of compliance with the Group's established policies and procedures as well as relevant statutory requirements. Significant issues were identified and discussed with Management and proposed remedial actions were deliberated and monitored.

A summary of work of the internal audit function for the financial year ended 31 March 2020 is as follows:

a) Formulated the internal audit plan and presented the audit plan for the AC's review and approval.

b) Executed the internal audit reviews covering the following business processes or areas in accordance with the approved audit plan:-

- Revenue control management, which involved assessing the adequacy of controls over sales management, price setting, and credit control management.
- Cost control management, which involved assessing the adequacy of controls over procurement, inventory management, and asset management.
- Operational and compliance control management, which involved assessing the adequacy of controls over information technology, halal compliance, warehouse control, and retail operations.

c) Reported to the AC every quarter the audit findings, audit observations and recommendations for improvements.

d) Followed up on remaining actions taken by Management.

Audit Fees

During the financial year ended 31 March 2020, the total cost incurred for the internal audit function was RM132,000.

Statement on Risk Management and Internal Control

BOARD'S RESPONSIBILITIES

The Board of Directors ("The Board") acknowledges their responsibility in maintaining a sound system of internal control covering financial and operational controls, compliance and risk management to safeguard shareholders' investments and the Group's assets.

There is an on-going review process by the Board to ensure the adequacy and integrity of the risk management and internal control system in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers. However, the Board recognises the review of the Group's system of risk management and internal controls is a concerted and continuous process, designed to manage rather than eliminate the risk of failure to achieve business objectives. As such, internal controls can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has received assurance from the Executive Committee that the Group's risk management and internal control system is adequate and operates effectively, in all material aspects. The Executive Committee consists of the Executive Chairman, Group Managing Director, Executive Directors and Heads of Business Units.

RISK MANAGEMENT

The Board has put in place an Enterprise Risk Management ("ERM") framework, in accordance with the Malaysian Code on Corporate Governance 2017, to ensure that there is an on-going process of identifying, evaluating, and managing significant business risk exposure. The Group's ERM framework aims to facilitate the execution of strategic business action to achieve the Group's vision of being a preferred global agro-based enterprise, by implementing relevant controls or translating the principal risks of the business into upside opportunities.

The Group's ERM framework is based on the internationally recognised COSO (Committee of Sponsoring Organizations). Risk factors are incorporated into the risk register and individually rated as High, Significant, Moderate or Low risk. The rating process is guided by a matrix of 'possibility of likelihoods' and the associated 'consequences', of which both financial and non-financial consequences are duly considered. Thereafter, owners of these risk factors will drive the implementation of risk mitigation measures towards achieving a residual risk that is within the acceptable tolerance.

Management is accountable to the Board for risk management and internal control and has implemented processes to identify, evaluate, monitor and report risks and to design and implement relevant controls in response to the risks. For this, a Risk Management Unit ("RMU") and a Risk Management Committee ("RMC") have been established by the Group.

Board of Directors

Risk Management Committee

Audit Committee
Executive Chairman
Group Managing Director

Risk Management Unit

Executive Chairman
Executive Committee
Chief Financial Officer
Group Risk Management Manager

Risk Reporting Structure at QL

Risk Management Unit

The Risk Management Unit ("RMU") of QL Resources Berhad comprises the Executive Committee, Chief Financial Officer, Group Risk Management Manager, and is chaired by Executive Chairman. The RMU undertakes the following responsibilities:

- To communicate board vision, strategy, policy, responsibilities, and reporting lines to all employees across the Group;
- To identify and communicate to the RMC the critical risks (present or potential) the Group faces, their changes, and the management action plans to manage the risks; and
- To perform risk oversight and review risk profiles (Company and the Group) and organisational performance.

Risk Management Committee

The members of the Risk Management Committee ("RMC") comprises a majority of Independent Non-Executive Directors appointed by the Board of Directors. The RMC is responsible for amongst others:

- To create a high-level risk strategy policy aligned with the Company's strategic business objectives;
- To perform risk oversight and review risk profiles (Company and the Group) and organisational performance; and
- To provide guidance to the business unit's risk appetite and capacity, and other criteria, which, when exceeded, trigger an obligation to report upward to the Board.

Statement on Risk Management and Internal Control

The Group has a Risk Management Department ("RM"), led by the Group Risk Management Manager. The RM facilitates and supervises the implementation of the ERM framework and processes by the respective business units. The RM reports functionally to the RMC and RMU.

During the financial year under review, the Group's activities were exposed to the following principal risks:

- COVID-19 Pandemic

  Since the Government enforced a Movement Control Order (MCO) on 18 March 2020, the RMU has been embarking on weekly meetings and closely monitoring the impact of COVID-19 on the Group's operations. Being a food producing company, falling under the category of essential services, QL has assured sufficient food supplies for our customers and adhered to the standard operating procedure (SOP) set by the Government. The priority is to ensure the health and safety of our employees and customers.

- Operational Risk

  The Group's policy is to assume operational risks that are manageable within its core business competencies. The operational risk management ranges from disease outbreak, power failure, fire breakout, food contamination, halal issues and environmental risks. The management of the Group's day-to-day operational risks are mainly decentralised at the respective business unit level and guided by standard operating procedures (SOPs).

- Financial Risk

  The Group is exposed to various financial risks relating to foreign currency exchanges and credit risks. These financial risks are mitigated through internal control processes and constant monitoring.

- Information Technology Risk

  The Group is exposed to various information technology risks. This includes potential risks such as network security risk, data protection risk and cybersecurity risk. These risks are mitigated through regular information technology risk assessment and relevant action plans. The Management is wary of cybersecurity risk and the framework has been prepared. The Group is in the process of implementing the Cybersecurity Framework.

The key aspects of the risk management process are as follows:

- The Group Risk Management Manager coordinates the periodic review of risk registers which are carried out to assess changes in the Environmental, Social, Governance (ESG) that could significantly impact the Group and its key risks.

- Heads of Business Units undertake to update their risk profiles' worksheet on a quarterly basis.

- The risk profiles' worksheet, control procedures and status of action plans are reviewed for efficacy on a periodic basis by the Group Risk Management Manager together with the Heads of Business Units.

- On a quarterly basis, a risk management report summarising the high and significant risks and status of action plans is presented to the RMC and RMU for review, deliberation and recommendation for endorsement by the Board of Directors.

Enterprise Risk Management refresher trainings were conducted separately by third party facilitators and Group Risk Management Manager during the financial year as part of the ERM awareness enhancement activity. Going forward, the RMC and RMU will continuously deliberate the following to further strengthen the existing risk management controls within the Group:

- Key risks highlighted in the Risk Management Report will be used in developing internal audit plans.
- The Group Risk Management Manager will conduct an annual review of the ERM framework and its processes.
- The documented standard operating policies and procedures to ensure compliance with internal controls, laws and regulations, will be subjected to regular reviews and improvement.
- Enhance Crisis Management to handle disruptive incidents and effectively ensure a structural recovery that safeguards the interests of its stakeholders, as well as to protect the credibility and reputation of QL.
- Taking into cognizance Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 that has come into force on 1st June 2020, the Group has commissioned a consultant to assist management in reviewing and strengthening our Group's existing policies on anti-bribery and corruption, in particular to ensure adequate procedures are in place to further mitigate risks of bribery and corruption.

INTERNAL CONTROL PROCESS

The key elements of the Group's internal control processes are summarised as follows:

- The Board, Audit Committee, RMC and RMU meet on a quarterly basis to discuss strategic, operational, risk and control matters raised by the Management, Internal Audit and external auditors.
- The Board has delegated its responsibility to several committees and to the Management of the Company to implement and monitor designated tasks.
- The authority limits delineate authorisation limits for various levels of management and matters reserved for collective decision by the Board to ensure proper identification of accountabilities and segregation of duties.
- SOPs are revised to meet the operational requirement, the business and statutory reporting needs when necessary.
- Performance reports are provided to the Executive Committee and the Board for review and deliberation.
- A whistle-blower policy is in place and anyone who has a genuine concern on detrimental actions or improper conduct may raise it using the confidential channels laid out in the policy which is available on QL's website.

Statement on Risk Management and Internal Control

- Heads of Business Units present their strategies, annual budgets and capital expenditure proposals to the Executive Committee and the Board for deliberation and approval.

- The review of strategy and annual budget is undertaken by Management on half-yearly basis.

INTERNAL AUDIT

Internal audit function was carried out by an independent professional consulting firm. Scheduled internal audits are carried out based on audit plan approved by the Audit Committee. The internal audit reports, summarising the observations of control weaknesses, recommendations for improvement and Management responses were presented to the Audit Committee on a quarterly basis. These findings were deliberated together with Management at the Audit Committee Meetings. The Audit Committee assessed the overall adequacy and effectiveness of the system of internal controls of the Group and reports to the Board of Directors, in particular, the matters relating to significant risks and the necessary recommendations for changes.

For the financial year under review, the internal audit's scope covered the following based on the approved audit plan:

- Revenue control management, which involved assessing the adequacy of controls over sales management, price setting, and credit control management.
- Cost control management, which involved assessing the adequacy of controls over procurement, inventory management, and asset management.
- Operational and compliance control management, which involved assessing the adequacy of controls over information technology, halal compliance, warehouse control, and retail operations.

CONCLUSION

The Board is of the view that the risk management and internal control systems that are in place for the year under review and up to the date of approval of this statement, is adequate and effective to safeguard shareholders' investment and the Group's assets.

There have been no significant breakdowns or weaknesses in the system of internal control of the Group for the financial year under review. The Group continues to take the necessary measures to ensure that the system of internal control is in place and functioning effectively.

The Group's system of internal control applies to QL Resources Berhad and its subsidiaries. Associated companies have been excluded because the Group does not have full management and control over them. However, the Group's interest is served through representations on the boards of the respective Associated companies.

This Statement on Risk Management and Internal Control was approved by the Board on 4 August 2020.

Additional Compliance Information

OTHER INFORMATION

(a) Recurrent Related Party Transactions (RRPT) of revenue nature

The shareholders of the Company approved the Proposed Renewal of Shareholders' Mandate for RRPT of a revenue or trading nature during its AGM held on 29 August 2019.

The Company is also seeking shareholders' approval to renew the Shareholders' Mandate for RRPT in the forthcoming AGM. The details of the RRPT entered into or to be entered by the Company or its subsidiaries with related parties are included in the Circular/Statement to Shareholders.

(b) Share Buy Back

The shareholders of the Company approved the Proposed Renewal of Share Buy Back Authority during its AGM held on 29 August 2019.

The Company is also seeking shareholder approval to renew the Share Buy Back Authority in the forthcoming AGM. The details of the Share Buy Back are included in the Circular/Statement to Shareholders.

(c) Audit fees and Non-audit fees

The amount of audit fees and non-audit fees of the external auditors, for the financial year ended 31 March 2020 were as follows:-

	Audit fees		Non-audit fees	
	Group RM'000	**Company RM'000**	**Group RM'000**	**Company RM'000**
KPMG PLT Malaysia	1,323	133	102	102
Local affiliates of KPMG PLT Malaysia	—	—	92	92
Overseas affiliates of KPMG PLT Malaysia	249	—	87	—
Other auditors	445	—	—	—

ADDITIONAL COMPLIANCE INFORMATION

In compliance with Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the following additional information is provided:-

During the financial year under review, there were no:

i) material contracts between the Company and its subsidiaries that involve directors' or major shareholders' interests, except as those disclose on RRPT transactions; and

ii) contract of loans between the Company and its subsidiaries that involve directors' or major shareholders' interests.

Statement of Directors' Responsibility

Directors are required by Companies Act 2016 to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and of the Company at the end of the financial year and of the financial performance of the Group and of the Company for the financial year then ended.

In preparing those financial statements, the Directors have:

- adopted and consistently applied suitable accounting policies;
- made judgements and estimates that are prudent and reasonable;
- ensured applicable financial reporting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared it on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible in ensuring proper accounting records are kept, which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2016. The Directors are also responsible to take such steps to safeguard the assets of the Group and of the Company and hence, the prevention and detection of fraud and other irregularities.

Financial Statements

Directors' Report
For the Year Ended 31 March 2020

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 March 2020.

Principal activities

The Company is principally engaged in investment holding, whilst the principal activities of the subsidiaries are as stated in Note 35 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 35 to the financial statements.

Results

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	239,362	164,337
Non-controlling interests	(395)	—
	238,967	164,337

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in these financial statements.

Dividends

Since the end of the previous financial year, the Company declared on 26 July 2019 and paid on 20 September 2019 a final single tier dividend of 4.50 sen per ordinary share totalling approximately RM73,010,000 in respect of the financial year ended 31 March 2019.

A final single tier dividend recommended by the Directors in respect of the financial year ended 31 March 2020 is 4.50 sen per ordinary share totalling approximately RM73,010,000 subject to the approval of the members at the forthcoming Annual General Meeting of the Company.

Directors of the Company

Directors who served during the financial year until the date of this report are:

Director	Alternate
Dr. Chia Song Kun	
Mr. Chia Song Kooi	
Professor Datin Paduka Setia Dato' Dr. Aini Binti Ideris	
Ms. Kow Poh Gek	
Ms. Chan Wai Yen	
Ms. Cynthia Toh Mei Lee	
Mr. Low Teng Lum (appointed on 30 August 2019)	
Mr. Wee Beng Chuan (appointed on 1 July 2020)	
Mr. Chia Seong Pow ^	Mr. Chia Seong Fatt #
Mr. Chia Song Swa ^	Mr. Chia Mak Hooi #
Mr. Chia Lik Khai ^	Mr. Cheah Juw Teck #
Mr. Chieng Ing Huong (retired on 29 August 2019)	
Mr. Tan Bun Poo (resigned on 30 June 2020)	

^ Resigned as alternate Director on 1 April 2019 and subsequently appointed as Director on 1 April 2019 respectively

Resigned as Director on 1 April 2019 and subsequently appointed as alternate Director on 1 April 2019 respectively

List of Directors of subsidiaries

Pursuant to Section 253(2) of the Companies Act 2016 in Malaysia, the list of Directors of the subsidiaries (excluding Directors who are also Directors of the Company) during the financial year and up to the date of this report is as follows:

Mr. Ahmad Azlam Bin Jikan
Mr. Ang Han Seng
Mr. Cheah Soon Hai
Mr. Cheah Yaw Song
Mr. Chia Che Keng
Mr. Chia Chw Pew
Ms. Chia Juak Sui
Mr. Chia Liek Kuen
Mr. Chia Pei Xun
Mr. Chia Song Phuan
Mr. Chia Song Pou
Mr. Chia Song Kang
Mr. Chia Soon Lai
Mr. Chia Tai Ling
Mr. Chia Teow Guan
Mr. Chua Chye Huat
Mr. Ding Lean Yew
Mr. Heng Hup Peng
Mrs. Juliet Kristianto Liu
Mr. Khoo Ng Hiong

Directors' Report
For the Year Ended 31 March 2020

List of Directors of subsidiaries (continued)

Mr. Kristianto Kandi Saputro
Mr. Lee Kat Choy
Mr. Liew Meow Fook
Mr. Liu Sin
Mr. Mak Weng Kieng
Mr. Noor Azman Bin Nordin
Mr. Saidi Widjaja
Mr. Sim Chin Swee
Mr. Tan Eng Hai
Mr. Tan Gek Len
Mr. Brahanuddin Bin Hussin (appointed on 23 April 2019)
Mr. Chia Jooi Seng (appointed on 1 June 2020)
Ms. Judith Binti Petrus Pilos (appointed on 10 December 2019)
Dr. Cecep Mohammad Wahyudin (resigned on 2 August 2019)

Directors' interests in shares

The interests and deemed interests in the ordinary shares of the Company and of its related companies (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouse and children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.4.2019/ date of appointment	Bought	Sold	At 31.3.2020
Shareholdings in the Company which Directors have direct interests:				
Chia Song Kun	877,500	—	—	877,500
Chia Song Kooi	1,131,000	—	—	1,131,000
Chia Seong Pow	2,560,000	—	—	2,560,000
Chia Song Swa	737,100	—	—	737,100
Chia Lik Khai	1,865,000	85,900	(200,000)	1,750,900
Chia Seong Fatt	631,800	—	—	631,800
Chia Mak Hooi	2,955,270	81,100	(310,000)	2,726,370
Cheah Juw Teck	2,655,715	88,900	(231,800)	2,512,815
Low Teng Lum*	4,000	—	—	4,000

Directors' interests in shares (continued)

	Number of ordinary shares			
	At 1.4.2019/ date of appointment	Bought	Sold	At 31.3.2020
Shareholdings in the Company which Directors have direct interests:				
Chia Song Kun	683,112,848	249,100	(4,368,300)	678,993,648
Chia Song Kooi	3,173,040	300,000	(300,000)	3,173,040
Chia Seong Pow	196,773,031	125,600	(448,300)	196,450,331
Chia Song Swa	2,110,000	400,000	—	2,510,000
Chia Lik Khai	190,320	—	—	190,320
Chia Seong Fatt	194,574,753	129,900	(448,300)	194,256,353
Chia Mak Hooi	475,800	—	—	475,800
Cheah Juw Teck	1,100,000	—	—	1,100,000
Kow Poh Gek	9,230	—	—	9,230
Low Teng Lum*	52,750	18,000	—	70,750

* Mr Low was appointed as Director of the Company on 30 August 2019.

By virtue of his interest in the shares of the Company, Chia Song Kun is also deemed interested in the shares of all subsidiaries disclosed in Note 35 to these financial statements to the extent that the Company has an interest. Details of his deemed shareholdings in non wholly-owned subsidiaries are shown in Note 35.1 to these financial statements.

The other Directors, Tan Bun Poo, Professor Datin Paduka Setia Dato' Dr. Aini Binti Ideris, Chan Wai Yen and Cynthia Toh Mei Lee holding office at 31 March 2020 did not have any interest in the ordinary shares of the Company and of its related companies during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of 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, other than certain Directors who have substantial financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 34 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Report
For the Year Ended 31 March 2020

Issue of shares and debentures

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

There were no debentures issued during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Share buy-back

The shareholders of the Company, by an ordinary resolution passed in the Annual General Meeting held on 29 August 2019, renewed the Company's plan to buy-back its own shares.

There was no share buy-back during the financial year.

Indemnity and insurance costs

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

	Amount paid RM	Sum insured RM
Directors and Officers Liability Insurance	25,000	20,000,000

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

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business 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:

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

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

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

Other statutory information (continued)

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

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

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

No contingent liability or other liability of any company in the Group 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 as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 March 2020 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Subsequent event

The event subsequent to the end of the reporting period is disclosed in Note 38 of the financial statements.

Auditors

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 24 to the financial statements.

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

Chia Song Kun
Director

Chia Song Kooi
Director

Shah Alam

Date: 4 August 2020

Statements of Financial Position

As At 31 March 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Assets					
Property, plant and equipment	3	2,006,422	1,961,370	34	58
Right-of-use assets	4	366,200	—	—	—
Investment properties	5	21,013	21,980	—	—
Prepaid lease payments	6	—	54,122	—	—
Intangible assets	7	10,092	10,416	—	—
Investment in subsidiaries	8	—	—	1,310,633	1,211,786
Investment in associates	9	142,175	138,856	—	—
Deferred tax assets	10	9,621	12,802	—	—
Other receivables	11	15,544	11,851	437,688	302,900
Total non-current assets		2,571,067	2,211,397	1,748,355	1,514,744
Biological assets	12	186,368	184,451	—	—
Inventories	13	496,347	572,845	—	—
Current tax assets		13,541	29,336	—	948
Trade and other receivables	11	415,779	378,054	102,577	112,287
Prepayments and other assets	14	65,603	37,367	1,740	1,411
Derivative financial assets	15	4,929	298	4,547	—
Cash and cash equivalents	16	308,200	261,368	30,051	23,610
		1,490,767	1,463,719	138,915	138,256
Assets classified as held for sale	17	4,545	8,545	—	—
Total current assets		1,495,312	1,472,264	138,915	138,256
Total assets		4,066,379	3,683,661	1,887,270	1,653,000
Equity					
Share capital		620,025	620,025	620,025	620,025
Reserves		1,397,491	1,315,017	316,831	249,703
Equity attributable to owners of the Company	18	2,017,516	1,935,042	936,856	869,728
Non-controlling interests		73,498	79,304	—	—
Total equity		2,091,014	2,014,346	936,856	869,728

Statements of financial position as at 31 March 2020 (continued)

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Liabilities					
Loans and borrowings	19	650,361	590,013	633,523	516,630
Lease liabilities		129,035	—	—	—
Other payables	20	972	498	—	—
Employee benefits	21	8,178	7,357	—	—
Deferred tax liabilities	10	110,060	105,633	—	—
Total non-current liabilities		898,606	703,501	633,523	516,630
Loans and borrowings	19	655,482	596,638	244,682	212,384
Lease liabilities		19,243	—	—	—
Trade and other payables	20	368,114	330,087	67,169	41,232
Contract liabilities	22	13,077	25,704	—	—
Derivative financial liabilities	15	7,834	13,030	4,998	13,026
Current tax liabilities		13,009	355	42	—
Total current liabilities		1,076,759	965,814	316,891	266,642
Total liabilities		1,975,365	1,669,315	950,414	783,272
Total equity and liabilities		4,066,379	3,683,661	1,887,270	1,653,000

The notes on pages 112 to 215 are an integral part of these financial statements.

Statements of Profit or Loss and Other Comprehensive Income

For The Year Ended 31 March 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Revenue					
- sale of goods	23	4,155,826	3,619,053	—	—
- dividend income		112	151	147,025	94,248
		4,155,938	3,619,204	147,025	94,248
Cost of sales		(3,329,762)	(2,932,284)	—	—
Gross profit		826,176	686,920	147,025	94,248
Administrative expenses		(273,625)	(234,779)	(8,541)	(3,548)
Distribution costs		(194,725)	(136,649)	—	—
Other expenses		(34,793)	(48,922)	(261)	(2,772)
Other income		31,376	46,205	14,674	12,588
Results from operating activities	24	354,409	312,775	152,897	100,516
Finance costs	25	(67,029)	(60,699)	(39,227)	(36,224)
Finance income	26	8,781	7,480	50,769	36,973
Share of profits of equity-accounted associates, net of tax		10,778	12,798	—	—
Profit before tax		306,939	272,354	164,439	101,265
Tax expense	27	(67,972)	(46,888)	(102)	(87)
Profit for the year		238,967	225,466	164,337	101,178
Other comprehensive (expense)/income, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(46,665)	6,718	—	—
Share of loss of equity-accounted associates		(2,096)	(1,623)	—	—
Cash flow hedge		(26,424)	(2,341)	(24,199)	(2,229)
Total other comprehensive (expense)/income for the year, net of tax		(75,185)	2,754	(24,199)	(2,229)
Total comprehensive income for the year		163,782	228,220	140,138	98,949

Statements of profit or loss and other comprehensive income for the year ended 31 March 2020 (continued)

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Profit attributable to:					
Owners of the Company		239,362	216,779	164,337	101,178
Non-controlling interests		(395)	8,687	—	—
Profit for the year		238,967	225,466	164,337	101,178
Total comprehensive income attributable to:					
Owners of the Company		167,797	219,155	140,138	98,949
Non-controlling interests		(4,015)	9,065	—	—
Total comprehensive income for the year		163,782	228,220	140,138	98,949
Basic earnings per ordinary share (sen)	28	15	13		

The notes on pages 112 to 215 are an integral part of these financial statements.

Consolidated Statement of Changes In Equity

For The Year Ended 31 March 2020

	Note	Attributable to owners of the Company						
		Non-distributable			Distributable			
		Share capital RM'000	Translation reserves RM'000	Hedging reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group								
At 1 April 2018		620,025	(99,571)	558	1,281,751	1,802,763	78,690	1,881,453
Foreign currency translation differences for foreign operations		—	6,340	—	—	6,340	378	6,718
Share of loss of equity-accounted associates		—	—	(1,623)	—	(1,623)	—	(1,623)
Cash flow hedge		—	—	(2,341)	—	(2,341)	—	(2,341)
Total other comprehensive income/(expense) for the year		—	6,340	(3,964)	—	2,376	378	2,754
Profit for the year		—	—	—	216,779	216,779	8,687	225,466
Total comprehensive income/(expense) for the year		—	6,340	(3,964)	216,779	219,155	9,065	228,220
Contributions by and distributions to owners of the Company								
- Dividend to owners of the Company	29	—	—	—	(73,010)	(73,010)	—	(73,010)
- Dividends to non-controlling interests		—	—	—	—	—	(5,768)	(5,768)
- Acquisition of non-controlling interests	36.3	—	—	—	(13,866)	(13,866)	(2,683)	(16,549)
Total transactions with owners of the Company		—	—	—	(86,876)	(86,876)	(8,451)	(95,327)
At 31 March 2019		620,025	(93,231)	(3,406)	1,411,654	1,935,042	79,304	2,014,346

Group (continued)	Note	Attributable to owners of the Company — Non-distributable Share capital RM'000	Non-distributable Translation reserves RM'000	Non-distributable Hedging reserves RM'000	Distributable Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 31 March 2019		620,025	(93,231)	(3,406)	1,411,654	1,935,042	79,304	2,014,346
Adjustment on initial application of MFRS 16, net of tax		—	—	—	(2,610)	(2,610)	—	(2,610)
At 1 April 2019		620,025	(93,231)	(3,406)	1,409,044	1,932,432	79,304	2,011,736
Foreign currency translation differences for foreign operations		—	(43,045)	—	—	(43,045)	(3,620)	(46,665)
Share of loss of equity-accounted associates		—	—	(2,096)	—	(2,096)	—	(2,096)
Cash flow hedge		—	—	(26,424)	—	(26,424)	—	(26,424)
Total other comprehensive expense for the year		—	(43,045)	(28,520)	—	(71,565)	(3,620)	(75,185)
Profit for the year		—	—	—	239,362	239,362	(395)	238,967
Total comprehensive (expense)/income for the year		—	(43,045)	(28,520)	239,362	167,797	(4,015)	163,782
Contributions by and distributions to owners of the Company								
- Dividend to owners of the Company	29	—	—	—	(73,010)	(73,010)	—	(73,010)
- Dividends to non-controlling interests		—	—	—	—	—	(6,292)	(6,292)
- Acquisition of non-controlling interests	36.1	—	—	—	(9,703)	(9,703)	4,501	(5,202)
Total transactions with owners of the Company		—	—	—	(82,713)	(82,713)	(1,791)	(84,504)
At 31 March 2020		620,025	(136,276)	(31,926)	1,565,693	2,017,516	73,498	2,091,014
		Note 18.1	Note 18.2	Note 18.3				

Statement of Changes In Equity
For The Year Ended 31 March 2020

		Attributable to owners of the Company			
		Non-distributable		Distributable	
	Note	Share capital RM'000	Hedging reserves RM'000	Retained earnings RM'000	Total equity RM'000
Company					
At 1 April 2018		620,025	(1,486)	225,250	843,789
Cash flow hedge		—	(2,229)	—	(2,229)
Total other comprehensive expense for the year		—	(2,229)	—	(2,229)
Profit for the year		—	—	101,178	101,178
Total comprehensive (expense)/income for the year		—	(2,229)	101,178	98,949
Distribution to owners of the Company					
- Dividend to owners of the Company	29	—	—	(73,010)	(73,010)
Total transactions with owners of the Company		—	—	(73,010)	(73,010)
At 31 March/1 April 2019		620,025	(3,715)	253,418	869,728
Cash flow hedge		—	(24,199)	—	(24,199)
Total other comprehensive expense for the year		—	(24,199)	—	(24,199)
Profit for the year		—	—	164,337	164,337
Total comprehensive (expense)/income for the year		—	(24,199)	164,337	140,138
Distribution to owners of the Company					
- Dividend to owners of the Company	29	—	—	(73,010)	(73,010)
Total transactions with owners of the Company		—	—	(73,010)	(73,010)
At 31 March 2020		620,025	(27,914)	344,745	936,856
		Note 18.1	Note 18.3		

Statements of Cash Flows

For The Year Ended 31 March 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Cash flows from operating activities					
Profit before tax		306,939	272,354	164,439	101,265
Adjustments for:					
Amortisation of intangible assets	7	227	199	—	—
Amortisation of investment properties	5	967	967	—	—
Amortisation of prepaid lease payments	6	—	1,636	—	—
Change in fair value of biological assets	12	493	(20,024)	—	—
Depreciation of property, plant and equipment	3	164,929	156,875	24	37
Depreciation of right-of-use assets	4	20,028	—	—	—
Derivative gain		(868)	(308)	—	—
Dividends from liquid investments		(112)	(151)	(112)	(102)
Dividends from subsidiaries		—	—	(146,913)	(94,146)
Finance costs		67,029	60,699	39,227	36,224
Finance income		(8,781)	(7,480)	(50,769)	(36,973)
Gain on disposal of property, plant and equipment		(162)	(1,496)	—	9
Gain on disposal of subsidiaries	36.2	—	(186)	—	—
Gain on unrealised foreign exchange		(9,771)	(7,144)	(10,152)	(12,548)
Impairment loss of property, plant and equipment	3	—	4,000	—	—
Impairment loss on intangible assets	7	37	—	—	—
Impairment loss of trade and other receivables		3,169	5,776	—	—
Impairment loss of assets held for sales	17	—	563	—	—
Impairment loss/(reversal of impairment loss) of advances to suppliers		316	(86)	—	—
Property, plant and equipment written off	3	1,601	1,086	—	—
Share of associates' profits		(10,778)	(12,798)	—	—
Operating profit/(loss) before changes in working capital		535,263	454,482	(4,256)	(6,234)

Statement of Changes In Equity

For the Year Ended 31 March 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Operating profit/(loss) before changes in working capital (continued)		535,263	454,482	(4,256)	(6,234)
Changes in working capital:					
Biological assets		(2,410)	(20,432)	—	—
Inventories		76,498	(196,556)	—	—
Trade and other receivables and other financial assets		(63,368)	(9,355)	(329)	226
Employee benefits		821	1,075	—	—
Trade and other payables, including derivatives		23,832	50,766	25,937	36,960
Contract liabilities		(12,627)	14,716	—	—
Bills payable		12,852	53,129	—	—
Cash generated from operations		570,861	347,825	21,352	30,952
Dividends from liquid investments		112	151	112	102
Income taxes (paid)/refund		(31,915)	(44,006)	888	(145)
Interest paid		(19,601)	(19,702)	(1,844)	(713)
Interest received		8,781	7,480	50,769	36,973
Net cash generated from operating activities		528,238	291,748	71,277	67,169
Cash flows from investing activities					
Acquisition of investment properties		—	(216)	—	—
Acquisition of intangible assets		(64)	—	—	—
Acquisition of prepaid lease payments		—	(628)	—	—
Acquisition of property, plant and equipment	*(i)*	(358,975)	(305,653)	—	—
Acquisition of right-of-use assets	4	(59,445)	—	—	—
Dividends received from associates	9	5,363	5,233	—	—
Dividends received from subsidiaries		—	—	146,913	94,146
Increase in investment in associates		—	(1,657)	—	—
Increase in investment in subsidiaries		—	—	(75,922)	(73,300)
Proceeds from disposal of property, plant and equipment		4,695	5,938	—	45
Proceeds from disposal of subsidiaries	36.2	—	235	—	—
Net cash (used in)/generated from investing activities		(408,426)	(296,748)	70,991	20,891

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Cash flows from financing activities					
Acquisition of non-controlling interests		(5,202)	(16,549)	—	—
Advances to subsidiaries		—	—	(137,850)	(23,075)
Dividends paid to non-controlling interests		(6,292)	(5,768)	—	—
Dividends paid to owners of the Company	29	(73,010)	(73,010)	(73,010)	(73,010)
Interest paid		(47,428)	(40,997)	(37,383)	(35,511)
Proceeds from government grant	3	2,136	2,532	—	—
Proceeds from term loans and revolving credit		568,617	405,835	536,731	277,816
Repayment of term loans and revolving credit		(526,978)	(307,098)	(424,315)	(220,766)
Payment of lease liabilities	*(iv)*	(12,169)	—	—	—
Repayment of hire purchase liabilities	*(v)*	(32)	(132)	—	—
Net cash used in financing activities		(100,358)	(35,187)	(135,827)	(74,546)
Net increase/(decrease) in cash and cash equivalents		19,454	(40,187)	6,441	13,514
Cash and cash equivalents at 1 April 2019/2018		242,096	282,283	23,610	10,096
Cash and cash equivalents at 31 March	*(iii)*	261,550	242,096	30,051	23,610

Notes to the statements of cash flows

(i) Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM358,975,000 (2019: RM305,862,000), of which RM350,000 (2019: RM209,000) were acquired by means of hire purchase arrangements.

(ii) Non-cash transactions

Investing activities

Company

In the previous financial year, the Company subscribed shares in subsidiaries amounting to RM87,320,000 of which RM14,020,000 was satisfied via capitalisation of debts and the remaining was satisfied via cash.

Statement of Changes In Equity

For the Year Ended 31 March 2020

(iii) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Cash and bank balances		280,271	252,611	29,219	22,928
Deposits placed with licensed banks		27,182	7,163	287	278
Liquid investments		747	1,594	545	404
	16	308,200	261,368	30,051	23,610
Bank overdrafts	19	(46,650)	(19,272)	—	—
		261,550	242,096	30,051	23,610

(iv) Cash outflows for leases as a lessee

	Note	Group 2020 RM'000	Group 2019 RM'000
Included in net cash from operating activities:			
Payment relating to short-term leases	24	4,392	—
Payment relating to leases of low-value assets	24	199	—
Interest paid in relation to lease liabilities	25	5,701	—
Included in net cash from financing activities:			
Payment of lease liabilities		12,169	—
Total cash outflows for leases		22,461	—

(v) *Reconciliation of movement of liabilities to cash flows arising from financing activities*

	At 1.4.2018 RM'000	Net changes from financing cash flows RM'000	Acquisition of new lease RM'000	Foreign exchange movement RM'000	At 31.3.2019 RM'000	Adjustment on initial application of MFRS 16 RM'000	At 1.4.2019 RM'000	Net changes from financing cash flows RM'000	Acquisition of new leases/hire purchase liabilities RM'000	Foreign exchange movement RM'000	At 31.3.2020 RM'000
Group											
Term loans	679,627	46,227	—	23,057	748,911	—	748,911	66,690	—	37,355	852,956
Lease liabilities	—	—	—	—	—	74,371	74,371	(12,169)	86,076	—	148,278
Hire purchase liabilities	213	(132)	209	—	290	—	290	(382)	350	—	258
Revolving credit	58,146	52,510	—	—	110,656	—	110,656	(25,051)	—	—	85,605
Total liabilities from financing activities	737,986	98,605	209	23,057	859,857	74,371	934,228	29,088	86,426	37,355	1,087,097

	At 1.4.2018 RM'000	Net changes from financing cash flows RM'000	Foreign exchange movement RM'000	At 31.3.2019/ 1.4.2019 RM'000	Net changes from financing cash flows RM'000	Foreign exchange movement RM'000	At 31.3.2020 RM'000
Company							
Term loans	609,988	11,050	22,976	644,014	141,416	36,775	822,205
Revolving credit	39,000	46,000	—	85,000	(29,000)	—	56,000
Total liabilities from financing activities	648,988	57,050	22,976	729,014	112,416	36,775	878,205

The notes on pages 112 to 215 are an integral part of these financial statements.

Notes To The Financial Statements

QL Resources Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of its registered office and principal place of business is as follows:

Registered office/Principal place of business
No. 16A, Jalan Astaka U8/83
Bukit Jelutong
40150 Shah Alam
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the financial year ended 31 March 2020 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in associates. The financial statements of the Company as at and for the financial year ended 31 March 2020 do not include other entities.

The Company is principally engaged in investment holding, whilst the principal activities of the subsidiaries are as stated in Note 35 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

These financial statements were authorised for issue by the Board of Directors on 4 August 2020.

1. Basis of preparation

(a) Statement of compliance

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

The following are accounting standards, interpretations and amendments of the MFRSs framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2020
- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 June 2020
- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021
- MFRS 17, *Insurance Contracts*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed
- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 April 2020 for those amendments that are effective for annual periods beginning on or after 1 January 2020 and to early adopt the Amendment to MFRS 16 that is effective for annual period beginning on or after 1 June 2020.

- from the annual period beginning on 1 April 2022 for those amendments that are effective for annual periods beginning on or after 1 January 2022, except for Amendments to MFRS 1 which is not applicable to the Group and the Company.

The Group and the Company do not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on or after 1 January 2021 as it is not applicable to the Group and the Company.

The initial application of the accounting standards, interpretations or amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company.

(b) Basis of measurement

These financial statements have been prepared on the historical cost basis other than as disclosed in Note 2. As at 31 March 2020, the Company's current liabilities exceeded its current assets by RM177,976,000 (2019: RM128,386,000). The Directors are of the opinion that the Company will be able to generate sufficient cash flows via repayment of advances/dividends from subsidiaries to meet its liabilities as and when they fall due.

Notes To The Financial Statements

1. Basis of preparation (continued)

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

(i) Note 4 – extension options and incremental borrowing rate in relation to leases

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

(ii) Note 7 – impairment of intangible assets

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Details of the impairment assessment are provided in Note 7.

(iii) Note 11 – allowances for doubtful debts

Allowance for doubtful debts is made by an allowance matrix to measure expected credit losses ("ECLs") of trade receivables. A considerable amount of judgement is required in assessing the loss rates, which are based on actual credit loss experience. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. If the financial conditions of the customers with which the Group deals were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required. Details are disclosed in Note 31.4.

1. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

(iv) Note 12 – valuation of biological assets

The fair value of livestock biological assets is determined using a discounted cash flow model.

In measuring the fair value of livestock biological assets, management estimates and judgements are required which includes the following:

- expected number of agriculture produce
- expected selling price of agriculture produce
- expected salvage value of agriculture produce
- mortality rate of livestock
- feed consumption rate and feed costs
- other estimated costs to be incurred for the remaining life of the biological assets, and at the point of sales
- discount rates

Changes to any of the above assumptions would affect the fair value of the biological assets.

The key assumptions used in the discounted cash flow model and the sensitivity analysis are disclosed in Note 12 to the financial statements.

(v) Note 13 – allowance for slow-moving inventories and write down of inventories to net realisable value

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. Details are disclosed in Note 13.

(vi) Note 21 – employee benefits

The defined benefit obligation is determined based on an actuarial valuation. The actuarial valuation involves making assumptions regarding the discount rate, future salary increases and attrition rates. Due to the long-term nature of the defined benefit plan, such estimates are subject to significant uncertainty. Details of the assumptions used are disclosed in Note 21.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by the Group entities, unless otherwise stated.

Arising from the adoption of MFRS 16, *Leases*, there are changes to the accounting policies applied to lease contracts entered into by the Group entities as compared to those applied in previous financial statements. The report arising from the changes are disclosed in Note 37.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Notes To The Financial Statements

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(i) Subsidiaries (continued)

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control 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.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

2. **Significant accounting policies (continued)**

(a) Basis of consolidation (continued)

(iv) Acquisitions from entities under common controls

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for using book value accounting as occur and the comparatives are not restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any resulting gain/loss is recognised directly in equity.

(v) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a financial asset depending on the level of influence retained.

(vi) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

Notes To The Financial Statements

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(vii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(viii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting period, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

2. **Significant accounting policies (continued)**

(b) Foreign currency (continued)

(ii) Operations denominated in functional currencies other than Ringgit Malaysia ("RM")

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 April 2017 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Financial instruments

(i) Recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract if the host contract is not a financial asset and certain criteria are met and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

Notes To The Financial Statements

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group and the Company change their business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(n)(i)) where the effective interest rate is applied to the amortised cost.

(b) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see Note 2(n)(i)).

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial liabilities

The categories of financial liabilities at initial recognition are as follows:

(a) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

(a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;

(b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or

(c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss, the Group and the Company recognised the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(b) Amortised cost

Subsequent to initial recognition, other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the amortisation process.

Notes To The Financial Statements

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iii) 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 guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date; and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to:

(a) the recognition of an asset on the day it is received by the Group or the Company; and

(b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(v) Hedge accounting

Fair value hedge

A fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect the profit or loss.

In a fair value hedge, the gain or loss on the hedging instrument shall be recognised in profit or loss (or other comprehensive income, if the hedging instrument hedges an equity instrument which the Group or the Company has elected to present the subsequent changes in the fair value of the investment in equity in other comprehensive income).

The hedging gain or loss on the hedged item shall adjust the carrying amount of the hedged item and be recognised in profit or loss. If the hedged item is a financial asset (or a component thereof) that is measured at fair value through other comprehensive income, the hedging gain or loss on the hedged item shall be recognised in profit or loss. However, if the hedged item is an equity instrument for which an entity has elected to present changes in fair value in other comprehensive income, those amounts shall remain in other comprehensive income. When a hedged item is an unrecognised firm commitment (or a component thereof), the cumulative change in the fair value of the hedged item subsequent to its designation is recognised as an asset or a liability with a corresponding gain or loss recognised in profit or loss.

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and accumulated in equity and the ineffective portion is recognised in profit or loss. The effective portion of changes in the fair value of the derivative that is recognised in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss immediately.

The Group designates only the change in fair value of the spot element of forward contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ("forward points") and/or the foreign currency basis spread are separately accounted for as cost of hedging and recognised in a cost of hedging reserve within equity.

Notes To The Financial Statements

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(v) Hedge accounting (continued)

Cash flow hedge (continued)

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

(vi) 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 control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. 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.

(vii) Offsetting

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

2. Significant accounting policies (continued)

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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.

Bearer plants are living plants that supply agriculture produce for more than one period and have remote likelihood of being sold as agriculture produce, except for incidental scrap sales. The bearer plants are measured at cost less accumulated depreciation and accumulated impairment losses. The bearer plant's cost includes plantation expenditure, which represents the total cost incurred from land clearing to the point of harvesting. Bearer plants have an average life cycle of twenty-eight (28) years with the first three (3) years as immature bearer plants and the remaining years as mature bearer plants.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" or "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Notes To The Financial Statements

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date they are available for use. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use. The mature bearer plants are depreciated over its remaining useful lives of twenty-five (25) years on a straight-line basis. The immature bearer plants are not depreciated until such time when it became mature bearer plants.

The estimated useful lives for the current and comparative periods are as follows:

Long term leasehold land	49 - 948 years
Buildings and improvements	4 - 50 years
Farm buildings	10 - 50 years
Fishing boat and equipment	5 - 20 years
Furniture, fittings and equipment	4 - 12.5 years
Plant and machinery	4 - 15 years
Motor vehicles	5 - 10 years
Bearer plants (mature)	25 years

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

(e) Government grants

Government grants are recognised when there is reasonable assurance that the Group will comply with the relevant conditions and the grant will be received.

Grants that compensate the Group for expenses incurred are recognised initially as deferred income and recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

Grants that compensate the Group for the cost of an asset are deducted from the cost of the asset and are recognised in profit or loss on a systematic basis over the useful life of the depreciable assets as a reduced depreciation charged.

2. Significant accounting policies (continued)

(f) Leases

The Group has applied MFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised as an adjustment to retained earnings at 1 April 2019. Accordingly, the comparative information presented for 31 March 2019 has not been restated – i.e. it is presented, as previously reported under MFRS 117, *Leases* and related interpretations.

Current financial year

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

(a) As a lessee

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

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

Notes To The Financial Statements

2. Significant accounting policies (continued)

(f) Leases (continued)

Current financial year (continued)

(ii) Recognition and initial measurement (continued)

(a) As a lessee (continued)

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

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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

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

(b) As a lessor

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

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

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

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

(iii) Subsequent measurement

(a) As a lessee

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

2. Significant accounting policies (continued)

(f) Leases (continued)

Current financial year (continued)

(iii) Subsequent measurement (continued)

(a) As a lessee (continued)

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

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

(b) As a lessor

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

Previous financial year

As a lessee

(i) Finance lease

Leases in terms of which the Group assumed substantially all the risks and rewards of ownership were classified as finance leases. Upon initial recognition, the leased asset was measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset was accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases were apportioned between the finance expense and the reduction of the outstanding liability. The finance expense was allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments were accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment was confirmed.

Leasehold land which in substance was a finance lease was classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

(ii) Operating lease

Leases, where the Group did not assume substantially all the risks and rewards of ownership were classified as operating leases and, except for property interest held under operating lease, the leased assets were not recognised on the statement of financial position. Property interest held under an operating lease, which was held to earn rental income or for capital appreciation or both, was classified as investment property.

Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals were charged to profit or loss in the reporting period in which they were incurred.

Notes To The Financial Statements

2. Significant accounting policies (continued)

(f) Leases (continued)

Previous financial year (continued)

As a lessee (continued)

(ii) Operating lease (continued)

Leasehold land which in substance was an operating lease was classified as prepaid lease payments.

(g) Intangible assets

(i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

(ii) Franchise fees and other intangible assets

Franchise fees and intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iv) Amortisation

Goodwill is not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Franchise fees and other intangible assets are amortised from the date they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful lives for the current and comparative periods are as follows:

Franchise fees	20 years
Other intangible assets	10-15 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

2. Significant accounting policies (continued)

(h) Investment properties

(i) Investment properties carried at cost

Investment properties are properties which are owned or right-of-use asset held under a lease contract 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 are measured at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in Note 2(d).

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(ii) Reclassification to/from investment properties

When an item of property, plant and equipment is transferred to/from investment property following a change in its use, the transfer does not change the cost and the carrying amount of that property transferred.

(i) Biological assets

(i) Livestock

Layer and breeder

Layers and breeders are measured at fair value less cost to sell. The fair value of layers and breeders is determined using discounted cash flow model based on expected cash inflow from agriculture produce, less expected cost incurs over the remaining life of the layers and breeders and contributory assets charges for the land and farm houses owned by the Group. Changes in fair value of the livestock are recognised in profit or loss.

Broiler

Broilers are measured at fair value less cost to sell. The fair value of the broilers is estimated based on the selling price, less the estimated costs necessary to nurture the broiler at the point of sale. Changes in fair value of the livestock are recognised in profit or loss.

(ii) Aquaculture

Aquaculture consists of shrimp and fishes. Aquaculture are measured at cost less any accumulated depreciation and any accumulated impairment losses due to the short production cycle, market prices or fair value at present conditions of these biological assets are unavailable and the valuation based on discounted cash flow method is considered to be clearly unreliable given the uncertainty with respect to external factors.

Notes To The Financial Statements

2. Significant accounting policies (continued)

(i) Biological assets (continued)

(ii) Aquaculture (continued)

Cost of shrimp includes cost of larvae and nauplii plus all attributable cost in breeding the shrimp to saleable condition. Cost of post larvae includes cost of nauplii plus all attribution costs in culturing the post larvae to nurturing stage for breeding to shrimp or saleable condition. For broodstock, cost consists of the original purchase price. The costs of the broodstock are amortised over the expected reproductive lifespan which are estimated to be approximately 6 months.

Cost of fish includes cost of immature fish and all attributable costs in breeding the immature fish to saleable condition.

(iii) Agriculture produce

Agriculture produce growing in bearer plants

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

Hatching eggs

Hatching eggs are measured at fair value less cost to sell. The fair value of the hatching eggs is determined based on the discounted cash flow from selling of agriculture produce – day-old chick, less estimated hatchery cost to be incurred for hatching the eggs into day-old chick. Changes in fair value of the agriculture produce are recognised in profit or loss.

(j) Inventories

(i) Manufacturing and trading goods

Inventories comprise raw materials, manufactured inventories and trading inventories which are measured at the lower of cost and net realisable value. The cost of inventories is measured based on first-in-first-out principle.

The cost of raw materials and trading inventories comprises the original purchase price plus incidentals in bringing these inventories to their present location and condition. For manufactured inventories, cost consists of raw materials, direct labour, an appropriate portion of fixed and variable production overheads based on normal operating capacity and other incidental costs.

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.

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

2. Significant accounting policies (continued)

(j) Inventories (continued)

(ii) Agriculture produce

Layer eggs

Layer eggs are measured at fair value less cost to sell. The fair values of the layer eggs are determined based on the observable market prices in active markets, less the necessary transportation cost at the point of sale. Changes in fair value of the agriculture produce are recognised in profit or loss.

(k) Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs of disposal.

Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated.

(l) Contract liability

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

(m) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management for their short-term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(n) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost and debt investments measured at fair value through other comprehensive income. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

Notes To The Financial Statements

2. Significant accounting policies (continued)

(n) Impairment (continued)

(i) Financial assets (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery of amounts due.

(ii) Other assets

The carrying amounts of other assets (except for inventories, deferred tax assets and non-current assets classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

2. Significant accounting policies (continued)

(n) Impairment (continued)

(ii) Other assets (continued)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(o) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(p) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group and the Company have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Notes To The Financial Statements

2. Significant accounting policies (continued)

(p) Employee benefits (continued)

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(iii) Defined benefit plans

The Group's net obligation in respect of defined benefit retirement plans arises from its subsidiaries in Indonesia for long-term and post-employment benefits, such as pension, severance pay, service pay and other benefits.

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. 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 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.

Net interest expense and other expenses relating to defined benefit plans are recognised in 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 and losses on the settlement of a defined benefit plan when the settlement occurs.

(q) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at 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 finance cost.

Provision for restoration costs

A provision for site restoration is recognised when there is a projected cost of dismantlement, removal or restoration as a consequence of using a leased property during a particular period. The provision is measured at the present value of the restoration cost expected to be paid upon termination of the lease agreement.

2. Significant accounting policies (continued)

(r) Revenue and other income

(i) Goods sold

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company 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 the asset.

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

(a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;

(b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

(ii) Management fee and administrative charges

Management fee and administrative charges are recognised on an accrual basis.

(iii) Rental income

Rental income from investment properties is recognised in the profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(iv) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(v) Customer loyalty awards

The Group operates the customer loyalty programme, which allows customers to accumulate points when they purchase products at the Group's convenience stores and these points are redeemable for food vouchers.

The consideration received from the sale of goods is allocated to the goods sold and the points issued that are expected to be redeemed. The consideration allocated to the points issued is estimated by reference to the monetary value attributable to the redemption points and are based on the best estimate of future redemption profile. It is recognised as a liability (contract liability) in the statement of financial position and recognised as revenue when the points are redeemed, have expired or are no longer expected to be redeemed. The amount of revenue recognised is based on the number of points that have been redeemed, relative to the total number of points expected to be redeemed.

Notes To The Financial Statements

2. Significant accounting policies (continued)

(r) Revenue and other income (continued)

(vi) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

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

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(t) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

2. Significant accounting policies (continued)

(u) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

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

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

(v) 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. All operating segments' operating results are reviewed regularly by the chief operating decision maker, which in this case are the Executive Chairman and Managing Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(w) Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

(x) Fair value measurements

Fair value of an asset or a liability is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability 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.

Notes To The Financial Statements

2. Significant accounting policies (continued)

(x) Fair value measurements (continued)

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

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

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. Property, plant and equipment

	Note	Freehold land RM'000	Long term leasehold land RM'000	Buildings and improvements RM'000	Farm buildings RM'000	Fishing boat and equipment RM'000	Furniture, fittings and equipment RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Bearer plants RM'000	Capital work-in-progress RM'000	Total RM'000
Group												
Cost												
At 1 April 2018		149,270	96,247	379,056	416,915	76,027	143,159	986,102	110,056	133,681	121,343	2,611,856
Additions		27,068	29,400	31,380	8,723	28	34,370	52,158	17,251	5,198	100,286	305,862
Disposals		—	—	—	(741)	(2,778)	(463)	(3,786)	(4,557)	—	—	(12,325)
Written off		(10)	—	(183)	(1)	—	(688)	(3,958)	(93)	—	—	(4,933)
Transfer in/(out)		2,573	—	12,236	28,813	7,886	13,087	50,661	1,416	—	(116,672)	—
Government grant		—	—	(2,449)	—	—	(83)	—	—	—	—	(2,532)
Effect of movements in exchange rates		609	—	659	5,445	—	1,530	3,132	439	2,702	666	15,182
At 31 March 2019		179,510	125,647	420,699	459,154	81,163	190,912	1,084,309	124,512	141,581	105,623	2,913,110
Adjustment on initial application of MFRS 16		—	(125,647)	(446)	—	—	—	—	(125)	—	—	(126,218)
At 1 April 2019		179,510	—	420,253	459,154	81,163	190,912	1,084,309	124,387	141,581	105,623	2,786,892
Additions		24,170	—	34,775	22,429	1,022	57,865	52,344	15,435	3,960	146,975	358,975
Disposals		—	—	(252)	(2,380)	(6,025)	(625)	(5,962)	(2,446)	—	—	(17,690)
Written off		—	—	(206)	(543)	(270)	(678)	(4,255)	(291)	—	(924)	(7,167)
Transfer in/(out)		282	—	34,159	45,870	72	11,466	27,290	774	—	(119,913)	—
Transfer from asset held for sale	17	—	—	5,478	—	—	67	157	—	—	—	5,702
Government grant		—	—	(2,136)	—	—	—	—	—	—	—	(2,136)
Effect of movements in exchange rates		(2,604)	—	(2,713)	(8,652)	—	(4,475)	(8,830)	(998)	(11,103)	(1,452)	(40,827)
At 31 March 2020		201,358	—	489,358	515,878	75,962	254,532	1,145,053	136,861	134,438	130,309	3,083,749

Notes To The Financial Statements

3. **Property, plant and equipment (continued)**

	Note	Freehold land RM'000	Long term leasehold land RM'000	Buildings and improvements RM'000	Farm buildings RM'000	Fishing boat and equipment RM'000	Furniture, fittings and equipment RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Bearer plants RM'000	Capital work-in-progress RM'000	Total RM'000
Group (continued)												
Depreciation and impairment loss												
At 1 April 2018												
- Accumulated depreciation		—	9,113	71,980	103,959	25,124	69,251	414,200	77,628	26,391	—	797,646
- Accumulated impairment loss		—	—	332	—	—	201	1,162	1	—	—	1,696
		—	9,113	72,312	103,959	25,124	69,452	415,362	77,629	26,391	—	799,342
Depreciation for the year		—	2,212	16,902	23,689	5,214	20,973	67,873	14,110	5,902	—	156,875
Disposals		—	—	—	(352)	(1,903)	(324)	(1,238)	(4,066)	—	—	(7,883)
Written off		—	—	(169)	—	—	(418)	(3,168)	(92)	—	—	(3,847)
Impairment loss		—	—	—	—	—	—	4,000	—	—	—	4,000
Effect of movements in exchange rates		—	—	186	517	—	434	1,464	218	434	—	3,253
At 31 March 2019												
- Accumulated depreciation		—	11,325	88,899	127,813	28,435	89,916	479,131	87,798	32,727	—	946,044
- Accumulated impairment loss		—	—	332	—	—	201	5,162	1	—	—	5,696
		—	11,325	89,231	127,813	28,435	90,117	484,293	87,799	32,727	—	951,740
Adjustment on initial application of MFRS 16		—	(11,325)	(67)	—	—	—	—	(2)	—	—	(11,394)
At 1 April 2019		—	—	89,164	127,813	28,435	90,117	484,293	87,797	32,727	—	940,346
Depreciation for the year		—	—	20,452	24,491	4,520	23,437	70,173	15,902	5,954	—	164,929
Disposals		—	—	(163)	(2,131)	(3,582)	(426)	(4,983)	(1,872)	—	—	(13,157)
Written off		—	—	(206)	(543)	(270)	(525)	(3,734)	(288)	—	—	(5,566)
Transfer from asset held for sale												
- Accumulated depreciation	17	—	—	1,036	—	—	33	70	—	—	—	1,139
- Accumulated impairment loss	17	—	—	563	—	—	—	—	—	—	—	563
		—	—	1,599	—	—	33	70	—	—	—	1,702
Effect of movements in exchange rates		—	—	(871)	(925)	—	(1,298)	(5,009)	(746)	(2,078)	—	(10,927)

3. Property, plant and equipment (continued)

	Note	Freehold land RM'000	Long term leasehold land RM'000	Buildings and improvements RM'000	Farm buildings RM'000	Fishing boat and equipment RM'000	Furniture, fittings and equipment RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Bearer plants RM'000	Capital work-in-progress RM'000	Total RM'000
Group (continued)												
Depreciation and impairment loss (continued)												
At 31 March 2020												
- Accumulated depreciation		—	—	109,080	148,705	29,103	111,137	535,648	100,792	36,603	—	1,071,068
- Accumulated impairment loss		—	—	895	—	—	201	5,162	1	—	—	6,259
		—	—	109,975	148,705	29,103	111,338	540,810	100,793	36,603	—	1,077,327
Carrying amounts												
At 1 April 2018		149,270	87,134	306,744	312,956	50,903	73,707	570,740	32,427	107,290	121,343	1,812,514
At 31 March/1 April 2019		179,510	114,322	331,468	331,341	52,728	100,795	600,016	36,713	108,854	105,623	1,961,370
At 31 March 2020		201,358	—	379,383	367,173	46,859	143,194	604,243	36,068	97,835	130,309	2,006,422

Notes To The Financial Statements

3. Property, plant and equipment (continued)

	Motor vehicles RM'000
Company	
Cost	
At 1 April 2018	751
Disposal	(256)
At 31 March 2019/1 April 2019/31 March 2020	495
Accumulated depreciation	
At 1 April 2018	602
Depreciation for the year	37
Disposal	(202)
At 31 March/1 April 2019	437
Depreciation for the year	24
At 31 March 2020	461
Carrying amounts	
At 1 April 2018	149
At 31 March/1 April 2019	58
At 31 March 2020	34

3.1 Government grant

During the year, a subsidiary of the Company received a government grant in respect of the integrated shrimp farm amounting to RM2,136,000 (2019: RM2,532,000).

3.2 Assets under hire purchase

Included in property, plant and equipment of the Group are assets acquired under hire purchase arrangements with the following net book value:

	Group	
	2020 RM'000	2019 RM'000
Motor vehicles	244	123
Plant and machinery	324	—

3.3 Capital work-in-progress

Capital work-in-progress is in respect of the on-going construction of buildings and installation of plant and machinery in certain subsidiaries.

4. Right-of-use assets

Group	Leasehold land RM'000	Land use rights RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Buildings RM'000	Total RM'000
At 1 April 2019*	152,346	18,668	172	307	69,214	240,707
Additions	59,445	—	538	—	85,538	145,521
Depreciation	(4,071)	(397)	(112)	(106)	(15,342)	(20,028)
At 31 March 2020	207,720	18,271	598	201	139,410	366,200

* Following the adoption of MFRS 16, leasehold land, prepaid lease payment, motor vehicles and buildings of RM114,322,000, RM54,122,000, RM123,000 and RM379,000 respectively were reclassed as right-of-use assets at 1 April 2019.

The Group entities lease a number of retail stores, offices, hostels and warehouses that run between 2 to 3 years, with an option to renew the lease after that date. Where applicable, the Group seeks to include extension options in new lease to provide operational flexibility. The Group assesses at lease commencement whether it is reasonably certain to exercise the renewal options. The Group reassesses whether it is reasonably certain to exercise the options if there are significant events or significant changes in circumstances within its control.

The land use rights represent the location permit, plantation license and the cultivation right title over the plantation land of approximately 20,000 hectares in Indonesia. The approval for the land utilisation rights measuring 14,177 hectares was granted in 2010 for a period of 35 years. The cultivation right title is extendable under Indonesian Land Ordinance.

Under the Indonesian regulations, approximately 20% of the land use rights have to be set aside for Plasma Scheme. This scheme is a programme where oil palm plantation owners/operators are required to participate in selected programmes to develop plantations to smallholders (herein referred to as plasma farmers)(see Note 11.2).

4.1 Variable lease payments based on sales

Some leases of retail stores contain variable lease payments that are based on sales that the Group entities make at the store. Variable rental payments for the period ended 31 March 2020 are as follows:

	Variable payments RM'000	Estimated annual impact on rent of a 1 % increase in sales RM'000
Leases with lease payments based on sales	2,454	2,478

Notes To The Financial Statements

5. Investment properties

	Group RM'000
Cost	
At 1 April 2018	29,782
Additions	216
At 31 March 2019/1 April 2019/31 March 2020	29,998
Amortisation and impairment loss	
At 1 April 2018	
- Accumulated amortisation	5,830
- Accumulated impairment loss	1,221
	7,051
Amortisation for the year	967
At 31 March/1 April 2019	
- Accumulated amortisation	6,797
- Accumulated impairment loss	1,221
	8,018
Amortisation for the year	967
At 31 March 2020	
- Accumulated amortisation	7,764
- Accumulated impairment loss	1,221
	8,985
Carrying amounts	
At 1 April 2018	22,731
At 31 March/1 April 2019	21,980
At 31 March 2020	21,013
Fair value	
At 1 April 2018	53,255
At 31 March/1 April 2019	51,445
At 31 March 2020	47,771

5. Investment properties (continued)

The following are recognised in profit or loss in respect of investment properties:

	Group	
	2020 RM'000	2019 RM'000
Lease income	1,102	1,270
Direct operating expenses:		
- income generating investment properties	(277)	(790)
- non-income generating investment properties	(13)	(81)

The operating lease payments to be received are as follows:

	Group	
	2020 RM'000	2019 RM'000
Less than one year	377	1,044
One to two years	76	273
Two to three years	80	—
Three to four years	81	—
Four to five years	81	—
More than five years	371	—
Total undiscounted lease payments	1,066	1,317

Fair value information

Fair value of investment properties are categorised as follows:

	Group Level 3	
	2020 RM'000	2019 RM'000
Land	35,585	35,035
Building	12,186	16,410
	47,771	51,445

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment property.

Level 3 fair values of land are estimated by Directors by making reference to the asking price of comparable properties in close proximity and adjusting for differences in key attributes such as property size and bargain discount. The significant unobservable inputs include adjustments to price per square feet at comparable properties and the discount factors.

Notes To The Financial Statements

6. Prepaid lease payments

	Short-term leasehold land* RM'000
Group	
Cost	
At 1 April 2018	70,793
Additions	628
Transfer to assets held for sale	(2,435)
Effect of movements in exchange rates	(429)
At 31 March 2019	68,557
Adjustment on initial application of MFRS 16	(68,557)
At 1 April 2019	—
Amortisation	
At 1 April 2018	13,193
Amortisation for the year	1,636
Transfer to assets held for sale	(369)
Effect of movements in exchange rates	(25)
At 31 March 2019	14,435
Adjustment on initial application of MFRS 16	(14,435)
At 1 April 2019	—
Carrying amounts	
At 1 April 2018	57,600
At 31 March 2019	54,122
At 1 April 2019	—

* Unexpired period less than 50 years.

7. Intangible assets

	Goodwill RM'000	Franchise fees RM'000	Other intangible assets RM'000	Total RM'000
Group				
Cost				
At 1 April 2018	7,139	3,960	608	11,707
Written off	—	—	(608)	(608)
Effect of movements in exchange rates	(2)	—	—	(2)
At 31 March/1 April 2019	7,137	3,960	—	11,097
Additions	—	—	64	64
Effect of movements in exchange rates	(124)	—	—	(124)
At 31 March 2020	7,013	3,960	64	11,037
Amortisation and impairment loss				
At 1 April 2018				
- Accumulated amortisation	—	285	519	804
- Accumulated impairment loss	197	—	89	286
	197	285	608	1,090
Amortisation for the year	—	199	—	199
Written off	—	—	(608)	(608)
At 31 March/1 April 2019				
- Accumulated amortisation	—	484	—	484
- Accumulated impairment loss	197	—	—	197
	197	484	—	681
Amortisation for the year	—	199	28	227
Impairment loss	37	—	—	37
At 31 March 2020				
- Accumulated amortisation	—	683	28	711
- Accumulated impairment loss	234	—	—	234
	234	683	28	945
Carrying amounts				
At 1 April 2018	6,942	3,675	—	10,617
At 31 March/1 April 2019	6,940	3,476	—	10,416
At 31 March 2020	6,779	3,277	36	10,092

The goodwill recognised on acquisition is attributable mainly to the synergies expected to be achieved from integrating the acquired companies into the Group's existing operations.

For the purpose of the impairment testing, goodwill is allocated to the lowest level within the Group of which the goodwill is monitored for internal management purposes.

The recoverable amounts of the cash-generating units were based on value in use calculation. These calculations use pre-tax cash flow projections based on financial budgets approved by management.

Notes To The Financial Statements

8. Investment in subsidiaries

	Note	Company 2020 RM'000	Company 2019 RM'000
Unquoted shares, at cost		937,378	861,456
Amounts due from subsidiaries	8.1	373,255	350,330
		1,310,633	1,211,786

During the financial year, the Company subscribed shares in subsidiaries amounting to RM75,922,000 (2019: RM87,320,000) of which Nil (2019: RM14,020,000) was satisfied via capitalisation of debts and the remaining was satisfied via cash.

8.1 The amounts due from subsidiaries are advances of:

i) RM269,055,000 (2019: RM262,630,000) which are subject to fixed interest rate from 5.50% to 6.50% (2019: 5.50% to 6.50%) per annum and the repayment is neither planned nor likely to occur in the foreseeable future; and

ii) RM104,200,000 (2019: RM87,700,000) which are subject to the Company's weighted average cost of funds ("COF") (2019: COF) per annum and the repayment is neither planned nor likely to occur in the foreseeable future.

Details of the Company's subsidiaries are shown in Note 35.

8. Investment in subsidiaries (continued)

Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	31.3.2020					
	QL Endau Marine Products Sdn. Bhd. and its subsidiaries RM'000	QL Ansan Poultry Farm Sdn. Bhd. and its subsidiaries RM'000	PT Pipit Mutiara Indah RM'000	Kembang Subur Sdn. Bhd. and its subsidiaries RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	29.41%	10.00%	25.50%	12.78%		
Carrying amount of NCI	61,629	7,864	(5,113)	4,721	4,397	73,498
Total comprehensive income/(expense) allocated to NCI	5,979	(3,650)	(6,972)	722	(94)	(4,015)
Summarised financial information before intra-group elimination						
As at 31 March						
Non-current assets	141,157	126,613	168,269	47,090		
Current assets	99,068	58,797	64,490	8,135		
Non-current liabilities	(18,630)	(62,802)	(1,405)	(12,940)		
Current liabilities	(12,042)	(43,463)	(251,404)	(5,344)		
Net assets/(liabilities)	209,553	79,145	(20,050)	36,941		

Notes To The Financial Statements

8. Investment in subsidiaries (continued)

Non-controlling interests in subsidiaries (continued)

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows: (continued)

	31.3.2020			
	QL Endau Marine Products Sdn. Bhd. and its subsidiaries RM'000	QL Ansan Poultry Farm Sdn. Bhd. and its subsidiaries RM'000	PT Pipit Mutiara Indah RM'000	Kembang Subur Sdn. Bhd. and its subsidiaries RM'000
Year ended 31 March				
Revenue	191,993	214,873	83,999	26,338
Total comprehensive income/(expense)	20,331	(36,502)	(27,340)	4,442
Cash flows from/(used in) operating activities	22,981	(8,772)	6,596	9,811
Cash flows (used in)/from investing activities	(14,568)	51,442	(7,031)	(7,011)
Cash flows used in financing activities	(20,290)	(49,615)	—	(2,854)
	(11,877)	(6,945)	(435)	(54)
Dividends paid to NCI	(4,945)	(645)	—	(167)

8. Investment in subsidiaries (continued)

Non-controlling interests in subsidiaries (continued)

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows: (continued)

	31.3.2019					
	QL Endau Marine Products Sdn. Bhd. and its subsidiaries RM'000	QL Ansan Poultry Farm Sdn. Bhd. and its subsidiaries RM'000	PT Pipit Mutiara Indah RM'000	Kembang Subur Sdn. Bhd. and its subsidiaries RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	29.41%	10.00%	25.50%	16.67%		
Carrying amount of NCI	60,595	8,358	1,859	5,584	2,908	79,304
Total comprehensive income/(expense) allocated to NCI	9,404	167	(1,356)	628	222	9,065
Summarised financial information before intra-group elimination						
As at 31 March						
Non-current assets	139,962	280,407	192,228	47,141		
Current assets	99,464	131,234	56,071	8,861		
Non-current liabilities	(19,087)	(108,236)	(1,334)	(16,390)		
Current liabilities	(14,302)	(220,134)	(239,673)	(6,113)		
Net assets	206,037	83,271	7,292	33,499		

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8. Investment in subsidiaries (continued)

Non-controlling interests in subsidiaries (continued)

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows: (continued)

	31.3.2019			
	QL Endau Marine Products Sdn. Bhd. and its subsidiaries RM'000	QL Ansan Poultry Farm Sdn. Bhd. and its subsidiaries RM'000	PT Pipit Mutiara Indah RM'000	Kembang Subur Sdn. Bhd. and its subsidiaries RM'000
Year ended 31 March				
Revenue	190,354	276,623	82,483	18,945
Total comprehensive income/(expense)	31,975	1,674	(5,319)	3,765
Cash flows from operating activities	34,513	71,013	17,511	2,215
Cash flows used in investing activities	(11,486)	(52,536)	(7,824)	(4,260)
Cash flows (used in)/from financing activities	(18,071)	(11,922)	—	1,980
	4,956	6,555	9,687	(65)
Dividends paid to NCI	(4,791)	(141)	—	—

9. Investment in associates

	Group	
	2020 RM'000	2019 RM'000
At cost:		
Unquoted shares	2,594	2,594
Quoted shares in Malaysia	65,916	65,916
Share of post-acquisition reserve	73,665	70,346
	142,175	138,856
Market value:		
Quoted shares in Malaysia	102,522	126,444

The Group increased its investment in Boilermech Holdings Berhad by RM1,657,000 in the previous financial year.

Details of the associates are as follows:

Name of company	Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2020 %	2019 %
Indahgrains Logistics Sdn. Bhd.*	Malaysia	Operating of warehouse and warehouse management	29.87	29.87
Boilermech Holdings Berhad#	Malaysia	Manufacturing, installing and repairing of bio-energy systems	44.15	44.15
AB Hatchery Sdn. Bhd.*	Malaysia	Hatchery and culturing of shrimps	42.74	40.83

* Equity-accounted based on management accounts.
\# Audited by another firm of accountants.

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9. Investment in associates (continued)

The following table summarises the information of the Group's material associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate:

	31.3.2020 Boilermech Holdings Berhad RM'000	31.3.2020 Other individually immaterial associates RM'000	31.3.2020 Total RM'000
Group			
Summarised financial information			
As at 31 March			
Non-current assets	103,093		
Current assets	208,538		
Non-current liabilities	(5,664)		
Current liabilities	(83,001)		
Net assets	222,966		
Less: Non-controlling interest	(10,584)		
	212,382		
Year ended 31 March			
Total comprehensive income of the material associate	19,346		
Included in the total comprehensive income of the material associate are:			
Revenue of the material associate	230,147		
Reconciliation of net assets to carrying amount			
As at 31 March			
Group's share of net assets	93,767	2,492	96,259
Goodwill	45,868	48	45,916
Carrying amount in the statements of financial position	139,635	2,540	142,175
Group's share of results for year ended 31 March			
Group's share of profit or loss	10,273	505	10,778
Group's share of other comprehensive expense	(2,096)	—	(2,096)
Group's share of total comprehensive income	8,177	505	8,682
Other information			
Dividends received	4,557	806	5,363

9. Investment in associates (continued)

	31.3.2019		
	Boilermech Holdings Berhad RM'000	Other individually immaterial associates RM'000	Total RM'000
Group			
Summarised financial information			
As at 31 March			
Non-current assets	84,905		
Current assets	234,912		
Non-current liabilities	(6,229)		
Current liabilities	(99,280)		
Net assets	214,308		
Less: Non-controlling interest	(10,125)		
	204,183		
Year ended 31 March			
Total comprehensive income of the material associate	24,149		
Included in the total comprehensive income of the material associate are:			
Revenue of the material associate	234,810		
Reconciliation of net assets to carrying amount			
As at 31 March			
Group's share of net assets	90,147	2,793	92,940
Goodwill	45,868	48	45,916
Carrying amount in the statements of financial position	136,015	2,841	138,856
Group's share of results for year ended 31 March			
Group's share of profit or loss	12,269	529	12,798
Group's share of other comprehensive expense	(1,623)	—	(1,623)
Group's share of total comprehensive income	10,646	529	11,175
Other information			
Dividends received	3,979	1,254	5,233

Notes To The Financial Statements

10. Deferred tax assets/(liabilities)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Group						
Property, plant and equipment	—	—	(133,407)	(122,933)	(133,407)	(122,933)
Right-of-use assets, net of lease liabilities	465	—	(82)	—	383	—
Biological assets	—	—	(5,422)	(5,740)	(5,422)	(5,740)
Tax losses carry-forwards	7,200	10,070	—	—	7,200	10,070
Unabsorbed capital allowances	23,717	21,064	—	—	23,717	21,064
Other temporary/taxable differences	8,216	6,500	(1,126)	(1,792)	7,090	4,708
Tax assets/(liabilities)	39,598	37,634	(140,037)	(130,465)	(100,439)	(92,831)
Set off of tax	(29,977)	(24,832)	29,977	24,832	—	—
Net tax assets/(liabilities)	9,621	12,802	(110,060)	(105,633)	(100,439)	(92,831)

10. Deferred tax assets/(liabilities) (continued)

Movement in temporary differences during the year

	At 31.3.2018 RM'000	Adjustment on initial application of MFRS 9 RM'000	Recognised in profit or loss (Note 27) RM'000	At 31.3.2019 RM'000	Recognised in profit or loss (Note 27) RM'000	At 31.3.2020 RM'000
Group						
Property, plant and equipment	(89,987)	—	(32,946)	(122,933)	(10,474)	(133,407)
Right-of-use assets, net of lease liabilities	—	—	—	—	383	383
Biological assets	(4,224)	—	(1,516)	(5,740)	318	(5,422)
Tax losses carry-forwards	772	—	9,298	10,070	(2,870)	7,200
Unabsorbed capital allowances	10,083	—	10,981	21,064	2,653	23,717
Other temporary/ taxable differences	1,961	588	2,159	4,708	2,382	7,090
	(81,395)	588	(12,024)	(92,831)	(7,608)	(100,439)

Unrecognised deferred tax

Deferred tax has not been recognised in respect of the following items (stated at gross):

	Group	
	2020 RM'000	2019 RM'000
Property, plant and equipment	33,640	69,291
Tax losses and investment tax allowances carry-forwards	(113,708)	(117,224)
Unabsorbed capital allowances	(61,186)	(76,414)
Other deductible temporary differences	(2,726)	(6,731)
	(143,980)	(131,078)

The unutilised tax losses and investment tax allowances of subsidiaries in Malaysia of RM45,397,000 (2019: RM55,929,000) can be carried forward up to 7 consecutive year of assessment under the tax legislation in Malaysia, whereas the unutilised tax losses of subsidiaries in Indonesia of RM66,444,000 (2019: RM61,295,000) will expire over a 5-year period. The unabsorbed capital allowances do not expire under current tax legislation in Malaysia and Indonesia.

Deferred tax assets have not been recognised in respect of the above items because it is not probable that future taxable profit will be available against which the Group entities can utilise the benefits therefrom.

Notes To The Financial Statements

11. Trade and other receivables

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current					
Subsidiaries	11.1	—	—	437,688	302,900
Other receivables	11.2	15,544	11,851	—	—
		15,544	11,851	437,688	302,900
Current					
Trade					
Trade receivables	11.3	358,150	308,928	—	—
Non-trade					
Subsidiaries	11.1	—	—	102,577	112,287
Other receivables	11.2	57,629	69,126	—	—
		57,629	69,126	102,577	112,287
		415,779	378,054	102,577	112,287
		431,323	389,905	540,265	415,187

11.1 Amounts due from subsidiaries

Subsidiaries

The amounts due from subsidiaries of the Company are in respect of advances, which are unsecured, interest free and repayable on demand except for:

i) RM41,610,000 (2019: RM23,397,000) which is unsecured, subject to fixed interest rate from 2.95% to 6.00% (2019: 3.70% to 5.50%) per annum with fixed terms of repayment over a period of 1 to 9 years (2019: 1 to 10 years);

ii) RM250,000 (2019: Nil) which is unsecured, subject to fixed interest rate from 2.95% to 3.20% (2019: Nil) per annum and is repayable on demand;

iii) RM460,827,000 (2019: RM368,110,000) which is subject to the Company's weighted average cost of funds ("COF") (2019: COF) per annum with fixed terms of repayment over a period of 1 to 10 years (2019: 1 to 10 years); and

iv) RM150,000 (2019: RM1,200,000) which is subject to Company's COF (2019: COF) per annum and is repayable on demand.

11. Trade and other receivables (continued)

11.2 Other receivables

i) Included in non-current other receivables of the Group are advances for plasma plantation projects in Indonesia amounting to RM9,452,000 (2019: RM8,101,000).

The advances made by the Group in the form of plasma plantation development costs are recoverable from the plasma farmers upon the completion and handover of the plasma plantation projects to plasma farmers. These advances are recoverable from plasma farmers or through bank loans obtained by plasma farmers. Impairment losses are made when the estimated amount recoverable is less than the outstanding advances.

ii) Included in non-current other receivables of the Group are refundable deposits paid amounting to RM6,092,000 (2019: RM3,750,000).

iii) Included in current other receivables of the Group are advances made to suppliers of certain subsidiaries amounting to RM31,730,000 (2019: RM35,490,000) to secure the constant source of raw material supplies for the manufacturing activities. The amount is net of impairment loss on advances to suppliers, unsecured, interest free and repayment is substantially made through the supply of raw materials.

iv) Included in current other receivables of the Group are amount due from companies in which certain Directors of the subsidiaries have interests amounting to RM22,000 (2019: RM18,000).

11.3 Trade receivables

Included in the trade receivables of the Group are the following amounts due from related parties:

	Group	
	2020 RM'000	2019 RM'000
A person connected with a Director of a subsidiary	330	435
Companies in which certain Directors of the subsidiaries have interests	6,288	4,310
	6,618	4,745

The amounts due from related parties are subject to normal trade terms.

12. Biological assets

	Group	
	2020 RM'000	2019 RM'000
At cost:		
Aquaculture biological assets	6,816	6,527
At fair value less cost to sell:		
Livestock biological assets	175,016	172,109
Hatching eggs	2,929	5,352
Fresh fruit bunches	1,607	463
	179,552	177,924
	186,368	184,451

Notes To The Financial Statements

12. Biological assets (continued)

Biological assets carried at fair value less cost to sell comprise of layers, breeders, broilers, hatching eggs and fresh fruit bunches. The movement of the biological assets measured at fair value less cost to sell can be analysed as follows:

	2020 RM'000	2019 RM'000
At 1 April 2019/2018	177,924	139,765
Additions	309,574	298,471
Depopulation/Livestock losses	(305,398)	(280,732)
Changes in fair value recognised in profit or loss	(493)	20,024
Effect of movements in exchange rates	(2,055)	396
At 31 March	179,552	177,924

An analysis of the estimates of physical quantities of the Group's livestocks measured at fair value less cost to sell as at year end are as follows:

	Physical quantities		Yearly output of agriculture produce	
	2020 heads	2019 heads	2020	2019
Livestock:				
- Layers	8.6 million	8.5 million	2 billion eggs	2 billion eggs
- Breeders	0.5 million	0.5 million	56 million DOC*	43 million DOC*
- Broilers	1.9 million	1.8 million	35 million kg	31 million kg

* DOC: Day-old chick

For fresh fruit bunches, total planted area amounted to 10,034 hectares (2019: 9,693 hectares). During the financial year, the Group has harvested approximately 159,280 MT (2019: 164,506 MT) of fresh fruit bunches.

The estimates of physical quantities of biological assets and their yearly output of agriculture produce were based on experience and historical data.

Valuation processes applied by the Group

Aquaculture biological assets measured at cost:

Aquaculture biological assets comprise of shrimps and fishes are measured at cost less any accumulated depreciation and any accumulated impairment losses due to the short production cycle, the market prices or fair value at present conditions of these biological assets are unavailable and the valuation based on discounted cash flow method is considered to be clearly unreliable given the uncertainty with respect to external factors.

12. Biological assets (continued)

Valuation processes applied by the Group (continued)

Livestock biological assets measured at fair value less cost to sell:

Layers and breeders

Management estimates and judgements are required in measuring the fair value of the layers and breeders. In deriving the fair value of layers and breeders using discounted cash flow model, the management's estimation includes the expected number of eggs and day-old chicks produced, projected selling prices, discount rate, mortality rate, feed consumption rate, feed costs and other estimated costs over the remaining life of the layers and breeders.

Broilers

The fair value is estimated by the management by reference to selling prices, less the estimated necessary feed and farm overhead cost to nurture the broilers to the point of sale.

Hatching eggs

The fair value is estimated by the management by reference to selling prices of day-old chick, less the estimated necessary hatching overhead cost to hatch the day-old chick.

Fresh fruit bunches ("FFB")

The fair value is estimated by the management based on the present value of expected net cash flows from the produce growing on bearer plants. The expected net cash flows are estimated using expected output method and the estimated selling price of the produce growing on bearer plants.

To arrive at the fair value, the management has considered the oil content of the unripe FFB and derived the assumption that the net cash flows to be generated from FFB prior to more than 15 days to harvest is negligible. Therefore, quantity of unripe FFB on bearer plants of up to 15 days prior to harvest was used for valuation purpose.

Fair value information

The Group has classified its livestock, hatching eggs and fresh fruit bunches measured at fair value within Level 3 of the fair value hierarchy. The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation model.

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12. Biological assets (continued)

Fair value information (continued)

Type	Description of valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
Layers and Breeders	Discounted cash flow Fair values of the layers and breeders are determined using discounted cash flow model. The expected net cash flows are discounted using risk-adjusted discount rate.	• Estimated selling price of the agriculture produce • Estimated feed cost	The estimated fair value would increase/(decrease) if: • The estimated selling price of the agriculture produce were higher/ (lower) • The estimated feed cost were lower/(higher)
Broilers	Discounted cash flow Fair values of the broilers are determined based on the expected net cash flows from sale proceeds of the broilers less the estimated feed and farm overhead cost to nurture the broiler to the point of sale.	• Estimated selling price of the broilers at the point of sale	The estimated fair value would increase/(decrease) if: • The estimated selling price of the broiler at the point of sale were higher/(lower)
Hatching eggs	Discounted cash flow Fair values of the hatching eggs are determined based on the expected net cash flows generated by the day-old chicks produced and other estimated hatching overhead cost incurred to the point of sale.	• Estimated selling price of the day-old chicks at the point of sale	The estimated fair value would increase/(decrease) if: • The estimated selling price of the day-old chicks at the point of sale were higher/ (lower)
FFB	Discounted cash flow Fair values of the fresh fruit bunches are determined based on the expected net cash flows generated by the produce growing on the bearer plants (i.e: FFB) and other estimated production cost incurred.	• Estimated selling price of the FFB	The estimated fair value would increase/(decrease) if: • The estimated selling price of the fresh fruit bunches were higher/(lower)

12. Biological assets (continued)

Fair value information (continued)

The key assumptions used for the fair value calculation at financial year across geographical locations are as follows:

	2020	2019
Layers		
Estimated average eggs' selling prices per piece (sen)	30 – 35	29 – 36
Estimated feed costs (RM per MT)	1,156 – 1,448	1,085 – 1,479
Breeders		
Estimated selling prices of the day-old chick (RM)	1.34 – 1.85	1.54 – 1.90
Estimated feed costs (RM per MT)	1,434 – 1,490	1,382 – 1,652
Broilers		
Estimated selling prices of the broiler at the point of sale (RM per KG)	3.44 – 5.74	5.06 – 5.40
Hatching eggs		
Estimated selling prices of the day-old chick at point of sales (RM)	0.56 – 1.90	1.40 – 1.69
Fresh fruit bunches		
Estimated selling price of the fresh fruit bunches (RM per MT)	400 – 495	330 – 354

Sensitivity analysis

Sensitivity analysis of the possible changes in key assumptions (assumes all other variables remained constant) on fair value of biological assets at year end are disclosed in the table below:

	Effect on fair value of respective biological assets	
	2020	2019
Layers		
Estimated selling price of eggs		
- Increased by 5%	+14.07%	+13.37%
- Decreased by 5%	-14.07%	-13.37%
Estimated feed costs (per MT)		
- Increased by 5%	-7.35%	-7.10%
- Decreased by 5%	+7.35%	+7.10%
Breeders		
Estimated selling price of the day-old chick		
- Increased by 5%	+8.00%	+8.11%
- Decreased by 5%	-8.00%	-8.11%
Estimated feed costs (per MT)		
- Increased by 5%	-2.50%	-2.61%
- Decreased by 5%	+2.50%	+2.61%

Notes To The Financial Statements

12. Biological assets (continued)

Sensitivity analysis (continued)

	Effect on fair value of respective biological assets	
	2020	**2019**
Broilers		
Estimated selling price of the broiler at the point of sale (per KG)		
- Increased by 5%	+9.92%	+8.82%
- Decreased by 5%	-9.92%	-8.82%
Hatching eggs		
Estimated selling price of the day-old chick		
- Increased by 5%	+5.53%	+4.82%
- Decreased by 5%	-5.53%	-4.82%
Fresh fruit bunches		
Estimated selling price of the fresh fruit bunches (per MT)		
- Increased by 5%	+11.85%	+19.87%
- Decreased by 5%	-11.85%	-19.87%

In respect of other variables, a reasonable possible change in the assumptions used will not result in any material change to the fair value of the biological assets.

13. Inventories

	Group	
	2020 RM'000	**2019 RM'000**
At cost:		
Raw materials	152,445	139,913
Manufactured and trading inventories	338,349	425,181
	490,794	565,094
At net realisable value:		
Manufactured and trading inventories	1,037	1,998
	491,831	567,092
At fair value:		
Agricultural produce – layer eggs	4,516	5,753
	496,347	572,845

14. Prepayments and other assets

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Prepayments	50,220	29,306	1,555	1,226
Other assets	15,383	8,061	185	185
	65,603	37,367	1,740	1,411

15. Derivative financial assets/(liabilities)

	2020 Nominal value RM'000	2020 Assets RM'000	2020 Liabilities RM'000	2019 Nominal value RM'000	2019 Assets RM'000	2019 Liabilities RM'000
Group						
Derivative used for hedging						
- Commodity future contracts	5,239	365	—	4,008	125	—
- Cross currency swap	674,428	4,547	—	529,347	—	(12,327)
- Forward exchange contracts	128,276	17	(2,836)	104,139	173	(4)
- Interest rate swap	148,976	—	(4,998)	85,000	—	(699)
	956,919	4,929	(7,834)	722,494	298	(13,030)
Company						
Derivative used for hedging						
- Cross currency swap	674,428	4,547	—	529,347	—	(12,327)
- Interest rate swap	148,976	—	(4,998)	85,000	—	(699)
	823,404	4,547	(4,998)	614,347	—	(13,026)

The commodity future contracts were entered into with the objective of managing and hedging the Group's exposure to adverse commodity price movements. The cross currency swap and interest rate swap contracts of the Group and of the Company are mainly used to hedge against its exposures of foreign currency and movements in interest rates.

Forward exchange contracts are used to manage the foreign currency exposures arising from the Group's receivables and payables denominated in currencies other than the functional currencies of Group entities. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward contracts are rolled over at maturity.

16. Cash and cash equivalents

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Cash and bank balances	280,271	252,611	29,219	22,928
Deposits with licensed banks	27,182	7,163	287	278
Liquid investments	747	1,594	545	404
	308,200	261,368	30,051	23,610

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17. Assets classified as held for sale

		Group	
	Note	2020 RM'000	2019 RM'000
Property, plant and equipment			
Cost			
As at 1 April 2019/2018		8,181	8,181
Transfer to property, plant and equipment	3	(5,702)	—
As at 31 March		2,479	8,181
Accumulated depreciation			
As at 1 April 2019/2018		1,139	1,139
Transfer to property, plant and equipment	3	(1,139)	—
As at 31 March		—	1,139
Accumulated impairment loss			
As at 1 April 2019/2018		563	563
Transfer to property, plant and equipment	3	(563)	—
As at 31 March		—	563
Carrying amounts		2,479	6,479
Right-of-use assets/Prepaid lease payment			
Cost	6	2,435	2,435
Accumulated depreciation	6	(369)	(369)
Carrying amounts		2,066	2,066
		4,545	8,545

During the financial year, asset held for sale of RM4,000,000 was reclassified to property, plant and equipment following the plan to sale has been aborted.

18. Capital and reserves

18.1 Share capital

	Amount 2020 RM'000	Number of shares 2020 '000	Amount 2019 RM'000	Number of shares 2019 '000
Group and Company				
Issued and fully paid shares with no par value classified as equity instruments:				
At 1 April 2019/31 March 2020/1 April 2018/ 31 March 2019	620,025	1,622,438	620,025	1,622,438

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

18.2 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the Group entities with functional currencies other than RM as well as the exchange differences arising from monetary items that in substance form the Company's net investments in subsidiaries.

18.3 Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

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19. Loans and borrowings

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Non-current					
Term loans					
- Conventional - unsecured		600,054	437,049	586,848	368,339
- Islamic - unsecured		50,183	152,794	46,675	148,291
Hire purchase liabilities	19.1	124	170	—	—
		650,361	590,013	633,523	516,630
Current					
Term loans					
- Conventional - unsecured		117,399	54,319	105,582	25,444
- Islamic - unsecured		85,320	104,749	83,100	101,940
Bank overdrafts					
- Unsecured		46,650	19,272	—	—
Bills payable					
- Conventional - unsecured		243,624	244,266	—	—
- Islamic - unsecured		76,750	63,256	—	—
Revolving credit					
- Unsecured		85,605	110,656	56,000	85,000
Hire purchase liabilities	19.1	134	120	—	—
		655,482	596,638	244,682	212,384
		1,305,843	1,186,651	878,205	729,014

19.1 Hire purchase liabilities

Hire purchase liabilities are payable as follows:

	2020 Future minimum lease payments RM'000	2020 Interest RM'000	2020 Present value of minimum lease payments RM'000	2019 Future minimum lease payments RM'000	2019 Interest RM'000	2019 Present value of minimum lease payments RM'000
Group						
Less than one year	141	(7)	134	131	(11)	120
Between one and five years	140	(16)	124	179	(9)	170
	281	(23)	258	310	(20)	290

20. Trade and other payables

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Non-current					
Other payables	20.1	972	498	—	—
Current					
Trade					
Trade payables	20.2	168,053	179,676	—	—
Associate	20.3	860	3,299	—	—
		168,913	182,975	—	—
Non-trade					
Other payables	20.1	89,659	93,460	35	36
Supplier factoring facilities	20.4	34,833	—	—	—
Accrued expenses		74,709	53,652	8,480	6,002
Subsidiaries	20.5	—	—	58,654	35,194
		368,114	330,087	67,169	41,232
		369,086	330,585	67,169	41,232

20.1 Other payables

Non-current

Under the provision of lease agreements, the Group has an obligation to dismantle and remove structures on the site and restore those sites at the end of the lease term to an acceptable condition. The liabilities for restoration are recognised at present value of the compounded future expenditure estimated using current price and discounted using a discount rate of 4.29% (2019: 4.91%).

Current

Included in other payables of the Group are the following amounts due to related parties:

	Group 2020 RM'000	Group 2019 RM'000
Companies in which certain Directors have interests	16	30
Amount due to non-controlling interests and its related parties	60,365	56,404
	60,381	56,434

The amounts due to related parties are unsecured, interest free and repayable on demand.

Notes To The Financial Statements

20. Trade and other payables (continued)

20.2 Trade payables

Included in trade payables of the Group are the following amounts due to related parties:

	Group	
	2020 RM'000	2019 RM'000
Companies in which certain Directors of subsidiaries have interests	1,038	1,333

The amounts due to related parties are subject to normal trade terms.

20.3 Amount due to associate

The amount due to associate is trade in nature, interest free and subject to normal trade terms.

20.4 Supplier factoring facilities

Supplier factoring facilities is an arrangement where the financial institution agrees to pay amounts to a participating non-trade supplier in respect of invoices owed by the Group and receives settlement from the Group at a later date. The principal purpose of this programme is to facilitate efficient payment processing and enable the willing suppliers to sell their receivables due from the Group to a bank before their due date. From the Group's perspective, the arrangement does not significantly extend payment terms beyond the normal terms agreed with other suppliers that are not participating. The Group does not incur any additional interest towards the bank on the amounts due to the suppliers.

The payments to the bank are included within operating cash flows because they continue to be part of the normal operating cycle of the Group.

20.5 Amount due to subsidiaries

The amount due to subsidiaries is non-trade in nature, unsecured, subject to fixed interest rate of 2.43% - 4.43% (2019: 4.43%) per annum and repayable on demand.

21. Employee benefits

The Group's net obligation in respect of defined benefit retirement plans arises from its subsidiaries in Indonesia. The following table summarises the components of net employee benefit expense recognised in the statement of profit or loss and other comprehensive income and in the statement of financial position as employee benefits:

	Group	
	2020 RM'000	2019 RM'000
Expense recognised in profit or loss		
Current service cost	777	1,256
Past service cost	(58)	—
Interest on obligation	538	366
Net benefit expense	1,257	1,622
Present value of defined benefit obligations		
Net benefit expense	8,178	7,357
Movement in present value of defined benefit obligations		
Defined benefit obligations at 1 April 2019/2018	7,357	6,282
Current service cost and interest	1,257	1,622
Payment during the year	(436)	(547)
Defined benefit obligations	8,178	7,357

The principal assumptions used in determining the retirement benefit cost at end of the reporting period are as follows:

Calculation method	:	Projected Unit Credit
Normal pension age	:	55 - 57 years
Annual salary increment (estimated)	:	7% - 10.2% (2019: 7% - 10.2%)
Annual discount rate	:	8.32% - 8.60% (2019: 8.10% - 9.00%)
Mortality level	:	Indonesian Mortality Table ("TMI") 3
Disability level	:	10% from mortality level (2019: 10%)
Resignation level	:	5% constant until the age of 34 and linearly decreasing until the pension age

The Group's management believes that the accrued employee benefit as of 31 March 2020 is sufficient to meet the requirements of the law in Indonesia.

22. Contract with customers

Contract liabilities

Group	2020 RM'000	2019 RM'000
Contract liabilities	13,077	25,704

The contract liabilities primarily relate to the advance consideration received from customers for their purchases and deferred revenue from loyalty points yet to be redeemed by the customers of the Group.

The value of the loyalty points is estimated by reference to the monetary value attributable to the redemption points and are based on the best estimate of future redemption profile. The amount will be recognised as revenue when the points are redeemed by customers, which is expected to occur over a year.

23. Revenue

Group	Marine-products manufacturing		Palm oil and biomass energy activities		Integrated livestock farming		Total	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Primary geographical markets								
Malaysia	633,793	600,259	171,491	218,644	1,992,642	1,497,871	2,797,926	2,316,774
Indonesia	38,538	34,231	83,999	84,519	483,492	543,699	606,029	662,449
Vietnam	107,958	40,781	—	—	141,638	173,467	249,596	214,248
Other countries	379,187	330,670	447	—	122,641	94,912	502,275	425,582
	1,159,476	1,005,941	255,937	303,163	2,740,413	2,309,949	4,155,826	3,619,053
Timing and recognition								
At a point in time	1,159,476	1,005,941	255,937	303,163	2,740,413	2,309,949	4,155,826	3,619,053

Revenue from sale of goods is recognised when the goods are delivered and accepted by the customers at their premises or recognised when the control of the goods have transferred to the customer. Generally, payment terms for revenue from customers range from 30 days to 90 days (2019: 30 days to 90 days) from invoice date or cash term. There were no warranties given to the customers, nor any variable element in the consideration except for customers who purchase the goods using the customer loyalty programme are entitled to earn loyalty points that are redeemable against future purchases and will be recognised as revenue when the points are redeemed by the customers, which is expected to occur over a year.

The Group allocates a portion of the consideration received to the loyalty points. The consideration allocated to the points issued is estimated by reference to the monetary value attributable to the redemption points and are based on the best estimate of future redemption profile. This amount is deferred and included in contract liabilities.

24. Results from operating activities

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Results from operating activities is arrived at after charging:				
Auditors' remuneration:				
- Audit fees				
KPMG in Malaysia				
- current year	1,323	1,513	133	130
- prior years	40	22	—	—
Overseas affiliates of KPMG in Malaysia	249	241	—	—
Other auditors	445	348	—	—
- Non-audit fees				
KPMG in Malaysia	102	111	102	111
Local affiliates of KPMG in Malaysia	92	88	92	—
Overseas affiliates of KPMG in Malaysia	87	68	—	—
Material expenses:				
Amortisation of investment properties	967	967	—	—
Amortisation of intangible assets	227	199	—	—
Amortisation of prepaid lease payments	—	1,636	—	—
Bad debts written off	52	91	—	—
Depreciation of property, plant and equipment	164,929	156,875	24	37
Depreciation of right-of-use assets	20,028	—	—	—
Hire of plant and machinery	27	51	—	—
Impairment loss:				
- advances to suppliers	316	63	—	—
- assets classified as held for sale	—	563	—	—
- intangible assets	37	—	—	—
- property, plant and equipment	—	4,000	—	—
- trade and other receivables	3,169	5,776	—	—
Loss on foreign exchange:				
- realised	—	—	—	2,763
Loss on disposal of property, plant and equipment	—	—	—	9
Loss on change in fair value of biological assets, net	493	—	—	—
Personnel expenses (including key management personnel):				
- contributions to state plans	23,047	17,985	—	—
- expenses related to defined benefit plans	1,257	1,622	—	—
- wages, salaries and others	318,669	265,087	1,243	1,137
Property, plant and equipment written off	1,601	1,086	—	—

Notes To The Financial Statements

24. Results from operating activities (continued)

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Material income:				
Dividend income from:				
- Subsidiaries (unquoted)	—	—	146,913	94,146
- Liquid investments	112	151	112	102
Derivative gain	868	308	—	—
Gain on foreign exchange:				
- realised	5,454	304	4,493	—
- unrealised	9,771	7,144	10,152	12,548
Gain on liquid investment:				
- realised	6	18	—	—
- unrealised	29	40	29	40
Gain on disposal of property, plant and equipment	162	1,496	—	—
Gain on disposal of subsidiaries	—	186	—	—
Gain on change in fair value of biological assets, net	—	20,024	—	—
Reversal of inventories write-down	25	—	—	—
Reversal of impairment loss:				
- advances to suppliers	—	149	—	—
Expenses arising from leases				
Expenses relating to short-term leases	4,392	—	—	—
Expenses relating to leases of low value assets	199	—	—	—
Expenses relating to variable lease payments not included in the measurement of lease liabilities	2,453	—	—	—
Rental of land and buildings and office premises	—	20,489	—	—
Rental of plant, machinery, equipment and motor vehicles	—	639	—	—
Income arising from leases				
Rental of equipment	8	14	—	—
Rental of premises	1,102	1,270	—	—

25. Finance costs

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- term loans	43,125	36,406	34,705	31,960
- bank overdrafts	619	3,121	—	—
- bills payable	11,826	14,375	—	—
- hire purchase liabilities	34	22	—	—
- lease liabilities	5,701	—	—	—
- revolving credit	4,269	4,569	2,678	3,551
- subsidiaries	—	—	1,844	713
	65,574	58,493	39,227	36,224
Other finance costs	1,455	2,206	—	—
	67,029	60,699	39,227	36,224

26. Finance income

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest income of financial assets that are not at fair value through profit or loss:				
- deposits placed with licensed banks	7,943	7,065	482	299
- subsidiaries	—	—	50,287	36,674
- others	838	415	—	—
	8,781	7,480	50,769	36,973

Notes To The Financial Statements

27. Tax expense

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Tax expense on continuing operations	67,972	46,888	102	87
Share of tax of equity-accounted associates	3,875	4,073	—	—
Total tax expense	71,847	50,961	102	87
Current tax expense				
- current year	58,310	36,136	102	20
- under/(over) provision in prior years	2,054	(1,272)	—	67
	60,364	34,864	102	87
Deferred tax expense				
- origination of temporary differences	8,757	6,311	—	—
- (over)/under provision in prior years	(1,149)	5,713	—	—
	7,608	12,024	—	—
Share of tax of equity-accounted associates	3,875	4,073	—	—
Total tax expense	71,847	50,961	102	87
Reconciliation of tax expense				
Profit for the year	238,967	225,466	164,337	101,178
Total income tax expense	71,847	50,961	102	87
Profit excluding tax	310,814	276,427	164,439	101,265
Income tax calculated using Malaysian tax rate of 24% (2019: 24%)	74,595	66,342	39,465	24,304
Effect of tax rates in foreign jurisdictions	(1,096)	(2,515)	—	—
Non-deductible expenses	8,596	8,058	1,996	1,817
Tax exempt income	(8,426)	(8,327)	(41,359)	(26,034)
Tax incentives	(5,204)	(5,211)	—	—
Effect of temporary differences not recognised/(recognised)	3,027	(11,936)	—	—
Under provided in prior years	905	4,441	—	—
Others	(550)	109	—	—
Tax expense	71,847	50,961	102	87

28. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the profit attributable to the owners of the Company of RM239,362,000 (2019: RM216,779,000) and the weighted average number of ordinary shares in issue during the year.

	2020 '000	2019 '000
Weighted average number of ordinary shares at 31 March	1,622,438	1,622,438
Basic earnings per ordinary share (sen)	15	13

Diluted earnings per ordinary share

The Group has no dilution in its earnings per ordinary share at 31 March 2020 and 31 March 2019.

29. Dividends

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
2020			
Final 2019	4.50	73,010	20 September 2019
2019			
Final 2018	4.50	73,010	20 September 2018

A final single tier dividend recommended by the Directors in respect of the financial year ended 31 March 2020 is 4.50 sen per ordinary share totalling approximately RM73,010,000 subject to the approval of the members at the forthcoming Annual General Meeting of the Company.

Notes To The Financial Statements

30. Operating segments

The Group's resources allocation is assessed on a quarterly basis in accordance to the business performance and requirements of the respective business segments as reviewed and determined by the Group's Chief Operating Decision Makers ("CODM") whom are also the Executive Chairman and Managing Director of the Group. Hence, segment information is presented by business segment that the Group operates in. The format of the business segment is based on the Group's operation management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The Company's assets and liabilities are absorbed into integrated livestock farming segment. Expenses which are common and may not be directly allocated to the respective operating segments are allocated to the respective segments based on the relative size of each segments.

Segment capital expenditure is the total costs incurred during the period to acquire property, plant and equipment, investment properties, prepaid lease payments and intangible assets other than goodwill.

Business segments

The Group comprises of the following main business segments:

Marine-products manufacturing	Deep-sea fishing, manufacture and sale of fishmeal, surimi, surimi-based products and aquaculture livestock related product.
Palm oil and biomass energy	Plantation, crude palm oil milling activities and downstream palm biomass technology.
Integrated livestock farming	Distribution of animal feed raw materials, food related products and livestock farming and operations of convenience stores.

The inter-segment transactions have been entered into in the normal course of business and are based on normal trade terms.

Geographical segments

The Group's business operates in five geographical areas: Malaysia, Indonesia, Vietnam, China and Singapore.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of the customers, segment assets are based on the geographical location of the assets.

30. Operating segments (continued)

	Marine-products manufacturing		Palm oil and biomass energy activities		Integrated livestock farming		Consolidated	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Business segments								
Revenue from external customers	1,159,476	1,005,941	255,937	303,163	2,740,413	2,309,949	4,155,826	3,619,053
Segment profit before taxation	191,802	156,238	4,013	20,372	111,124	95,744	306,939	272,354
Included in the measurement of segment profit before taxation are:								
Inter-segment revenue	158,173	137,361	1,396	1,417	4,806	3,498	164,375	142,276
Finance costs	(6,713)	(6,274)	(6,103)	(5,089)	(54,213)	(49,336)	(67,029)	(60,699)
Finance income	2,590	1,126	1,768	2,037	4,423	4,317	8,781	7,480
Depreciation and amortisation	(61,053)	(58,560)	(20,934)	(26,468)	(104,164)	(74,649)	(186,151)	(159,677)
Share of (losses)/profits of associates, net of tax	—	(201)	10,273	12,270	505	729	10,778	12,798
Not included in the measurement of segment profit before taxation but provided to CODM:								
Tax (expense)/credit	(42,788)	(28,307)	966	(3,452)	(26,150)	(15,129)	(67,972)	(46,888)

30. Operating segments (continued)

	Marine-products manufacturing		Palm oil and biomass energy activities		Integrated livestock farming		Consolidated	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Segment assets	1,196,174	1,148,006	450,632	463,651	2,419,573	2,072,004	4,066,379	3,683,661
Segment liabilities	277,254	258,112	153,716	147,421	1,544,395	1,263,782	1,975,365	1,669,315
Included in the measurement of segment assets are:								
Investment in associates	—	—	139,635	136,015	2,540	2,841	142,175	138,856
Additions to non-current assets other than financial instruments and deferred tax assets	67,811	72,546	8,874	2,989	427,876	231,171	504,561	306,706

	Malaysia		Indonesia		Vietnam		Other countries		Consolidated	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Geographical segments										
Revenue from external customers	3,372,085	2,963,398	639,937	526,258	131,825	120,014	11,979	9,383	4,155,826	3,619,053
Non-current assets other than deferred tax assets	1,979,146	1,662,068	437,392	448,740	141,315	84,106	3,593	3,681	2,561,446	2,198,595

31. Financial instruments

31.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:
i) Amortised cost ("AC"); and
ii) Fair value through profit or loss ("FVTPL")

	Carrying amount RM'000	AC RM'000	FVTPL RM'000	Derivatives used for hedging RM'000
2020				
Financial assets				
Group				
Derivative financial assets	4,929	—	—	4,929
Trade and other receivables, excluding advances to suppliers	399,593	399,593	—	—
Cash and cash equivalents	308,200	307,453	747	—
	712,722	707,046	747	4,929
Company				
Derivative financial assets	4,547	—	—	4,547
Trade and other receivables	540,265	540,265	—	—
Cash and cash equivalents	30,051	29,506	545	—
	574,863	569,771	545	4,547
Financial liabilities				
Group				
Loans and borrowings	(1,305,843)	(1,305,843)	—	—
Derivative financial liabilities	(7,834)	—	—	(7,834)
Trade and other payables	(369,086)	(369,086)	—	—
	(1,682,763)	(1,674,929)	—	(7,834)
Company				
Loans and borrowings	(878,205)	(878,205)	—	—
Derivative financial liabilities	(4,998)	—	—	(4,998)
Trade and other payables	(67,169)	(67,169)	—	—
	(950,372)	(945,374)	—	(4,998)

Notes To The Financial Statements

31. Financial instruments (continued)

31.1 Categories of financial instruments (continued)

	Carrying amount RM'000	AC RM'000	FVTPL RM'000	Derivatives used for hedging RM'000
2019				
Financial assets				
Group				
Derivative financial assets	298	—	—	298
Trade and other receivables, excluding advances to suppliers	354,415	354,415	—	—
Cash and cash equivalents	261,368	259,774	1,594	—
	616,081	614,189	1,594	298
Company				
Trade and other receivables	415,187	415,187	—	—
Cash and cash equivalents	23,610	23,206	404	—
	438,797	438,393	404	—
Financial liabilities				
Group				
Loans and borrowings	(1,186,651)	(1,186,651)	—	—
Derivative financial liabilities	(13,030)	—	—	(13,030)
Trade and other payables	(330,585)	(330,585)	—	—
	(1,530,266)	(1,517,236)	—	(13,030)
Company				
Loans and borrowings	(729,014)	(729,014)	—	—
Derivative financial liabilities	(13,026)	—	—	(13,026)
Trade and other payables	(41,232)	(41,232)	—	—
	(783,272)	(770,246)	—	(13,026)

31. Financial instruments (continued)

31.2 Net losses and gains arising from financial instruments

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Net (losses)/gains on:				
Financial liabilities measured at amortised cost	(61,328)	(60,699)	(39,227)	(36,224)
Financial assets at amortised cost	20,785	9,061	65,414	46,758
Financial assets at FVTPL	147	209	141	142
Derivatives designated as hedging instrument:				
- recognised in profit or loss	868	308	—	—
	(39,528)	(51,121)	26,328	10,676

31.3 Financial risk management

The Group and the Company have exposure to the following risks from its financial instruments:

- Credit risk
- Liquidity risk
- Market risk

31.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristics of each customer. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior periods.

Trade receivables

Risk management objectives, policies and processes for managing the risk

Credit risk is controlled by the application of credit approvals, limits and monitoring procedures. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not have any significant exposure to any individual counterparty. The Group has credit policy in place to ensure that transactions are conducted with creditworthy counterparty.

Notes To The Financial Statements

31. Financial instruments (continued)

31.4 Credit risk (continued)

Trade receivables (continued)

Risk management objectives, policies and processes for managing the risk (continued)

At each reporting date, the Group assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses aging analysis to monitor the credit quality of the receivables.

Concentration of credit risk

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was:

	Group	
	2020 RM'000	**2019 RM'000**
Malaysia	260,451	229,329
Indonesia	65,029	50,724
Vietnam	2,257	2,183
Others	30,413	26,692
	358,150	308,928

Recognition and measurement of impairment loss

In managing credit risk of receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 60 to 150 days.

The Group uses an allowance matrix to measure expected credit losses ("ECL") of trade receivables. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency.

31. Financial instruments (continued)

31.4 Credit risk (continued)

Trade receivables (continued)

Recognition and measurement of impairment loss (continued)

Loss rates are based on actual credit loss experience over the past three years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

The following table provides information about the exposure to credit risk and ECLs for trade receivables which are grouped together as they are expected to have similar risk nature.

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
Group			
2020			
Current (not past due)	240,287	(1,798)	238,489
1-30 days past due	75,548	(428)	75,120
31-60 days past due	19,126	(253)	18,873
61-90 days past due	7,433	(269)	7,164
91-120 days past due	2,607	(270)	2,337
More than 120 days past due	15,169	(2,809)	12,360
	360,170	(5,827)	354,343
Credit impaired			
Individually impaired	18,963	(15,156)	3,807
	379,133	(20,983)	358,150
2019			
Current (not past due)	198,760	(724)	198,036
1-30 days past due	71,173	(429)	70,744
31-60 days past due	15,691	(388)	15,303
61-90 days past due	3,128	(93)	3,035
91-120 days past due	9,267	(239)	9,028
More than 120 days past due	10,572	(3,837)	6,735
	308,591	(5,710)	302,881
Credit impaired			
Individually impaired	22,750	(16,703)	6,047
	331,341	(22,413)	308,928

Notes To The Financial Statements

31. Financial instruments (continued)

31.4 Credit risk (continued)

Trade receivables (continued)

Recognition and measurement of impairment loss (continued)

There are trade receivables where the Group has not recognised any loss allowance as the trade receivables are supported by collateral such as assets held as securities and other credit enhancement in managing exposure to credit risk.

The movements in the allowance for impairment in respect of receivables net of advances to suppliers during the year are shown below.

	Lifetime ECL RM'000	Credit impaired RM'000	Total RM'000
Group			
Balance at 1 April 2018	5,865	14,471	20,336
Amounts written off	(19)	(3,680)	(3,699)
Net remeasurement of loss allowance	(136)	5,912	5,776
Balance at 31 March/1 April 2019	5,710	16,703	22,413
Amounts written off	—	(4,599)	(4,599)
Net remeasurement of loss allowance	117	3,052	3,169
Balance at 31 March 2020	5,827	15,156	20,983

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

Credit risks on other receivables are mainly arising from deposits paid for office buildings and convenience stores. These deposits will be received at the end of each lease terms. The Group manages the credit risk together with the leasing arrangement.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

As at the end of the reporting period, the Group did not recognise any allowance for impairment losses.

31. Financial instruments (continued)

31.4 Credit risk (continued)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors the ability of the subsidiaries to service their loans on an individual basis.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM498,038,000 (2019: RM429,749,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

The financial guarantees are provided as credit enhancements to the subsidiaries' secured loans.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the financial institution in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment and hence no allowance for impairment losses was recognised by the Company.

Intercompany loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the ability of the subsidiaries to repay the loans and advances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

Notes To The Financial Statements

31. Financial instruments (continued)

31.4 Credit risk (continued)

Intercompany loans and advances (continued)

Recognition and measurement of impairment loss

Generally, the Company considers loans and advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when:

- The subsidiary is unlikely to repay its loan or advance to the Company in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these loans and advances individually using internal information available.

At the end of the reporting period, there was no indication that the financial positions of the subsidiaries had deteriorated significantly. There was no subsidiary which is unlikely to repay its loan or advances to the Company in full and in deficit shareholders' fund.

31.5 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings. The Group also manage its liquidity risk by entering into supplier factoring facilities when necessary.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due. The Company can also demand repayment of advances/dividends from subsidiaries to meet its ability as and when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

31. Financial instruments (continued)

31.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest/ profit rate/ discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	More than 5 years RM'000
Group							
2020							
Non-derivative financial liabilities							
Revolving credit	85,605	2.43 - 5.56	87,934	87,934	—	—	—
Lease liabilities	148,278	2.80 - 4.92	360,406	133,100	94,935	65,183	67,188
Bank overdrafts	46,650	7.40 - 9.85	46,823	46,823	—	—	—
Bills payable	320,374	1.47 - 6.96	322,601	322,601	—	—	—
Term loans	852,956	1.29 - 7.42	900,118	208,401	245,065	446,652	—
Hire purchase liabilities	258	2.00 - 3.95	281	141	140	—	—
Trade and other payables	368,114	—	368,114	368,114	—	—	—
	1,822,235		2,086,277	1,167,114	340,140	511,835	67,188
Derivative financial liabilities							
Forward exchange contracts (gross settled):							
Outflow	2,819	—	128,276	128,276	—	—	—
Inflow	—	—	(125,457)	(125,457)	—	—	—
Commodity future contracts	(365)	—	(365)	(365)	—	—	—
Cross currency swap	(4,547)	—	(4,547)	(4,547)	—	—	—
Interest rate swap	4,998	—	5,040	—	—	5,040	—
	1,825,140		2,089,224	1,165,021	340,140	516,875	67,188

31. Financial instruments (continued)

31.5 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM'000	Contractual interest/ profit rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	More than 5 years RM'000
Group							
2019							
Non-derivative financial liabilities							
Revolving credit	110,656	4.18 - 5.56	116,045	116,045	—	—	—
Bank overdrafts	19,272	7.35 - 9.85	20,929	20,929	—	—	—
Bills payable	307,522	2.98 - 4.97	319,747	319,747	—	—	—
Term loans	748,911	1.29 - 8.00	825,711	220,741	218,182	373,492	13,296
Hire purchase liabilities	290	2.00 - 3.95	310	131	130	49	—
Trade and other payables	330,087	—	330,087	330,087	—	—	—
	1,516,738		1,612,829	1,007,680	218,312	373,541	13,296
Derivative financial liabilities							
Forward exchange contracts (gross settled):							
Outflow	—	—	104,139	104,139	—	—	—
Inflow	(169)	—	(104,308)	(104,308)	—	—	—
Commodity future contracts	(125)	—	(125)	(125)	—	—	—
Cross currency swap	12,327	—	12,327	12,327	—	—	—
Interest rate swap	699	—	837	767	68	2	—
	1,529,470		1,625,699	1,020,480	218,380	373,543	13,296

31. Financial instruments (continued)

31.5 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM'000	Contractual interest/ profit rate	Contractual cash flows RM'000	Under 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	More than 5 years RM'000
Company							
2020							
Non-derivative financial liabilities							
Revolving credit	56,000	3.70 – 4.43	58,276	58,276	—	—	—
Term loans	822,205	3.46 – 5.05	865,021	193,178	227,111	444,732	—
Trade and other payables	8,515	—	8,515	8,515	—	—	—
Amount due to subsidiaries	58,654	2.43 – 4.43	60,839	60,839	—	—	—
Financial guarantees	—	—	498,038	498,038	—	—	—
	945,374		1,490,689	818,846	227,111	444,732	—
Derivative financial liabilities							
Cross currency swap	(4,547)	—	(4,547)	(4,547)	—	—	—
Interest rate swap	4,998	—	5,040	—	—	5,040	—
	945,825		1,491,182	814,299	227,111	449,772	—

31. Financial instruments (continued)

31.5 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM'000	Contractual interest/ profit rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	More than 5 years RM'000
Company							
2019							
Non-derivative financial liabilities							
Revolving credit	85,000	4.18 - 4.43	88,659	88,659	—	—	—
Term loans	644,014	4.59 - 5.05	702,286	180,398	196,931	324,957	—
Trade and other payables	6,038	—	6,038	6,038	—	—	—
Amount due to subsidiaries	35,194	4.43	37,309	37,309	—	—	—
Financial guarantees	—	—	429,749	429,749	—	—	—
	770,246		1,264,041	742,153	196,931	324,957	—
Derivative financial liabilities							
Cross currency swap	12,327	—	12,327	12,327	—	—	—
Interest rate swap	699	—	837	767	68	2	—
	783,272		1,277,205	755,247	196,999	324,959	—

31. Financial instruments (continued)

31.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's and the Company's financial position or cash flows.

31.6.1 Currency risk

The Group and the Company are exposed to foreign currency risk arising from transactions that are denominated in a currency other than the respective functional currencies of the Group entities. The currency giving rise to this risk is primarily US Dollars.

The management does not view the exposure to other currencies to be significant.

Risk management objectives, policies and processes for managing the risk

The Group's and the Company's foreign exchange management policies are to minimise exposures arising from currency movements. The Group monitors currency movements closely and may enter into foreign currency swaps, forward foreign currency contracts and options to limit its exposure when the needs arise.

Exposure to foreign currency risk

The Group's and the Company's main exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period are as follows:

	Denominated in USD	
	2020 RM'000	2019 RM'000
Group		
Trade receivables	23,906	29,387
Unsecured borrowings	(811,970)	(580,497)
Trade payables	(24,757)	(59,616)
Forward exchange contracts	128,276	104,139
Cross currency swap	674,428	529,347
Cash and cash equivalents	7,770	14,724
Net exposure	(2,347)	37,484
Company		
Unsecured borrowings	(797,204)	(529,014)
Cross currency swap	674,428	529,347
Cash and cash equivalents	2,917	3,054
Net exposure	(119,859)	3,387

Notes To The Financial Statements

31. Financial instruments (continued)

31.6 Market risk (continued)

31.6.1 Currency risk (continued)

Currency risk sensitivity analysis

A 1.50% (2019: 1.50%) strengthening of RM against USD at the end of the reporting period would have increased equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or (loss)	
	2020 RM'000	2019 RM'000
Group		
USD	(27)	427
Company		
USD	(1,366)	39

A 1.50% (2019: 1.50%) weakening of RM against USD at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

31.6.2 Interest rate risk

The Group's and the Company's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short-term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

In managing interest rate risk, the Group and the Company maintain a balanced portfolio of fixed and floating rate instruments. All interest rate exposures are monitored and managed by the Group and the Company on a regular basis.

31. Financial instruments (continued)

31.6 Market risk (continued)

31.6.2 Interest rate risk (continued)

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Fixed rate instruments				
Financial assets	27,182	7,163	42,147	23,675
Financial liabilities	(439,398)	(501,681)	(114,654)	(120,194)
Lease liabilities	(148,279)	—	—	—
	(560,494)	(494,518)	(72,507)	(96,519)
Floating rate instruments				
Financial assets	281,018	254,205	490,741	392,642
Financial liabilities	(866,445)	(684,970)	(822,205)	(644,014)
	(585,427)	(430,765)	(331,464)	(251,372)

Interest rate risk sensitivity analysis

(a) *Fair value sensitivity analysis for fixed rate instruments*

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group and the Company do not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) *Cash flow sensitivity analysis for variable rate instruments*

A change of 50 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) equity and the post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or (loss)			
	50 bp increase 2020 RM'000	50 bp decrease 2020 RM'000	50 bp increase 2019 RM'000	50 bp decrease 2019 RM'000
Group				
Floating rate instruments	(2,225)	2,225	(1,637)	1,637
Company				
Floating rate instruments	(1,260)	1,260	(955)	955

Notes To The Financial Statements

31. Financial instruments (continued)

31.7 Hedging activities

31.7.1 Cash flow hedge

The Group entered into forward exchange contracts as hedges for purchases denominated in foreign currencies. The Group and the Company also entered into cross currency swap and interest rate swap to hedge against its exposures of borrowings in foreign currency and movements in interest rates. The commodities futures were entered into with the objective of managing and hedging the Group's exposure to adverse commodity price movements.

During the year, the Group and the Company had recognised net loss of RM26,424,000 and RM24,199,000 (2019: net loss of RM2,341,000 and RM2,229,000) respectively in other comprehensive income.

31. Financial instruments (continued)

31.8 Fair value information

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings approximate fair values due to the relatively short-term nature of these financial instruments.

The carrying amounts of the floating rate borrowings and long term advances to subsidiaries approximate fair values as they are subject to variable interest rates which in turn approximate the current market interest rates for similar loans at the end of the reporting period.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
Group										
2020										
Financial assets										
Commodity future contracts	—	365	—	365	—	—	—	—	365	365
Forward exchange contracts	—	17	—	17	—	—	—	—	17	17
Cross currency swap	—	—	4,547	4,547	—	—	—	—	4,547	4,547
	—	382	4,547	4,929	—	—	—	—	4,929	4,929
Financial liabilities										
Term loans	—	—	—	—	—	—	(36,108)	(36,108)	(36,108)	(33,161)
Interest rate swap	—	—	(4,998)	(4,998)	—	—	—	—	(4,998)	(4,998)
Hire purchase liabilities	—	—	—	—	—	—	(257)	(257)	(257)	(258)
Forward exchange contracts	—	(2,836)	—	(2,836)	—	—	—	—	(2,836)	(2,836)
	—	(2,836)	(4,998)	(7,834)	—	—	(36,365)	(36,365)	(44,199)	(41,253)

31. Financial instruments (continued)

31.8 Fair value information (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
Group										
2019										
Financial assets										
Commodity future contracts	—	125	—	125	—	—	—	—	125	125
Forward exchange contracts	—	169	—	169	—	—	—	—	169	169
	—	294	—	294	—	—	—	—	294	294
Financial liabilities										
Term loans	—	—	—	—	—	—	(103,684)	(103,684)	(103,684)	(100,865)
Cross currency swap	—	—	(12,327)	(12,327)	—	—	—	—	(12,327)	(12,327)
Interest rate swap	—	—	(699)	(699)	—	—	—	—	(699)	(699)
Hire purchase liabilities	—	—	—	—	—	—	(281)	(281)	(281)	(290)
	—	—	(13,026)	(13,026)	—	—	(103,965)	(103,965)	(116,991)	(114,181)

31. Financial instruments (continued)

31.8 Fair value information (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
Company										
2020										
Financial assets										
Amount due from subsidiaries	—	—	—	—	—	—	41,897	—	41,897	41,610
Cross currency swap	—	—	4,547	4,547	—	—	—	—	4,547	4,547
	—	—	4,547	4,547	—	—	41,897	—	46,444	46,157
Financial liabilities										
Interest rate swap	—	—	(4,998)	(4,998)	—	—	—	—	(4,998)	(4,998)
2019										
Financial assets										
Amount due from subsidiaries	—	—	—	—	—	—	23,152	23,152	23,152	23,397
Financial liabilities										
Cross currency swap	—	—	(12,327)	(12,327)	—	—	—	—	(12,327)	(12,327)
Interest rate swap	—	—	(699)	(699)	—	—	—	—	(699)	(699)
	—	—	(13,026)	(13,026)	—	—	—	—	(13,026)	(13,026)

Notes To The Financial Statements

31. Financial instruments (continued)

31.8 Fair value information (continued)

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2019: no transfer in either directions).

Level 2 fair value

Derivatives

The fair value of forward exchange contracts and commodity option are based on the market price obtained from licensed financial institutions.

Level 3 fair value

The following table shows a reconciliation of Level 3 fair values:

	2020 RM'000	2019 RM'000
Group/Company		
Balance at 1 April	(13,026)	(33,773)
Gain recognised in other comprehensive income		
Cash flow hedge	13,477	20,747
Balance at 31 March	(451)	(13,026)

31. Financial instruments (continued)

31.8 Fair value information (continued)

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

(a) Financial instruments carried at fair value

Type	Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Derivative used for hedging	The fair value of cross currency swap and interest rate swap are based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using spot rate and market interest rates respectively for a similar instrument at the measurement date.	Exchange rate at maturity Interest rate (2020: 3-5%; 2019: 3-5%)	The estimated fair value would increase/(decrease) if the foreign currency rate were strengthen/(weaken). The estimated fair value would increase/(decrease) if the interest rate were higher/(lower).

(b) Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Hire purchase liabilities, term loan and amounts due from subsidiaries	Discounted cash flow using a rate based on the current market rate of borrowing of the Group at the reporting date.

32. Capital and other commitments

	Group	
	2020 RM'000	2019 RM'000
Capital commitments:		
Property, plant and equipment		
Contracted but not provided for	56,246	19,905

Notes To The Financial Statements

33. Capital management

The Group and the Company define capital as the total equity and debt. The objective of the Group's and the Company's capital management is to maintain an optimal capital structure and ensuring funds availability to support business operations and maximises shareholders value. The Group and the Company monitor debts to equity ratio to ensure compliance with management policies as well as maintaining shareholders' confidence in the management.

34. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to 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. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.

The Group and the Company have related party relationship with its subsidiaries, associates and Directors.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are as follows:

	Group	
	2020 RM'000	**2019 RM'000**
With companies in which certain Directors and/or person(s) connected to them have interests:		
Success Portfolio Sdn. Bhd.:		
Sales	—	(903)
M.B. Agriculture (Sandakan) Sdn. Bhd.:		
Sales	(7,921)	(7,616)
Purchases	413	550
M.B. Agriculture (Sabah) Sdn. Bhd.:		
Sales	(16,784)	(10,602)
Acquisition of property, plant and equipment	—	2,106
Arena Dijaya Sdn. Bhd.:		
Sales	(3,578)	(2,451)

34. Related parties (continued)

Significant related party transactions (continued)

	Group 2020 RM'000	Group 2019 RM'000
With companies in which certain Directors and/or person(s) connected to them have interests: (continued)		
Sin Teow Fatt Trading Co.:		
Purchases	828	881
Cheah Joo Kiang Enterprise:		
Sales	(3,639)	(4,260)
E Koon Plastic Trading:		
Purchases	2,538	2,074
Fusipim Sdn. Bhd.:		
Sales	(1,431)	(1,787)
C-Care Enterprise Sdn. Bhd.:		
Sales	(2,227)	(1,764)
Inspirasi Delima Sdn. Bhd.:		
Acquisition of property, plant and equipment	—	23,000
Sizeable Properties Sdn. Bhd.:		
Acquisition of property, plant and equipment	—	19,000
Credential Development Sdn. Bhd.:		
Acquisition of property, plant and equipment	—	4,600
With companies in which certain Directors of certain subsidiaries and person(s) connected to them have interests:		
Keang Huat Trading Sdn. Bhd.:		
Purchases	1,227	4,954
Perikanan Sri Tanjung Sdn. Bhd.:		
Purchases	1,302	1,168
Timurikan Terengganu Sdn. Bhd.:		
Purchases	897	1,139
Associates		
Gross dividends received	(5,363)	(5,233)
Warehousing services	10,263	9,614

	Company 2020 RM'000	Company 2019 RM'000
Subsidiaries		
Finance income	(50,287)	(36,674)
Dividend received	(146,913)	(94,146)
Finance costs	1,844	713

Notes To The Financial Statements

34. Related parties (continued)

Significant related party transactions (continued)

The key management personnel compensation are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Directors of the Company				
- Fees	1,651	1,608	1,170	1,108
- Remuneration	14,437	12,535	37	29
- Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	201	215	—	—
	16,289	14,358	1,207	1,137
Directors of subsidiaries				
- Fees	477	487	36	36
- Remuneration	8,594	8,539	—	—
- Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	224	248	—	—
	9,295	9,274	36	36
	25,584	23,632	1,243	1,173

35. Subsidiaries

The principal activities of the subsidiaries and the interest of QL Resources Berhad are as follows:

Name of company	Principal activities	Effective ownership interest 2020 %	Effective ownership interest 2019 %
QL Feedingstuffs Sdn. Bhd. and its subsidiaries	Investment holding, provision of management services	100	100
QL Agrofood Sdn. Bhd.	Processing and sale of animal feeds, trading of raw materials for animal feeds, lubricants, foodstuffs and trading of livestock	100	100
QL Agroventures Sdn. Bhd.	Layer and broiler farming	100	100
Chingsan Development Sdn. Bhd.	Property holding	100	100
QL Tawau Feedmill Sdn. Bhd.	Manufacture and sale of animal feeds and providing chicken parts processing service	100	100
QL Feed Sdn. Bhd.	Marketing and distribution of animal feed raw material and food grain	100	100
QL Realty Sdn. Bhd. and its subsidiaries	Investment holding	100	100
PT. QL Trimitra[a]	Integrated broiler farming and its related activities	100	90
PT. QL Agrofood[a]	Layer farming, broiler farming, breeder farming and feed milling	100	100
Pacific Vet Group (M) Sdn. Bhd. and its subsidiary	Investment holding	90	90
QL Pacific Vet Group Sdn. Bhd.	Trading of feed supplement, animal health food and agricultural products	90	90
QL AgroResources Sdn.Bhd. and its subsidiaries	Investment holding, feed milling, selling and distribution of animal feeds, raw materials and other related products	100	100
QL Livestock Farming Sdn. Bhd.	Poultry farming, selling and distribution of animal feeds, poultry and related products	100	100
Gelombang Elit (M) Sdn. Bhd.	Property holding	100	100
QL TP Fertilizer Sdn. Bhd.	Producing and selling organic fertiliser	51	51

Notes To The Financial Statements

35. Subsidiaries (continued)

Name of company	Principal activities	Effective ownership interest 2020 %	2019 %
QL Farms Sdn. Bhd. and its subsidiaries	Layer and broiler farming, wholesale of frozen chicken parts, trading of goods, oil palm cultivation, manufacturing and sales of organic fertiliser, and investment holding	100	100
Adequate Triumph Sdn. Bhd.	Property holding	100	100
QL Inter-Food Sdn. Bhd.	Dormant	100	100
QL Breeder Farm Sdn. Bhd.	Poultry breeding and farming and oil palm cultivation	100	100
Merkaya Sdn. Bhd.	Property holding	100	100
QL Agrobio Sdn. Bhd.	Commercial production and supply of biologically digested feeding raw materials	100	100
QL Ansan Poultry Farm Sdn. Bhd. and its subsidiaries	Investment holding, poultry farming, and provision of ancillary transportation services	90	90
QL Rawang Poultry Farm Sdn. Bhd.	Property holding	90	90
QL Poultry Farms Sdn. Bhd.#	Layer farming	—	90
QL Eco Farm Sdn. Bhd.#	Layer farming and provision of ancillary transportation services	—	90
Haji Hussin Markom Sdn.Bhd.	Dormant	54	54
QL Vietnam AgroResources Liability Limited Company[b]	Poultry farming	100	100
QL International Pte. Ltd.	Marketing and trading of animal feed raw materials	100	100
PT. QL Feed Indonesia[a]	Trading of animal feed raw materials and related products	88	88
QL Palm Pellet Sdn. Bhd.	Investment holding	90	90

35. Subsidiaries (continued)

Name of company	Principal activities	Effective ownership interest 2020 %	2019 %
QL Feedingstuffs Vietnam Limited Liability Company[b]	Trading of poultry products	100	100
QL Farms (Tay Ninh) Liability Limited Company[b]	Poultry farming	100	100
KS Galah Sdn. Bhd.	Dormant	100	100
Icon Blitz Sdn. Bhd.	Dormant	100	100
QL Poultry Farms Sdn. Bhd.#	Layer farming	100	—
QL Eco Farm Sdn. Bhd.#	Layer farming and provision of ancillary transportation services	100	—
QL Oil Sdn. Bhd. and its subsidiaries	Investment holding	100	100
QL Plantation Sdn. Bhd. and its subsidiary	Investment holding, oil palm cultivation, processing and marketing of oil palm products	100	100
QL Tawau Biogas Sdn. Bhd.	Operating a biogas power plant	100	100
QL BioEnergy Sdn. Bhd.	Dormant	100	100
QL Mutiara (S) Pte. Ltd. [c] and its subsidiary	Investment holding	78.42	78.42
PT. Pipit Mutiara Indah[a]	Oil palm plantation and crude palm oil milling	74.50	74.50

Notes To The Financial Statements

35. Subsidiaries (continued)

Name of company	Principal activities	Effective ownership interest 2020 %	2019 %
QL Fishery Sdn. Bhd. and its subsidiaries	Investment holding	100	100
QL Marine Products Sdn. Bhd. and its subsidiary	Investment holding, manufacturing of surimi, surimi-based products and fishmeal as well as processing and sale of frozen seafood	100	100
QL Deep Sea Fishing Sdn. Bhd.	Deep sea fishing and sale of subsidised diesel to fishermen	100	100
QL Foods Sdn. Bhd. and its subsidiaries	Investment holding, manufacturing of surimi and surimi-based products	100	100
QL Aquaculture Sdn. Bhd.	Dormant	100	100
QL Aquamarine Sdn. Bhd.	Shrimp farming	100	100
Citra Jernih Sdn. Bhd.*	Dormant	70	—
Mesra Prima Sdn. Bhd.*	Dormant	70	—
QL Prima Sdn. Bhd.*	Dormant	70	—
QL Fishmeal Sdn. Bhd. and its subsidiary	Investment holding, manufacturing and trading of fishmeal	100	100
PT. QL Hasil Laut[a] and its subsidiary	Manufacturing of surimi and fishmeal	100	100
PT. QLNutri Foods Indonesia[d]	Dormant	100	100
QL Endau Marine Products Sdn. Bhd. and its subsidiaries	Investment holding, manufacturing of surimi and provision of ancillary transportation services	70.59	70.59
QL Endau Deep Sea Fishing Sdn. Bhd.	Deep sea fishing and trading of fish	70.59	70.59
QL Endau Fishmeal Sdn. Bhd.	Manufacturing and trading of fishmeal	70.59	70.59
Pilihan Mahir Sdn. Bhd.	Letting of property	70.59	70.59
Rikawawasan Sdn. Bhd.	Deep sea fishing	70.59	70.59
QL Figo Foods Sdn. Bhd.	Leasing of properties	100	100
QL Figo (Johor) Sdn. Bhd.	Manufacturing and sale of "halal" food products	100	100
QL Fresh Choice Seafood Sdn. Bhd.	Coastal fish trawling and wholesale of marine products	100	100

35. Subsidiaries (continued)

Name of company	Principal activities	Effective ownership interest 2020 %	2019 %
QL Lian Hoe Sdn. Bhd.	Manufacturing and sale of surimi-based products	82	82
QL Lian Hoe (S) Pte. Ltd.[c] and its subsidiary	Investment holding	100	100
Zhongshan True Taste Food Industrial Co. Ltd.[e]	Manufacturing and sale of food products	100	100
Kuala Kedah Fish Meal Sendirian Berhad	Property investment	100	100
KS Monodon Sdn. Bhd.	Dormant	100	100
Kembang Subur Sdn. Bhd. and its subsidiaries	Hatchering and culturing of shrimps and fishes	87.22	83.33
Kembang Subur (Perak) Sdn. Bhd.	Dormant	87.22	83.33
KS Pekan Hatchery Sdn. Bhd.	Breeding, genetic selection and hatchery operation for the production of shrimps	87.22	83.33
QL Green Resources Sdn. Bhd. and its subsidiaries	Investment holding	100	100
QL Tawau Palm Pellet Sdn. Bhd.	Dormant	100	100
QL NatureCo Sdn. Bhd.	Dormant	100	100
QL ESCO Sdn. Bhd.	Supply of biomass	100	100
Leisure Pyramid Sdn. Bhd.	Manufacturing of wood pellet	76.47	76.47
QL IPC Sdn. Bhd.	Dormant	100	100
QL Carbon Sdn. Bhd. and its subsidiaries	Investment holding	100	100
QL Maxincome Sdn. Bhd.	Operating and franchising of convenience stores	100	100
QL Kitchen Sdn. Bhd.	Operation of centralised kitchen	100	100
QL Corporate Services Sdn. Bhd.	Provision of management services	100	100

Notes To The Financial Statements

35. Subsidiaries (continued)

(a) Subsidiaries incorporated in Indonesia and audited by another firm of accountants.

(b) Subsidiaries incorporated in Vietnam and audited by a member firm of KPMG.

(c) Subsidiaries incorporated in Singapore and audited by another firm of accountants.

(d) Subsidiary incorporated in Indonesia and consolidated based on management accounts.

(e) Subsidiary incorporated in China and consolidated based on management accounts.

During the year, these subsidiaries were restructured within the Group.

* During the year, these subsidiaries were newly incorporated in Malaysia.

All other subsidiaries are incorporated in Malaysia and audited by KPMG.

35.1 The Company's shareholdings in non wholly-owned subsidiaries are as follows:

	Number of ordinary shares			
	At 1.4.2019	Bought	Sold	At 31.3.2020
Interest in non wholly-owned subsidiaries via QL Feedingstuffs Sdn. Bhd.				
Pacific Vet Group (M) Sdn. Bhd. and its subsidiary	2,736,000	—	—	2,736,000
QL Pacific Vet Group Sdn. Bhd.	2,000,000	—	—	2,000,000
Interest in non wholly-owned subsidiaries via QL AgroResources Sdn. Bhd.				
QL TP Fertilizer Sdn. Bhd.	255,000	—	—	255,000
QL Ansan Poultry Farm Sdn. Bhd. and its subsidiaries	34,200,000	—	—	34,200,000
QL Eco Farm Sdn. Bhd.	42,500,000	—	—	42,500,000
QL Poultry Farm Sdn. Bhd.	18,000,000	—	—	18,000,000
QL Rawang Poultry Farm Sdn. Bhd.	4,400,000	—	—	4,400,000
Haji Hussin Markom Sdn. Bhd.	60,000	—	—	60,000
PT. QL Feed Indonesia	500,000	—	—	500,000
PT. QL Trimitra	11,700,000	1,300,000	—	13,000,000
QL Palm Pellet Sdn. Bhd.	3,870,000	—	—	3,870,000
Interest in non wholly-owned subsidiaries via QL Oil Sdn. Bhd.				
QL Mutiara (S) Pte. Ltd. and its subsidiary	11,919,998	—	—	11,919,998

35. Subsidiaries (continued)

35.1 The Company's shareholdings in non wholly-owned subsidiaries are as follows: (continued)

	Number of ordinary shares			
	At 1.4.2019	Bought	Sold	At 31.3.2020
PT. Pipit Mutiara Indah	2,983,000	—	—	2,983,000
Interest in non wholly-owned subsidiaries via QL Fishery Sdn. Bhd.				
QL Endau Marine Products Sdn. Bhd. and its subsidiaries	6,723,960	—	—	6,723,960
QL Endau Deep Sea Fishing Sdn. Bhd.	43,800,000	—	—	43,800,000
QL Endau Fishmeal Sdn. Bhd.	20,100,000	—	—	20,100,000
Pilihan Mahir Sdn. Bhd.	10,000	—	—	10,000
Rikawawasan Sdn. Bhd.	10,000,000	—	—	10,000,000
QL Lian Hoe Sdn. Bhd.	8,200,000	—	—	8,200,000
Kembang Subur Sdn. Bhd. and its subsidiaries	7,500,000	350,000	—	7,850,000
Kembang Subur (Perak) Sdn. Bhd.	500,000	—	—	500,000
KS Pekan Hatchery Sdn. Bhd.	4,000,000	—	—	4,000,000
Interest in non wholly-owned subsidiaries via QL Foods Sdn. Bhd.				
Citra Jernih Sdn. Bhd.	—	70,000	—	70,000
Mesra Prima Sdn. Bhd.	—	70,000	—	70,000
QL Prima Sdn. Bhd.	—	70,000	—	70,000
Interest in non wholly-owned subsidiary via QL Green Resources Sdn. Bhd.				
Leisure Pyramid Sdn. Bhd.	1,300,000	—	—	1,300,000

36. Acquisition/Disposal of subsidiaries and non-controlling interests

36.1 Acquisition of non-controlling interest in 2020

36.1.1 In August 2019, the Group, via its wholly-owned subsidiaries, QL Feedingstuffs Sdn. Bhd. ("QLF") and QL Realty Sdn. Bhd. ("QLR") entered into a share Sale and Purchase Agreement with minority shareholder to acquire 1,300,000 ordinary shares representing 10% of the issued and paid up capital in PT QL Trimitra ("PTQLT") for a total net cash consideration of RM3,745,000. Upon completion of the acquisition, the combined sharehoding of QLF and QLR in PTQLT increased from 90% to 100%.

36.1.2 In February 2020, the Group via its wholly-owned subsidiary, QL Fishery Sdn. Bhd. ("QLFI") entered into a share Sale and Purchase Agreement with minority shareholder to acquire 350,000 ordinary shares in Kembang Subur Sdn. Bhd. ("KSSB") for a total consideration of RM1,457,000. Following the acquisition, shareholding of QLFI in KSSB increased from 83.33% to 87.22%.

Notes To The Financial Statements

36. Acquisition/Disposal of subsidiaries and non-controlling interests (continued)

36.2 Disposal of a subsidiary in 2019

In October 2018, the Group, via its subsidiary, Kembang Subur Sdn. Bhd. ("KSSB") entered into a share Sale and Purchase Agreement with Hisenor International Limited ("Hisenor") to dispose its 51 ordinary shares of USD1.00 each, representing 51% of the total issued and paid up shares in Kembang Subur International Ltd. ("KSI") for a total consideration of RM236,500 (equivalent to USD63,750) only.

Upon completion of the disposal, KSI and its wholly-owned subsidiary, Nam Duong Vietnam Aquatic Hatchery Co., Ltd. ceased to be subsidiaries of the Group. The net cash inflow arising from the disposal is RM234,600 with a gain on disposal of RM186,000.

36.3 Acquisition of non-controlling interests in 2019

36.3.1 In June 2018, the Group, via its wholly-owned subsidiary, QL Green Resources Sdn. Bhd. ("QLGR") subscribed additional 200,000 ordinary shares in Leisure Pyramid Sdn. Bhd. ("LP") for RM200,000 by capitalising of debts. Following the subscription, shareholding of QLGR in LP increased from 73.33% to 76.47%.

36.3.2 In July 2018, the Group, via its subsidiary, Kembang Subur Sdn. Bhd. ("KSSB") acquired 225,000 ordinary shares in Kembang Subur (Perak) Sdn. Bhd. ("KSP") for a total consideration of RM3. Following the acquisition, shareholding of KSSB in KSP increased from 55% to 100%.

36.3.3 In July 2018, the Group, via its wholly-owned subsidiary, QL Feedingstuffs Sdn. Bhd. ("QLF") entered into a share Sale and Purchase Agreement with Ng Siew Thiam and Chew Ching Kwang to acquire 780,000 ordinary shares, representing 5% of the issued and paid up capital in QL AgroResources Sdn. Bhd. ("QLAR") for a total net cash consideration of RM16,549,000. Upon completion of the acquisition, shareholding of QLF in QLAR increased from 95% to 100%.

37. Significant changes in accounting policies

During the year, the Group adopted MFRS 16.

Definition of a lease

On transition to MFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied MFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under MFRS 117 and IC Interpretation 4, *Determining whether an Arrangement contains a Lease* were not reassessed. Therefore, the definition of a lease under MFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

As a lessee

Where the Group is a lessee, the Group applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings at 1 April 2019.

At 1 April 2019, for leases that were classified as operating lease under MFRS 117, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 April 2019. The weighted-average rate applied is 4.91%. Right-of-use assets are measured at their carrying amount as if MFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at 1 April 2019.

For leases that were classified as finance lease under MFRS 117, the carrying amounts of the right-of-use asset and the lease liability at 1 April 2019 are determined to be the same as the carrying amount of the leased asset and lease liability under MFRS 117 immediately before that date.

37. Significant changes in accounting policies (continued)

As a lessee (continued)

The Group used the following practical expedients when applying MFRS 16 to leases previously classified as operating lease or finance lease under MFRS 117:

- applied a single discount rate to a portfolio of leases with similar characteristics;
- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term as at 1 April 2019;
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term if the contract contains options to extend or terminate the leases.

As a lessor

Group entities who is an immediate lessor reassessed the clarification of a sublease previously classified as an operating lease under MFRS 117 and concluded that the sublease is an operating lease under MFRS 16.

37.1 Impacts on financial statements

Since the Group applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application at 1 April 2019, there are no adjustments made to the prior period presented.

The following table explains the difference between operating lease commitments applying MFRS 117 at 31 March 2019, and lease liabilities recognised in the statement of financial position at 1 April 2019.

Group

	RM'000
Operating lease commitments at 31 March 2019	90,215
Discounted using the incremental borrowing rate at 1 April 2019	78,672
Hire purchase liabilities recognised at 31 March 2019	290
Recognition exemption for short-term leases	(4,392)
Recognition exemption for leases of low-value assets	(199)
Lease liabilities recognised at 1 April 2019	74,371

38. Subsequent event

In June 2020, the Company proposed to undertake a bonus issue of 811,219,129 bonus shares on the basis of one (1) bonus share for every two (2) existing shares held on an entitlement date to be determined and announced later. The Board expects the proposed bonus issue to be completed by the fourth quarter of 2020.

39. Comparative figures

Certain comparative figures have been restated to conform to current year's presentation.

	2019	
	As restated RM'000	As previously reported RM'000
Administrative expenses	234,779	297,723
Distribution cost	136,649	73,705

Statement By Directors Pursuant to Section 251(2) of The Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 100 to 215 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2020 and of their financial performance and cash flows for the financial year then ended.

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

Chia Song Kun
Director

Chia Song Kooi
Director

Shah Alam

Date: 4 August 2020

Statutory Declaration Pursuant to Section 251(1)(b) of The Companies Act 2016

I, Chia Mak Hooi, the officer primarily responsible for the financial management of QL Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 100 to 215 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Chia Mak Hooi, NRIC: 650605-08-6113, at Klang in the State of Selangor on 4 August 2020.

Chia Mak Hooi

Before me:

Tee Hsiao Mei
Commissioner for Oaths
Klang, Selangor

Independent Auditors' Report To The Members of QL Resources Berhad

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of QL Resources Berhad, which comprise the statements of financial position as at 31 March 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 100 to 215.

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

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' 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.

Key Audit Matters

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

Valuation of biological assets – Livestock

Refer to Note 2(i) – Significant accounting policies: Biological assets – livestock and Note 12 – Biological assets to the financial statements.

Key audit matter

The Group held RM179,552,000 of biological assets measured at fair value less cost to sell as at 31 March 2020. In determining the fair value of the biological assets, the Group uses the discounted cash flow model. We have identified the valuation of biological assets as a key audit matter because significant judgement is involved in determining the key assumptions which will impact the amount of the fair value of biological assets recognised.

How the matter was addressed in our audit

Our audit procedures performed over this area included, among others:

- We gained an understanding of the process in determining the fair value of biological assets including the review of minutes of Management outlook meeting that discuss on the projected selling price and projected feed cost;
- We evaluated the appropriateness of the methodology used by management in valuation of the biological assets;
- We assessed the appropriateness of the key assumptions and relevant inputs used by the management in the valuation model by comparing to the external data as well as the historical data provided to us by the management;
- In respect of the projected selling prices and feed costs, we performed testing by comparing the projected selling prices against externally derived data, historical trends and other collaborative evidence available;
- We tested the Group's control over the recording of livestock quantities. Our testing involved a comparison of actual quantity to our expectations, derived based on our understanding of the operation, size of the farms and subsequent quantities sold; and
- We evaluated the adequacy of the disclosure, including disclosure of key assumptions, judgments and sensitivities analysis performed by the management.

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditors' Report To The Members of Ql Resources Berhad

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 ability of the Group and of the Company 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 controls 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 internal control of the Group and of the Company.

- 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 ability of the Group or of the Company 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.

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

- 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 gives a true and fair view.

- 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 applies.

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, the subsidiaries of which we have not acted as auditors are disclosed in Note 35 to the financial statements.

Other Matters

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

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Ooi Eng Siong
Approval Number: 03240/02/2022 J
Chartered Accountant

Petaling Jaya

Date: 4 August 2020

List of Properties
as at 31 March 2020

Owner Company	Particulars of property	Date of revaluation or (date of acquisition)	Tenure	Existing use	Land & Build-up area	Net Book Value (RM'000)	Age of building (years)
PT. Pipit Mutiara Indah	Desa Sekatak Buji, Kecamatan Sekatak, Kabupaten Bulungan, Provinsi Kalimantan Utara	Dec 2009 (date obtained Hak Guna Usaha)	Leasehold to: 19.01.2045	Oil palm estate together with palm oil mill & building	14,177 ha Build-up area 20.0 ha	**111,280**	11
PT QL Agrofood	HGB No. 1919 HGB No. 1920 Kelurahan Ciketing Udik, Kec. Bantar Gebang, Bekasi	(02.11.2013)	Leasehold to: 09.10.2042	Feedmill	4.46 acres 1.29 acres Build-up area 26,215.54 sq. m.	49,447.42 1,375.02 **50,822.44**	5 5
QL Kitchen Sdn. Bhd.	H.S.(D) 119695, Lot 139, Bandar Shah Alam, Daerah Petaling, Negeri Selangor No. 1, Jalan Kawat 15/18, Seksyen 15, 40200 Shah Alam, Selangor Darul Ehsan	(29.09.2019)	Leasehold 99 years to: 11.02.2075	Vacant industrial land	20,438 sq. m.	**38,519**	N/A
QL Figo (Johor) Sdn. Bhd.	GRN238020, Lot 3627, Mukim of Kulai, District of Kulai Jaya, Johor	(June 2014)	Industrial land	2-storey detached office building, 8 blocks of single-storey detached factory	Land cost Site 5.5948 ha Built up area 245,000 sq. ft. (factory building)	18,000 20,491 **38,491**	15
QL Foods Sdn. Bhd.	Lot 9122,109,110,111,112 GM2114,3285,3287,3288,3397 Mukim of Hutan Melintang District of Hilir Perak, Perak	13.01.2014	Freehold	2 units of Surimi based products factory	Gross build-up of 16,840 square metre 3.55 ha	35,274	5

Owner Company	Particulars of property	Date of revaluation or (date of acquisition)	Tenure	Existing use	Land & Build-up area	Net Book Value (RM'000)	Age of building (years)
QL Marine Products Sdn. Bhd.	1. CL045081687 2. CL045076042 Kampung Bolong, District of Tuaran, Sabah	(27.12.2002) (19.09.2003)	1. Leasehold to 31.12.2104 2. Leasehold to 27.04.2929	Surimi, fishmeal & frozen seafood plant	26 acres 3 acres Build-up area 30,000 sq. m.	2,835 200 27,345 **30,380**	16
QL Palm Pellet Sdn. Bhd.	Geran 83005, Lot 1911, Mukim Buloh Kasap, Daerah Segamat, Negeri Johor	(30.11.2016)	Freehold	Land with existing oil palm estate	156.2815 ha	**28,209**	N/A
KS Galah Sdn. Bhd.	1/3 undivided share of No. Pajakan Negeri 106522, Lot 169483, Mukim Klang, Daerah Klang, Negeri Selangor	(27.03.2019)	99-year leasehold expiring on 24.02.2097	Vacant industrial land	Provisional land area 9.605 acres or 418,393.8 sq. ft.	**23,536**	N/A
QL Breeder Farm Sdn. Bhd.	PL 106261643 Jalan TV Station, Off Mile 5½, Of Jalan Apas Tawau, Sabah	(06.11.2012)	Leasehold to: 31.12.2058	Breeder farm & oil palm estate	Land cost 38.48 acres Build-up area 28.22 acres	3,148 16,642 **19,790**	3
Pilihan Mahir Sdn. Bhd.	H.S.(D) 5258, PTD 4967, Mukim Padang Endau Daerah Mersing, Johor	(31.03.2010)	Leasehold expiring 22.11.2108	Vacant industrial land	2.544 ha	215	N/A
QL Endau Marine Products Sdn. Bhd.				Coldroom	Build-up area 2,592 sq. m.	3,230	8
				Factory	Build-up area 6,243 sq. m.	16,032 **19,477**	5

Shareholders' Analysis Report
as at 30 July 2020

Issued and paid-up capital : RM620,025,000*
Type of shares : Ordinary shares
Voting rights : One vote per ordinary share

* As per audited financial statements, these figures are rounded to nearest thousand.

Shareholders by Size of Shareholdings, Directors' Shareholdings and Substantial Shareholders

Size of Shareholdings	No. of Shareholders	No. of Shares	% of Shareholding
less than 100	425	14,497	0.001
100 to 1,000	1,766	942,072	0.058
1,001 to 10,000	2,925	12,690,581	0.782
10,001 to 100,000	1,852	61,826,747	3.811
100,001 to less than 5% of issued shares	659	658,948,866	40.615
5% and above of issued shares	3	888,015,496	54.733
	7,630	1,622,438,259	100.000

Directors' Shareholdings

Name of directors	No. of shares held			
	Direct	%^	Indirect	%^
Chia Song Kun	877,500	0.054	671,361,848*	41.380
Chia Song Kooi	1,131,000	0.070	3,123,040**	0.192
Chia Seong Pow	2,360,000	0.145	193,250,331#	11.911
Chia Song Swa	737,100	0.045	2,510,000**	0.155
Chia Lik Khai	1,750,900	0.108	190,320##	0.012
Chia Seong Fatt (Alternate Director)	260,000	0.016	191,136,353#	11.781
Chia Mak Hooi (Alternate Director)	2,526,370	0.156	475,800##	0.029
Cheah Juw Teck (Alternate Director)	3,240,015	0.200	1,300,000**	0.080
Low Teng Lum	4,000	0.000	80,750##	0.005
Kow Poh Gek	—	—	9,230+	0.001
Prof. Datin Paduka Setia Dato' Dr. Aini Binti Ideris	—	—	—	—
Chan Wai Yen, Millie	—	—	—	—
Cynthia Toh Mei Lee	—	—	—	—
Wee Beng Chuan	—	—	—	—

Notes:

* Deemed interest via his and his spouse's interest in CBG (L) Foundation, the holding company of CBG (L) Pte. Ltd., Song Bak Holdings Sdn. Bhd., his and his spouse's indirect interest in Ruby Technique Sdn. Bhd. ("RT") as well as his spouse's and children's shares in QL.

** Indirect interest via his spouse's and children's shares in QL.

Deemed interest via his and his spouse's beneficial interest in Farsathy Holdings Sdn. Bhd., his and his spouse's indirect interest in RT, his spouse's and children's shares in QL.

Indirect interest via his spouse's shares in QL.

+ Indirect interest via her son's shares in QL.

^ Based on the issued and paid-up share capital of the Company comprising 1,622,438,259 ordinary shares.

Substantial Shareholders

	Name of Shareholders	Direct	%	Indirect	%
1	CBG (L) Pte. Ltd.	657,872,773	40.548	—	0.000
2	CBG (L) Foundation	—	0.000	657,872,773	40.548
3	Farsathy Holdings Sdn. Bhd.	187,754,863	11.572	—	0.000
4	Chia Song Kun	877,500	0.054	671,361,848	41.380
5	Chia Seong Pow	2,360,000	0.145	193,250,331	11.911
6	Chia Seong Fatt	260,000	0.016	191,136,353	11.781
7	Employees Provident Fund Board	129,217,360	7.964	—	0.000

List of 30 Largest Shareholders

No.	Name of Shareholders	Shareholdings	%
1	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR CBG (L) PTE LTD (PB)	582,554,573	35.906
2	FARSATHY HOLDINGS SDN BHD	187,754,863	11.572
3	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	117,706,060	7.254
4	CBG (L) PTE LTD	77,050,000	4.749
5	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	36,994,800	2.280
6	AMANAHRAYA TRUSTEES BERHAD PUBLIC ITTIKAL SEQUEL FUND	20,173,320	1.243
7	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	11,872,443	0.731
8	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR PUBLIC REGULAR SAVINGS FUND (N14011940100)	11,829,960	0.729
9	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	11,605,200	0.715
10	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	9,951,449	0.613
11	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	9,672,620	0.596

Shareholders' Analysis Report

List of 30 Largest Shareholders (continued)

No.	Name of Shareholders	Shareholdings	%
12	LIU & CHIA HOLDINGS SDN BHD	7,526,500	0.463
13	CARTABAN NOMINEES (TEMPATAN) SDN BHD PBTB FOR TAKAFULINK DANA EKUITI	7,109,637	0.438
14	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (NOMURA)	7,101,600	0.437
15	CHIA SONG PHUAN	6,687,784	0.412
16	CARTABAN NOMINEES (ASING) SDN BHD GIC PRIVATE LIMITED FOR GOVERNMENT OF SINGAPORE (C)	6,468,900	0.398
17	CHIA SIANG ENG	5,803,804	0.357
18	LIU FUI MOY	5,629,360	0.346
19	AMANAHRAYA TRUSTEES BERHAD PB GROWTH FUND	5,497,850	0.338
20	KEE SIOK HIN	5,360,250	0.330
21	DB (MALAYSIA) NOMINEE (ASING) SDN BHD BNYM SA/NV FOR PEOPLE'S BANK OF CHINA (SICL ASIA EM)	4,878,800	0.300
22	ATTRACTIVE FEATURES SDN. BHD.	4,708,500	0.290
23	CHIA BAK LANG	4,510,300	0.277
24	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC TREASURES GROWTH FUND	4,362,020	0.268
25	HSBC NOMINEES (ASING) SDN BHD J.P. MORGAN SECURITIES PLC	4,333,300	0.267
26	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD - KENANGA GROWTH FUND	4,317,230	0.266
27	LEMBAGA TABUNG HAJI	4,167,985	0.256
28	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK DANA UNGGUL	4,133,809	0.254
29	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	3,910,387	0.241
30	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD AS BENEFICIAL OWNER (PF)	3,861,057	0.237

Disclosure on Recurrent Related Party Transactions

Existing RRPT

(a) Transactions between QL Group and companies in which Mr. Chia Song Kun and person(s) connected to him have interests

No.	Nature of Transaction	Related Parties	Estimated Value from the date of the forthcoming AGM to the next AGM [1] (RM'000)	Mandate obtained from last year's AGM (RM'000)	Actual transacted value for the period from 30 August 2019 to 31 July 2020 (RM'000)	Actual transacted value for the financial year ended 31 March 2020 (RM'000)
1.	Purchase of raw fish by QL Foods Sdn. Bhd. ("**QL Foods**")	Sin Teow Fatt Trading Co.	1,000	1,000	657	828
2.	Sale of surimi and surimi-based product by QL Group	Fusipim Sdn. Bhd.	28,000	3,800	3,774	1,431
3.	Sale of surimi-based product by QL Foods	Cheah Joo Kiang Enterprise	5,000	5,000	3,544	3,639
4.	Sale of animal feed and lubricant by QL Agrofood Sdn. Bhd.	M.B. Agriculture (Sabah) Sdn. Bhd.	20,000	20,000	17,945	16,700
5.	Sale of surimi-based product by QL Foods	C-Care Enterprise Sdn. Bhd.	3,000	3,000	2,245	2,227
6.	Sale of animal feed and purchase of packing material by QL Group	Arena Dijaya Sdn. Bhd.	4,020	4,020	4,315	3,584
7.	Sale of animal feed, chicken part, egg, sundries, broiler, meat/frozen food and organic fertilizer as well as purchase of raw material and packing material by QL Group	M.B. Agriculture (Sandakan) Sdn. Bhd.	9,900	9,900	8,624	7,858
8.	Purchase of fresh fruit bunch and ERP fertilizer by QL Plantation Sdn. Bhd. ("**QLP**")		900	850	441	413
9.	Purchase of packing material by QL Group	E Koon Plastics Trading	3,100	3,100	2,191	2,538
10.	Purchase of fresh fruit bunch by QLP	Highglobal Properties Sdn. Bhd.	400	300	274	233
11.	Sale of organic fertilizer by QL Farms Group		80	80	—	—
12.	Purchase of fresh fruit bunch by QLP	Total Icon Sdn. Bhd.	300	200	141	140
13.	Sale of organic fertilizer by QL Farms Group		40	40	—	—
	Total		75,740	51,290	44,151	39,591

Disclosure on Recurrent Related Party Transactions

(b) Transactions between QL Group and companies in which Mr. Chia Seong Pow/Mr. Chia Seong Fatt and person(s) connected to them have interests

No.	Nature of Transaction	Related Parties	Estimated Value from the date of the forthcoming AGM to the next AGM [1] (RM'000)	Mandate obtained from last year's AGM (RM'000)	Actual transacted value for the period from 30 August 2019 to 31 July 2020 (RM'000)	Actual transacted value for the financial year ended 31 March 2020 (RM'000)
1.	Sale of animal feed and lubricant by QL Agrofood Sdn. Bhd.	M.B. Agriculture (Sabah) Sdn. Bhd.	20,000	20,000	17,945	16,700
2.	Sale of animal feed and purchase of packing material by QL Group	Arena Dijaya Sdn. Bhd.	4,020	4,020	4,315	3,584
3.	Sale of animal feed, chicken part, egg, sundries, broiler, meat/frozen food and organic fertilizer as well as purchase of raw material and packing material by QL Group	M.B. Agriculture (Sandakan) Sdn. Bhd.	9,900	9,900	8,624	7,858
4.	Purchase of fresh fruit bunch and ERP fertilizer by QLP		900	850	441	413
5.	Purchase of fresh fruit bunch by QLP	Highglobal Properties Sdn. Bhd.	400	300	274	233
6.	Sale of organic fertilizer by QL Farms Group		80	80	—	—
7.	Purchase of fresh fruit bunch by QLP	Total Icon Sdn. Bhd.	300	200	141	140
8.	Sale of organic fertilizer by QL Farms Group		40	40	—	—
	Total		35,640	35,390	31,740	28,928

(c) Transactions between QL Group and companies in which Mr. Sim Chin Swee and person(s) connected to him have interests

No.	Nature of Transaction	Related Parties	Estimated Value from the date of the forthcoming AGM to the next AGM [1] (RM'000)	Mandate obtained from last year's AGM (RM'000)	Actual transacted value for the period from 30 August 2019 to 31 July 2020 (RM'000)	Actual transacted value for the financial year ended 31 March 2020 (RM'000)
1.	Purchase of spare parts by Endau Group	Keang Huat Trading Sdn. Bhd.	1,500	6,500	278	1,227
2.	Purchase of fish by Endau Group	Perikanan Sri Tanjung Sdn. Bhd.	2,000	2,000	1,083	1,302
3.	Purchase of fish by Endau Group	Timurikan Trengganu Marine Products Sdn. Bhd.	500	500	84	54
4.	Purchase of fish by Endau Group	Perikanan Hap Huat Sdn. Bhd.	500	100	207	252
5.	Purchase of fish by Endau Group	Timurikan Trengganu Sdn. Bhd.	3.000	3,000	1,015	897
	Total		7,500	12,100	2,667	3,732

(d) Transactions between QL Group and companies in which Mr. Heng Hup Peng and person(s) connected to him have interests

No.	Nature of Transaction	Related Parties	Estimated Value from the date of the forthcoming AGM to the next AGM [1] (RM'000)	Mandate obtained from last year's AGM (RM'000)	Actual transacted value for the period from 30 August 2019 to 31 July 2020 (RM'000)	Actual transacted value for the financial year ended 31 March 2020 (RM'000)
1.	Purchase of fish by Endau Group	Perikanan Sri Tanjung Sdn. Bhd.	2,000	2,000	1,083	1,302
2.	Purchase of fish by Endau Group	Timurikan Trengganu Marine Products Sdn. Bhd.	500	500	84	54
3.	Purchase of fish by Endau Group	Perikanan Hap Huat Sdn. Bhd.	500	100	207	252
4.	Purchase of fish by Endau Group	Hai Hong Fishery Sdn. Bhd.	600	600	427	395
5.	Purchase of fish by Endau Group	Timurikan Trengganu Sdn. Bhd.	3,000	3,000	1,015	897
	Total		6,600	6,200	2,816	2,900

Disclosure on Recurrent Related Party Transactions

Additional RRPT

(a) Transactions between QL Group and companies in which Mr. Chia Song Kun and person(s) connected to him have interests

No.	Nature of Transaction	Related Parties	Estimated Value from the date of the forthcoming AGM to the next AGM[1] (RM'000)
1.	Sale of frozen fish by QL Marine Products Sdn. Bhd.	M.B. Agriculture (Sandakan) Sdn. Bhd.	200
2.	Sale of animal health product by QL Pacific Vet Group Sdn. Bhd.	M.B. Agriculture (Sandakan) Sdn. Bhd.	200
		Arena Dijaya Sdn. Bhd.	100
		M.B. Agriculture (Sabah) Sdn. Bhd.	200
3.	Provision of rental of property to QL Foods	Credential Development Sdn. Bhd.	60
4.	Purchase of raw fish by QL Fishmeal Sdn. Bhd.	Sin Teow Fatt Trading Co.	20
	Total		780

(b) Transactions between QL Group and companies in which Mr. Chia Seong Pow/Mr. Chia Seong Fatt and person(s) connected to them have interests

No.	Nature of Transaction	Related Parties	Estimated Value from the date of the forthcoming AGM to the next AGM[1] (RM'000)
1.	Sale of frozen fish by QL Marine Products Sdn. Bhd.	M.B. Agriculture (Sandakan) Sdn. Bhd.	200
2.	Sale of animal health product by QL Pacific Vet Group Sdn. Bhd.	M.B. Agriculture (Sandakan) Sdn. Bhd.	200
		Arena Dijaya Sdn. Bhd.	100
		M.B. Agriculture (Sabah) Sdn. Bhd.	200
	Total		700

Notes:-

1 *The new estimated value is based on the Management's estimate which takes into account the transacted amount for the financial year ended 31 March 2020 as well as the changing economic and competitive environment. Announcement will be made accordingly if the total actual value exceeds the total estimated value by 10% or more.*

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 23rd Annual General Meeting ("AGM") of QL Resources Berhad ("QL" or the "Company") will be conducted entirely through live streaming from the broadcast venue at QL Training Hall, No. 16A, Jalan Astaka U8/83, Bukit Jelutong, 40150 Shah Alam, Selangor ("Broadcast Venue") on Tuesday, 29 September 2020 at 10.00 a.m. to transact the following businesses:

AGENDA

As Ordinary Business:

1.	To receive the Audited Financial Statements for the financial year ended 31 March 2020 together with the Directors' and Auditors' Report thereon.	Refer to Explanatory Note 1
2.	To approve the payment of a final single tier dividend of 4.50 sen per ordinary share in respect of the financial year ended 31 March 2020.	Ordinary Resolution 1
3.	To re-elect the following Directors who retire in accordance with Clause 124 of the Company's Constitution and being eligible, offers themselves for re-election:	
	Chia Song Kun	Ordinary Resolution 2
	Chia Song Kooi	Ordinary Resolution 3
	Kow Poh Gek	Ordinary Resolution 4
4.	To re-elect the following Directors who retire in accordance with Clause 129 of the Company's Constitution and being eligible, offers themselves for re-election:	
	Low Teng Lum	Ordinary Resolution 5
	Wee Beng Chuan	Ordinary Resolution 6
5.	To approve the proposed payment of Directors' fees amounting to RM973,500 from 1 October 2020 until the next Annual General Meeting, and further, to authorise the Directors to apportion the fees and make payment in the manner as the Directors may determine.	Ordinary Resolution 7
6.	To approve the proposed payment of Directors' benefits amounting to RM61,185 from 1 October 2020 until the next Annual General Meeting.	Ordinary Resolution 8
7.	To approve the additional payment of Directors' fees of RM88,500 following the postponement of the Annual General Meeting in 2020.	Ordinary Resolution 9
8.	To re-appoint Messrs. KPMG PLT as the auditors of the Company and to authorise the Directors to fix their remuneration.	Ordinary Resolution 10

Notice of Annual General Meeting

As Special Business:

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

9. **Authority to Directors to allot and issue shares pursuant to Section 75 and Section 76 of the Companies Act 2016** Ordinary Resolution 11

"THAT pursuant to Section 75 and Section 76 of the Companies Act 2016, and subject to the approval of all relevant authorities being obtained, the Directors be and are hereby empowered to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company."

10. **Proposed bonus issue of up to 811,219,129 new ordinary shares in QL ("Bonus Share(s)") on the basis of 1 Bonus Share for every 2 existing ordinary shares in QL held on an entitlement date to be determined and announced later ("Proposed Bonus Issue")** Ordinary Resolution 12

"THAT, subject to the approvals of all relevant regulatory authorities and/or parties (where applicable) being obtained, authority be and is hereby given to the Board of Directors of the Company ("Board") to allot and issue up to 811,219,129 Bonus Shares on the basis of 1 Bonus Share for every 2 existing ordinary shares in QL ("QL Shares") held by the entitled shareholders whose names appear in the Record of Depositors of the Company as at the close of business on the entitlement date to be determined and announced later;

THAT fractional entitlements arising from the Proposed Bonus Issue, if any, will be disregarded, and/or dealt with by the Board in such manner as it may in its absolute discretion deem fit or expedient and in the best interest of the Company;

THAT the Bonus Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the existing QL Shares, save and except that the Bonus Shares so issued will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid where the entitlement date precedes the date of allotment of the Bonus Shares;

AND THAT the Board be and is hereby authorised to sign and execute all documents to give effect to the Proposed Bonus Issue with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Bonus Issue."

11. **Proposed Renewal for the Company to purchase its own shares of up to 10% of the total number of issued shares ("Proposed Renewal of Share Buy Back Authority")** Ordinary Resolution 13

"THAT approval be and is hereby given to the Company to, from time to time, purchase through Bursa Malaysia Securities Berhad ("Bursa Securities") such number of ordinary shares in the Company as may be determined by the Directors of the Company upon such terms and conditions as the Directors may deem fit and expedient in the best interests of the Company provided that:

(1) the aggregate number of shares purchased and/or retained as treasury shares shall not exceed 10% of the total number of issued shares of the Company at the time of purchase ("Proposed Renewal of Share Buy Back Authority");

(2) the maximum amount of funds to be utilised for the purpose of the Proposed Renewal of Share Buy Back Authority shall not exceed the Company's aggregate retained profits;

(3) such authority from shareholders of the Company will be effective immediately upon passing of this ordinary resolution and will continue to be in force until:-

   (i) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the authority shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
   (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
   (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities or any other relevant authority;

AND THAT upon completion of the purchase by the Company of its own shares, the Directors of the Company be and are hereby authorised to:-

(a) cancel all or part of the shares so purchased;
(b) retain all or part of the shares so purchased as treasury shares;
(c) distribute the treasury shares as share dividends to the Company's shareholders for the time being;
(d) transfer the treasury shares or any part thereof as purchase consideration and/or for the purposes of or under an employees' share scheme; and/or
(e) to resell the treasury shares on Bursa Securities;

Notice of Annual General Meeting

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary, including the opening and maintaining of a central depositories account(s) and entering into all other agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to and to implement the Proposed Renewal of Share Buy Back Authority with full powers to assent to any conditions, modifications, revaluations, variations and/ or amendments (if any) as may be required or imposed by the relevant authorities from time to time and to do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company."

12. **Proposed Renewal of and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Renewal of and New RRPT Mandate")** Ordinary Resolution 14

"THAT approval be and is hereby given to the Company and its subsidiaries to renew the shareholders' mandate and seek new shareholders' mandate for the recurrent related party transactions of a revenue or trading nature as set out in Part B, Section 2.4 of the Circular to Shareholders dated 27 August 2020 with the related parties described therein which 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 detriment of the minority shareholders;

THAT such approval shall continue to be in force until:-

(i) the conclusion of the next annual general meeting of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
(ii) the expiration of the period within which the next annual general meeting after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("Act") (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
(iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be authorised to complete and do all such acts and things (including all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of and New RRPT Mandate."

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

Notice of Dividend Entitlement and Payment

NOTICE IS ALSO HEREBY GIVEN that the final single tier dividend, if approved, will be paid on 15 October 2020 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 6 October 2020.

A Depositor shall qualify for entitlement only in respect of:

(a) Shares transferred into the Depositor's Securities Account before 4.30 p.m. on 6 October 2020 in respect of transfers; and

(b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

Ng Geok Ping
(MAICSA 7013090)
Company Secretary

Shah Alam, Selangor Darul Ehsan
27 August 2020

NOTES:-

PROXY:

1. The Broadcast Venue of the 23rd AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue of the meeting.

   Shareholders/proxy(ies) will not be allowed to attend the 23rd AGM in person at the Broadcast Venue.

   Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 23rd AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its **TIIH Online** website at https://tiih.online. **Please follow the Procedures for RPV in the Administrative Guide and take note of Notes (2) to (14) below in order to participate remotely via RPV.**

2. For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the **Record of Depositors as at 21 September 2020**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.

3. A Member, including an Authorised Nominee, may appoint not more than two (2) proxies to participate and vote instead of the Member or Authorised Nominee on the same occasion via RPV.

4. An Exempt Authorised Nominee (which holds ordinary shares in the Company for the Omnibus Account) may appoint one (1) or more proxies to attend on the same occasion. There is no limit to the number of proxies which an Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.

Notice of Annual General Meeting

5. Where a Member, an Authorised Nominee or an Exempt Authorised Nominee appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. The appointment shall not be valid unless he specifies the proportions of his holdings to be represented by each proxy.

6. A proxy may but need not be a Member of the Company. There shall be no restriction as to the qualification of the proxy.

7. A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at this 23rd AGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH online website at https://tiih.online. **Please follow the Procedures for RPV in the Administrative Guide.**

8. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

   (i) In hard copy form

   In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

   (ii) By electronic form (applicable to individual shareholders only)

   The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online. Kindly refer to the Administrative Guide on the procedures for electronic lodgement of proxy form via TIIH Online.

9. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

10. Last date and time for lodging the proxy form is **Sunday, 27 September 2020 at 10.00 a.m.**

11. In the case of a corporation, the instrument appointing a proxy or proxies must be in accordance with the corporation's constitution.

EXPLANATORY NOTES ON ORDINARY / SPECIAL BUSINESS:

1. Item 1 of the Agenda

This Agenda item 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, this Agenda item is not put forward for voting.

2. Ordinary Resolution 1

With reference to Section 131 of the Companies Act 2016, a company may only make a distribution to the shareholders out of profits of the Company available if the Company is solvent. On 29 June 2020, the Board had considered the amount of dividend and decided to recommend the same for the shareholders' approval.

The Directors of the Company are satisfied that the Company will be solvent as it will be able to pay its debts as and when the debts become due within 12 months immediately after the distribution is made on 15 October 2020 in accordance with the requirements under Section 132(2) and (3) of the Companies Act 2016.

3. Ordinary Resolutions 2 to 6

Clause 124 of the Company's Constitution provides that one-third of the directors for the time being, or if their number is not three or a multiple of three, then the number nearest one-third shall retire from office but shall be eligible for re-election. Hence, 3 out of 9 Directors of the Company are to retire in accordance with Clause 124 of the Company's Constitution.

Clause 129 of the Company's Constitution provides that the directors may appoint a person who is willing to act as Director, either to fill a casual vacancy or as an additional Director, in accordance with the Company's Constitution. The directors so appointed shall hold office only until this annual general meeting and shall then be eligible for re-election.

4. Ordinary Resolutions 7 and 8

The actual payment of Directors' fees incurred for the financial year 2020 was RM1,170,000.

The proposed Ordinary Resolutions 7 and 8, if passed, will give authority to the Company to pay the Directors' fees and benefits from 1 October 2020 until the next Annual General Meeting.

The Directors' fees and benefits comprise the following and will be paid as and when incurred:

Fees	Amount
Chairman of the Board	RM11,000 per month
Chairman of the Board Committees	RM10,000 per month
Group Managing Director	RM9,000 per month
Executive Director	RM7,000 per month
Independent Director	RM7,500 per month
Benefits	
Meeting Allowance	RM1,000 per meeting day
Directors' and Officers' Indemnity Insurance	RM25,185

5. Ordinary Resolution 9

The approved payment of Directors' fees commencing the conclusion of the 22nd AGM up till the conclusion of the 23rd AGM was at RM1,062,000. Following the postponement of the 23rd AGM from August to September 2020, the additional payment of Directors' fees amounted to RM88,500.

Notice of Annual General Meeting

6. **Ordinary Resolution 11**

The proposed resolution is a renewal of the general authority for the Directors to issue shares pursuant to Section 75 and Section 76 of the Companies Act 2016. If passed, it will empower the Directors from the conclusion of the above AGM until the conclusion of the next AGM to allot and issue shares in the Company up to an amount not exceeding 10% of the total number of issued shares of the Company for the time being for such purposes as the Directors consider would be in the interests of the Company.

The Company has not issued any new shares pursuant to Section 75 and Section 76 of the Companies Act 2016 under the general mandate which was approved at the 22nd AGM of the Company held on 29 August 2019 and which will lapse at the conclusion of the 23rd AGM. A renewal of this authority is being sought at the 23rd AGM.

The general authority to issue shares will allow the Company to take advantage of any strategic opportunities, including but not limited to, issuance of new shares for purpose of funding investment project(s), working capital and/or acquisitions which require new shares to be allotted and issued. This would avoid any delay and costs in convening a general meeting to specifically approve such an issue of shares.

7. **Ordinary Resolution 12**

The rationale for the Proposed Bonus Issue is to reward the existing shareholders of the Company for their loyalty and continued support to QL and its subsidiaries and in conjunction to QL's 20 years of listing. The Board is of the view that it is an appropriate avenue for the Company to reward its shareholders as the Proposed Bonus Issue:

(i) will enable the existing shareholders to have greater participation in the equity of the Company in terms of the number of QL Shares held, whilst maintaining their percentage of equity interest; and
(ii) is expected to enhance the marketability and trading liquidity of QL Shares on the Main Market of Bursa Securities, thereby providing opportunity for greater participation from a broader range of investors.

8. **Ordinary Resolution 13**

The proposed resolutions, if passed, will empower the Company to purchase and/or hold up to 10% of the total number of issued shares of the Company. This authority unless revoked or varied by the Company at a general meeting will expire at the conclusion of the next AGM of the Company or within which the next AGM after the date is required by law to be held, whichever occurs first. For further information, please refer to Part C of the Circular to Shareholders dated 27 August 2020.

9. **Ordinary Resolution 14**

The proposed resolutions pertains to the shareholders' mandate required under Part E, Chapter 10.09(2) of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad. The said Proposed Renewal of and New RRPT Mandate if passed, will mandate the Company and/or its subsidiaries to enter into categories of recurrent transactions of a revenue or trading nature and with those related parties as specified in Part B, Section 2.2 of the Circular to Shareholders dated 27 August 2020. The mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year. The director, major shareholder or person connected with a director or major shareholder, who has interest in the transaction, must not vote on the resolutions approving the transactions. An interested director or interested major shareholder must ensure that persons connected to him abstain from voting on the resolutions approving the transactions.

Form of Proxy

全利資源有限公司
QL Resources Berhad
Registration No. 199701013419
(428915-X)

No. of ordinary shares held	
CDS Account No.	
Email address	

I/We ______________________________ (NRIC No./Passport No. ______________________)
(FULL NAME IN BLOCK LETTERS)

of ____
(FULL ADDRESS)

being a member of **QL RESOURCES BERHAD**, hereby appoint ______________________________
(FULL NAME)

(NRIC No./Passport No. ____________________) (Proxy 1) of ______________________________,
(FULL ADDRESS)

and, ______________________________ (NRIC No./Passport No. ____________________) (Proxy 2)

of ____
(FULL ADDRESS)

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy/proxies to vote for me/us on my/our behalf at the 23rd Annual General Meeting of the Company, to be conducted fully virtual at the Broadcast Venue at QL Training Hall, No. 16A, Jalan Astaka U8/83, Bukit Jelutong, 40150 Shah Alam, Selangor on Tuesday, 29 September 2020 at 10.00 a.m. or any adjournment thereof.

My/our proxy is to vote as indicated below:

Resolutions	For	Against
Ordinary Resolution No. 1		
Ordinary Resolution No. 2		
Ordinary Resolution No. 3		
Ordinary Resolution No. 4		
Ordinary Resolution No. 5		
Ordinary Resolution No. 6		
Ordinary Resolution No. 7		
Ordinary Resolution No. 8		
Ordinary Resolution No. 9		
Ordinary Resolution No. 10		
Ordinary Resolution No. 11		
Ordinary Resolution No. 12		
Ordinary Resolution No. 13		
Ordinary Resolution No. 14		

Please indicate with an "X" or "√" in the space provided as to how you wish your votes to be cast on the resolutions specified in the Notice of 23rd Annual General Meeting. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.

Dated this ________ day of ____________ 2020

For appointment of two (2) proxies, percentage of shareholding to be represented by the proxies:

	No. of Shares	Percentage
Proxy 1		
Proxy 2		
Total		

____
Signature of Shareholder

Notes:-

1. The Broadcast Venue of the 23rd AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue of the meeting.

   Shareholders/proxy(ies) will not be allowed to attend the 23rd AGM in person at the Broadcast Venue.

   Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 23rd AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its **TIIH Online** website at https://tiih.online. **Please follow the Procedures for RPV in the Administrative Guide and take note of Notes (2) to (14) below in order to participate remotely via RPV.**
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3. A Member, including an Authorised Nominee, may appoint not more than two (2) proxies to participate and vote instead of the Member or Authorised Nominee on the same occasion via RPV.
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6. A proxy may but need not be a Member of the Company. There shall be no restriction as to the qualification of the proxy.
7. A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at this 23rd AGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH online website at https://tiih.online. **Please follow the Procedures for RPV in the Administrative Guide.**
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   (i) In hard copy form

   In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

   (ii) By electronic form (applicable to individual shareholders only)

   The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online. Kindly refer to the Administrative Guide on the procedures for electronic lodgement of proxy form via TIIH Online.
9. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
10. Last date and time for lodging the proxy form is **Sunday, 27 September 2020 at 10.00 a.m.**
11. In the case of a corporation, the instrument appointing a proxy or proxies must be in accordance with the corporation's constitution.

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Affix
Stamp

The Share Registrar

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

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Disclosure on Recurrent Related Party Transactions

Classes of Related Parties

The Proposed Renewal of and New RRPT Mandate will apply to the following Related Parties:

(i) Sin Teow Fatt Trading Co is a sole proprietorship dealing with marine products, sundry goods and ice and it is owned by Mr. Cheah Yaw Song who is also Director of QL Foods Sdn. Bhd. (**"QL Foods"**), QL Fishmeal Sdn. Bhd. and members of the Chia Family.

(ii) Fusipim Sdn. Bhd. (**"Fusipim"**) is a company involved in processing of frozen and non-frozen seafood, operation of cold storage and warehouse as well as powder based products. The Directors and shareholders of Fusipim are Madam Chia Kah Chuan and her spouse Mr. Eng Seng Poo. Madam Chia Kah Chuan is a member of the Chia Family.

(iii) Cheah Joo Kiang Enterprise is a sole proprietorship established by Mr. Cheah Joo Kiang, which is engaged in the trading of fish ball. Mr. Cheah Joo Kiang is the son of Mr. Cheah Yaw Song and the brother of Mr. Cheah Juw Teck. Mr. Cheah Yaw Song and Mr. Cheah Juw Teck are Directors of QL Foods and shareholders of QL.

(iv) Keang Huat Trading Sdn. Bhd. (**"KH"**) is a trading company of all kinds of hardware, marine engines, fishing and other related activities. KH is a Major Shareholder (10.88%) of QL Endau Marine Products Sdn. Bhd. (**"QLEMP"**). Mr. Sim Chin Swee is a Director and Major Shareholder of both KH and QLEMP. QLEMP is 70.59% owned by QL.

(v) Perikanan Sri Tanjung Sdn. Bhd. (**"PST"**) is a company engaged in manufacturing, trading and processing of deep sea fish, diesel and provision of transportation services. Mr. Sim Chin Swee is a Director of Endau Group and Major Shareholder of QLEMP. He is also a Director of PST and has indirect interests in PST via his children. Whereas, Mr. Heng Hup Peng is a Director of Endau Group and shareholder of QLEMP as well as a Director and Major Shareholder of PST.

(vi) Timurikan Trengganu Marine Products Sdn. Bhd. (**"TTMP"**) is a company engaged in marine products manufacturing, trading of edible fishes, frozen fishes and other aquatic animals. Mr. Sim Chin Swee is a Director of Endau Group and Major Shareholder of QLEMP. He is also a Director of TTMP and has indirect interest in TTMP via his child. Whereas, Mr. Heng Hup Peng is a Director of Endau Group and shareholder of QLEMP as well as a Director and Major Shareholder of TTMP.

(vii) M.B. Agriculture (Sabah) Sdn. Bhd. (**"MB (Sabah)"**) is engaged in livestock farming and is 77.67% and 22.33% owned by Imbangan Lestari Sdn. Bhd. (**"Imbangan"**) and Farsathy Holdings Sdn. Bhd. (**"Farsathy"**) respectively. Imbangan is a wholly-owned subsidiary of CBG (L) Foundation (**"CBG Foundation"**), an entity that has indirect interests in QL via CBG (L) Pte. Ltd. ("**CBG (L)**"), a Major Shareholder of QL. Farsathy is also a Major Shareholder of QL.

(viii) C-Care Enterprise Sdn. Bhd. (**"C-Care"**) is engaged in businesses of wholesale and retail of sundry and other consumable goods and frozen foods. Mr. Chia Soon Hooi and his spouse Madam Low Sok Peng are Directors and shareholders of C-Care. Mr. Chia Soon Hooi is the son of Mr. Chia Teow Guan and the brother of Mr. Chia Mak Hooi. Mr. Chia Teow Guan is a Director of QL Foods and member of the Chia Family whereas Mr. Chia Mak Hooi is a Director and shareholder of QL.

(ix) Arena Dijaya Sdn. Bhd. (**"Arena"**) is engaged in livestock farming and is 77.67% and 22.33% owned by Imbangan and Farsathy respectively. Imbangan is a wholly-owned subsidiary of CBG Foundation, an entity that has indirect interests in QL via CBG (L), a Major Shareholder of QL. Farsathy is also a Major Shareholder of QL.

Disclosure on Recurrent Related Party Transactions

Classes of Related Parties (continued)

The Proposed Renewal of and New RRPT Mandate will apply to the following Related Parties (continued):

(x) M.B. Agriculture (Sandakan) Sdn. Bhd. (**"MB (Sandakan)"**) is engaged in livestock farming and is 77.67% and 22.33% owned by Imbangan and Farsathy respectively. Imbangan is a wholly-owned subsidiary of CBG Foundation, an entity that has indirect interests in QL via CBG (L), a Major Shareholder of QL. Farsathy is also a Major Shareholder of QL.

(xi) E Koon Plastics Trading (**"E Koon"**) is a sole proprietorship engaged in wholesale of household utensils and cutlery, crockery, glassware, chinaware and pottery, wholesale of other construction materials, hardware, plumbing and heating equipment and supplies N.E.C., retail sale of construction materials, hardware, paints and glass, wholesale of plastic materials in primary forms. E Koon is owned by Ms. Eng Siew Yong. She is the daughter-in-law and sister-in-law of Mr. Cheah Yaw Song and Mr. Cheah Juw Teck respectively, who are Directors of QL Foods and QL Fishmeal Sdn. Bhd. as well as shareholders of QL.

(xii) Perikanan Hap Huat Sdn. Bhd. (**"PHH"**) is a wholesaler and engaged in trading of frozen edible fishes and other aquatic animals. Mr. Sim Chin Swee is a Director of Endau Group and Major Shareholder of QLEMP. He is also a Director of PHH and has indirect interests in PHH via his children. Whereas, Mr. Heng Hup Peng is a Director of Endau Group and shareholder of QLEMP as well as a Director and Major Shareholder of PHH.

(xiii) Hai Hong Fishery Sdn. Bhd. (**"HHF"**) is engaged in trading of fish, all types of fishery and seafood products as well as carry on fisheries activities. Mr Heng Hup Peng is a Director and shareholder of QLEMP as well as a Director and Major Shareholder of HHF.

(xiv) Highglobal Properties Sdn. Bhd. (**"HP"**) is engaged in the cultivation of oil palm, sales of fresh fruit bunches, sales of gravel and rearing of swiftlets. It is 33% owned by MB (Sandakan), which in turn is 77.67% and 22.33% owned by Imbangan and Farsathy respectively. Imbangan is a wholly-owned subsidiary of CBG Foundation, an entity that has indirect interests in QL via CBG (L), a Major Shareholder of QL. Farsathy is also a Major Shareholder of QL.

(xv) Total Icon Sdn. Bhd. (**"TI"**) is engaged in sales of fresh fruit bunches and rearing of swiftlets. Mr. Chia Seong Fatt, Mr. Chia Lik Khai and Mr. Chia Seong Pow are Major Shareholders of TI with a total shareholding of 40% in TI. Mr. Chia Seong Fatt is Director of QL Plantation Sdn. Bhd. (**"QLP"**) and QL Farms Sdn. Bhd. whilst Mr. Chia Lik Khai is Director of QLP. Mr. Chia Seong Fatt and Mr. Chia Seong Pow are brothers and they are also Directors and Major Shareholders of QL. Mr. Chia Lik Khai is also the Director and shareholder of QL.

(xvi) Timurikan Trengganu Sdn. Bhd. (**"TT"**) is a company engaged in deep sea fishing. Mr. Sim Chin Swee is a Director of Endau Group and Major Shareholder of QLEMP. He is also a Director of TT and has indirect interest in TT via his child. Whereas, Mr. Heng Hup Peng is a Director of Endau Group and shareholder of QLEMP as well as a Director and Major Shareholder of TT.

(xvii) Credential Development Sdn. Bhd. (**"CD"**) is an investment holding company and a wholly-owned subsidiary of CBG Holdings Sdn. Bhd. (**"CBG"**). Dr Chia is a Director and Major Shareholder of CD and CBG. Dr Chia is the Major Shareholder of CBG and deemed to have interest in QL Foods, a body corporate in which Dr Chia and his spouse is entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares.

QL Resources Berhad
(Registration No. 199701013419 (428915-X))

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