



汉联机构有限公司
HARN LEN CORPORATION BHD
200001000001150298-H

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The Directors of Harn Len Corporation Bhd. hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the cultivation of oil palms, operation of a palm oil mill, property investment, investment holding and palm oil estate and plantation management.

The principal activities of the subsidiary companies are disclosed in Note 7.

RESULTS

The results of operations of the Group and of the Company for the financial year are as follows:

	Group RM	Company RM
Loss for the financial year	<u>22,979,615</u>	<u>14,902,800</u>
Loss for the financial year attributable to:		
Owners of the Company	22,190,222	14,902,800
Non-controlling interests	<u>789,393</u>	<u>-</u>
	<u>22,979,615</u>	<u>14,902,800</u>

RESERVES AND PROVISIONS

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



DIRECTORS' REPORT (CONT'D)

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend any final dividend payment in respect of the current financial year.

DIRECTORS

The Directors who held office during the financial year and up to the date of this report are as follows:-

Puan Sri Datin Chan Pui Leorn
Low Quek Kiong
Low Kueck Shin
Low Kwek Lee
Low Kuek Kong
Low Kok Yong
Low Kok Yaow
Loh Wann Yuan (Resigned w.e.f. 29.9.2021)
Chan Chong Wey (Appointed w.e.f. 12.11.2021)
Brig. Jen. (B) Dato' Ali Bin Hj. Musa
Law Piang Woon
Mohamed Akwal Bin Sultan Mohamad

The Directors of the subsidiary companies who held office during the financial year and up to the date of this report, not including those Directors listed above are as follows:-

George Lennton Anak Indang
Monaliza Binti Zaidel



DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS

The interests and deemed interests in the shares, options over shares and warrants of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors as at financial year end (including the interests of spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:-

	As at 1 January <u>2021</u>	<u>Number of ordinary shares</u>		As at 31 December <u>2021</u>
		<u>Bought/ Granted</u>	<u>Sold</u>	
Shares in the Company				
Registered in the name of directors				
<i>Direct interests</i>				
Puan Sri Datin Chan Pui Leorn	880,000	165,000	-	1,045,000
Mr Low Quek Kiong				
- own	5,500,200	1,200,000	-	6,700,200
- others* (Mr Low Yew Yern)	1,000,000	-	1,000,000	-
Mr Low Kueck Shin				
- own	500,000	-	200,000	300,000
- others** (Mr Low Yew Yi)	50,000	-	-	50,000
Mr Low Kwek Lee				
- own	500,000	-	-	500,000
- others*** (Mr Brendan Low Chin Yong)	50,000	75,000	50,000	75,000
Mr Low Kuek Kong	550,000	-	150,000	400,000
Mr Low Kok Yong	890,000	300,000	157,000	1,033,000
Mr Low Kok Yaow	500,000	500,000	350,000	650,000

Note:

*Mr. Low Yew Yern is the son of the Mr Low Quek Kiong. In accordance with the Companies Act 2016, the interest of Mr Low Yew Yern in the shares of the company and of its related corporations (other than wholly-owned subsidiaries) shall be treated as the interest of Mr Low Quek Kiong.

**Mr Low Yew Yi is the son of Mr Low Kueck Shin. In accordance with the Companies Act 2016, the interest of Mr Low Yew Yi in the shares of the company and of its related corporations (other than wholly-owned subsidiaries) shall be treated as the interest of Mr Low Kueck Shin.

***Mr Brendan Low Chin Yong is the son of Mr Low Kwek Lee. In accordance with the Companies Act 2016, the interest of Mr Brendan Low Chin Yong in the shares of the company and of its related corporations (other than wholly-owned subsidiaries) shall be treated as the interest of Mr Low Kwek Lee.



DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS (CONT'D)

	<u>Number of ordinary shares</u>			As at 31 December 2021
	As at 1 January 2021	Bought/ Granted	Sold	
<i>Deemed interests</i>				
Puan Sri Datin Chan Pui Leorn	130,344,808* ¹	716,130	16,803,030	114,257,908* ⁶
Mr Low Quek Kiong -own	125,310,008* ²	656,130	16,003,030	109,963,108* ³
Mr Low Kueck Shin -own	125,310,008* ²	656,130	16,003,030	109,963,108* ³
-others	50,000	-	-	110,013,108* ⁴
Mr Low Kwek Lee -own	125,310,008* ²	656,130	16,003,030	109,963,108* ³
-others	75,000	-	-	110,038,108* ⁵
Mr Low Kuek Kong	125,310,008* ²	656,130	16,003,030	109,963,108* ³
Mr Low Kok Yong	130,344,808* ¹	716,130	16,803,030	114,257,908* ⁶
Mr Low Kok Yaow	130,344,808* ¹	716,130	16,803,030	114,257,908* ⁶

	<u>Number of ordinary shares under Employee Share Option Scheme</u>				Unexercised as at 31 December 2021
	Unexercised as at 1 January 2021	Granted	Exercised	Lapsed	
Low Kueck Shin	500,000	-	-	-	500,000
Low Kwek Lee	500,000	-	-	-	500,000
Low Kuek Kong	450,000	-	-	-	450,000
Low Kok Yong	500,000	-	300,000	-	200,000
Low Kok Yaow	500,000	-	500,000	-	-



DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS (CONT'D)

According to the Register of Directors' Shareholdings, the beneficial interests of those who were Directors at the end of the financial year in shares of the Company are as follows (cont'd):-

	As at 1 January <u>2021</u>	<u>Number of warrants</u>		As at 31 December <u>2021</u>
		<u>Allotted</u>	<u>Sold</u>	
<i>Direct interests</i>				
Puan Sri Datin Chan				
Pui Leorn	165,000	-	165,000	-
Low Quek Kiong	1,022,500	500,000	-	1,522,500
Low Kok Yong	216,000	-	-	216,000
	As at 1 January <u>2021</u>	<u>Number of warrants</u>		As at 31 December <u>2021</u>
		<u>Bought/ Allotted</u>	<u>Sold</u>	
<i>Deemed interests</i>				
Puan Sri Datin Chan	33,843,819* ⁷	-	15,879,679	17,964,140 * ⁸
Pui Leorn				
Mr Low Quek Kiong	32,333,379* ⁹	-	17,499,679	14,833,700* ¹⁰
Mr Low Kueck Shin	32,333,379* ⁹	-	17,499,679	14,833,700* ¹⁰
Mr Low Kwek Lee	32,333,379* ⁹	-	17,499,679	14,833,700* ¹⁰
Mr Low Kuek Kong	32,333,379* ⁹	-	17,499,679	14,833,700* ¹⁰
Mr Low Kok Yong	33,843,819* ⁷	-	15,879,679	17,964,140 * ⁸
Mr Low Kok Yaow	33,843,819* ⁷	-	15,879,679	17,964,140 * ⁸
	As at 1 January <u>2021</u>	<u>Number of ordinary shares</u>		As at 31 December <u>2021</u>
		<u>Bought</u>	<u>Sold</u>	
<i>Shares in the subsidiary company, Harn Len Pelita Bengunan Sdn. Bhd.</i>				
Puan Sri Datin Chan				
Pui Leorn	2,854,083	-	-	2,854,083
Low Quek Kiong	2,854,083	-	-	2,854,083
Low Kueck Shin	2,854,083	-	-	2,854,083
Low Kwee Lee	2,854,083	-	-	2,854,083
Low Kuek Kong	2,854,083	-	-	2,854,083
Low Kok Yong	2,854,083	-	-	2,854,083
Low Kok Yaow	2,854,083	-	-	2,854,083



DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS (CONT'D)

According to the Register of Directors' Shareholdings, the beneficial interests of those who were Directors at the end of the financial year in shares of the Company are as follows (cont'd):-

Notes:

- *1 Deemed interested in the shares held by the Low Nam Hui United Holdings Sdn. Bhd., Low Nam Hui & Sons Sdn. Bhd., LNH Enterprise Sdn. Bhd., Yong Yaow Properties Sdn. Bhd., Seri Cemerlang Plantation (Pahang) Sdn. Bhd. and Shande Ancestral Park Berhad and the shares held by the Executors pursuant to Section 8 of the Companies Act, 2016.
- *2 Deemed interested in the shares held by Low Nam Hui United Holdings Sdn. Bhd., Low Nam Hui & Sons Sdn. Bhd., LNH Enterprise Sdn. Bhd., Seri Cemerlang Plantation (Pahang) Sdn. Bhd. and Shande Ancestral Park Berhad and the shares held by the Executors pursuant to Section 8 of the Companies Act, 2016.
- *3 Deemed interested in the shares held by Low Nam Hui United Holdings Sdn. Bhd., Low Nam Hui & Sons Sdn. Bhd., LNH Enterprise Sdn. Bhd., and Shande Ancestral Park Berhad and the shares held by the Executors pursuant to Section 8 of the Companies Act, 2016.
- *4 Deemed interested in the shares held by Low Nam Hui United Holdings Sdn. Bhd., Low Nam Hui & Sons Sdn. Bhd., LNH Enterprise Sdn. Bhd., and Shande Ancestral Park Berhad and the shares held by his immediate family members namely the Executors and Mr Low Yew Yi pursuant to Section 8 of the Companies Act, 2016.
- *5 Deemed interested in the shares held by Low Nam Hui United Holdings Sdn. Bhd., Low Nam Hui & Sons Sdn. Bhd., LNH Enterprise Sdn. Bhd., and Shande Ancestral Park Berhad and the shares held by his immediate family members namely the Executors and Mr Brendan Low Chin Yong pursuant to Section 8 of the Companies Act, 2016.
- *6 Deemed interested in the shares held by Low Nam Hui United Holdings Sdn. Bhd., Low Nam Hui & Sons Sdn. Bhd., LNH Enterprise Sdn. Bhd., Shande Ancestral Park Berhad and Yong Yaow Properties Sdn Bhd, and the shares held by the Executors pursuant to Section 8 of the Companies Act, 2016.
- *7 Deemed interested in the warrants held by Low Nam Hui United Holdings Sdn. Bhd., Low Nam Hui & Sons Sdn. Bhd., LNH Enterprise Sdn. Bhd., Seri Cemerlang Plantation (Pahang) Sdn. Bhd. and Shande Ancestral Park Berhad and Yong Yaow Properties Sdn. Bhd. and the warrants held by the Executors pursuant to Section 8 of the Companies Act, 2016.
- *8 Deemed interested in the warrants held by, Low Nam Hui United Holdings Sdn. Bhd., Low Nam Hui & Sons Sdn. Bhd., LNH Enterprise Sdn. Bhd., and Yong Yaow Properties Sdn. Bhd. and the warrants held by the Executors pursuant to Section 8 of the Companies Act, 2016.
- *9 Deemed interested in the warrants held by Low Nam Hui United Holdings Sdn. Bhd., Low Nam Hui & Sons Sdn. Bhd., LNH Enterprise Sdn. Bhd., Seri Cemerlang Plantation (Pahang) Sdn. Bhd., and Shande Ancestral Park Berhad pursuant to Section 8 of the Companies Act, 2016.
- *10 Deemed interested in the warrants held by, Low Nam Hui United Holdings Sdn. Bhd., Low Nam Hui & Sons Sdn. Bhd., LNH Enterprise Sdn. Bhd., and the warrants held by the Executors pursuant to Section 8 of the Companies Act, 2016.



DIRECTORS' REPORT (CONT'D)

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling the Directors of the Company to acquire any benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted pursuant to the Employee Share Scheme.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than as disclosed in Note 28 to the Financial Statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' REMUNERATION

The Directors' remuneration is disclosed in Note 27.

The Company maintains Directors' and Officers' liability insurance for purposes of Section 289 of the Companies Act, 2016, throughout the financial year, which provides appropriate insurance cover for the Directors and Officers of the Company. The amount of insurance premium paid during the financial year amounted to RM21,210.

ISSUE OF SHARES AND DEBENTURES

During the current financial year, the Company had increased its issued and fully paid-up ordinary share capital from RM202,224,013 to RM212,750,515 by:-

- (a) 1,404,000 new ordinary shares for cash arising from the exercise of employees' share options at a weighted average exercise price of RM0.60 per ordinary share; and
- (b) 15,508,369 new ordinary shares pursuant to the exercise of warrants at an exercise price of RM0.60 per ordinary share for cash.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

There were no issuance of debentures during the financial year.



DIRECTORS' REPORT (CONT'D)

OPTIONS GRANTED OVER UNISSUED SHARES

At an extraordinary general meeting held on 13 August 2019, the shareholders of the Company approved the establishment of an Employee Share Scheme (“ESS”). The ESS will be awarded to eligible Directors and employees of the Group for their contribution towards the Group.

The salient features and other terms of the ESS are disclosed in the Note 27.

As at 31 December 2021, the options offered to take up unissued ordinary shares and the exercise prices are as follows:

Date of offer	Exercise price	<u>Number of options over ordinary shares</u>				As at 31 December 2021
		As at 1 January 2021	Granted	Exercised	Lapsed	
15 January 2020	RM0.60	3,740,000	-	(1,404,000)	(15,000)	2,321,000
7 December 2021	RM1.00	-	400,000	-	-	400,000

Details of options granted to Directors are disclosed in the section of Directors' Interests in this report.

OTHER STATUTORY INFORMATION

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

- (a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their values in the ordinary course of business as shown in the accounting records had 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:-

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



DIRECTORS' REPORT (CONT'D)

OTHER STATUTORY INFORMATION (CONT'D)

At the date of this report, the Directors are not aware of any circumstances (cont'd):-

- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

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

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

In the opinion of the Directors:-

- (a) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
- (b) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (c) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of operations of the Group and of the Company for the current financial year in which this report is made.

SIGNIFICANT EVENT

The significant event during the financial year is disclosed in Note 36.



DIRECTORS' REPORT (CONT'D)

AUDITORS' REMUNERATION

The total amount of fees paid to or receivable by the Auditors, Grant Thornton Malaysia PLT, as remuneration for their services as auditors of the Company and its subsidiaries for the financial year ended 31 December 2021 is disclosed in Note 25.

To the extent permitted by law, the Company has agreed to indemnify its auditor, Grant Thornton Malaysia PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Grant Thornton Malaysia PLT for the financial year ended 31 December 2021.

AUDITORS

The Auditors, Grant Thornton Malaysia PLT have expressed their willingness to continue in office.

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

.....)	
LOW QUEK KIONG)	
)	
)	
)	
)	
)	
)	DIRECTORS
)	
)	
)	
.....)	
LOW KUECK SHIN)	

Johor Bahru
 19 April 2022



STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 92 to 209 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 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 Board of Directors.

.....
 LOW QUEK KIONG

.....
 LOW KUECK SHIN

Johor Bahru
 19 April 2022

STATUTORY DECLARATION

I, LOW QUEK KIONG, being the Director primarily responsible for the financial management of Harn Len Corporation Bhd., do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 92 to 209 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by)
 the abovenamed at Johor Bahru in the)
 State of Johor this day of)
 19 April 2022)

.....
 LOW QUEK KIONG

Before me:

VASANTHI A/P VADIVELOO
 Commissioner for Oaths
 No. J258



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HARN LEN CORPORATION BHD. (INCORPORATED IN MALAYSIA) COMPANY NO: : 200001000001 (502606-H)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Harn Len Corporation Bhd. (“the Company”), which comprise the statements of financial position as at 31 December 2021, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 92 to 209.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) 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 (“ISAs”). Our responsibilities under those standards are further described in the *Auditors’ Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HARN LEN CORPORATION BHD. (INCORPORATED IN MALAYSIA) COMPANY NO. : 200001000001 (502606-H) (CONT'D)

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters

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

Impairment of property, plant and equipment and right-of-use assets

As at December 31, 2021, the carrying amount of property, plant and equipment ("PPE") and right-of-use assets ("ROU") of the Group is at RM192,311,487 and RM82,783,735, represent approximately 44% and 19% of the total assets of the Group, respectively.

At Company level, the carrying amount of PPE and ROU is at RM19,546,905 and RM47,051,493, which represent approximately 6% and 14% of the total assets of the Company, respectively.

We have considered this to be a key audit matter due to its significance to the financial position of the Group and of the Company and the significant judgements and estimates applied by the management to determine key assumptions used in estimating recoverable amount based on value in use ("VIU") calculated by the projected discounted cash flow model ("DCF") or based on its fair value less costs of disposal ("FVLCD").

How our audit addressed the Key Audit Matter

Our audit procedures included:

- Obtained an understanding of how the Group assesses indicators of impairments and where there are indicators of impairment, how management assessed the carrying value against the recoverable value;
- Where the recoverable value is based on VIU, reviewed discounted cash flows projections prepared by the management and evaluated the key assumptions such as selling prices of crude palm oil, fresh fruit bunches yield rates, palm oil extraction rates, operating costs and pre-tax discount rate;
- Performed sensitivity analysis to determine effect of changes in significant assumptions to conclude on reasonableness of management judgement; and
- Where recoverable value is based on FVLCD, obtained valuation reports from independent valuers and where necessary, conducted interviews with the valuers to obtain an understanding of the basis of valuations and challenged the key assumptions used for the valuation.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HARN LEN CORPORATION BHD. (INCORPORATED IN MALAYSIA) COMPANY NO. : 200001000001 (502606-H) (CONT'D)

Report on the Audit of the Financial Statements (cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of 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 MFRSs, IFRSs and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs 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.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HARN LEN CORPORATION BHD. (INCORPORATED IN MALAYSIA) COMPANY NO: : 200001000001 (502606-H) (CONT'D)

Report on the Audit of the Financial Statements (cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HARN LEN CORPORATION BHD. (INCORPORATED IN MALAYSIA) COMPANY NO: : 200001000001 (502606-H) (CONT'D)

Report on the Audit of the Financial Statements (cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

We communicated 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 identified during our audit.

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

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

Other Matters

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

GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)

WONG WEN TAK
(NO: 03043/04/2023 J)
CHARTERED ACCOUNTANT

Johor Bahru
19 April 2022



STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM	2020 RM (Restated)	2021 RM	2020 RM (Restated)
ASSETS					
Non-current assets					
Property, plant and equipment	4	192,311,487	207,586,923	19,546,905	20,253,371
Right-of-use assets	5	82,783,735	87,697,253	47,051,493	48,258,715
Investment properties	6	101,632,343	102,940,931	77,172,462	78,915,730
Investments in subsidiaries	7	-	-	132,123,338	135,456,418
Other investments	8	2,349,745	2,500,000	2,349,745	2,500,000
Amount owing from subsidiaries	9	-	-	24,237,313	4,766,220
Goodwill on consolidation	10	5,794,799	5,794,799	-	-
Total non-current assets		384,872,109	406,519,906	302,481,256	290,150,454
Current assets					
Biological assets	11	4,838,216	3,945,801	2,941,365	1,653,248
Inventories	12	4,988,196	5,240,307	121,481	75,178
Trade receivables	13	5,206,145	3,156,256	3,032,568	2,772,954
Other receivables	14	1,205,300	16,130,057	504,130	14,118,356
Amount owing from affiliated companies	15	2,009,086	2,664,295	-	651,742
Other investments	8	5,013,009	3,892,023	5,013,009	3,892,023
Tax recoverable		3,397,917	164,108	113,750	63,000
Cash and bank balances	16	25,055,374	37,939,207	21,228,797	36,398,610
Assets classified as held for sale	17	51,713,243	73,132,054	32,955,100	59,625,111
		-	3,321,000	-	3,321,000
Total current assets		51,713,243	76,453,054	32,955,100	62,946,111
Total assets		436,585,352	482,972,960	335,436,356	353,096,565
EQUITY AND LIABILITIES					
EQUITY					
Share capital	18	212,750,515	202,224,013	212,750,515	202,224,013
Reserves	19	99,611,553	122,667,160	66,332,004	82,100,189
Equity attributable to owners of the Company		312,362,068	324,891,173	279,082,519	284,324,202
Non-controlling interests	7	(14,112,338)	(13,322,945)	-	-
Total equity		298,249,730	311,568,228	279,082,519	284,324,202
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	20	16,302,313	17,829,034	-	-
Loans and borrowings	21	25,659,581	38,248,789	22,059,898	25,902,435
Lease liabilities	5	18,515,117	23,083,970	799,337	1,078,509
Total non-current liabilities		60,477,011	79,161,793	22,859,235	26,980,944



STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 (CONT'D)

	Note	Group		Company	
		2021 RM	2020 RM (Restated)	2021 RM	2020 RM (Restated)
Current liabilities					
Trade payables	22	19,310,580	23,052,712	950,719	4,016,906
Other payables	23	21,183,412	34,583,038	7,908,341	14,576,156
Amount owing to subsidiaries	9	-	-	14,926,111	15,238,545
Amount owing to affiliated companies	15	879,685	1,572,478	879,008	1,306,846
Loans and borrowings	21	36,090,681	29,519,338	8,551,262	6,386,266
Lease liabilities	5	381,210	816,754	279,161	266,700
Tax payables		13,043	2,698,619	-	-
Total current liabilities		<u>77,858,611</u>	<u>92,242,939</u>	<u>33,494,602</u>	<u>41,791,419</u>
Total liabilities		<u>138,335,622</u>	<u>171,404,732</u>	<u>56,353,837</u>	<u>68,772,363</u>
Total equity and liabilities		<u>436,585,352</u>	<u>482,972,960</u>	<u>335,436,356</u>	<u>353,096,565</u>

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



STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM	2020 RM (Restated)	2021 RM	2020 RM (Restated)
Revenue	24	219,432,142	121,923,620	32,787,085	23,197,995
Cost of sales		<u>(181,634,868)</u>	<u>(90,532,783)</u>	<u>(17,620,078)</u>	<u>(16,872,891)</u>
Gross profit		37,797,274	31,390,837	15,167,007	6,325,104
Other income		3,258,228	120,024,280	1,719,164	119,314,754
Finance income		436,962	505,152	2,986,744	2,932,868
Administrative expenses		(27,446,012)	(31,194,936)	(13,045,527)	(17,607,858)
Distribution expenses		(16,298,539)	(9,941,131)	(2,034,343)	(857,929)
Other expenses		(15,690,282)	(2,994,850)	(17,609,353)	(8,424,275)
Finance costs		<u>(5,238,228)</u>	<u>(8,678,356)</u>	<u>(2,086,492)</u>	<u>(3,474,692)</u>
(Loss)/Profit before tax	25	(23,180,597)	99,110,996	(14,902,800)	98,207,972
Tax income/(expense)	26	<u>200,982</u>	<u>(1,007,089)</u>	<u>-</u>	<u>-</u>
(Loss)/Profit for the financial year		<u>(22,979,615)</u>	<u>98,103,907</u>	<u>(14,902,800)</u>	<u>98,207,972</u>
Other comprehensive loss, net of tax :-					
Items that will not be reclassified subsequently to profit or loss		<u>(850,255)</u>	<u>-</u>	<u>(850,255)</u>	<u>-</u>
Other comprehensive loss for the financial year, net of tax		<u>(850,255)</u>	<u>-</u>	<u>(850,255)</u>	<u>-</u>
Total comprehensive (loss)/income for the financial year		<u>(23,829,870)</u>	<u>98,103,907</u>	<u>(15,753,055)</u>	<u>98,207,972</u>



STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

Note	Group		Company	
	2021 RM	2020 RM (Restated)	2021 RM	2020 RM (Restated)
(Loss)/Profit attributable to:-				
Owners of the Company	(22,190,222)	98,763,589	(14,902,800)	98,207,972
Non-controlling interests	<u>(789,393)</u>	<u>(659,682)</u>	-	-
(Loss)/Profit for the financial year	<u>(22,979,615)</u>	<u>98,103,907</u>	<u>(14,902,800)</u>	<u>98,207,972</u>
Total comprehensive (loss)/income attributable to:-				
Owners of the Company	(23,040,477)	98,763,589	(15,753,055)	98,207,972
Non-controlling interests	<u>(789,393)</u>	<u>(659,682)</u>	-	-
Total comprehensive (loss)/income for the financial year	<u>(23,829,870)</u>	<u>98,103,907</u>	<u>(15,753,055)</u>	<u>98,207,972</u>
(Loss)/Earnings per share attributable to owners of the Company				
(Loss)/Earnings per ordinary share				
- Basic (sen)	34 <u>(11.37)</u>	<u>53.61</u>	-	-
- Diluted (sen)	34 <u>-</u>	<u>-</u>	-	-

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



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

	Attributable to owners of the Company				Fair Value Reserve of Financial Assets at FVOCI RM	Retained earnings RM	Non-controlling interests RM	Total equity RM
	Share capital RM	Treasury shares RM	Share option reserves RM	Non-distributable				
Balance at 1 January 2020	198,380,013	(9,871,127)	-	-	-	48,697,795	(12,663,263)	224,543,418
Profit for the financial year	-	-	-	-	-	98,763,589	(659,682)	98,103,907
Other comprehensive income for the financial year	-	-	-	-	-	-	-	-
Total comprehensive income for the financial year	-	-	-	-	-	98,763,589	(659,682)	98,103,907
Transactions with owners:-								
Issuance of shares	2,800,000	-	-	-	-	-	-	2,800,000
Issuance of shares pursuant of exercise of ESOS	720,000	-	-	-	-	-	-	720,000
Shares options granted under Employee Share Scheme	-	-	1,333,800	-	-	-	-	1,333,800
Transfer from share option reserves	324,000	-	(324,000)	-	-	-	-	-
Shares granted under Employee Share Scheme	-	4,220,122	-	-	-	(1,347,663)	-	2,872,459
Purchase of treasury shares	-	(241,390)	-	-	-	(241,390)	-	(241,390)
Special single tier dividend of 10 sen per share	-	-	-	-	-	(18,563,966)	-	(18,563,966)
Total transactions with owners	3,844,000	3,978,732	1,009,800	-	-	(19,911,629)	-	(11,079,097)
Balance at 31 December 2020	202,224,013	(5,892,395)	1,009,800	-	-	127,549,755	(13,322,945)	311,568,228
Loss for the financial year	-	-	-	-	(850,255)	(22,190,222)	(789,393)	(22,979,615)
Other comprehensive loss for the financial year	-	-	-	-	(850,255)	-	-	(850,255)
Total comprehensive loss for the financial year	-	-	-	-	(850,255)	(22,190,222)	(789,393)	(23,829,870)
Transactions with owners:-								
Issuance of shares pursuant of exercise of ESOS	842,400	-	-	-	-	-	-	842,400
Issuance of shares pursuant of exercise of warrants	9,305,022	-	-	-	-	-	-	9,305,022
Shares options granted under Employee Share Scheme	-	-	96,000	-	-	-	-	96,000
Share options lapsed	-	-	(4,050)	-	-	-	-	(4,050)
Transfer from share option reserves	379,080	-	(379,080)	-	-	-	-	-
Shares granted under Employee Share Scheme	-	363,446	-	-	-	(91,446)	-	272,000
Total transactions with owners	10,526,502	363,446	(287,130)	-	-	(91,446)	-	10,511,372
Balance at 31 December 2021	212,750,515	(5,528,949)	722,670	-	(850,255)	105,268,087	(14,112,338)	298,249,730



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

	Attributable to owners of the Company				Distributable	Total equity
	Non-distributable					
Company	Share Capital RM	Treasury Shares RM	Share option reserves RM	Fair Value Reserve of Financial Assets at FVOCI RM	Retained Earnings RM	RM
Balance at 1 January 2020	198,380,013	(9,871,127)	-	-	8,686,441	197,195,327
Profit for the financial year	-	-	-	-	98,207,972	98,207,972
Other comprehensive income for the financial year	-	-	-	-	-	-
Total comprehensive income for the financial year	-	-	-	-	98,207,972	98,207,972
Transactions with owners:-						
Issuance of shares	2,800,000	-	-	-	-	2,800,000
Issuance of shares pursuant of exercise of ESOS	720,000	-	-	-	-	720,000
Shares options granted under Employee Share Scheme	-	-	1,333,800	-	-	1,333,800
Transfer from Employee share option scheme reserves	324,000	-	(324,000)	-	-	-
Shares granted under Employee Share Scheme	-	4,220,122	-	-	(1,347,663)	2,872,459
Purchase of treasury shares	-	(241,390)	-	-	-	(241,390)
Special single tier dividend of 10 sen per share	-	-	-	-	(18,563,966)	(18,563,966)
Total transactions with owners	3,844,000	3,978,732	1,009,800	-	(19,911,629)	(11,079,097)
Balance at 31 December 2020	202,224,013	(5,892,395)	1,009,800	-	86,982,784	284,324,202
Loss for the financial year	-	-	-	-	(14,902,800)	(14,902,800)
Other comprehensive loss for the financial year	-	-	-	(850,255)	-	(850,255)
Total comprehensive loss for the financial year	-	-	-	(850,255)	(14,902,800)	(15,753,055)
Transactions with owners:-						
Issuance of shares pursuant of exercise of ESOS	842,400	-	-	-	-	842,400
Issuance of shares pursuant of exercise of warrants	9,305,022	-	-	-	-	9,305,022
Shares options granted under Employee Share Scheme	-	-	96,000	-	-	96,000
Share options lapsed	-	-	(4,050)	-	-	(4,050)
Transfer from Employee share option scheme reserves	379,080	-	(379,080)	-	-	-
Shares granted under Employee Share Scheme	-	363,446	-	-	(91,446)	272,000
Total transactions with owners	10,526,502	363,446	(287,130)	-	(91,446)	10,511,372
Balance at 31 December 2021	212,750,515	(5,528,949)	722,670	(850,255)	71,988,538	279,082,519

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



STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Note	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
OPERATING ACTIVITIES				
(Loss)/Profit before tax	(23,180,597)	99,110,996	(14,902,800)	98,207,972
Adjustments for:-				
Depreciation of:-				
- Property, plant and equipment	16,874,871	16,729,877	1,652,606	1,414,984
- Right-of-use assets	1,964,680	2,077,456	1,207,222	1,277,186
Amortisation of investment properties	1,308,588	1,310,184	1,743,268	1,744,864
Impairment loss:-				
- Property, plant and equipment	-	212,294	-	-
- Inventories	657,143	-	-	-
- Investment in subsidiaries	-	-	582,096	3,993,340
- Other receivables	-	1,925,175	-	-
Gain on disposal of property, plant and equipment	(42,998)	(245,498)	(30,000)	(237,998)
Property, plant and equipment written off	783,914	13,722	182,881	13,722
Lease liabilities interest expense	1,187,926	1,331,060	52,153	21,293
Interest expense	4,050,302	7,347,296	2,034,339	3,453,399
Finance income	(436,962)	(505,152)	(2,986,744)	(2,932,868)
Provision for severance pay	-	153,283	-	153,283
Inventories written off	5,506	-	795	-
Allowance for expected credit losses on:-				
- Amount owing from subsidiaries	-	-	1,336,975	3,673,553
- Amount owing from affiliated companies	173,850	-	170,383	-
- Trade receivables	177,613	286,624	177,613	286,624
- Other receivables	13,806,190	100,000	13,600,000	-
Waiver of debt	923,765	-	923,765	-
Bad debts written off	-	14,704	-	14,704
Changes in fair value of quoted shares	818,522	50,350	818,522	50,350
Dividend income	(437,665)	(92,833)	(437,665)	(92,833)
Shares granted under Employee Share Scheme	272,000	2,872,460	272,000	2,872,460
Shares options granted under Employee Share Scheme	96,000	984,100	96,000	984,100
Shares option lapsed	(4,050)	-	(4,050)	-
Gain on disposal of assets classified as held for sale	-	(119,120,074)	-	(118,585,687)
Impairment loss on fair value of assets held for sale	-	405,703	-	405,703
Gain from termination of lease liabilities	(1,269,060)	-	-	-
Gain on fair value of biological assets	(892,415)	(1,781,899)	(1,288,117)	(947,766)
Operating profit/(loss) before working capital changes	16,837,123	13,179,828	5,201,242	(4,229,615)
Changes in working capital:-				
Inventories	(410,538)	(45,021)	(47,098)	(45,771)
Trade receivables	(3,151,267)	1,421,702	(1,360,992)	(1,681,532)
Other receivables	1,118,567	4,301,803	14,226	4,942,221
Trade payables	(4,275,041)	(51,431,925)	(3,066,187)	(16,928,439)
Other payables	(13,399,626)	(33,833,965)	(6,667,815)	(22,123,658)
Amount owing from/(to) subsidiaries	-	-	(16,206,777)	(55,824,521)
Amount owing from/(to) affiliated companies	(211,437)	(14,446,302)	206,409	(14,449,813)
Cash used in operations	(3,492,219)	(80,853,880)	(21,926,992)	(110,341,128)
Tax refunded	102,736	-	-	-
Tax paid	(7,347,860)	(3,666,609)	(50,750)	(63,000)
Net cash flows used in operating activities	(10,737,343)	(84,520,489)	(21,977,742)	(110,404,128)



STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
INVESTING ACTIVITIES					
Acquisition of property, plant and equipment	B	(2,344,395)	(2,327,618)	(1,129,021)	(916,527)
Proceeds from disposal of assets classified as held for sale		3,321,000	182,562,927	3,321,000	181,666,766
Proceeds from disposal of property, plant and equipment		43,000	215,502	30,000	208,002
Investment in unquoted shares		(700,000)	(2,500,000)	(700,000)	(2,500,000)
Net investments of quoted shares		(1,639,508)	(3,942,373)	(1,639,508)	(3,942,373)
Dividend received		137,665	92,833	137,665	92,833
Interest received		436,962	505,152	284,071	505,152
Changes in pledged deposits		(656,934)	(2,007,607)	(656,934)	(2,007,607)
Net cash flows (used in)/from investing activities		<u>(1,402,210)</u>	<u>172,598,816</u>	<u>(352,727)</u>	<u>173,106,246</u>
FINANCING ACTIVITIES					
Interest paid		(3,517,390)	(7,347,203)	(1,647,295)	(1,872,246)
Interest paid on lease liabilities	D	(1,187,926)	(1,401,476)	(52,153)	(21,293)
Payment of principal portion of lease liabilities	D	(825,455)	(619,696)	(266,711)	(94,124)
Repayment of term loans	C	(8,415,513)	(8,921,909)	(3,356,720)	(2,661,856)
Repayment to a director		-	(960,288)	-	(960,288)
Purchase of treasury shares		-	(241,390)	-	(241,390)
Dividend paid		-	(18,563,966)	-	(18,563,966)
Proceeds from issue of shares		10,147,422	3,520,000	10,147,422	3,520,000
Net movements of bank overdrafts	C	718,469	(22,365,538)	-	(11,729,227)
Net movements of share margin account		1,679,179	3,133,250	1,679,179	3,133,250
Net cash flows (used in)/from financing activities		<u>(1,401,214)</u>	<u>(53,768,216)</u>	<u>6,503,722</u>	<u>(29,491,140)</u>
CASH AND CASH EQUIVALENTS					
Net changes		(13,540,767)	34,310,111	(15,826,747)	33,210,978
At beginning of financial year		35,542,583	1,232,472	34,001,986	791,008
At end of financial year	A	<u>22,001,816</u>	<u>35,542,583</u>	<u>18,175,239</u>	<u>34,001,986</u>

NOTES TO THE STATEMENTS OF CASH FLOWS

A. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following:-

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash on hand and at banks	12,001,816	15,542,583	8,175,239	14,001,986
Pledged deposits with licensed banks	3,053,558	2,396,624	3,053,558	2,396,624
Fixed deposits with licensed banks	10,000,000	20,000,000	10,000,000	20,000,000
	25,055,374	37,939,207	21,228,797	36,398,610
Less:-				
Pledged deposits with licensed banks	(3,053,558)	(2,396,624)	(3,053,558)	(2,396,624)
Cash and cash equivalents	<u>22,001,816</u>	<u>35,542,583</u>	<u>18,175,239</u>	<u>34,001,986</u>



STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

B. ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash payments	2,344,395	2,327,618	1,129,021	916,527
Capitalisation of depreciation of right-of-use assets	38,956	59,743	-	-
Capitalisation of depreciation of property, plant and equipment	36,564	36,564	-	-
Finance cost	-	70,416	-	-
Amount financed by hire purchase	-	1,436,000	-	1,436,000
Total acquisition of property, plant and equipment	<u>2,419,915</u>	<u>3,930,341</u>	<u>1,129,021</u>	<u>2,352,527</u>

C. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group	Hire purchase lease liabilities RM	Other lease liabilities RM	Total lease liabilities RM	Term loans RM	Bank overdrafts RM
At 1 January 2020	1,224,496	21,859,924	23,084,420	55,379,197	40,543,127
Purchase of property, plant and equipment	1,436,000	-	1,436,000	-	-
Accretion of interest	72,804	1,328,672	1,401,476	-	-
Repayment	(775,398)	(1,245,774)	(2,021,172)	(8,921,909)	(22,365,538)
At 31 December 2020	1,957,902	21,942,822	23,900,724	46,457,288	18,177,589
Accretion of interest	67,582	1,120,344	1,187,926	-	-
Termination of lease liabilities	-	(4,178,942)	(4,178,942)	-	-
Addition	-	-	-	-	718,469
Repayments	(844,937)	(1,168,444)	(2,013,381)	(8,415,513)	-
At 31 December 2021	<u>1,180,547</u>	<u>17,715,780</u>	<u>18,896,327</u>	<u>38,041,775</u>	<u>18,896,058</u>
Company	Hire purchase lease liabilities RM	Total lease liabilities RM	Term loans RM	Bank overdrafts RM	
At 1 January 2020	3,333	3,333	31,817,307	11,729,227	
Purchase of property, plant and equipment	1,436,000	1,436,000	-	-	
Net cash flows	(94,124)	(94,124)	(2,661,856)	(11,729,227)	
At 31 December 2020	1,345,209	1,345,209	29,155,451	-	
Net cash flows	(266,711)	(266,711)	(3,356,720)	-	
At 31 December 2021	<u>1,078,498</u>	<u>1,078,498</u>	<u>25,798,731</u>	<u>-</u>	

D. CASH OUTFLOWS FOR LEASES AS A LESSEE

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Included in net cash used in operating activities				
- Payment relating to variable leases	<u>2,258,018</u>	<u>1,050,349</u>	<u>2,258,018</u>	<u>1,050,349</u>
Included in net cash used in financing activities				
- Interest paid in relation to lease liabilities	1,187,926	1,401,476	52,153	21,293
- Payment of principal portion of lease liabilities	<u>825,455</u>	<u>619,696</u>	<u>266,711</u>	<u>94,124</u>
	<u>2,013,381</u>	<u>2,021,172</u>	<u>318,864</u>	<u>115,417</u>

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



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and principal place of business of the Company is located 6th Floor, Johor Tower, No. 15, Jalan Gereja, 80100 Johor Bahru, Johor Darul Takzim.

The Company is principally engaged in the cultivation of oil palms, operation of a palm oil mill, property investment, investment holding and palm oil estate and plantation management. The principal activities of the subsidiary companies are disclosed in Note 7.

The financial statements of the Group and of the Company were authorised by the Board of Directors for issuance in accordance with a resolution of the directors on 19 April 2022.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 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 (“IFRSs”) and the requirements of the Companies Act, 2016 in Malaysia.

2.2 Basis of Measurement

The financial statements of the Group and of the Company are prepared under historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.2 Basis of Measurement (cont'd)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

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

The Group and the Company have established control framework in respect of measurement of fair values of financial instruments. The Board of Directors has overall responsibility for overseeing all significant fair value measurements. The Board of Directors regularly reviews significant unobservable inputs and valuation adjustments.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

2.3 Functional and Presentation Currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency and all values are rounded to the nearest RM except when otherwise stated.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.4 MFRSs

2.4.1 Adoption of New or Revised MFRSs

The Group and the Company have applied the following standards, amendments to published standards and IC Interpretations approved by the Malaysian Accounting Standards Board (“MASB”) for the first time for the financial year beginning on 1 January 2021:-

- Amendments to MFRS 16 Leases – Covid-19 – Related Rent Concessions
- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4* and MFRS 16 – Interest Rate Benchmark Reform – Phase 2

The adoption of the above new and amendments to MFRS does not have any material impact on the financial statements of the Group and of the Company in the period of initial application.

During the financial year, the Group and the Company have early adopted the following amendment that issued and effective for the financial period beginning on or after 1 April 2021.

Amendments to MFRS 16 Leases – Covid-19-Related Rent Concessions beyond 30 June 2021.

The amendments provide relief to lessees from applying MFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under MFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the MASB extended the period of application of the practical expedient to 30 June 2022. However, the Group and the Company have not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.4 MFRSs (cont'd)

2.4.2 Standards Issued But Not Yet Effective

The following are MFRSs, Amendments to MFRSs and IC Interpretations with effective date on or after 1 January 2022 issued by MASB and they have not been early adopted by the Group. The Group intends to adopt these MFRSs, amendments to the published standards and interpretations, if applicable, when they become effective in the respective financial period.

(a) Effective for financial period beginning on or after 1 January 2022

- Amendments to MFRS 3 Business Combinations - *Reference to the Conceptual Framework*
- Amendments to MFRS 116 Property, Plant and Equipment - *Proceeds before Intended Use*
- Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets - *Onerous Contract-Cost of Fulfilling a Contract*
- Annual Improvements to MFRS Standards 2018-2020

(b) Effective for financial period beginning on or after 1 January 2023

- MFRS 17 Insurance Contracts*
- Amendments to MFRS 4 Insurance Contracts – *Extension of the Temporary Exemption from Applying MFRS 9**
- Amendments to MFRS 17 Insurance Contracts*
- Amendments to MFRS 17 – Initial Application of MFRS 17 and MFRS 9 – *Comparative Information**
- Amendments to MFRS 101 Presentation of Financial Statements - *Classification of Liabilities as Current or Non-Current*
- Amendments to MFRS 101 Presentation of Financial Statements – *Disclosure of Accounting Policies*
- Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - *Definition of Accounting Estimates*
- Amendments to MFRS 112 Income Taxes – *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

(c) Deferred to a date to be determined by the MASB

- 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**

*Not applicable to the Group's and the Company's operations

The initial application of these MFRSs, amendments to the published standards and interpretations are not expected to have any material financial impacts to the financial statements of current period and prior period of the Group and of the Company upon their first adoption.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.5 Significant Accounting Estimates and Judgements

The preparation of financial statements for the Group and the Company requires the use of certain judgements, estimates and assumptions. Accounting estimates and judgements are being constantly reviewed against historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances. However, because of uncertainty in determining future events and its impact, actual results could differ from these estimates.

2.5.1 Estimation uncertainty

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

Impairment of property, plant and equipment including right-of-use assets

The Group carries out impairment tests based on a variety of estimation including value-in-use of cash-generating unit to which the property, plant and equipment and right-of-use assets are allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the VIU of the CGUs to which goodwill is allocated. Estimating a VIU amount requires the directors to make an estimate of the expected future cash flows from the CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Changes in estimates applied will have impact to the carrying amount of the goodwill recognised.

The carrying amount of goodwill as at 31 December 2021 is RM5,794,799 (2020: RM5,794,799). The directors estimates that no further impairment loss to be recognised in profit or loss of the Group for the financial year ended 31 December 2021.

The methodology and bases of the estimates are disclosed in Note 10.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.5 Significant Accounting Estimates and Judgements (cont'd)

2.5.1 Estimation uncertainty (cont'd)

Impairment of investment in subsidiaries and impairment loss on amount owing from subsidiaries

The Company assesses whether there is any indication of impairment for investment in subsidiaries and impairment loss on amount owing from subsidiaries. Reviews are performed regularly if events indicate that this is necessary. In performing the impairment assessment of investment in subsidiaries, the management estimated their recoverable amount based on its value-in-use (“VIU”) using a projected discounted cash flow (“DCF”) model. The impairment assessment involved significant management estimates and judgement in determining the key basis and assumption used in the DCF. Changes in estimates will have impact to the carrying amount of the investment in subsidiaries.

The amount of impairment on investment in subsidiaries and impairment loss on amount owing from subsidiaries as at the end of the reporting period is disclosed in Note 7 and 9.

Biological assets

Management uses valuation techniques in measuring the fair value of biological assets of the Group and of the Company which the changes in fair value being recognised in profit or loss. Details of the assumptions used are given in the notes regarding biological assets, which is disclosed in Note 11.

2.5.2 Significant management judgements

The following is the judgement made by directors in the process of applying the accounting policies of the Group and of the Company that have the most significant effect on the amounts recognised in the financial statements:

Going concern

Management assessment is required in assessing the going concern status of the Group and of the Company. Despite the existence of events or conditions that may cast doubt about the Group’s and the Company’s going concern status, there are no material uncertainties existed which will cast a significant doubt on the Group’s and of the Company’s ability to continue as going concern in the foreseeable future. Consequently, the management prepares the account based on the going concern status.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies, as summarised below, consistently throughout all periods presented in the financial statements, unless otherwise stated.

3.1 Consolidation

3.1.1 Subsidiary companies

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

Investment in subsidiaries is stated at cost less any impairment losses in the Company's financial position, unless the investment is held for sale or distribution.

Upon the disposal of investment in a subsidiary company, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

3.1.2 Basis of consolidation

The Group's financial statements consolidate the audited financial statements of the Company and all of its subsidiary companies, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiary companies have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiary companies are all drawn up to the same reporting period.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in asset, such as inventory and property, plant and equipment) are eliminated in full in preparing the consolidated financial statements. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (cont'd)

3.1.2 Basis of consolidation (cont'd)

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

3.1.3 Business combinations and goodwill

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

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

If the business combination is achieved in stages, the fair value at acquisition date of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with MFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (cont'd)

3.1.3 Business combinations and goodwill (cont'd)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

3.1.4 Loss of control

Upon the loss of control of a subsidiary company, the Group derecognises the assets and liabilities of the subsidiary company, any non-controlling interests and the other components of equity related to the subsidiary company. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary company, 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 an available-for-sale financial asset depending on the level of influence retained.

3.1.5 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 the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if that results in a deficit balance.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Property, plant and equipment other than right-of-use assets

Property, plant and equipment are initially stated at cost. All property, plant and equipment are stated at cost less accumulated depreciation and less any 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. All other repair and maintenance costs are recognised in profit or loss as incurred.

Bearer plants (oil palms) that are used in the production or supply of agriculture produce for more than one period and have remote likelihood of being sold as agriculture produce. New planting expenditure incurred on land clearing, upkeep of immature palms/trees and interest incurred during the immature period are capitalised. Upon maturity, all subsequent maintenance expenditure is charged to profit or loss. An oil palm is considered matured 3 years after the month of planting.

Depreciation is provided on the straight-line method in order to write-off the cost of each asset over its estimated useful life. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group and the Company will obtain ownership by the end of the lease term. Freehold land has unlimited useful life and is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

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

	Years
Estate buildings	25
Bearer plants	25
Roads and bridges	10
Plant and machineries	10
Motor vehicles, furniture, fittings and equipment	5 - 10



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Property, plant and equipment other than right-of-use assets (cont'd)

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

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

3.3 Leases

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

3.3.1 Group as a lessee

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Company recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

3.3.1.1 Right-of-use assets

The Group and the Company recognise right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Long term leasehold land	60 to 97 years
Land use rights	25 to 60 years

If ownership of the leased asset transfers to the Group and the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Section 3.6 Impairment of non-financial assets.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Leases (cont'd)

3.3.1 Group as a lessee (cont'd)

3.3.1.2 Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

3.3.1.3 Short-term leases and leases of low-value assets

The Group and the Company apply the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

3.3.2 Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in the statement of profit or loss. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Investment properties

Investment properties are properties which are owned or right-of-use asset held 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 stated at cost less any accumulated amortisation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy. Freehold land is not depreciated.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

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.

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

3.5 Biological assets

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



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Biological assets (cont'd)

Biological assets are classified as current assets for produce that are expected to be harvested on a date not more than 12 months after the reporting date, and the balance is classified as non-current.

3.6 Impairment of non-financial assets

At each reporting date, the Group and the Company review the carrying amounts of non-financial assets to determine whether there is any indication of impairment.

If any such indication exists, or when annual impairment testing for an asset is required, the recoverable amount is estimated, and an impairment loss is recognised whenever the recoverable amount of the asset or a cash-generating unit is less than its carrying amount. Recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

In assessing value in use, the estimated future cash flows are discounted to 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. Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

An impairment loss is recognised immediately as an expense in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses for an asset other than goodwill may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

All reversals of impairment losses are recognised immediately as income in profit or loss unless the asset is carried at revalued amount, in which case, the reversal in excess of impairment loss previously recognised through profit or loss is treated as revaluation increase. After such a reversal, depreciation charge is adjusted in future periods to allocate the revised carrying amount of the asset, less any residual value, on a systematic basis over its remaining useful life.

3.7 Intangible assets – goodwill on consolidation

Goodwill on consolidation arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Intangible assets – goodwill on consolidation (cont'd)

For the purpose of annual impairment testing, goodwill is allocated to each of the Group's cash-generating unit (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.8 Non-current asset held for sale

Non-current assets, or disposal group comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

A component of the Group is classified as discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

Classification of the asset (or disposal group) as held for sale occurs only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary and the sale must be highly probable. Management must be committed to a plan to sell the assets which are expected to qualify for recognition as a completed sale within one year from the date of classification. Action required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or the plan will be withdrawn.

Immediately before classification as held for sale (or disposal group), 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 to sell.

Liabilities are classified as held for sale and presented as such in the statements of financial position if they are directly associated with a disposal group.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Non-current asset held for sale (cont'd)

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

In the consolidated statement of profit or loss and other comprehensive income of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after tax, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after tax) is reported separately in the statement of profit or loss and other comprehensive income.

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated. In addition, equity accounting of equity accounted associates ceases once classified as held for sale.

3.9 Inventories

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

The cost of inventories is measured based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

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

3.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances, deposits with banks and highly liquid investments which are readily convertible to known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the statements of financial position, cash and cash equivalents restricted to be used to settle a liability of 12 months or more after the reporting date are classified as non-current asset.

Cash and cash equivalents are presented net of bank overdrafts, which form an integral part of the cash management of the Group and of the Company, and excluded pledge deposits. Bank overdrafts classified as financial activities has been excluded from cash and cash equivalents.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made on the amount of the obligation. Provisions are not recognised for future operating losses.

Any reimbursement that the Group and the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

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

3.12 Financial instruments

3.12.1 Financial assets

3.12.1.1 Classification

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

The Group and the Company classify its financial assets in the following measurement categories:-

- Those to be measured at amortised cost;
- Those to be measured at fair value through profit or loss ("FVTPL"); and
- Those to be measured at fair value through other comprehensive income ("FVOCI").

3.12.1.2 Recognition and derecognition

A financial asset is recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commit to purchase or sell the asset.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Financial instruments (cont'd)

3.12.1 Financial assets (cont'd)

3.12.1.2 Recognition and derecognition (cont'd)

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all the risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

3.12.1.3 Initial measurement

With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

3.12.1.4 Subsequent measurement

Financial assets are subsequently classified into the following categories:-

(i) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI") are measured at amortised cost.

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

The Group's and the Company's financial assets at amortised cost include cash and bank balances, amount owing from subsidiaries, amount owing from affiliated companies, trade and most of the other receivables.

(ii) FVOCI

Financial assets at FVOCI category comprises investments in equity securities instruments that are not held for trading. The Group and the Company have irrevocably elected to measure investments in unquoted shares at FVOCI.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Financial instruments (cont'd)

3.12.1 Financial assets (cont'd)

3.12.1.4 Subsequent measurement (cont'd)

(ii) FVOCI (cont'd)

Financial assets at FVOCI category comprises investments in equity securities instruments that are not held for trading.

Financial assets measured at FVOCI are subsequently measured at fair values with the gain or loss recognised in other comprehensive income. On derecognition, the cumulative gain or loss recognised in other comprehensive income is not subsequently transferred to profit or loss.

(iii) FVTPL

Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Group and the Company may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Net changes in fair value is recognised in profit or loss in the period which it arises.

This category includes derivative instruments and listed equity investments of which the Group and the Company had not irrevocably elected to classify as FVOCI.

Dividends on listed equity investments are also recognised in the statements of profit or loss when the right of payment has been established.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Financial instruments (cont'd)

3.12.1 Financial assets (cont'd)

3.12.1.5 Impairment of financial assets

The Group and the Company assess on a forward-looking basis the expected credit loss ("ECLs") for all debt instruments not held at FVTPL. ECLs represent probability-weighted estimate of the difference between the contractual cash flows due in accordance with the contract and all cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The measurement of ECL reflects:-

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following basis:-

- 12-month ECLs: the portion of lifetime expected credit loss losses that result from possible default events on a financial instrument within the 12 months after the reporting date; and
- Lifetime ECLs: the expected credit loss that result from all possible default events over the expected life of a financial instrument.

The maximum period considered when estimating ECLs is the maximum contractual period (including extension options) over which the Group and the Company are exposed to credit risk.

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

For all other financial instruments, the Group and the Company recognise a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Financial instruments (cont'd)

3.12.1 Financial assets (cont'd)

3.12.1.5 Impairment of financial assets (cont'd)

ECLs are re-measured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECLs amount is recognised as an impairment gain or loss in profit or loss. The Group and the Company recognise an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at fair value through other comprehensive income ("FVOCI") (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have any assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-off.

3.12.2 Financial liabilities

3.12.2.1 Classification

The Group and the Company classify its financial liabilities in the following measurement categories:-

- Those to be measured subsequently at FVTPL; and
- Those to be measured at amortised cost

3.12.2.2 Recognition and derecognition

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

A financial liability (or a part of a financial liability) from its statements of financial position when, and only when, the obligation specified in the contract is discharged or cancelled or expires. 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 (or part 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.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Financial instruments (cont'd)

3.12.2 Financial liabilities (cont'd)

3.12.2.3 Initial measurement

The Group and the Company initially measure a financial liability at its fair value plus, in the case of a financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial liability.

3.12.2.4 Subsequent measurement

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

(i) FVTPL

Financial liabilities at FVTPL include 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 designated upon initial recognition as at FVTPL.

At initial recognition, the Group and 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:-

- If doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise; and
- A group of financial liabilities or financial 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 and Company's key management personnel.

Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses recognised on derivatives include exchange differences.

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

The Group and the Company had not elected to designate any financial liability at fair value through profit or loss.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Financial instruments (cont'd)

3.12.2 Financial liabilities (cont'd)

3.12.2.4 Subsequent measurement (cont'd)

The subsequent measurement of financial liabilities depends on their classification, as described below (cont'd):-

(ii) Amortised cost

Other financial liabilities not categorised as FVTPL 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. Any gains or losses on derecognition are also recognised in the profit or loss.

The Group's and the Company's financial liabilities at amortised cost include loans and borrowings, amount owing to subsidiaries, amount owing to affiliated companies, trade and most of the other payables. Borrowings are classified as current liabilities unless the Group has unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

3.12.3 Offsetting of financial instruments

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

3.13 Equity instruments and reserve

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

The issuance of ordinary shares upon exercise of warrants is treated as new subscription of ordinary shares in the Company.

Retained earnings includes all current and prior period unappropriated profit.

All transactions with owners of the Group and of the Company are recorded separately within equity.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Treasury shares

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchase shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

The shares cancelled and the adjustments made to reserves should be shown as a movement in equity.

3.15 Share-based payment transactions

3.15.1 Equity-settled share-based payment transaction

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or income reflected in profit or loss represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of modification.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Share-based payment transactions (cont'd)

3.15.1 Equity-settled share-based payment transaction (cont'd)

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally.

3.16 Dividends

Interim dividends are simultaneously proposed and declared, because the articles of association of the Company grant the Directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Final dividends proposed by the Directors are not accounted for in shareholders' equity as an appropriation of retained profits until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

3.17 Related parties

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

- (a) A person or a close member of that person's family is related to the Group if that person:-
- (i) Has control or joint control over the Group;
 - (ii) Has significant influence over the Group; or
 - (iii) Is a member of the key management personnel of the Group



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Related parties (cont'd)

(b) An entity is related to the Group if any of the following conditions applies:-

- (i) The entity and the Group are members of the same group.
- (ii) The entity is an associate or joint venture of the Group.
- (iii) Both the Group and the entity are joint ventures of the same third party.
- (iv) The Group is a joint venture of a third entity and the other entity is an associate of the same third entity.
- (v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
- (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity.
- (viii) The entity, or any other member of a group which it is a party, provides key management personnel services to the Group.

3.18 Revenue recognition

The Group and the Company apply five-step model revenue recognition under MFRS 15 *Revenue from Contracts with Customers*.

The Group and the Company recognise revenue from contracts with customers for goods or services based on the five-step model as set out in this Standards:-

- i. Identify contracts with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.
- ii. Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer goods or services to the customer that is distinct or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.
- iii. Determine the transaction price. The transaction price is the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- iv. Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group and the Company allocate transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group and the Company expect to be entitled in exchange for satisfying each performance obligation.
- v. Recognise revenue when (or as) the Group and the Company satisfy a performance obligation. An asset is transferred when (or as) the customer obtains control of the asset.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Revenue recognition (cont'd)

The Group and the Company satisfy a performance obligation and recognise revenue over time if the Group's and the Company's performance:-

- i. Do not create an asset with an alternative use to the Group and the Company and have an enforceable right to payment for performance completed to-date; or
- ii. Create or enhance an asset that the customer controls as the asset is created or enhanced; or
- iii. Provide benefits that the customer simultaneously receives and consumes as the Group and the Company perform.

For performance obligations where none of the above conditions are met, revenue is recognised at a point in time at which the performance obligation is satisfied.

When the Group and the Company satisfy a performance obligation by delivering the promised goods or services, it creates a contract based on asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

3.18.1 Sales of plantation produce and related products

Revenue from sales of plantation produce and related products is recognised (net of discounts) at a point in time when control of the goods have been transferred to the customer, usually upon delivery of products and customer acceptance, if any.

3.18.2 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.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Revenue recognition (cont'd)

3.18.3 Rental income

Income from rental of commercial and industrial buildings are recognised in 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.

Rental from car parks is recognised based on value charged to customers.

3.18.4 Services rendered

Revenue from food and beverage and other income are recognised when services are rendered.

3.18.5 Dividend income

Dividend income is recognised when the Company's right to receive payments is established.

3.19 Taxes

Income tax

Income tax on the profit or loss for the year comprises current tax expense and deferred tax. Current tax expense is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities and assets are provided for under the liability method at the current tax rate in respect of all temporary differences at the reporting date between the carrying amount of an asset or liability in the statement of financial position and its tax base including unused tax losses and capital allowances.

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of a deferred tax asset is reviewed at each reporting date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or that entire deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

Current tax expense and deferred tax are recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 Taxes (cont'd)

Income tax (cont'd)

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

Indirect taxes

The rate for sales tax is fixed at 5% or 10% while the rate for services tax is fixed at 6%.

Revenue, expenses, assets and liabilities are recognised net of the amount of Sales and Services Tax ("SST") except:-

- (i) where the SST incurred in a purchase of assets or services is not recoverable from the authority, in which case the SST is recognised as part of the cost of acquisition of the assets or as part of the expense item as applicable; and
- (ii) receivables and payables that are stated with the amount of SST included.

3.20 Employee benefits

(i) Short term benefits

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

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial period.

Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, the Group and the Company make contribution to the Employees Provident Fund ("EPF").



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.21 Interest-bearing borrowings

Interest-bearing borrowings are recorded at the amount of proceeds received, net of transaction costs incurred. Borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred. However, borrowing costs incurred to finance the construction of property, plant and equipment are capitalised as part of the cost of those assets during the period that is required to complete and prepare the assets for its intended use.

3.22 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and its existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group and the Company.

It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required, or the amount of obligation cannot be measured reliably.

3.23 Earnings per 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.

3.24 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 revenue 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 to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.25 Financial guarantee contracts

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

Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount determined in accordance with the ECL model under MFRS 9 *Financial Instruments*; and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 *Revenue from Contracts with Customers*.

3.26 Government grant

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.



NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT

Group

Cost	Land and buildings	Bearer plants	Roads and bridges	Plant and machineries	Motor vehicles, furniture, fittings and equipment	Construction-in-progress	Total
	RM	RM	RM	RM	RM	RM	RM
At 1 January 2020	51,471,279	215,708,000	31,511,076	41,040,375	49,881,945	80,400	389,693,075
Additions	347,480	703,637	-	317,525	1,854,399	707,300	3,930,341
Disposal	-	-	-	(95,900)	(3,779,991)	-	(3,875,891)
Written off	-	-	-	(11,830)	(6,763,729)	-	(6,775,559)
Reclassification	(1,550,000)	-	-	-	-	1,550,000	-
Transfer from assets classified as held for sale	-	-	-	-	274,010	-	274,010
At 31 December 2020	50,268,759	216,411,637	31,511,076	41,250,170	41,466,634	2,337,700	383,245,976
Additions	4,430	278,183	-	547,250	90,278	1,499,774	2,419,915
Disposal	-	-	-	-	(422,177)	-	(422,177)
Written off	(356,337)	(470,473)	-	(350,000)	(170,638)	-	(1,347,448)
Reclassification	-	-	-	447,000	-	(447,000)	-
At 31 December 2021	49,916,852	216,219,347	31,511,076	41,894,420	40,964,097	3,390,474	383,896,266



NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (CONT'D)

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

Group (cont'd)

	Land and buildings RM	Bearer plants RM	Roads and bridges RM	Plant and machineries RM	Motor vehicles, furniture, fittings and equipment RM	Construction- in-progress RM	Total RM
Accumulated depreciation							
At 1 January 2020	11,539,313	47,276,892	21,068,696	26,777,942	44,156,614	-	150,819,457
Charge for the year	2,088,173	7,420,792	1,412,772	3,846,055	1,998,649	-	16,766,441
Disposal	-	-	-	(95,900)	(3,779,987)	-	(3,875,887)
Written off	-	-	-	(7,376)	(6,282,891)	-	(6,290,267)
Transfer from assets classified as held for sale	-	-	-	-	262,015	-	262,015
At 31 December 2020	13,627,486	54,697,684	22,481,468	30,520,721	36,354,400	-	157,681,759
Charge for the year	2,121,889	7,866,881	1,296,720	3,846,124	1,779,821	-	16,911,435
Disposal	-	-	-	-	(422,175)	-	(422,175)
Written off	(174,106)	-	-	(225,138)	(164,290)	-	(563,534)
At 31 December 2021	15,575,269	62,564,565	23,778,188	34,141,707	37,547,756	-	173,607,485



NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (CONT'D)

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

Group (cont'd)

	Land and buildings RM	Bearer plants RM	Roads and bridges RM	Plant and machineries RM	Motor vehicles, furniture, fittings and equipment RM	Construction- in-progress RM	Total RM
Accumulated impairment losses							
At 1 January 2020	-	17,765,000	-	-	471,570	-	18,236,570
Written off	-	-	-	-	(471,570)	-	(471,570)
Charge for the year	175,598	-	-	-	36,696	-	212,294
At 31 December 2020	175,598	17,765,000	-	-	36,696	-	17,977,294
Written off	-	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-	-
At 31 December 2021	175,598	17,765,000	-	-	36,696	-	17,977,294
Carrying amount							
At 31 December 2020	36,465,675	143,948,953	9,029,608	10,729,449	5,075,538	2,337,700	207,586,923
At 31 December 2021	34,165,985	135,889,782	7,732,888	7,752,713	3,379,645	3,390,474	192,311,487



NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (CONT'D)

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

Company

	Land and buildings RM	Bearer plants RM	Roads and bridges RM	Plant and machineries RM	Motor vehicles, furniture, fittings and equipment RM	Construction- in-progress RM	Total RM
Cost							
At 1 January 2020	15,682,994	15,423,722	3,964,703	2,165,383	15,491,652	23,000	52,751,454
Additions	38,450	7,486	-	5,100	1,823,791	477,700	2,352,527
Disposal	-	-	-	-	(3,779,991)	-	(3,779,991)
Written off	-	-	-	(11,830)	(6,763,729)	-	(6,775,559)
Reclassification	(1,550,000)	-	-	-	-	1,550,000	-
Transfer from assets classified as held for sale	-	-	-	-	274,010	-	274,010
Transfer to investment properties	(11,092,810)	-	-	-	-	-	(11,092,810)
At 31 December 2020	3,078,634	15,431,208	3,964,703	2,158,653	7,045,733	2,050,700	33,729,631
Additions	4,430	-	-	101,450	51,967	971,174	1,129,021
Disposal	-	-	-	-	(89,177)	-	(89,177)
Written off	(356,337)	-	-	-	(13,133)	-	(369,470)
At 31 December 2021	2,726,727	15,431,208	3,964,703	2,260,103	6,995,390	3,021,874	34,400,005



NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (CONT'D)

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

Company (cont'd)

	Land and buildings RM	Bearer plants RM	Roads and bridges RM	Plant and machineries RM	Motor vehicles, furniture, fittings and equipment RM	Construction- in-progress RM	Total RM
Accumulated depreciation							
At 1 January 2020	3,233,118	3,982,350	883,926	1,997,712	14,024,551	-	24,121,657
Charge for the year	66,879	601,092	342,450	36,183	368,380	-	1,414,984
Disposal	-	-	-	-	(3,779,987)	-	(3,779,987)
Written off	-	-	-	(7,376)	(6,282,891)	-	(6,290,267)
Transfer from assets classified as held for sale	-	-	-	-	262,015	-	262,015
Transfer to investment properties	(2,252,142)	-	-	-	-	-	(2,252,142)
At 31 December 2020	1,047,855	4,583,442	1,226,376	2,026,519	4,592,068	-	13,476,260
Charge for the year	119,792	617,243	342,288	31,705	541,578	-	1,652,606
Disposal	-	-	-	-	(89,177)	-	(89,177)
Written off	(174,107)	-	-	-	(12,482)	-	(186,589)
At 31 December 2021	993,540	5,200,685	1,568,664	2,058,224	5,031,987	-	14,853,100



**NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (CONT'D)**

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

Company (cont'd)

	Land and buildings RM	Bearer plants RM	Roads and bridges RM	Plant and machineries RM	Motor vehicles, furniture, fittings and equipment RM	Construction- in-progress RM	Total RM
Accumulated impairment losses							
At 1 January 2020	-	-	-	-	471,570	-	471,570
Written off	-	-	-	-	(471,570)	-	(471,570)
At 31 December 2020 and 31 December 2021	-	-	-	-	-	-	-
Carrying amount							
At 31 December 2020	2,030,779	10,847,766	2,738,327	132,134	2,453,665	2,050,700	20,253,371
At 31 December 2021	1,733,187	10,230,523	2,396,039	201,879	1,963,403	3,021,874	19,546,905



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

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

Security

Land and buildings of the Group with a carrying amount of RM8,607,591 (2020: RM9,083,415), are charged to banks as security for banking facilities granted to the Company and a subsidiary as disclosed in Note 21.

Assets under hire purchase contracts

Included in the property, plant and equipment are assets under hire purchase contracts, classified as right-of-use assets as follows:-

	<u>Motor vehicles</u> RM
Group	
Net carrying amount	
At 1 January 2020	2,008,640
Additions	1,790,640
Depreciation charges	(979,075)
De-recognised from right-of-use assets upon settlement of lease liabilities	<u>(20,554)</u>
At 31 December 2020	2,799,651
Depreciation charges	(780,507)
De-recognised from right-of-use assets upon settlement of lease liabilities	<u>(523,185)</u>
At 31 December 2021	<u><u>1,495,959</u></u>
Company	
Net carrying amount	
At 1 January 2020	-
Additions	1,790,640
Depreciation charges	<u>(152,415)</u>
At 31 December 2020	1,638,225
Depreciation charges	<u>(358,128)</u>
At 31 December 2021	<u><u>1,280,097</u></u>

The entire carrying value of the assets under hire purchase are pledged as security for lease liabilities.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

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

Costs capitalised in bearer plants

Included in bearer plants of the Group and of the Company are as follows:-

	Group		Company	
	<u>2021</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2020</u> RM
Staff costs	131,874	66,284	-	6,275
Depreciation of leasehold land	38,956	59,743	-	-
Depreciation of property, plant and equipment	36,564	36,564	-	-
Finance cost	-	70,416	-	-

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-use assets

	<u>Land use rights</u> RM	<u>Long term leasehold land</u> RM	<u>Total</u> RM
Group			
Cost			
At 1 January 2020 and 31 December 2020	39,701,037	83,944,608	123,645,645
Written off	(4,341,902)	-	(4,341,902)
At 31 December 2021	<u>35,359,135</u>	<u>83,944,608</u>	<u>119,303,743</u>
Accumulated depreciation			
At 1 January 2020	2,844,714	18,535,200	21,379,914
Charge for the year	966,738	1,170,461	2,137,199
At 31 December 2020	3,811,452	19,705,661	23,517,113
Charge for the year	837,063	1,166,573	2,003,636
Written off	(196,713)	-	(196,713)
At 31 December 2021	<u>4,451,802</u>	<u>20,872,234</u>	<u>25,324,036</u>
Accumulated impairment losses			
At 1 January 2020 and 31 December 2020	6,170,000	6,261,279	12,431,279
Written off	(1,235,307)	-	(1,235,307)
At 31 December 2021	<u>4,934,693</u>	<u>6,261,279</u>	<u>11,195,972</u>
Net carrying amount			
At 31 December 2020	<u>29,719,585</u>	<u>57,977,668</u>	<u>87,697,253</u>
At 31 December 2021	<u>25,972,640</u>	<u>56,811,095</u>	<u>82,783,735</u>



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

Right-of-use assets (cont'd)

	Land use rights RM	Long term leasehold land RM	Total RM
Company			
Cost			
At 1 January 2020, 31 December 2020 and 31 December 2021	14,687,296	45,540,000	60,227,296
Accumulated depreciation			
At 1 January 2020	517,527	10,173,868	10,691,395
Charge for the year	657,457	619,729	1,277,186
At 31 December 2020	1,174,984	10,793,597	11,968,581
Charge for the year	587,493	619,729	1,207,222
At 31 December 2021	1,762,477	11,413,326	13,175,803
Net carrying amount			
At 31 December 2020	13,512,312	34,746,403	48,258,715
At 31 December 2021	12,924,819	34,126,674	47,051,493

Long term leasehold land represents land which the Group and the Company have obtained the titles.

Land use rights represents agreements with land owners for the right to develop and manage land into oil palm plantations for a fixed period of time.

Depreciation charges for the year is allocated as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2021</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2020</u> RM
Statement of profit or loss and other comprehensive income	1,964,680	2,077,456	1,207,222	1,277,186
Capitalised to bearer plants	38,956	59,743	-	-
	<u>2,003,636</u>	<u>2,137,199</u>	<u>1,207,222</u>	<u>1,277,186</u>

Right-of-use assets amounted to RM1,495,959 and RM1,280,097 (2020: RM2,799,651 and RM1,638,225) relating to lease liabilities under hire purchase contracts are grouped under property, plant and equipment.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

Lease liabilities

Lease liabilities arise as the Group entered into agreements with Native Customary Rights Land's Owner ("NCR Owners") for the rights to develop land in Sarawak into oil palm plantation for a lease period of 60 years. In consideration of the Group procuring the alienation of the lease, the NCR Owners are entitled to share of profit from the development at the agreed value ranged from RM264 per hectare to RM333 per hectare to be paid bi-annually in the months of May and December each year up to the expiry of the lease term.

The Group and the Company had purchased motor vehicles under hire purchase contracts which is classified under lease liabilities. The lease terms of the motor vehicles of both the Group and the Company ranged from 3 to 5 years (2020: 3 to 5 years). The lease liabilities for hire purchase contracts of the Group and of the Company bear interest rates ranged from 3.50% to 8.05% and at 3.50% to 4.31% (2020: 3.50% to 8.05% and at 3.50% to 4.31%) per annum. Interest rates are fixed at the inception of the lease liabilities arrangements.

Lease liabilities are presented in the statement of financial position as follows:-

	<u>Group</u>		<u>Company</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	RM	RM	RM	RM
		(Restated)		(Restated)
Current	381,210	816,754	279,161	266,700
Non-current	<u>18,515,117</u>	<u>23,083,970</u>	<u>799,337</u>	<u>1,078,509</u>
	<u>18,896,327</u>	<u>23,900,724</u>	<u>1,078,498</u>	<u>1,345,209</u>

In the prior year, lease liabilities of RM1,957,902 and RM1,345,209 was classified under hire purchase payables for motor vehicles under hire purchase contracts by the Group and by the Company respectively.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

Lease liabilities (cont'd)

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Group		Company	
	2021 RM	2020 RM (Restated)	2021 RM	2020 RM (Restated)
At 1 January	23,900,724	23,084,420	1,345,209	3,333
Addition	-	1,436,000	-	1,436,000
Accretion of interest	1,187,926	1,401,476	52,153	21,293
Termination of lease liabilities	(4,178,942)	-	-	-
Payments	<u>(2,013,381)</u>	<u>(2,021,172)</u>	<u>(318,864)</u>	<u>(115,417)</u>
At 31 December	<u>18,896,327</u>	<u>23,900,724</u>	<u>1,078,498</u>	<u>1,345,209</u>

The maturity analysis of lease liabilities is disclosed in Note 30(c).

Variable lease payments

Right-of-use assets with carrying value of RM12,924,819 (2020: RM13,512,312) related to the lease of 5 pieces of land located at Sarawak that is owned by affiliated companies.

On 27 March 2018, the Group and the Company entered into Management Agreements with five plantation companies to develop and manage their biological assets. The Management Arrangement involves the appointment of the Group and the Company as the exclusive contractor to develop and manage the biological assets. Upon expiry of the Initial Term, the Management Agreements shall automatically continue for a further period of 25 years, subject to such revised terms and conditions as may be necessary for the continuance of the Management Agreements. The Group and the Company are given the first right of refusal to acquire the land in the event that the land is made available for sale during the lease period. The lease term is determined at 25 years as it is not reasonably certain whether the Group and the Company will exercise the option to extend the lease.

As consideration for the exclusive appointment, the Group and the Company agreed to bear 42% of the total cost incurred which agreed by a supplementary agreement at RM14,687,296. The Group and the Company shall be entitled to 42% of the net plantation profit until the upfront cost is recovered. Thereafter, the Group and the Company shall be entitled to 90% of the sales proceeds from the sale of FFB until the expiry of the Management Agreements. The Management Agreements were approved at the Extraordinary General Meeting held on 27 June 2018 and effective on 31 December 2018. The affiliated companies' share of the net plantation profits are recognised as variable lease payments that are not permitted to be included in lease liabilities at the inception of the lease and are recognised in the period in which the net plantation profits are earned.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

Variable lease payments (cont'd)

The following are the amounts recognised in profit or loss:-

	<u>Group and Company</u>	
	<u>2021</u>	<u>2020</u>
	RM	RM
Lease payments not recognised as liability:-		
- Variable lease payments	<u>2,258,018</u>	<u>1,050,349</u>

6. INVESTMENT PROPERTIES

	<u>Land and buildings</u>	
	<u>Group</u>	<u>Company</u>
	RM	RM
Cost		
At 1 January 2020	124,802,858	92,287,890
Transfer from property, plant and equipment	-	11,092,810
Transfer to assets classified as held for sale	<u>(3,730,826)</u>	<u>(3,730,826)</u>
At 31 December 2020 and 31 December 2021	<u>121,072,032</u>	<u>99,649,874</u>
Accumulated amortisation		
At 1 January 2020	16,825,040	16,741,261
Charge for the year	1,310,184	1,744,864
Transfer from property, plant and equipment	-	2,252,142
Transfer to assets classified as held for sale	<u>(4,123)</u>	<u>(4,123)</u>
At 31 December 2020	18,131,101	20,734,144
Charge for the year	<u>1,308,588</u>	<u>1,743,268</u>
At 31 December 2021	<u>19,439,689</u>	<u>22,477,412</u>
Net carrying amount		
At 31 December 2020	<u>102,940,931</u>	<u>78,915,730</u>
At 31 December 2021	<u>101,632,343</u>	<u>77,172,462</u>



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

6. INVESTMENT PROPERTIES (CONT'D)

Included in above are the following:

	Group		Company	
	<u>2021</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2020</u> RM
Net carrying amount				
Freehold land	63,092,949	63,092,949	33,466,128	33,466,128
Long term leasehold land	7,066,576	7,206,543	2,902,238	2,956,994
Buildings	31,472,818	32,641,439	40,804,096	42,492,608
	<u>101,632,343</u>	<u>102,940,931</u>	<u>77,172,462</u>	<u>78,915,730</u>

The following are recognised in profit or loss in respect of investment properties:

	Group		Company	
	<u>2021</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2020</u> RM
Rental income	1,675,830	2,362,847	2,515,830	3,192,847
Parking fee income	151,466	128,870	151,466	128,870

Direct operating expenses:

Income generating investment properties	3,337,449	3,500,355	3,736,877	3,894,127
Non-income generating investment properties	46,212	46,212	-	-

The investment properties comprise vacant land, agricultural land and shophouses that are leased to third parties or held for future capital appreciation.

The investment properties are stated at cost less any amortisation and any accumulated impairment losses.

Security

Total land and buildings of the Group and of the Company with a carrying amount of RM66,362,930 and RM74,970,521 (2020: RM67,502,222 and RM76,585,637) respectively are pledged to licensed banks for facilities granted to the Group and the Company.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

6. INVESTMENT PROPERTIES (CONT'D)

Fair value information

The fair value of the investment properties as of 31 December 2021 has been determined on the basis of valuations carried out at year end by independent valuers having appropriate recognised professional qualification and recent experience in the location and category of the properties being valued, and not related to the Group and the Company. The fair value was determined based on the comparison approach that reflects recent transaction prices for similar properties and adjust to reflect the conditions and locations of the subject properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The Group and the Company classified their investment properties using a fair value hierarchy that reflects the nature and complexity of the significant inputs used in making the disclosure. At the end of the reporting period, the fair value measurement of the Group's and of the Company's properties is classified within Level 3 (2020: Level 3) of the fair value hierarchy. There was no transfer between different levels during the year.

The fair value of investment properties is categorised as follows:-

	<u>Group</u>		<u>Company</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	RM	RM	RM	RM
Freehold land and building	124,490,000	124,240,000	99,640,000	99,390,000
Long term leasehold land and building	<u>8,530,000</u>	<u>8,530,000</u>	<u>8,200,000</u>	<u>8,200,000</u>
	<u>133,020,000</u>	<u>132,770,000</u>	<u>107,840,000</u>	<u>107,590,000</u>



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

7. INVESTMENTS IN SUBSIDIARIES

	Company	
	<u>2021</u> RM	<u>2020</u> RM
At cost		
Unquoted shares	78,410,447	78,410,447
Less: Accumulated impairment losses	<u>(16,321,239)</u>	<u>(16,321,239)</u>
	<u>62,089,208</u>	<u>62,089,208</u>
Amount owing from subsidiaries	120,554,866	123,673,850
Less: Accumulated impairment losses	<u>(51,238,436)</u>	<u>(50,656,340)</u>
	<u>69,316,430</u>	<u>73,017,510</u>
Contribution to subsidiaries:-		
Shares granted to employees of subsidiaries	492,100	220,100
Share options granted to employees of subsidiaries	<u>225,600</u>	<u>129,600</u>
	<u>717,700</u>	<u>349,700</u>
	<u>132,123,338</u>	<u>135,456,418</u>

a. The particulars of the subsidiaries are as follows:-

Name of company	Principal place of business	Effective equity interest		Principal activities
		<u>2021</u>	<u>2020</u>	
		%	%	
Masranti Plantation Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palms and operation of a palm oil mill
Harn Len Realty (Serian) Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palms
Harn Len Management Sdn. Bhd.	Malaysia	100	100	Dormant
Nusantara Daya Sdn. Bhd.	Malaysia	100	100	Investment holding
Premium Dragon Sdn. Bhd.	Malaysia	100	100	Investment holding
Harn Len Realty (Tampoi) Sdn. Bhd.	Malaysia	100	100	Property investment
Zhangxern Corporation Sdn. Bhd.	Malaysia	100	100	Property investment



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

a. The particulars of the subsidiaries are as follows:- (cont'd)

Name of <u>company</u>	Principal place <u>of business</u>	Effective <u>equity interest</u>		<u>Principal activities</u>
		<u>2021</u> %	<u>2020</u> %	
Midwest Equity Sdn. Bhd.	Malaysia	100	100	Property investment
Tanaim Sdn. Bhd.	Malaysia	100	100	Dormant
Ngee Heng Square Sdn. Bhd.	Malaysia	100	100	Food & Beverages
Ngee Heng Street Sdn. Bhd.	Malaysia	100	100	Dormant
Harn Len (Balai Ringin) Sdn. Bhd.	Malaysia	100	100	Dormant
Harn Len Development (Jerok) Sdn. Bhd.	Malaysia	100	100	Dormant
Harn Len (Rompin) Sdn. Bhd.	Malaysia	100	100	Dormant
Uniglobal Sdn. Bhd.	Malaysia	100	100	Dormant
Subsidiaries held by Masranti Plantation Sdn. Bhd.				
Masranti Sebangkoi Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palms
Masranti Agro Sdn. Bhd.	Malaysia	100	100	Agriculture land and plantation development services
Subsidiaries held by Premium Dragon Sdn. Bhd.				
Harn Len Pelita Bengunan Sdn. Bhd. ("Harn Len Pelita")	Malaysia	60	60	Cultivation of oil palms

b. Non-controlling interests in a subsidiary

The Group's subsidiary that has material non-controlling interests are as follows:-

	Harn Len Pelita	
	<u>2021</u> RM	<u>2020</u> RM
Percentage of ownership interest and voting interest (%)	40%	40%
Carrying amount of non-controlling interests	<u>(14,112,338)</u>	<u>(13,322,945)</u>
Total comprehensive loss allocated to non- controlling interests	<u>(789,393)</u>	<u>(659,682)</u>



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

b. Non-controlling interests in a subsidiary (cont'd)

The summary of financial information before intra-group elimination for the Group's subsidiary that have material non-controlling interests is as below:-

	Harn Len Pelita	
	2021 RM	2020 RM
Summary of financial position		
Non-current assets	80,508,395	85,872,746
Current assets	1,124,783	2,441,743
Current liabilities	<u>(117,132,021)</u>	<u>(121,839,849)</u>
Net liabilities	<u>(35,498,843)</u>	<u>(33,525,360)</u>
Summary of financial performance		
Total comprehensive loss for the financial year	<u>(1,973,483)</u>	<u>(1,649,204)</u>
Included in the total comprehensive loss is:		
Revenue	<u>14,780,810</u>	<u>14,335,787</u>
Summary of cash flows		
Cash flows from/(used in) operating activities	5,513,957	(2,478,470)
Cash flows used in investing activities	(76,589)	(584,712)
Cash flows (used in)/from financing activities	<u>(5,434,546)</u>	<u>3,063,619</u>
Net increase in cash and cash equivalents	<u>2,822</u>	<u>437</u>

c. Amount owing from subsidiaries

The amount owing from subsidiaries were utilised for capital expenditures of the subsidiaries with long gestation period and therefore are considered as part of investment in subsidiary companies. The amount owing from subsidiaries is unsecured, interest free except for advances to subsidiaries amounting to RM70,075,718 (2020: RM96,433,108) which bear interest at 2.85% (2020: 3.50%) per annum and repayable on demand.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

8. OTHER INVESTMENTS

	Group and Company	
	<u>2021</u>	<u>2020</u>
	RM	RM
Non-current		
Equity instrument at FVOCI		
- In Malaysia, unquoted corporation	<u>2,349,745</u>	<u>2,500,000</u>
Current		
Equity instrument at FVTPL		
- In Malaysia, quoted corporations	<u>5,013,009</u>	<u>3,892,023</u>

9. AMOUNT OWING FROM/(TO) SUBSIDIARIES

	Company	
	<u>2021</u>	<u>2020</u>
	RM	RM
Amount owing from subsidiaries	32,341,260	11,533,192
Less: Allowance for expected credit losses	<u>(8,103,947)</u>	<u>(6,766,972)</u>
	<u>24,237,313</u>	<u>4,766,220</u>
Amount owing to subsidiaries	<u>14,926,111</u>	<u>15,238,545</u>

Movement in the allowance for expected credit losses are as follows:-

	Company	
	<u>2021</u>	<u>2020</u>
	RM	RM
At 1 January	6,766,972	3,093,419
Recognised in profit or loss	<u>1,336,975</u>	<u>3,673,553</u>
At 31 December	<u>8,103,947</u>	<u>6,766,972</u>

The amount owing from/(to) subsidiaries arise mainly from advances or payment on behalf. The amount owing from/(to) subsidiaries is unsecured, interest free except for advance to/(from) subsidiaries amounting to RM12,607,773 (2020: (RM2,073,768)) which bear interest at 2.85% (2020: 3.50%) per annum and repayable on demand.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

10. GOODWILL ON CONSOLIDATION

	Group	
	<u>2021</u>	<u>2020</u>
	RM	RM
Cost		
At beginning and end of financial year	<u>6,490,491</u>	<u>6,490,491</u>
Accumulated impairment losses		
At beginning and end of financial year	<u>695,692</u>	<u>695,692</u>
Net carrying amount		
At end of financial year	<u><u>5,794,799</u></u>	<u><u>5,794,799</u></u>

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the operating divisions of the Group which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The carrying amount of goodwill is allocated as follows:

	<u>2021</u>	<u>2020</u>
	RM	RM
Masranti Plantation Sdn. Bhd. (“Masranti”)	<u><u>5,794,799</u></u>	<u><u>5,794,799</u></u>

The recoverable amount for the above is based on its VIU and is determined by discounting the future cash flows generated by Masranti and is based on the following key assumptions:

	<u>2021</u>	<u>2020</u>
	RM	RM
Duration of cash flow projection	20 years	20 years
Commodity price/Metric tonnes (“MT”)	RM3,600	RM2,700
Pre-tax discount rate	16.5%	17.86%
Palm Yield rate MT/Hectare (“HA”)	5 - 21	5 - 21
Plantation expenditure projection	Historical	Historical
Hectarage	5,020	5,020

The values assigned to the key assumptions represent management’s assessment of current trends in the oil palm plantation in Sarawak and are based on both external and internal sources (historical data). Any subsequent changes in the market conditions or to decisions on the harvesting levels may have a material impact on the assets’ values as the future cash flows may differ from these estimates.

The impairment assessment of goodwill of the Group as outlined above included a sensitivity analysis on the key assumptions used. Based on the results of the sensitivity analysis, no reasonable change in the key assumptions used would result in an impairment charge for current financial year.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

11. BIOLOGICAL ASSETS

	Group		Company	
	<u>2021</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2020</u> RM
Fresh fruit bunches at fair value less costs to sell:-				
At 1 January	3,945,801	2,163,902	1,653,248	705,482
Change in fair value less costs for sell	892,415	1,781,899	1,288,117	947,766
At 31 December	<u>4,838,216</u>	<u>3,945,801</u>	<u>2,941,365</u>	<u>1,653,248</u>

The biological assets of the Group and of the Company consist of fresh fruit bunches (“FFB”) prior to harvest. Each FFB takes approximately 6 months from pollination to reach maximum oil content to be ready for harvesting. During the year ended 31 December 2021, the Group and the Company harvested approximately 81,871 and 33,071 tonnes of FFB (2020: 114,751 and 37,170 tonnes) respectively. The quantity of unharvested FFB of the Group and of the Company as at 31 December 2021 included in the fair valuation of FFB was 6,129 and 3,577 tonnes (2020: 8,024 and 2,987 tonnes) respectively.

In determining the fair values of unharvested FFB, the management has considered the oil content of the unripe FFB from the week after pollination to the week prior to harvest and derived the assumption that the net cash flows to be generated from FFB prior to more than 15 days (2020: 15 days) to harvest is negligible. Therefore, quantity of unripe FFB on bearer plant of up to 15 days (2020: 15 days) prior to harvest was used for valuation purpose. The value of the unripe FFB was estimated to be approximately 87% (2020: 91%) of the ripe FFB, based on actual oil extraction rate and kernel extraction rate of the unripe FFB from the laboratory tests. Costs to sell include harvesting cost and transport.

FFB valuation have been classified as Level 3 (2020: Level 3) in the fair value hierarchy. There was no transfer between different levels during the year. None of the biological assets of the Group and of the Company as at 31 December 2021 and 2020 were pledged as securities for liabilities.

Financial risk management strategies

The Group and the Company are exposed to price fluctuation risks on palm oil due to supply and demand factors such as weather, global demand, and competition from global suppliers of palm oil and other substitutes. The management performs regular industry trend analysis to plan for such fluctuations. The Group also entered into fixed price short term contracts with certain customers.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

12. INVENTORIES

	Group		Company	
	<u>2021</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2020</u> RM
Plantation produce	1,003,924	956,879	-	-
Consumables and spares	3,012,119	2,114,842	121,481	75,178
Nursery	962,565	2,158,785	-	-
Food and beverage	9,588	9,801	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total inventories	4,988,196	5,240,307	121,481	75,178
	<hr/>	<hr/>	<hr/>	<hr/>
Recognised in profit or loss:-				
Inventories recognised in cost of sales	152,812,835	60,085,821	1,363,584	586,303
Inventories written off	5,506	-	795	-
Impairment loss on inventories	657,143	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

13. TRADE RECEIVABLES

	Group		Company	
	<u>2021</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2020</u> RM
Trade receivables	5,693,063	3,465,561	3,519,486	3,082,259
Less: Allowance for expected credit losses	(486,918)	(309,305)	(486,918)	(309,305)
	<hr/>	<hr/>	<hr/>	<hr/>
	5,206,145	3,156,256	3,032,568	2,772,954
	<hr/>	<hr/>	<hr/>	<hr/>

Set out below is the movement in the allowance for expected credit losses of trade receivables:-

	Group and Company	
	2021 RM	2020 RM
At 1 January	309,305	22,681
Allowance for expected credit losses	177,613	286,624
	<hr/>	<hr/>
At 31 December	486,918	309,305
	<hr/>	<hr/>



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

13. TRADE RECEIVABLES (CONT'D)

Trade receivables comprise amount receivable from sales of plantation produce and related products and rental. The credit terms granted to the customers of the Group and of the Company is 7 days (2020: 7 days). Trade receivables are recognised at their original invoice amounts which represent their fair values on initial recognition.

Information regarding the Group's and the Company's exposure to the credit risk and ECLs for trade receivables is disclosed in Note 30(b).

14. OTHER RECEIVABLES

	Note	Group		Company	
		<u>2021</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2020</u> RM
Non-trade receivables		537,026	828,911	28,565	58,354
Sales proceeds					
receivables from the					
disposal of investment					
in a subsidiary		13,600,000	13,600,000	13,600,000	13,600,000
Deposits		112,847	468,767	71,146	376,146
Prepayments		2,417,254	2,227,038	104,419	83,856
Advance payment to					
supplier		69,538	1,030,516	-	-
Accrued income		300,000	-	300,000	-
		17,036,665	18,155,232	14,104,130	14,118,356
Less: Allowance for					
expected credit losses					
- Non-trade					
receivables		(306,190)	(100,000)	-	-
- Sales proceeds					
receivables from					
the disposal of					
investment in a					
subsidiary	a	(13,600,000)	-	(13,600,000)	-
Less: Allowance for					
impairment loss					
- Prepayments	b	(1,925,175)	(1,925,175)	-	-
Total other receivables		1,205,300	16,130,057	504,130	14,118,356



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

14. OTHER RECEIVABLES (CONT'D)

Set out below is the movement in the allowance for expected credit losses of other receivables:-

	Group		Company	
	<u>2021</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2020</u> RM
At 1 January	100,000	-	-	-
Recognised in profit or loss	13,806,190	100,000	13,600,000	-
At 31 December	<u>13,906,190</u>	<u>100,000</u>	<u>13,600,000</u>	<u>-</u>

- a) In 2017, the Company disposed of its 100% interest in a subsidiary, Gemilang Bumimas Sdn. Bhd., for a cash consideration of RM13,600,000 to an external party whose related party is also a supplier to the Group and the Company. The Group has been withholding payment to the supplier and the amount payable is in excess of the sales proceeds receivable. During the year, the Directors of the Company have not been able to negotiate the right to offset the balance and therefore have decided to fully impair the amount receivable. Negotiation with the supplier is still on-going subsequent to the balance sheet date and offset agreement has not been reached as at the date of the report.
- b) The prepayment for the acquisition of Sarawak land from natives amounting to RM1,925,175 is made by a subsidiary of the Company, Harn Len Development (Jerok) Sdn. Bhd.. At the end of the financial year, the land title is still pending to be transferred. The amount of prepayment has been fully impaired as the land title could not be obtained and the amount is deemed to be not recoverable.

15. AMOUNT OWING FROM/(TO) AFFILIATED COMPANIES

	Group		Company	
	<u>2021</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2020</u> RM
Amount owing from affiliated companies	3,072,590	3,553,949	170,383	651,742
Less: Allowance for expected credit losses	<u>(1,063,504)</u>	<u>(889,654)</u>	<u>(170,383)</u>	<u>-</u>
	<u>2,009,086</u>	<u>2,664,295</u>	<u>-</u>	<u>651,742</u>
Amount owing to affiliated companies	<u>879,685</u>	<u>1,572,478</u>	<u>879,008</u>	<u>1,306,846</u>



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

15. AMOUNT OWING FROM/(TO) AFFILIATED COMPANIES (CONT'D)

Set out below is the movement in the allowance for expected credit losses of amount owing from affiliated companies:-

	Group		Company	
	<u>2021</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2020</u> RM
At 1 January	889,654	889,654	-	-
Recognised in profit or loss	173,850	-	170,383	-
At 31 December	<u>1,063,504</u>	<u>889,654</u>	<u>170,383</u>	<u>-</u>

- Affiliated companies refer to the companies in which certain Directors have substantial financial interests.
- The amount owing from/(to) affiliated companies are in respect of share of profits or losses arising from estate and plantation management by the Group and the Company, advances or payment on behalf which are unsecured, interest free except for advances from affiliated companies amounting to RM1,174 (2020: RMNil) which bear interest at 3.27% (2020: Nil%) per annum and repayable on demand.

16. CASH AND BANK BALANCES

	Group		Company	
	<u>2021</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2020</u> RM
Cash on hand and at banks	12,001,816	15,542,583	8,175,239	14,001,986
Pledged deposits with licensed banks	3,053,558	2,396,624	3,053,558	2,396,624
Fixed deposits with licensed banks	10,000,000	20,000,000	10,000,000	20,000,000
	<u>25,055,374</u>	<u>37,939,207</u>	<u>21,228,797</u>	<u>36,398,610</u>

Pledged deposits with licensed banks of the Group and of the Company are as security for bank guarantee and share margin financing facilities granted to the Group and the Company.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

16. CASH AND BANK BALANCES (CONT'D)

As at the reporting date, the interest rates and the maturity of fixed deposits and pledged deposits were as follows:-

	Group and Company	
	<u>2021</u>	<u>2020</u>
	RM	RM
Pledged deposits with licensed banks:-		
Interest rate (%)	1.50 to 1.85	1.75 to 2.95
Maturity (days)	30 - 365	30 - 365
Fixed deposits with licensed banks:-		
Interest rate (%)	1.60 to 1.80	1.60 to 1.95
Maturity (days)	30	30 - 90



**NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (CONT'D)**

17. ASSETS CLASSIFIED AS HELD FOR SALE

Group	Land and buildings RM	Bearer plants RM	Plant and machineries RM	Motor vehicles, furniture, fittings and equipment RM	Construction- in-progress RM	Total RM
At 1 January 2020	35,084,902	12,372,370	1,860,227	396,359	1,268,530	50,982,388
Disposal	(35,084,902)	(12,372,370)	(1,860,227)	(384,364)	(1,268,530)	(50,970,393)
Transfer to property, plant and equipment	-	-	-	(11,995)	-	(11,995)
Transfer from investment properties	3,726,703	-	-	-	-	3,726,703
Impairment loss recognised on remeasurement to fair value less costs to sell	(405,703)	-	-	-	-	(405,703)
At 31 December 2020	3,321,000	-	-	-	-	3,321,000
Disposal	(3,321,000)	-	-	-	-	(3,321,000)
At 31 December 2021	-	-	-	-	-	-



**NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021 (CONT'D)**

17. ASSETS CLASSIFIED AS HELD FOR SALE (CONT'D)

Company	Land and buildings RM	Bearer plants RM	Plant and machineries RM	Motor vehicles, furniture, fittings and equipment RM	Construction-in-progress RM	Total RM
At 1 January 2020	35,084,902	12,372,370	1,860,227	34,585	1,268,530	50,620,614
Disposal	(35,084,902)	(12,372,370)	(1,860,227)	(22,590)	(1,268,530)	(50,608,619)
Transfer to property, plant and equipment	-	-	-	(11,995)	-	(11,995)
Transfer from investment properties	3,726,703	-	-	-	-	3,726,703
Impairment loss recognised on remeasurement to fair value less costs to sell	(405,703)	-	-	-	-	(405,703)
At 31 December 2020	3,321,000	-	-	-	-	3,321,000
Disposal	(3,321,000)	-	-	-	-	(3,321,000)
At 31 December 2021	-	-	-	-	-	-



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

18. SHARE CAPITAL

	<u>2021</u> Number of shares	<u>2021</u> RM	<u>2020</u> Number of shares	<u>2020</u> RM
Group and Company				
Issued and fully paid-up with no par value:-				
Ordinary shares				
At 1 January	193,677,159	202,224,013	185,477,159	198,380,013
Exercise of warrants	15,508,369	9,305,022	-	-
Pursuant to exercise of Employee Share Option Scheme				
Transfer from share option reserves	1,404,000	842,400	1,200,000	720,000
Issued during the year	-	379,080	-	324,000
	-	-	7,000,000	2,800,000
At 31 December	<u>210,589,528</u>	<u>212,750,515</u>	<u>193,677,159</u>	<u>202,224,013</u>

During the current financial year, 1,404,000 new ordinary shares were issued pursuant to 1,404,000 options exercised under the Employee Share Option Scheme and 15,508,369 new ordinary shares were exercised under the Warrants at an exercise price of RM0.60 per ordinary share for cash.

New ordinary shares issued during the financial year ranked pari-passu in all respect with the existing ordinary shares of the Company.

19. RESERVES

	Group		Company	
	<u>2021</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2020</u> RM
Distributable				
Retained earnings	105,268,087	127,549,755	71,988,538	86,982,784
Non-distributable				
Treasury shares	(5,528,949)	(5,892,395)	(5,528,949)	(5,892,395)
Share option reserve	722,670	1,009,800	722,670	1,009,800
Fair value reserve	(850,255)	-	(850,255)	-
	<u>99,611,553</u>	<u>122,667,160</u>	<u>66,332,004</u>	<u>82,100,189</u>

Treasury shares

During the financial year ended 31 December 2021, the Company transferred 400,000 (2020: 4,633,000) of its treasury shares in relation to share grants to employees under the Employee Share Scheme (Note 27).

As at 31 December 2021, the Company held 7,704,800 (2020: 8,104,800) treasury shares.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

19. RESERVES (CONT'D)

Warrants

On 25 September 2019, the Company issued a total of 51,965,924 free Warrants to the shareholders pursuant to Bonus Issue on the basis of three (3) free Warrants for every ten (10) existing ordinary shares in the Company. The Warrants were granted listing and quotation on the Main Market of Bursa Malaysia Securities Bhd on 25 September 2019.

The salient features of the Warrants are as follows:

	<u>Tenure</u>	<u>Exercise Period</u>		<u>Exercise price</u>
	(Years)	Issue date	Expiry date	(RM)
Warrants	7	25.9.2019	24.9.2026	0.60

- The Warrants may be exercised at any time during the tenure of the Warrants of seven (7) years commencing from the issue date of the Warrants and ending on the expiry date. Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid;
- Each Warrant carries the entitlement to subscribe for one (1) new ordinary share at the Warrant Exercise Price at any time during the Exercise Period and subject to the adjustments in accordance with the Deed Poll constituting the Warrants;
- The Warrant Exercise Price and/or the number of Warrants in issue shall from time to time be adjusted subject to adjustments under certain circumstances in accordance with the provisions of the Deed Poll; and
- The Warrant Holders will not be entitled to any voting rights or right to participate in any form of distribution and/or offer of further securities in the Company until and unless such Warrant Holders exercise their Warrants into new shares.

A total of 15,508,369 (2020: Nil) units of Warrants were exercised and converted to ordinary shares.

As at 31 December 2021, 36,457,555 (2020: 51,965,924) units of Warrants remained unexercised.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

19. RESERVES (CONT'D)

Share option reserve

The Group's and the Company's share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the fair value of services received from employees based on the fair value of share option granted. When options are exercised, the amount from the share options reserve is transferred to share capital. When the share options expire or are forfeited, the amount from the share options reserve is transferred to retained earnings.

The share option reserve is not available for distribution as dividends.

Retained earnings

The entire retained earnings of the Company are available for distribution as single-tier dividends to the shareholders of the Company.

Fair value reserve

Fair value reserve represents the cumulative fair value changes of investment in equity instrument at FVOCI until they are disposed or impaired.

20. DEFERRED TAX LIABILITIES

The deferred tax liabilities/(assets) at the end of the reporting date are made up of temporary differences arising from:-

Group	<u>1 January</u> RM	Recognised in <u>profit or loss</u> RM	<u>31 December</u> RM
2021			
Deferred tax liabilities			
Property, plant and equipment	<u>46,593,183</u>	<u>(3,148,730)</u>	<u>43,444,453</u>
Deferred tax assets			
Leased assets	(2,397,221)	63,014	(2,334,207)
Unabsorbed capital allowances	(18,269,416)	2,755,154	(15,514,262)
Unutilised tax losses	(6,373,440)	(701,760)	(7,075,200)
Others	<u>(1,724,072)</u>	<u>(494,399)</u>	<u>(2,218,471)</u>
	<u>(28,764,149)</u>	<u>1,622,009</u>	<u>(27,142,140)</u>
	<u>17,829,034</u>	<u>(1,526,721)</u>	<u>16,302,313</u>



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

20. DEFERRED TAX LIABILITIES (CONT'D)

The deferred tax liabilities/(assets) at the end of the reporting date are made up of temporary differences arising from (cont'd):-

Group	1 January RM	Recognised in profit or loss RM	31 December RM
2020			
Deferred tax liabilities			
Property, plant and equipment	35,343,446	11,249,737	46,593,183
Biological assets	3,766,000	(3,766,000)	-
	<u>39,109,446</u>	<u>7,483,737</u>	<u>46,593,183</u>
Deferred tax assets			
Leased assets	-	(2,397,221)	(2,397,221)
Unabsorbed capital allowances	(8,824,000)	(9,445,416)	(18,269,416)
Unutilised tax losses	(10,243,000)	3,869,560	(6,373,440)
Others	(85,000)	(1,639,072)	(1,724,072)
	<u>(19,152,000)</u>	<u>(9,612,149)</u>	<u>(28,764,149)</u>
	<u>19,957,446</u>	<u>(2,128,412)</u>	<u>17,829,034</u>
Company			
2021			
Deferred tax liabilities			
Property, plant and equipment	2,865,609	(230,547)	2,635,062
Deferred tax assets			
Leased assets	(306,525)	(289,733)	(596,258)
Unabsorbed capital allowances	(835,012)	788,347	(46,665)
Others	(1,724,072)	(268,067)	(1,992,139)
	<u>(2,865,609)</u>	<u>230,547</u>	<u>(2,635,062)</u>
	<u>-</u>	<u>-</u>	<u>-</u>



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

20. DEFERRED TAX LIABILITIES (CONT'D)

The deferred tax liabilities/(assets) at the end of the reporting date are made up of temporary differences arising from (cont'd):-

Company	<u>1 January</u> RM	Recognised in <u>profit or loss</u> RM	<u>31 December</u> RM
2020			
Deferred tax liabilities			
Property, plant and equipment	-	2,865,609	2,865,609
Deferred tax assets			
Leased assets	-	(306,525)	(306,525)
Unabsorbed capital allowances	-	(835,012)	(835,012)
Others	-	(1,724,072)	(1,724,072)
	-	(2,865,609)	(2,865,609)
	-	-	-

The deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the future taxable profit will be available against which the deductible temporary difference can be utilised. Deferred tax assets and deferred tax liabilities only offset if they relate to income taxes levied by the same taxation authority in the same taxable entity.

Deferred tax assets and liabilities are attributable to the following items:

Group	<u>Assets</u> RM	<u>Liabilities</u> RM	<u>Net</u> RM
2021			
Property, plant and equipment	-	(43,444,453)	(43,444,453)
Leased assets	2,334,207	-	2,334,207
Unabsorbed capital allowances	15,514,262	-	15,514,262
Unutilised tax losses	7,075,200	-	7,075,200
Others	2,218,471	-	2,218,471
Tax assets/(liabilities)	27,142,140	(43,444,453)	(16,302,313)
Offsetting	(27,142,140)	27,142,140	-
Net tax assets	-	(16,302,313)	(16,302,313)



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

20. DEFERRED TAX LIABILITIES (CONT'D)

Deferred tax assets and liabilities are attributable to the following items (cont'd):

Group	<u>Assets</u> RM	<u>Liabilities</u> RM	<u>Net</u> RM
2020			
Property, plant and equipment	-	(46,593,183)	(46,593,183)
Leased assets	2,397,221	-	2,397,221
Unabsorbed capital allowances	18,269,416	-	18,269,416
Unutilised tax losses	6,373,440	-	6,373,440
Others	1,724,072	-	1,724,072
	<hr/>	<hr/>	<hr/>
Tax assets/(liabilities) Offsetting	28,764,149 (28,764,149)	(46,593,183) 28,764,149	(17,829,034) -
	<hr/>	<hr/>	<hr/>
Net tax assets	<u>-</u>	<u>(17,829,034)</u>	<u>(17,829,034)</u>
Company			
2021			
Property, plant and equipment	-	(2,635,062)	(2,635,062)
Leased assets	596,258	-	596,258
Unabsorbed capital allowances	46,665	-	46,665
Others	1,992,139	-	1,992,139
	<hr/>	<hr/>	<hr/>
Tax assets/(liabilities) Offsetting	2,635,062 (2,635,062)	(2,635,062) 2,635,062	- -
	<hr/>	<hr/>	<hr/>
Net tax assets	<u>-</u>	<u>-</u>	<u>-</u>



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

20. DEFERRED TAX LIABILITIES (CONT'D)

Deferred tax assets and liabilities are attribute to the following items (cont'd):

Company	<u>Assets</u> RM	<u>Liabilities</u> RM	<u>Net</u> RM
2020			
Property, plant and equipment	-	(2,865,609)	(2,865,609)
Leased assets	306,525	-	306,525
Unabsorbed capital allowances	835,012	-	835,012
Others	1,724,072	-	1,724,072
Tax assets/(liabilities)	2,865,609	(2,865,609)	-
Offsetting	(2,865,609)	2,865,609	-
Net tax assets	-	-	-

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Property, plant and equipment	109,000	141,000	-	-
Unutilised tax losses	60,871,000	66,329,000	26,503,000	33,667,000
Unabsorbed capital allowances	25,471,000	24,218,000	11,348,000	7,715,000
Others	6,000	10,000	-	-
	86,457,000	90,698,000	37,851,000	41,382,000

The comparative figures have been revised to reflect the previous years' final tax submission.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

20. DEFERRED TAX LIABILITIES (CONT'D)

Under the Finance Act 2021, unutilised tax losses of a company up to the year of assessment 2018 will only be available for carry forward until the year of assessment 2028. Any unabsorbed business losses for the year of assessment 2019 onwards shall be only available for carry forward for a period of 10 consecutive years. upon expiry of the 10 years, the unabsorbed tax losses will be disregarded.

	RM	Carried forward up to YA	Unutilised amount will be disregarded in YA
Group			
Business loss incurred in			
Year of Assessment ("YA")			
Up to 2018	45,169,000	2028	2029
2019	6,173,000	2029	2030
2020	7,703,000	2030	2031
2021	<u>1,826,000</u>	2031	2032
Company			
Business loss incurred in			
Year of Assessment ("YA")			
Up to 2018	15,420,000	2028	2029
2019	4,673,000	2029	2030
2020	<u>6,410,000</u>	2030	2031

The unabsorbed capital allowances are available to offset against future taxable profits indefinitely.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

21. LOANS AND BORROWINGS

	Group		Company	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	RM	RM	RM	RM
<u>Current</u>				
Secured:-				
Term loans	12,382,194	8,208,499	3,738,833	3,253,016
Bank overdrafts	18,896,058	18,177,589	-	-
Share margin account	4,812,429	3,133,250	4,812,429	3,133,250
Total current	<u>36,090,681</u>	<u>29,519,338</u>	<u>8,551,262</u>	<u>6,386,266</u>
<u>Non-current</u>				
Secured:-				
Term loans	<u>25,659,581</u>	<u>38,248,789</u>	<u>22,059,898</u>	<u>25,902,435</u>
Total non-current	<u>25,659,581</u>	<u>38,248,789</u>	<u>22,059,898</u>	<u>25,902,435</u>
Total borrowings	<u>61,750,262</u>	<u>67,768,127</u>	<u>30,611,160</u>	<u>32,288,701</u>

Certain term loans and bank overdrafts of the Group and the Company are secured by way of legal charges over certain property, plant and equipment and investment properties of the Group and of the Company as disclosed in Notes 4 and 6. The term loans instalments of the Group and of the Company are repayable over a period ranging from 1 to 20 years commencing 1 month after the date of initial disbursement of the facility.

The interest rates for term loans of the Group and of the Company range from 3.27% to 8.75% (2020: 3.52% to 8.75%) and 3.27% to 8.75% (2020: 3.52% to 8.75%) per annum respectively.

The interest charged on the utilisation of bank overdrafts facilities by the Group and by the Company is based on the respective interest rates for bank overdrafts ranging from 5.10% to 5.92% (2020: 6.17% to 6.62%) and Nil% (2020: 6.62%) per annum respectively.

The interest rates for share margin account of the Group and of the Company is Base Lending Rate ("BLR") less 2.00% (2020: 2.00%) and BLR less 2.00% (2020: 2.00%) per annum respectively.

The bank overdrafts and term loans of the Group and of the Company are secured by corporate guarantee of the Company. The share margin account of the Group and of the Company is secured by the pledged deposits of the Company.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

21. LOANS AND BORROWINGS (CONT'D)

Breach of loan covenant

As at the reporting date, the Group has breached a covenant of a bank loan in Masranti Plantation Sdn Bhd, a subsidiary company. The Group did not fulfill the requirement to maintain a minimum debt service cover ratio of 1.25. Consequently, the loan outstanding amounting to RM7,722,555 is presented as current liability at the end of the reporting period. The bank is contractually entitled to request for immediate repayment of the outstanding loan amount in the event of breach of covenant.

The bank has not requested for immediate repayment of the outstanding loan amount as at the date when these financial statements were authorised for issue.

22. TRADE PAYABLES

Trade payables comprise amounts outstanding for trade purchases. The credit terms granted to the Group and the Company ranged from 30 days to 90 days (2020: 30 days to 90 days).

During the financial year ended 31 December 2020, the Group and the Company have entered into settlement arrangements with certain trade payables that exceeded credit terms with late payment interest up to 24% per annum subject to negotiation. No such arrangement on trade payables during the financial year ended 31 December 2021.

23. OTHER PAYABLES

	Group		Company	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	RM	RM	RM	RM
Non-trade payables	3,589,881	6,117,861	2,491,149	3,432,836
Accrual of expenses	17,581,531	21,040,829	5,417,192	3,730,972
Deposit received	12,000	12,000	-	-
Real property gain tax payable	-	7,412,348	-	7,412,348
	<u>21,183,412</u>	<u>34,583,038</u>	<u>7,908,341</u>	<u>14,576,156</u>



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

24. REVENUE

Revenue comprises the following:-

Group	<u>2021</u> RM	<u>2020</u> RM
Revenue from contracts with customers		
Sales of plantation produce and related products	217,193,754	118,922,714
Sales of food and beverage	<u>411,092</u>	<u>504,189</u>
	217,604,846	119,426,903
Revenue from other sources		
Rental income	<u>1,827,296</u>	<u>2,496,717</u>
	<u>219,432,142</u>	<u>121,923,620</u>
Timing of revenue recognition		
At point in time	<u>217,604,846</u>	<u>119,426,903</u>
Company		
Revenue from contracts with customers		
Sales of plantation produce and related products	30,119,789	19,876,278
Revenue from other sources		
Rental income	<u>2,667,296</u>	<u>3,321,717</u>
	<u>32,787,085</u>	<u>23,197,995</u>
Timing of revenue recognition		
At point in time	<u>30,119,789</u>	<u>19,876,278</u>

There were no unsatisfied performance obligations as at the end of the reporting period and therefore no transaction price allocated to unsatisfied performance obligations.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

25. (LOSS)/PROFIT BEFORE TAX

(Loss)/Profit before tax has been determined after charging/(crediting), amongst others, the following items:-

	Group		Company	
	<u>2021</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2020</u> RM
Auditors' remuneration				
- statutory	193,000	190,000	80,000	80,000
- non-statutory	10,000	10,000	10,000	10,000
- prior year	6,560	10,000	560	-
Depreciation of				
- property, plant and equipment	16,874,871	16,729,877	1,652,606	1,414,984
- right-of-use assets	1,964,680	2,077,456	1,207,222	1,277,186
Amortisation of investment properties	1,308,588	1,310,184	1,743,268	1,744,864
Impairment loss on				
- property, plant and equipment	-	212,294	-	-
- inventories	657,143	-	-	-
- investment in subsidiaries	-	-	582,096	3,993,340
- other receivables	-	1,925,175	-	-
Loss on fair value adjustment for other investments	818,522	50,350	818,522	50,350
Provision of severance pay	-	153,283	-	153,283
Property, plant and equipment written off	783,914	13,722	182,881	13,722
Inventories written off	5,506	-	795	-
Allowance for expected credit losses on				
- trade receivables	177,613	286,624	177,613	286,624
- other receivables	13,806,190	100,000	13,600,000	-
- amount owing from subsidiaries	-	-	1,336,975	3,673,553
- amount owing from affiliated companies	173,850	-	170,383	-
Compensation paid for termination	650,000	-	-	-
Bad debts written off	-	14,704	-	14,704
Dividend income	(437,665)	(92,833)	(437,665)	(92,833)



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

25. (LOSS)/PROFIT BEFORE TAX (CONT'D)

(Loss)/Profit before tax has been determined after charging/(crediting), amongst others, the following items (cont'd):-

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Gain on fair value of biological assets	(892,415)	(1,781,899)	(1,288,117)	(947,766)
Gain on disposal of assets classified as held for sale	-	(119,120,074)	-	(118,585,687)
Gain on disposal of property, plant and equipment	(42,998)	(245,498)	(30,000)	(237,998)
Gain on disposal of other investments	(1,041,792)	(314,129)	(1,041,792)	(314,129)
Gain on termination of lease liabilities	(1,269,060)	-	-	-
Government grant – wages subsidy allowance	(76,800)	(78,600)	-	-
Finance income	(436,962)	(505,152)	(2,986,744)	(2,932,868)
Finance costs				
- Amount owing to subsidiaries	-	-	387,041	1,460,119
- Amount owing to affiliated companies	3	-	3	-
- Trade and other payables	532,909	2,557,984	7,620	121,035
- Term loans	2,159,892	2,920,904	1,493,201	1,799,276
- Bank overdrafts	1,357,498	1,868,408	146,474	72,969
- Lease liabilities	1,187,926	1,401,476	52,153	21,293
Other income	(389,913)	(173,146)	(209,707)	(84,107)
Waiver of debt	923,765	-	923,765	-



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

26. TAX (INCOME)/EXPENSE

	Group		Company	
	<u>2021</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2020</u> RM
Current tax expense				
Current year	1,315,064	3,112,543	-	-
Under provision in prior year	10,675	22,958	-	-
	1,325,739	3,135,501	-	-
Deferred tax (Note 20)				
Relating to origination and reversal of temporary differences	(1,570,689)	(2,128,412)	-	-
Overprovision in prior year	43,968	-	-	-
	(1,526,721)	(2,128,412)	-	-
	(200,982)	1,007,089	-	-

Malaysian income tax is calculated at the statutory tax rate of 24% (2020: 24%) of the estimated taxable profits for the financial year.

A reconciliation of income tax (income)/expense applicable to (loss)/profit before tax at the statutory tax rate to the income tax (income)/expense at the effective tax rate of the Group and of the Company are as follows:-

	<u>2021</u> RM	<u>2020</u> RM
Group		
(Loss)/Profit before tax	(23,180,597)	99,110,996
Tax expense at Malaysian statutory tax rate of 24% (2020: 24%)	(5,563,343)	23,786,639
Tax effects in respect of:-		
Expenses not deductible for tax purposes	7,282,014	6,500,113
Income not subject to tax	(956,696)	(30,306,621)
Deferred tax assets not recognised	-	1,004,000
Utilisation of deferred tax assets previously not recognised	(1,017,600)	-
Underprovision of deferred tax in prior financial year	43,968	-
Underprovision of tax expense in prior financial year	10,675	22,958
Total tax (income)/expense	(200,982)	1,007,089



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

26. TAX (INCOME)/EXPENSE (CONT'D)

A reconciliation of income tax (income)/expense applicable to (loss)/profit before tax at the statutory tax rate to the income tax (income)/expense at the effective tax rate of the Group and of the Company are as follows (cont'd):-

	<u>2021</u> RM	<u>2020</u> RM
Company		
(Loss)/Profit before tax	<u>(14,902,800)</u>	<u>98,207,972</u>
Tax expense at Malaysian statutory tax rate of 24% (2020: 24%)	(3,576,672)	23,569,913
Tax effects in respect of:-		
Expenses not deductible for tax purposes	4,936,086	4,691,121
Income not subject to tax	(511,974)	(29,449,034)
Deferred tax assets not recognised	-	1,188,000
Utilisation of deferred tax assets previously not recognised	<u>(847,440)</u>	<u>-</u>
Total tax expense	<u>-</u>	<u>-</u>

27. EMPLOYEE BENEFITS EXPENSE

27.1 Employee benefits expenses

	Group		Company	
	<u>2021</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2020</u> RM
Staff costs	<u>21,168,650</u>	<u>25,353,153</u> *	<u>10,251,457</u>	<u>14,304,342</u> *

* Included in the staff costs in prior year is an amount of RM139,461 for supervision fee incurred by an affiliated company and charged back to the Group and the Company. The staff costs for prior year has been restated as the supervision fee is not part of the employee benefits expenses.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

27. EMPLOYEE BENEFITS EXPENSE (CONT'D)

27.1 Employee benefits expenses (cont'd)

Employee benefits expense of the Group and of the Company consists of, amongst others, the following items:-

	Group		Company	
	<u>2021</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2020</u> RM
Salaries, allowances and bonuses	19,124,539	19,184,747	9,271,389	9,275,066
Less:				
Capitalised in bearer plant	<u>(131,874)</u>	<u>(66,284)</u>	<u>-</u>	<u>(6,275)</u>
	<u>18,992,665</u>	<u>19,118,463</u>	<u>9,271,389</u>	<u>9,268,791</u>
EPF contributions	1,812,035	2,028,430	984,118	1,178,991
Employee share grant expenses	272,000	2,872,459	-	2,652,360
Employee share option grant expenses	<u>91,950</u>	<u>1,333,800</u>	<u>(4,050)</u>	<u>1,204,200</u>
	<u>21,168,650</u>	<u>25,353,152</u>	<u>10,251,457</u>	<u>14,304,342</u>

The employee share grant expenses and the employee share option grant expenses represents all the share grants and share option grants of the Group during the financial year since they vest immediately upon grant.

27.2 Employee share scheme

At an extraordinary general meeting held on 13 August 2019, the shareholders of holding company of the Company approved the establishment of Employee Share Scheme (“ESS” or “Scheme”) for the eligible Directors and employees of the Company.

The salient features of the ESS are, inter alia, as follows:

- the maximum number of Awards shall not exceed 15% of the total number of issued shares of the Company at any point of time during the Scheme period;
- the ESS shall be in force for a duration of five years expires on 14 January 2025;
- any employee of the Company and confirmed full-time employees of the Company are eligible;
- any allocation of options under the ESS to any Directors of the Company shall require prior approval from the shareholders of the Company at a general meeting;



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

27. EMPLOYEE BENEFITS EXPENSE (CONT'D)

27.2 Employee share scheme (cont'd)

The salient features of the ESS are, inter alia, as follows (cont'd):

- (e) the aggregate maximum number of Awards that maybe granted to a selected person will be determined entirely at the discretion of the ESS Committee provided that:-
 - (i) the Directors and eligible employees do not participate in the deliberation or discussion of their own allocation and the allocation to any other person connected with them;
 - (ii) no allocation of more than 80% of the total Awards will be made in aggregate to the Directors and/or Senior Management of the Company;
 - (iii) no allocation of more than 10% of the Awards will be made to each of the Director; and
 - (iv) no allocation of more than 10% of the Awards will be made either singly or collectively through persons connected with them, hold 20% or more of the total number of issued shares of the Company.
- (f) the share grant price and exercise price shall be based on a discount of not more than 10% from the weighted average market price of the Company transacted on the Bursa Securities immediately preceding the offer date;
- (g) ESS Share options vested immediately upon grant and are exercisable within 3 to 5 years. The options will be forfeited if the employee resigns, is terminated or declared bankrupt. No performance targets were set; and
- (h) the ESS Committee may at any time and from time to time before and after the ESS Options are granted, limit the exercise of the ESS Options to a maximum number of new shares of the Company and/or such percentage of the total shares of the Company comprised in the ESS Options during such period within the Option Period and impose any other terms and/or conditions as the ESS Committee may, in its sole discretion deem appropriate including amending or varying any terms and conditions imposed earlier other than pertaining to the imposition of performance targets.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

27. EMPLOYEE BENEFITS EXPENSE (CONT'D)

27.2 Employee share scheme (cont'd)

Employee share options

The terms and conditions related to the grants of the share option programme are as follows; all options are to be settled by physical delivery of shares:

<u>Grant date/ employee entitled</u>	<u>Number of options</u>	<u>Contractual life of options</u>
Option grant to key management personnel and employees on 15 January 2020	4,943,000	5 years
Option grant to key management personnel on 7 December 2021	400,000	3 years

A summary of the movement in the number ESOS and the weighted average exercise prices ("WAEP") is as follows:

	<u>2021</u>	Weighted average exercise price RM	<u>2020</u>	Weighted average exercise price RM
	<u>Number of share option</u>		<u>Number of share option</u>	
Group				
At 1 January	3,740,000	0.60	-	-
Granted during the financial year	400,000	1.00	4,943,000	0.60
Forfeited during the financial year	(15,000)	0.60	(3,000)	0.60
Exercised during the financial year	<u>(1,404,000)</u>	0.60	<u>(1,200,000)</u>	0.60
At 31 December	<u>2,721,000</u>		<u>3,740,000</u>	
Options exercisable at 31 December	<u>2,721,000</u>		<u>3,740,000</u>	
Company				
At 1 January	3,260,000	0.60	-	-
Granted during the financial year	-	-	4,463,000	0.60
Forfeited during the financial year	(15,000)	0.60	(3,000)	0.60
Exercised during the financial year	<u>(949,000)</u>	0.60	<u>(1,200,000)</u>	0.60
At 31 December	<u>2,296,000</u>		<u>3,260,000</u>	
Options exercisable at 31 December	<u>2,296,000</u>		<u>3,260,000</u>	



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

27. EMPLOYEE BENEFITS EXPENSE (CONT'D)

27.2 Employee share scheme (cont'd)

Employee share options (cont'd)

During the financial year, 1,404,000 and 949,000 shares options were exercised by the Group and the Company respectively. The weighted average share price at the date of exercise for the year was RM1.12 and RM1.07 (2020: RM0.64 and RM0.64).

The options outstanding at 31 December 2021 of the Group and the Company have an exercise price in the range of RM0.60 to RM1.00 and RM0.60 (2020: RM0.60 and RM0.60) and a weighted average contractual life of 4.71 years and 5 years (2020: 5 years and 5 years).

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using a Monte Carlo Model is RM0.24 (2020: RM0.27) per share option. The inputs and assumptions used are as follows:-

	Group and Company	
	<u>2021</u>	<u>2020</u>
	RM	RM
Average share price at grant date	0.68	0.62
Expected volatility (based on historical volatility)	75.54%	48.84%
Exercise price (RM)	1.00	0.60
Expected option life (years)	3	5
Risk-free interest rate	<u>2.77%</u>	<u>3.19%</u>

Employee share grants

400,000 shares were granted to employees of the Group during the year for no consideration. The fair value of services received in return for shares granted were measured at fair value (market price) of the shares granted and the weighted average fair value at grant date was RM0.68 per share.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

27. EMPLOYEE BENEFITS EXPENSE (CONT'D)

27.3 Directors' remunerations

The estimated monetary value of benefits provided to the Directors of the Company during the financial year by way of usage of the Group's assets and other benefits amounted to RM192,768 (2020: RM155,554).

The remuneration paid (Company and Group basis) to the Directors of the Company is categorised as follows:-

	Group		Company	
	<u>2021</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2020</u> RM
Directors of the Company				
Non-executive Directors:				
Fees	195,833	200,000	195,833	200,000
Allowances and other emoluments	172,666	195,000	172,666	195,000
	<u>368,499</u>	<u>395,000</u>	<u>368,499</u>	<u>395,000</u>
Executive Directors:				
Salaries, bonus and allowances	4,454,000	4,455,790	2,978,000	3,039,750
Fees	3,600	3,600	-	-
EPF contributions	517,936	518,562	357,120	406,530
Share grant expenses	-	1,860,000	-	1,860,000
Share option grant expenses	-	810,000	-	810,000
	<u>4,975,536</u>	<u>7,647,952</u>	<u>3,335,120</u>	<u>6,116,280</u>
Directors of a subsidiary				
Executive Directors:				
Salaries, bonus and allowances	-	-	-	-
Fees	9,600	9,600	-	-
EPF contributions	-	-	-	-
	<u>9,600</u>	<u>9,600</u>	<u>-</u>	<u>-</u>
	<u>5,353,635</u>	<u>8,052,552</u>	<u>3,703,619</u>	<u>6,511,280</u>



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

28. RELATED PARTY DISCLOSURES

	Group		Company	
	<u>2021</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2020</u> RM
Transactions with subsidiary companies:-				
- sale of goods	-	-	6,391,986	4,152,368
- interest income	-	-	2,549,782	2,427,716
- interest expense	-	-	387,041	1,460,118
- rental income	-	-	900,000	895,000
Transactions with affiliated companies:-				
- Management fee income	35,000	60,000	35,000	60,000
- Rental income	6,544	35,994	6,544	35,994
- Purchase of air tickets	-	13,756	-	3,491
- Purchase of insurance	-	1,197	-	-
- Purchase of motor vehicles	-	90,002	-	90,002
- Interest expense	3	-	3	-
- Interest income	152,891	-	152,891	-
- Share of profit arising from estate and plantation management	2,258,018	1,050,349	2,258,018	1,050,349
Remuneration paid to staff who are close family member of certain Directors (Puan Sri Datin Chan Pui Leorn, Low Quek Kiong, Low Kueck Shin, Low Kwek Lee, Low Kuek Kong, Low Kok Yong and Low Kok Yaow)	<u>1,299,640</u>	<u>1,814,078</u>	<u>1,184,616</u>	<u>1,658,554</u>

- (a) The terms and conditions of outstanding balances arising from related party transactions as at the reporting date are disclosed in Note 9 and 15.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

28. RELATED PARTY DISCLOSURES (CONT'D)

- (b) The remuneration of Directors is disclosed in Note 27. Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly including any director of the Group and the Company. Other key management personnel comprise persons other than the Directors of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

Details on the compensation of other key management personnel (excluding directors of the Group and of the Company) are disclosed as follows:-

	Group		Company	
	<u>2021</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2020</u> RM
Short-term employee benefits				
Salaries	2,418,000	3,561,850	1,158,000	2,123,850
EPF contribution	<u>179,456</u>	<u>191,800</u>	<u>133,920</u>	<u>139,080</u>
	<u>2,597,456</u>	<u>3,753,650</u>	<u>1,291,920</u>	<u>2,262,930</u>

29. CAPITAL COMMITMENTS

	Group		Company	
	<u>2021</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2020</u> RM
Authorised but not contracted for	2,994,123	10,359,565	853,598	1,357,640
Contracted but not provided for	<u>2,484,217</u>	<u>1,074,813</u>	<u>700,895</u>	<u>1,074,813</u>
	<u>5,478,340</u>	<u>11,434,378</u>	<u>1,554,493</u>	<u>2,432,453</u>



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

30. FINANCIAL INSTRUMENTS

Categories of financial instruments

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

- Financial assets and liabilities measured at amortised cost (“AC”)
- Financial assets and liabilities measured at fair value through profit or loss (“FVTPL”)
- Financial assets and liabilities measured at fair value through other comprehensive income (“FVOCI”)

	Carrying amount RM	AC RM	FVTPL RM	FVOCI RM
Group 2021				
Financial assets				
Trade receivables	5,206,145	5,206,145	-	-
Other receivables	1,205,300	713,221	-	-
Amount owing from affiliated companies	2,009,086	2,009,086	-	-
Other investments	7,362,754	-	5,013,009	2,349,745
Cash and bank balances	<u>25,055,374</u>	<u>25,055,374</u>	<u>-</u>	<u>-</u>
	<u>40,838,659</u>	<u>32,983,826</u>	<u>5,013,009</u>	<u>2,349,745</u>
Financial liabilities				
Trade payables	19,310,580	19,310,580	-	-
Other payables	21,183,412	21,183,412	-	-
Amount owing to affiliated companies	879,685	879,685	-	-
Loans and borrowings	<u>61,750,262</u>	<u>61,750,262</u>	<u>-</u>	<u>-</u>
	<u>103,123,939</u>	<u>103,123,939</u>	<u>-</u>	<u>-</u>



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

Categories of financial instruments (cont'd)

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

- Financial assets and liabilities measured at amortised cost (“AC”)
- Financial assets and liabilities measured at fair value through profit or loss (“FVTPL”)
- Financial assets and liabilities measured at fair value through other comprehensive income (“FVOCI”)

	Carrying amount RM	AC RM	FVTPL RM	FVOCI RM
Group				
2020				
Financial assets				
Trade receivables	3,156,256	3,156,256	-	-
Other receivables	16,130,057	14,797,678	-	-
Amount owing from affiliated companies	2,664,295	2,664,295	-	-
Other investments	6,392,023	-	3,892,023	2,500,000
Cash and bank balances	37,939,207	37,939,207	-	-
	<u>66,281,838</u>	<u>58,557,436</u>	<u>3,892,023</u>	<u>2,500,000</u>
Financial liabilities				
Trade payables	23,052,712	23,052,712	-	-
Other payables	34,583,038	27,170,690	-	-
Amount owing to affiliated companies	1,572,478	1,572,478	-	-
Loans and borrowings	67,768,127	67,768,127	-	-
	<u>126,976,355</u>	<u>119,564,007</u>	<u>-</u>	<u>-</u>



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

Categories of financial instruments (cont'd)

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

- Financial assets and liabilities measured at amortised cost (“AC”)
- Financial assets and liabilities measured at fair value through profit or loss (“FVTPL”)
- Financial assets and liabilities measured at fair value through other comprehensive income (“FVOCI”)

	Carrying amount RM	AC RM	FVTPL RM	FVOCI RM
Company				
2021				
Financial assets				
Trade receivables	3,032,568	3,032,568	-	-
Other receivables	504,130	399,711	-	-
Amount owing from subsidiaries	24,237,313	24,237,313	-	-
Other investments	7,362,754	-	5,013,009	2,349,745
Cash and bank balances	<u>21,228,797</u>	<u>21,228,797</u>	<u>-</u>	<u>-</u>
	<u>56,365,562</u>	<u>48,898,389</u>	<u>5,013,009</u>	<u>2,349,745</u>
Financial liabilities				
Trade payables	950,719	950,719	-	-
Other payables	7,908,341	7,908,341	-	-
Amount owing to subsidiaries	14,926,111	14,926,111	-	-
Amount owing to affiliated companies	879,008	879,008	-	-
Loans and borrowings	<u>30,611,160</u>	<u>30,611,160</u>	<u>-</u>	<u>-</u>
	<u>55,275,339</u>	<u>55,275,339</u>	<u>-</u>	<u>-</u>



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

Categories of financial instruments (cont'd)

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

- Financial assets and liabilities measured at amortised cost (“AC”)
- Financial assets and liabilities measured at fair value through profit or loss (“FVTPL”)
- Financial assets and liabilities measured at fair value through other comprehensive income (“FVOCI”)

	Carrying amount RM	AC RM	FVTPL RM	FVOCI RM
Company				
2020				
Financial assets				
Trade receivables	2,772,954	2,772,954	-	-
Other receivables	14,118,356	14,034,500	-	-
Amount owing from subsidiaries	4,766,220	4,766,220	-	-
Amount owing from affiliated companies	651,742	651,742	-	-
Other investments	6,392,023	-	3,892,023	2,500,000
Cash and bank balances	36,398,610	36,398,610	-	-
	<u>65,099,905</u>	<u>58,624,026</u>	<u>3,892,023</u>	<u>2,500,000</u>
Financial liabilities				
Trade payables	4,016,906	4,016,906	-	-
Other payables	14,576,156	7,163,808	-	-
Amount owing to subsidiaries	15,238,545	15,238,545	-	-
Amount owing to affiliated companies	1,306,846	1,306,846	-	-
Loans and borrowings	32,288,701	32,288,701	-	-
	<u>67,427,154</u>	<u>60,014,806</u>	<u>-</u>	<u>-</u>



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

Net gains and losses arising from financial instruments

	Group		Company	
	<u>2021</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2020</u> RM
Net gains/(losses) on:-				
Financial assets categorised as FVTPL	660,935	406,962	660,935	356,612
Financial assets categorised as AC	(12,796,926)	1,673,390	(14,290,005)	(3,385,411)
Financial liabilities categorised as AC	<u>(4,050,302)</u>	<u>(7,347,296)</u>	<u>(2,034,339)</u>	<u>(3,453,399)</u>

Included in gains/(losses) on financial instruments:-

Total finance income for financial assets at AC				
- Pledged deposits and fixed deposits	251,380	416,261	251,380	416,261
- Bank balances	32,691	88,891	32,691	88,891
- Amount owing from subsidiaries	-	-	558,004	84,318
- Amount owing from affiliated company	152,891	-	152,891	-
	<u>436,962</u>	<u>505,152</u>	<u>994,966</u>	<u>589,470</u>
Total finance costs for financial liabilities at AC				
- Amount owing to affiliated company	3	-	3	-
- Amount owing to subsidiaries	-	-	387,041	1,460,118
- Trade and other payables	532,909	2,557,984	7,620	121,035
- Term loans	2,159,892	2,920,904	1,493,201	1,799,276
- Bank overdrafts	1,357,498	1,868,408	146,474	72,969
	<u>4,050,302</u>	<u>7,347,296</u>	<u>2,034,339</u>	<u>3,453,398</u>

Risk management objectives and policies

The Group and the Company are exposed to various risks in relation to financial instruments. The Group's and the Company's financial assets and financial liabilities by category are summarised in Note 3.12. The main types of risks are interest rate risk, credit risk and liquidity risk.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

Risk management objectives and policies (cont'd)

Financial risk management policy is established to ensure that adequate resources are available for the development of the Group's and the Company's business whilst managing its interest rate risk, credit risk and liquidity risk. The Group and the Company operate within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's fixed rate borrowings are exposed to a risk of change in their fair values due to changes in interest rates. The Group's variable rate borrowing is exposed to the 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.

The Group's and the Company's interest rate management objective is to manage interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation.

Interest rate sensitivity

The Group and the Company are exposed to changes in market interest rates through borrowings at variable interest rates. Other borrowings are at fixed interest rates. The exposure to interest rates for the Group's short-term placement is considered immaterial.

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 is as follows:-

	<u>Group</u> RM	<u>Company</u> RM
2021		
Fixed rate instruments		
<u>Financial assets</u>		
Fixed deposits with licensed banks	10,000,000	10,000,000
Pledged deposits with licensed banks	3,053,558	3,053,558
Amount owing from subsidiaries	-	24,237,313
	<u>13,053,558</u>	<u>37,290,871</u>



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

Risk management objectives and policies (cont'd)

(a) Interest rate risk (cont'd)

Interest rate sensitivity (cont'd)

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 is as follows:-

	<u>Group</u> RM	<u>Company</u> RM
2021		
Fixed rate instruments		
<u>Financial liabilities</u>		
Lease liabilities	1,180,547	1,078,498
Amount owing to affiliated companies	879,008	879,008
Amount owing to subsidiaries	-	14,926,111
	<u>2,059,555</u>	<u>16,883,617</u>
Floating rate instruments		
<u>Financial liability</u>		
Loans and borrowings	<u>61,750,262</u>	<u>30,611,160</u>
2020		
Fixed rate instruments		
<u>Financial assets</u>		
Fixed deposits with licensed banks	20,000,000	20,000,000
Pledged deposits with licensed banks	2,396,624	2,396,624
Amount owing from subsidiaries	-	4,766,220
	<u>22,396,624</u>	<u>27,162,844</u>
<u>Financial liabilities</u>		
Lease liabilities	1,957,902	1,345,209
Amount owing to subsidiaries	-	15,238,545
	<u>1,957,902</u>	<u>16,583,754</u>
Floating rate instruments		
<u>Financial liability</u>		
Loans and borrowings	<u>67,768,127</u>	<u>32,288,701</u>



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

Risk management objectives and policies (cont'd)

(a) Interest rate risk (cont'd)

Interest rate sensitivity (cont'd)

The following table illustrates the sensitivity of profit to a reasonably possible change in interest rates of +/- 100 (2020: +/-100) basis points ("bp"). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rates for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	(Decrease)/Increase on Profit/(loss) for the financial year	
	+ 100 bp RM	- 100 bp RM
Group		
31 December 2021	<u>617,503</u>	<u>(617,503)</u>
31 December 2020	<u>677,681</u>	<u>(677,681)</u>
Company		
31 December 2021	<u>306,112</u>	<u>(306,112)</u>
31 December 2020	<u>322,887</u>	<u>(322,887)</u>



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

Risk management objectives and policies (cont'd)

(b) Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group and the Company. The Group's and the Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:-

	Group		Company	
	<u>2021</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2020</u> RM
Classes of financial assets:-				
Trade receivables	5,206,145	3,156,256	3,032,568	2,772,954
Other receivables	713,221	14,797,678	399,711	14,034,500
Amount owing from subsidiaries	-	-	24,237,313	4,766,220
Amount owing from affiliated companies	2,009,086	2,664,295	-	651,742
Cash and bank balances	25,055,374	37,939,207	21,228,797	36,398,610
Other investments	<u>7,362,754</u>	<u>6,392,023</u>	<u>7,362,754</u>	<u>6,392,023</u>
Net carrying amount	<u>40,346,580</u>	<u>64,949,459</u>	<u>56,261,143</u>	<u>65,016,049</u>

The Group and the Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's and the Company's policy is to deal only with creditworthy counterparties.

The Group's and the Company's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

None of the Company's financial assets are secured by collateral or other credit enhancements and none of the carrying amount of financial assets whose terms have been renegotiated that would otherwise be past due or impaired.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

Risk management objectives and policies (cont'd)

(b) Credit risk (cont'd)

(i) Trade receivables

The exposure of credit risk for trade receivables at the end of the reporting period by business segment was:

	<u>Group</u>		<u>Company</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	RM	RM	RM	RM
Plantation	5,101,327	2,076,290	2,934,199	1,703,700
Property and others	104,818	1,079,966	98,369	1,069,254
	<u>5,206,145</u>	<u>3,156,256</u>	<u>3,032,568</u>	<u>2,772,954</u>

In the plantation segment, the customers are generally long-standing customers with low credit risk.

Property and others mainly relate to property rental segment to commercial and industrial buildings. Credit risk arising from the Group's rental property segment is limited as all tenants of its investment properties are subject to deposits requirement averaging two months rental.

Due to the low number of individual customers, all trade receivables which are in default or credit impairment are assessed individually.

Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity. The Group and the Company do not hold collateral as security other than as disclosed above.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

Risk management objectives and policies (cont'd)

(b) Credit risk (cont'd)

(i) Trade receivables (cont'd)

The current credit risk grading framework of the Group and of the Company comprises the following categories:

Category	Description	Basis for recognising expected credit losses ("ECL")
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is above 30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is above 120 days past due or there is evidence indicating the asset is credit impaired.	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group and the Company have no realistic prospect of recovery.	Amount is written off

The ageing analysis of trade receivables of the Group and of the Company is as follows:-

	← Allowance for impairment loss →				
	<u>Gross</u>	Expected credit losses		<u>Total</u>	<u>Net</u>
	RM	<u>impaired</u>	<u>impaired</u>	RM	RM
		RM	RM		
Group					
2021					
Within terms	5,102,239	-	(54)	(54)	5,102,185
Past due 1 to 30 days	75,677	-	(18,588)	(18,588)	57,089
Past due 31 to 60 days	27,313	-	(12,376)	(12,376)	14,937
Past due 61 to 90 days	20,032	-	(13,057)	(13,057)	6,975
Past due 91 to 120 days	56,916	-	(47,356)	(47,356)	9,560
Past due more than 120 days	410,886	(22,681)	(372,806)	(395,487)	15,399
	<u>5,693,063</u>	<u>(22,681)</u>	<u>(464,237)</u>	<u>(486,918)</u>	<u>5,206,145</u>
2020					
Within terms	2,076,669	-	-	-	2,076,669
Past due 1 to 30 days	176,282	-	-	-	176,282
Past due 31 to 60 days	196,951	-	-	-	196,951
Past due 61 to 90 days	162,016	-	-	-	162,016
Past due 91 to 120 days	110,997	-	-	-	110,997
Past due more than 120 days	742,646	(309,305)	-	(309,305)	433,341
	<u>3,465,561</u>	<u>(309,305)</u>	<u>-</u>	<u>(309,305)</u>	<u>3,156,256</u>



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

Risk management objectives and policies (cont'd)

(b) Credit risk (cont'd)

(i) Trade receivables (cont'd)

Company	Gross RM	← Allowance for impairment loss → Expected credit losses		Total RM	Net RM
		(individually impaired) RM	(collectively impaired) RM		
2021					
Within terms	2,934,408	-	(54)	(54)	2,934,354
Past due 1 to 30 days	75,677	-	(18,588)	(18,588)	57,089
Past due 31 to 60 days	27,313	-	(12,376)	(12,376)	14,937
Past due 61 to 90 days	20,032	-	(13,057)	(13,057)	6,975
Past due 91 to 120 days	56,916	-	(47,356)	(47,356)	9,560
Past due more than 120 days	405,140	(22,681)	(372,806)	(395,487)	9,653
	<u>3,519,486</u>	<u>(22,681)</u>	<u>(464,237)</u>	<u>(486,918)</u>	<u>3,032,568</u>
2020					
Within terms	1,703,700	-	-	-	1,703,700
Past due 1 to 30 days	176,282	-	-	-	176,282
Past due 31 to 60 days	196,951	-	-	-	196,951
Past due 61 to 90 days	151,683	-	-	-	151,683
Past due 91 to 120 days	110,997	-	-	-	110,997
Past due more than 120 days	742,646	(309,305)	-	(309,305)	433,341
	<u>3,082,259</u>	<u>(309,305)</u>	<u>-</u>	<u>(309,305)</u>	<u>2,772,954</u>

The Group and the Company have significant concentration of credit risk from 2 and 1 (2020: 3 and 2) customers, which represents 97% and 97% (2020: 90% and 89%) of total net receivables, respectively.

(ii) Other receivables

As at the end of the financial year, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

As at the end of the financial year, the Group and the Company recognised RM13,806,190 and RM13,600,000 (2020: RM100,000 and RMNil) allowance for expected credit losses respectively.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

Risk management objectives and policies (cont'd)

(b) Credit risk (cont'd)

(iii) Cash and bank balances

The credit risk for cash and bank balances are considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

(iv) Intercompany loans and advances

The maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

The Group and the Company provide unsecured loans and advances to subsidiaries and affiliated companies and monitors the results of the subsidiaries and affiliated companies regularly.

Generally, the Company considers loans and advances to subsidiaries and affiliated companies to 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 payment of the intercompany loans and advances, the Company considers a related party's loan or advances to be credit-impaired when the subsidiary is unable to repay its loan or advance to the Company in full, either through a fire sale of assets or from future cash flows from its operations.

Details of the measurement of ECL is shown below:

Category	Description	Basis for recognising expected credit losses ("ECL")
Performing	Related parties have a low risk of default and a strong capacity to meet contractual cash flows.	12-month ECL
Doubtful	Related parties for which there is significant credit risk due to actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause significant change in the counterparty's ability to meet its obligations.	Lifetime ECL – not credit-impaired
In default	Related parties for where there are evidence indicating the loans and advances are credit impaired.	Lifetime ECL – credit-impaired



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

Risk management objectives and policies (cont'd)

(b) Credit risk (cont'd)

(iv) Intercompany loans and advances (cont'd)

The following table provides information about the exposure to credit risk and ECL for subsidiaries' and affiliated companies' loans:

Amount owing from subsidiaries

Company	Gross carrying amount RM	Impairment loss allowance RM	Net balance RM
2021			
Low credit risk	24,387,313	(150,000)	24,237,313
Credit impaired	7,953,947	(7,953,947)	-
	<u>32,341,260</u>	<u>(8,103,947)</u>	<u>24,237,313</u>
2020			
Low credit risk	4,916,220	(150,000)	4,766,220
Credit impaired	6,616,972	(6,616,972)	-
	<u>11,533,192</u>	<u>(6,766,972)</u>	<u>4,766,220</u>

Amount owing from affiliated companies

Group	Gross carrying amount RM	Impairment loss allowance RM	Net balance RM
2021			
Low credit risk	2,009,086	-	2,009,086
Credit impaired	1,063,504	(1,063,504)	-
	<u>3,072,590</u>	<u>(1,063,504)</u>	<u>2,009,086</u>
2020			
Low credit risk	2,664,295	-	2,664,295
Credit impaired	889,654	(889,654)	-
	<u>3,553,949</u>	<u>(889,654)</u>	<u>2,664,295</u>



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

Risk management objectives and policies (cont'd)

(b) Credit risk (cont'd)

(iv) Intercompany loans and advances (cont'd)

The following table provides information about the exposure to credit risk and ECL for subsidiaries' and affiliated companies' loans (cont'd):

Amount owing from affiliated companies

Company	Gross carrying amount RM	Impairment loss allowance RM	Net balance RM
2021			
Low credit risk	-	-	-
Credit impaired	170,383	(170,383)	-
	170,383	(170,383)	-
2020			
Low credit risk	651,742	-	651,742
Credit impaired	-	-	-
	651,742	-	651,742

(v) Other investments

At the end of the reporting period, the Group and the Company have investments in domestic securities. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

Financial guarantee

The Company has provided corporate guarantee of RM61,887,642 (2020: RM63,298,206) for banking facilities granted by licensed banks and a licensed financial institution to the subsidiaries, represents the maximum exposure to credit risk of the Company. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

Financial guarantees have not been recognised since the fair value on initial recognition was not material.

As at the end of the reporting period, there was no indication that the subsidiary companies would default in payment.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

Risk management objectives and policies (cont'd)

(c) Liquidity risk

Liquidity risk is the risk arising from the Group and the Company not being able to meet their financial obligations due to shortage of funds.

In managing their exposures to liquidity risk, the Group and the Company maintain a level of cash and cash equivalents and bank credit facilities deemed adequate by the management to ensure that they will have sufficient liquidity to meet their liabilities as and when they fall due.

The following table shows the areas where the Group and the Company are exposed to liquidity risk:-

	Current	Group	
		← Non-current →	
	Less than <u>1 year</u> RM	Between <u>1 to 5 years</u> RM	More than 5 <u>years</u> RM
2021			
Non-derivative financial liabilities			
Trade payables	19,310,580	-	-
Other payables	21,183,412	-	-
Amount owing to affiliated companies	879,685	-	-
Loans and borrowings	38,099,503	18,419,727	11,763,072
Lease liabilities	1,504,412	5,167,573	51,231,061
	<u>80,977,592</u>	<u>23,587,300</u>	<u>62,994,133</u>
Total undiscounted financial liabilities			
Financial guarantee*	<u>61,887,642</u>	-	-

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

Risk management objectives and policies (cont'd)

(c) Liquidity risk (cont'd)

	Current	Group	
		← Non-current →	
	Less than 1 year RM	Between 1 to 5 years RM	More than 5 years RM
2020			
Non-derivative financial liabilities			
Trade payables	23,052,712	-	-
Other payables	34,583,038	-	-
Amount owing to affiliated companies	1,572,478	-	-
Loans and borrowings	31,879,347	30,698,983	14,409,396
Lease liabilities	2,210,593	6,659,492	66,481,720
Total undiscounted financial liabilities	<u>93,298,168</u>	<u>37,358,475</u>	<u>80,891,116</u>
Financial guarantee*	<u>63,298,206</u>	-	-
Company			
	Current	← Non-current →	
	Less than 1 year RM	Between 1 to 5 years RM	More than 5 years RM
2021			
Non-derivative financial liabilities			
Trade payables	950,719	-	-
Other payables	7,908,341	-	-
Amount owing to subsidiaries	14,926,111	-	-
Amount owing to affiliated companies	879,008	-	-
Lease liabilities	318,876	844,381	-
Loans and borrowings	9,887,320	14,439,763	11,763,072
Total undiscounted financial liabilities	<u>34,870,375</u>	<u>15,284,144</u>	<u>11,763,072</u>
2020			
Non-derivative financial liabilities			
Trade payables	4,016,906	-	-
Other payables	14,576,156	-	-
Amount owing to subsidiaries	15,238,545	-	-
Amount owing to affiliated companies	1,306,846	-	-
Lease liabilities	318,876	1,163,244	-
Loans and borrowings	8,006,445	17,892,455	13,822,772
Total undiscounted financial liabilities	<u>43,463,774</u>	<u>19,055,699</u>	<u>13,822,772</u>

* This exposure is included in liquidity risk for illustration only. No financial guarantee was called upon by the holders as at the end of the reporting period.

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the financial liabilities at the reporting date.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

31. CAPITAL MANAGEMENT OBJECTIVE

The primary capital management objective of the Group and of the Company are to maintain a strong capital base and safeguard the Group's and the Company's ability to continue as a going concern, so as to sustain future development of the business. There is no change to the objectives in financial years ended 2021 and 2020.

The Group and the Company manage its capital by regularly monitoring its current and expected liquidity requirement and modify the combination of equity and borrowings from time to time to meet the needs. Shareholders' equity and gearing ratio of the Group and of the Company are as follows:-

	Group		Company	
	<u>2021</u> RM	<u>2020</u> RM	<u>2021</u> RM	<u>2020</u> RM
Total equity	298,249,730	311,568,228	279,082,519	284,324,202
Borrowings and lease liabilities*	62,930,809	69,726,029	31,689,658	33,633,910
Gearing ratio	<u>0.21</u>	<u>0.22</u>	<u>0.11</u>	<u>0.12</u>

* Including borrowings and lease liabilities for hire purchase contracts owing to financial institutions.

32. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of financial assets and financial liabilities of the Group and of the Company as at the reporting date are approximately at their fair values due to their short-term nature, insignificant impact of discounting or they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
Group and Company				
2021				
Fair value of financial instruments carried at fair value				
Other investments	<u>5,013,009</u>	-	<u>2,349,745</u>	<u>7,362,754</u>
2020				
Fair value of financial instruments carried at fair value				
Other investments	<u>3,892,023</u>	-	<u>2,500,000</u>	<u>6,392,023</u>



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

32. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

Fair value hierarchy (cont'd)

There were no transfers between all three levels of the fair value hierarchy during the financial year.

The following summarises the methods used in determining the fair values of the financial instruments reflected in the above table.

Level 1 Fair Value

Other investments - current

The fair value of other investments in quoted shares that are quoted in an active market at the end of the reporting period.

Level 3 Fair Value

Other investments - non-current

The fair value of other investments in unquoted shares is estimated based on adjusted net asset method.

33. OPERATING SEGMENT - GROUP

For management purpose, the Group is organised into the following reportable operating segments based on their products and services and similar economic characteristics:-

Plantation	The operation of oil palm estate, palm oil mills, sales and purchase of fresh fruit bunches, sales and trading of crude palm oil and palm kernel and the provision of plantation development contract services to related parties and external customers
Property and others	Property investment and others

The Group ventured into a food and beverage business in 2019. There is no segregated business segment as the business contribution is immaterial to the Group. The rental income arising from land, commercial, industrial buildings and food and beverage business is grouped under "Property and others".

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Operating profit or loss are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess the performance of the Group. The income taxes of the Group are managed on a group basis and are not allocated to operating segments.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

33. OPERATING SEGMENT - GROUP (CONT'D)

Business segments

No geographical segmental analysis is presented as the Group operates principally in Malaysia.

	<u>Notes</u>	<u>Plantation</u> RM	Property and <u>others</u> RM	<u>Elimination</u> RM	<u>Total</u> RM
2021					
Assets					
Segment assets		312,612,597	109,463,157	-	422,075,754
Addition to non-current assets	A	1,906,723	513,192	-	2,419,915
Unallocated corporate assets	B				<u>12,089,683</u>
Consolidated total assets					<u><u>436,585,352</u></u>
Liabilities					
Segment liabilities		108,284,801	20,928,781		129,213,582
Unallocated corporate liabilities	B				<u>9,122,040</u>
Consolidated total liabilities					<u><u>138,335,622</u></u>



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

33. OPERATING SEGMENT - GROUP (CONT'D)

Business segments (cont'd)

	<u>Notes</u>	<u>Plantation</u> RM	<u>Property and others</u> RM	<u>Elimination</u> RM	<u>Total</u> RM
2021					
Revenue					
External sales		217,193,754	2,238,388	-	219,432,142
Inter-segment income	C	21,848,667	957,335	(22,806,002)	-
Total revenue		239,042,421	3,195,723	(22,806,002)	219,432,142
Results:-					
Finance costs		(3,533,556)	(1,506,047)	-	(5,039,603)
Depreciation of property, plant and equipment		(15,587,535)	(883,146)	-	(16,470,681)
Depreciation of right- of-use assets		(1,964,680)	-	-	(1,964,680)
Depreciation of investment properties		-	(1,308,588)	-	(1,308,588)
Tax income/(expense)		305,604	(104,622)	-	200,982
Other non-cash income/(expenses)	D	1,335,497	(351,326)	-	984,171
Segment profit/(loss)	E	5,538,395	(8,363,624)	-	(2,825,229)



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

33. OPERATING SEGMENT - GROUP (CONT'D)

Business segments (cont'd)

	<u>Notes</u>	<u>Plantation</u> RM	<u>Property and others</u> RM	<u>Elimination</u> RM	<u>Total</u> RM
2020					
Assets					
Segment assets		362,953,464	106,624,750	-	469,578,214
Addition to non-current assets	A	1,627,612	1,238	-	1,628,850
Unallocated corporate assets	B				<u>11,765,896</u>
Consolidated total assets					<u>482,972,960</u>
Liabilities					
Segment liabilities		140,210,089	24,591,009	-	164,801,098
Unallocated corporate liabilities	B				<u>6,603,634</u>
Consolidated total liabilities					<u>171,404,732</u>



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

33. OPERATING SEGMENT - GROUP (CONT'D)

Business segments (cont'd)

	<u>Notes</u>	<u>Plantation</u> RM	<u>Property and others</u> RM	<u>Elimination</u> RM	<u>Total</u> RM
2020					
Revenue					
External sales		118,922,714	3,000,906	-	121,923,620
Inter-segment income	C	18,847,924	974,648	(19,822,572)	-
Total revenue		137,770,638	3,975,554	(19,822,572)	121,923,620
Results:-					
Finance costs		(6,842,593)	(1,835,763)	-	(8,678,356)
Depreciation of property, plant and equipment		(15,467,262)	(1,058,984)	-	(16,526,246)
Depreciation of right- of-use assets		(2,077,456)	-	-	(2,077,456)
Depreciation of investment properties		-	(1,310,184)	-	(1,310,184)
Tax expense		(798,886)	(208,203)	-	(1,007,089)
Other non-cash income/(expenses)	D	120,809,473	(2,632,206)	-	118,177,267
Segment profit/(loss)	E	114,339,802	(8,933,561)	-	105,406,241



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

33. OPERATING SEGMENT - GROUP (CONT'D)

Business segments (cont'd)

A. Additions to non-current assets consist of:

	<u>2021</u> RM	<u>2020</u> RM
Property, plant and equipment		
Segment assets	2,419,915	1,628,850
Unallocated corporate assets	-	2,301,491
	<u>2,419,915</u>	<u>3,930,341</u>

B. The unallocated assets, unallocated liabilities are amounts relating to the head office.

C. Inter-segment income is eliminated on consolidation and reflects in the elimination column.

D. Other material non-cash income/(expenses) consist of the following items:-

	<u>2021</u> RM	<u>2020</u> RM
Impairment loss on other receivables	-	(1,925,175)
Impairment loss on fair value of assets held for sale	-	(405,703)
Gain on disposal of property, plant and equipment	42,998	7,500
Gain on disposal of assets classified as held for sale	-	119,120,074
Gain from termination of lease liabilities	1,269,060	-
Gain on fair value of biological assets	892,415	1,781,899
Inventories written off	(5,506)	-
Bad debt written off	-	(14,704)
Impairment loss on inventories	(657,143)	-
Allowance for expected credit losses on amount owing from affiliated companies	(173,850)	-
Allowance for expected credit losses on trade receivables	(177,613)	(286,624)
Allowance for expected credit losses on other receivables	(206,190)	(100,000)
	<u>984,171</u>	<u>118,177,267</u>



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

33. OPERATING SEGMENT - GROUP (CONT'D)

Business segments (cont'd)

E. The following items are added to/(deducted from) segment (loss)/profit to arrive at “(Loss)/Profit before tax” presented in the consolidated statement of profit or loss and other comprehensive income :

	<u>2021</u> RM	<u>2020</u> RM
Segment (loss)/profit	(2,825,229)	105,406,241
Unallocated (expenses)/income		
- Director's remuneration	(5,353,635)	(8,052,552)
- Expected credit loss on other receivables	(13,600,000)	-
- Depreciation of property, plant and equipment	(404,190)	(203,631)
- Gain on disposal of property, plant and equipment	-	237,998
- Finance costs	(198,625)	-
- Finance income	436,962	505,152
- Others	(1,235,880)	1,217,788
	<u>(23,180,597)</u>	<u>99,110,996</u>

Information about major customers

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

	Segment	Revenue	
		<u>2021</u> RM	<u>2020</u> RM
Customer A	Plantation	23,470,353	15,723,910
Customer B	Plantation	94,029,240	63,485,477
Customer C	Plantation	<u>98,524,985</u>	<u>38,425,252</u>



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

34. EARNINGS/(LOSS) PER ORDINARY SHARE

Group

Basic (loss)/earnings per ordinary share

The calculation of basic (loss)/earnings per ordinary share was based on Group's (loss)/profit for the financial year attributable to owners of the Company and weighted average number of ordinary shares calculated as follows:-

	Group	
	<u>2021</u>	<u>2020</u>
(Loss)/Profit after tax for the financial year attributable to owners of the Company (RM)	(22,190,222)	98,763,589
Weighted average number of ordinary shares in issue	195,110,345	184,211,076
Basic (loss)/earnings per ordinary share (sen)	<u>(11.37)</u>	<u>53.61</u>

Diluted earnings per ordinary share

The fully diluted earnings per ordinary share of the Group for year 2021 was the same as the basic earning per ordinary share for the Group as the Warrants and unexercised Employee Share Options at the end of the financial year had an anti-dilutive effect.

35. LEGAL CASES DURING THE YEAR

(a) A subsidiary of the Company, Nusantara Daya Sdn. Bhd. ("Nusantara Daya"), has a piece of land which was acquired by Pentadbir Tanah, Johor Bahru due to a compulsory acquisition. The land was privately valued at RM28,830,074 by registered property valuer. However, Pentadbir Tanah, Johor Bahru rejected the private valuation and awarded a compensation amount of only RM16,516,800. The matter was referred to the High Court on Nusantara Daya's application and the amount of compensation was increased by RM2,510,107. Nusantara Daya was dissatisfied with the decision of the High Court and appealed to the Court of Appeal. On 7 August 2019, the Court of Appeal unanimously allowed the appeal and increased the amount of compensation by RM11,262,850.

On 27 August 2019, Pentadbir Tanah, Johor Bahru lodged an appeal to the Federal Court against the decision of the Court of Appeal. If the appeal is allowed, the decision of the Court of Appeal could potentially be overturned in its entirety.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

35. LEGAL CASES DURING THE YEAR (CONT'D)

(a) (cont'd)

The hearing in the Federal Court has been concluded and the panel has reserved its decision. On 20 May 2021, the Federal Court reversed the decision of the Court of Appeal and restored the decision of the High Court. Costs of RM80,000 was awarded against the Company, which the Company has settled to Bendahari Negeri Johor.

The Company has on 9 December 2021, applied for a review of the decision of the Federal Court. As at the end of the reporting period, no hearing date for the application has been fixed. The hearing date was scheduled on 13 May 2022 during the case management on 10 February 2022.

- (b) The plantation development of a subsidiary, Harn Len Pelita Bungalow Sdn. Bhd. (“Harn Len Pelita”), is situated on a Native Customary Rights Land Development Area in Sarawak. Pursuant to the Joint Venture Agreement dated 3 September 2004 and Supplementary Agreement dated 29 March 2010, the joint venture partner, LCDA Holdings Sdn. Bhd. (“LCDA”) (formerly known as Pelita Holdings Sdn. Bhd.) which holds a 40% equity interest in the said subsidiary (30% of which as trustee for the Sarawak Government and the natives (hereinafter referred to as “NCR Owners”), undertake to procure the alienation of the land for a lease period of 60 years from the Sarawak State Government to the said subsidiary.

In consideration of LCDA Holdings Sdn. Bhd. procuring the alienation of the lease as contribution for the 30% shareholdings of the NCR Owners and capital contributions from the other shareholders, the subsidiary shall progressively increase its issued and paid-up share capital. In year 2010, 1,982 hectares of the land at the agreed value of RM1,200 per hectare has been developed and surrendered by the NCR Owners and in accordance with the agreements entered into, an amount of RM1,427,040 (being 60% of the agreed value of land) was credited as fully paid-up shares of the subsidiary and these shares were issued to LCDA Holdings Sdn. Bhd. as trustees for the NCR Owners.

In year 2016, the subsidiary was served with a Writ and Statement of Claim by the High Court of Sabah and Sarawak, where 36 of the NCR alleged that the subsidiary has been trespassing on a land of which the NCR owners claimed to have native title and/or Native Customary Rights over the land. The NCR owners claim was dismissed by the High Court and have appealed to the Court of Appeal on the grounds that the High Court has erred in dismissing the NCR owner’s claim.

The appeal is partially allowed for certain NCR owners on 24 November 2021 and the case was remitted back to the High Court in Kuching for Assessment of Damages for trespass. The Company and NCR owners has agreed to file their respective bundles by 30 March 2022 and the High Court had fixed a further monitoring date on the filing of bundles on 6 April 2022 by way of E-review. The trial has been tentatively fixed on 23 May 2022 and 24 May 2022.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

35. LEGAL CASES DURING THE YEAR (CONT'D)

(b) (cont'd)

The directors of the subsidiary hold the view that even though an appeal has been made by the natives, the possibility of finding the court ruling in favour of the Plaintiffs is miniscule given that the signed agreement held by the subsidiary explicitly grants the rights of the land to the subsidiary for plantation development purposes.

36. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The emergence of the Coronavirus ('COVID-19') outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Company operates. Worker shortages, already a prevalent industry issue prior to the COVID-19 pandemic, exacerbated in 2021 due to the various stages of Movement Control Order ('MCO') and border closures. This has continued to negatively impact plantation production volume. The impact to its operations during the financial year due to MCO and the relevant financial impact has been taken into account in the financial results of the Group.

The Group shall continue to chart out various strategies, which include efforts to focus its manpower on prioritise operations in pursuit of optimised operational efficiency, yield, oil extraction rates and mill utilisation.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021 (CONT'D)

37. COMPARATIVE FIGURES

- (a) In the prior year, lease liabilities arising from hire purchase contracts for motor vehicles were presented under loans and borrowings. The Group and the Company have opted to present lease liabilities from hire purchase contracts under lease liabilities in the current financial year. The amount of reclassification is shown below.

	Original <u>2020</u> RM	Reclassification <u>2020</u> RM	Restated <u>2020</u> RM
Group			
<u>Statements of financial position</u>			
Current liabilities			
Loans and borrowings	30,336,092	(816,754)	29,519,338
Lease liabilities	-	816,754	816,754
Non-current liabilities			
Loans and borrowings	39,389,937	(1,141,148)	38,248,789
Lease liabilities	21,942,822	1,141,148	23,083,970
Company			
<u>Statements of financial position</u>			
Current liabilities			
Loans and borrowings	6,652,966	(266,700)	6,386,266
Lease liabilities	-	266,700	266,700
Non-current liabilities			
Loans and borrowings	26,980,944	(1,078,509)	25,902,435
Lease liabilities	-	1,078,509	1,078,509

- (b) The Group and the Company have aligned the presentation of the statements of profit or loss and other comprehensive income during the current financial year. Accordingly, the comparative information was reclassified to conform with the current year's presentation.

	Original <u>2020</u> RM	Reclassification <u>2020</u> RM	Restated <u>2020</u> RM
Group			
Cost of sales	90,825,851	(293,068)	90,532,783
Administrative expense	31,252,667	(57,731)	31,194,936
Distribution expense	9,590,332	350,799	9,941,131
Company			
Cost of sales	17,208,843	(335,952)	16,872,891
Administrative expense	17,665,589	(57,731)	17,607,858
Distribution expense	464,246	393,683	857,929



LIST OF PROPERTIES OF THE GROUP

	Registered owner/ Location	Tenure – Year of Expiry (For leasehold)	Area	Description/ Existing Use	Net Book Value RM '000	Approximate Age of Building (years)	Date of Acquisition
1.	HARN LEN CORPORATION BHD						
i)	Lot 1782, Geran 27393 Township & District of Johor Bahru, Johor Darul Takzim	Freehold	40,293 sq. ft.	Office/ Rented Out	50,423	44	18.07.2003
ii)	Senang Estate - Lot PT 163, 164, 165, 255 - Lot PT 314 - Lot PT 448, 449, 450, 451 - Lot PT 515 All in Mukim of Keratong, District of Rompin, Pahang Darul Makmur	Leasehold 2070 2072 2078 2079	2,116.31 Ha	Oil Palm Plantation	34,127	N/A	18.07.2003
	Estate Buildings				1,747	1-45	
iii)	Six (6) units Double-Storey Terrace Shophouses held under						
	- Lot 2046 Grn 2250 158 Jalan Ngee Heng	Freehold	1,707 sq ft	Rented Out/ Staff Quarters	3,362	86	15.10.2010
	- Lot 2048 Grn 99923 160 Jalan Ngee Heng	Freehold	1,617 sq ft	Rented Out		86	
	- Lot 2049 Grn 99924 161 Jalan Ngee Heng	Freehold	1,613 sq ft	Rented Out		86	
	- Lot 2050 Grn 51476 162 Jalan Ngee Heng	Freehold	1,655 sq ft	Food and Beverage Outlet		86	
	- Lot 2051 Grn 99925 163 Jalan Ngee Heng	Freehold	1,706 sq ft	Food and Beverage Outlet		86	
	- Lot 2047 Grn 99922 159 Jalan Ngee Heng All in Bandar Johor Bahru, Johor Darul Takzim	Freehold	1,634 sq ft	Rented Out/ Staff Quarters	587	86	13.04.2011
iv)	Three (3) units Factory Buildings Lot PTD 52695 H.S.(D) 223695 No. 5 Jalan Firma 2/3, Kawasan Perindustri Tebrau 1 Johor Bahru, Johor Darul Takzim	Freehold	130,835 sq ft	Rented Out	14,887	25	17.04.2016
v)	Seven (7) Storey Office cum Residential Building (Wisma Harn Len) Lot 11255 Section 64, KTLD Jalan Mendu, Kuching, Sarawak	Leasehold 2112	25,911 sq ft	Office/ Staff Quarters	7,889	6-8	20.01.2015
2.	MASRANTI PLANTATION SDN BHD						
i)	Lot No 27, Block 2 TRN.: 08-LCLS-024-002-00027 Punda-Sabal Land District of Samarahan Division, Sarawak	Leasehold 2061	13.048 Ha	Oil Palm Plantation	51	N/A	15.01.2004
ii)	Lot No 28, Block 2 TRN.: 08-LCLS-024-002-00028 Punda-Sabal Land District of Samarahan Division Sarawak	Leasehold 2061	4,456.4 Ha	Oil Palm Plantation	17,316	N/A	15.01.2004
iii)	Lot No 38, Block 8 TRN.: 08-LCPLS-024-008-00038 Punda-Sabal Land District of Samarahan Division Sarawak	Leasehold 2071	525 Ha	Oil Palm Plantation	3,522	N/A	08.09.2011
	Estate Buildings				6,492	4-18	
	Factory Buildings				14,126	5-11	



LIST OF PROPERTIES OF THE GROUP (CONT'D)

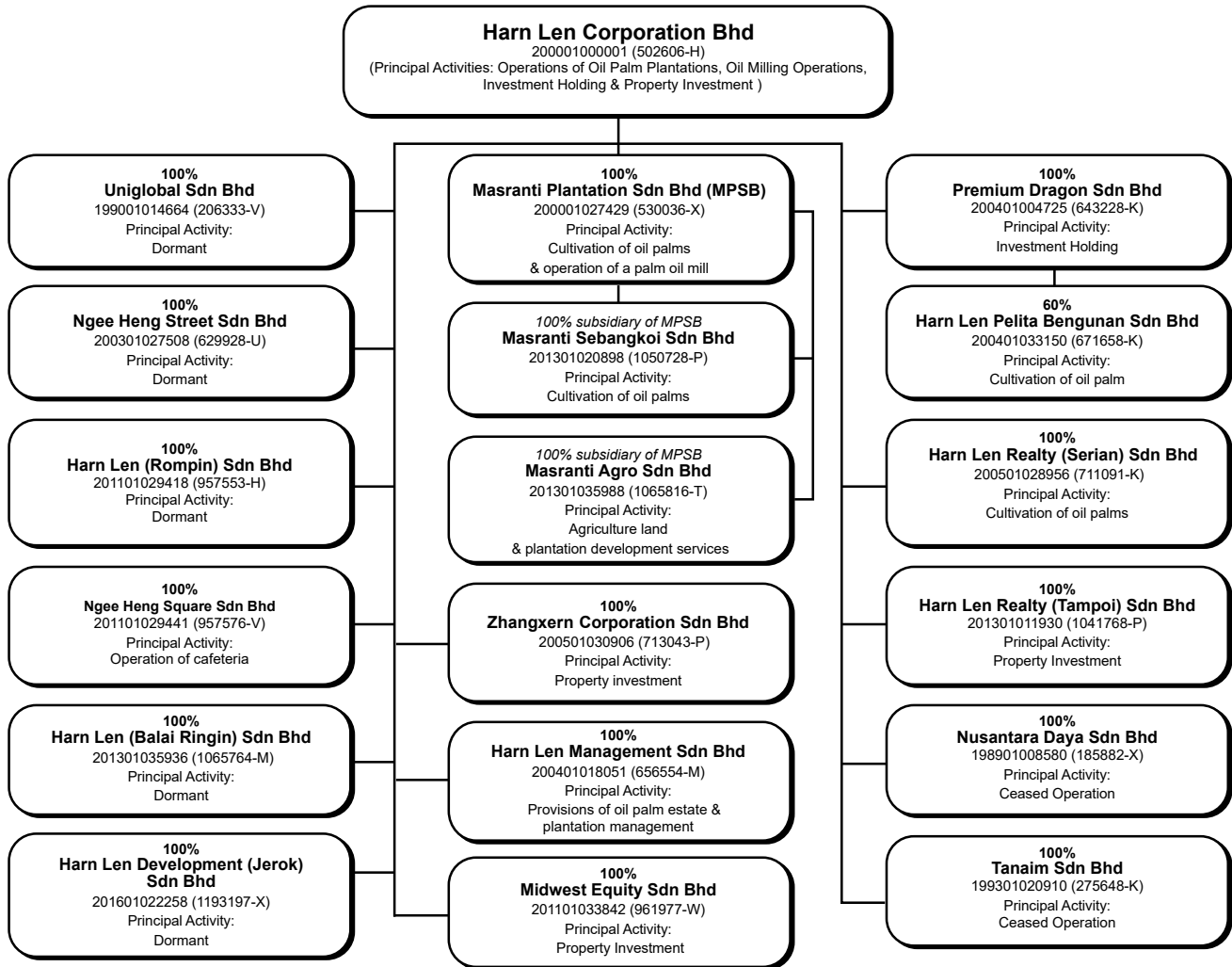
	Registered owner/ Location	Tenure – Year of Expiry (For leasehold)	Area	Description/ Existing Use	Net Book Value RM '000	Approximate Age of Building (years)	Date of Acquisition
3.	MASRANTI SEBANGKOI SDN BHD Kampung Sebangkoi & Kampung Mawang Simunjan Division, Sarawak Estate Buildings	NCR Native Land 60 Years	1,670.52 Ha	Oil palm Plantation	11,030 135	N/A 6-7	27.9.13 to 23.7.14 & 7.12.2017
4.	HARN LEN PELITA BENGUNAN SDN BHD Kara Rangua Engkaramut Bukit Bengunan, Sri Aman Division Sarawak Estate Buildings	NCR Native Land 60 Years	1,982 Ha	Oil palm Plantation	2,018 2,763	N/A 4-16	23.08.2010
5.	HARN LEN REALTY (SERIAN) SDN BHD Lot No 1515 TRN.: 08-LCPLS-018-000-01515 All in Bukar-Sadong Land District of Samarahan Division, Sarawak	Provisional Lease 21.01.2068	298 Ha	Oil palm Plantation	1,795	N/A	18.08.2011
6.	HARN LEN REALTY (TAMPOI) SDN BHD Lot No 6033 H.S.(D) 221662 Daerah Johor Bahru, Mukim Bandar, Johor Bahru Johor Darul Takzim	Leasehold 26.2.2074	0.8073 Ha	Vacant	2,035	N/A	04.01.2015
7.	ZHANGXERN CORPORATION SDN BHD Lot No 1514 TRN: 08-LCPLS-018-000-01514 Bukar-Sadong Land District of Samarahan Division, Sarawak	Provisional Lease 21.01.2068	199 Ha	Vacant	2,130	N/A	17.11.2016
8.	MIDWEST EQUITY SDN BHD Title No. HSD 554637, PTB 24284, Bandar Johor Bahru Johor Bahru, Johor Darul Takzim	Freehold	3,725.8 sq m	Rented out as a carpark	16,816	N/A	15.12. 2018
				TOTAL	193,251		

Abbreviations

N/A - Not Applicable
NCR - Native Customary Rights
Ha - Hectare
Sq m - Square Meters
Sq ft - Square Feet



GROUP CORPORATE STRUCTURE



LOCATION OF OPERATIONS / PROPERTIES

Harn Len Corporation Bhd
• Senang Estate (2,116Ha)
Mukim Keratong, District of Rompin

• Corporate & Business Office
25-Storey Office Cum Hotel Building (Johor Tower)
Jalan Gereja, Johor Bahru
• Six (6) Units of Double-Storey Terrace Shophouses
Jalan Ngee Heng, Johor Bahru
• Three (3) Units of Factory Building Cum Offices
Kawasan Perindustrian Tebrau 1
Johor Bahru

Harn Len Realty (Tampoi) Sdn Bhd
Lot 6033 (0.8073 Ha)
Daerah Johor Bahru
Mukim Bandar, Johor Bahru

Midwest Equity Sdn Bhd
Vacant Land (3,725.8 sq.meter)
Daerah Johor Bahru
Mukim Bandar, Johor Bahru

Harn Len Corporation Bhd
Wisma Harn Len
7-Storey Office Cum Residential Building
Lot 1634, Section 64, KTLD
Jalan Mendu, Kuching

Harn Len Realty (Serian) Sdn Bhd
Plantation Land (298 Ha)
Bukar-Sadong Land,
Samarahan Division

Zhangxern Corporation Sdn Bhd
Vacant (199 Ha)
Bukar-Sadong Land,
Samarahan Division

Masranti Plantation Sdn Bhd
• Oil Palm Estate (5,202 Ha)
• Masranti Oil Mill
Punda-Sabal Land,
Samarahan Division

Masranti Sebangkoi Sdn Bhd
Oil Palm Estate (1,551 Ha)
Kampung Sebangkoi &
Kampung Mawang
Simunjan Division

Harn Len Pelita Bungan Sdn Bhd
Oil Palm Estate (6,344 Ha)
Bukit Bungan, Sri Aman Division



ANALYSIS OF SHAREHOLDINGS AS AT 31 MARCH 2022

ISSUED AND PAID-UP SHARE CAPITAL	:	RM202,884,728 DIVIDED INTO 202,884,728 ORDINARY SHARES
NO. OF TREASURY SHARES HELD BY THE COMPANY	:	7,704,800
CLASS OF SHARES	:	ORDINARY SHARES
NO OF SHAREHOLDERS	:	2,681
VOTING RIGHTS	:	ONE VOTE PER ORDINARY SHARE

A) LIST OF SUBSTANTIAL SHAREHOLDERS

No.	Name of Shareholders	Direct		Deemed interest in shares	
		No. of Shares	%	No. of Shares	%
1.	Executors of Estate of Tan Sri Dato' Low Nam Hui ("Executors")	5,384,333	2.66	112,578,775 ^{*1}	55.49
2.	Puan Sri Datin Chan Pui Leorn	1,045,000	0.52	122,257,908 ^{*2}	60.26
3.	Dato Liew Kuek Hin	-	-	114,507,245 ^{*3}	56.44
4.	Low Quek Kiong	6,700,200	3.30	117,963,108 ^{*4}	58.14
5.	Low Kueck Shin	300,000	0.15	117,963,108 ^{*4}	58.14
6.	Low Kwek Lee	500,000	0.25	117,963,108 ^{*4}	58.14
7.	Low Kuek Kong	400,000	0.20	117,963,108 ^{*4}	58.14
8.	Low Kuit Son	-	-	137,804,108 ^{*5}	67.92
9.	Low Kok Yong	1,033,000	0.51	122,257,908 ^{*2}	60.26
10.	Low Kok Yaow	650,000	0.32	122,257,908 ^{*2}	60.26
11.	LNH Enterprise Sdn Bhd	49,812,026	24.55	-	-
12.	Low Nam Hui United Holdings Sdn Bhd	52,265,679	25.76	-	-
13.	Shande Ancestral Park Berhad	10,500,000	5.17	-	-

Notes:-

- *1. Deemed interested in the shares held by the Executors of Estate of Tan Sri Dato' Low Nam Hui ("Executors"), Low Nam Hui United Holdings Sdn Bhd, Low Nam Hui & Sons Sdn Bhd, LNH Enterprise Sdn Bhd, and Shande Ancestral Park Berhad pursuant to Section 8 of the Companies Act, 2016.
- *2. Deemed interested in the shares held by Low Nam Hui United Holdings Sdn Bhd, Low Nam Hui & Sons Sdn Bhd, LNH Enterprise Sdn Bhd, Yong Yaow Properties Sdn Bhd and Shande Ancestral Park Berhad and the shares held by her/his immediate family members namely, the Executors of Estate of Tan Sri Dato' Low Nam Hui ("Executors") pursuant to Section 8 of the Companies Act, 2016.
- *3. Deemed interested in the shares held by Lian Hup Manufacturing Company Sdn Berhad, Syarikat Senang Oil Palm Estate Sdn Bhd, Perdana Properties Berhad, Low Nam Hui & Sons Sdn Bhd, LNH Enterprise Sdn Bhd and Seri Cemerlang Plantation (Pahang) Sdn Bhd and the shares held by his siblings, Low Quek Kiong and Low Kok Yong pursuant to Section 8 of the Act. The legal action vide Johor Bahru High Court Suit No. 23NCVC-8-01-2013 instituted by Dato' Liew has been settled on 23 July 2013. The settlement has affected Dato Liew's indirect shareholdings but no notification has been received from Dato' Liew to the effect.
- *4. Deemed interested in the shares held by Low Nam Hui United Holdings Sdn Bhd, Low Nam Hui & Sons Sdn Bhd, LNH Enterprise Sdn Bhd, and Shande Ancestral Park Berhad and the shares held by the Executors pursuant to Section 8 of the Companies Act, 2016.



ANALYSIS OF SHAREHOLDINGS (CONT'D) AS AT 31 MARCH 2022

A) LIST OF SUBSTANTIAL SHAREHOLDERS (Cont'd)

Notes:- (Cont'd)

- *5. Deemed interested in the shares held by Low Nam Hui United Holdings Sdn Bhd, Low Nam Hui & Sons Sdn Bhd, LNH Enterprise Sdn Bhd, Seri Cemerlang Plantation (Pahang) Sdn Bhd, Yong Yaow Properties Sdn Bhd and Shande Ancestral Park Berhad and the shares held by his immediate family members namely, the Executors, Puan Sri Datin Chan Pui Leorn, Low Quek Kiong, Low Kok Yong and Low Siew Eng pursuant to Section 8 of the Companies Act, 2016.

B) LIST OF DIRECTORS' SHAREHOLDINGS

No.	Name of Directors	Direct		Deemed Interest in Shares	
		No. of Shares	%	No. of Shares	%
1.	Puan Sri Datin Chan Pui Leorn	1,045,000	0.52	122,257,908 ^{*1}	60.26
2.	Low Quek Kiong	6,700,200	3.30	117,963,108 ^{*2}	58.14
3.	Low Kueck Shin	300,000	0.15	118,013,108 ^{*3}	58.17
4.	Low Kwek Lee	500,000	0.25	118,038,108 ^{*4}	58.18
5.	Low Kuek Kong	400,000	0.20	117,963,108 ^{*2}	58.14
6.	Low Kok Yong	1,033,000	0.51	122,257,908 ^{*1}	60.26
7.	Low Kok Yaow	650,000	0.32	122,257,908 ^{*1}	60.26
8.	Loh Wann Yuan (Resigned 29.9.21)	1	0.00	-	-
9.	Brig. Jen. (B) Dato' Ali Bin Hj. Musa	-	-	-	-
10.	Law Piang Woon	-	-	-	-
11.	Mohamed Akwal Bin Sultan Mohamad	-	-	-	-
12.	Chan Chong Wey (Appointed 12.11.21)	-	-	-	-

Notes:-

- *1 Deemed interested in the shares held Low Nam Hui United Holdings Sdn Bhd, Low Nam Hui & Sons Sdn Bhd, LNH Enterprise Sdn Bhd, Shande Ancestral Park Berhad and Yong Yaow Properties Sdn Bhd and the shares held by her/his immediate family members namely, the Executors of Estate of Tan Sri Dato' Low Nam Hui ("Executors"), pursuant to Section 8 of the Companies Act, 2016.
- *2 Deemed interested in the shares held by Low Nam Hui United Holdings Sdn Bhd, Low Nam Hui & Sons Sdn Bhd, LNH Enterprise Sdn Bhd and Shande Ancestral Park Berhad and the shares held by his immediate family members namely, the Executors pursuant to Section 8 of the Companies Act, 2016.
- *3 Deemed interested in the shares held by Low Nam Hui United Holdings Sdn Bhd, Low Nam Hui & Sons Sdn Bhd, LNH Enterprise Sdn Bhd and Shande Ancestral Park Berhad and the shares held by his immediate family members namely, the Executors and Low Yew Yi pursuant to Section 8 of the Companies Act, 2016.
- *4 Deemed interested in the shares held by Low Nam Hui United Holdings Sdn Bhd, Low Nam Hui & Sons Sdn Bhd, LNH Enterprise Sdn Bhd and Shande Ancestral Park Berhad and the shares held by his immediate family members namely, the Executors and Brendan Low Chin Yong pursuant to Section 8 of the Companies Act, 2016.



ANALYSIS OF SHAREHOLDINGS (CONT'D) AS AT 31 MARCH 2022

C) DISTRIBUTION OF SHAREHOLDINGS

No. of Holders	Holdings	Total Holdings	Percentage (%)
51	Less than 100	1,409	0.000
992	100 to 1,000	298,951	0.147
1,128	1,001 to 10,000	5,848,188	2.882
421	10,001 to 100,000	12,822,596	6.320
86	100,001 to less than 5% of issued shares	78,335,879	38.611
3	5% and above of issued shares	105,577,705	52.038
Total:	2,681	202,884,728	100.00

D) TOP 30 LARGEST SECURITIES ACCOUNT HOLDERS

NO.	NAME	NO. OF SHARES HELD	PERCENTAGE (%)
1.	LOW NAM HUI UNITED HOLDINGS SDN BHD	52,265,679	25.76
2.	LNH ENTERPRISE SDN. BHD.	42,812,026	21.10
3.	SHANDE ANCESTRAL PARK BERHAD	10,500,000	5.18
4.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LNH ENTERPRISE SDN BHD	7,000,000	3.45
5.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR UNGGUH HOLDINGS SDN BHD	5,865,000	2.89
6.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEO EN CHIE	5,490,700	2.71
7.	LOW NAM HUI	5,384,333	2.65
8.	LOW QUEK KIONG	5,125,200	2.53
9.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YONG LOY HUAT (7000875)	4,300,000	2.12
10.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR YONG YAOW PROPERTIES SDN.BHD. (SMART)	4,294,800	2.12
11.	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ASTINAS CONSTRUCTION & DEVELOPMENT SDN. BHD. (MG0037-222)	3,500,000	1.73
12.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG YOONG NYOCK	3,252,800	1.60
13.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO' SRI WONG CHOON LEONG (6000962)	3,188,100	1.57



ANALYSIS OF SHAREHOLDINGS (CONT'D) AS AT 31 MARCH 2022

D) TOP 30 LARGEST SECURITIES ACCOUNT HOLDERS (Cont'd)

NO.	NAME	NO. OF SHARES HELD	PERCENTAGE (%)
14.	TOH EAN HAI	2,550,000	1.26
15.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOW QUEK KIONG	1,575,000	0.78
16.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG YOONG NYOCK	1,500,000	0.74
17.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT LIM HAU YANG	1,392,900	0.69
18.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ANG SOK KIANG	1,068,200	0.53
19.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAN PUI LEORN (7000640)	1,045,000	0.52
20.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BAKAT IMPIAN SDN BHD (8124505)	1,000,000	0.49
21.	AMBANK (M) BERHAD PLEDGED SECURITIES ACCOUNT FOR ONG YOONG NYOCK (SMART)	1,000,000	0.49
22.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG YOONG NYOCK (MY3272)	1,000,000	0.49
23.	CHANG YI CHARLES	1,000,000	0.49
24.	GAN HONG LIANG	958,330	0.47
25.	NG CHING SOONG	951,800	0.47
26.	TAN KOON LIN	610,000	0.30
27.	KOH SIOK HUAN	600,000	0.30
28.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOW KOK YONG	550,000	0.27
29.	LIFE ENTERPRISE SDN BHD	529,700	0.26
30.	LIM SENG QWEE	516,000	0.25



ANALYSIS OF WARRANT HOLDINGS AS AT 31 MARCH 2022

NO OF WARRANTS ISSUED : 36,457,555
CLASS OF WARRANTS : WARRANTS B
NO OF WARRANTS HOLDERS : 2,035

A) LIST OF SUBSTANTIAL WARRANTHOLDERS

No.	Name of Warrants Holders	Direct		Deemed interest in warrants	
		No. of Warrants	%	No. of Warrants	%
1.	LNH ENTERPRISE SDN. BHD.	13,217,677	36.25	-	-
2.	YONG YAOW PROPERTIES SDN.BHD.	3,130,440	8.59	-	-
3.	BAKAT IMPIAN SDN BHD	2,150,000	5.90	-	-

B) LIST OF DIRECTORS' WARRANTHOLDINGS

No.	Name of Directors	Direct		Deemed Interest in Warrants	
		No. of Warrants	%	No. of Warrants	%
1.	Puan Sri Datin Chan Pui Leorn	-	-	17,964,140 ^{*1}	49.27
2.	Low Quek Kiong	1,522,500	4.17	14,833,700 ^{*2}	40.69
3.	Low Kueck Shin	-	-	14,833,700 ^{*2}	40.69
4.	Low Kwek Lee	-	-	14,833,700 ^{*2}	40.69
5.	Low Kuek Kong	-	-	14,833,700 ^{*2}	40.69
6.	Low Kok Yong	216,000	0.59	17,964,140 ^{*1}	49.27
7.	Low Kok Yaow	-	-	17,964,140 ^{*1}	49.27
8.	Loh Wann Yuan (Resigned 29.9.21)	-	-	-	-
9.	Brig. Jen. (B) Dato' Ali Bin Hj. Musa	-	-	-	-
10.	Law Piang Woon	-	-	-	-
11.	Mohamed Akwal Bin Sultan Mohamad	-	-	-	-
12.	Chan Chong Wey (Appointed 12.11.21)	-	-	-	-

Notes:-

- *1. Deemed interested in the warrants held by Low Nam Hui United Holdings Sdn Bhd, Low Nam Hui & Sons Sdn Bhd, LNH Enterprise Sdn Bhd, Yong Yaow Properties Sdn Bhd and Shande Ancestral Park Berhad and the warrants held by the Executors of Estate of Tan Sri Dato' Low Nam Hui ('Executors') pursuant to Section 8 of the Companies Act, 2016.
- *2. Deemed interested in the warrants held by Low Nam Hui United Holdings Sdn Bhd, Low Nam Hui & Sons Sdn Bhd, LNH Enterprise Sdn Bhd and Shande Ancestral Park Berhad and the warrants held by the Executors pursuant to Section 8 of the Companies Act, 2016.



ANALYSIS OF WARRANT HOLDINGS (CONT'D) AS AT 31 MARCH 2022

C) DISTRIBUTION OF WARRANTHOLDINGS

No. of Holders	Holdings	Total Holdings	Percentage (%)
820	Less than 100	31,509	0.086
477	100 to 1,000	229,804	0.630
542	1,001 to 10,000	1,980,701	5.432
170	10,001 to 100,000	5,480,725	15.033
23	100,001 to less than 5% of issued warrants	10,236,699	28.078
3	5% and above of issued warrants	18,498,117	50.74
Total:	2,035	36,457,555	100.00

D) TOP 30 LARGEST SECURITIES ACCOUNT HOLDERS

NO.	NAME	NO. OF WARRANTS HELD	PERCENTAGE (%)
1.	LNH ENTERPRISE SDN. BHD.	13,217,677	36.25
2.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR YONG YAOW PROPERTIES SDN.BHD. (SMART)	3,130,440	8.59
3.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BAKAT IMPIAN SDN BHD (8124505)	2,150,000	5.90
4.	LOW NAM HUI	1,615,299	4.43
5.	LOW QUEK KIONG	1,500,000	4.11
6.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TTT REALTY SDN BHD	1,000,000	2.74
7.	KENANGA NOMINEES (TEMPATAN) SDN BHD WONG TAI ONG	747,100	2.05
8.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK OF SINGAPORE LIMITED (FOREIGN)	743,190	2.04
9.	TOH EAN HAI	550,000	1.51
10.	TEH SAW PIN	504,900	1.38
11.	TAN HOOI LENG	370,000	1.01
12.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG AH KAIM (E-JBU)	336,400	0.92
13.	LEE CHEE BENG	329,470	0.90
14.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LEE SIEW CHIN (LEE4761C)	286,000	0.78
15.	NG CHING SOONG	282,540	0.77



ANALYSIS OF WARRANT HOLDINGS (CONT'D) AS AT 31 MARCH 2022

D) TOP 30 LARGEST SECURITIES ACCOUNT HOLDERS (Cont'd)

NO.	NAME	NO. OF WARRANTS HELD	PERCENTAGE (%)
16	MAYBANK NOMINEES (TEMPATAN) SDN BHD CHUA ENG HO WA'A @ CHUA ENG WAH	279,800	0.77
17.	CHUA ENG HO WA'A @ CHUA ENG WAH	262,000	0.72
18.	TAN CHIA SERN	260,000	0.71
19.	CHUA KAY ENG	210,000	0.58
20.	TAN SIEW LIN LILY	190,000	0.52
21.	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR TAN KIM CHEW	188,000	0.52
22.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN HOOI LENG	120,000	0.33
23.	TAN LAI HUAT	120,000	0.33
24.	TAN YEW BEE	120,000	0.33
25.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOW KOK YONG (E-TJJ)	117,000	0.32
26.	MAYBANK NOMINEES (TEMPATAN) SDN BHD LOH KAH TIONG	105,000	0.29
27.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KU KENG YAW (JKUNING-CL)	100,000	0.27
28.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KENG CHIN ENG (E-SGM)	100,000	0.27
29.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN YONG SIANG	100,000	0.27
30.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOW KOK YONG (TJJ/KEN)	99,000	0.27

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FORM OF PROXY

CDS Account No.	
No. of shares held	

I/We _____ Tel: _____
[Full name in block, NRIC/Passport/Company No.]

of _____

being member(s) of **HARN LEN CORPORATION BHD** hereby appoint:

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and / or* (*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, the Chairperson of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the 22nd Annual General Meeting ("22nd AGM" or "Meeting") of the Company to be held at Johor Tower, 15 Jalan Gereja, 80100 Johor Bahru, Johor, Malaysia on Tuesday, 21st June 2022 at 10.00 a.m. or any adjournment thereof, and to vote as indicated below:

Item	Agenda	Resolution	**FOR	**AGAINST
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2021 and the Reports of the Directors and Auditors thereon			
Ordinary Business:				
2.	To approve the payment of Directors' fees to Independent Non-Executive Directors of RM200,000 for the financial year ended 31 December 2021.	1		
3.	To approve the payment of Directors' benefits payable to the Directors up to RM200,000 for the period 1 July 2022 to 30 June 2023.	2		
4.	To re-elect the following Directors who retire by rotation pursuant to Clause 76(3) and Clause 78 of the Company's Constitution of the Company.			
	4.1 Puan Sri Datin Chan Pui Leorn	3		
	4.2 Mr Low Kuek Kong	4		
	4.3 Mr Chan Chong Wey	5		
5.	To re-appoint Messrs Grant Thornton Malaysia PLT as Auditors of the Company for the financial year ending 31 December 2022 and to authorise the Directors to fix their remuneration.	6		
Special Business:				
6.	Continuing in office as Independent Non-Executive Director			
	6.1 Mr Law Piang Woon	7		
7.	Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016.	8		
8.	Proposed Renewal of Share Buy-Back.	9		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.

Signed this _____ day of _____ 2022.

Signature*of Member / Common Seal**

**** Manner of execution:**

- If you are an individual member, please sign where indicated.
- If you are a corporate member which has a common seal, this form of proxy should be executed under seal in accordance with the constitution of your corporation.
- If you are a corporate member which does not have a common seal, this form of proxy should be affixed with the rubber stamp of your company (if any) and executed by:
 - at least two (2) authorised officers, of whom one shall be a director; or
 - any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Notes:

1. **IMPORTANT NOTICE**
The Board of Directors ("Board") is cognisant of the COVID-19 pandemic as declared by the World Health Organisation which, to-date, is still subsisting. The health and safety of the Company's shareholders, Directors, staff and other stakeholders is of paramount concern for the Company. In view of the foregoing, the Company wishes to advise shareholders that necessary steps and measures will be undertaken in holding the 22nd AGM. In view of the COVID-19 pandemic and further to the "Guidance and FAQs on the Conduct of General Meetings for Listed Issuers" issued by the Securities Commission, members/proxies/corporate representatives who wish to attend the 22nd AGM in person **ARE REQUIRED TO PRE-REGISTER** with the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd ("Share Registrar", "Tricor" or "TIH"), via the **TIH Online** website at <https://tjih.online> no later **Sunday, 19 June 2022 at 10.00 a.m.** Please follow the Pre-Register Procedures in the Administrative Details for 22nd AGM.
2. For the purpose of determining who shall be entitled to attend the 22nd AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a **Record of Depositors as at 13 June 2022**. Only a member whose name appears on this Record of Depositors shall be entitled to attend 22nd AGM or appoint a proxy to attend, speak and vote on his/her/its behalf.
3. A member entitled to attend and vote at 22nd AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
4. A member of the Company who is entitled to attend and vote at an Annual General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the 22nd AGM.
5. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
6. Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
8. Where a member 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.
9. A member who has appointed a proxy or attorney or corporate representative to attend and vote at the 22nd AGM must request his/her proxy or attorney or corporate representative to **PRE-REGISTER** their attendance at **TIH Online** website at <https://tjih.online> no later than **Sunday, 19 June 2022 at 10.00 a.m.** Please follow the Pre-Register Procedures in the Administrative Details for 22nd AGM.
10. 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 22nd AGM or adjourned 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, this form of proxy must be deposited at the Registered Office of the Company at 6th Floor, Johor Tower, 15 Jalan Gereja, 80100 Johor Bahru, Johor, Malaysia.
 - (ii) By electronic means via facsimile
In the case of an appointment made by facsimile transmission, this form of proxy must be received via facsimile at 07-3328096.
 - (iii) By electronic means via email
In the case of an appointment made via email transmission, this form of proxy must be received via email at is.enquiry@my.tricorglobal.com. For options (ii) and (iii), the Company may request any member to deposit original executed form of proxy to its registered office before or on the day of meeting for verification purpose.
 - (iv) By electronic means via TIH Online
In the case of an appointment made via TIH Online, this form of proxy can be lodged via **TIH Online** at <https://tjih.online>. Kindly refer to the Administrative Details on the procedure for electronic lodgement of form of proxy via TIH Online.
11. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Registered Office of the Company at 6th Floor, Johor Tower, 15 Jalan Gereja, 80100 Johor Bahru, Johor, Malaysia not less than forty-eight (48) hours before the time appointed for holding the 22nd AGM or adjourned Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
12. Please ensure ALL the particulars as required in this form of proxy are completed, signed and dated accordingly.
13. Last date and time for lodging this form of proxy is **Sunday, 19 June 2022 at 10.00 a.m.**
14. Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:
 - a. Identity card (NRIC) (Malaysian), or
 - b. Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or
 - c. Passport (Foreigner).
15. For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please bring the **original or duly executed** certificate of appointment executed in the manner as stated in this form of proxy if this has not been lodged at the Registered Office of the Company earlier. The certificate of appointment of authorised representative should be executed in the following manner:
 - a. If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the Constitution of the corporate member.
 - b. If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - (i) at least two (2) authorised officers, of whom one shall be a director; or
 - (ii) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

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Stamp

**THE COMPANY SECRETARY
HARN LEN CORPORATION BHD (502606-H)**

6th Floor, Johor Tower
15 Jalan Gereja
80100 Johor Bahru
Johor Darul Takzim

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